



# The Leading Consumer Product Platform

Sharpening the Tools of Trade

**INVESTOR PRESENTATION  
FEBRUARY 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.

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## 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, 2021 and the most recently filed 10-Q for the quarterly period ended September 30, 2022.



# 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.**



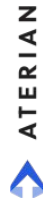
ATERIAN

# 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.



2,000+

SKUs

61%

CAGR 2017-21

MKT  
FOCUS

amazon

Walmart\*

shopify

# 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

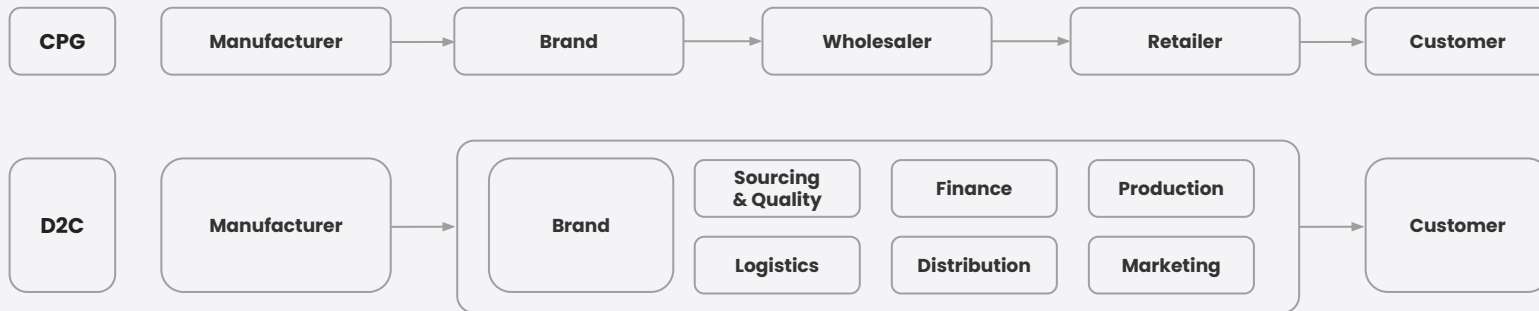
We **Acquire** high caliber profitable consumer product brands. We use Aimee™ to qualify existing products to forecast future growth and automate the management of the assets once acquired

# Partner

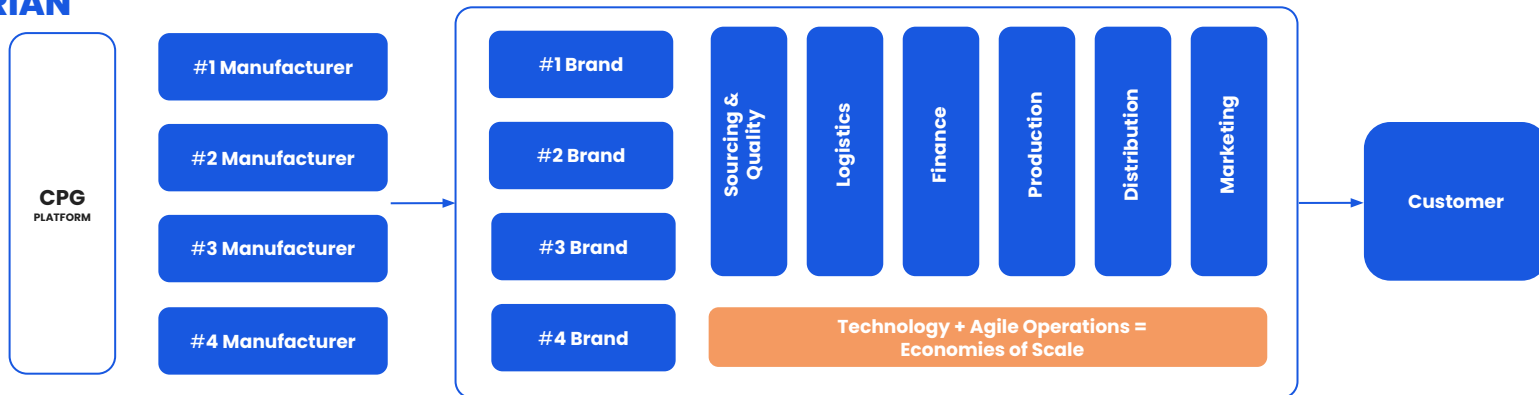
We offer our **Platform as a Service** (PaaS). Brands use Aimee™ as a turnkey way to effectively manage their sales across eCommerce channels and drive better unit economics across their product portfolio

