



# The Leading Consumer Product Platform

Sharpening the Tools of Trade

**NOVEMBER 2021  
INVESTOR PRESENTATION**



# Disclaimer

## Caution Concerning Forward-Looking Statements

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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

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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

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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™

RIF

xtava™

AUSSIE HEALTH CO

Pur Steam

SPIRALIZER

Squatty Potty

Müller™

ppd  
photo paper direct

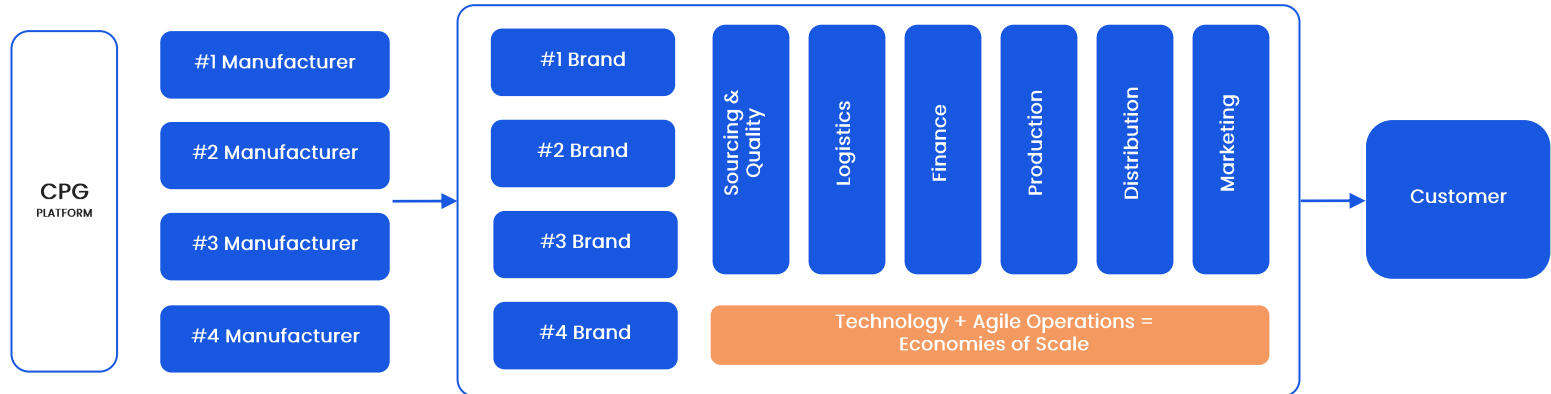
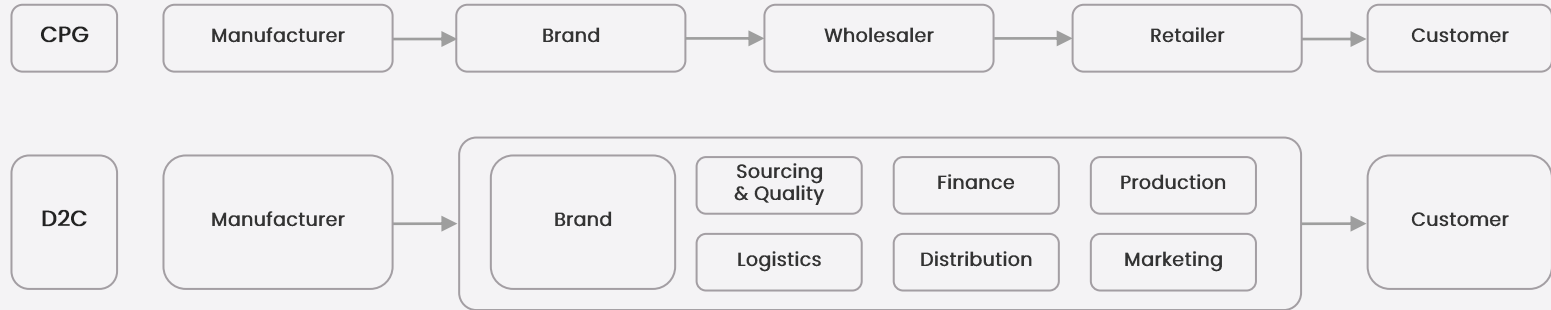
POHL & SCHMITT  
SWITZERLAND

