



The Leading Consumer Product Company

SEPTEMBER 2023



Disclaimer

Caution Concerning Forward-Looking Statements

This presentation includes “forward-looking statements” with the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended.

All forward-looking statements are subject to a number of risks, uncertainties and assumptions, and you should not rely upon forward-looking statements as predictions of future events. You can identify forward-looking statements by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would,” or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes.

All forward-looking statements are based upon current estimates and expectations about future events and financial and other trends. There is no guarantee that future results, performance, or events reflected in the forward-looking statements will be achieved or occur.

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Industry & Market Data

Certain data in this presentation was obtained from various external sources. Neither Aterian, Inc. (the “Company”) nor its affiliates, advisers or representatives have verified such data with independent sources. Accordingly, neither the Company nor any of its affiliates, advisers or representatives make any representations as to the accuracy or completeness of that data or to update such data after the date of this presentation. Such data involves risks and uncertainties and is subject to change based on various factors.

Non-GAAP Financial Measures

In addition to financial results prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation contains certain non-GAAP financial measures. Such non-GAAP financial measures in this presentation may differ from similarly named non-GAAP financial measures used by other companies. Management believes that in addition to using GAAP results, non-GAAP financial measures can provide meaningful insight in evaluating the Company’s operating performance. You are encouraged to review the reconciliation of non-GAAP financial measures with their most direct comparable GAAP financial results set forth in the Appendix to this presentation.

For a full discussion of the Company’s risks, you should review the Company’s most recent SEC filings including the Company’s most recent 10-K and 10-Q available on SEC.gov



Who Is Aterian?

We are a leading e-commerce consumer products company and we predominantly sell on Amazon.com and Walmart.com in the United States.

Founded

2014 – IPO in 2019

Key Brands



Pur *Steam*™ homelabs.™

≡Mueller

HealingSolutions®

ppd®
photo paper direct

SKUS

2,000+

Mission

Our mission is to deliver high quality products at great value to our customers

MKT FOCUS

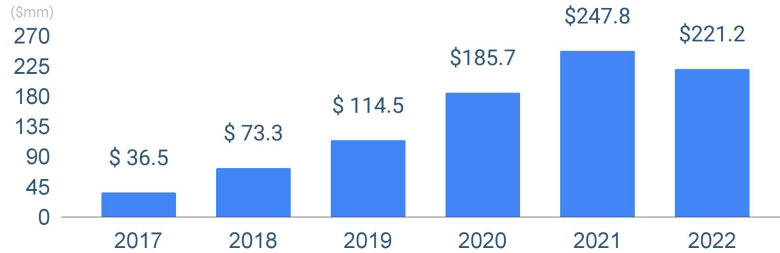
amazon

Walmart

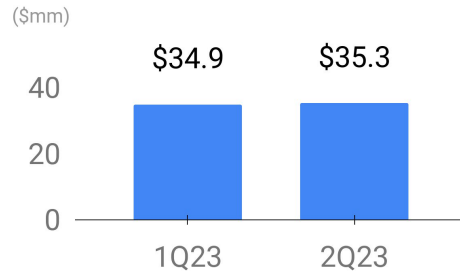
shopify

Financial Snapshot

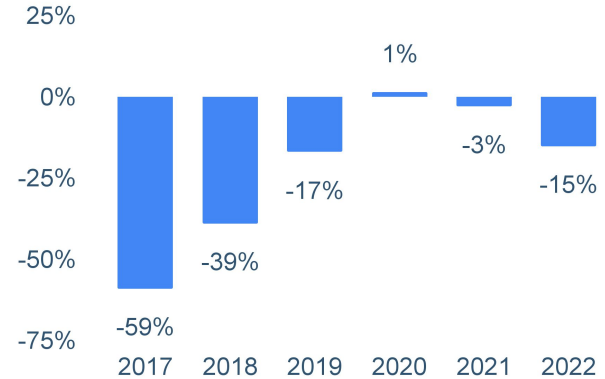
Net Revenue (Annual)