# Evolution to Consumer Product Platform

## HISTORICALLY



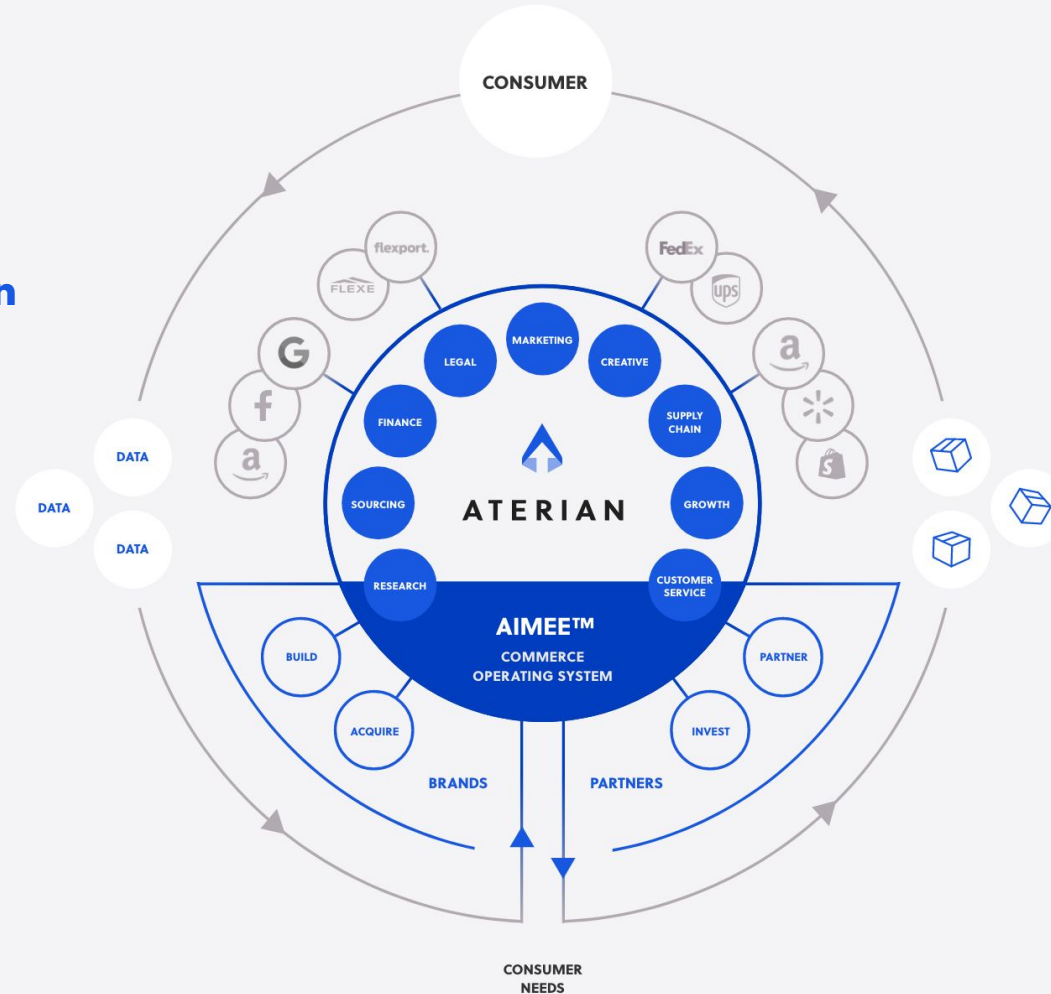
## ATERIAN



# Aterian's 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 product platform.



# Say Hello to AIMEE™

## Commerce Operating System

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

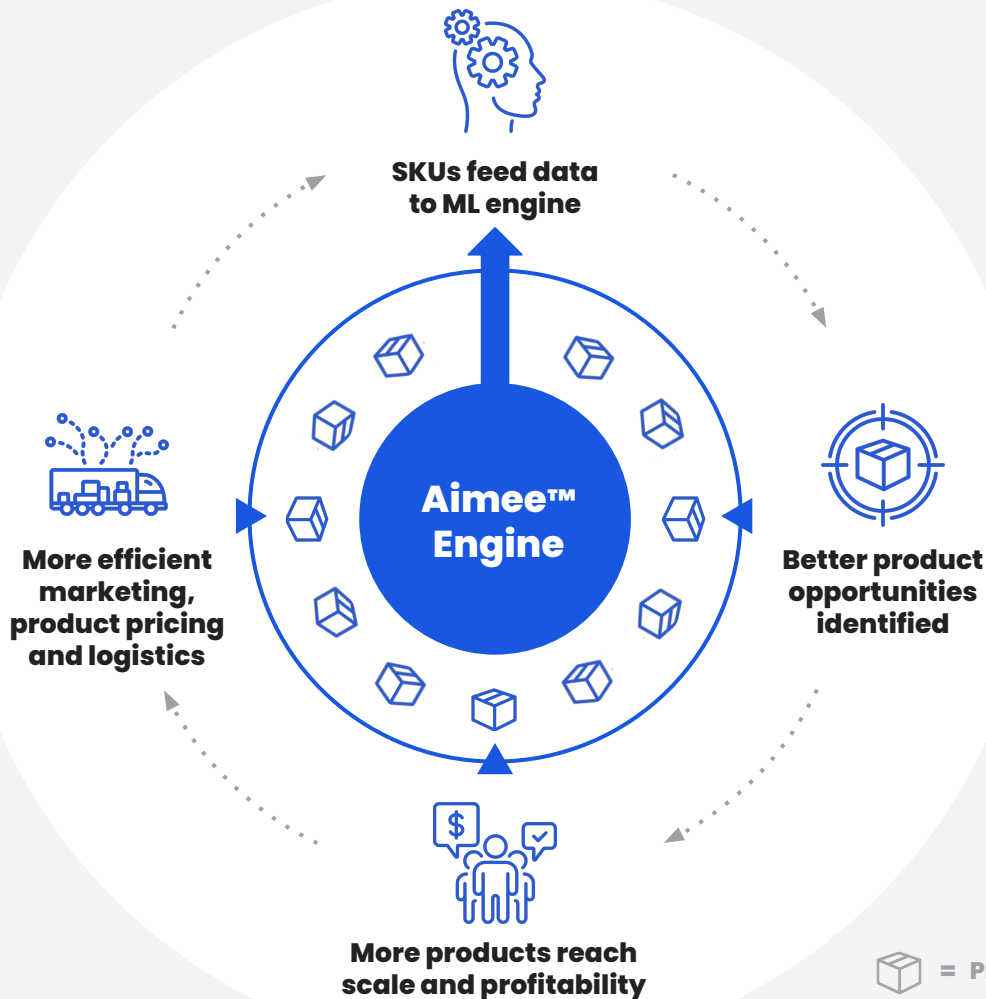


# AIMEE™ Platform Flywheel



**2,000+ SKUs under  
Management**

**~\$350 million GMV**



# Massive And Rapidly Expanding Market

**Worldwide E-Commerce  
Sales are higher than  
