



The Leading Consumer Product Platform

Sharpening the Tools of Trade

**NOVEMBER 2021
INVESTOR PRESENTATION**



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.

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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 existing SEC filings including the Company’s most recent 10-K for the period ended December 31, 2020 and the most recently filed 10-Q for the quarterly period ended September 30, 2021.



Why Aterian?



Aterian point
from Zaccar,
Djelfa region, Algeria

Dating to the Paleolithic era, the **Aterian Industry** emerged in Africa through the crafting of jagged stones known as some of the earliest tools created by humans.

The stones were used to sharpen other stones, creating arrows and knives - the primitive tools that sparked much of humanity's passion for innovation.

In our mission to build the consumer product platform of tomorrow, we honor our ancestors use of technology designed to create efficiency and disrupt existing industries.



Who Is Aterian?

Aterian is building *the leading technology powered consumer product platform.*

Our mission is to deliver the best valued products at the most competitive prices to our customer by becoming the world's most efficient consumer products platform.

We **build, acquire** and **partner** with brands, harnessing proprietary software and an agile supply chain to create top selling consumer products.

14

BRANDS

3,000+

SKUs

79%

CAGR SINCE 2016

Build

We **Build** products from the ground up, using Aimee™ to identify market opportunities and automate the sales of products across various eCommerce channels, from merchandising to fulfillment and everything in between

Acquire

We **Acquire** high caliber profitable CPG brands. We use Aimee™ to qualify existing products to forecast future growth and automate the management of the assets once acquired

Partner

We offer our **Platform as a Service** (PaaS). Brands use Aimee™ as a turnkey way to effectively manage their sales across eCommerce channels and drive better unit economics across their product portfolio

home™

vremi™

holonix™

RIF6

xtava™

AUSSIE HEALTH CO

Pur *Steam*

SPIRALIZER

Squatty Potty

Müller™

ppd
photo paper direct

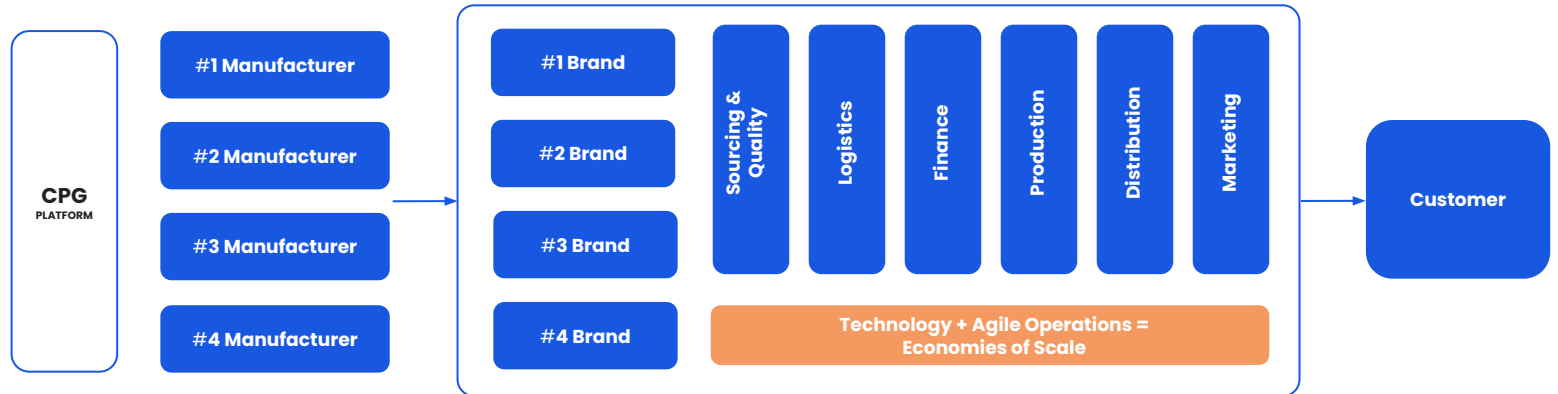
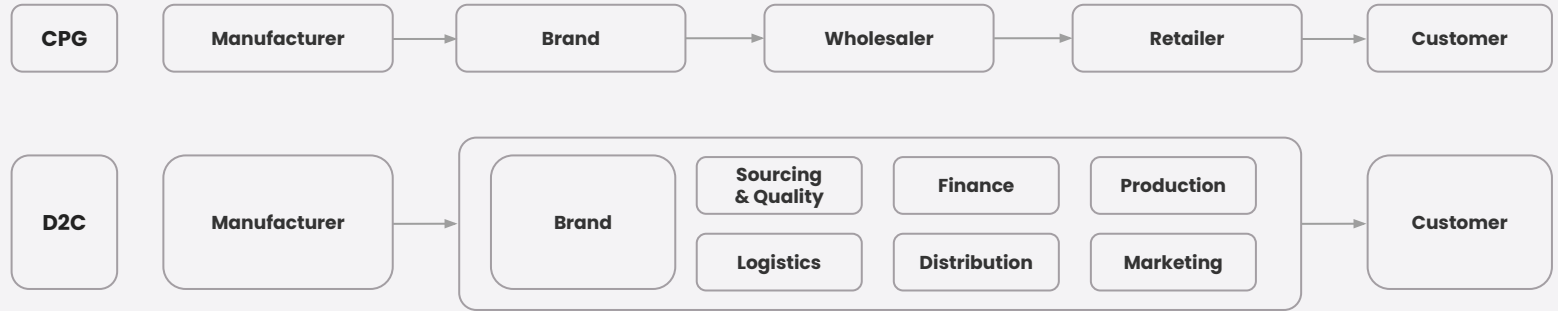
POHL & SCHMITT
SWITZERLAND