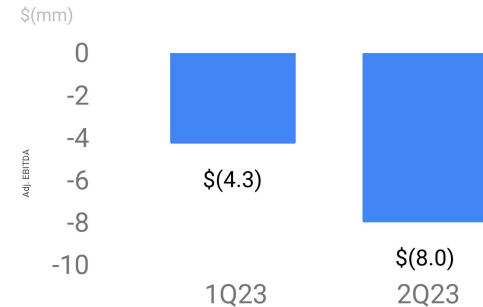
2023 Net Revenue (Quarterly)



Adj. EBITDA⁽¹⁾ as % of Net Revenue (Annual)



2023 Adj. EBITDA⁽¹⁾ (Quarterly)



1: Non-GAAP financial measure. See reconciliation in Appendix

A few of Our Brands and Products...



Pur  *Steam*™

Small Home Appliances

**High performing steamers for
your home and laundry needs**





=Mueller

Home & Kitchen Appliances

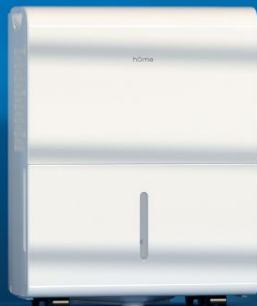
**Happiness is homemade
with this finely crafted kitchen gear**





homeLabs™

**Modern, mindful and intuitive
essentials for a full and rich
home life**



Home Appliances



**Squatty
Potty**



Primary Goals



- 
- **High performing products**
 - **Great value for the price**
 - **Strong margins for Aterian**

**Ultimately leading to Adj. EBITDA
Profitability in the Future**

3 Main Themes





Focus Simplification Stabilization

Healthy Balance Sheet



Thank you

aterian.io



Appendix

Balance Sheet

<p style="text-align: center;">ATERIAN, INC. Condensed Consolidated Balance Sheets (Unaudited) (in thousands, except share and per share data)</p>		
	December 31, 2022	June 30, 2023
<u>ASSETS</u>		
Current assets:		
Cash	\$ 43,574	\$ 28,867
Accounts receivable, net	4,515	4,782
Inventory	43,666	36,683
Prepaid and other current assets	8,261	5,326
Total current assets	100,016	75,658
Property and equipment, net	853	839
Other intangibles, net	54,757	12,429
Other non-current assets	813	543
Total assets	<u>\$ 156,439</u>	<u>\$ 89,469</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Credit facility	\$ 21,053	\$ 15,748
Accounts payable	16,035	11,821
Seller notes	1,693	1,206
Accrued and other current liabilities	14,254	11,978
Total current liabilities	53,035	40,753
Other liabilities	1,452	1,556
Total liabilities	54,487	42,309
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.0001 par value, 500,000,000 shares authorized and 80,752,290 and 88,014,844 shares outstanding at December 31, 2022 and June 30, 2023, respectively	8	9
Additional paid-in capital	728,339	733,878
Accumulated deficit	(625,251)	(685,838)
Accumulated other comprehensive loss	(1,144)	(889)
Total stockholders' equity	101,952	47,160
Total liabilities and stockholders' equity	<u>\$ 156,439</u>	<u>\$ 89,469</u>

Income Statement

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
Net revenue	\$ 58,268	\$ 35,264	\$ 99,941	\$ 70,143
Cost of good sold	26,917	20,368	44,982	36,151
Gross profit	31,351	14,896	54,959	33,992
Operating expenses:				
Sales and distribution	31,866	20,557	54,840	40,783
Research and development	1,730	1,709	2,877	2,956
General and administrative	9,571	6,281	19,112	12,240
Impairment loss on goodwill	—	—	29,020	—
Impairment loss on intangibles	—	22,785	—	39,445
Change in fair value of contingent earn-out liabilities	(1,691)	—	(4,466)	—
Total operating expenses	41,476	51,332	101,383	95,424
Operating loss	(10,125)	(36,436)	(46,424)	(61,432)
Interest expense, net	338	346	1,138	717
Gain on extinguishment of seller note	—	—	(2,012)	—
Loss on initial issuance of equity	—	—	5,835	—
Change in fair value of warrant liability	6,014	(2,197)	7,893	(1,843)
Other (income) expense, net	—	176	(25)	229
Loss before income taxes	(16,477)	(34,761)	(59,253)	(60,535)
Provision (benefit) for income taxes	(168)	26	(168)	52
Net loss	\$ (16,309)	\$ (34,787)	\$ (59,085)	\$ (60,587)
Net loss per share, basic and diluted	\$ (0.26)	\$ (0.45)	\$ (0.94)	\$ (0.78)
Weighted-average number of shares outstanding, basic and diluted	63,947,069	77,625,304	62,749,520	77,181,388