Midea™

NOUHAUS

eureka®

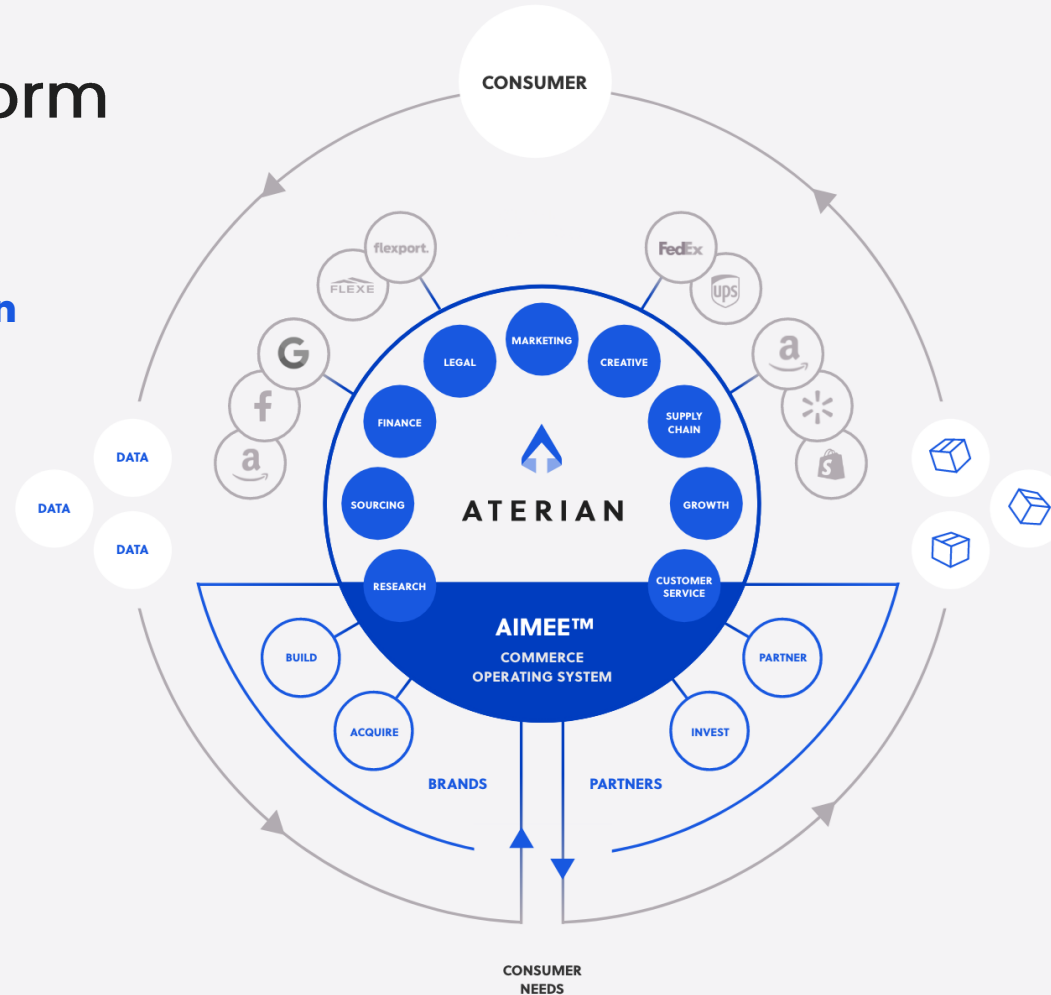
# Evolution to CPG Platform



# 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.



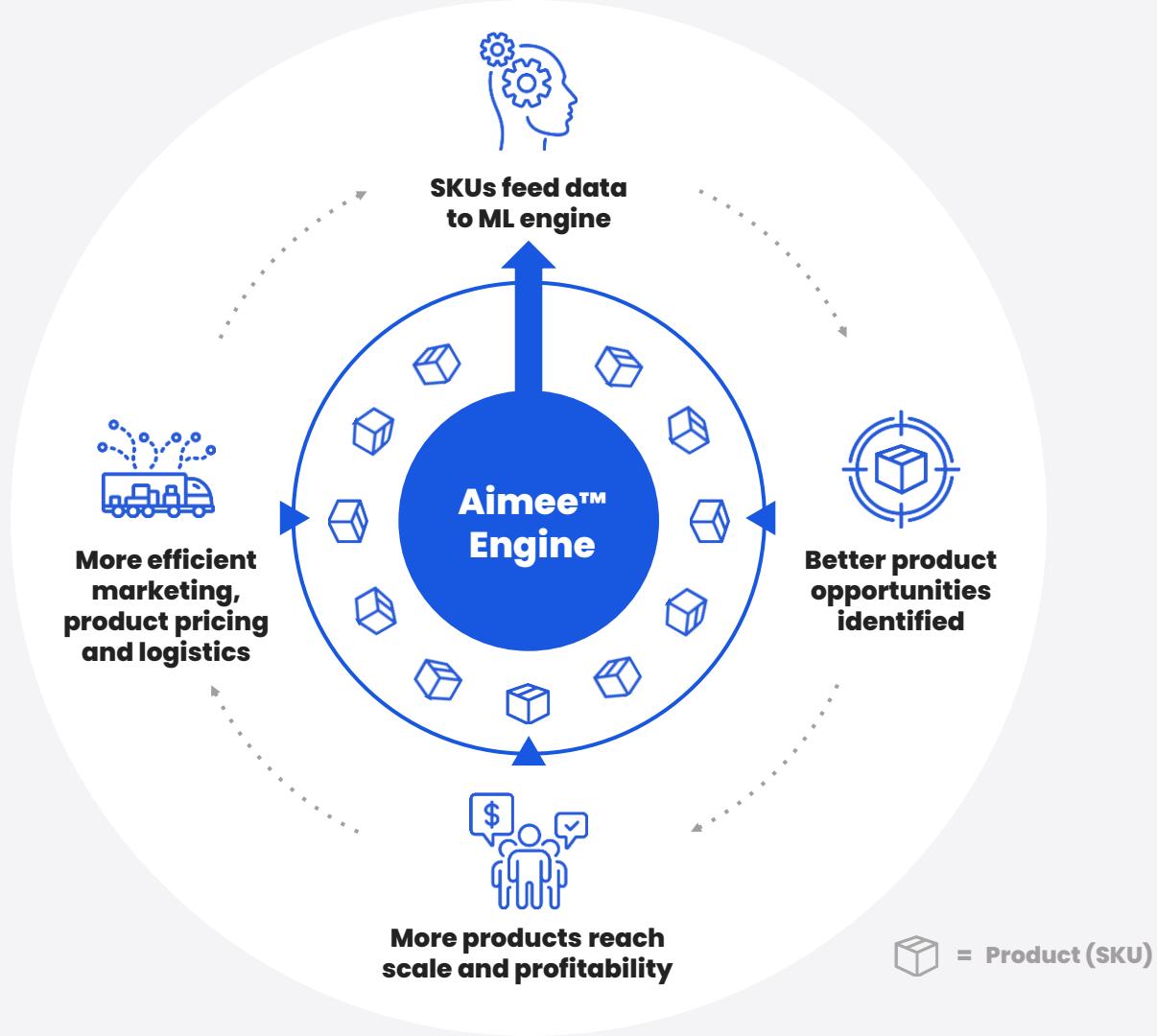


# AIMEE™ Platform Flywheel



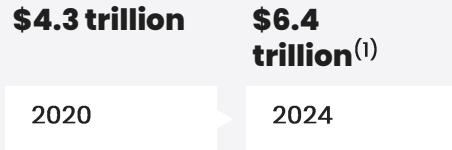