Midea®

NOUHAUS

eureka®

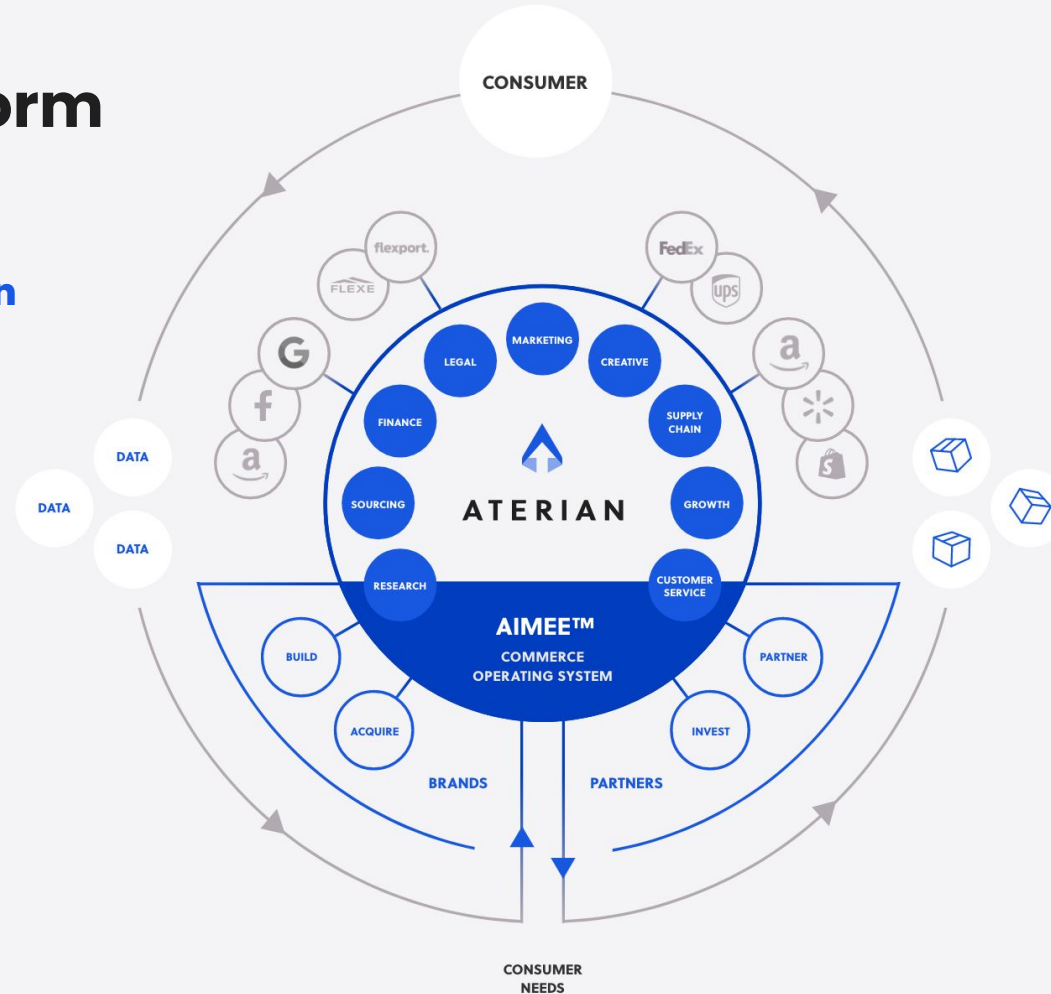
Evolution to CPG Platform



Aterian's CPG Platform Drives Efficiency

Technology + Agile Supply Chain

By systematizing the building blocks of commerce and investing in technology to automate our supply chain, we aim at building the world's most efficient consumer platform.



Say Hello to AIMEE™

Commerce Operating System

An end to end cloud based solution providing real time data, ML powered automation and access to operational services to streamline the management of thousands of products at scale across various channels.

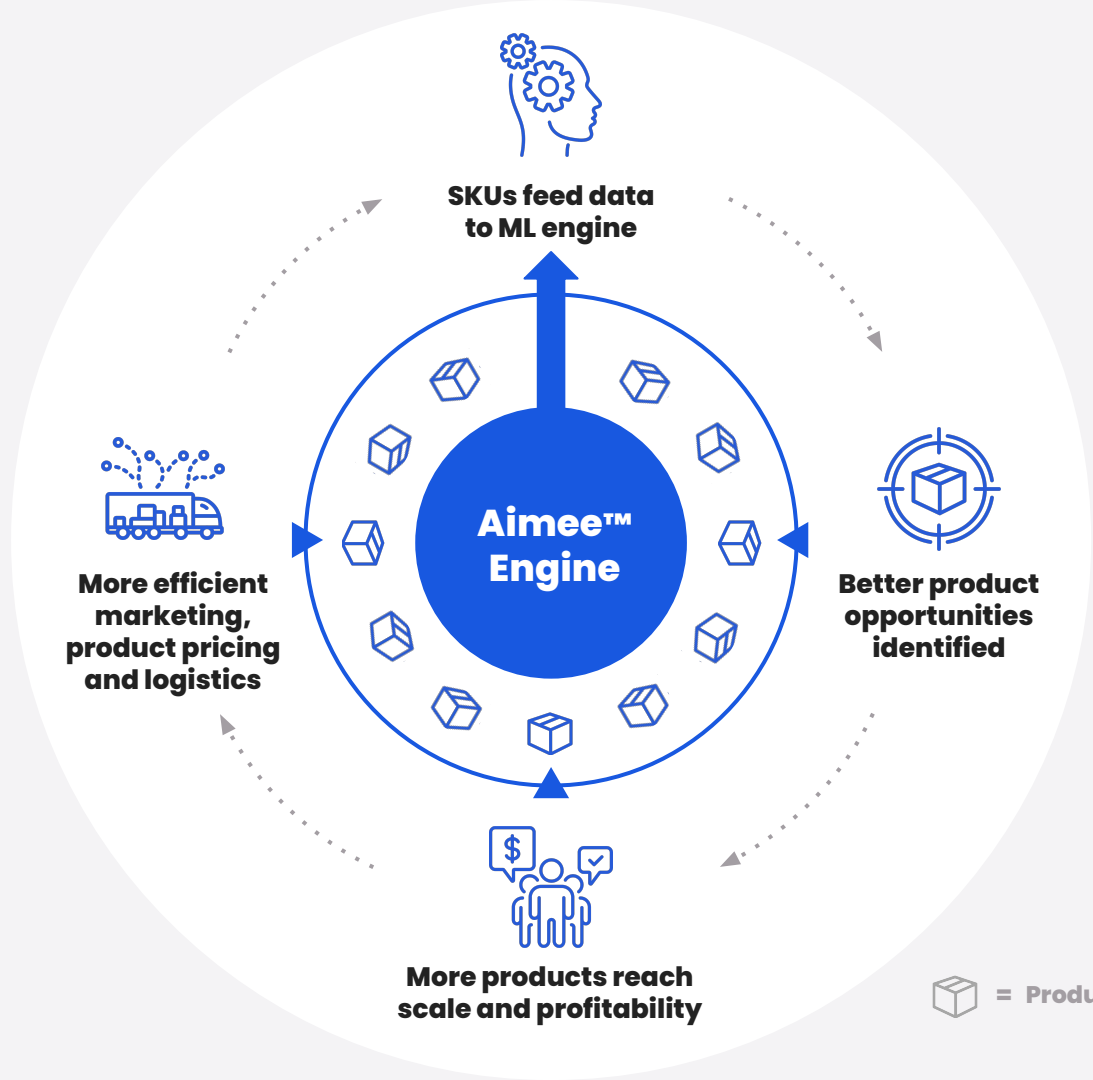


AIMEE™ Platform Flywheel



**3,000+ SKUs under
Management**

~\$350 million GMV



 = Product (SKU)

