

arcadia digital

RUDIS – Strategic DTC eCommerce Assessment | October 2025

Agenda

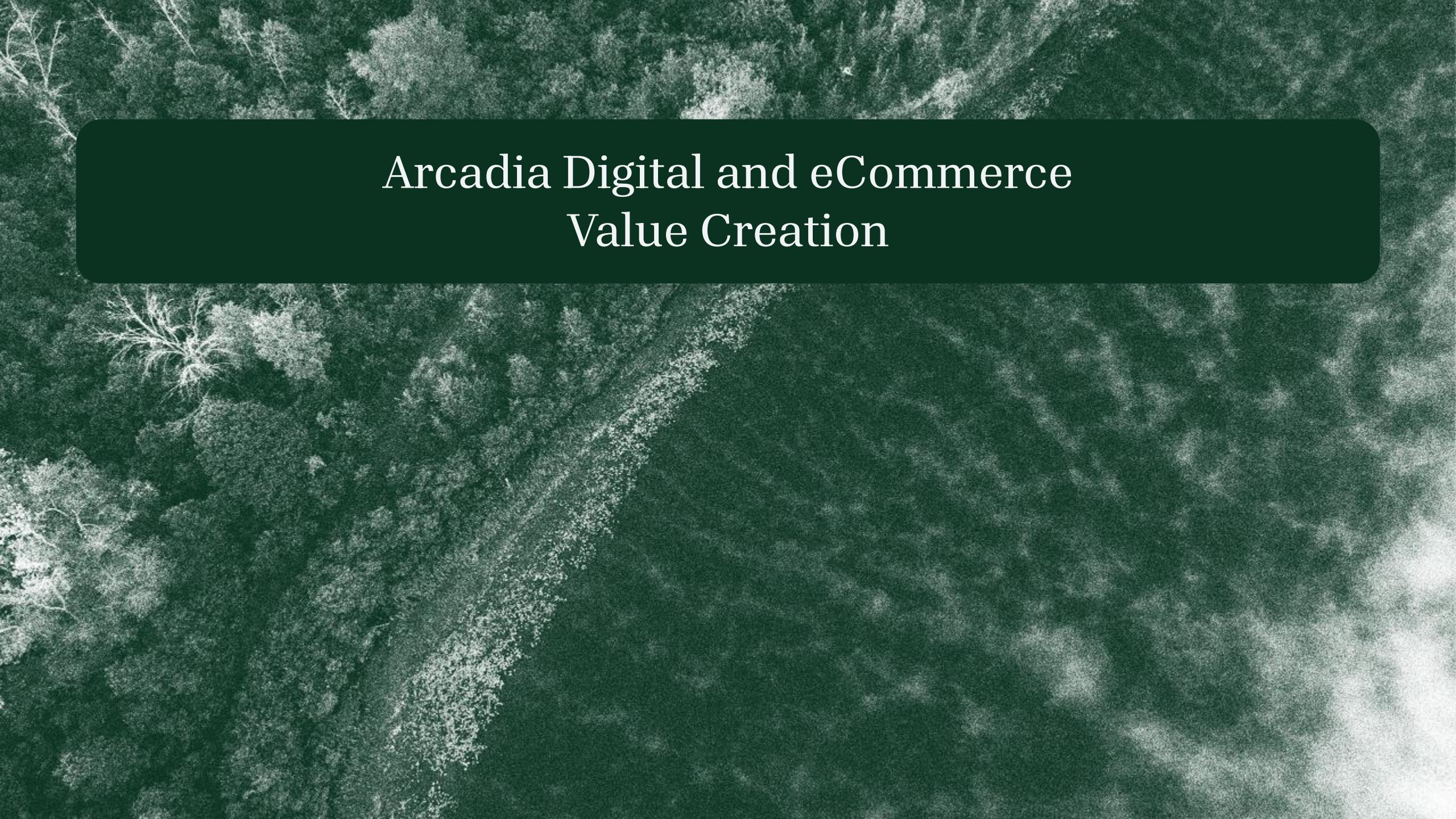
Quick Intros

Arcadia Digital and eCommerce Value Creation

Preliminary Business Review, Initial Opportunities & Engagement KPIs (ROI)

Summary of Proposed Engagement

Q&A

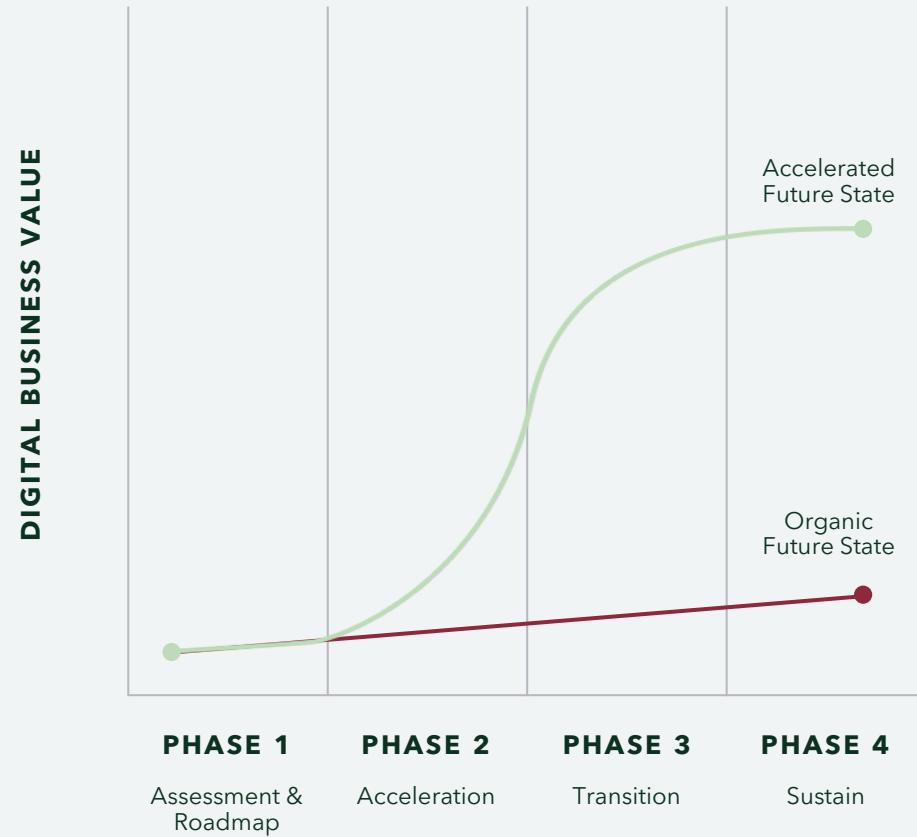
The background of the slide is a dark green, slightly grainy aerial photograph of a forest. A winding, light-colored path or stream bed cuts through the trees, creating a sense of movement. The overall texture is organic and natural.

