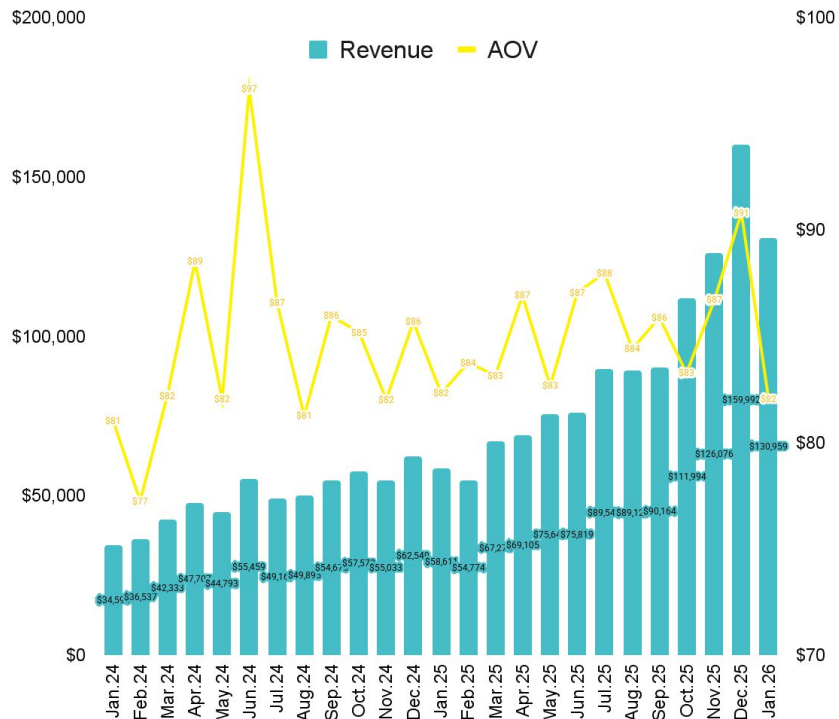


Executive Summary: Growth Is Intent-Driven, Not Promotion-Led

Last 24 Months Total Revenue vs Average Order Value



Key Takeaways

AOV is structurally flat

- Spend per order is stable across time, customer lifecycle stage, and traffic source
- New and returning customers exhibit comparable basket sizes
- No sustained AOV uplift during or after the free-shipping launch (Jan 2022)

Revenue growth comes from demand, not incentives

- Order volume growth accelerates independently of the promotion window
- High-intent channels (Search, Organic) drive scale without basket expansion
- Promotions influence purchase timing, not customer value creation

Definitions

- **Customer Lifecycle Stage**
 - First-Time Buyers vs Repeat Buyers, defined at the order level
- **Basket Size Tier**
 - Orders below vs above the \$00 free-shipping threshold
- **Traffic Source:**
 - User-level acquisition channel at first touch, applied to all subsequent orders (*Organic, Search, Display, Email, Facebook*)

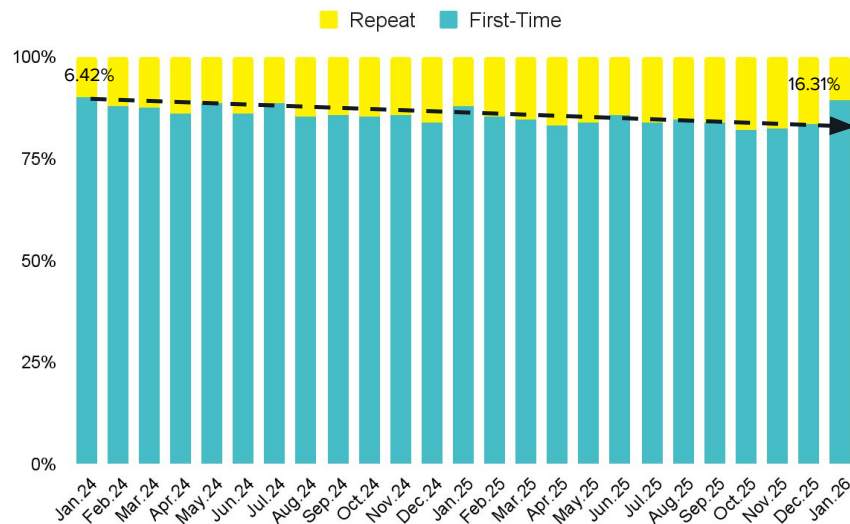
Customer Mix Evolution: Retention Improves, Monetization Does Not

If more customers are returning, why isn't revenue accelerating? - Returning customers increase in share, but exhibit no AOV uplift