Massive And Rapidly Expanding Market

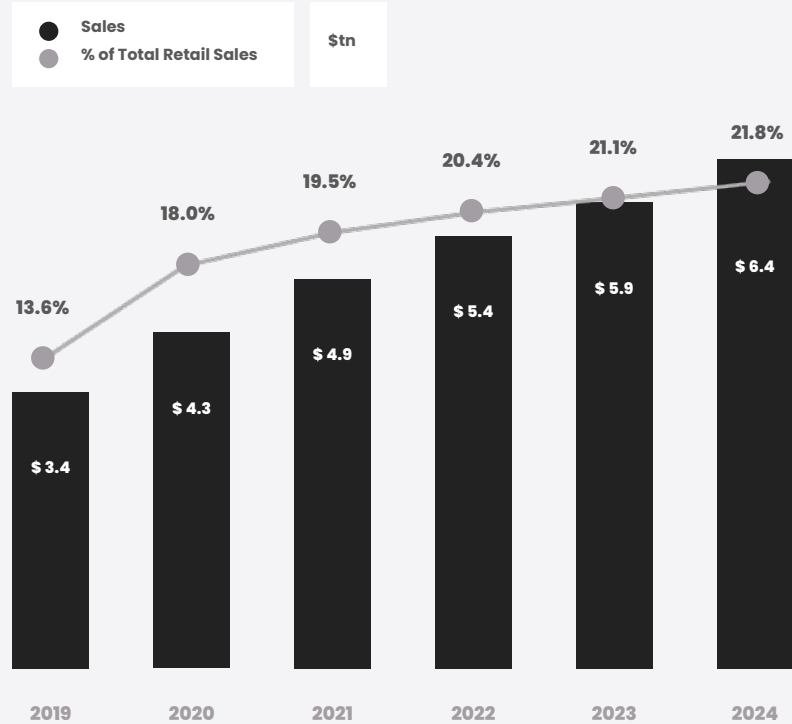
Worldwide E-Commerce Sales are expected to grow to:

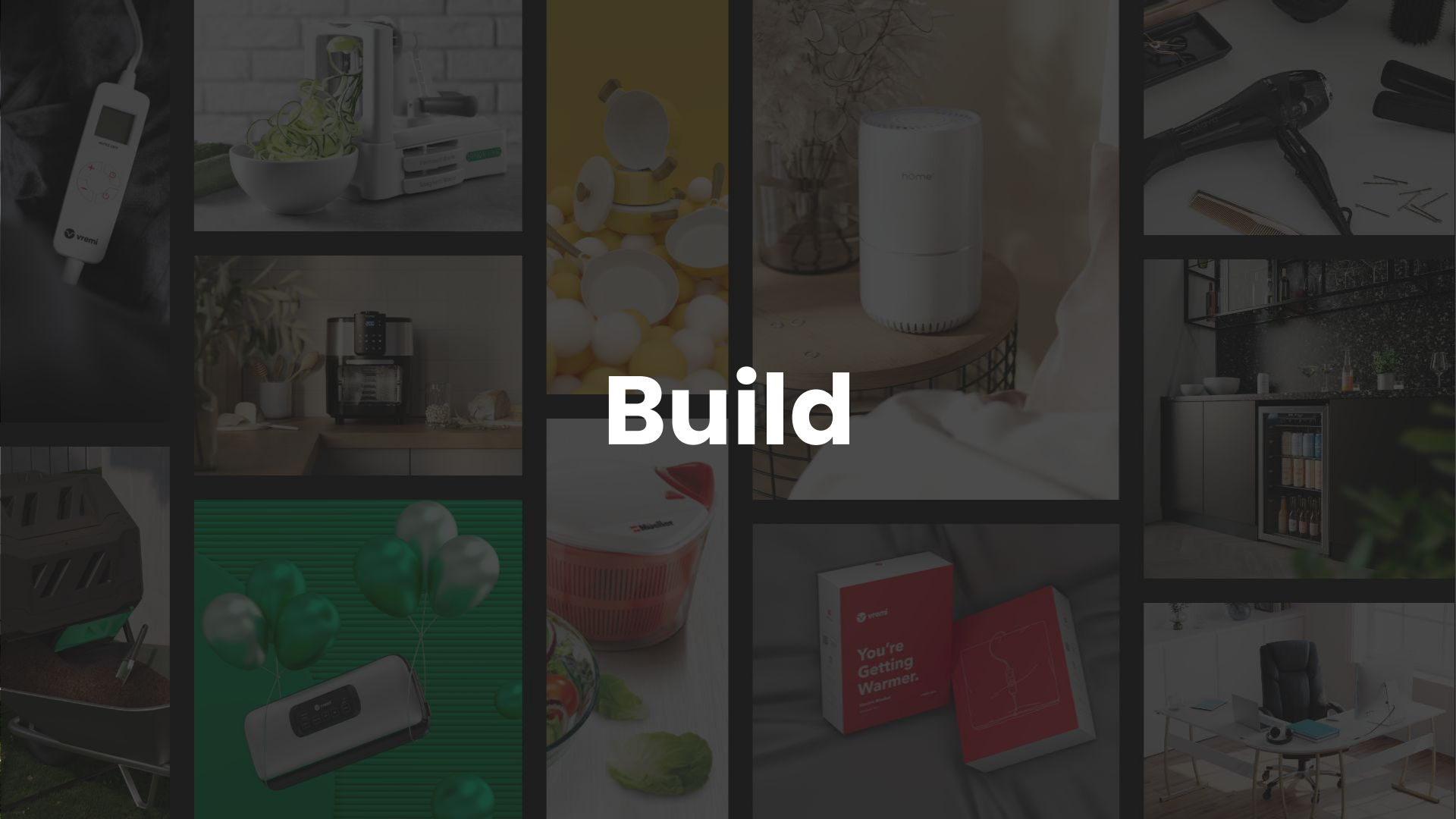


(1) eMarketer estimates

CAGR 13.8 %

RETAIL ECOMMERCE SALES WORLDWIDE & % OF TOTAL RETAIL SALES⁽¹⁾





Build



home

Home Appliances



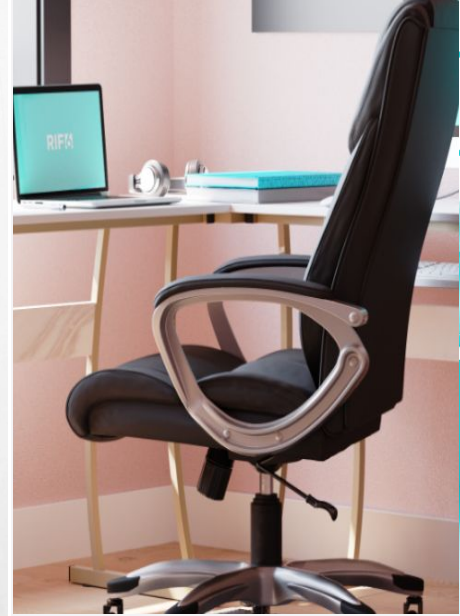
vremi

Home & Kitchen Appliances



xtava

Beauty Products



RIFTA

Consumer Electronics

Aterian Significantly Shortens Go-To-Market Timing

Aterian
BUSINESS
MODEL



AIMEE™
IDEA
GENERATOR

Real time data
driven opportunity
& trend tracking



Manufacturing
Shipping
Warehousing



AIMEE™
TRADING
ENGINE

Data driven automated
marketing & product lifetime
management



AIMEE™
FULFILLMENT
ENGINE

Dynamic inventory allocation
Fulfillment selection / cost optimization
3rd party logistics network
2 day ship – virtually all US



