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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-38937

Aterian, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**83-1739858** **(I.R.S. Employer Identification Number)**
350 Springfield Avenue, Suite 200 **Summit, NJ** **(Address of principal executive offices)**	**07901** **(Zip Code)**

(347) 676-1681
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	ATER	The Nasdaq Stock Market LLC

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 13, 2026, the registrant had 261,882,422 shares of common stock, $0.0001 par value per share, outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Many of these statements can be identified by the use of terminology such as "believes," "expects," "intends," "anticipates," "plans," "may," "will," "could," "would," "projects," "continues," "estimates," "potential," "opportunity" or the negative versions of these terms and other similar expressions. Our actual results or experience could differ significantly from the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in "Risk Factors," in Part II, Item 1A of this Quarterly Report on Form 10-Q as well as information provided elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the Securities and Exchange Commission (the SEC) on March 20, 2026. You should carefully consider that information before you make an investment decision.

You should not place undue reliance on these types of forward-looking statements, which speak only as of the date that they were made. These forward-looking statements are based on the beliefs and assumptions of the Company's management based on information currently available to management and should be considered in connection with any written or oral forward-looking statements that the Company may issue in the future as well as other cautionary statements the Company has made and may make. Except as required by law, the Company does not undertake any obligation to release publicly any revisions to these forward-looking statements after completion of the filing of this Quarterly Report on Form 10-Q to reflect later events or circumstances or the occurrence of unanticipated events.

The discussion of the Company's financial condition and results of operations should be read in conjunction with the Company's Condensed Consolidated Financial Statements and the related Notes thereto included in this Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

ATERIAN, INC.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands, except share and per share data)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash	$ 1,497	$ 4,857
Restricted cash	13,495	1,015
Accounts receivable	443	6
Inventory, net	34	52
Prepaid and other current assets	1,805	1,095
Assets held for sale (Note 3)	649	21,490
Total current assets	17,923	28,515
Property and equipment, net	—	661
Other non-current assets	123	389
Total assets	$ 18,046	$ 29,565
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Credit facility	$ —	$ 4,259
Contingent value rights liability (Note 2)	13,161	—
Accounts payable	272	355
Seller notes	—	368
Accrued and other current liabilities	1,788	5,336
Liabilities held for sale (Note 3)	248	3,812
Total current liabilities	15,469	14,130
Other liabilities	—	225
Total liabilities	15,469	14,355
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, $0.0001 par value, 500,000,000 shares authorized and 261,882,422 and 10,027,046 shares outstanding at September 30, 2026 and December 31, 2025, respectively	34	9
Preferred stock, $0.0001 par value, 10,000,000 shares authorized, no shares issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Additional paid-in capital	743,169	746,414
Accumulated deficit	(740,035)	(730,661)
Accumulated other comprehensive loss	(591)	(552)
Total stockholders' equity	2,577	15,210
Total liabilities and stockholders' equity	$ 18,046	$ 29,565

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ATERIAN, INC.
Condensed Consolidated Statements of Operations
(Unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net revenue	$ 31	$ 27	$ 56	$ 178
Cost of goods sold	14	13	28	73
Gross profit	17	14	28	105
Operating expenses:				
Sales and distribution	511	27	999	1,099
General and administrative	3,913	2,744	10,604	8,682
Total operating expenses	4,424	2,771	11,603	9,781
Operating loss	(4,407)	(2,757)	(11,575)	(9,676)
Interest (income) expense, net	(75)	259	324	656
Change in fair value of warrant liabilities	—	(18)	—	(108)
Change in fair value of contingent value rights	971	—	971	—
Loss on extinguishment of debts	347	—	52	—
Other expense (income), net	10	—	135	(42)
Loss from continuing operations before income taxes	(5,660)	(2,998)	(13,057)	(10,182)
Income taxes	(1)	—	(1)	—
Loss from continuing operations, net of income taxes	(5,661)	(2,998)	(13,058)	(10,182)
Income (loss) from discontinued operations, net of income taxes	2,910	717	3,684	(855)
Net loss	$ (2,751)	$ (2,281)	$ (9,374)	$ (11,037)
Net loss from continuing operations per share, basic and diluted	$ (0.18)	$ (0.37)	$ (0.80)	$ (1.31)
Net income (loss) from discontinued operations per share, basic and diluted	$ 0.09	$ 0.09	$ 0.22	$ (0.11)
Net loss per share, basic and diluted	$ (0.09)	$ (0.28)	$ (0.57)	$ (1.42)
Weighted-average number of shares outstanding, basic and diluted	31,009,453	8,207,318	16,419,236	7,781,132

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ATERIAN, INC.
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net loss[1]	$ (2,751)	$ (2,281)	$ (9,374)	$ (11,037)
Other comprehensive (loss) income:				
Foreign currency translation adjustments[1]	19	(103)	(39)	380
Other comprehensive income (loss)	19	(103)	(39)	380
Comprehensive loss	$ (2,732)	$ (2,384)	$ (9,413)	$ (10,657)

(1) Includes amounts from discontinued operations, please see Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

ATERIAN, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30, 2026							
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
BALANCE—July 1, 2026	1,750,000	$ —	10,879,410	$ 9	$ 750,500	$ (737,284)	$ (610)	$ 12,615
Net loss(1)	—	—	—	—	—	(2,751)	—	(2,751)
Issuance of series AAA preferred stock	1,750,000	—	—	—	2,865		—	2,865
Conversion of preferred stock into common stock	(3,500,000)	—	249,900,000	25	(25)	—	—	—
Issuance of shares of restricted common stock	—	—	1,103,012	—	—	—	—	—
Contingent value rights	—	—	—	—	(12,190)	—	—	(12,190)
Stock-based compensation expense(1)	—	—	—	—	2,019	—	—	2,019
Other comprehensive income	—	—	—	—	—	—	19	19
BALANCE—September 30, 2026	—	$ —	261,882,422	$ 34	$ 743,169	$ (740,035)	$ (591)	$ 2,577

(1) Includes amounts from discontinued operations, please see Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

	Three Months Ended September 30, 2025					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
BALANCE—July 1, 2025	10,013,759	$ 9	$ 745,140	$ (720,433)	$ (423)	$ 24,293
Net loss(1)	—	—	—	(2,281)	—	(2,281)
Issuance of shares of restricted common stock	234,102	—	—	—	—	—
Forfeiture of shares of restricted common stock	(40,026)	—	—	—	—	—
Stock-based compensation expense(1)	—	—	731	—	—	731
Other comprehensive loss	—	—	—	—	(103)	(103)
BALANCE—September 30, 2025	10,207,835	$ 9	$ 745,871	$ (722,714)	$ (526)	$ 22,640

(1) Includes amounts from discontinued operations, please see Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

ATERIAN, INC.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)
(in thousands, except share and per share data)

	Nine Months Ended September 30, 2026							
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
BALANCE—January 1, 2026	—	$ —	10,027,046	$ 9	$ 746,414	$ (730,661)	$ (552)	$ 15,210
Net loss	—	—	—	—	—	(9,374)	—	(9,374)
Issuance of series AA and series AAA preferred stock	3,500,000	—	—	—	6,089	—	—	6,089
Conversion of preferred stock into common stock	(3,500,000)	—	249,900,000	25	(25)	—	—	—
Issuance of shares of restricted common stock	—	—	2,026,192	—	—	—	—	—
Forfeiture of shares of restricted common stock	—	—	(70,816)	—	—	—	—	—
Contingent value rights	—	—	—	—	(12,190)	—	—	(12,190)
Stock-based compensation expense[1]	—	—	—	—	2,881	—	—	2,881
Other comprehensive loss	—	—	—	—	—	—	(39)	(39)
BALANCE—September 30, 2026	—	$ —	261,882,422	$ 34	$ 743,169	$ (740,035)	$ (591)	$ 2,577

(1) Includes amounts from discontinued operations, please see Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

	Nine Months Ended September 30, 2025					
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
BALANCE—January 1, 2025	8,750,741	$ 9	$ 742,591	$ (711,677)	$ (906)	$ 30,017
Net loss	—	—	—	(11,037)	—	(11,037)
Issuance of shares of restricted common stock	1,618,653	—	—	—	—	—
Forfeiture of shares of restricted common stock	(161,559)	—	—	—	—	—
Stock-based compensation expense[1]	—	—	3,280	—	—	3,280
Other comprehensive income	—	—	—	—	380	380
BALANCE—September 30, 2025	10,207,835	$ 9	$ 745,871	$ (722,714)	$ (526)	$ 22,640

(1) Includes amounts from discontinued operations, please see Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

ATERIAN, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
OPERATING ACTIVITIES:		
Net loss	$ (9,374)	$ (11,037)
Income (loss) from discontinued operations	3,684	(855)
Loss from continuing operations	(13,058)	(10,182)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	17	—
Amortization of deferred financing cost and debt discounts	94	116
Stock-based compensation	2,113	1,271
Change in fair value of warrant liabilities	—	(108)
Change in fair value of contingent value rights	971	—
Non-cash gain on extinguishment of debt	(199)	—
Impairment of equity investment	125	—
Changes in assets and liabilities:		
Accounts receivable	(57)	(48)
Inventory	18	16
Prepaid and other current assets	(728)	246
Accounts payable, accrued and other liabilities	(3,082)	(257)
Cash used in operating activities in continuing operations	(13,786)	(8,946)
Cash provided by (used in) operating activities in discontinued operations	5,310	(907)
Cash used in operating activities	(8,476)	(9,853)
INVESTING ACTIVITIES:		
Cash used in investing activities in continuing operations	—	—
Cash provided by (used in) investing activities in discontinued operations	16,162	(46)
Cash provided by (used in) investing activities	16,162	(46)
FINANCING ACTIVITIES:		
Issuance of preferred stock	6,317	—
Repayment on seller notes	(38)	(113)
Borrowings from MidCap credit facilities	12,474	36,176
Repayments for MidCap credit facilities	(16,938)	(37,025)
Insurance obligation payments	(687)	(611)
Insurance financing proceeds	199	706
Cash provided by (used in) financing activities in continuing operations	1,327	(867)
Cash used in financing activities in discontinued operations	—	—
Cash provided by (used in) financing activities	1,327	(867)
Foreign currency effect on cash and restricted cash	(23)	350
Net change in cash and restricted cash for the period	8,990	(10,416)
Cash and restricted cash at beginning of year	6,002	19,143
Cash and restricted cash at end of period	$ 14,992	$ 8,727
RECONCILIATION OF CASH AND RESTRICTED CASH:		
Cash	1,497	7,588
Restricted cash	13,495	1,009
Restricted cash—Other non-current assets	—	130
TOTAL CASH AND RESTRICTED CASH	$ 14,992	$ 8,727
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Initial fair value of contingent value rights	$ 12,190	$ —
Non-cash consideration paid to consultants in connection with preferred stock issuance	$ 228	$ —
Cash paid for interest	$ 544	$ 728
Cash paid for taxes	$ 7	$ 50

The accompanying notes are an integral part of these unaudited Condensed Consolidated Financial Statements.

Aterian, Inc.
Notes to Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2026 and 2025 (Unaudited)

1. COMPANY OVERVIEW

Aterian, Inc. (the "Company") is a consumer products company that predominantly operates through online retail channels such as Amazon, Walmart, and Target and its own direct to consumer websites. The Company operates its owned brands, which were either incubated or purchased, selling products in multiple categories, including home and kitchen appliances, kitchenware, air quality appliances, health and beauty products and essential oils.

On July 17, 2026, the Company completed a strategic sale of substantially all of its marquee consumer brands pursuant to the Asset Purchase Agreement described below (the “Asset Sale”). Prior to the closing, the assets and liabilities associated with the Asset Sale met the criteria for held-for-sale treatment and are presented as Assets Held for Sale and Liabilities Associated with Assets Held for Sale on the Condensed Consolidated Balance Sheet as of December 31, 2025. The historical operating results and cash flows of the divested assets, including the gain on the Asset Sale, are classified as Discontinued Operations in the Condensed Consolidated Statements of Operations and Cash Flows for all periods presented. Following the Asset Sale, the Company’s continuing operations consist primarily of its remaining legacy brands, including Vremi and Xtava.

Headquartered in New Jersey, the Company also maintains offices in China, the Philippines, and the United Kingdom.

Asset Purchase Agreement

On July 17, 2026, the Company completed the sale of substantially all of its assets to Trademark Global, LLC ("Trademark Global"), pursuant to the Asset Purchase Agreement, dated as of April 27, 2026 (the "Asset Purchase Agreement"). Pursuant to the Asset Purchase Agreement, Trademark Global acquired certain specified assets and liabilities of the Company, including, among other things, assets associated with the Company’s marquee consumer brands: Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct for $18.0 million in cash. Refer to Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

Securities Purchase Agreement

On July 17, 2026, the Company completed its previously announced sale of preferred stock to David E. Lazar (“Lazar”), pursuant to that certain Securities Purchase Agreement, dated as of April 27, 2026 (the “Securities Purchase Agreement”). Pursuant to the Securities Purchase Agreement, Lazar purchased from the Company (a) 1,750,000 shares of Series AA Convertible Non-Redeemable Preferred Stock, par value $0.0001 per share, of the Company (the “Series AA Preferred Stock” and such purchased shares, the “Series AA Preferred Shares”), the closing of which occurred on April 27, 2026 (the “Initial SPA Closing”), and (b) 1,750,000 shares of Series AAA Convertible Non-Redeemable Preferred Stock, par value $0.0001 per share, of the Company (the “Series AAA Preferred Stock” and together with the Series AA Preferred Stock, the “Preferred Stock” and such purchased shares, the “Series AAA Preferred Shares” and together with the Series AA Preferred Shares, the “Purchased Shares”), the closing of which occurred on July 17, 2026 (the “Second SPA Closing”), in each case at a purchase price of $2.00 per share of Preferred Stock for aggregate gross proceeds of $7.0 million, subject to the terms and conditions of the Securities Purchase Agreement (the “Stock Sale,” and together with the Asset Sale, the “Aterian Transactions”). As the Company received the requisite approvals at the Special Meeting (as defined below), each (i) Series AA Preferred Share may be converted into 7.7 shares of the Company's common stock, par value $0.0001 per share (the "common stock"), which number is based on a conversion price of $0.25974, as determined in accordance with the terms of the Securities Purchase Agreement, and (ii) Series AAA Preferred Share may be converted into 135.1 shares of common stock, which number is based on a conversion price of $0.0148, as determined in accordance with the terms of the Securities Purchase Agreement.

On April 27, 2026, the Company received gross proceeds of $3.5 million from the issuance of the Series AA Preferred Stock, which were offset by approximately $0.3 million of transaction costs recorded as a reduction to additional paid-in capital, resulting in net proceeds of approximately $3.2 million. On July 17, 2026, the Company received gross proceeds of $3.5 million from the issuance of the Series AAA Preferred Stock, which were offset by approximately $0.6 million of transaction costs recorded as a reduction to additional paid-in capital, resulting in net proceeds of approximately $2.9 million.

On August 4, 2026, 875,000 shares of Series AA preferred stock were converted into 6,737,500 shares of common stock for David E. Lazar (at a conversion ratio of 7.7 common shares per preferred share).

On September 24, 2026, 168,900 shares of Series AA preferred stock were converted into 1,300,530 shares of common stock for David E. Lazar (at a conversion ratio of 7.7 common shares per preferred share).

On September 25, 2026, pursuant to a securities purchase agreement (the “September 2026 SPA”), Mr. Lazar sold, in accordance with the rights afforded to Lazar in the Purchase Agreement, all of his interest and rights in 706,100 Series AA Preferred Shares and all of his interest and rights in 1,750,000 Series AAA Preferred Shares to the several purchasers party to such September 2026 SPA (each a “Purchaser” and, together, the “Purchasers”), in certain percentages set forth in the September 2026 SPA for an aggregate purchase price of $12,000,000 (the “Purchase Price”). Immediately prior to such sale, the Series AA Preferred Stock and the Series AAA Preferred Stock were converted into an aggregate of 241,861,970 shares of Common Stock.

Liquidity and Going Concern

In accordance with ASC 205-40, Presentation of Financial Statements – Going Concern, management evaluated whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these Condensed Consolidated Financial Statements are issued.

Since inception, the Company has incurred significant losses and used cash flows from operations to fund its business. To preserve liquidity, management implemented fixed cost reduction plans in May 2025 and January 2026. However, these actions were insufficient to fully offset macroeconomic pressures, including tariffs, rising product and shipping costs, higher marketplace fees and reduced consumer spending, which continued to negatively affect operating results and cash flows.

On July 17, 2026, following stockholder approval, the Company completed the sale of its marquee brands — Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions and Photo Paper Direct — to Trademark Global, LLC for $18.0 million in cash, subject to purchase price adjustments, and completed the sale of Series AA and Series AAA Preferred Shares (collectively with the sale of its marquee brands "the Aterian Transactions") to David E. Lazar for aggregate gross proceeds of $7.0 million, as a result of which Mr. Lazar became the beneficial owner of approximately 95.8% of the Company's outstanding voting securities. Concurrently, all outstanding indebtedness under the Company's credit facility with MidCap Funding IV Trust was repaid in full and all related commitments, guarantees and liens were released.