Arcadia Digital and eCommerce Value Creation

Go Further, Faster

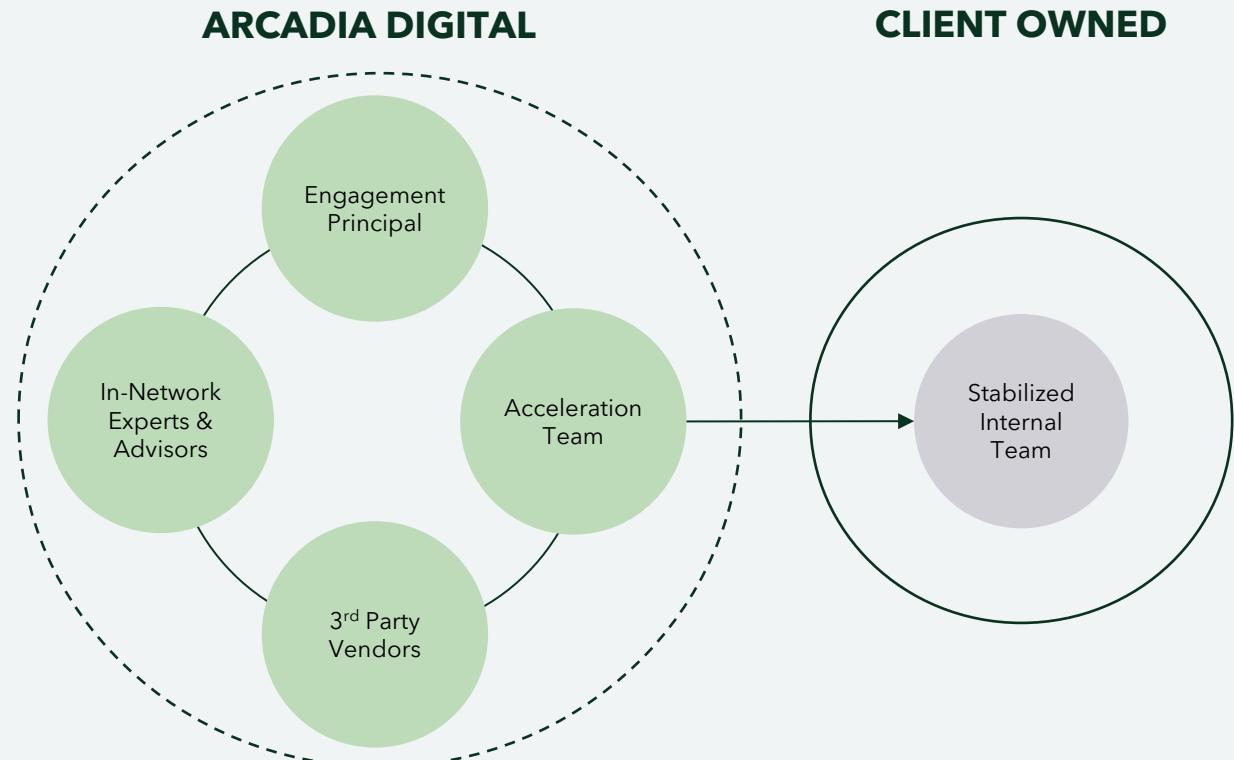
Our flagship capability is eCommerce Acceleration delivered through a fractional team of world-class operatives that turbocharge your existing team and partners.

ACCELERATED VS. ORGANIC FUTURE STATE



We deliver sustained value by creating an optimized and stable growth framework in your business. Our approach combines the benefits of a 3rd party expert with the ROI of internal ownership.

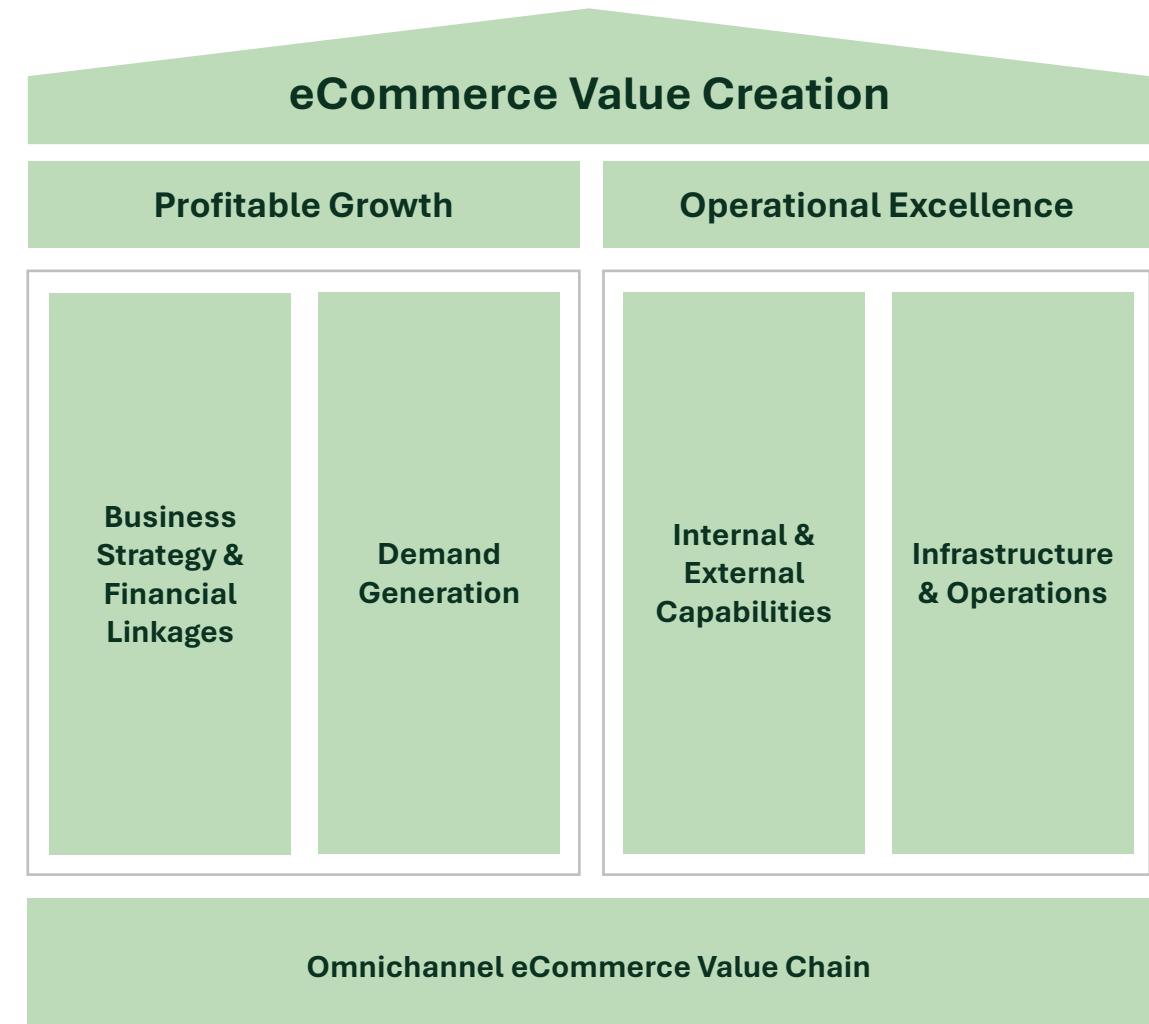
- 01** Attract and retain the best and brightest talent as acceleration teams.
- 02** Raise the digital metabolism and pace at our clients.
- 03** Foster an environment of intellectual honesty and “true north” discussions.
- 04** Scalable, flexible, and agile resource planning with reduced risk.
- 05** Transition to a stabilized and empowered internal team to continue growing the business.