Marketplace
Customer

6–8 Month Go-To-Market Cycle

~60 Min Marketing Cycle

18–24 Month Go-To-Market Cycle

3 Month Marketing Cycle

Standard
BUSINESS
MODEL



Focus Group
R&D



Manufacturing
Shipping
Warehousing



Agents Distributor
Ad Agency



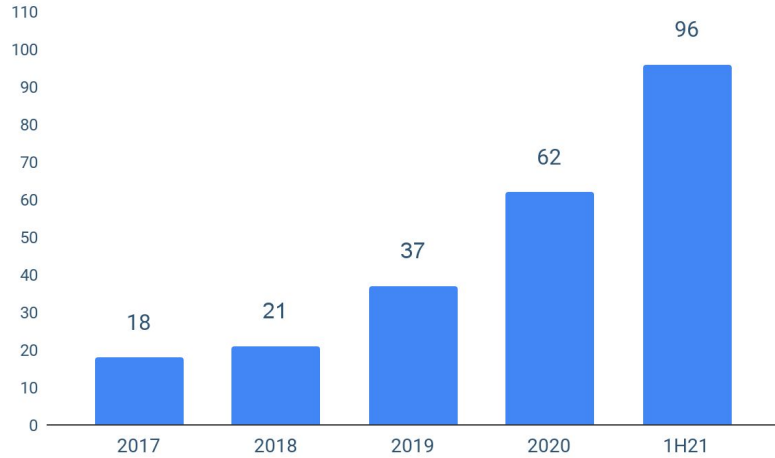
No Direct Distribution /
Reseller FBA



Retailer
Customer

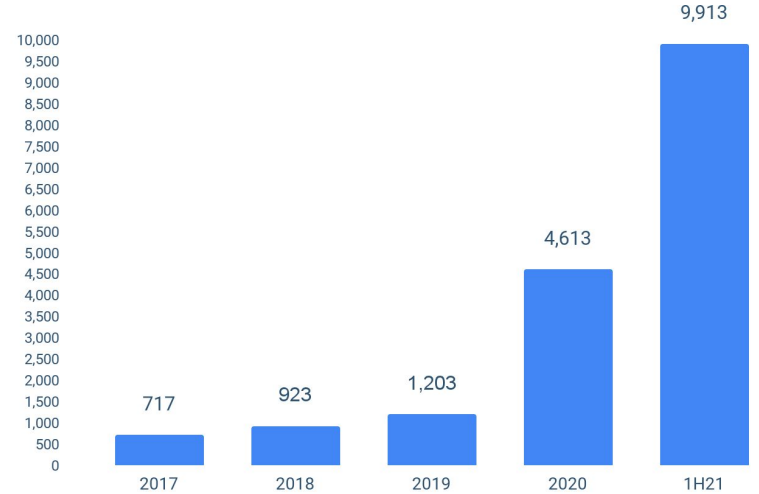
AIMEE™ Delivering Results

Number of Products with \$500K + Annual Sales



- 4.3 / 5.0 Average Review Score for all Aterian Products
- 175 Products in the Top 5 Search Results on Amazon