**3,000+ SKUs under Management**

**~\$350 million GMV**



# Massive And Rapidly Expanding Market

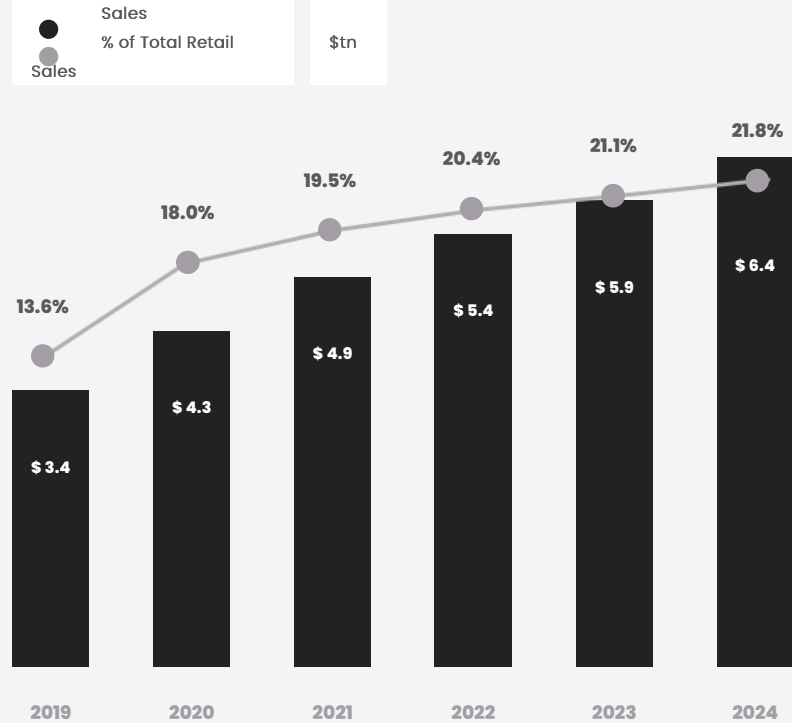
**Worldwide E-Commerce  
Sales are expected to  
grow to:**