ever and expected to  
grow higher<sup>(1)</sup>**

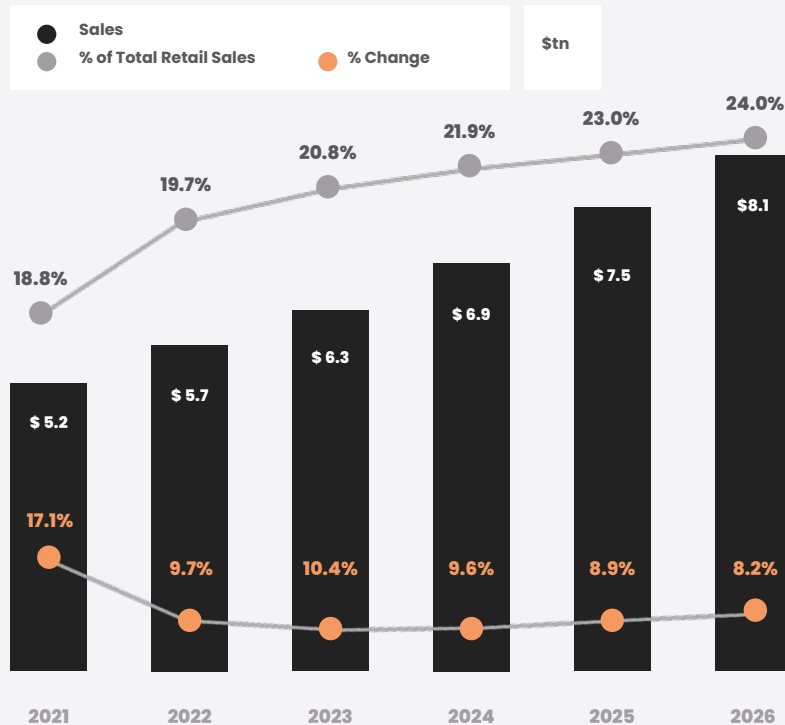
**\$5.7 trillion      \$8.1 trillion**

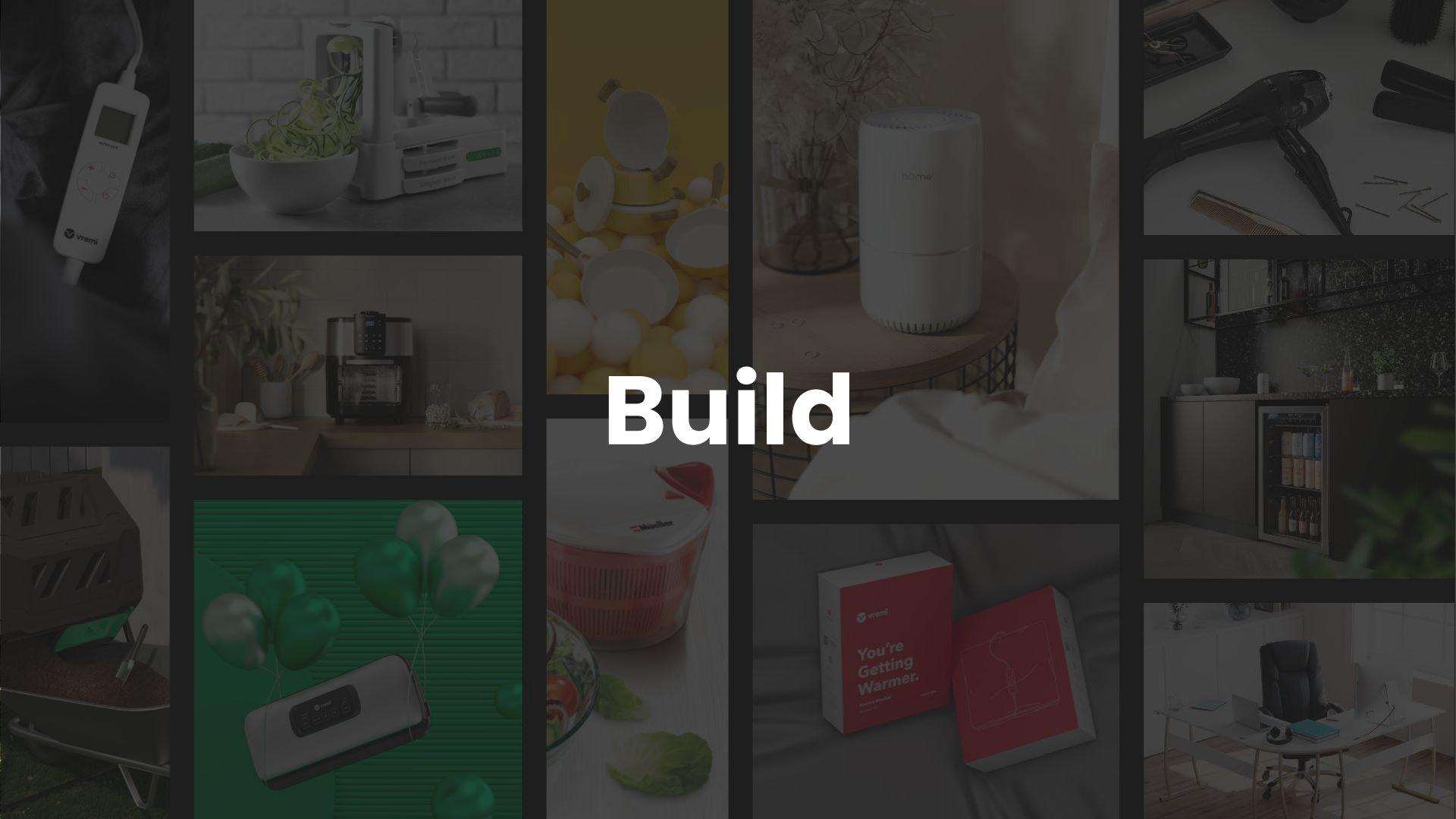
**2022**

**2026**

<sup>(1)</sup> eMarketer estimates - June 2022

## RETAIL ECOMMERCE SALES WORLDWIDE & % OF TOTAL RETAIL SALES<sup>(1)</sup>





Build



home

**Home  
Appliances**



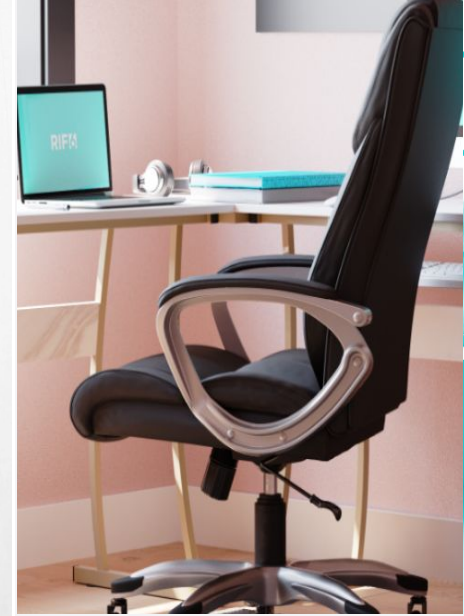
vremi

**Home & Kitchen  
Appliances**



xtava

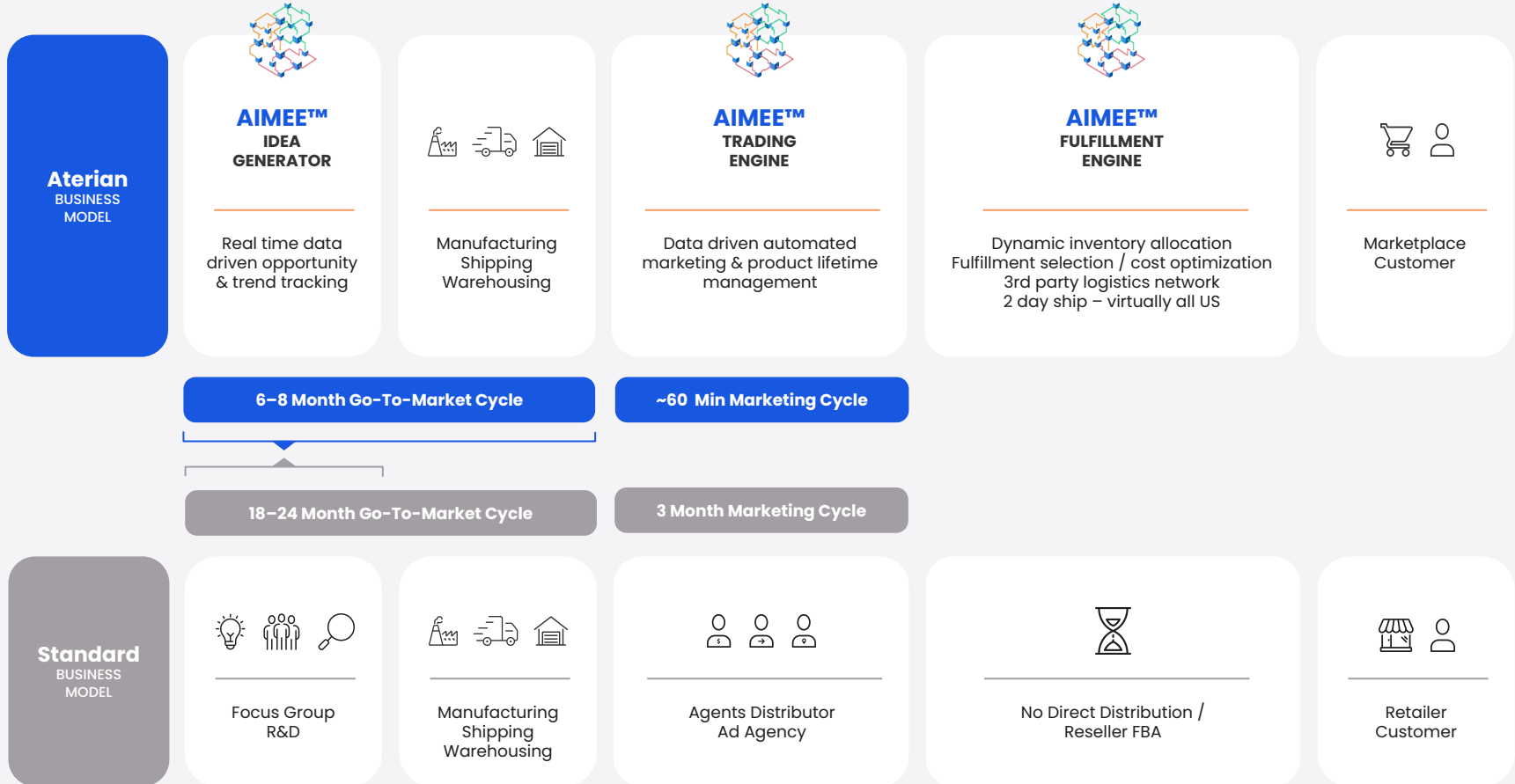
**Beauty  
Products**



RIFA