On June 25, 2026, in connection with the Aterian Transactions, the Board of Directors conditionally declared a dividend of contingent value rights to holders of record of the Company's common stock and certain participating warrants as of July 8, 2026. The condition precedent was satisfied upon the closing of the transactions on July 17, 2026, and the contingent value rights were distributed on August 17, 2026. Each contingent value right entitles the holder to receive pro rata cash distributions from specified proceeds, including net proceeds from the Asset Sale after the satisfaction of certain indebtedness and transaction costs, a $1.0 million reserve for ongoing operating expenses (which has been substantially used as of September 30, 2026), and up to $6.0 million of reserves for specified liabilities. The Company recognized the contingent value rights obligation at its fair value of $12.9 million as of August 17, 2026, and paid the first distribution of $12.4 million to holders of contingent value rights on October 2, 2026 (see Notes 2 and 3). As a result, the substantial majority of the net proceeds from the Asset Sale has been, or is expected to be, distributed to holders of contingent value rights and is not available to fund the Company's future operations.

Following the Asset Sale, the Company will continue to operate its remaining legacy brands, primarily Vremi and Xtava. However, the Company's remaining operations are limited in scale, and the Company has significantly reduced its workforce and cost structure. The Company is currently exploring new business opportunities. The Company's ability to identify and complete a new business opportunity depends in part on its ability to raise additional capital, and its ability to raise capital on acceptable terms depends in part on the market price of its common stock, its market capitalization and the continued listing of its common stock on Nasdaq. With limited remaining operations, the Company's market value may not be sufficient to support the financing needed to pursue a new business opportunity, and without such an opportunity, the Company may have difficulty attracting investors or lenders. There can be no assurance that the Company will identify or complete any such opportunity, that it will be able to obtain the necessary financing, or that any opportunity it pursues will generate positive cash flows.

On September 25, 2026, pursuant to a securities purchase agreement between Lazar and the "Purchasers, and in accordance with the rights afforded to Mr. Lazar under his Securities Purchase Agreement dated April 27, 2026, Mr. Lazar sold all of his interest and rights in 706,100 shares of Series AA Preferred Stock and 1,750,000 shares of Series AAA Preferred Stock to the Purchasers for an aggregate purchase price of $12.0 million. Immediately prior to the sale, such shares were converted into an aggregate of 241,861,970 shares of common stock. Following the sale, Lazar holds approximately 3.1% of the Company's outstanding common stock and may no longer be deemed to control the Company, except for two Purchasers who hold approximately 10.0% of the Company's outstanding Common Stock, no Purchaser beneficially owns more than 9.99% of the Company's outstanding Common Stock, in each case calculated in accordance with Rule 13d-3 under the Exchange Act. The Company has been advised that each Purchaser acquired its shares independently and that the Purchasers have no agreement to act together to acquire, hold, vote or dispose of the Company's securities. Accordingly, the Company does not believe that any single person or group has acquired control of the Company.

The Company was not a party to the September 25, 2026 transaction and did not receive any proceeds from the sale. Neither Mr. Lazar nor any of the Purchasers has committed to provide financing to the Company. As a result, the transaction did not provide the Company with additional liquidity, and the Company no longer has a controlling stockholder.

The Company will need to raise additional capital through equity or debt financing to fund its ongoing operations, and will likely require additional capital to pursue any new business opportunity. On October 20, 2026, the Company entered into an unsecured promissory note with a stockholder under which the lender may make advances to the Company of up to $1.0 million in aggregate. Advances bear interest at 8.0% per annum, the note matures eight months from its issuance, and each advance is subject to the lender's approval. The outstanding balance may be applied toward a future private placement of the Company's equity securities or, under certain circumstances, converted into common stock at maturity, subject to Nasdaq limitations (see Note 15). The note is intended to fund a portion of the Company's operations until the Company completes an equity or debt financing.

However, there can be no assurance that advances under the note will be available or sufficient to fund the Company's operations, or that the Company will be able to obtain additional equity or debt financing on acceptable terms, or at all. If the Company is unable to obtain sufficient financing, it may be required to further reduce its operations, curtail or abandon the pursuit of new business opportunities, or seek other strategic alternatives.

Based on these factors, management concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year after the date these Condensed Consolidated Financial Statements are issued. The accompanying Condensed Consolidated Financial Statements do not include any adjustments that might result from the outcome of this uncertainty.

Nasdaq Listing— On September 2, 2026, the Company received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company is not currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Notice"). The Bid Price Notice has no immediate effect on the listing of the Company's common stock. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days, or until March 1, 2027, to regain compliance. The Company will regain compliance if, at any time before March 1, 2027, the closing bid price of its common stock is at least $1.00 per share for a minimum of 10 consecutive business days, subject to Nasdaq's discretion to extend this period to 20 consecutive business days pursuant to Nasdaq Listing Rule 5810(c)(3)(H). If the Company does not regain compliance by March 1, 2027, Nasdaq may grant the Company a second 180 calendar

day compliance period. To be eligible, the Company must meet the continued listing standard for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, other than the minimum bid price requirement, and notify Nasdaq of its intent to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If the Company does not regain compliance within the applicable compliance periods, its common stock will be subject to delisting, and the Company would be entitled to appeal that determination to a Nasdaq hearings panel. The Company previously received a bid price deficiency notice from Nasdaq on December 9, 2025 and regained compliance on May 19, 2026. There can be no assurance that the Company will regain compliance with the minimum bid price requirement, be granted a second compliance period, or maintain compliance with the other Nasdaq listing standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The Condensed Consolidated Financial Statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Unaudited Interim Financial Information—The accompanying interim Condensed Consolidated Financial Statements are unaudited and have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management, reflect all adjustments necessary for the fair presentation of the Company's financial position as of September 30, 2026 and the results of its operations and its cash flows for the periods ended September 30, 2026 and 2025. The financial data and other information disclosed in these notes related to the three and nine months ended September 30, 2026 and 2025 are also unaudited. The results for the three and nine months ended September 30, 2026 are not necessarily indicative of results to be expected for the year ending December 31, 2026, any other interim periods, or any future year or period.

The Condensed Consolidated Balance Sheet as of December 31, 2025, presented herein, has been derived from the Company's audited Consolidated Financial Statements for the fiscal year then ended. These unaudited Interim Condensed Consolidated Financial Statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC on March 20, 2026 ("Annual Report") and have been prepared on a consistent basis with the accounting policies described in Note 2 of the Notes to Consolidated Financial Statements included in our Annual Report. Our accounting policies did not change during the three and nine months ended September 30, 2026, other than with respect to the new accounting pronouncements adopted as described in Note 2, *Recent Accounting Pronouncements,* if any.

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments which are considered necessary for a fair presentation of the Condensed Consolidated financial statements of the Company as of September 30, 2026 and for the three and nine months then ended.

Held for sale classification—We report and classify a business or a component of an entity as held-for-sale (Held-For-Sale Business) when management has approved the sale or received approval to sell the business and is committed to a formal plan, the business is available for immediate sale, the business is being actively marketed, the sale is anticipated to occur during the next 12 months and certain other specified criteria are met. A Held-For-Sale Business is recorded at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value less cost to sell, a loss is recognized. The assets and liabilities related to the Held-For-Sale Business are reported in Assets held for sale and Liabilities held for sale, respectively, in our Condensed Consolidated Balance Sheet as of September 30, 2026 and December 31, 2025. Refer to Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

Discontinued operations presentation—We present a business, or a component of an entity, as discontinued operations if a) it meets the held-for-sale criteria, or is disposed of by sale, or is disposed of other than by sale, and b) the disposal of the business, or component of an entity, represents a strategic shift that has (or will have) a major effect on the Company's financial results. As of September 30, 2026, we have retrospectively adjusted our Condensed Consolidated Statements of Operations to reflect the classification of continuing and discontinued operations. Refer to Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

Use of Estimates—Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period covered by the Condensed Consolidated Financial Statements and accompanying notes. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those estimates.

Principles of Consolidation—The Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Restricted Cash—As of September 30, 2026, restricted cash is comprised of $12.4 million related to the Contingent Value Rights, $1.0 million related to a letter of credit, and $0.1 million related to its Chinese subsidiary on the Condensed Consolidated Balance Sheets.

As of December 31, 2025, restricted cash is comprised of $1.0 million related to a letter of credit as well as $0.1 million related to its Chinese subsidiary within "Other Non-current Assets" on the Condensed Consolidated Balance Sheets.

Inventory and Cost of Goods Sold—The Company's inventory consists almost entirely of finished goods. The Company currently records inventory on its balance sheet on a first-in first-out basis, or net realizable value, if it is below the Company's recorded cost. The Company's costs include the amounts it pays manufacturers for product, tariffs and duties associated with transporting product across national borders, and freight costs associated with transporting the product from its manufacturers to its warehouses, as applicable. The valuation of our inventory requires us to make judgments, based on available information such as historical data, about the likely method of disposition, such as through sales to individual customers or liquidations, and expected recoverable values of each disposition category. Changes to the relevant assumptions and projections would impact our consolidated financial results in periods subsequent to recording these estimates. If we anticipate a change in assumptions such as future demand or market conditions to be less favorable than our previous estimates, additional inventory write-downs may be required. Conversely, if we are able to sell inventories that had been written down to a level below the ultimate realized selling price in a previous period, sales would be recorded with a lower or no offsetting charge to cost of goods sold.

During the three months ended June 30, 2026, the Company received $2.7 million from the U.S. Customs and Border Protection related to previously paid import duties, consisting of $2.6 million in duty refunds and $0.1 million in associated interest income. Of the duty refunds, $2.3 million was recorded as a reduction to cost of goods sold within Income (loss) from discontinued operations for inventory that had previously been sold, and $0.3 million was recorded as a reduction to the carrying value of inventory included within assets held for sale on the Condensed Consolidated Balance Sheet for unsold goods remaining on hand at June 30, 2026. The $0.1 million of interest was recorded within interest income on the Condensed Consolidated Statements of Operations. As part of the completion of the July 17, 2026, asset sale, the remaining $0.3 million has been recognized as a reduction to cost of goods sold within Income (loss) from discontinued operations for the three months ended September 30, 2026.

The "Cost of goods sold" line item in the Condensed Consolidated Statements of Operations consists of the book value of inventory sold to customers during the reporting period. When circumstances dictate that the Company use net realizable value as the basis for recording inventory, it bases its estimates on expected future selling prices less expected disposal costs.

Accounts Receivable—Accounts receivable are stated at historical cost less allowance for credit losses. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if any accounts should be written off based on a past history of write-offs, collections and current credit conditions. A receivable is considered past due if the Company has not received payments based on agreed-upon terms. The Company generally does not require any security or collateral to support its receivables. The Company performs ongoing evaluations of its customers and maintains an allowance for credit losses. As of September 30, 2026 and December 31, 2025, the Company did not have an allowance for credit losses.

Revenue Recognition—The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC Topic 606"). The Company derives its revenue from the sale of consumer products. The Company sells its products directly to consumers through online retail channels and through wholesale channels.

For direct-to-consumer sales, the Company considers customer order confirmations to be a contract with the customer. Customer confirmations are executed at the time an order is placed through third-party online channels. For wholesale sales, the Company considers the customer purchase order to be the contract.

For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment date. As a result, the Company has a present and unconditional right to payment and record the amount due from the customer in accounts receivable.

Revenue from consumer product sales is recorded at the net sales price (transaction price), which includes an estimate of future returns based on historical return rates. There is judgment in utilizing historical trends for estimating future returns. The Company's refund liability for sales returns was nominal at September 30, 2026 and $0.2 million at December 31, 2025, which is included in liabilities held-for-sale on the Condensed Consolidated Balance Sheets as of December 31, 2025, and represents the expected value of the refund that will be due to its customers.

The Company evaluated principal versus agent considerations to determine whether it is appropriate to record platform fees paid to Amazon as an expense or as a reduction of revenue. Platform fees are recorded as sales and distribution expenses and are not recorded as a reduction of revenue because the Company owns and controls all the goods before they are transferred to the customer. The Company can, at any time, direct Amazon, or similarly, direct other third-party logistics providers ("Logistics Providers"), to return the Company's inventory to any location specified by the Company. It is the Company's responsibility to make customers whole following any returns made by customers directly to Logistic Providers and the Company retains the back-end inventory risk. Further, the Company is subject to credit risk (i.e., credit card charge backs), establishes prices of its products, can determine who fulfills the goods to the customer (Amazon or the Company) and can limit quantities or stop selling the goods at any time. Based on these considerations, the Company is the principal in this arrangement.

Intangibles—We review long-lived assets for impairment when performance expectations, events, or changes in circumstances indicate that the asset's carrying value may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows by comparing the carrying value of the asset group to the undiscounted cash flows. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique.

On April 27, 2026, the Company entered into a definitive Asset Purchase Agreement with Trademark to sell certain marquee brands for $18 million in cash. Based on the deal terms, the $18.0 million base purchase price and the estimated purchase price adjustments as of that period, the Company evaluated the carrying value of its brand intangible assets. The Company determined that the estimated allocated proceeds from the Asset Purchase Agreement were lower than the carrying values for certain definite-lived brand assets. Accordingly, the Company recorded a impairment charge of $3.4 million during the first quarter of 2026. This charge, recorded within Loss from Discontinued Operations on the Condensed Consolidated Statement of Operations, adjusts the carrying amount of the disposal group to its fair value less costs to sell, based on the $18.0 million cash consideration and estimated purchase price adjustments.

On July 17, 2026, the Company completed the sale of substantially all of its assets to Trademark Global, pursuant to the Asset Purchase Agreement, dated as of April 27, 2026. Pursuant to the Asset Purchase Agreement, Trademark Global acquired certain specified assets and liabilities of the Company, including, among other things, assets associated with the Company's marquee consumer brands: Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct for $18.0 million in cash, subject to certain purchase price adjustments, the remaining intangibles of $0.8 million

were derecognized as part of the gain on disposal included in income from discontinued operations. Refer to Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details. As of September 30, 2026, the Company has no remaining intangible assets.

Contingent value rights—On June 25, 2026, in connection with the Aterian Transactions, the Board of Directors conditionally declared a dividend of contingent value rights to holders of record of the Company's common stock and certain participating warrants as of July 8, 2026. The condition precedent was satisfied upon the closing of the transactions on July 17, 2026, and the contingent value rights were distributed on August 17, 2026. Each contingent value right entitles the holder to receive pro rata cash distributions from specified proceeds, including net proceeds from the Asset Sale after the satisfaction of certain indebtedness and transaction costs, a $1.0 million reserve for ongoing operating expenses, and up to $6.0 million of reserves for specified liabilities.

Because the contingent value rights require settlement in cash, the Company accounts for the obligation as a liability and has elected to measure it at fair value under ASC 815-40, Derivatives and Hedging. The Company recognized the contingent value rights obligation at its fair value of $12.9 million as of August 17, 2026, with a $12.2 million reduction to additional paid-in capital, as the dividend represents a distribution to stockholders and approximately $0.7 million was recognized as a change in fair value of warrant liabilities in the condensed consolidated statements of operations for the three and nine months ended September 30, 2026. The contingent value rights include rights distributed to holders of participating warrants. Certain of these warrants have been classified as liabilities since their original issuance. The contingent value rights attributable to those warrants were recognized as a change in fair value of warrant liabilities in the condensed consolidated statements of operations rather than as a reduction of additional paid-in capital. These amounts are included in the contingent value rights liability on the condensed consolidated balance sheet as of September 30, 2026.

The liability is remeasured at fair value at each reporting date, with changes in fair value recognized in other income (expense), net. Fair value is estimated using a probability-weighted discounted cash flow model based on significant unobservable inputs, including the amount and timing of future proceeds and the probability of each distribution, and is classified as Level 3 in the fair value hierarchy.

The $12.9 million fair value consists of the initial distribution of $12.4 million ($0.9936 per contingent value right) and $0.5 million representing the estimated fair value of potential future distributions from the remaining specified proceeds, including the release of reserves. Before September 30, 2026, the Company funded the initial distribution to the Rights Agent, and the funds were presented as restricted cash at that date. The initial distribution was paid to holders of contingent value rights on October 2, 2026.

As of September 30, 2026, the contingent value rights liability was $13.2 million, consisting of the $12.4 million initial distribution payable and $0.8 million for the estimated fair value of potential future distributions. The change in fair value recognized for the three and nine months ended September 30, 2026, was approximately $0.3 million.

Fair Value of Financial Instruments—The Company's financial instruments, including net accounts receivable, accounts payable, and accrued and other current liabilities are carried at historical cost. As of September 30, 2026 and December 31, 2025, the carrying amounts of these instruments approximated their fair values because of their short-term nature. The Company's credit facility is carried at amortized cost at December 31, 2025, and the carrying amount approximates fair value as the stated interest rate approximates market rates currently available to the Company.