Arcadia Digital: Holistic eCommerce Value Creation

Creating long-term value from modern eCommerce requires coordinated efforts across 4 pillars. Companies often fail to reach their potential because they only focus on 1 or 2. We partner with our clients to “conduct the orchestra” to profitable growth and operational excellence.

Pillar	Key Components
Business Strategy & Financial Linkages	<ul style="list-style-type: none">Overall Growth Strategy & Long-term RoadmapOrganizational AlignmentAccurate P&L & KPI AlignmentContribution Margins, CAC & ROAS TargetsChannel & Pricing AlignmentProduct Portfolio & Assortment
Demand Generation	<ul style="list-style-type: none">Digital Brand Equity (Share of Search, Followers, CRM, Etc.)Robust Acquisition / Conversion / Retention FrameworksDigital Campaigns, Affiliates, Social, Emerging PlatformsUpper, Mid, and Lower Funnel Coordination
Internal & External Capabilities	<ul style="list-style-type: none">Organizational Design & StructureRequired internal team members and rolesKey external partners for supportInternal support teams (IT, Brand, Finance)Data, Analysis, Insights, & BenchmarkingCustomer Service & Voice of Consumer
Infrastructure & Operations	<ul style="list-style-type: none">Technical Stack, TCO, Platforms, Ecosystem, and UXCommercial & Go-to-Market Processes & Value ChainsAgility + Speed to Market + Test & Learn + Read & ReactS&OP, Fulfillment, and General Business Operations
Omnichannel eCommerce Value Chain	<ul style="list-style-type: none">DTC Global Go-To-Market Planning & AlignmentWeekly Business ReviewsMonthly Strategic Business Reviews360-Degree ScorecardsData to Insights to Actions Cycle



eCommerce experiencing a tough start to 2025, especially in footwear.

- eCommerce growth in Q1/Q2 2025 was slow, with total eCommerce estimated between 0% and 5% growth YoY.
- Active and General Footwear are especially compressed, essentially flat to LY.

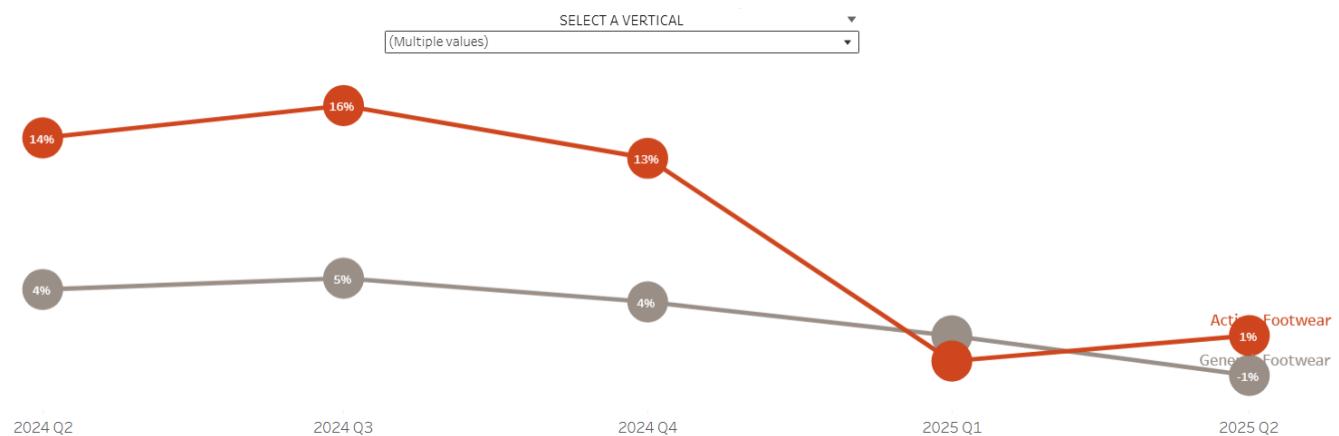


On a not adjusted basis, the estimate of U.S. retail e-commerce sales for the first quarter of 2025 totaled \$275.8 billion, a decrease of 20.3 percent ($\pm 0.7\%$) from the fourth quarter of 2024. The first quarter 2025 e-commerce estimate increased 5.6 percent ($\pm 0.9\%$) from the first quarter of 2024 while total retail sales increased 3.2 percent ($\pm 0.4\%$) in the same period. E-commerce sales in the first quarter of 2025 accounted for 15.9 percent of total sales.