**Home / Work &  
Exercise Gear**

# Aterian Significantly Shortens Go-To-Market Timing





Acquire



**Squatty Potty**

**Health  
& Wellness**



**Mueller**

**Kitchen  
Appliances**



**POHL+SCHMITT**

**Home & Kitchen  
Appliances**



**HealingSolutions**

**Essential  
Oils**



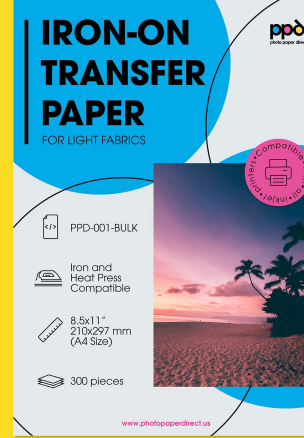
**TRUWEO**

**Health &  
Wellness**



**Pur**  **Steam**

**Home  
Appliances**



**ppd**<sup>®</sup>  
photo paper direct

**Photo & Transfer  
Paper**



**SPIRALIZER**

**Kitchen  
Appliances**



  
**AUSSIE HEALTH CO**

**Wellness**

# M&A Strategy

## Growth at Accretive Multiples

- Continued focus on US market, with eye towards expansion to other international marketplaces
- Continue to consider acquisition of 3rd party sellers with long term sustainable products. We look for:
  - Strong social proof / High quality product
  - Unit economics
  - Limited innovation
  - Addressing a real need
- We also evaluate larger targets that have strong marketplace and retail businesses
  - Such as 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