The fair value of the stock purchase warrants issued in connection with the Company's common stock offering on March 1, 2022 were measured using the Black-Scholes model. Inputs used to determine the estimated fair value of the warrant liabilities include the fair value of the underlying stock at the valuation date, the term of the warrants, and the expected volatility of the underlying stock. The significant unobservable input used in the fair value measurement of the warrant liabilities is the estimated term of the warrants. Upon the issuance of the stock purchase warrants, the Company evaluated the terms of each warrant to determine the appropriate accounting and classification pursuant to FASB ASC Topic 480, Distinguishing Liabilities from Equity ("ASC 480"), and FASB Accounting Standards Codification Topic 815, Derivatives and Hedging ("ASC 815"). Based on the Company's evaluation and due to certain terms in the warrant agreements, it concluded the stock purchase warrants should be classified as a liability with subsequent remeasurement as long as such warrants continue to be classified as liabilities.

Assets and liabilities recorded at fair value on a recurring basis in the Condensed Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3—Unobservable inputs that are supported by little or no market data for the related assets or liabilities.

A summary of the activity of the Level 3 liabilities carried at fair value on a recurring basis for the nine months ended September 30, 2026 and September 30, 2025 is as follows (in thousands):

	September 30, 2026
Contingent value rights as of January 1, 2026	$ —
Fair value at issuance of contingent value rights	12,835
Change in fair value of contingent value rights	326
Contingent value rights as of September 30, 2026	$ 13,161

	September 30, 2026
Warrants liabilities as of January 1, 2026	$ —
Change in fair value of warrants	645
Transfer of warrant liability as part of contingent value rights	(645)
Warrants liabilities as of September 30, 2026	$ —

	September 30, 2025
Warrants liabilities as of January 1, 2025	$ 109
Change in fair value of warrants	(108)
Warrants liabilities as of September 30, 2025	$ 1

The contingent value rights include rights distributed to holders of participating warrants. Certain of these warrants have been classified as liabilities since their original issuance. The contingent value rights attributable to those warrants, approximately $0.6 million, were recognized as a change in fair value of warrant liabilities in the condensed consolidated statements of operations for the three and nine months ended September 30, 2026, rather than as a reduction of additional paid-in capital. These amounts are included in the contingent value rights liability on the condensed consolidated balance sheet as of September 30, 2026.

Equity Investment

During the nine months ended September 30, 2026, the Company recognized an impairment loss of $0.1 million on its equity investment, which is included within Other expense, net in the Condensed Consolidated Statements of Operations.

Recent Accounting Pronouncements

Since the issuance of the Company's Annual Report on Form 10-K for the year ended December 31, 2025, there have been no material updates to the recent accounting pronouncement previously disclosed.

3. HELD FOR SALE CLASSIFICATION AND DISCONTINUED OPERATIONS PRESENTATION

Held for sale classification—We report and classify a business or a component of an entity as held-for-sale (Held-For-Sale Business) when management has approved the sale or received approval to sell the business and is committed to a formal plan, the business is available for immediate sale, the business is being actively marketed, the sale is anticipated to occur during the next 12 months and certain other specified criteria are met. A Held-For-Sale Business is recorded at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized.

On July 17, 2026, the Company completed the sale of substantially all of its assets to Trademark Global, pursuant to the Asset Purchase Agreement, dated as of April 27, 2026 (the "Asset Purchase Agreement"). Pursuant to the Asset Purchase Agreement, Trademark Global acquired certain specified assets and liabilities of the Company, including, among other things, assets associated with the Company's marquee consumer brands: Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct for a base purchase price of $18.0 million in cash, subject to a net working capital adjustment, and the assumption of certain liabilities. At closing, the Purchaser withheld $0.6 million as an indemnity holdback, which is the Purchaser's sole recourse for specified indemnification matters and is scheduled for release on July 17, 2027, less any unresolved claims.

During the three months ended September 30, 2026, the Company recognized a gain on disposal of $3.3 million, which is included in Income (loss) from discontinued operations, net of income taxes. The gain was determined as the fair value of consideration of $17.2 million, which reflects estimated purchase price adjustments and includes the indemnity holdback at its estimated fair value of $0.4 million, less the carrying value of the net assets transferred of $13.0 million (including intangible assets of $0.8 million) and direct costs to sell of $0.9 million. The purchase price remains subject to customary post-closing adjustments in accordance with the Asset Purchase Agreement. Any subsequent adjustments to the gain, and any adjustments arising from liabilities of the divested brands retained by the Company, will be reported in discontinued operations.

The following table summarizes the components of assets and liabilities held-for-sale on the Condensed Consolidated Balance Sheets at September 30, 2026 (in thousands):

	September 30, 2026	December 31, 2025
ASSETS		
Accounts receivable	—	2,455
Inventory, net	—	13,724
Prepaid and other current assets	—	871
Property and equipment, net (1)	649	69
Intangibles, net	—	4,371
Total assets held for sale	$ 649	$ 21,490
LIABILITIES		
Accounts payable	—	2,765
Accrued and other current liabilities	—	1,047
Other liabilities (1)	248	—
Total liabilities held for sale	$ 248	$ 3,812

(1) As of September 30, 2026, Assets Held for Sale includes the net carrying value of the Company's UK warehouse facility, consisting of land, building, and related accumulated depreciation of $0.6 million. In accordance with ASC 360, the asset was classified as held for sale as management, having the appropriate authority, committed to a plan to sell the facility, the asset is available for immediate sale in its present condition, an active marketing program is underway to locate a buyer at a reasonable price relative to fair value, and completion of the sale is considered probable within one year. This asset was not included in the sale of assets to Trademark Global, LLC.
As of September 30, 2026, Liabilities Held for Sale includes the mortgage secured by the UK warehouse facility with an outstanding balance of $0.2 million. Because the mortgage is directly associated with the disposal group, it has been classified as a liability held for sale in accordance with applicable accounting guidance. The mortgage will remain outstanding until the sale of the facility is completed.

Discontinued operations presentation—We present a business, or a component of an entity, as discontinued operations if a) it meets the held-for-sale criteria, or is disposed of by sale, or is disposed of other than by sale, and b) the disposal of the business, or component of an entity, represents a strategic shift that has (or will have) a major effect on the Company's financial results. As of September 30, 2026, we have retrospectively adjusted our Condensed Consolidated Statements of Operations to reflect the classification of continuing and discontinued operations.

The following table presents the amounts related to the operations of the Company that have been reflected in Income (loss) from discontinued operations (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net revenue	$ 2,395	$ 18,993	$ 28,106	$ 53,664
Cost of goods sold	1,089	8,337	8,539	23,109
Gross profit	1,306	10,656	19,567	30,555
Operating expenses:				
Sales and distribution	1,629	9,808	15,521	30,754
General and administrative	32	135	170	370
Impairment loss on intangibles(1)	—	—	3,427	—
Total operating expenses from discontinued operations	1,661	9,943	19,118	31,124
Operating income (loss) from discontinued operations	(355)	713	449	(569)
Other expense (income), net	15	(23)	25	236
Gain on sale of discontinued operations	(3,280)	—	(3,280)	—
Income (loss) from discontinued operations before income taxes	2,910	736	3,704	(805)

Provision for income taxes	—	(19)	(20)	(50)
Net income (loss) from discontinued operations	$ 2,910	$ 717	$ 3,684	$ (855)

(1) On July 17, 2026, the Company completed the sale of substantially all of its assets to Trademark Global, pursuant to the Asset Purchase Agreement, dated as of April 27, 2026. Pursuant to the Asset Purchase Agreement, Trademark Global acquired certain specified assets and liabilities of the Company, including, among other things, assets associated with the Company's marquee consumer brands: Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct for $18.0 million in cash, subject to certain purchase price adjustments, the remaining intangibles of $0.8 million were derecognized as part of the gain on disposal included in income from discontinued operations. Refer to Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details. As of September 30, 2026, the Company has no remaining intangible assets.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Trade accounts receivable	$ 1	$ 6
Service agreement receivable	62	—
Holdback receivable related to asset sale	380	—
Accounts receivable	$ 443	$ 6

5. INVENTORY, NET

Inventory consisted of the following as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Inventory on-hand	$ 34	$ 52
Inventory in-transit	—	—
Inventory, net	$ 34	$ 52

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid and other current assets consisted of the following as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Prepaid insurance	1,550	916
Other	255	179
Prepaid and current assets	$ 1,805	$ 1,095

7. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued and other current liabilities consisted of the following as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
Accrued compensation costs	$ 110	$ 55
Accrued restructuring costs	—	532
Accrued accounting and consulting fees	38	310
Sales tax payable	699	863
Accrued insurance premium financing	248	695
Federal payroll taxes payable	219	453
Accrued interest payable	—	44
Accrued legal fees	161	1,125
All other accruals	313	1,259
Accrued and current liabilities	$ 1,788	$ 5,336

The Company sponsors, through its professional employer organization provider, a 401(k) defined contribution plan covering all eligible US employees. Contributions to the 401(k) plan are discretionary. Currently, the Company does not match or make any contributions to the 401(k) plan.

8. CREDIT FACILITY AND WARRANTS

MidCap Credit Facility

On December 22, 2021, the Company entered into a Credit and Security Agreement (the “Credit Agreement” or the "Existing Credit Agreement") together with certain of its subsidiaries party thereto as borrowers, the entities party thereto as lenders, and Midcap Funding IV Trust, as administrative agent, pursuant to which, among other things, (i) the Lenders agreed to provide a three year revolving credit facility in a principal amount of up to $40.0 million subject to a borrowing base consisting of, among other things, inventory and sales receivables (subject to certain reserves), and (ii) the Company agreed to issue to MidCap Funding XXVII Trust a warrant (the “Midcap Warrant”) to purchase up to an aggregate of 16,667 shares of common stock of the Company, in exchange for the Lenders extending loans and other extensions of credit to the Company under the Credit Agreement.

The Midcap Warrant has an exercise price of $56.40 per share, subject to adjustment for stock splits, reverse stock splits, stock dividends and similar transactions, is immediately exercisable, has a term of ten years from the date of issuance and is exercisable on a cash or cashless basis.

On July 17, 2026, in connection with the closing of the Asset Sale and the Stock Sale, all outstanding indebtedness under the Existing Credit Agreement was repaid in full and all commitments thereunder were terminated. Additionally, all guarantees and liens securing the indebtedness under the Existing Credit Agreement were fully discharged and released. The Company recognized a loss on extinguishment during the three months ended September 30, 2026 of $0.3 million.

The Company’s credit facility consisted of the following as of September 30, 2026 and December 31, 2025 (in thousands):

	September 30, 2026	December 31, 2025
MidCap Credit Facility	$ —	$ 4,449
Less: deferred debt issuance costs	—	(134)
Less: discount associated with issuance of warrants	—	(56)
Total MidCap Credit Facility	$ —	$ 4,259

Interest Expense, Net

Interest expense, net consisted of the following for the three and nine months ended September 30, 2026 and 2025 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest expense	$ 11	$ 275	$ 559	$ 749
Interest income[1]	(86)	(16)	(235)	(93)
Total interest (income) expense, net	$ (75)	$ 259	$ 324	$ 656

(1) Interest income for the nine months ended September 30, 2026 includes $0.1 million of statutory interest received from U.S. Customs and Border Protection in connection with tariff refunds.

Seller Note

During the nine months ended September 30, 2026, the Company entered into a binding settlement agreement to fully discharge its outstanding Seller Note with an aggregate carrying value of $0.3 million in exchange for a cash settlement payment of $38 thousand. Accordingly, during the nine months ended September 30, 2026, the Company recognized a gain on extinguishment of debt of $0.3 million in the Condensed Consolidated Statements of Operations and the Seller Note has been fully paid.

Securities Purchase Agreement and Warrants

In March 2022, the Company raised approximately $27.5 million through a private placement involving common stock and accompanying stock purchase warrants. The 590,637 common stock warrants issued in the transaction were classified as liabilities with subsequent remeasurement each quarter. As of September 30, 2026 and December 31, 2025, these warrants remain outstanding and have no associated liability recorded on the Company’s Condensed Consolidated Balance Sheet due to the decline in the Company’s share price.

9. STOCKHOLDERS' EQUITY

On July 17, 2026, the Company completed its sale of preferred stock to David E. Lazar, pursuant to that certain Securities Purchase Agreement, dated as of April 27, 2026. Pursuant to the Securities Purchase Agreement, Lazar purchased from the Company (a) 1,750,000 shares of Series AA Preferred Stock, par value $0.0001 per share, the closing of which occurred on April 27, 2026, and (b) 1,750,000 shares of Series AAA Preferred Stock, par value $0.0001 per share, the closing of which occurred on July 17, 2026, in each case at a purchase price of $2.00 per share of Preferred Stock for aggregate gross proceeds of $7.0 million, subject to the terms and conditions of the Securities Purchase Agreement. As the Company received the requisite approvals at the Special Meeting, each (i) Series AA Preferred Share may be converted into 7.7 shares of common stock, which number is based on a conversion price of $0.25974, as determined in accordance with the terms of the Securities Purchase Agreement, and (ii) Series AAA Preferred Share may be converted into 135.1 shares of common stock, which number is based on a conversion price of $0.0148, as determined in accordance with the terms of the Securities Purchase Agreement.

On April 27, 2026, the Company received gross proceeds of $3.5 million from the issuance of the Series AA Preferred Stock, which were offset by approximately $0.3 million of transaction costs recorded as a reduction to additional paid-in capital, resulting in net proceeds of approximately $3.2 million. On July 17, 2026, the Company received gross proceeds of $3.5 million from the issuance of the Series AAA Preferred Stock, which were offset by approximately $0.6 million of transaction costs recorded as a reduction to additional paid-in capital, resulting in net proceeds of approximately $2.9 million.

On June 25, 2026, in connection with the Asset Sale to Trademark Global, LLC and the Securities Purchase Agreement with David E. Lazar, the Board of Directors of the Company conditionally declared a dividend in the form of contingent value rights. The contingent value rights were declared to record holders as of the close of business on July 8, 2026, comprising holders of the Company's common stock, par value $0.0001 per share, and holders of certain unexercised participating warrants to purchase common stock. Each eligible holder is entitled to receive one contingent value right for each share of common stock held or issuable upon exercise of participating warrants as of the record date. Shares of Series AA and Series AAA Convertible Non-Redeemable Preferred Stock are expressly excluded from participating in the distribution. Because the payment of the dividend remained subject to unfulfilled conditions precedent, including stockholder approval and the closing of the transactions, and remained subject to revocation by the Board as of June 30, 2026, no liability or reduction of equity was recognized in the condensed consolidated financial statements for the period ended June 30, 2026.

On August 4, 2026, 875,000 shares of Series AA preferred stock were converted into 6,737,500 shares of common stock for David E. Lazar (at a conversion ratio of 7.7 common shares per preferred share).

On September 24, 2026, 168,900 shares of Series AA preferred stock were converted into 1,300,530 shares of common stock for David E. Lazar (at a conversion ratio of 7.7 common shares per preferred share).

On September 25, 2026, pursuant to a securities purchase agreement (the "September 2026 SPA"), Mr. Lazar sold, in accordance with the rights afforded to Mr. Lazar in the Purchase Agreement, all of his interest and rights in 706,100 Series AA Preferred Shares and all of his interest and rights in 1,750,000 Series AAA Preferred Shares to the several purchasers party to such September 2026 SPA (each a "Purchaser" and, together, the "Purchasers"), in certain percentages set forth in the September 2026 SPA for an aggregate purchase price of $12,000,000 (the "Purchase Price"). Immediately prior to such sale, the Series AA Preferred Stock and the Series AAA Preferred Stock were converted into an aggregate of 241,861,970 shares of Common Stock.

10. STOCK-BASED COMPENSATION

The Company has three equity plans:

2014 Amended and Restated Equity Incentive Plan

The board of directors of Aterian Group, Inc., (the "Board") a subsidiary of the Company ("AGI"), adopted, and AGI's stockholders approved, the Aterian Group, Inc. 2014 Equity Incentive Plan on June 11, 2014. On March 1, 2017, AGI's board of directors adopted, and AGI's stockholders approved, an amendment and restatement of the 2014 Equity Incentive Plan (as amended, the "Aterian 2014 Plan"). As of September 30, 2026, there were no shares reserved for future issuance under the Aterian 2014 Plan.

2018 Equity Incentive Plan

The Board adopted the Aterian, Inc. 2018 Equity Incentive Plan (the "2018 Plan") on October 11, 2018. The 2018 Plan was approved by its stockholders on May 24, 2019. As of September 30, 2026, 773,437 shares were reserved for awards available for future issuance under the 2018 Plan.

Options granted to date under the Aterian 2014 Plan and the 2018 Plan generally vest either: (i) over a four-year period with 25% of the shares underlying the options vesting on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting on a pro-rata basis over the succeeding thirty-six months, subject to continued service with the Company through each vesting date, or (ii) over a three-year period with 33 1/3% of the shares underlying the options vesting on the first anniversary of the vesting commencement date with the remaining 66 2/3% of the shares vesting on a pro-rata basis over the succeeding twenty-four months, subject to continued service with the Company through each vesting date. Options granted are generally exercisable for up to 10 years subject to continued service with the Company.

Inducement Equity Incentive Plan

On May 27, 2022, the Compensation Committee of the Board (the "Compensation Committee") adopted the Aterian, Inc. 2022 Inducement Equity Incentive Plan (the "Inducement Plan"). The Inducement Plan will serve to advance the interests of the Company by providing a material inducement for the best available individuals to join the Company as employees by affording such individuals an opportunity to acquire a proprietary interest in the Company.