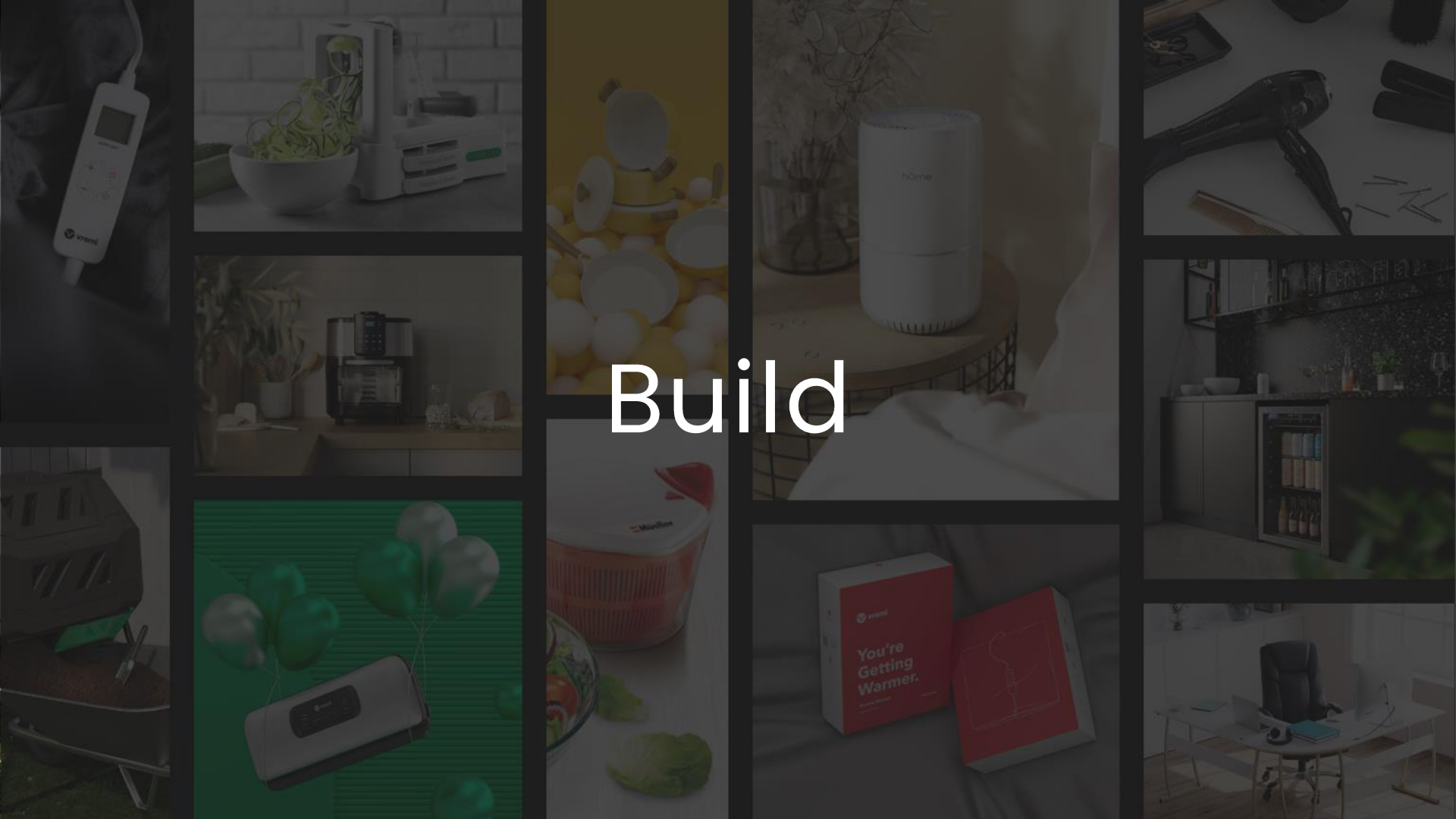
<sup>(1)</sup> eMarketer estimates

**CAGR 13.8%**

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



# Build





home

Home Appliances



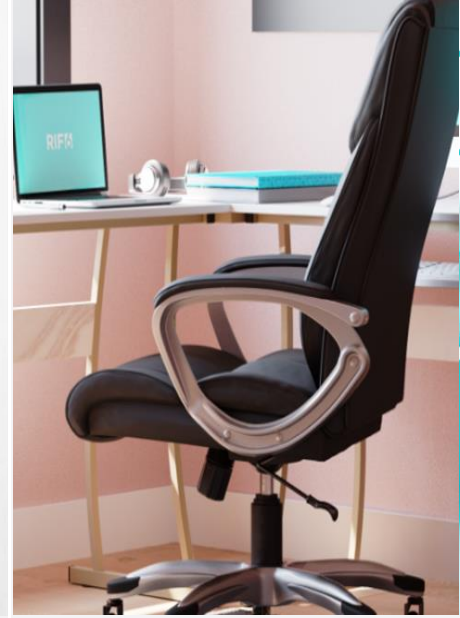
vremi

Home & Kitchen Appliances



xtava

Beauty Products




RIFTA

Consumer Electronics

# Aterian Significantly Shortens Go-To-Market Timing

**Aterian**  
BUSINESS MODEL



**AIMEE™**  
IDEA GENERATOR

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Real time data driven opportunity & trend tracking



Manufacturing  
Shipping  
Warehousing



**AIMEE™**  
TRADING ENGINE

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Data driven automated marketing & product lifetime management



**AIMEE™**  
FULFILLMENT ENGINE

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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