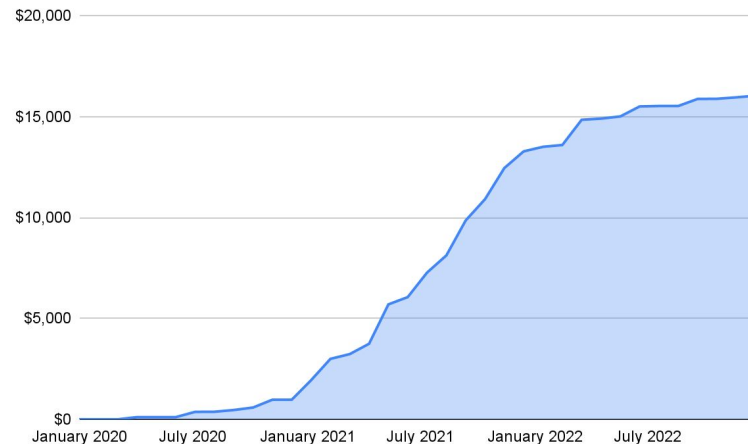
# M&A Strategy: Competitive Landscape

## Notable Competitors who Raised Capital to Acquire Amazon Brands

Company	Amt. Raised	Stage	Revenue
<u>Thrasio</u>	\$3.4B	Series D	\$1B?*
<u>Berlin Brands Group</u>	\$1.3B	?	\$400m***
<u>Razor Group</u>	\$1.0B	Series C	\$400M****
<u>Perch</u>	\$908M	Series D	\$80M****
<u>HeyDay</u>	\$800M	Series C	\$175M****
<u>SellerX</u>	\$767M	Series C	\$100M****
<u>Elevate Brands</u>	\$592M	Series B	\$150M****

\*Sources: [Crunchbase](#), [Marketplace Pulse](#), [Forbes](#), [EcommerceNews.eu](#)  
 \*\*Estimate from pymnts.com \*\*\* 2020 Revenue Estimate \*\*\*\*2021 Revenue Estimate

## Cumulative Cash Raised by Amazon Acquirers



## Notable Debt and Equity Investors



Asset  
Management

BLACKROCK



J.P.Morgan



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's fulfillment network ensures 2 day delivery to 97% of the US and 1 day delivery to 76% of the US