PRESS RELEASE | March 12, 2025

Footwear Sales Continue to Plunge, Down 10% Last Week Following a 26% Drop Two Weeks Prior



However, Arcadia Digital clients are thriving and exceed category benchmarks

CLIENT A <i>Footwear</i>	<ul style="list-style-type: none">~30% YoY growth YTD vs. LY, far exceeding active footwear category benchmarks.Marketing spend on within budget and ROAS targets exceeded for profitable growth despite category and brand heat headwinds.Overall business is down, making eCommerce the bright spot and achieving the objective to increase penetration.	+30% YoY
CLIENT B <i>Footwear</i>	<ul style="list-style-type: none">~12% YoY global growth YTD despite multiple headwinds in the category and turbulence in the overall business.Marketing spend down -13% vs. LYMarketing efficiency and overall profitability improved while delivering substantial growth.	+12% YoY
CLIENT C <i>Flowers & Landscape Supplies</i>	<ul style="list-style-type: none">~18% YoY growth YTD despite significant shifts in weather causing delayed seasonal demand.Marketing spend on within budget and ROAS targets exceeded for profitable growth despite category and brand heat headwinds.	+18% YoY

REFERENCE: SUPERFEET

Re-build, Re-Launch, and Grow eCommerce

- Led the re-platforming build and launch project from Magento to Shopify Plus on-time, under budget, and in-scope.
- Installed eCommerce Operating Model for Growth and Acceleration
- Designed and implemented eCommerce Go-To-Market strategy, tools, and tactics.
- Developed and Executed 360-degree strategic acquisition / conversion / retention initiatives.
- eCommerce Revenue +30% YoY / +6% to Plan.
- Website \$/visit +41% YoY.



“

Arcadia was a critical partner managing the build & launch phase as we re-platformed. There is no way we could have succeeded without them – our internal team didn't have the experience or the capacity.

Their post-launch growth playbook for assessing and analyzing a digital opportunity, then developing the initiatives, investments, and milestones required to accelerate the business results is simply the best I've ever seen. It's world class. It's holistic. It's pragmatic. And it works.

**TRIP RANDALL
CEO, SUPERFEET**

SUPERFEET

Preliminary Business Review, Initial Opportunities & Engagement KPIs (ROI)

RUDIS x *arcadia digital*

- RUDIS DTC growth has slowed driven by slowing new customer growth and a worsening 365-day retention rate, leading to concern about future outlook.
- Performance marketing spend is well below benchmarks and focused on extreme lower funnel, leaving revenue on the table.
- Website demonstrates best-in-class photography and branding but underutilizes it leading to a customer experience with significant conversion improvement opportunity.
- Shipping costs exceed industry benchmarks which leads to savings opportunity to help fuel marketing investment.

Key Takeaway

Arcadia Digital estimates an ability to pay for itself by improving Total eCommerce Contribution Margin (Net Revenue – Variable Costs - Advertising Costs) to a degree that exceeds our fees, generating significant ongoing ROI for RUDIS.



eCommerce KPI Snapshot

a

Total Revenue (August YTD)

\$ in Millions	2025A	2024A	YoY
DTC eCommerce Net Revenue	\$11.6M	\$10.6M	+9%
Jan-Sep Penetration (2024)		38%	
Oct-Dec Penetration (2024)		62%	

Key Metrics (Trailing 365 days)

	Actual	Vs. PY	Benchmark	Status
1 Traffic	11.4M	+26%	+9% vs. PY	Green
2 Conversion Rate	2.61%	-19 bps	1.9%	Yellow
AOV	\$130.48	+\$7.01	\$134	Yellow
Cart Addition Rate	7.90%	+188 bps	6.46%	Green
Cart → Order Rate	33%	-46 bps	26%	Yellow
3 Marketing Spend % of NR	7%	+10 bps	15-20%	Red
ROAS	\$7.52		\$2.50	Red
4 % Revenue from Paid	26%	-70 bps	40% - 50%	Red
% Revenue from CRM	12%		15% - 20%	Red
\$ / visit	\$3.61	+\$0.01	\$2.00 - \$4.50	Green
5 New Customers	150k	+8%	+9% vs. PY	Yellow
365-Day Retention Rate	22%	-952 bps	Positive	Red

Commentary

1. **eCommerce net revenue** +9% YoY. Flat YoY benchmark for the category.
2. Majority of eCommerce revenue comes from Oct-Dec penetration (in season wrestling).

Commentary

1. Traffic growth is strong +26% YoY driven by organic traffic (53% of traffic mix) indicating **untapped opportunity in paid performance marketing**.
2. Conversion & \$/visit metrics buoyed by qualified organic traffic. **Declining CVR & cart to order rate show friction in site experience**.
3. Marketing spend +11% YoY, ~7% of Net Revenue is underspent to the benchmark indicates **untapped new customer growth from paid acquisition channels**.
4. **Low revenue mix from paid & high ROAS is a blocker to sustained growth**, business is overly dependent on fickle organic brand interest to drive growth. Increased risk heading into 2026 with AI Overviews changing SEO value.
5. **Soft new customer growth and declining 365-day retention rate indicates a slowly shrinking customer file**, early symptoms of weakness in consumer engagement and an LTV:CAC trend we need to stabilize and improve.

DTC P&L YTD

- Net revenue growth has slowed YoY through August with discounts increasing 24%. Discount rate is within industry benchmarks.
- Product Margins healthy at 63%+ which benchmarks well and leaves room to invest in growth through variable marketing.
- Shipping expense high at 12% of NR especially considering AOV of (\$130) and product category, and increasing YoY.
- Media spend low compared to benchmarks leaving opportunity to accelerate customer acquisition and growth.
- Distribution/Fulfillment costs are also high at 9% given the category. They're also increasing significantly YoY. Based on notes, this may be an overly burdened line. Processing fee assumed at 2.5%.
- Arcadia considers contribution margin after performance marketing. Need to find efficiencies in shipping and fulfillment to invest in marketing and stay near ~30% benchmark for DTC.**
- Significant additional costs adding \$7M to P&L. Need to more accurately determine variable vs fixed split.
- EBITDA rate significantly better in Full 2024 (vs Jan-Aug) showing strength during key season.