The Inducement Plan provides for the grant of equity-based awards in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares solely to prospective employees of the Company or an affiliate of the Company provided that certain criteria are met. Awards under the Inducement Plan may only be granted to an individual, as a material inducement to such individual to enter into employment with the Company or an affiliate of the Company, who (i) has not previously been an employee or director of the Company or (ii) is rehired

following a bona fide period of non-employment with the Company. The maximum number of shares available for grant under the Inducement Plan is 225,000 shares of the Company's common stock (subject to adjustment for recapitalizations, stock splits, reorganizations and similar transactions). The Inducement Plan is administered by the Compensation Committee and expires ten years from the date of effectiveness. As of September 30, 2026, 193,473 shares were reserved for future issuance under the Inducement Plan.

The Inducement Plan has not been and will not be approved by the Company's stockholders. Awards under the Inducement Plan will be made pursuant to the exemption from Nasdaq stockholder approval requirements for equity compensation provided by Nasdaq Listing Rule 5635(c)(4), which permits Nasdaq listed companies to make inducement equity awards to new employees without first obtaining stockholder approval of the award.

The following is a summary of stock option activity during the nine months ended September 30, 2026:

	Options Outstanding		
	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)
Balance—January 1, 2026	13,051	$ 109.62	2.55
Options granted	—	$ —	—
Options exercised	—	$ —	—
Options canceled	(1,764)	$ 120.00	1.40
Balance—September 30, 2026	11,287	$ 108.00	2.18
Exercisable as of September 30, 2026	11,287	$ 108.00	2.18
Vested and expected to vest as of September 30, 2026	11,287	$ 108.00	2.18

As of September 30, 2026, all options have been fully expensed.

A summary of restricted stock award activity within the Company's equity plans and changes for the nine months ended September 30, 2026 is as follows:

Restricted Stock Awards	Shares	Weighted Average Grant- Date Fair Value
Nonvested at January 1, 2026	1,338,100	$ 1.80
Granted	2,026,192	$ 0.83
Vested	(2,540,464)	$ 1.37
Forfeited	(70,816)	$ 1.57
Nonvested at September 30, 2026	753,012	$ 0.66

As of September 30, 2026, the total unrecognized compensation expense related to unvested shares of restricted common stock was $0.5 million, which the Company expects to recognize over an estimated weighted-average period of 2.5 years.

Stock-based compensation expense is allocated based on the cost center to which the award holder belongs. During the three months ended September 30, 2026 and 2025, $1.4 million and $0.7 million of stock-based compensation were included in general and administrative expenses on the Condensed Consolidated Statements of Operations and $0.4 million and $0.1 million of stock-based compensation were included within discontinued operations, respectively. During nine months ended September 30, 2026 and 2025, $2.1 million and $1.3 million of stock-based compensation were included in general and administrative expenses on the Condensed Consolidated Statements of Operations and $0.5 million and $0.4 million of stock-based compensation were included within discontinued operations, respectively.

11. NET LOSS PER SHARE

Basic net loss per share is determined by dividing net loss by the weighted-average shares of common stock outstanding during the period. Diluted net loss per share is determined by dividing net loss by diluted weighted-average shares outstanding. Diluted weighted-average shares reflect the dilutive effect, if any, of potentially dilutive shares of common stock, such as options to purchase common stock calculated using the treasury stock method and convertible notes using the "if-converted" method. In periods with reported net operating losses, all options to purchase common stock are deemed anti-dilutive such that basic net loss per share and diluted net loss per share are equal.

The Company's shares of restricted common stock are entitled to receive dividends and hold voting rights applicable to the Company's common stock, irrespective of any vesting requirement. Accordingly, although the vesting commences upon the elimination of the contingency, the shares of restricted common stock are considered a participating security and the Company is required to apply the two-class method to consider the impact of the shares of restricted common stock on the calculation of basic and diluted earnings per share. The Company is currently in a net loss position and is therefore not required to present the two-class method; however, in the event the Company is in a net income position, the two-class method must be applied by allocating all earnings during the period to shares of common stock and shares of restricted common stock.

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss from continuing operations	$ (5,661)	$ (2,998)	$ (13,058)	$ (10,182)
Net income (loss) from discontinued operations	2,910	717	3,684	(855)
Net loss	$ (2,751)	$ (2,281)	$ (9,374)	$ (11,037)
Weighted-average number of shares used in computing net loss per share, basic and diluted	31,009,453	8,207,318	16,419,236	7,781,132
Net loss from continuing operations per share, basic and diluted	$ (0.18)	$ (0.37)	$ (0.80)	$ (1.31)
Net income (loss) from discontinued operations per share, basic and diluted	$ 0.09	$ 0.09	$ 0.22	$ (0.11)
Net loss per share, basic and diluted	$ (0.09)	$ (0.28)	$ (0.57)	$ (1.42)
Anti-dilutive shares excluded from computation of net loss per share (in shares)	1,660,786	3,074,825	1,873,032	2,032,795

12. COMMITMENTS AND CONTINGENCIES

Based on the location of the Company's current operations, the majority of sales tax is collected and remitted either by the Company or on its behalf by e-commerce marketplaces in most states within the U.S. To date, the Company has had no actual or threatened sales and use tax claims from any state where it does not already claim nexus or any state where it sold products prior to claiming nexus. However, the Company believes that the likelihood of incurring a liability as a result of sales tax nexus being asserted by certain states where it sold products prior to claiming nexus is probable. As of September 30, 2026 and December 31, 2025, the Company estimates that the potential liability, including current sales tax payable is approximately $0.7 million and $0.9 million, which has been recorded in accrued and other current liabilities on the Condensed Consolidated Balance Sheets. The Company believes this is the best estimate of an amount due to taxing agencies, given that such a potential loss is an unasserted liability that would be contested and subject to negotiation between the Company and the state, or decided by a court.

From time to time, the Company is party to various actions and claims arising in the normal course of business. The Company does not believe that the final outcome of these matters will have a material adverse effect on the Company's financial position or results of operations. In addition, the Company maintains what it believes is adequate insurance coverage to further mitigate risk. However, no assurance can be given that the final outcome of such proceedings will not materially impact the Company's financial condition or results of operations. Further, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters.

During June and July 2026, in connection with the proxy statement filed in relation to the Asset Sale and Stock Sale, the Company received demand letters from purported stockholders alleging certain omitted information or disclosure deficiencies in the proxy materials. The Company evaluated the demands, determined that the proxy disclosures complied with all applicable reporting requirements, and proceeded with the special meeting where the required stockholder approvals were obtained. The Company believes the claims asserted in these demand letters are without merit and that the likelihood of any material loss arising from these matters is remote. Consequently, no liability has been accrued in the Condensed Consolidated Balance Sheets as of September 30, 2026.

In February 2026, we announced a voluntary recall in coordination with the U.S. Consumer Product Safety Commission (the "CPSC") for approximately 195,000 units of our PurSteam Mighty Lil Steamers and Elite Travel Steamers due to reports of hot water expelling from the nozzle. We have incurred, and expect to continue to incur, costs related to this recall, including refund payments and legal expenses. As a result of this recall, a putative class action complaint, Sarah Brannon v. Aterian, Inc., was filed against us on March 6, 2026, in the U.S. District Court for the District of New Jersey. The complaint alleges various violations, including breach of implied warranty, unjust enrichment, and violations of the New Jersey Products Liability Act. While the Company ceased selling these steamers in 2024, the defense of this existing litigation, and the potential for additional product liability or class action lawsuits, could result in significant legal expenses, settlements, or judgments.

On May 13, 2026, the Company entered into a settlement agreement and general release to resolve this litigation. Under the terms of the agreement, the Company paid a total settlement sum of $100,000 in exchange for a full release of all claims related to the purchase and use of the products. The agreement stipulates a voluntary dismissal of the claims with prejudice and includes customary provisions regarding confidentiality, non-disparagement, and a denial of any wrongdoing or liability by the Company.

13. RESTRUCTURING

On May 14, 2025, the Company announced a fixed cost reduction plan, which included a workforce reduction affecting approximately 20 employees. The Company had substantially completed this reduction as of the year ended December 31, 2025. In connection with this plan, the Company recognized restructuring charges of approximately $1.9 million, of which $1.1 million is recorded in Sales and Distribution expenses and $0.8 million is recorded in General and Administrative expenses, primarily related to severance, during the year ended December 31, 2025. Severance payments were completed during the second quarter of 2026.

In January 2026, the Company implemented a fixed cost reduction plan that included a workforce reduction affecting approximately 16 employees and independent contractors. The Company has substantially completed this reduction as of March 31, 2026. In connection with this plan, the Company recognized restructuring charges of approximately $0.3 million, which is recorded in Sales and Distribution expenses, primarily related to severance, during the three months ended March 31, 2026. Severance payments were completed during the second quarter of 2026.

During the three months ended September 30, 2026, the Company recognized restructuring charges of approximately $2.1 million, primarily related to severance, of which approximately $1.5 million related to the departures of the Company's former Chief Executive Officer and former Chief Financial Officer.

The accounting for the restructuring costs follows the provisions of ASC 420, "Accounting for Costs Associated with Exit or Disposal Activities," which requires the recognition of a liability once the restructuring plan is communicated to affected employees and meets the criteria of being probable and reasonably estimable. The Company recognizes a liability for employee severance, other benefits, and involuntary terminations on the communication date.

The following table provides a summary of the restructuring costs incurred (in thousands):

	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025
	(in thousands)	*(in thousands)*
Employee severance	$ 2,063	$ 49
Total restructuring costs	$ 2,063	$ 49

	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
	(in thousands)	*(in thousands)*
Employee severance	$ 2,520	$ 1,844
Total restructuring costs	$ 2,520	$ 1,844

The following table provides a summary of the Company's total restructuring reserve (in thousands):

	Employee Severance
Balance – December 31, 2025	$ 532
Charges	2,520
Usage-cash	(3,052)
Balance – September 30, 2026	$ —

As of September 30, 2026, the Company did not have a liability for restructuring costs.

As of December 31, 2025, the Company had a liability of $0.5 million for restructuring costs, which are included in accrued and other current liabilities on the Condensed Consolidated Balance Sheet.

The Company will continue to assess the restructuring plan's progress and provide updates as required in future financial statements if there are material changes to the initial estimates or additional significant restructuring activities.

14. SEGMENT INFORMATION

Aterian, Inc. is a consumer products company that predominantly operates through online retail channels such as Amazon, Walmart, and Target and its own direct to consumer websites. The Company operates its owned brands, which were either incubated or purchased, selling products in multiple categories, including home and kitchen appliances, kitchenware, air quality appliances, health and beauty products and essential oils. The Company has determined that it has one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated operating margin and net income to assess financial performance and allocate resources. These financial metrics are used by the CODM to make key operating decisions, such as the determination of the rate at which the Company seeks to grow operating margin and the allocation of budget between cost of goods sold, variable sales costs, and other vendor and payroll expenses.

	Three Months Ended September 30,	
	2026	2025
Net revenue	$ 31	$ 27
Less:		
Cost of Sales	14	13
Other vendor and payroll expenses	3,036	2,088
Depreciation and amortization	6	—
Stock-based compensation expense	1,382	683
Other segment items(1)	1,254	241
Net loss from continuing operations	$ (5,661)	$ (2,998)

	Nine Months Ended September 30,	
	2026	2025
Net revenue	$ 56	$ 178
Less:		
Cost of Sales	28	73
Other vendor and payroll expenses	9,473	8,316
Depreciation and amortization	17	—
Stock-based compensation expense	2,113	1,271
Other segment items(1)	1,483	700
Net loss from continuing operations	$ (13,058)	$ (10,182)

(1) Other segment items primarily include income taxes, interest expense, other income, gain on extinguishment of debt, and the change in fair value of warrant liabilities.

The CODM does not use total assets as a financial metric when making key operating decisions.

15. SUBSEQUENT EVENTS

Promissory Note

On October 20, 2026, the Company entered into an unsecured promissory note (the "Note") with Chen Zhipeng (the "Lender"), a stockholder of the Company, pursuant to which the Lender agreed to make advances (each, an "Advance") to the Company in an aggregate principal amount of up to $1,000,000.

Advances bear interest at 8.0% per annum, computed on the basis of a 360-day year and accruing daily from the date funded, and the Note matures eight months after its date, subject to extension by mutual written agreement (the "Stated Maturity Date"). The Company may draw down from time to time prior to the Stated Maturity Date by written request specifying the amount and proposed use of funds, which is subject to the Lender's written approval. The Company may prepay the outstanding principal and accrued interest (the "Outstanding Amount") without premium or penalty at any time prior to delivery of a PIPE Notice (as described below).

If the Company proposes to consummate a private placement of equity or equity-linked securities for cash (a "PIPE Financing"), it shall notify the Lender at least 18 calendar days prior to the anticipated closing (the "PIPE Notice"). The Lender then has a one-time, irrevocable election, exercisable not later than 15 calendar days prior to the anticipated closing, to receive repayment of the Outstanding Amount in cash or to apply all or a portion of it toward the purchase of the securities issued in the PIPE Financing (the "PIPE Securities") at the same price and on substantially the same terms as the cash investors, with any remainder payable in cash. If no PIPE Financing is consummated prior to the Stated Maturity Date, the Lender has a one-time, irrevocable election, exercisable not later than 15 calendar days prior to maturity, to convert all or a portion of the Outstanding Amount into shares of the Company's common stock (the "Maturity Conversion Shares") at a conversion price equal to the "Minimum Price" determined under Nasdaq Listing Rule 5635(d). In each case, if the Lender does not timely deliver an election notice, the Lender is deemed to have elected repayment in cash.

The Company may not issue, and the Lender may not receive, PIPE Securities or Maturity Conversion Shares to the extent the issuance would exceed the maximum number of shares issuable without stockholder approval under Nasdaq Listing Rule 5635 (the "Exchange Cap"), result in a change of control under Nasdaq Listing Rule 5635(b) or otherwise require stockholder approval under Nasdaq Listing Rule 5635, in each case unless the requisite stockholder approval has been obtained. Any issuance is also conditioned on satisfaction of applicable Nasdaq listing notice requirements. Any portion of the Outstanding Amount that may not be applied or converted as a result of these limitations is payable in cash at the closing of the PIPE Financing or at maturity, as applicable.

Events of default under the Note include (i) the Company's failure to pay any amount due in cash or to issue PIPE Securities or Maturity Conversion Shares when required, in each case subject to a five-business-day cure period; (ii) the failure, following the funding of an Advance for an approved use, to make the corresponding third-party payment, if the payment exceeds $10,000 individually or $50,000 in the aggregate; (iii) specified bankruptcy and insolvency events; and (iv) any other material breach that remains uncured for ten business days after notice. Upon a payment, issuance or uncured material breach default, the Lender may declare the Outstanding Amount immediately due and payable, and upon the specified bankruptcy and insolvency events, acceleration is automatic. The Note is governed by the laws of the State of New York.

Contingent Value Rights Distribution

On October 2, 2026, the Company paid the initial contingent value rights distribution of $12.37 million ($0.9936 per right) through its rights agent, using funds presented as restricted cash at September 30, 2026. Further distributions remain contingent on the remaining Proceeds Events under the Contingent value rights agreement, which expires March 1, 2028.

Building Sale

On November 6, 2026, Photo Paper Direct Limited, a wholly owned UK subsidiary of the Company, completed the sale of its building at 8 Shakespeare Industrial Estate, Watford, United Kingdom, for a gross sale price of $1.0 million. After repayment of the outstanding mortgage on the property of $0.2 million, transaction costs of $0.1 million, the Company received net cash proceeds of $0.7 million. The Company expects to recognize a gain of approximately $0.3 million on the sale in the fourth quarter of 2026. A portion of the proceeds are expected to be distributed to contingent value rights holders upon the conclusion of any remaining working capital settlements remaining with Trademark Global and any remaining Photo Paper Direct Limited obligations are settled.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes thereto for the year ended December 31, 2025 included in our Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the Securities and Exchange Commission (the "SEC") on March 20, 2026. As discussed in the section titled "Cautionary Note Regarding Forward-Looking Statements", the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified in the section titled "Cautionary Note Regarding Forward Looking Statements" and those discussed in the section titled "Risk Factors" under Part II, Item 1A in this Quarterly Report on Form 10-Q.

Unless the context otherwise requires, the terms "Aterian," the "Company," "we," "us" and "our" in this Quarterly Report on Form 10-Q refer to Aterian, Inc. and our consolidated subsidiaries, including Aterian Group, Inc.

Overview

We are a consumer products company that predominantly operates through online retail channels such as Amazon, Walmart, and Target and its own direct to consumer websites. The Company operates its owned brands, which were either incubated or purchased, selling products in multiple categories, including home and kitchen appliances, kitchenware, air quality appliances, health and beauty products and essential oils.