Non-GAAP Reconciliations: Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2023	2022	2023
(in thousands, except percentages)				
Net loss	\$ (16,309)	\$ (34,787)	\$ (59,085)	\$ (60,587)
Add:				
Provision (benefit) for income taxes	(168)	26	(168)	52
Interest expense, net	338	346	1,138	717
Depreciation and amortization	2,048	1,202	3,894	2,964
EBITDA	(14,091)	(33,213)	(54,221)	(56,854)
Other (income) expense, net	—	176	(25)	229
Change in fair value of contingent earn-out liabilities	(1,691)	—	(4,466)	—
Impairment loss on goodwill	—	—	29,020	—
Impairment loss on intangibles	—	22,785	—	39,445
Gain on extinguishment of seller note	—	—	(2,012)	—
Change in fair market value of warrant liability	6,014	(2,197)	7,893	(1,843)
Loss on original issuance of equity	—	—	5,835	—
Litigation reserve	—	—	800	—
Restructuring expense ⁽¹⁾	—	1,216	—	1,216
Stock-based compensation expense	6,048	3,223	8,913	5,539
Adjusted EBITDA	\$ (3,720)	\$ (8,010)	\$ (8,263)	\$ (12,268)
Net loss as a percentage of net revenue	(28.0) %	(98.6) %	(59.1) %	(86.4) %
Adjusted EBITDA as a percentage of net revenue	(6.4) %	(22.7) %	(8.3) %	(17.5) %

Non-GAAP Reconciliations: Adjusted EBITDA

	(in Thousands)			
	Three Months Ended			
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Net loss	\$ (42,776)	\$ (16,309)	\$ (116,902)	\$ (20,304)
Add (deduct):				
Provision for income taxes		(168)	(75)	(133)
Interest expense, net	802	338	904	560
Depreciation and amortization	1,846	2,048	1,869	1,758
EBITDA	(40,128)	(14,091)	(105,877)	(18,119)
Other expense (income), net	(28)		(174)	(83)
Impairment loss on goodwill	29,020		90,921	468
Impairment loss on intangibles			3,118	
Loss on extinguishment of debt				
Change in fair value of contingent earn-out liabilities	(2,775)	-1,691	(774)	
Gain on extinguishment of seller note	(2,012)			
Loss on initial issuance of equity	5,835		12,834	
Amortization of inventory step-up from acquisitions (included in cost of goods sold)				
Change in fair market value of warrant liability	1,879	6,014	(5,528)	(2,835)
Professional fees related to acquisitions				
Litigation reserve	800		1,800	
Reserve on barter credits				1,643
Stock-based compensation	2,865	6,048	2,843	2,740
Adjusted EBITDA	\$ (4,541)	\$ (3,720)	\$ (9,064)	\$ (18,186)
Adjusted EBITDA as a percentage of net revenue	(10.9)%	(6.4)%	(13.7)%	(29.5)%