		Jan-Aug					Full 2024	
		2025	2024	YoY	2025 % RV	2024 % RV	\$	% NR
1	Net Revenue	11,592,291	10,621,848	9.1%			32,094,625	
	Gross Sales	12,207,966	11,230,857	8.7%	105.3%	105.7%	33,788,938	105.3%
	Returns & Warranty	(727,801)	(786,426)	-7.5%	-6.3%	-7.4%	(2,175,671)	-6.8%
	Promotions & Discounts	(602,625)	(486,071)	24.0%	-5.2%	-4.6%	(1,472,381)	-4.6%
	Net Sales	10,877,540	9,958,359	9.2%	93.8%	93.8%	30,140,885	93.9%
	Shipping Revenue	714,750	663,489	7.7%	6.2%	6.2%	1,953,740	6.1%
2	Product Margin	7,306,113	6,746,756	8.3%	63.0%	63.5%	20,426,195	63.6%
	Product Cost (COGS)	(3,571,427)	(3,211,603)	11.2%	-30.8%	-30.2%	(9,714,690)	-30.3%
	Royalty	(175,330)	(170,205)	3.0%	-1.5%	-1.6%	(261,651)	-0.8%
	Packaging	(134,178)	(107,668)	24.6%	-1.2%	-1.0%	(261,245)	-0.8%
	Shipping Expense	(1,402,248)	(1,049,039)	33.7%	-12.1%	-9.9%	(3,395,362)	-10.6%
	Gross Margin	6,309,107	6,083,334	3.7%	54.4%	57.3%	18,461,676	57.5%
4	Total Variable Digital Marketing	(732,213)	(659,528)	11.0%	-6.3%	-6.2%	(2,252,249)	-7.0%
	Media Spend	(732,213)	(659,528)	11.0%	-6.3%	-6.2%	(2,252,249)	-7.0%
	Affiliate Commissions							0.0%
5	Total Variable OpEx	(1,738,350)	(1,255,281)	38.5%	-15.0%	-11.8%	(2,808,217)	-8.7%
	Warehousing, Distribution, Fulfillment	(1,060,568)	(633,284)	67.5%	-9.1%	-6.0%	(1,370,521)	-4.3%
	Customer Care	(387,975)	(356,452)	8.8%	-3.3%	-3.4%	(635,331)	-2.0%
	Payment Processing Fees (Credit Cards, etc)	(289,807)	(265,546)	9.1%	-2.5%	-2.5%	(802,366)	-2.5%
	Total Variable G&A	(2,470,563)	(1,914,809)	29.0%	-21.3%	-18.0%	(5,060,466)	-15.8%
6	Total Contribution Margin	3,838,545	4,168,524	-7.9%	33.1%	39.2%	13,401,210	41.8%
	Creative Services	(1,486,541)	(1,324,902)	12.2%	-12.8%	-12.5%	(2,081,863)	-6.5%
	Ecomm	(299,466)	(302,821)	-1.1%	-2.6%	-2.9%	(179,168)	-0.6%
	Information Systems	(540,600)	(393,912)	37.2%	-4.7%	-3.7%	(645,824)	-2.0%
	Shared Services	(2,275,253)	(2,618,422)	-13.1%	-19.6%	-24.7%	(5,462,287)	-17.0%
	Sponsorships	(2,088,702)	(365,992)	470.7%	-18.0%	-3.4%	(950,779)	-3.0%
	Fixed G&A	(6,690,562)	(5,006,049)	33.6%	-57.7%	-47.1%	(9,319,921)	-29.0%
8	Operating Profit	(2,852,017)	(837,524)	240.5%	-24.6%	-7.9%	4,081,289	12.7%

Assessing Engagement Success: Preliminary Key Performance Indicators

Following our onboarding, goals will be set for a variety of KPIs based on benchmarks and achievability, driven by an anticipated roadmap that Arcadia will deliver.

These KPIs represent a well-functioning and profitable eCommerce business.

Secondary & Supporting KPIs	
Net Revenue	Conversion
\$/visit	AOV
Blended ROAS	Marketing Spend
# CRM Subscribers	Marketing Spend % of NR
% Revenue from CRM	% Revenue from Paid
Discount %	Lifetime Value

A single KPI will be set to determine our ultimate measure of success:

Contribution \$ and % Growth

Defined as:

Gross Margin – Variable Costs – Advertising Spend

Strawman Example: Run Rate Improvement

					% Net Revenue
		2025 YTD	2025 Run Rate	w/ Arcadia	2025 Run Rate w/ Arcadia
Accelerate revenue growth through:					
1) Website optimization					
2) Marketing optimization					
3) Increased marketing investment					
	Net Revenue	11,592,291	35,026,881	40,969,645	
	Gross Sales	12,207,966	36,728,651	43,000,000	105% 105%
	Returns & Warranty	(727,801)	(2,013,482)	(2,357,281)	-6% -6%
	Promotions & Discounts	(602,625)	(1,825,440)	(2,137,130)	-5% -5%
	Net Sales	10,877,540	32,889,729	38,505,589	94% 94%
	Shipping Revenue	714,750	2,104,685	2,464,056	6% 6%
Improved Gross Margin driven by:					
1) Accelerated revenue					
2) Shipping expense reduction to 10% of Net Revenue benchmark					
	Product Margin	7,306,113	22,098,424	25,883,399	63% 63%
	Product Cost (COGS)	(3,571,427)	(10,791,305)	(12,622,190)	-31% -31%
	Royalty	(175,330)	(529,771)	(619,653)	-2% -2%
	Packaging	(134,178)	(405,429)	(474,215)	-1% -1%
	Shipping Expense	(1,402,248)	(4,236,986)	(4,096,964)	-12% -10%
Gross margin improvements fuel incremental marketing and acquisition					
	Gross Margin	6,309,107	19,063,390	23,156,622	54% 57%
	Total Variable Digital Marketing	(732,213)	(2,212,430)	(4,000,000)	-6% -10%
	Total Variable OpEx	(1,738,350)	(4,659,943)	(5,450,563)	-13% -13%
	Warehousing/Fulfillment	(1,060,568)	(2,611,980)	(3,055,137)	-7% -7%
	Customer Care	(387,975)	(1,172,291)	(1,371,185)	-3% -3%
	Payment Processing Fees	(289,807)	(875,672)	(1,024,241)	-3% -3%
Estimated year 1 impact:					
1) \$1.5M increased margin					
2) Increased customer acquisition fueling future growth					
	Total Variable G&A	(2,470,563)	(6,872,373)	(9,450,563)	-20% -23%
	Total Contribution Margin	3,838,545	12,191,016	13,706,059	35% 33%