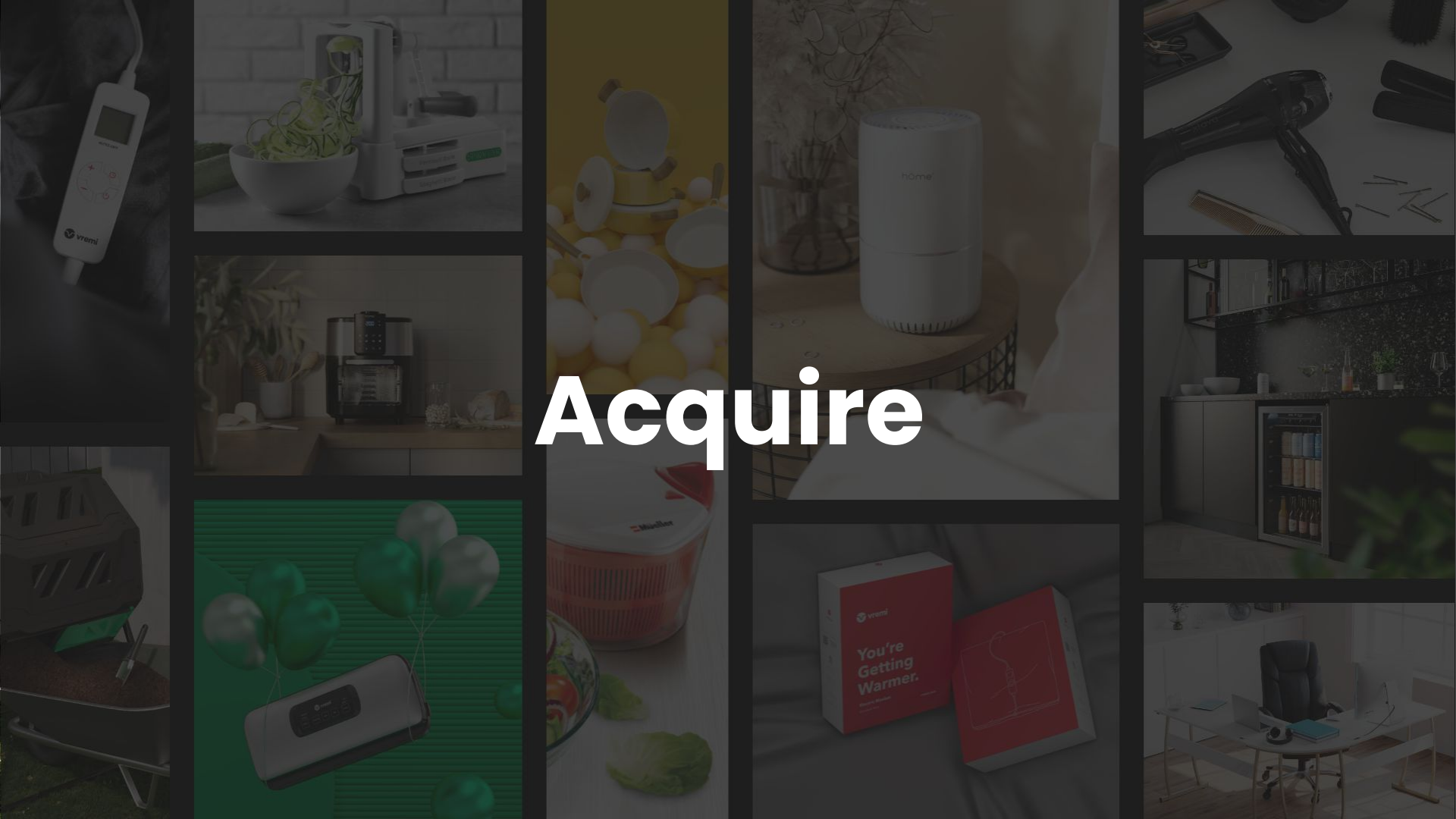
Top 20 Products Average Review Count



- Top 20 Average review count reflects only organic growth
- Top 20 Average review count including acquisitions is 21,750

* Data as of 7/2021. Projections based on 1H21 run-rate sales

Acquire





Kitchen Appliances



Home & Kitchen Appliances



Health & Wellness



Essential Oils



**Printing
Supplies**



AUSSIE HEALTH CO

Wellness



TRUWEO

**Health &
Wellness**

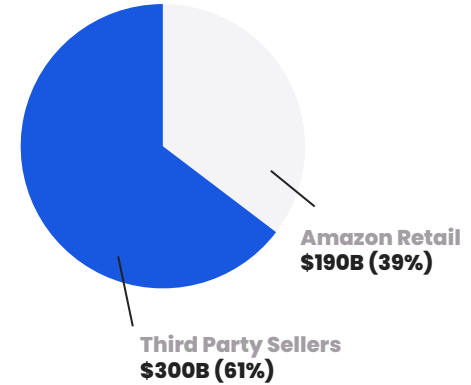
M&A Opportunity

\$300B Market on Amazon

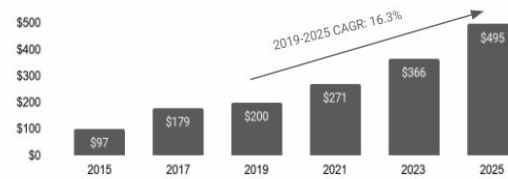
- 3+ million Amazon sellers
 - Who lack technology & scalability
 - Limited managerial Experience
 - Limited working capital
 - Have built strong and sustainable businesses



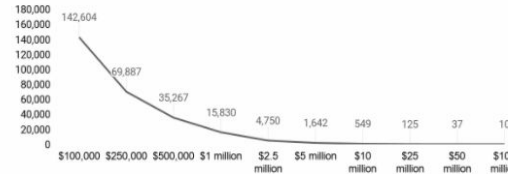
The Amazon Third-Party Seller market is larger than meets the eye, and it is growing quickly



3PS GMV Forecast - analysts expect between \$500 - 600bn by 2025



The market is as disparate today as it was in 2017 (data below); sellers with 100K+ in sales grew 4x since 2015



There is no sign of a slowdown - Net Sales from online stores and 3PS services continued to grow in Q3 2020

In millions

| Segment | Q3'19 | Q3'20 | YoY growth |
|-----------------------|----------|----------|------------|
| Online stores | \$35,039 | \$48,350 | 37.9% |
| Physical stores | 4,192 | 3,788 | -9.6% |
| 3PS Services | 13,212 | 20,436 | 54.7% |
| Subscription Services | 4,957 | 6,572 | 32.6% |
| AWS | 8,995 | 11,601 | 29.0% |
| Other (mostly ads) | 3,586 | 5,398 | 50.53% |

* Sources: Company Filings, Marketplacepulse

M&A Strategy

Growth at Accretive Multiples

- Continued focus on US market, plus expansion to other international marketplaces
- Continue to acquire 3rd party sellers with long term sustainable products
 - Strong social proof / High quality product
 - Unit economics
 - Limited innovation
 - Addressing a real need
- Acquire larger targets that have strong marketplace and retail businesses
- Focus on acquiring other aggregators who have hit inflection points in lifecycle
- Generally only purchasing: listing, IP, assets, manufacturer and retail relationships
- Limited headcount addition for Aterian (post-transition) for FBA businesses + quick integration - AIMEE onboarding

M&A Strategy: Competitive Landscape

Notable Competitors who Raised Capital to Acquire Amazon Brands

| Company | Amt. Raised | Stage | Revenue |
|----------------------------------|-------------|----------|---------|
| Thrasio | \$3.4B | Series D | \$1B?* |
| HeyDay | \$800M | Series B | ? |
| Perch | \$908M | Series D | ? |
| SellerX | \$267M | Series B | ? |
| Boosted Commerce | 380M | Series B | ? |
| Heroes | \$265M | Series B | ? |

*Sources: [Crunchbase](#), [Marketplace Pulse](#), [Forbes](#)