	(in Thousands)			
	Three Months Ended			
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Net loss	\$ (82,553)	\$ (36,306)	\$ (110,556)	\$ (6,609)
Add:				
Provision for income taxes		41	21	470
Interest expense, net	4,420	4,675	2,786	774
Depreciation and amortization	1,204	1,681	1,872	2,569
EBITDA	(76,929)	(29,909)	(105,877)	(1,496)
Other expense (income), net	(33)	(5)	5	2
Change in fair value of contingent earn-out liabilities	15,645	(23,349)	(4,245)	(18,580)
Settlement of a contingent earnout liability				4,164
Amortization of inventory step-up from acquisitions (included in cost of goods sold)	1,808	2,233	875	542
Change in fair market value of warrant liability	30,202	4,387	(8,134)	
Change in fair value of derivative liability		1,894	1,360	
Loss on extinguishment of debt		29,772	106,991	2,096
Loss on initial issuance of warrant	20,147	—		
Professional fees related to acquisitions	449	948	53	
Transition costs from acquisitions	552	632	130	762
Professional fees related to Photo Paper Direct acquisitions		696		890
				1,300
Reserve on dispute with PPE supplier		4,100		
Reserve on barter credits				1,000
Stock-based compensation expense	6,899	4,862	9,570	7,657
Adjusted EBITDA	\$ (1,260)	\$ (3,739)	\$ 728	\$ (2,963)
Adjusted EBITDA as a percentage of net revenue	(2.6)%	(5.5)%	1.1%	(4.7)%

Non-GAAP Reconciliations: Adjusted EBITDA

	(In Thousands)			
	Three Months Ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Net loss	\$ (15,030)	\$ (2,937)	\$ (806)	\$ (44,354)
Add (deduct)				
Provision for income taxes		45		2
Interest expense, net	1,109	1,077	934	1,841
Depreciation and amortization	41	38	100	373
EBITDA	(13,880)	(1,777)	228	(42,138)
Other expense (income), net	25	(6)	(21)	(23)
Loss on extinguishment of debt				2,055
Change in fair value of contingent earn-out liabilities				12,731
Amortization of inventory step-up from acquisitions (included in cost of goods sold)				583
Change in fair market value of warrant liability				21,338
Professional fees related to acquisitions				663
Stock-based compensation	7,439	5,171	4,861	5,244
Adjusted EBITDA	\$ (6,416)	\$ 3,388	\$ 5,068	\$ 453
Adjusted EBITDA as a percentage of net revenue	(25.0)%	5.7%	8.6%	1.1

	(In Thousands)			
	Three Months Ended			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Net loss	\$ (8,389)	\$ (16,879)	\$ (14,975)	\$ (18,546)
Add (deduct)				
Provision for income taxes		15	8	6
Interest expense, net	1,212	1,281	875	1,018
Depreciation and amortization	55	40	41	47
EBITDA	(7,122)	(15,543)	(14,051)	(17,475)
Other expense (income), net	45	(13)	21	-12
Stock-based compensation	1,500	11,873	11,374	9,934
Adjusted EBITDA	\$ (5,577)	\$ (3,683)	\$ (2,656)	\$ (7,553)
Adjusted EBITDA as a percentage of net revenue	(31.3)%	(12.1)%	(6.5)%	(6.6)%

Contribution Margin Reconciliation

	(in Thousands)			
	Twelve Months Ended			
	2019	2020	2021	2022
Gross Profit	\$ 45,040	\$ 84,746	\$ 121,863	\$ 105,518
Add :				
Amortization of inventory step-up from acquisitions (included in cost of goods sold)		583	5,458	
Reserve on barter credits			1,000	1,643
Less:				
E-commerce platform commissions, online advertising, selling and logistics expenses	(42,551)	(60,206)	(103,283)	(103,258)
Contribution margin	\$ 2,489	\$ 25,123	\$ 25,038	\$ 3,903
Gross Profit as a percentage of net revenue	39.4%	45.6%	49.2%	47.7%
Contribution margin as a percentage of net revenue	2.2%	13.5%	10.1%	1.8%

Target Model

	2019	2020	2021	2022	LONG TERM TARGET
Net Revenues	100%	100%	100%	100%	100%
Contribution Margin	2%	13%	10%	2%	18-20%
Fixed Operating Cost	19% \$ 22 m (½ Year Public)	13% \$ 24 m (Full Year Public)	20% \$49 m	21% \$48 m	5%
Adj. EBITDA	(17)%	1%	(3)%	(15)%	13-15%

PRIMARY DRIVERS

Higher average selling prices as products reach more dominant position, lower COGS as volume increase, and lower fulfillment costs through scale of FBM platform.

Thanks to the technology and platform effect, corporate overhead increases at low to mid single digit, much slower pace than sales.