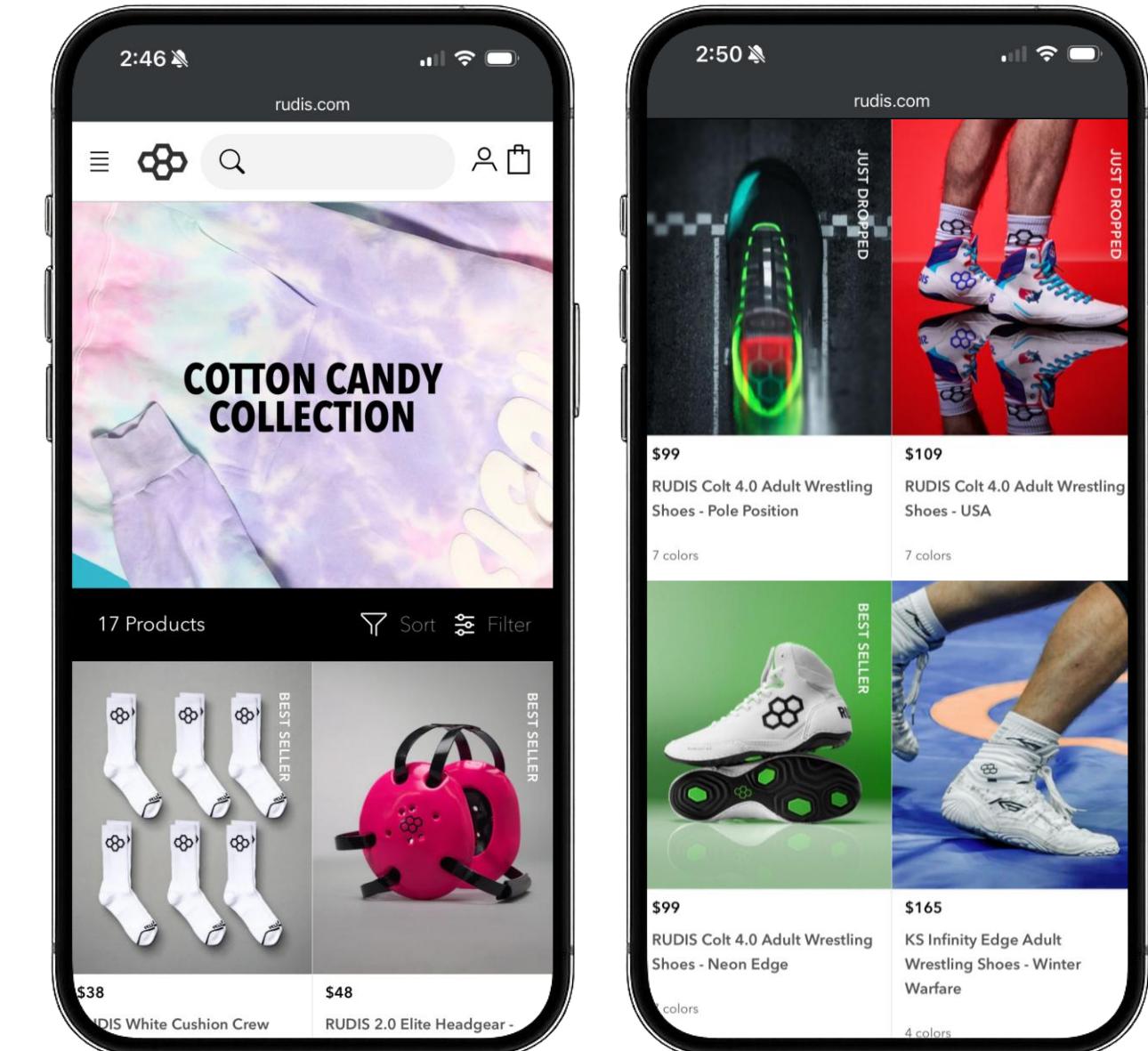
Improved Merchandising and Content Fundamentals

Simplify Product Discovery

- Consistently highlight the top-selling category for the season in the homepage hero. For Q4, wrestling shoes should always be front and center.
- Ensure alignment between top search terms and navigation to accelerate product discovery. Create a "Shorts" category under Men's. The top search term over the last 90 days is "shorts" showing customer interest, but Shorts is missing from the navigation potentially resulting in lost sales from customers who can't find it.
- Ensure collection pages are curated and that featured products are merchandised to the top of the page. (Example: Cotton Candy collection).
- Update product images on PLPs to be consistent, allowing customers to quickly understand and compare products.

Drive Conversion

- Condense buy stack on PDP to present clear product details to the customer and reduce scrolling.
- More effectively highlight customer incentives (RUDIS rewards, free shipping and returns) at various touchpoints to encourage purchases.