Seasonality of Business and Product Mix

Our individual product categories are typically affected by seasonal sales trends primarily resulting from the timing of the summer season for certain of our environmental appliance products and the fall and holiday season for our small kitchen appliances and accessories. With our current mix of environmental appliances, the sales of those products tend to be significantly higher in the summer season. Further, our essential oils, small kitchen appliances and accessories tend to have higher sales during the fourth quarter, which includes Thanksgiving and the December holiday season. As a result, our operational results, cash flows, cash and inventory positions may fluctuate materially in any quarterly period depending on, among other things, adverse weather conditions, shifts in the timing of certain holidays and changes in our product mix.

Product mix can affect our gross profit and the variable portion of our sales and distribution expenses. We rely heavily on a global supply chain in which the cost, lead times, and delays, as well as global and geopolitical events can ultimately have a direct impact to our margins. Further, impacts on our supply chain may force us to hold more inventory, which not only affects working capital but also requires us to increase our storage capacity, through our warehouse network, which of itself has a capital impact.

Financial Operations Overview

Net Revenue—We derive our revenue from the sale of consumer products, primarily in the U.S. We sell products directly to consumers through online retail channels and through wholesale channels. Direct-to-consumer sales (i.e., direct net revenue), which is currently the majority of our revenue, is done through various online retail channels. We sell on Amazon.com, Walmart.com, Target.com and our own websites, with the large majority of our sales being made through Amazon.com. For all of our sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when our performance obligation is satisfied), which typically occurs at the shipment date.

Cost of Goods Sold—Cost of goods sold consists of the book value of inventory sold to customers during the reporting period. Book value of inventory includes the amounts we pay manufacturers for product, tariffs and duties associated with transporting product across national borders, and freight costs associated with transporting the product from our manufacturers to our warehouses, as applicable. Shrinkage costs are also recognized within the cost of goods sold. When circumstances dictate that we use net realizable value as the basis for recording inventory, we base our estimates on expected future selling prices, less expected disposal costs.

During 2025 and early 2026, the U.S. government announced and implemented a series of expanded tariff policies affecting imports from several countries, including China. While these actions impact a range of global trade flows, tariffs targeting imports from China have had the most material impact on our supply chain and operating costs. As a result, we experienced an increase in our cost of goods sold during the year ended December 31, 2025, and the three months ended March 31, 2026. In response, we implemented targeted price increases across affected product categories to partially offset higher input costs. These pricing actions, however, contributed to a decline in unit volumes as consumer demand responded to higher retail prices.

During the three months ended June 30, 2026, the Company received $2.7 million from the U.S. Customs and Border Protection related to previously paid import duties, consisting of $2.6 million in duty refunds and $0.1 million in associated interest income. Of the duty refunds, $2.3 million was recorded as a reduction to cost of goods sold within Income (loss) from discontinued operations for inventory that had previously been sold, and $0.3 million was recorded as a reduction to the carrying value of inventory included within assets held for sale on the Condensed Consolidated Balance Sheet for unsold goods remaining on hand at June 30, 2026. The $0.1 million of interest was recorded within interest income on the Condensed Consolidated Statements of Operations.

Expenses:

Sales and Distribution Expenses—Sales and distribution expenses consist of online advertising costs, marketing and promotional costs, sales and ecommerce platform commissions, fulfillment, including shipping and handling, and warehouse costs (i.e., sales and distribution variable expenses). Sales and distribution expenses also include employee cash and stock compensation and benefits and other related fixed costs. Shipping and handling expenses are included in our consolidated statements of operations in sales and distribution expenses. This includes inbound, pick and pack costs and outbound transportation costs to ship goods to customers performed by e-commerce platforms or incurred directly by us, through our own direct fulfillment platform, which leverages our technology platform and third-party logistics partners. Our sales and distribution expenses, specifically our logistics expenses and online advertising, will vary quarter to quarter as they are dependent on our sales volume, our product mix and whether we fulfill products ourselves, i.e., fulfillment by merchant ("FBM"), or through e-commerce platform service providers, i.e., fulfillment by Amazon ("FBA") or fulfilled by Walmart ("WFS"). Products with less expensive fulfillment costs as a percentage of net revenue may allow for a lower gross margin, while still maintaining their targeted profitability level. Conversely, products with higher fulfillment costs will need to achieve a higher gross margin to maintain their targeted level of profitability. We are FBM One Day and Two Day Prime certified, allowing us to deliver our sales through Amazon to most customers within one or two days. We periodically review the locations and capacity of our third-party warehouses to ensure we have the appropriate geographic reach, which helps to reduce the average last mile shipping zones to the end customer and as such our speed of delivery improves while our shipping costs to customers decrease, prior to the impacts on shipping providers' rates.

General and Administrative Expenses—General and administrative expenses include cash and stock compensation and employee benefits for executive management, finance administration, legal, and human resources, facility costs, insurance, travel, professional service fees, and other general overhead costs, including the costs of being a public company.

Interest Expense, Net—Interest expense, net includes the interest cost from our credit facility, and includes amortization of deferred finance costs and debt discounts from our credit facility (the "Credit Facility") with MidCap Funding IV Trust ("MidCap").

Discontinued Operations

On July 17, 2026, the Company completed the sale of substantially all of its assets to Trademark Global, pursuant to the Asset Purchase Agreement, dated as of April 27, 2026. Pursuant to the Asset Purchase Agreement, Trademark Global acquired certain specified assets and liabilities of the Company, including, among other things, assets associated with the Company's marquee consumer brands: Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct for a base purchase price of $18.0 million in cash, subject to a net working capital adjustment, and the assumption of certain liabilities. At closing, the Purchaser withheld $0.6 million as an indemnity holdback, which is the Purchaser's sole recourse for specified indemnification matters and is scheduled for release on July 17, 2027, less any unresolved claims.

During the three months ended September 30, 2026, the Company recognized a gain on disposal of $3.3 million, which is included in Income (loss) from discontinued operations, net of income taxes. The gain was determined as the fair value of consideration of $17.2 million, which reflects estimated purchase price adjustments and includes the indemnity holdback at its estimated fair value of $0.4 million, less the carrying value of the net assets transferred of $13.0 million, including intangible assets of $0.8 million, and direct costs to sell of $0.9 million. The purchase price remains subject to customary post-closing adjustments in accordance with the Asset Purchase Agreement. Any subsequent adjustments to the gain, and any adjustments arising from liabilities of the divested brands retained by the Company, will be reported in discontinued operations.

Because these marquee brands represented a strategic shift and comprised a major portion of the Company's historical operations, the financial results of these brands have been classified as discontinued operations in the Condensed Consolidated Financial Statements for all periods presented. Following the closing of the Asset Sale, the Company expects to continue operating its remaining retained legacy brands, including Vremi and Xtava.

Concurrently with the Asset Sale, on July 17, 2026, the Company completed the final closing under a Securities Purchase Agreement, dated April 27, 2026 (the "Securities Purchase Agreement"), with David E. Lazar for the issuance and sale of Series AA Convertible Non-Redeemable Preferred Stock, par value $0.0001 per share, of the Company (the "Series AA Preferred Stock" and such purchased shares, the "Series AA Preferred Shares") and Series AAA Convertible Non-Redeemable Preferred Stock, par value $0.0001 per share, of the Company (the "Series AAA Preferred Stock" and together with the Series AA Preferred Stock, the "Preferred Stock" and such purchased shares, the "Series AAA Preferred Shares" and together with the Series AA Preferred Shares, the "Purchased Shares")for aggregate gross proceeds of $7.0 million (the "Stock Sale"). This capital infusion, combined with the net proceeds realized from the Asset Sale, was utilized to satisfy outstanding debt obligations, pay transaction fees, and restructure the Company's balance sheet.

To provide a meaningful comparison of our ongoing business performance, the following discussion separately analyzes the results of our continuing operations and the impact of discontinued operations for the three and nine months ended September 30, 2026 and 2025.

Results of Continuing Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following table sets forth the components of our results of continuing operations:

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Net revenue	$ 31	$ 27	$ 4	14.6%
Cost of goods sold	14	13	1	6.5%
Gross profit	17	14	3	21.4%
Operating expenses:				
Sales and distribution	511	27	484	1,792.6%
General and administrative[1]	3,913	2,744	1,169	42.6%
Total operating expenses	4,424	2,771	1,653	59.7%
Operating loss	(4,407)	(2,757)	(1,650)	(59.8)%
Interest (income) expense, net	(75)	259	(334)	(129.0)%
Change in fair value of warrant liabilities	—	(18)	18	100.0%
Change in fair value of contingent value rights	971	—	971	100.0%
Loss on extinguishment of debts	347	—	347	100.0%
Other expense, net	10	—	10	100.0%
Loss from continuing operations	(5,660)	(2,998)	(2,662)	(88.8)%
Income taxes	(1)	—	(1)	(100.0)%
Loss from continuing operations, net of income taxes	$ (5,661)	$ (2,998)	$ (2,663)	(88.8)%

(1) During the three months ended September 30, 2026 and 2025, $1.4 million and $0.7 million of stock-based compensation were included in general and administrative expenses on the Condensed Consolidated Statements of Operations.

Net Revenue

Net revenue increased $4 thousand, or 14.6%, during the three months ended September 30, 2026 to $31 thousand, compared to $27 thousand for the three months ended September 30, 2025. The increase in net revenue is due to nominal price changes on the remaining active skus.

Cost of Goods Sold and Gross Profit

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Cost of goods sold	$ 14	$ 13	$ 1	6.5%
Gross profit	$ 17	$ 14	$ 3	21.4%

Cost of goods sold increased $1 thousand, or 6.5%, during the three months ended September 30, 2026 to $14 thousand, compared to $13 thousand for the three months ended September 30, 2025, primarily from changes in sales volumes.

Gross profit increased to 55.2% for the three months ended September 30, 2026 from 51.2% for the three months ended September 30, 2025. The increase in gross profit was due primarily to product mix.

Sales and Distribution Expenses

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Sales and distribution expenses	$ 511	$ 27	$ 484	1,792.6%

Sales and distribution expenses increased by $0.5 million for the three months ended September 30, 2026. This increase is primarily attributable to restructuring costs of $0.5 million.

General and Administrative Expenses

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
General and administrative expenses	$ 3,913	$ 2,744	$ 1,170	42.6%

The increase in general and administrative expenses was primarily the result of an increase of $1.5 million in restructuring costs, and an increase of $0.7 million in stock-compensation expense, partially offset by a decrease of $0.5 million in miscellaneous expenses, a decrease in professional fees of $0.3 million, and a decrease of $0.3 million in headcount expense.

Interest (income) expense, net

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Interest (income) expense, net	$ (75)	$ 259	$ (334)	(129.0)%

The decrease in interest expense, net of $0.3 is primarily relating to an increase in interest income of $0.1 million and a decrease in interest expense of $0.2 million.

Change in fair market value of contingent value rights and warrant liabilities

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Change in fair value of contingent value rights	$ 971	$ —	$ 971	100.0%
Change in fair market value of warrant liabilities	$ —	$ (18)	$ 18	100.0%

The change in fair value of warrant liabilities during the three months ending September 30, 2025 primarily relates to the reduced share price compared to the prior period. The increase in fair value of contingent value rights expense of $1.0 million is from change of fair value as of September 30, 2026 versus the initial fair value at August 17, 2026 and the change in fair value of warrant liabilities in connection with contingent value rights of approximately $0.6 million for the three months ended September 30, 2026. The impact of the change in fair value of warrant liabilities in connection with contingent value rights for the three months ended September 30, 2026 primarily reflects the fair value of contingent value rights distributed to holders of warrants classified as liabilities, which was charged to the condensed consolidated statements of operations rather than recorded as a reduction of additional paid-in capital.

Loss on extinguishment of debts

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Loss on extinguishment of debts	$ 347	$ —	$ (347)	100.0%

During the three months ended September 30, 2026, the Company settled its credit facility with Midcap and recognized a loss on extinguishment of debt of approximately $0.3 million.

Comparison of the Nine Months Ended September 30, 2026 and 2025

The following table sets forth the components of our results of continuing operations:

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Net revenue	$ 56	$ 178	$ (122)	(68.5)%
Cost of goods sold	28	73	(45)	(61.6)%
Gross profit	28	105	(77)	(73.3)%
Operating expenses:				
Sales and distribution	999	1,099	(100)	(9.1)%
General and administrative[1]	10,604	8,682	1,922	22.1%
Total operating expenses	11,603	9,781	1,822	18.6%
Operating loss	(11,575)	(9,676)	(1,899)	(19.6)%
Interest expense, net	324	656	(332)	(50.6)%
Change in fair value of warrant liabilities	—	(108)	108	100.0%
Change in fair value of contingent value rights	971	—	971	100.0%
Loss on extinguishment of debts	52	—	52	100.0%
Other expense (income), net	135	(42)	177	421.4%
Loss before income taxes	(13,057)	(10,182)	(2,875)	(28.2)%
Provision for income taxes	(1)	—	(1)	(100.0)%
Loss from continuing operations, net of income taxes	$ (13,058)	$ (10,182)	$ (2,876)	(28.2)%

(1) During the nine months ended September 30, 2026 and 2025, $2.1 million and $1.3 million of stock-based compensation were included in general and administrative expenses on the Condensed Consolidated Statements of Operations.

Net Revenue

Net revenue decreased $0.1 million, or 68.5%, during the nine months ended September 30, 2026 to $0.1 million, compared to $0.2 million for the nine months ended September 30, 2025. The decrease in net revenue was primarily attributable to reduction in the active sku portfolio along with reduced consumer demand due to the macroeconomic environment.

Cost of Goods Sold and Gross Profit

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Cost of goods sold	$ 28	$ 73	$ (45)	(61.6)%
Gross profit	$ 28	$ 105	$ (77)	(73.3)%

Cost of goods sold decreased $45 thousand, or 61.6%, during the nine months ended September 30, 2026 to $28 thousand, compared to $73 thousand for the nine months ended September 30, 2025, primarily from reduced sales volumes.

Gross profit decreased to 50% for the nine months ended September 30, 2026 from 59% for the nine months ended September 30, 2025. The decrease in gross profit was due primarily to product mix.

Sales and Distribution Expenses

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Sales and distribution expenses	$ 999	$ 1,099	$ (100)	(9.1)%

Sales and distribution expenses decreased to $1.0 million for the nine months ended September 30, 2026, from $1.1 million for the nine months ended September 30, 2025. This decrease is primarily attributable to lower restructuring costs of $0.1 million.

General and Administrative Expenses

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
General and administrative expenses	$ 10,604	$ 8,682	$ 1,922	22.1%

The increase in general and administrative expenses was primarily the result of an increase of $2.3 million in professional fees from indirect charges related to the various transaction the Company undertook , an increase of $0.8 million in stock-compensation expense, and an increase of $0.7 million in restructuring costs, partially offset by a decrease of $1.4 million in insurance and software costs, and a decrease of $0.5 million in headcount expense.

Interest expense, net

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Interest expense, net	$ 324	$ 656	$ (332)	(50.6)%

The decrease in interest expense, net of $0.3 is primarily from less borrowings in the year versus last year and increased interest income.

Change in fair market value of contingent value rights and warrant liabilities

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Change in fair value of contingent value rights	$ 971	$ —	$ 971	100.0%
Change in fair market value of warrant liabilities	$ —	$ (108)	$ 108	100.0%

The change in fair value of warrant liabilities during the nine months ending September 30, 2025 primarily relates to the reduced share price compared to the prior period. The increase in fair value of contingent value rights expense of $1.0 million is from change of fair value as of September 30, 2026 versus the initial fair value at August 17, 2026 and the change in fair value of warrant liabilities in connection with contingent value rights of approximately $0.6 million. The impact of the change in fair value of warrant liabilities in connection with contingent value rights for the nine months ended September 30, 2026 primarily reflects the fair value of contingent value rights distributed to holders of warrants classified as liabilities, which was charged to the condensed consolidated statements of operations rather than recorded as a reduction of additional paid-in capital.

Loss on extinguishment of debts

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Loss on extinguishment of debts	$ 52	$ —	$ (52)	(100.0)%

During the nine months ended September 30, 2026, the Company settled its credit facility with Midcap and recognized a loss on extinguishment of debt of approximately $0.3 million, partially offset by a gain on the settlement of the seller note payable of $0.3 million.

Results of Discontinued Operations

Comparison of the Three Months Ended September 30, 2026 and 2025

The following table sets forth the components of our results of discontinued operations:

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Net revenue	$ 2,395	$ 18,993	$ (16,598)	(87.4)%
Cost of goods sold	1,089	8,337	(7,248)	(86.9)%
Gross profit	1,306	10,656	(9,350)	(87.7)%
Operating expenses:				
Sales and distribution(1)	1,629	9,808	(8,179)	(83.4)%
General and administrative	32	135	(103)	(76.3)%
Total operating expenses	1,661	9,943	(8,282)	(83.3)%
Operating (loss) income	(355)	713	(1,068)	(149.8)%
Other expense (income), net	15	(23)	38	165.2%
Gain on sale of discontinued operations	(3,280)	—	(3,280)	(100.0)%
Income from discontinued operations before income taxes	2,910	736	2,174	295.4%
Provision for income taxes	—	(19)	19	100.0%
Income from discontinued operations, net of income taxes	$ 2,910	$ 717	$ 2,193	305.9%

(1) During the three months ended September 30, 2026 and 2025, $0.4 million and $0.1 million of stock-based compensation were included within Income (loss) from discontinued operations on the Condensed Consolidated Statements of Operations.