**Estimate from pymnts.com

Cumulative Cash Raised by Amazon Acquirers 2020



Notable Debt and Equity Investors



Asset Management

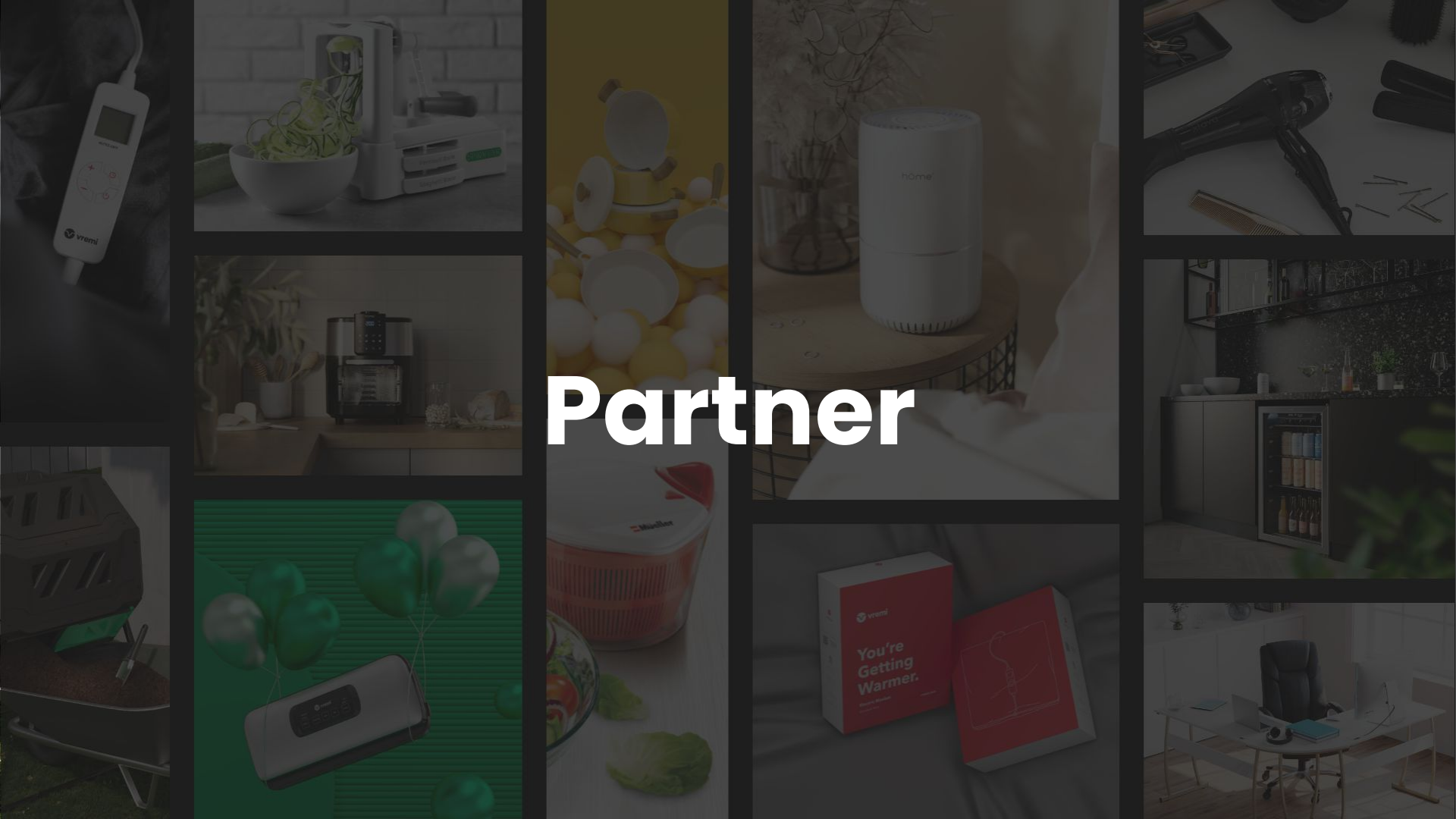
BLACKROCK



GENERAL  CATALYST

khosla ventures

 BainCapital



Partner

Turnkey platform for eCommerce brands

The AIMEE™ platform automates sales and drives performance across the largest e-commerce channels & marketplaces



E-commerce Logistics at Scale

Optimized for oversized Products

97% 

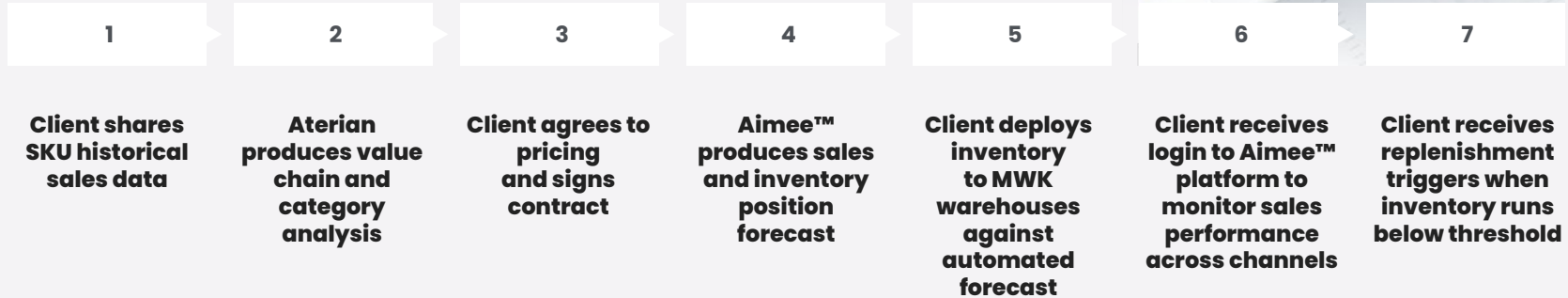
Aterian Fulfillment Network ensures 2 days delivery to 97% of the US and 1 day delivery to 76% of the US