Shipping: P&L Impact and Customer Impact

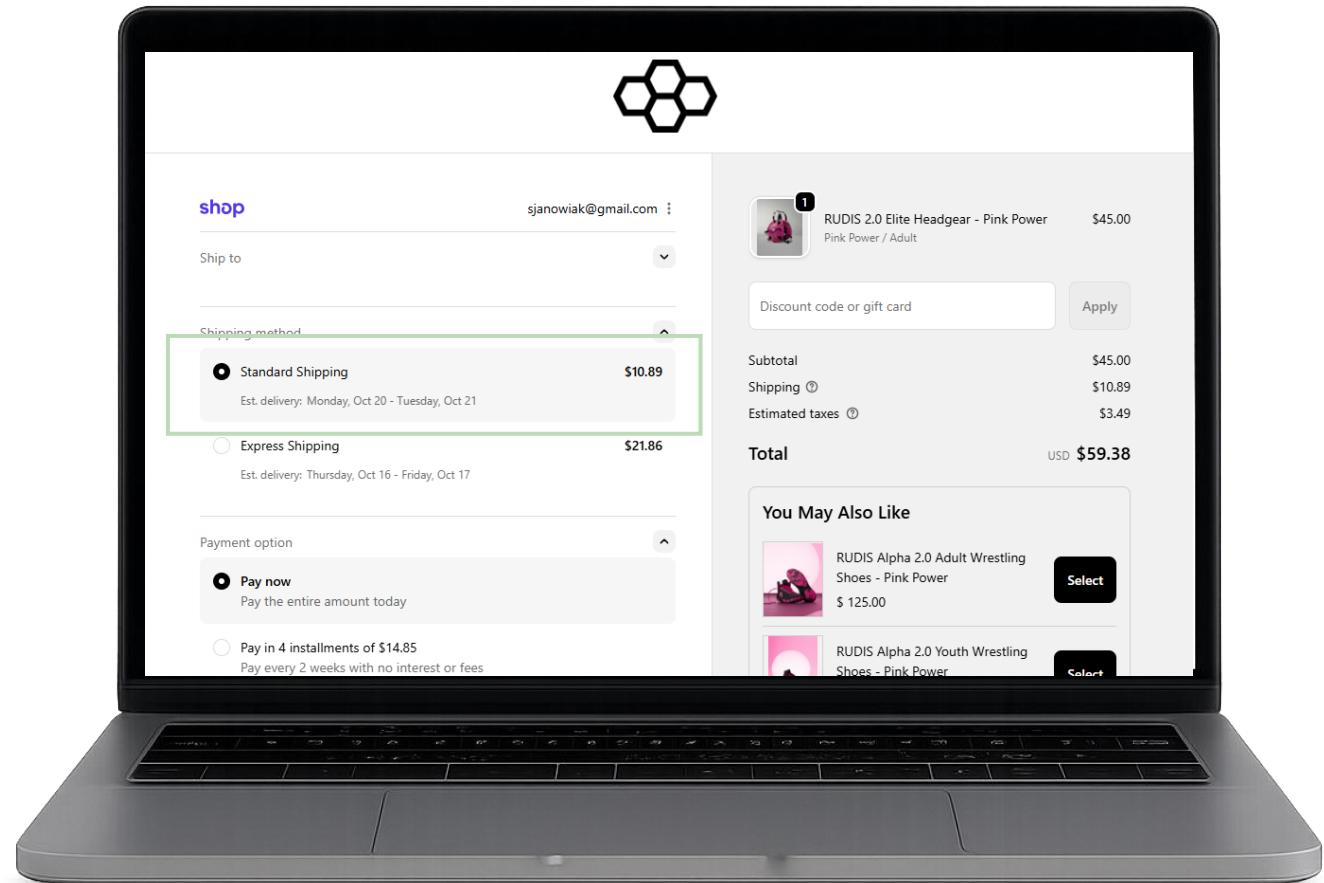
P&L Impact

- YTD P&L shows shipping cost as 12% of net revenue. With a \$130 AOV, shipping cost per order ~\$15.60 which is very high.
- Even at 10% of net revenue, potential for \$600k+ annual savings.
- At \$10 shipping cost per order, potential for \$1M+ annual savings.
- Customer does not seem to be receiving express shipping as the default shipping option raising further questions about the cost.

Customer Impact

- \$150 threshold for free shipping is a barrier to customer acquisition.
- For paid shipping orders, customer charge is not competitive.

Competitor	Free Ship Threshold	Ship Charge
RUDIS	\$150	\$10+
ASICS	\$50	\$5
Cliff Keen	\$75	\$5
Wrestling Mart	\$50	\$5



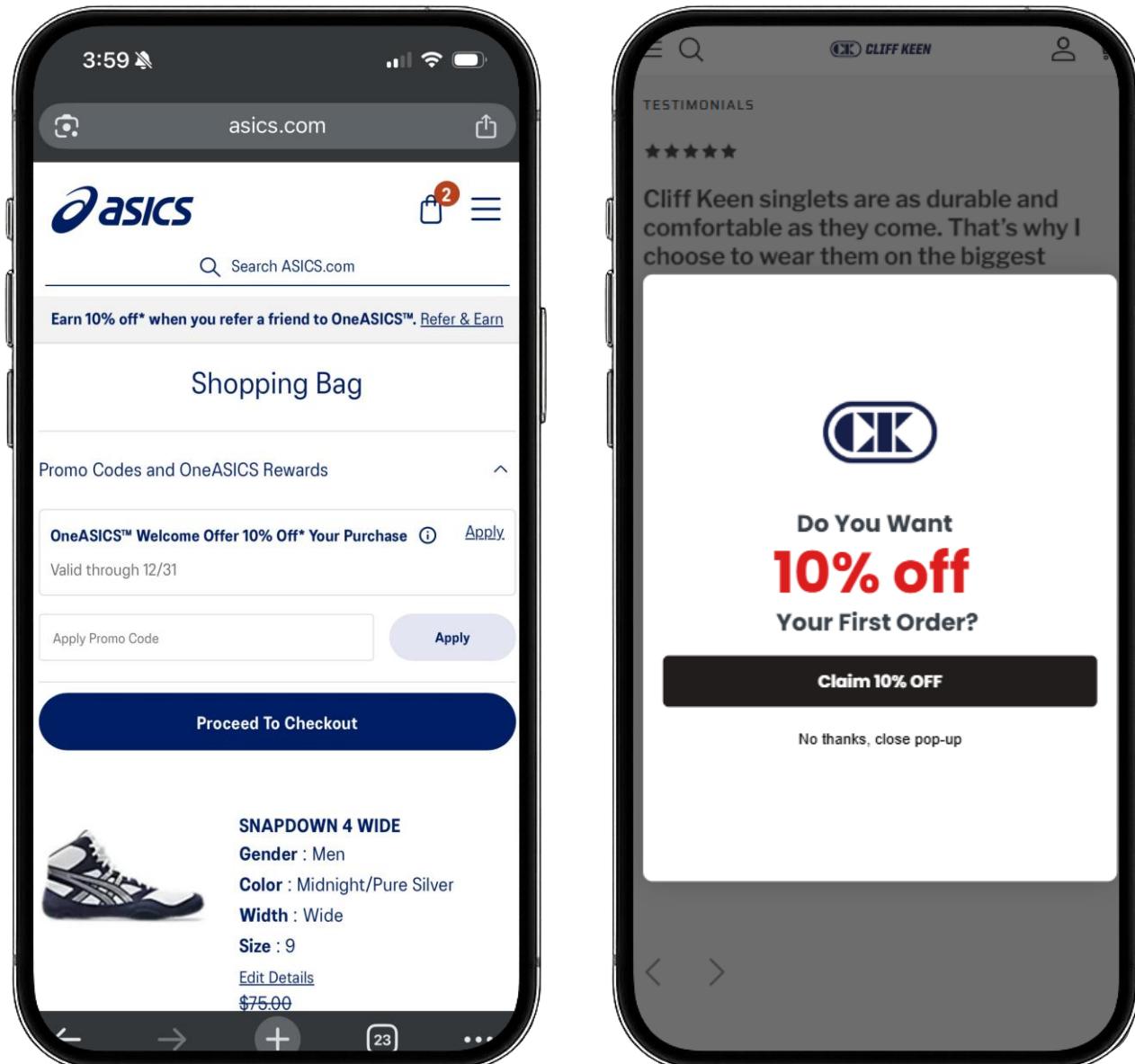
New Customer Acquisition

Marketing Insights and Actions

- % of New Customer Acquisition has declined year-over-year.
- Paid Shopping has become the primary Paid Media focus — likely due to efficiency and ROAS benefits.
- Revenue from CRM has seen large YoY increases, driven by an increase in CVR by nearly 30%.
- Need to reduce over-reliance on Shopping Campaigns: While Shopping ads drive short-term revenue, they primarily convert existing or high-intent users.
→ Reinvest ~20–30% of spend into prospecting and demand generation.
- Utilize Brand/Audience Exclusions within Shopping campaigns to segment out New vs. Return customers; shifting focus from ROAS to CAC/MER.
- Evaluate content strategy and enhance ‘off-season’ stories to maintain CRM list stability and engagement in advance of peak season to maximize Revenue Per Email.