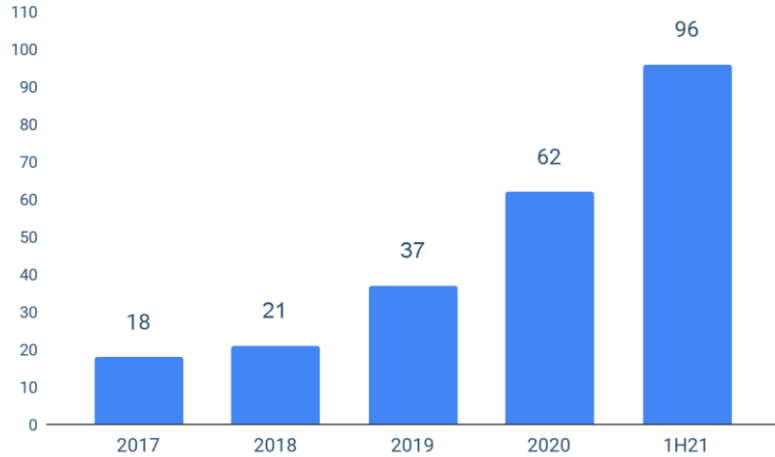
No Direct Distribution /  
Reseller FBA



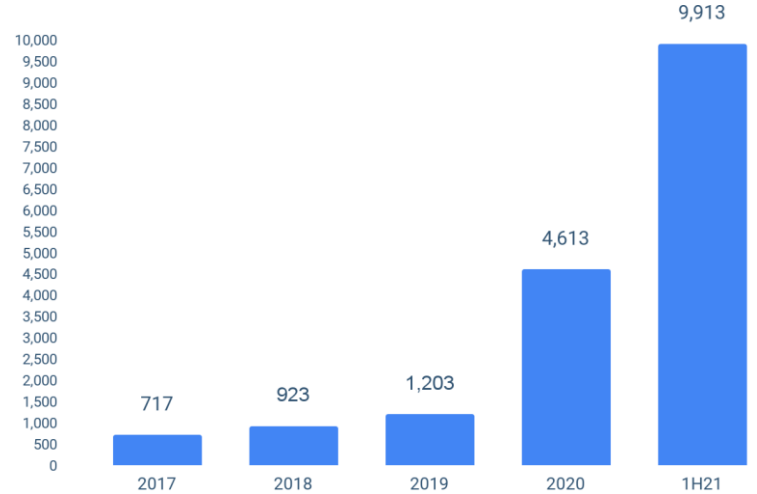
Retailer  
Customer

# AIMEE™ Delivering Results

Number of Products with \$500K + Annual Sales



Top 20 Products Average Review Count

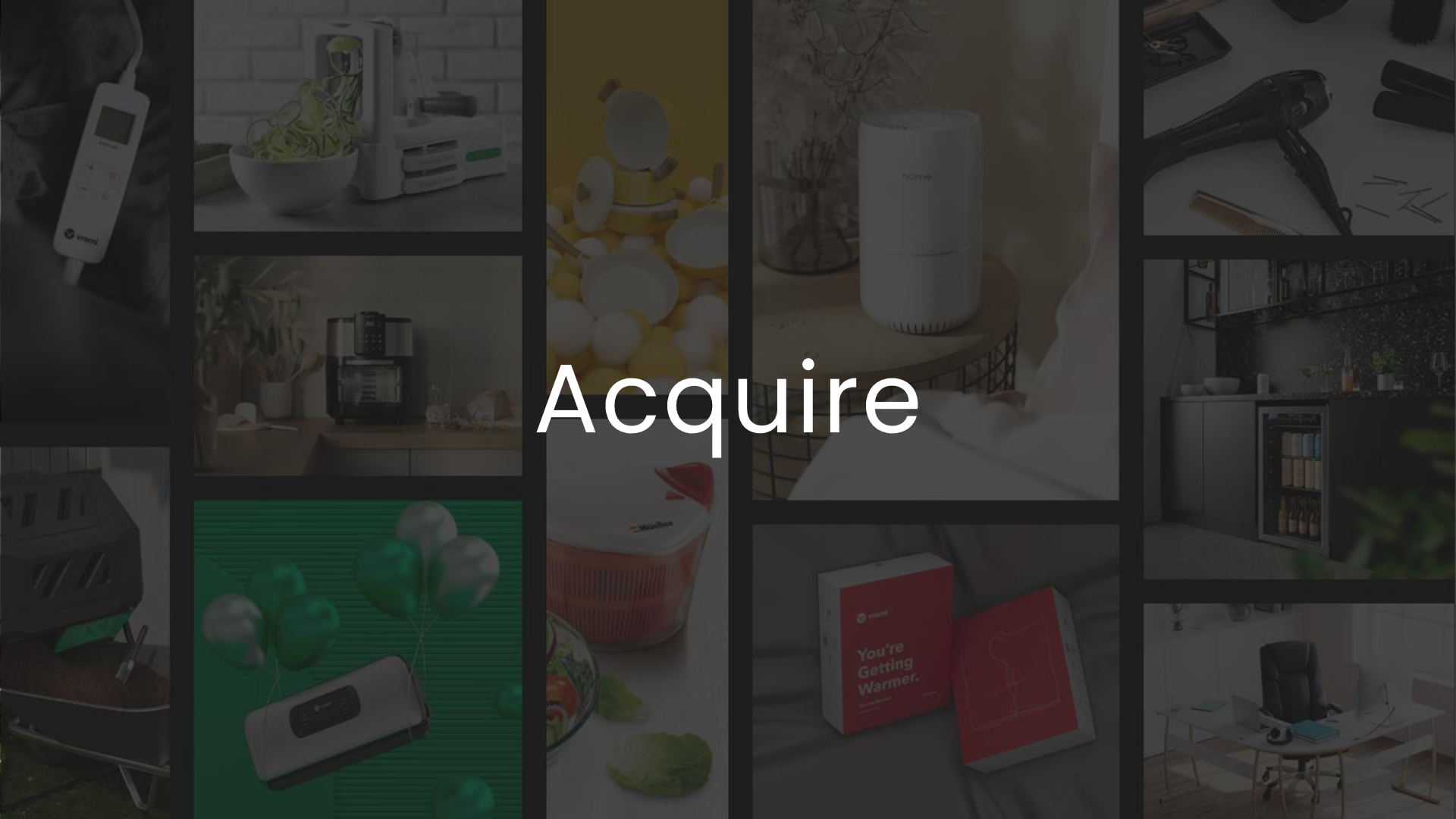


- 4.3 / 5.0 Average Review Score for all Aterian Products
- 175 Products in the Top 5 Search Results on Amazon

- 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



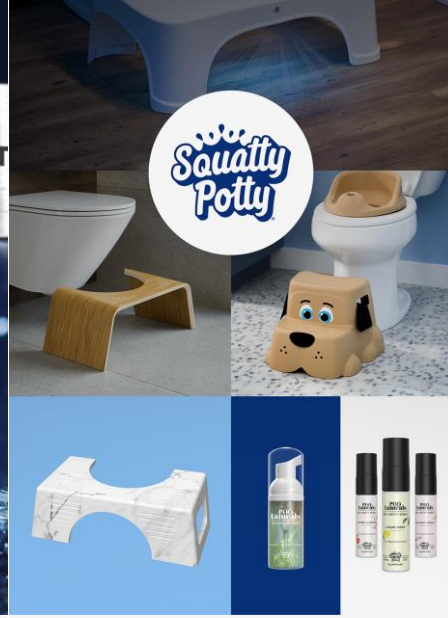




Kitchen Appliances



Home & Kitchen Appliances



Health & Wellness



Essential Oils





Printing  