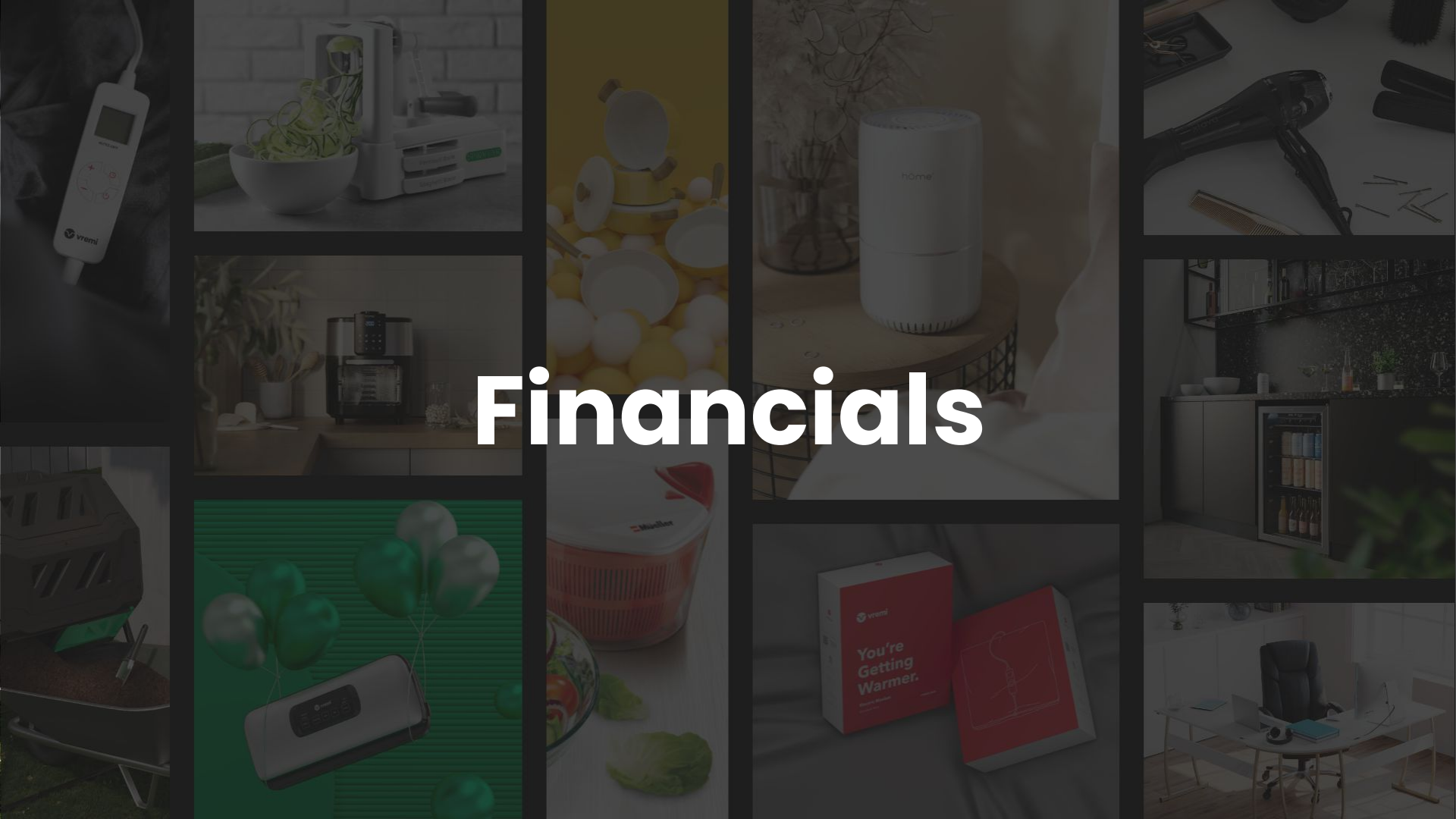
Streamlined client onboarding

2-4 weeks

Total Onboarding time

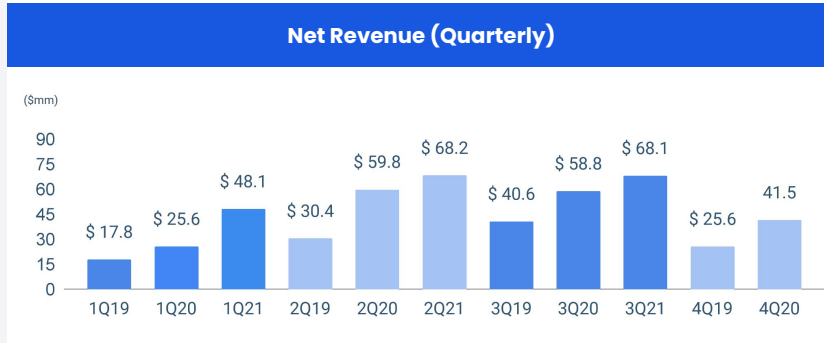
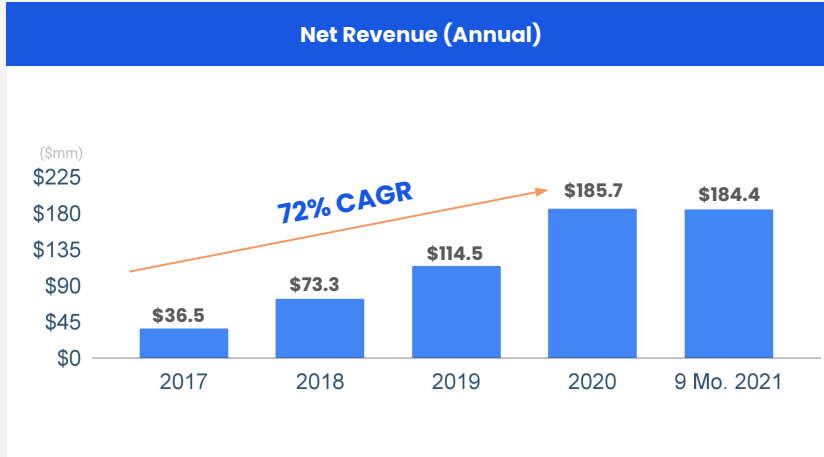


Financials

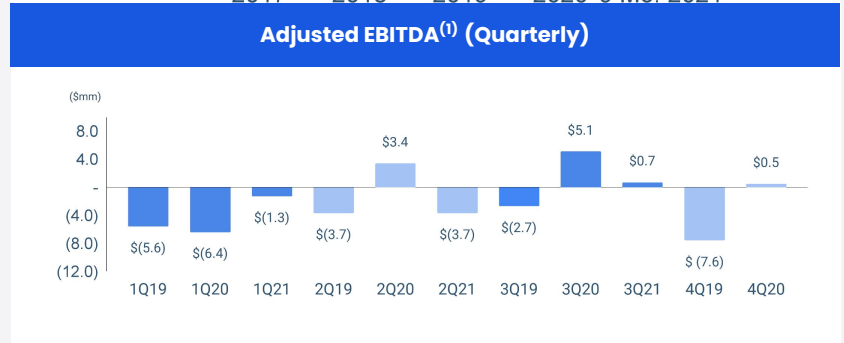
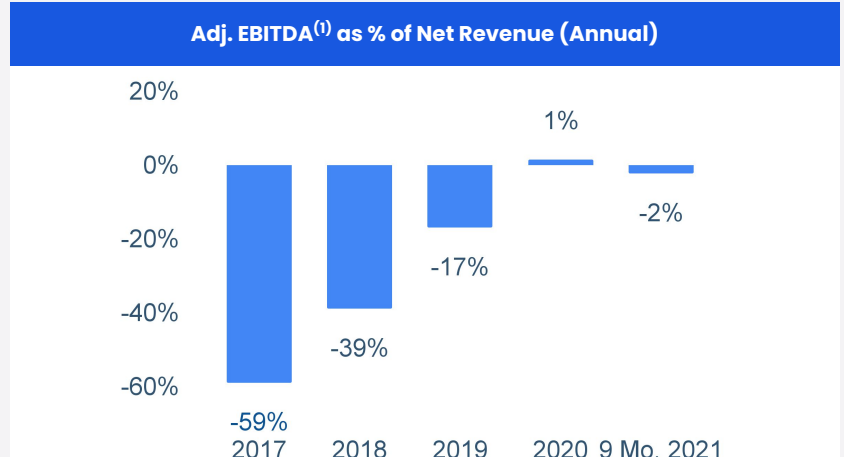


Business Model Driving Improved Y/Y Results

~72% Net Revenue CAGR 2017 -2020
 ~36% Net Revenue Growth 1H21 / 1H20



\$5.1MM Cash from Operations in 2020



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

Target Model

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



Multiple Opportunities to Drive Growth and Profitability

- 
- 1 | Continue optimizing product economics by lowering manufacturing and logistics costs through increased purchasing power
 - 2 | Pursue higher value products and larger product markets
 - 3 | Opportunistically add new products and categories through acquisition
 - 4 | Expand to international and new domestic eCommerce marketplaces
 - 5 | Monetize AIMEE platform by providing access to third-party brands