Leverage Onsite Acquisition Techniques

- In addition to lower shipping charges, competitors are leaning into offers for new customers including discounts
- By comparison, RUDIS Rewards is buried on the site



Summary of Proposed Engagement

eCommerce Acceleration Proposal Summary

TIMELINE

6 Months +
Quarterly
Renewals

ESTIMATED PAYBACK PERIOD

Less Than
1 Year

FEES

\$100k/month

SHARED SUCCESS

20% of Fee At
Risk for first 6
mos. based on
Performance



Incremental Revenue &
EBITDA



Improved Brand Positioning
& Customer Experience



Improved Distribution &
Connections to Consumer



Enhanced Customer
Awareness, Engagement &
Lifetime Value

Engagement Team: Key Players



Jason Pawloski
Executive Sponsor



Steve Janowiak
Engagement Principal



Ashley Westfall
Engagement Lead



Jeff Davis
Digital Marketing Lead



Tonya Carlson
Site, Merchandise & CRO Lead



Carla Vargas
Merchandising & Content Specialist



Emily Webb
Digital Designer



Tiffany Hsieh
Analytics Lead

Summary:
20+ Years
experience in
eCommerce &
executive roles at
premier brands

**Previous
Experience:**
SVP eCommerce /
Chief Digital Officer

Summary:
20+ Years
experience in
eCommerce &
executive roles at
premier brands &
retailers, ex-Amazon

**Previous
Experience:**
SVP eCommerce /
Chief Digital Officer

Summary:
15+ Years
experience in
eCommerce & roles
at premier brands &
retailers

**Previous
Experience:**
VP/Director
eCommerce

Summary:
15+ Years
experience in digital
growth marketing
strategy across
multiple verticals

**Previous
Experience:**
VP/Director Digital
Marketing

Summary:
15+ Years
experience in
eCommerce &
Digital P&L and CRO
roles

**Previous
Experience:**
VP/Director
eCommerce and
Merchandising

Summary:
10+ Years
experience in
Merchandiser &
Content roles at
premier brands

**Previous
Experience:**
UX / UI Strategist
Digital Designer

Summary:
4+ Years experience
in UI/UX Strategy
and Digital Design

**Previous
Experience:**
UX / UI Strategist
Digital Designer

Summary:
10+ Years
experience in digital
analytics,
optimization, & ops
roles at premier
brands & retailers

**Previous
Experience:**
Sr Manager
Optimization,
Analytics,
Operations

WWW Inc
Escalade Sports
Sound United
Superfeet
Xero Shoes

Amazon
WWW Inc
PetCo
Superfeet
Xero Shoes

World Market
Party City
Gap
Xero Shoes

Search Optics
Superfeet
Xero Shoes
Eden Brothers

WWW Inc
Comfort Research
Superfeet
Xero Shoes

Zenni Optical
J Crew
Superfeet
Xero Shoes

Mindspring
Superfeet
Xero Shoes
Eden Brothers

PetCo
WWW Inc

Scope Highlights: Working IN and ON the Business

	30 - 60 days	12 months		
	Onboarding, Ramp-Up, and Planning	Optimization & Acceleration	Transition & Stabilization	Key Tools & Processes
Work <u>IN</u> the business	<ul style="list-style-type: none"> Deep dive sessions with existing Rudis leaders to ensure AD absorbs full historical context for the eCommerce business, brand, product stories, consumer profiles, marketing strategies and tactics, etc. Understanding the current Rudis 2025 and 2026 eCommerce Annual Operating Plan or Budget and any existing planned investments, timing, eCommerce plans, forecasts, etc. 	<ul style="list-style-type: none"> Program management, leadership, and execution, including vendor management as required, for the eCommerce Roadmap of capabilities and functionality. Driving the DTC eCommerce business KPIs and roadmap to ensure successful decision making, project execution, and financial outcomes that lead to new capabilities and profitable growth. 	<ul style="list-style-type: none"> Assist in hiring the future internal Rudis eCommerce team. Note: AD is not a recruiting firm but will participate in candidate review and interviewing to help Rudis hire the right people. Onboard any new required internal members of the Rudis digital team. 	<ul style="list-style-type: none"> Bottoms-Up KPI Plan P&L / AOP Weekly Business Reviews Monthly Business Reviews Strategic Business Reviews Commercial & Go-To-Market Processes
Work <u>ON</u> the business	<ul style="list-style-type: none"> Executing AD's proven "First 30 Days" playbook (details in appendix). Completing a 360-degree assessment and developing a roadmap using AD's value creation framework. This includes analyzing and providing recommended initiatives across 5 areas. This initial assessment and roadmap will guide and measure the ongoing engagement. 	<ul style="list-style-type: none"> Develop a strategy such that DTC and Amazon eCommerce are working together as an eco-system. Evaluating current processes and eCommerce go-to-market capabilities and making improvements or installing new processes, capabilities, and tools where necessary. Providing specialized resources required to build and launch new experiences, capabilities, or grow the DTC eCommerce business, including website, merchandising, data management, content management, CRM, and digital analytics/insights. 	<ul style="list-style-type: none"> Ensure best practice processes, dashboards, KPIs, P&L, and analytics tools/reports, scorecards, business reviews, and other operational excellence tools are in place. Ensure the processes, procedures, and capabilities are in place for sustained value creation and results with the stabilized internal team. Ensure access and understanding to key dashboards, reports, planning tools, documents, and other artifacts necessary to "run the business" after AD is gone. 	<ul style="list-style-type: none"> Engagement Goals & KPIs Value Creation Plan Strategic Roadmap 2025 P&L / AOP Strategic Org Design Strategic Hiring Plan AD Engagement Success Framework

Q&A

Thank you!