Supplies

Wellness

Health &  
Wellness

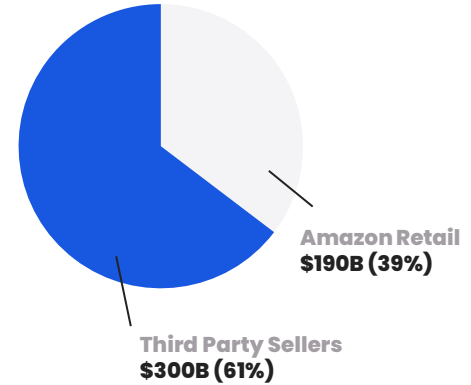
# M&A Opportunity

## \$300B Market on Amazon

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



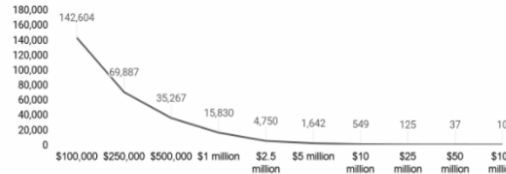
The Amazon Third-Party Seller market is larger than meets the eye, and it is growing quickly



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
<u>Thrasio</u>	\$3.4B	Series D	\$1B?*
<u>HeyDay</u>	\$800M	Series B	?
<u>Perch</u>	\$908M	Series D	?
<u>SellerX</u>	\$267M	Series B	?
<u>Boosted Commerce</u>	380M	Series B	?
<u>Heroes</u>	\$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