# Streamlined client onboarding

## 2-4 weeks

Total Onboarding time



1

**Client shares  
SKU historical  
sales data**

2

**Aterian  
produces value  
chain and  
category  
analysis**

3

**Client agrees to  
terms  
and signs  
contract**

4

**Aimee™  
produces sales  
and inventory  
position  
forecast**

5

**Client deploys  
inventory  
to Aterian  
warehouses  
against  
automated  
forecast**

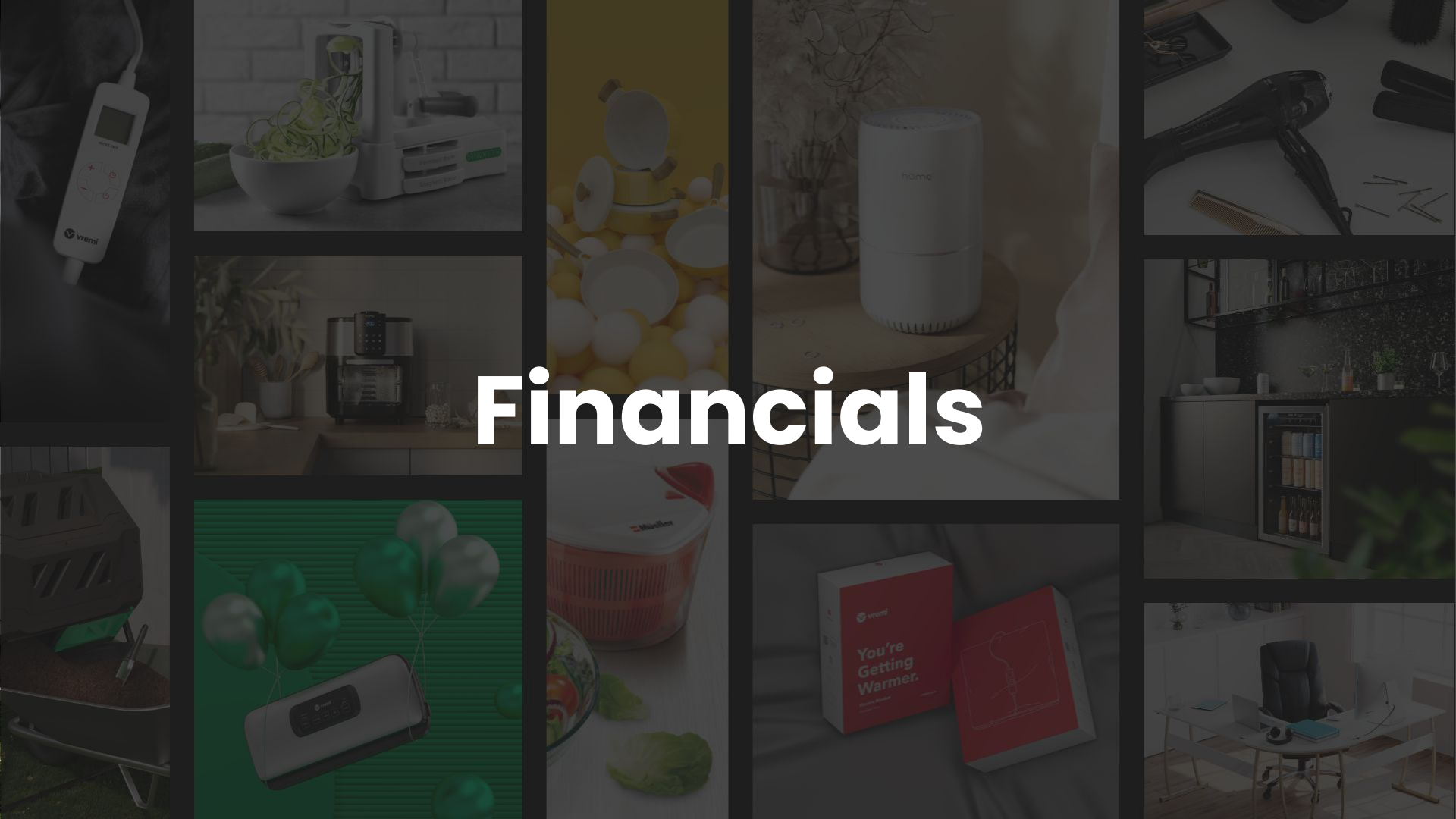
6

**Client receives  
login to Aimee™  
platform to  
monitor sales  
performance  
across channels**

7

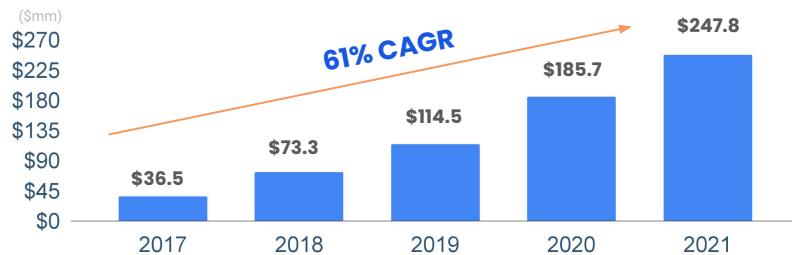
**Client receives  
replenishment  
triggers when  
inventory runs  
below threshold**

# Financials



# Business Model Driving Results

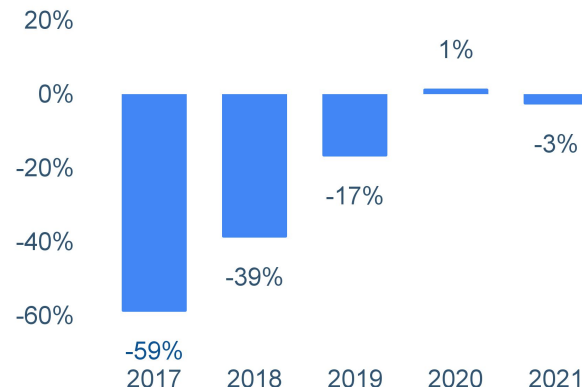
Net Revenue (Annual)



Net Revenue (Quarterly)



Adj. EBITDA<sup>(1)</sup> as % of Net Revenue (Annual)



Adjusted EBITDA<sup>(1)</sup> (Quarterly)



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

# Target Model

	2019	2020	2021	LONG TERM TARGET
Net Revenues	100%	100%	100%	100%
Contribution Margin	2%	13%	10%	18-20%
Fixed Operating Cost	19% \$ 22 m (½ Year Public)	13% \$ 24 m (Full Year Public)	20% \$49 m	5%
Adj. EBITDA	(17)%	1%	(3)%	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 E-Commerce marketplaces
  - 5 | Monetize AIMEE platform by providing access to third-party brands