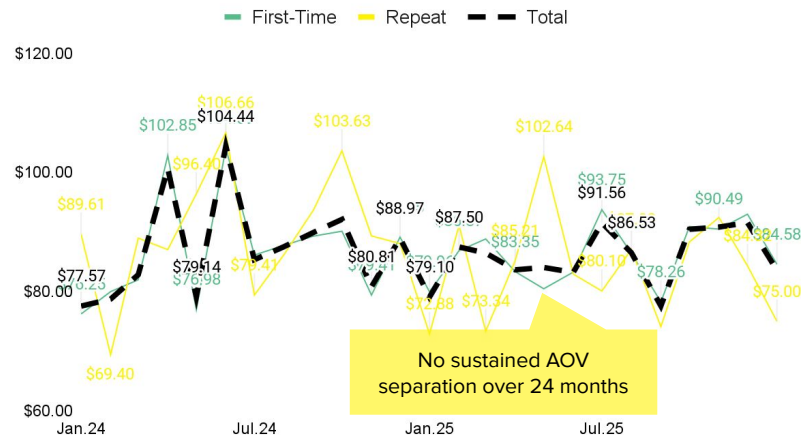
Returning mix growth does not translate into revenue expansion

- Returning customer share increases steadily over time (going from 6.42% to around 16-17%)
- m/m AOV fluctuates, but shows no persistent gap between lifecycle stages
- Identical AOV profiles confirm returning customers do not spend more per order

m/m Order Mix by Customer Lifecycle Stage: In Period



AOV Output Validation: No structural difference between first-time and returning customers



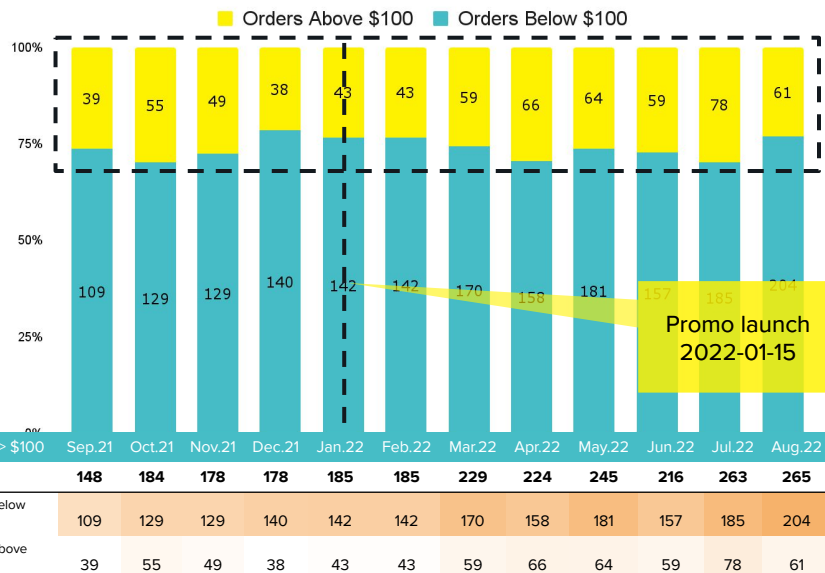
Free Shipping Impact Assessment: Free Shipping Activates Purchase Without Increasing Basket Size

Did the promotion change how much customers spend? Free shipping increases purchase intent, not AOV or order composition

AOV and value mix remain unchanged pre vs post launch

- Average Order Value remains flat before and after launch → no basket-size expansion
- Share of high-value orders (>\$100) shows no sustained post-launch lift
- In a stable traffic mix and flat AOV environment, promo impact manifests as increased purchase completion, not higher spend

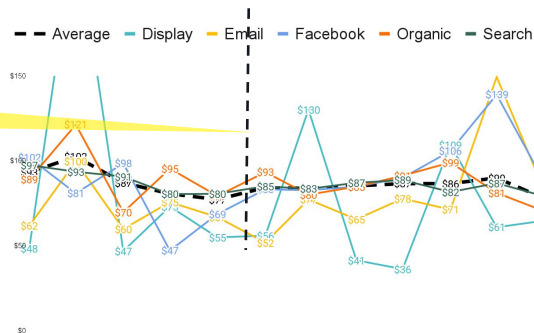
m/m Orders Mix by Basket Size Tier: In Period



Post vs Pre (12m window)	Orders	Revenue	AOV	High Value %
Post - Pre	119	\$5,372.99	-\$5.76	-1.35%
Display	1	-\$521.68	\$5.78	-9.52%
Email	-8	-\$741.15	-\$8.44	0.00%
Facebook	13	\$864.76	-\$0.58	0.00%
Organic	28	\$2,003.91	-\$6.39	0.00%
Search	85	\$3,767.15	-\$14.37	0.00%