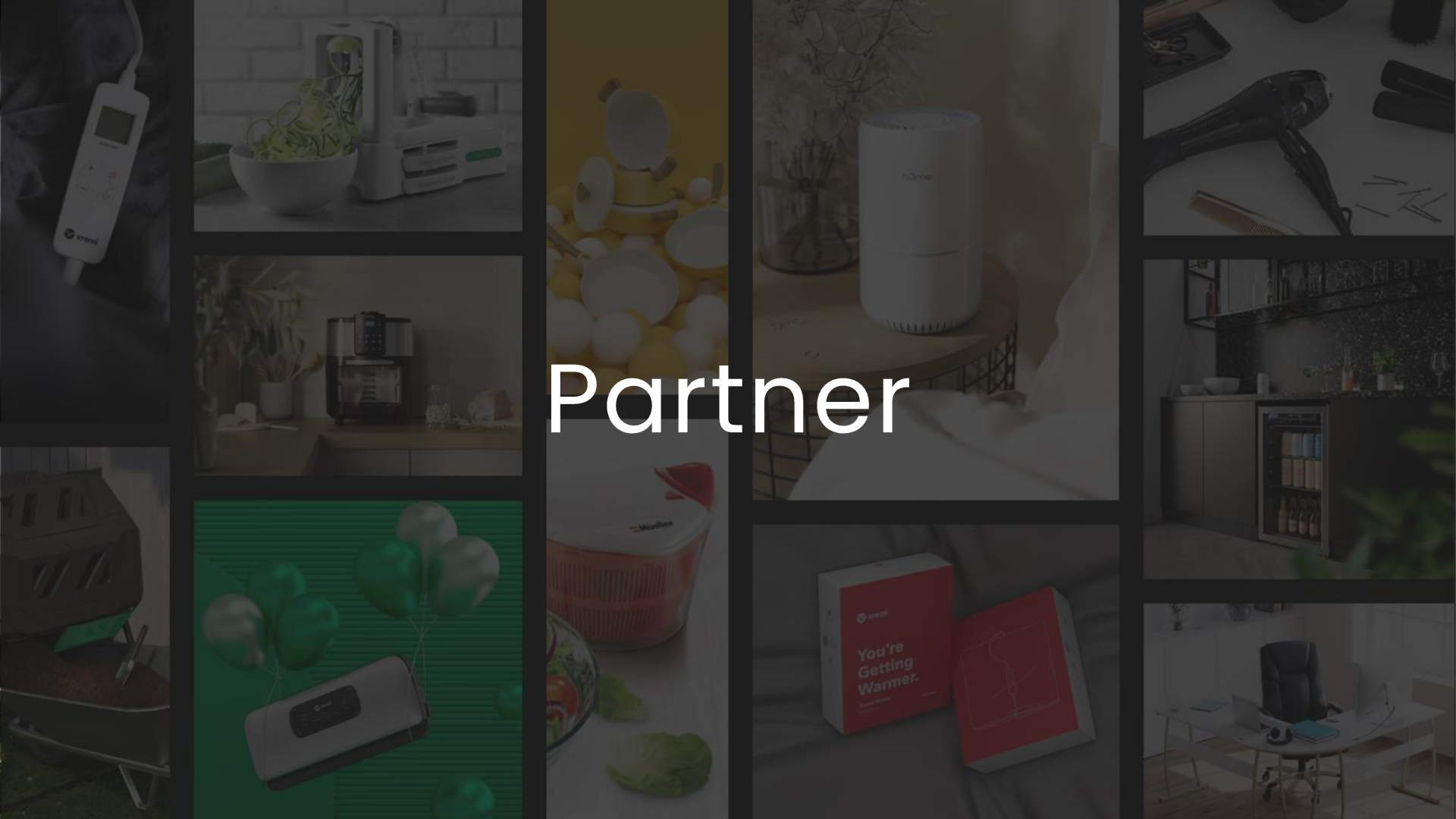


GENERAL CATALYST

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%** 

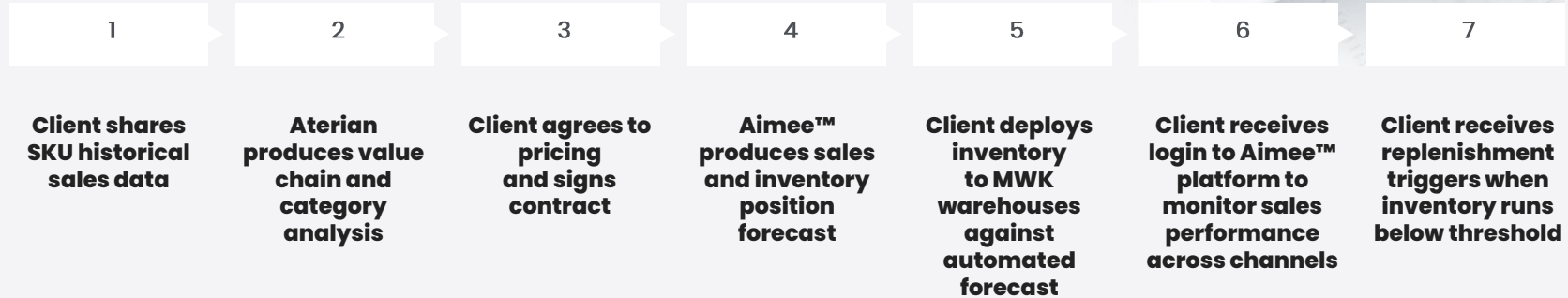
**Aterian Fulfillment Network ensures 2 days delivery to 97% of the US and 1 day delivery to 76% of the US**