Management Team



Yaniv Sarig
CEO & CO-FOUNDER



Arturo Rodriguez
CFO



Michal Chaouat-Fix
CPO



Pramod K C
COO



Tomer Pascal
CRO



Roi Zahut
CTO



Sascha Lewis
CMO



Joe Risico
CHIEF LEGAL OFFICER,
HEAD OF M&A



Penelopi Kosteas
DIRECTOR HR

Deep
experience in
e-commerce,
CPG & Tech

Appendix

Balance Sheet

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

| | <u>December 31, 2020</u> | <u>September 30, 2021</u> |
|--|------------------------------|-------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | \$ 26,718 | \$ 37,470 |
| Accounts receivable—net | 5,747 | 9,292 |
| Inventory | 31,582 | 71,273 |
| Prepaid and other current assets | 11,111 | 12,831 |
| Total current assets | <u>75,158</u> | <u>130,866</u> |
| PROPERTY AND EQUIPMENT—net | 169 | 1,299 |
| GOODWILL—net | 47,318 | 118,619 |
| OTHER INTANGIBLES—net | 31,460 | 67,355 |
| OTHER NON-CURRENT ASSETS | 3,349 | 3,546 |
| TOTAL ASSETS | <u>\$ 157,454</u> | <u>\$ 321,685</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Credit facility | \$ 12,190 | \$ — |
| Accounts payable | 14,856 | 24,640 |
| Term loan | 21,600 | — |
| Seller notes | 16,231 | 8,827 |
| Contingent earn-out liability | 1,515 | 14,886 |
| Accrued and other current liabilities | 8,340 | 18,177 |
| Total current liabilities | <u>74,732</u> | <u>66,530</u> |
| OTHER LIABILITIES | 1,841 | 379 |
| CONTINGENT EARN-OUT LIABILITY | 21,016 | 16,667 |
| TERM LOANS | 36,483 | 25,454 |
| Total liabilities | <u>134,072</u> | <u>109,030</u> |
| COMMITMENTS AND CONTINGENCIES (Note 9) | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, par value \$0.0001 per share—500,000,000 shares authorized and 27,074,791 shares outstanding at December 31, 2020; 500,000,000 shares authorized and 50,049,660 shares outstanding at September 30, 2021 | 3 | 5 |
| Additional paid-in capital | 216,305 | 635,296 |
| Accumulated deficit | (192,935) | (422,350) |
| Accumulated other comprehensive income (loss) | 9 | (296) |
| Total stockholders' equity | <u>23,382</u> | <u>212,655</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 157,454</u> | <u>\$ 321,685</u> |

Income Statement

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, | |
|--|-------------------------------------|--------------|------------------------------------|--------------|
| | 2020 | 2021 | 2020 | 2021 |
| NET REVENUE | \$ 58,783 | \$ 68,121 | \$ 144,212 | \$ 184,446 |
| COST OF GOODS SOLD | 30,688 | 33,946 | 78,218 | 91,464 |
| GROSS PROFIT | 28,095 | 34,175 | 65,994 | 92,982 |
| OPERATING EXPENSES: | | | | |
| Sales and distribution | 18,944 | 32,337 | 51,472 | 96,716 |
| Research and development | 1,846 | 2,767 | 6,578 | 7,220 |
| General and administrative | 7,199 | 10,843 | 23,554 | 31,807 |
| Change in fair value of contingent earn-out liabilities | — | (4,245) | — | (11,949) |
| TOTAL OPERATING EXPENSES: | 27,989 | 41,702 | 81,604 | 123,794 |
| OPERATING INCOME (LOSS) | 106 | (7,527) | (15,610) | (30,812) |
| INTEREST EXPENSE—net | 934 | 2,786 | 3,120 | 11,877 |
| CHANGE IN FAIR VALUE OF DERIVATIVE LIABILITY | — | 1,360 | — | 3,254 |
| LOSS ON EXTINGUISHMENT OF DEBT | — | 106,991 | — | 136,763 |
| CHANGE IN FAIR VALUE OF WARRANT LIABILITY | — | (8,134) | — | 26,455 |
| LOSS ON INITIAL ISSUANCE OF WARRANT | — | — | — | 20,147 |
| OTHER EXPENSE (INCOME) | (23) | 5 | (4) | 43 |
| LOSS BEFORE INCOME TAXES | (805) | (110,535) | (18,726) | (229,351) |
| PROVISION FOR INCOME TAXES | — | 21 | 46 | 64 |
| NET LOSS | \$ (805) | \$ (110,556) | \$ (18,772) | \$ (229,415) |
| Net loss per share, basic and diluted | \$ (0.05) | \$ (3.13) | \$ (1.18) | \$ (7.55) |
| Weighted-average number of shares outstanding, basic and diluted | 17,090,050 | 35,359,999 | 15,903,517 | 30,383,375 |

Non-GAAP Reconciliations: Adjusted EBITDA

| | Mar-21 | Jun-21 | Sep-21 |
|--|------------------------------------|------------|-------------|
| | (in thousands, except percentages) | | |
| Net loss | (\$82,553) | (\$36,306) | (\$110,556) |
| Add: | | | |
| Provision for income taxes | | 41 | 21 |
| Interest expense, net | 4,420 | 4,675 | 2786 |
| Depreciation and amortization | 1,204 | 1,681 | 1872 |
| EBITDA | (76,929) | (29,909) | (105877) |
| Other expense (income), net | (33) | (5) | 5 |
| Change in fair value of contingent earn-out liabilities | 15,645 | (23,349) | (4245) |
| Amortization of inventory step-up from acquisitions (included in cost of goods sold) | 1,808 | 2,233 | 875 |
| Change in fair market value of warrant liability | 30,202 | 4,387 | (8134) |
| Change in fair value of derivative liability | — | 1,894 | 1360 |
| Loss on extinguishment of debt | — | 29,772 | 106991 |
| Loss on initial issuance of warrant | 20,147 | — | — |
| Professional fees related to acquisitions | 449 | 948 | 53 |
| Transition costs from acquisitions | 552 | 632 | 130 |
| Professional fees related to Photo Paper Direct acquisitions | — | 696 | — |
| Reserve on dispute with PPE supplier | — | 4,100 | — |
| Stock-based compensation expense | 6,899 | 4,862 | 9570 |
| Adjusted EBITDA | (\$1,260) | (\$3,739) | \$728 |
| Adjusted EBITDA as a percentage of net revenue | (2.6)% | (5.5)% | 1.1% |

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)% |

Thank you

aterian.io