Promotion launch: Jan 15, 2022 | 12m window
Results evaluated in a stable traffic mix and flat AOV environment to isolate promo effect.

m/m AOV: Output Validation



Elaborated by Alexis Cheverria

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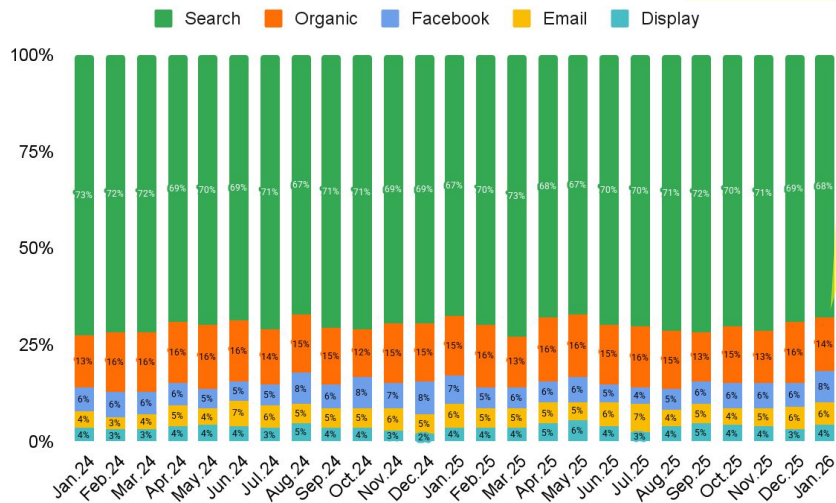
Traffic Source Performance: Revenue Grows Without Changes in Traffic Mix or Basket Size

If mix and AOV are stable, what's actually driving growth? - Revenue expansion is driven by higher purchase intent and order volume, not incentives or channel reallocation

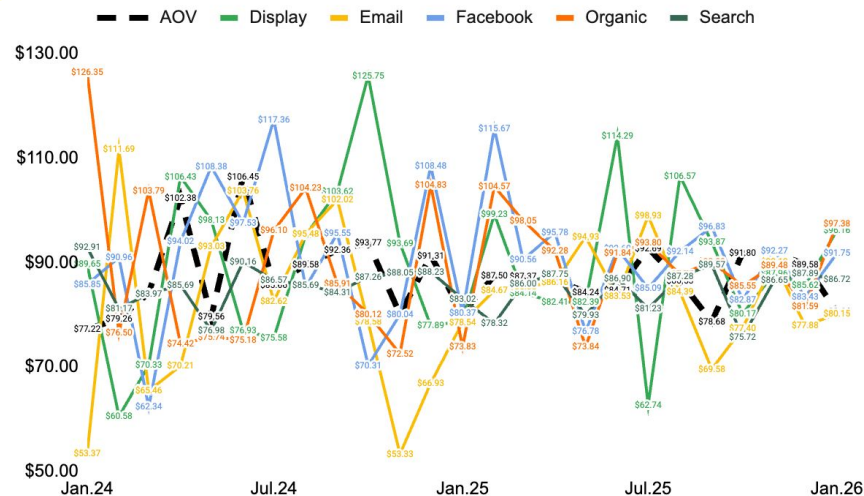
Stable acquisition mix and flat AOV isolate intent as the growth driver

- Traffic source mix remains structurally stable over 2 years (Search ~75%, Organic ~13-14%) → no mix-driven growth
- AOV by traffic source shows only short-term oscillations → no sustained basket expansion
- With mix and AOV flat, revenue growth must come from increased purchase intent and order frequency

m/m Orders Mix by Traffic Source: In Period



m/m Average Order Value by Traffic Source: In Period



Retention is Shallow and Structural: 2 Years of Cohort Data Shows a Stable Low-Frequency Repeat Pattern

Is this a churn problem or the natural cadence of the business - Retention behavior is structurally consistent across cohorts, promotions, and scale

Cohort behavior confirms a cadence constraint, not a quality failure

- **Predictable decay:** All cohorts exhibit the same L-shaped drop after first purchase, followed by a thin burt persistent long tail.
- **Structural stability:** Growth did not dilute retention quality. The long-term repeat base remains proportionally constant
- **Cadence, not churn:** The pattern aligns with an occasional-use or replenishment cycle rather than unmet customer value

If growth is not driven by higher AOV or deeper retention, the business is scaling primarily through acquisition efficiency, raising the question of where the engine ultimately caps out