Net Revenue

Net revenue decreased $16.6 million, or 87.4%, during the three months ended September 30, 2026 to $2.4 million, compared to $19 million for the three months ended September 30, 2025. This decrease is primarily attributable to lower sales volumes, as the current period includes only 17 days of operations prior to the sale of the business on July 17, 2026, compared with a full quarter of operations in the prior-year period.

Cost of Goods Sold and Gross Profit

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Cost of goods sold	$ 1,089	$ 8,337	$ (7,248)	(86.9)%
Gross profit	$ 1,306	$ 10,656	$ (9,350)	(87.7)%

Cost of goods sold decreased $7.2 million, or 86.9%, during the three months ended September 30, 2026 to $1.1 million, compared to $8.3 million for the three months ended September 30, 2025. This decrease is primarily attributable to lower sales volumes, as the current period includes only 17 days of operations prior to the sale of the business on July 17, 2026, compared with a full quarter of operations in the prior-year period.

Gross profit decreased to 54.5% for the three months ended September 30, 2026 from 56.1% for the three months ended September 30, 2025. The decrease in gross profit was due primarily to product mix.

Sales and Distribution Expenses

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Sales and distribution expenses	$ 1,629	$ 9,808	$ (8,179)	(83.4)%

Sales and distribution expenses, which included e-commerce platform commissions, online advertising and logistics expenses (i.e., variable sales and distribution expense), decreased to $1.6 million for the three months ended September 30, 2026, from $9.8 million for the three months ended September 30, 2025. This decrease is primarily attributable to lower sales volumes, as the current period includes only 17 days of operations prior to the sale of the business on July 17, 2026, compared with a full quarter of operations in the prior-year period.

General and Administrative Expenses

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
General and administrative expenses	$ 32	$ 135	$ (103)	(76.3)%

The decrease in general and administrative expenses was primarily the result of a decrease of $0.1 million in logistics software expenses.

Gain on sale of discontinued operations

	Three Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Gain on sale of discontinued operations	$ (3,280)	$ —	$ (3,280)	(100.0)%

During the three months ended September 30, 2026, the Company recognized a gain on disposal of $3.3 million, which is included in Income (loss) from discontinued operations, net of income taxes. The gain reflects fair value of consideration of $17.2 million, less the carrying value of net assets transferred of $13.0 million and direct costs to sell of $0.9 million.

Comparison of the Nine Months Ended September 30, 2026 and 2025

The following table sets forth the components of our results of discontinued operations:

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Net revenue	$ 28,106	$ 53,664	$ (25,558)	(47.6)%
Cost of goods sold	8,539	23,109	(14,570)	(63.0)%
Gross profit	19,567	30,555	(10,988)	(36.0)%
Operating expenses:				
Sales and distribution[1]	15,521	30,754	(15,233)	(49.5)%
General and administrative	170	370	(200)	(54.1)%
Impairment loss on intangibles	3,427	—	3,427	100.0%
Total operating expenses	19,118	31,124	(12,006)	(38.6)%
Operating income (loss)	449	(569)	1,018	178.9%
Other expense, net	25	236	(211)	(89.4)%
Gain on sale of discontinued operations	(3,280)	—	(3,280)	(100.0)%
Income (loss) from discontinued operations before income taxes	3,704	(805)	4,509	560.1%
Provision for income taxes	(20)	(50)	30	60.0%
Income (loss) from discontinued operations, net of income taxes	$ 3,684	$ (855)	$ 4,539	530.9%

(1) During the nine months ended September 30, 2026 and 2025, $0.5 million and $0.4 million of stock-based compensation were included within Income (loss) from discontinued operations on the Condensed Consolidated Statements of Operations.

Net Revenue

Net revenue decreased $25.6 million, or 47.6%, during the nine months ended September 30, 2026 to $28.1 million, compared to $53.7 million for the nine months ended September 30, 2025. This decrease is primarily attributable to lower sales volumes, as the current period includes approximately six and a half months of operations prior to the sale of the business on July 17, 2026, compared with a full nine months of operations in the prior-year period and the macroeconomic environment resulting in reduced consumer demand.

Cost of Goods Sold and Gross Profit

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Cost of goods sold	$ 8,539	$ 23,109	$ (14,570)	(63.0)%
Gross profit	$ 19,567	$ 30,555	$ (10,988)	(36.0)%

Cost of goods sold decreased $14.6 million, or 63%, during the nine months ended September 30, 2026 to $8.5 million, compared to $23.1 million for the nine months ended September 30, 2025. This decrease is primarily attributable to lower sales volumes, as the current period includes approximately six and a half months of operations prior to the sale of the business on July 17, 2026, compared with a full nine months of operations in the prior-year period and tariff refunds of $2.3 million that were received during the nine months ended September 30, 2026.

Gross profit increased to 69.6% for the nine months ended September 30, 2026 from 56.9% for the nine months ended September 30, 2025. The increase in gross profit was due primarily to product mix and tariff refunds of $2.3 million that were received during the nine months ended September 30, 2026.

Sales and Distribution Expenses

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Sales and distribution expenses	$ 15,521	$ 30,754	$ (15,233)	(49.5)%

Sales and distribution expenses, which included e-commerce platform commissions, online advertising and logistics expenses (i.e., variable sales and distribution expense), decreased to $15.5 million for the nine months ended September 30, 2026, from $30.8 million for the nine months ended September 30, 2025. This decrease is primarily attributable to the decrease in the volume of products sold in the nine months ended September 30, 2026, as our e-commerce platform commissions, online advertising, selling and logistics expenses decreased to $12.4 million in the nine months ended September 30, 2026 as compared to $24.5 million in the prior year period. This decrease is primarily attributable to lower sales volumes, as the current period includes approximately six and a half months of operations prior to the sale of the business on July 17, 2026, compared with a full nine months of operations in the prior-year period.

Our sales and distribution fixed costs (e.g., salary and office expenses) including stock-based compensation decreased to $3.1 million for the nine months ended September 30, 2026, from $6.3 million for the nine months ended September 30, 2025. This decrease is primarily attributable to lower headcount expense of $1.9 million, lower software and consulting costs of $1.3 million, and lower expenses related to the Amazon Seller program of $0.2 million, partially offset by an increase in stock-compensation expense of $0.2 million.

General and Administrative Expenses

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
General and administrative expenses	$ 170	$ 370	$ (200)	(54.1)%

The decrease in general and administrative expenses was primarily the result of a decrease of $0.2 million in logistics software expenses.

Impairment loss on intangibles

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Impairment loss on intangibles	$ 3,427	$ —	$ 3,427	100.0%

During the first quarter of 2026, in connection with the classification of the Company's marquee brands as held for sale, the Company recorded a non-cash impairment charge of $3.4 million on certain definite-lived brand intangible assets, which is included in income (loss) from discontinued operations. The impairment was measured based on management's estimates at March 31, 2026 of the expected proceeds from the Asset Sale less costs to sell, including an estimated net working capital purchase price adjustments compared with the carrying amount of the net assets expected to be transferred.

Gain on sale of discontinued operations

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	%
	(in thousands, except percentages)			
Gain on sale of discontinued operations	$ (3,280)	$ —	$ (3,280)	(100.0)%

During the nine months ended September 30, 2026, the Company recognized a gain on disposal of $3.3 million, which is included in Income (loss) from discontinued operations, net of income taxes. The gain reflects fair value of consideration of $17.2 million, less the carrying value of net assets transferred

of $13.0 million and direct costs to sell of $0.9 million.

Liquidity and Capital Resources

Cash Flows for the Nine Months Ended September 30, 2026 and 2025

The following table provides information regarding our cash flows for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,	
	2026[1]	2025[1]
	(in thousands)	
Cash used in operating activities	$ (8,476)	$ (9,853)
Cash provided by (used in) investing activities	16,162	(46)
Cash provided by (used in) financing activities	1,327	(867)
Effect of exchange rate on cash	(23)	350
Net change in cash and restricted cash for the period	$ 8,990	$ (10,416)

(1) Includes amounts from discontinued operations, please see Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details.

Net Cash Used in Operating Activities

Net cash used in operating activities was $8.5 million for the nine months ended September 30, 2026, primarily driven by net cash losses from operations of $9.9 million and a $3.9 million outflow from changes in working capital, mainly related to changes in accounts payable offset by cash provided by discontinued operations of $5.3 million.

Net cash used in operating activities was $9.9 million for the nine months ended September 30, 2025, primarily driven by net cash losses from operations of 8.9 million and a $0.1 million outflow from changes in working capital, mainly related to changes in accounts receivable, purchases of inventory, and payments of accounts payable offset by cash used by discontinued operations of $0.9 million.

Net Cash Provided by (Used in) Investing Activities

For the nine months ended September 30, 2026, net cash provided by investing activities was $16.2 million, primarily related to proceeds from sale of assets to Trademark Global, net of transaction costs paid.

For the nine months ended September 30, 2025, net cash used in investing activities was $46 thousand, primarily related to the purchase of fixed assets during the nine months ended September 30, 2025.

Net Cash Provided by (Used in) Financing Activities

For the nine months ended September 30, 2026, net cash provided by financing activities of $1.3 million primarily from $6.3 million in proceeds from the issuance of preferred stock offset by the net repayments for our MidCap credit facility of $4.5 million and payment of insurance obligations of $0.5 million.

For the nine months ended September 30, 2025, net cash used in financing activities of $0.9 million was primarily from the net repayments for our MidCap credit facility of $0.9 million and repayment of notes payable of $0.1 million, partially offset by net proceeds from insurance financing of $0.1 million.

Liquidity and Going Concern

In accordance with ASC 205-40, Presentation of Financial Statements – Going Concern, management evaluated whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these Condensed Consolidated Financial Statements are issued.

Since inception, the Company has incurred significant losses and used cash flows from operations to fund its business. To preserve liquidity, management implemented fixed cost reduction plans in May 2025 and January 2026. However, these actions were insufficient to fully offset macroeconomic pressures, including tariffs, rising product and shipping costs, higher marketplace fees and reduced consumer spending, which continued to negatively affect operating results and cash flows.

On July 17, 2026, following stockholder approval, the Company completed the sale of its marquee brands — Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions and Photo Paper Direct — to Trademark Global, LLC for $18.0 million in cash, subject to purchase price adjustments, and completed the sale of Series AA and Series AAA Preferred Shares (collectively with the sale of its marquee brands "the Aterian Transactions") to David E. Lazar for aggregate gross proceeds of $7.0 million, as a result of which Mr. Lazar became the beneficial owner of approximately 95.8% of the Company's outstanding voting securities. Concurrently, all outstanding indebtedness under the Company's credit facility with MidCap Funding IV Trust was repaid in full and all related commitments, guarantees and liens were released.

On June 25, 2026, in connection with the Aterian Transactions, the Board of Directors conditionally declared a dividend of contingent value rights to holders of record of the Company's common stock and certain participating warrants as of July 8, 2026. The condition precedent was satisfied upon the closing of the transactions on July 17, 2026, and the contingent value rights were distributed on August 17, 2026. Each contingent value right entitles the holder to receive pro rata cash distributions from specified proceeds, including net proceeds from the Asset Sale after the satisfaction of certain indebtedness and transaction costs, a $1.0 million reserve for ongoing operating expenses (which has been substantially used as of September 30, 2026), and up to $6.0 million of reserves for specified liabilities. The Company recognized the contingent value rights obligation at its fair value of $12.9 million as of August 17, 2026, and paid the first distribution of $12.4 million to holders of contingent value rights on October 2, 2026 (see Notes 2 and 3). As a result, the substantial majority of the net proceeds from the Asset Sale has been, or is expected to be, distributed to holders of contingent value rights and is not available to fund the Company's future operations.

Following the Asset Sale, the Company will continue to operate its remaining legacy brands, primarily Vremi and Xtava. However, the Company's remaining operations are limited in scale, and the Company has significantly reduced its workforce and cost structure. The Company is currently exploring new business opportunities. The Company's ability to identify and complete a new business opportunity depends in part on its ability to raise additional capital, and its ability to raise capital on acceptable terms depends in part on the market price of its common stock, its market capitalization and the continued listing of its common stock on Nasdaq. With limited remaining operations, the Company's market value may not be sufficient to support the financing needed to pursue a new business opportunity, and without such an opportunity, the Company may have difficulty attracting investors or lenders. There can be no assurance that the Company will identify or complete any such opportunity, that it will be able to obtain the necessary financing, or that any opportunity it pursues will generate positive cash flows.

On September 25, 2026, pursuant to a securities purchase agreement between Lazar and the "Purchasers, and in accordance with the rights afforded to Mr. Lazar under his Securities Purchase Agreement dated April 27, 2026, Mr. Lazar sold all of his interest and rights in 706,100 shares of Series AA Preferred Stock and 1,750,000 shares of Series AAA Preferred Stock to the Purchasers for an aggregate purchase price of $12.0 million. Immediately prior to the sale, such shares were converted into an aggregate of 241,861,970 shares of common stock. Following the sale, Lazar holds approximately 3.1% of the Company's outstanding common stock and may no longer be deemed to control the Company, except for two Purchasers who hold approximately 10.0% of the Company's outstanding Common Stock, no Purchaser beneficially owns more than 9.99% of the Company's outstanding Common Stock, in each case calculated in accordance with Rule 13d-3 under the Exchange Act. The Company has been advised that each Purchaser acquired its shares independently and that the Purchasers have no agreement to act together to acquire, hold, vote or dispose of the Company's securities. Accordingly, the Company does not believe that any single person or group has acquired control of the Company.

The Company was not a party to the September 25, 2026 transaction and did not receive any proceeds from the sale. Neither Mr. Lazar nor any of the Purchasers has committed to provide financing to the Company. As a result, the transaction did not provide the Company with additional liquidity, and the Company no longer has a controlling stockholder.

The Company will need to raise additional capital through equity or debt financing to fund its ongoing operations, and will likely require additional capital to pursue any new business opportunity. On October 20, 2026, the Company entered into an unsecured promissory note with a stockholder under which the lender may make advances to the Company of up to $1.0 million in aggregate. Advances bear interest at 8.0% per annum, the note matures eight months from its issuance, and each advance is subject to the lender's approval. The outstanding balance may be applied toward a future private placement of the Company's equity securities or, under certain circumstances, converted into common stock at maturity, subject to Nasdaq limitations (see Note 15). The note is intended to fund a portion of the Company's operations until the Company completes an equity or debt financing.

However, there can be no assurance that advances under the note will be available or sufficient to fund the Company's operations, or that the Company will be able to obtain additional equity or debt financing on acceptable terms, or at all. If the Company is unable to obtain sufficient financing, it may be required to further reduce its operations, curtail or abandon the pursuit of new business opportunities, or seek other strategic alternatives.

Based on these factors, management concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year after the date these Condensed Consolidated Financial Statements are issued. The accompanying Condensed Consolidated Financial Statements do not include any adjustments that might result from the outcome of this uncertainty.

Nasdaq Listing— On September 2, 2026, the Company received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company is not currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Notice"). The Bid Price Notice has no immediate effect on the listing of the Company's common stock. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days, or until March 1, 2027, to regain compliance. The Company will regain compliance if, at any time before March 1, 2027, the closing bid price of its common stock is at least $1.00 per share for a minimum of 10 consecutive business days, subject to Nasdaq's discretion to extend this period to 20 consecutive business days pursuant to Nasdaq Listing Rule 5810(c)(3)(H). If the Company does not regain compliance by March 1, 2027, Nasdaq may grant the Company a second 180 calendar

day compliance period. To be eligible, the Company must meet the continued listing standard for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, other than the minimum bid price requirement, and notify Nasdaq of its intent to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. If the Company does not regain compliance within the applicable compliance periods, its common stock will be subject to delisting, and the Company would be entitled to appeal that determination to a Nasdaq hearings panel. The Company previously received a bid price deficiency notice from Nasdaq on December 9, 2025 and regained compliance on May 19, 2026. There can be no assurance that the Company will regain compliance with the minimum bid price requirement, be granted a second compliance period, or maintain compliance with the other Nasdaq listing standards.

MidCap Credit Facility—On December 22, 2021, we entered into a Credit Facility with MidCap, pursuant to which, among other things, (i) the lenders party thereto as lenders (the "Lenders") agreed to provide a revolving credit facility in a principal amount of up to $40.0 million subject to a borrowing base consisting of, among other things, inventory and sales receivables (subject to certain reserves), and (ii) we agreed to issue to MidCap Funding XXVII Trust a warrant to purchase up to an aggregate of 16,667 shares of our common stock, in exchange for the Lenders extending loans and other extensions of credit to us under the Credit Facility.

On July 17, 2026, in connection with the closing of the Asset Sale and the Stock Sale, all outstanding indebtedness under the Existing Credit Agreement was repaid in full and all commitments thereunder were terminated. Additionally, all guarantees and liens securing the indebtedness under the Existing Credit Agreement were fully discharged and released. The Company recognized a loss on extinguishment during the three months ended September 30, 2026 of $0.3 million.