# Management Team



**Yaniv Sarig**  
CEO & CO-FOUNDER



**Arturo Rodriguez**  
CHIEF FINANCIAL OFFICER



**Michal Chaouat-Fix**  
CHIEF SUPPLY CHAIN OFFICER



**Joe Risico**  
CHIEF LEGAL OFFICER,  
HEAD OF M&A



**Roi Zahut**  
CHIEF TECHNOLOGY OFFICER



**Tim Stanton**  
CHIEF E-COMMERCE OFFICER



**Penelopi Kosteas**  
HEAD OF HUMAN RESOURCES

Deep  
experience in  
E-Commerce,  
Consumer  
Products &  
Tech

# Appendix

# Balance Sheet

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

	December 31, 2021	September 30, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 30,317	\$ 25,997
Accounts receivable—net	10,478	4,933
Inventory	63,045	60,457
Prepaid and other current assets	21,034	10,459
Total current assets	124,874	101,846
PROPERTY AND EQUIPMENT—net	1,254	856
GOODWILL—net	119,941	—
OTHER INTANGIBLES—net	64,955	56,265
OTHER NON-CURRENT ASSETS	2,546	2,564
<b>TOTAL ASSETS</b>	<b>\$ 313,570</b>	<b>\$ 161,531</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Credit facility	\$ 32,845	\$ 23,919
Accounts payable	21,716	13,491
Seller notes	7,577	2,326
Contingent earn-out liability	3,983	—
Warrant liability	—	6,308
Accrued and other current liabilities	17,621	14,533
Total current liabilities	83,742	60,577
OTHER LIABILITIES	360	1,673
CONTINGENT EARN-OUT LIABILITY	5,240	—
Total liabilities	89,342	62,250
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, par value \$0.0001 per share—500,000,000 shares authorized and 55,090,237 shares outstanding at December 31, 2021; 500,000,000 shares authorized and 69,540,749 shares outstanding at September 30, 2022	5	7
Additional paid-in capital	653,650	705,775
Accumulated deficit	(428,959)	(604,946)
Accumulated other comprehensive loss	(468)	(1,555)
Total stockholders' equity	224,228	99,281
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 313,570</b>	<b>\$ 161,531</b>

# 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,	
	2021	2022	2021	2022
NET REVENUE	\$ 68,121	\$ 66,326	\$ 184,446	\$ 166,268
COST OF GOODS SOLD	33,946	36,135	91,464	81,118
GROSS PROFIT	34,175	30,191	92,982	85,150
OPERATING EXPENSES:				
Sales and distribution	32,337	33,792	96,716	88,632
Research and development	2,767	1,706	7,220	4,582
General and administrative	10,843	10,369	31,807	29,481
Impairment loss on goodwill	—	90,921	—	119,941
Impairment loss on intangibles	—	3,118	—	3,118
Change in fair value of contingent earn-out liabilities	(4,245)	(774)	(11,949)	(5,240)
TOTAL OPERATING EXPENSES:	41,702	139,132	123,794	240,514
OPERATING LOSS	(7,527)	(108,941)	(30,812)	(155,364)
INTEREST EXPENSE—net	2,786	904	11,877	2,043
GAIN ON EXTINGUISHMENT OF SELLER NOTE	—	—	—	(2,012)
LOSS ON INITIAL ISSUANCE OF EQUITY	—	12,834	—	18,669
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)	(5,528)	26,455	2,365
LOSS ON INITIAL ISSUANCE OF WARRANT	—	—	20,147	—
OTHER EXPENSE (INCOME)	5	(174)	43	(199)
LOSS BEFORE INCOME TAXES	(110,535)	(116,977)	(229,351)	(176,230)
PROVISION FOR (BENEFIT FROM) INCOME TAXES	21	(75)	64	(243)
NET LOSS	\$ (110,556)	\$ (116,902)	\$ (229,415)	\$ (175,987)
Net loss per share, basic and diluted	\$ (3.13)	\$ (1.81)	\$ (7.55)	\$ (2.78)
Weighted-average number of shares outstanding, basic and diluted	35,359,999	64,648,650	30,383,375	63,397,196

# Non-GAAP Reconciliations: Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
	(in thousands, except percentages)			
Net loss	\$ (110,556)	\$ (116,902)	\$ (229,415)	\$ (175,987)
Add:				
Provision for (benefit from) income taxes	21	(75)	64	(243)
Interest expense, net	2,786	904	11,877	2,043
Depreciation and amortization	1,872	1,869	4,757	5,763
EBITDA	(105,877)	(114,204)	(212,717)	(168,424)
Other expense (income), net	5	(174)	43	(199)
Impairment loss on goodwill	—	90,921	—	119,941
Impairment loss on intangibles	—	3,118	—	3,118
Change in fair value of contingent earn-out liabilities	(4,245)	(774)	(11,949)	(5,240)
Amortization of inventory step-up from acquisitions (included in cost of goods sold)	875	—	4,916	—
Gain on extinguishment of seller note	—	—	—	(2,012)
Loss on initial issuance of equity	—	12,834	—	18,669
Change in fair value of derivative liability	1,360	—	3,254	—
Loss on extinguishment of debt	106,991	—	136,763	—
Change in fair market value of warrant liability	(8,134)	(5,528)	26,455	2,365
Loss on initial issuance of warrant	—	—	20,147	—
Professional fees related to acquisitions	53	—	1,450	—
Litigation reserve	—	1,800	—	2,600
Transition cost from acquisitions	130	—	1,314	—
Transition cost from Photo Paper Direct acquisition	—	—	696	—
Reserve on dispute with PPE supplier	—	—	4,100	—
Stock-based compensation expense	9,570	2,943	21,330	11,854
Adjusted EBITDA	\$ 728	\$ (9,064)	\$ (4,198)	\$ (17,328)
Net loss as a percentage of net revenue	(162.3)%	(176.3)%	(124.4)%	(105.8)%
Adjusted EBITDA as a percentage of net revenue	1.1%	(13.7)%	(2.3)%	(10.4)%

# Non-GAAP Reconciliations: Adjusted EBITDA

	Mar-21	Jun-21	Sep-21	Dec-21
	(in thousands, except percentages)			
Net loss	(\$82,553)	(\$36,306)	(\$110,556)	(\$5,309)
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
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)%



Thank you

[aterian.io](https://aterian.io)