First Purchase Month	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1/1/2024	100.0%	2.0%	1.5%	0.5%	0.5%	1.0%	1.0%	0.7%	0.5%	1.0%	0.2%	0.7%	0.7%		0.2%			0.2%	1.5%	1.2%		0.7%		0.5%	0.2%
2/1/2024	100.0%	1.7%	0.2%	0.5%	0.2%	1.0%		0.7%	0.5%	0.7%	1.5%	1.2%	0.5%	0.7%	0.7%	0.2%	0.5%	0.2%	0.5%	0.5%	0.5%	0.5%	0.2%	0.2%	
3/1/2024	100.0%	2.7%	0.9%	1.1%	0.2%	0.7%	1.6%	0.4%		0.7%	0.4%	0.4%	0.7%	0.7%	0.7%		0.4%	1.8%	1.6%	0.9%		0.4%	0.4%		
4/1/2024	100.0%	3.4%		0.5%	0.7%	0.7%	0.7%	1.5%	0.7%	1.0%	0.7%	0.2%	0.7%	0.2%	1.0%	0.5%	0.2%	1.5%	0.5%	0.7%	0.5%				
5/1/2024	100.0%	3.2%	1.0%	1.0%	0.4%	1.0%	0.4%	1.4%	0.2%	0.4%	0.2%	0.8%	1.8%	1.6%	1.0%	2.0%	0.8%	0.2%	0.4%	0.4%	0.6%				
6/1/2024	100.0%	1.7%	0.2%	0.9%	0.9%	1.3%	1.1%	0.7%	1.3%	0.9%	1.5%	0.4%	0.4%	0.2%	0.7%	0.7%	1.5%	1.7%	1.1%	0.2%					
7/1/2024	100.0%	3.9%	1.4%	1.4%	0.8%	0.8%	0.6%	1.0%	1.0%	0.8%	1.2%	0.6%	0.2%	1.0%	1.4%	1.2%	0.4%	1.4%	0.2%						
8/1/2024	100.0%	2.7%		1.4%	1.0%		0.6%	0.8%	1.0%	0.4%	0.2%	0.6%			0.8%	0.6%	0.8%	0.6%							
9/1/2024	100.0%	2.7%	0.6%	1.3%	0.8%	0.6%	1.0%	0.6%	0.2%	0.6%	1.3%	0.2%	0.6%	0.6%	1.1%	0.2%									
10/1/2024	100.0%	3.0%	0.9%	0.4%	0.6%	1.1%	0.9%	0.8%	0.2%	1.1%	0.9%	0.2%	1.3%	1.1%	1.3%	0.6%									
11/1/2024	100.0%	3.8%	1.0%	1.0%	1.2%	0.7%	0.7%	0.3%	0.9%	0.3%	0.9%	0.2%	0.5%	0.9%	0.9%	0.2%									
12/1/2024	100.0%	2.7%	0.3%	1.4%	0.8%	1.0%	0.5%	0.7%	0.8%	1.2%	0.5%	0.8%	0.8%	0.7%											
1/1/2025	100.0%	2.3%	0.6%	0.9%	1.4%	0.8%	1.2%	1.4%	1.5%	1.2%	0.8%	1.8%	0.5%												
2/1/2025	100.0%	3.6%	1.1%	1.1%	0.9%	0.9%	1.1%	1.3%	1.5%	1.1%	0.6%														
3/1/2025	100.0%	4.4%	1.5%	0.9%	1.5%	0.6%	0.9%	0.5%	1.5%	2.0%															
4/1/2025	100.0%	3.6%	1.5%	1.7%	1.5%	1.3%	1.5%	1.6%	1.3%	0.3%															
5/1/2025	100.0%	3.2%	1.3%	1.1%	1.5%	1.7%	1.1%	1.5%	0.7%																
6/1/2025	100.0%	2.7%	0.6%	2.6%	1.2%	3.1%	1.4%	0.5%																	
7/1/2025	100.0%	2.6%	1.5%	1.2%	1.1%	1.8%	0.6%																		
8/1/2025	100.0%	3.9%	2.3%	1.5%	1.8%	0.6%																			
9/1/2025	100.0%	4.7%	1.4%	2.3%	1.1%																				
10/1/2025	100.0%	5.2%	2.8%	0.7%																					
11/1/2025	100.0%	5.3%	1.3%																						
12/1/2025	100.0%	4.9%																							
1/1/2026	100.0%																								

The Micro-Core: ~1% monthly baseline persistence.

The Activation Gap: 97% of users are transactional