Seller Notes—During the nine months ended September 30, 2026, the Company fully settled its outstanding Seller Notes in exchange for a cash payment of $0.1 million, resulting in a gain on extinguishment of debt of $0.3 million in the Condensed Consolidated Statements of Operations.

Share Repurchase—On March 14, 2025, the Board of Directors authorized a share repurchase program to acquire up to $3.0 million of the Company's common stock. The Company may purchase common stock on the open market, through privately negotiated transactions, or by other means including through the use of trading plans intended to qualify under Rule 10b-18 under the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The share repurchase program will have a term of 24 months and may be suspended or discontinued at any time and does not obligate the company to acquire any amount of common stock. The objective of this program is to repurchase shares of common stock opportunistically when management believes that the Company's stock is trading below the Company's determination of long-term fair value. As of May 2, 2025, the Company had temporarily suspended its share repurchase program.

Non-GAAP Financial Measures

On July 17, 2026, following stockholder approval, the Company completed the sale of specified assets and liabilities associated with its marquee consumer brands including Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct to Trademark Global, LLC ("Trademark Global") for $18.0 million in cash, subject to customary post-closing adjustments. As these brands represented the substantial majority of our historical consolidated operations, their results are now classified as discontinued operations for all periods presented.

Consequently, management believes that historical Non-GAAP financial measures previously disclosed, including Adjusted EBITDA and Contribution Margin, no longer provide a meaningful basis for evaluating the Company's ongoing performance or future prospects. Our remaining continuing operations consist primarily of smaller legacy brands, such as Vremi and Xtava, and residual corporate activities. Given this fundamental shift in our business profile and the ongoing transition of our leadership and capital structure, we have elected to omit the presentation of these Non-GAAP measures for the current period.

We intend to re-evaluate our performance metrics as our remaining operations evolve and will provide updated disclosures if management determines that such measures provide useful information to investors.

Critical Accounting Policies and Use of Estimates

As discussed in our Form 10-K for the fiscal year ended December 31, 2025, the discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles in the United States of America ("US GAAP"). The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in those consolidated financial statements. These judgments can be subjective and complex, and consequently, actual results could differ from those estimates. Our most critical accounting policies and estimates relate to revenue recognition; leases; impairment of intangible assets; impairment of long-lived assets; and income taxes (including uncertain tax positions). There have been no significant changes to the Company's accounting policies subsequent to December 31, 2025 other than the Contingent Value Rights as disclosed below.

Intangible asset valuation—We review long-lived assets for impairment when performance expectations, events, or changes in circumstances indicate that the asset's carrying value may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows by comparing the carrying value of the asset group to the undiscounted cash flows. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique.

On April 27, 2026, the Company entered into a definitive Asset Purchase Agreement with Trademark to sell certain marquee brands for $18 million in cash. Based on the deal terms, the $18.0 million base purchase price and the estimated purchase price adjustments as of that period, the Company evaluated the carrying value of its brand intangible assets. The Company determined that the estimated allocated proceeds from the Asset Purchase Agreement were lower than the carrying values for certain definite-lived brand assets. Accordingly, the Company recorded a impairment charge of $3.4 million during the first quarter of 2026. This charge, recorded within Loss from Discontinued Operations on the Condensed Consolidated Statement of Operations, adjusts the carrying amount of the disposal group to its fair value less costs to sell, based on the $18.0 million cash consideration and estimated purchase price adjustments.

On July 17, 2026, the Company completed the sale of substantially all of its assets to Trademark Global, pursuant to the Asset Purchase Agreement, dated as of April 27, 2026. Pursuant to the Asset Purchase Agreement, Trademark Global acquired certain specified assets and liabilities of the Company, including, among other things, assets associated with the Company's marquee consumer brands: Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct for $18.0 million in cash, subject to certain purchase price adjustments, the remaining intangibles of $0.8 million were derecognized as part of the gain on disposal included in income from discontinued operations. Refer to Note 3, *Held for Sale Classification and Discontinued Operations Presentation* for additional details. As of September 30, 2026, the Company has no remaining intangible assets.

Contingent value rights—On June 25, 2026, in connection with the Aterian Transactions, the Board of Directors conditionally declared a dividend of contingent value rights to holders of record of the Company's common stock and certain participating warrants as of July 8, 2026. The condition precedent was satisfied upon the closing of the transactions on July 17, 2026, and the contingent value rights were distributed on August 17, 2026. Each contingent value right entitles the holder to receive pro rata cash distributions from specified proceeds, including net proceeds from the Asset Sale after the satisfaction of certain indebtedness and transaction costs, a $1.0 million reserve for ongoing operating expenses, and up to $6.0 million of reserves for specified liabilities.

Because the contingent value rights require settlement in cash, the Company accounts for the obligation as a liability and has elected to measure it at fair value under ASC 815-40, Derivatives and Hedging. The Company recognized the contingent value rights obligation at its fair value of $12.9 million as of August 17, 2026, with a $12.2 million reduction to additional paid-in capital, as the dividend represents a distribution to stockholders and approximately $0.7 million was recognized as a change in fair value of warrant liabilities in the condensed consolidated statements of operations for the three and nine months ended September 30, 2026. The contingent value rights include rights distributed to holders of participating warrants. Certain of these warrants have been classified as liabilities since their original issuance. The contingent value rights attributable to those warrants were recognized as a change in fair value of warrant liabilities in the condensed consolidated statements of operations rather than as a reduction of additional paid-in capital. These amounts are included in the contingent value rights liability on the condensed consolidated balance sheet as of September 30, 2026.

The liability is remeasured at fair value at each reporting date, with changes in fair value recognized in other income (expense), net. Fair value is estimated using a probability-weighted discounted cash flow model based on significant unobservable inputs, including the amount and timing of future proceeds and the probability of each distribution, and is classified as Level 3 in the fair value hierarchy.

The $12.9 million fair value consists of the initial distribution of $12.4 million ($0.9936 per contingent value right) and $0.5 million representing the estimated fair value of potential future distributions from the remaining specified proceeds, including the release of reserves. Before September 30, 2026, the Company funded the initial distribution to the Rights Agent, and the funds were presented as restricted cash at that date. The initial distribution was paid to holders of contingent value rights on October 2, 2026.

As of September 30, 2026, the contingent value rights liability was $13.2 million, consisting of the $12.4 million initial distribution payable and $0.8 million for the estimated fair value of potential future distributions. The change in fair value recognized for the three and nine months ended September 30,

2026, was approximately $0.3 million.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on the evaluation of our disclosure controls and procedures as of September 30, 2026, our Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2026.

Changes in Internal Control over Financial Reporting

On July 17, 2026, the Company completed the sale of the assets of its marquee brands to Trademark Global, LLC. As a result of the Asset Sale and the related reduction in the scale of the Company's operations, the Company's internal control over financial reporting changed materially during the quarter ended September 30, 2026. Following the Asset Sale, the Company has fewer than five employees, and its processes and controls have been consolidated and are performed on a more centralized basis, consistent with the Company's reduced size and level of operations. Management continues to evaluate and modify the design of the Company's internal control over financial reporting, including the allocation of responsibilities, review procedures and the use of third-party service providers, so that it remains appropriate for the Company's current operations.

Other than the changes described above, there were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations, primarily with respect to the sale of our consumer products. We believe that there are no pending lawsuits or claims that, individually or in the aggregate, may have a material effect on our business, financial condition or operating results.

Item 1A. Risk Factors.

You should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report and this Quarterly Report on Form 10-Q, which could materially affect our business, financial condition, cash flows or future results. The risks described in our Annual Report and this Quarterly Report on Form 10-Q are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. Except as presented below, there have been no material changes from the risk factors associated with our business previously disclosed in our Annual Report.

Risks Relating to Our Business

Changes in control of the Company during 2026 caused significant dilution and left a highly concentrated stockholder base, and we no longer have a controlling stockholder.

On July 17, 2026, we completed the second closing under the Securities Purchase Agreement with David E. Lazar, resulting in the issuance of Series AAA Preferred Stock and a fundamental change in control of the Company. Upon full conversion of the Series AA and Series AAA Preferred Stock, Mr. Lazar controlled approximately 95% of our fully diluted share capitalization. As a result, existing common stockholders experienced immediate, severe dilution of their equity interests and voting power.

On September 25, 2026, Mr. Lazar sold all of his interest in 706,100 shares of Series AA Preferred Stock and 1,750,000 shares of Series AAA Preferred Stock to several purchasers (the "Purchasers") in a private transaction. Immediately prior to the sale, those shares were converted into an aggregate of 241,861,970 shares of our common stock. We were not a party to the transaction and received no proceeds from it. Following the sale, Mr. Lazar holds approximately 3.1% of our outstanding common stock, and no Purchaser holds more than 9.99% of our fully diluted common stock outstanding. We have been advised that each Purchaser acquired its shares independently and that the Purchasers have no agreement to act together to acquire, hold, vote or dispose of our securities. Accordingly, we do not believe that any single person or group controls the Company.

Although no single stockholder controls the Company, the Purchasers collectively hold approximately 93% of our outstanding common stock. If some or all of the Purchasers were to act together, whether or not under a formal agreement, they would have significant influence, or effective decision-making authority, over our corporate strategy, business affairs, and all matters requiring stockholder approval. This includes the power to elect directors, approve major strategic transactions, amend our certificate of incorporation and bylaws, and authorize future equity or debt issuances. The interests of the Purchasers may differ from one another and from the interests of our other stockholders. Additionally, this concentration of ownership may have the effect of delaying, deterring, or preventing a future change in control, takeover attempt, or merger that other stockholders might consider favorable or in their best financial interest.

In addition, we no longer have a controlling stockholder with an incentive to support our strategy or provide financing. Neither Mr. Lazar nor any of the Purchasers has committed to provide financing to us. Our ability to fund our operations and pursue a new business opportunity will depend on our ability to obtain financing from new or existing investors on acceptable terms, and such financing may not be available.

Sales of a substantial number of the shares held by the Purchasers, or the perception that such sales may occur, could adversely affect the market price of our common stock and our ability to raise capital. These shares are restricted securities and may be resold only pursuant to an effective registration statement or an available exemption from registration, subject to applicable conditions.

Further, the changes in ownership of our common stock during 2026 may have resulted in an "ownership change" under Section 382 of the Internal Revenue Code. Such an ownership change could have substantially limited our ability to use our net operating loss carryforwards and other tax attributes to offset future taxable income.

We have completed the sale of substantially all of our historical revenue-generating assets, and our future viability is subject to the successful execution of an unproven strategic pivot.

On July 17, 2026, we completed the sale of substantially all of our historical assets and operating operations—including our marquee consumer brands (Mueller Living, PurSteam, hOmeLabs, Squatty Potty, Healing Solutions, and Photo Paper Direct)—to Trademark Global, LLC. Following the consummation of the Asset Sale, our remaining business operations consist primarily of our smaller legacy brands, Vremi and Xtava, and residual corporate activities.

As a result, our ongoing operating model has been fundamentally altered, and our future viability depends heavily on our ability to successfully execute a strategic "Pivot" or evaluate potential strategic transactions to create long-term growth opportunities. We may be unable to successfully scale our remaining operations or identify and complete a suitable strategic transaction before our capital resources are depleted, and even if we do, there is no assurance that any such initiative will achieve its intended financial or operational benefits.

Our ability to retain key personnel and manage operational continuity may be adversely affected following executive leadership transitions, the completion of the Asset Sale and the September 2026 change in our stockholder base.

On July 17, 2026, following the completion of the Asset Sale and the Stock Sale, David E. Lazar was appointed as Chief Executive Officer and Chairman of the Board, succeeding Arturo Rodriguez. In connection with this transition, Mr. Rodriguez entered into a Transition and Separation Agreement to assist with the operational handoff through September 30, 2026, and Chief Financial Officer Joshua Feldman entered into a similar transition agreement through September 4, 2026. Following the end of his employment, Mr. Rodriguez entered into a consulting agreement with the Company to provide advisory services on a limited, part-time basis. The agreement continues on a month-to-month basis after November 30, 2026 and will end no later than March 31,

2027, and either party may terminate it on 30 days' notice. Mr. Rodriguez also continues to serve as a member of the Board. While the Company is looking for a full-time Chief Financial Officer to fill the vacancy created by the conclusion of Mr. Feldman's employment, the Company's Chief Executive Officer, David E. Lazar, has served as the interim Chief Financial Officer and principal financial officer of the Company.

The transition to new executive management, combined with the substantial reduction in our operating footprint following the sale of our marquee brands, represents a fundamental shift in our corporate leadership and organizational structure. In addition, following the September 2026 sale of Mr. Lazar's controlling interest, we no longer have a controlling stockholder, and our stockholder base is now concentrated among several purchasers. These changes may create uncertainty regarding our future operational strategy and leadership, which could lead to increased employee attrition or hinder our ability to attract, retain, and motivate well-qualified personnel.

We now operate with a small number of employees and rely significantly on consultants and outside service providers for accounting, tax, legal, SEC reporting and internal control support. We have entered into retention arrangements with certain remaining finance personnel through May 31, 2027; however, there can be no assurance that these individuals will remain with us. The loss of key remaining operational, financial, or corporate staff, the termination or expiration of our consulting arrangements, or an inability to identify suitable long-term successors could disrupt our business operations. It could also impair our financial reporting capabilities and our internal control over financial reporting, and adversely affect our ability to pursue new business opportunities. In addition, because our Chief Executive Officer is also serving as our interim Chief Financial Officer, and we have a limited number of finance personnel, we have reduced segregation of duties and greater reliance on a single individual. These factors could increase the risk of errors in our financial reporting or of a material weakness in our internal control over financial reporting. There can be no assurance that we will be able to identify and hire a qualified full-time Chief Financial Officer on acceptable terms or in a timely manner. Our limited financial resources may also make it more difficult to retain existing personnel or attract qualified replacements.

Management has determined that there is substantial doubt about the Company's ability to continue as a going concern.

We experienced significant after-tax losses for the three and nine months ended September 30, 2026 and 2025. In addition, our operating costs have increased historically and may fluctuate in future periods as we adjust our organizational structure, which could negatively affect our operating results and our ability to achieve long-term continuous profitability. Following the completion of the Asset Sale on July 17, 2026, our historical core revenue-generating marquee brands are no longer part of our ongoing operations. Our business now relies on our smaller retained legacy brands, primarily Vremi and Xtava, which are limited in scale. We are exploring new business opportunities, but there can be no assurance that we will identify or complete any such opportunity, or that any opportunity we pursue will generate positive cash flows.

We have historically relied on a combination of cash flows from operations, debt facilities, and private placements of equity to fund our business. We completed the Asset Sale and Stock Sale on July 17, 2026, generating $25.0 million in aggregate gross proceeds prior to transaction expenses, adjustments, and debt settlements. However, the substantial majority of the net proceeds from the Asset Sale has been, or is expected to be, distributed to holders of contingent value rights and is not available to fund our future operations. We paid the first distribution of $12.4 million to holders of contingent value rights on October 2, 2026, and the $1.0 million reserve for ongoing operating expenses established under the Contingent Value Rights Agreement has been substantially used.

We will need to raise additional capital through equity or debt financing to fund our ongoing operations, and will likely require additional capital to pursue any new business opportunity. On October 20, 2026, we entered into an unsecured promissory note with a stockholder under which the lender may make advances to us of up to $1.0 million in aggregate. Each advance is subject to the lender's approval, and the note matures eight months from its issuance. There can be no assurance that advances under the note will be available or sufficient to fund our operations, or that we will be able to obtain additional equity or debt financing on acceptable terms, or at all. In addition, following the September 2026 sale of Mr. Lazar's controlling interest, we no longer have a controlling stockholder, and neither Mr. Lazar nor any of the purchasers has committed to provide financing to us. See "—Changes in control of the Company during 2026 caused significant dilution and left a highly concentrated stockholder base, and we no longer have a controlling stockholder." Our ability to raise capital on acceptable terms depends in part on the market price of our common stock, our market capitalization and the continued listing of our common stock on Nasdaq.

Our ongoing operating losses, negative cash flows and need for additional financing raise substantial doubt about our ability to continue as a going concern. Our independent registered public accounting firm included an explanatory paragraph in its report on our consolidated financial statements for the fiscal year ended December 31, 2025, expressing substantial doubt regarding our ability to continue as a going concern. On July 17, 2026, in connection with the closing of the Aterian Transactions, all outstanding indebtedness under our MidCap credit facility was repaid in full and the facility was terminated. However, if we are unable to obtain sufficient financing, if our remaining capital resources are depleted faster than anticipated, or if we fail to establish a profitable ongoing business model, we may be forced to further reduce our operations, curtail or abandon the pursuit of new business opportunities, seek other strategic alternatives, or liquidate remaining assets. In the event of a liquidation or dissolution, the values realized for our remaining assets could be significantly lower than the carrying values reflected in our Condensed Consolidated Financial Statements, and holders of our common stock could lose all or a substantial part of their investment.

Our obligations under the Contingent Value Rights Agreement limit the capital available to fund our operations, and there can be no assurance as to the amount or timing of any future distributions to holders of contingent value rights.

On June 25, 2026, in connection with the Asset Sale and Stock Sale, our Board of Directors conditionally declared a dividend of contingent value rights. The contingent value rights were distributed on August 17, 2026 to holders of record of our common stock and certain participating warrants as of July 8, 2026, under a Contingent Value Rights Agreement with Broadridge Corporate Issuer Solutions, LLC, as Rights Agent (the "CVR Agreement"). Each contingent value right entitles its holder to pro rata cash distributions from specified proceeds. These include net proceeds from the Asset Sale after the satisfaction of certain indebtedness and transaction costs, a $1.0 million reserve for ongoing operating expenses, and up to $6.0 million of reserves for specified liabilities. They also include any amounts remaining in the specified liability reserves after those liabilities are fully satisfied, net proceeds from future sales of remaining legacy assets and inventory, and net proceeds from tax or tariff refunds, drawbacks, customs claims, and released restricted cash and escrow amounts. We paid the first distribution of $12.4 million to holders of contingent value rights on October 2, 2026.

Because these proceeds are payable to holders of contingent value rights, they are not available to fund our ongoing operations, to pursue new business opportunities, or to satisfy our other obligations. As a result, we will need to raise additional capital to fund our operations.

The amount and timing of any future distributions are uncertain and depend on factors largely outside our control. These include the final resolution and cost of the specified liabilities, the amounts realized from the sale of remaining legacy assets and inventory, and the timing and amount of any tax, tariff or customs refunds. The specified liabilities include product safety, litigation, stockholder and tax-related matters, and their ultimate cost could exceed the amounts reserved. If they do, the excess would be borne by the Company and could further reduce the capital available to fund our operations. Holders of contingent value rights may receive substantially less than anticipated, or no further distributions at all.

The contingent value rights are contractual rights only. They are not transferable except in limited circumstances, carry no voting or dividend rights, accrue no interest, and do not represent an equity or ownership interest in the Company. Our ability to make future distributions also depends on our continued existence and ability to meet our obligations. In the event of our insolvency, bankruptcy or liquidation, holders of contingent value rights would be unsecured creditors of the Company, and future distributions could be delayed, reduced or eliminated.

In addition, because the record date for the contingent value rights preceded the conversion of the Series AA and Series AAA Preferred Stock, the holders of the shares issued on that conversion do not hold contingent value rights. Those holders, including the purchasers who acquired Mr. Lazar's interest in September 2026, collectively own a substantial majority of our outstanding common stock. As a result, the interests of our current stockholders and of holders of contingent value rights may diverge with respect to the administration of the reserves, the sale of remaining legacy assets, and the resolution of the specified liabilities. We also incur administrative costs in administering the CVR Agreement and making distributions.

The tax treatment of distributions on the contingent value rights is uncertain and will depend, in part, on our current and accumulated earnings and profits for U.S. federal income tax purposes. Holders could be subject to tax in amounts or in a manner different from what they anticipate. Further, because the contingent value rights obligation is classified as a liability and remeasured at fair value each reporting period, changes in the estimated amount and timing of future distributions could cause volatility in our reported results of operations.

If our products experience any recalls, product liability claims, or government, customer or consumer concerns about product safety, our reputation and operating results could be harmed.

Our products are subject to regulation by the U.S. Consumer Product Safety Commission (the "CPSC") and similar state and international regulatory authorities, and these products sold on our platform could be subject to involuntary recalls and other actions by these authorities. Concerns about product safety including concerns about the safety of products manufactured in developing countries, could lead us to recall selected products. Recalls and government, customer or consumer concerns about product safety could harm our reputation and reduce sales, either of which could have a material adverse effect on our business, results of operations, financial condition and prospects.

In February 2026, we announced a voluntary recall in coordination with the CPSC for approximately 195,000 units of our PurSteam Mighty Lil Steamers and Elite Travel Steamers due to reports of hot water expelling from the nozzle. We have incurred, and expect to continue to incur, costs related to this recall, including refund payments and legal expenses. As a result of this recall, a putative class action complaint, Sarah Brannon v. Aterian, Inc., was filed against us on March 6, 2026, in the U.S. District Court for the District of New Jersey. The complaint alleges various violations, including breach of implied warranty, unjust enrichment, and violations of the New Jersey Products Liability Act. While the Company ceased selling these steamers in 2024, the defense of this existing litigation, and the potential for additional product liability or class action lawsuits, could result in significant legal expenses, settlements, or judgments. Furthermore, these developments could damage the reputation of the PurSteam brand, leading to a loss of consumer trust and a permanent decline in revenue for this product line.

On May 13, 2026, the company entered into a settlement agreement and general release to resolve this litigation. Under the terms of the agreement, the company agreed to pay a total settlement sum of $100,000 in exchange for a full release of all claims related to the purchase and use of the products. The agreement stipulates a voluntary dismissal of the claims with prejudice and includes customary provisions regarding confidentiality, non-disparagement, and a denial of any wrongdoing or liability by the company.

We may be subject to product liability claims if people or property are harmed by the products we sell. Some of the products we sell may expose us to product liability claims and litigation (including class actions) or regulatory action relating to safety, personal injury, and death or environmental or property damage.

Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. In general, our agreements with members of our supply chain do not indemnify us from product liability for a particular product, and some members of our supply chain may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

Any failure by us or our vendors to comply with product safety, consumer protection or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers may damage our reputation and brand and harm our business.

The products we sell to our clients are subject to regulation by the CPSC, the Federal Trade Commission ("FTC") and similar state and international regulatory authorities. As a result, such products could be in the future subject to recalls and other remedial actions, including the manner in which we market our products. Product safety or labeling concerns may require us to voluntarily remove selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, suspension of our seller accounts on Amazon and other online marketplaces, lost sales, diverted resources, potential harm to our reputation and increased client service costs and legal expenses, which could have a material adverse effect on our operating results.

Some of the products we sell may expose us to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although we maintain liability insurance and have implemented a quality assurance program that includes obtaining necessary certifications, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, our agreements with our vendors in general do not indemnify us from product liability for a particular vendor's products or our vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

Risks Relating to the Litigation and Government Regulation

Claims, litigation, government investigations, product liability and recalls, and other proceedings may adversely affect our business, operating results, financial condition, and cash flows.

We are, from time to time, involved in various claims, litigation matters and regulatory proceedings that could have a material adverse effect on us. These matters may include personal injury and other tort claims, deceptive trade practice disputes, intellectual property disputes, product recalls, contract disputes, employment and tax matters and other proceedings and litigation, including class actions lawsuits. It is not possible to predict the outcome of pending or future litigation and any such claims, with or without merit, could be time consuming and expensive, and may require the Company to incur substantial costs and divert the resources of management.

We face exposure to product liability and other claims in the event that one of our products is alleged to have resulted in property damage, bodily injury or other adverse effects. In addition, if we are required to, or voluntarily, repair, replace or refund one or more of our products, it could have a material impact on our business, operating results, financial condition and reputation.

Determining legal reserves or possible losses from claims against us involves judgment and may not reflect the full range of uncertainties and unpredictable outcomes. Until the final resolution of such matters, we may be exposed to losses in excess of the amount recorded, and such excess amounts could have a material effect on our business, results of operations, financial condition, and cash flows. In addition, it is possible that a resolution of any claim, including as a result of a settlement, could require us to make substantial future payments, prevent us from offering certain products or services, or require us to change our business practices each of which could have a material adverse effect on our business, operating results, financial condition, and cash flows.

Risks Relating to the Ownership of our Common Stock

There is no guarantee of a continuing public market for you to resell our common stock.

There is no guarantee that we will continue to meet all requirements for continued listing on the Nasdaq Capital Market. We must continue to satisfy Nasdaq's continued listing requirements, including, among other things, a minimum closing bid price requirement of $1.00 per share.

On April 24, 2023, the Company received a notice from The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock, par value $0.0001 per share ("Common Stock"), for the last 30 consecutive business days, the Company was not currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Notice"). In response to the potential risk of delisting, the Company's stockholders approved granting the Board discretionary authority to implement a reverse stock split, and on March 20, 2024, the Company effected a 1-for-12 reverse stock split of its common stock. The Company subsequently regained compliance with Nasdaq's minimum bid price requirement in April 2024, and the matter was closed.

On December 9, 2025, the Company received a notice from Nasdaq indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company is not currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2).

On May 19, 2026, Nasdaq notified the Company in the Compliance Notice that from May 1, 2026 to May 18, 2026 the closing bid price of the Company's common stock had been $1.00 per share or greater and, accordingly, the Company had regained compliance with Nasdaq Listing Rule 5550(a)(2) and that the matter was now closed.

On September 2, 2026, the Company received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of the Company's common stock for the last 30 consecutive business days, the Company is not currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Bid Price Notice"). The Bid Price Notice has no immediate effect on the listing of the Company's common stock. Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the Company has a compliance period of 180 calendar days, or until March 1, 2027, to regain compliance. The Company will regain compliance if, at any time before March 1, 2027, the closing bid price of its common stock is at least $1.00 per share for a minimum of 10 consecutive business days, subject to Nasdaq's discretion to extend this period to 20 consecutive business days pursuant to Nasdaq Listing Rule 5810(c)(3)(H). If the Company does not regain compliance by March 1, 2027, Nasdaq may grant the Company a second 180 calendar day compliance period. To be eligible, the Company must meet the continued listing standard for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, other than the minimum bid price requirement, and notify Nasdaq of its intent to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary. There can be no assurance that the Company will regain compliance with the minimum bid price requirement, be granted a second compliance period, or maintain compliance with the other Nasdaq listing standards.

In the future, if our common stock falls below the continued listing standard of $1.00 per share or otherwise fails to satisfy any of the Nasdaq continued listing requirements, and if we are unable to cure such deficiency during any subsequent cure period, our common stock could be delisted from the Nasdaq. If our common stock ultimately were to be delisted for any reason, we could face significant material adverse consequences, including:

- limited availability of market quotations for our common stock;
- a limited amount of news and analyst coverage for us;
- a decreased ability for us to issue additional securities or obtain additional financing in the future;
- limited liquidity for our stockholders due to thin trading; and
- the potential loss of confidence by investors and employees.

The SEC's approval of Nasdaq's $5 million minimum market value continued listing rule remained stayed pending Commission review; however, if the stay is terminated and the rule becomes operative, it could result in the immediate suspension and delisting of our common stock without a cure period.

On July 22, 2026, the Securities and Exchange Commission ("SEC") approved a proposed rule change filed by The Nasdaq Stock Market LLC (File No. SR-NASDAQ-2026-004, as modified by Amendment No. 1) establishing a new continued listing requirement under Nasdaq Listing Rules 5450(a)(3) and 5550(a)(6). Under the rule as approved, companies listed on the Nasdaq Global and Capital Markets would be required to maintain a minimum Market Value of Listed Securities ("MVLS") of at least $5.0 million. If a company's MVLS remains below $5.0 million for 30 consecutive business days, Nasdaq would issue an immediate Staff Delisting Determination and suspend trading in the company's common stock. Unlike other Nasdaq continued listing deficiencies (such as the $1.00 minimum bid price requirement, which typically provides a 180-day grace period), the rule provides no compliance or cure period prior to suspension. Furthermore, requesting an appeal before the Nasdaq Hearings Panel would not automatically stay the suspension of trading, meaning an affected company's common stock would be suspended from Nasdaq and may be quoted on the over-the-counter ("OTC") market during any appeal process, if eligible for quotation.

On July 29, 2026, the implementation of this new continued listing requirement was automatically stayed pursuant to Rule 431(e) of the SEC's Rules of Practice. The stay was triggered after the Small Public Company Coalition ("SPCC") and Cemtrex, Inc. each filed notices of their intent to petition the full Commission to review the approval order previously issued by the SEC's Division of Trading and Markets under delegated authority. On July 29, 2026, the SEC issued a letter confirming that the approval order had been automatically stayed pending further action by the Commission. On September 11, 2026, the Commission issued an Order granting the petitions for review, scheduling the filing of statements in support of or in opposition to the approval order, and continuing the stay pending further order of the SEC.

On September 25, 2026, Nasdaq filed SR-NASDAQ-2026-081, which became effective upon filing and modified the operative date of the new MVLS continued listing requirement. SR-NASDAQ-2026-081 provides that the new requirement will become operative upon termination of the stay and that the first business day counted toward determining whether a company has failed to maintain the $5.0 million MVLS requirement for 30 consecutive business days will be the business day immediately following termination of the stay. Accordingly, Nasdaq will not take into account any period during which the stay remains in effect in determining compliance with the new requirement.

As a result of the stay, Nasdaq's $5.0 million MVLS requirement is not currently operative. The ultimate outcome and timing of the Commission's review remain uncertain. If the stay is terminated and the new requirement becomes operative, and the MVLS of our common stock thereafter remains below $5.0 million for 30 consecutive business days:

Notwithstanding the current stay, significant uncertainty remains regarding the ultimate outcome of the regulatory and potential judicial review processes. If the Commission affirms the rule, if the stay is lifted, or if the rule is otherwise upheld and becomes effective, and if our MVLS remains below $5.0 million for 30 consecutive business days:

- Nasdaq would issue an immediate Staff Delisting Determination and suspend trading in our common stock without a compliance or cure period;
- Our common stock may become eligible for quotation on an over-the-counter ("OTC") market, provided applicable requirements for quotation are satisfied, but there can be no assurance that an active trading market would develop or be maintained;
- Quotation of our common stock on an OTC market, if available, could significantly reduce the liquidity and trading volume of our common stock and adversely affect its market price;
- Our ability to raise additional capital through equity offerings would be severely limited;
- We could experience a loss of confidence among institutional investors, vendors, and business partners; and
- Our common stock could become subject to SEC "penny stock" regulations, imposing heightened disclosure and sales practice burdens on broker-dealers that further restrict secondary market trading.

If the stay is terminated and the rule becomes operative, and the MVLS of our common stock thereafter remains below $5.0 million for 30 consecutive business days, there can be no assurance that we will avoid immediate suspension and delisting or that a Nasdaq Hearings Panel would grant relief, which could have a material adverse effect on our business, financial condition, results of operations and the trading value of your investment.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Securities

There were no unregistered sales of the Company's equity securities during the three months ended September 30, 2026, other than those previously reported in a Current Report on Form 8-K.

Share Repurchase Program

On March 14, 2025, the Board of Directors authorized a share repurchase program to acquire up to $3.0 million of the Company's common stock. The Company may purchase common stock on the open market, through privately negotiated transactions, or by other means including through the use of trading plans intended to qualify under Rule 10b-18 under the Securities Exchange Act of 1934, as amended, in accordance with applicable securities laws and other restrictions. The timing and total amount of stock repurchases will depend upon business, economic and market conditions, corporate and regulatory requirements, prevailing stock prices, and other considerations. The share repurchase program will have a term of 24 months and may be suspended or discontinued at any time and does not obligate the company to acquire any amount of common stock. The objective of this program is to repurchase shares of common stock opportunistically when management believes that the Company's stock is trading below the Company's determination of long-term fair value.

The Company has not repurchased any shares of its common stock under this program to date. As of May 2, 2025, the Company had temporarily suspended its share repurchase program.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans. During the three and nine months ended September 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

6. Exhibits.

Exhibit Number	Description	Incorporated by Reference			
		Form	File Number	Filing Date	Exhibit
3.1	Certificate of Designation of Preferences, Rights and Limitations of Series AA Convertible Non-Redeemable Preferred Stock of Aterian, Inc.	8-K	001-38937	4/29/2026	3.1
3.2	Certificate of Designation of Preferences, Rights and Limitations of Series AAA Convertible Non-Redeemable Preferred Stock of Aterian, Inc.	8-K	001-38937	7/20/2026	3.1
10.1+	Asset Purchase Agreement, dated as of April 27, 2026, by and between Aterian, Inc. and Trademark Global, LLC	8-K	001-38937	4/29/2026	10.1
10.2+	Securities Purchase Agreement, dated as of April 27, 2026, by and between Aterian, Inc. and David Lazar	8-K	001-38937	4/29/2026	10.2
10.3+	Form of Voting Agreement	8-K	001-38937	4/29/2026	10.3
10.4+	Amendment No. 5 to that certain Credit and Security Agreement, dated as March 13, 2026, by and Aterian, Inc. and its subsidiaries party thereto as "Credit Parties," the lenders party thereto from time to time and Midcap Funding IV Trust, as administrative agent.	8-K	001-38937	3/17/2026	10.1
10.5+	Contingent Value Rights Agreement, dated July 17, 2026, between Aterian, Inc. and Broadridge Corporate Issuer Solutions, LLC.	8-K	001-38937	7/20/2026	10.1
31.1*	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.				
32.1**	Certifications of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS	Inline XBRL Instance Document				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL)				

* Filed herewith.
** Furnished herewith.
+ Non-material schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

ATERIAN, INC.

Date: November 16, 2026

By: /s/ David E. Lazar
David E. Lazar
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934 AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David E. Lazar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aterian, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 16, 2026

/s/ David E. Lazar
David E. Lazar
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Aterian, Inc. (the "Company") for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to their knowledge that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David E. Lazar
David E. Lazar
Chief Executive Officer and Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)
November 16, 2026

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report, is not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.