# Streamlined client onboarding

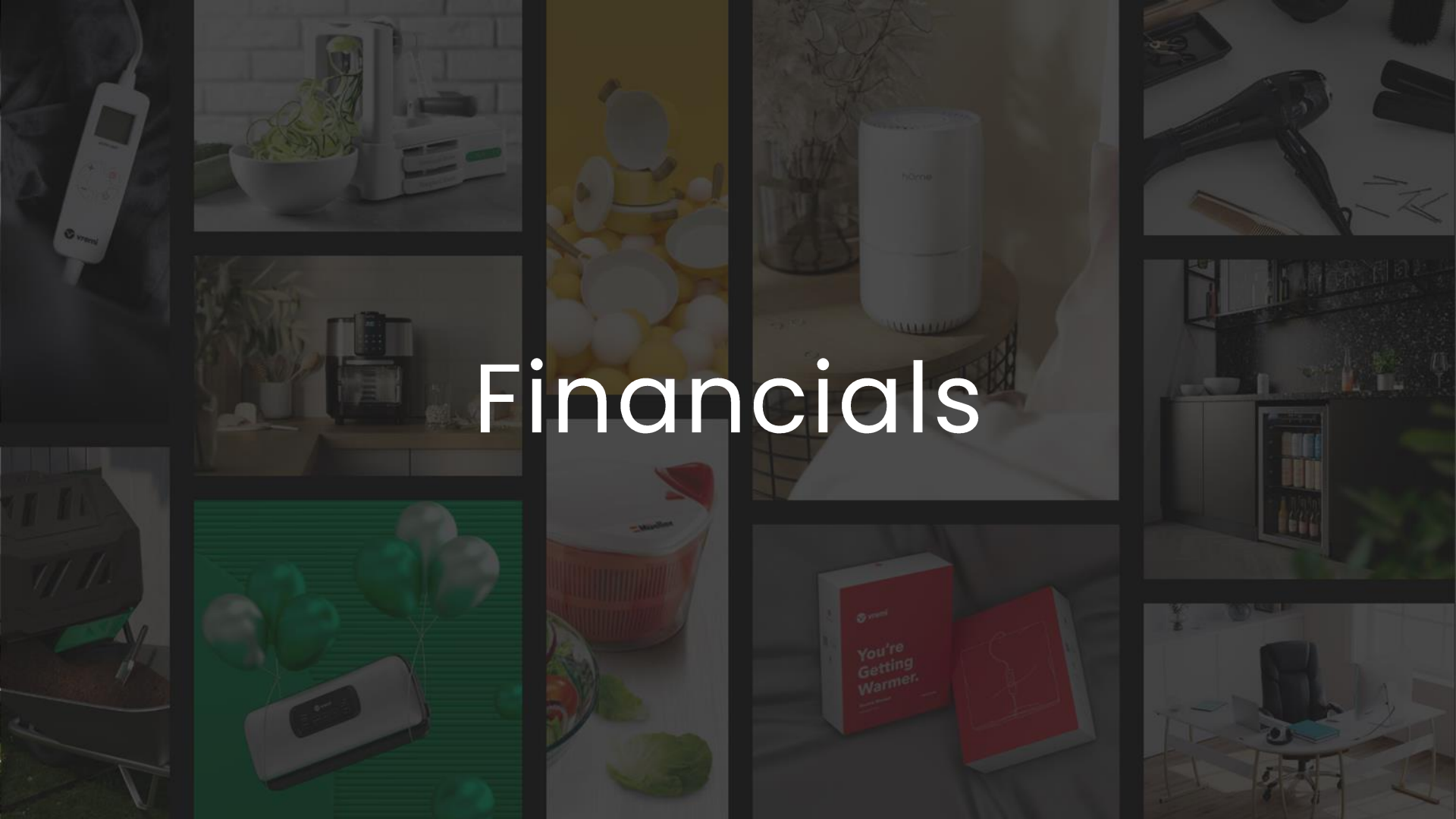
## 2-4 weeks

Total Onboarding time





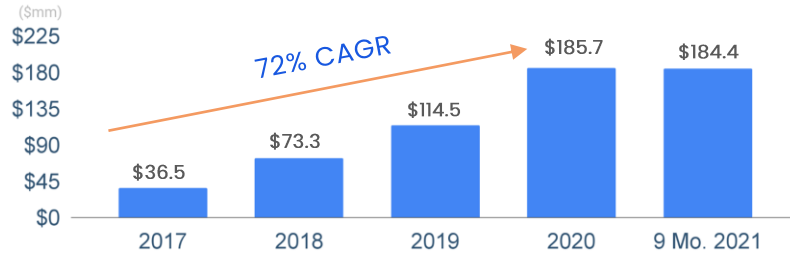
# Financials



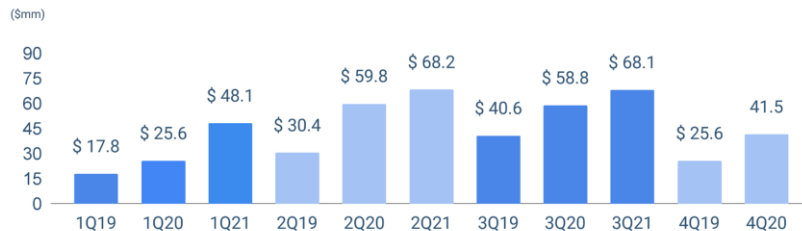
# Business Model Driving Improved Y/Y Results

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

## Net Revenue (Annual)

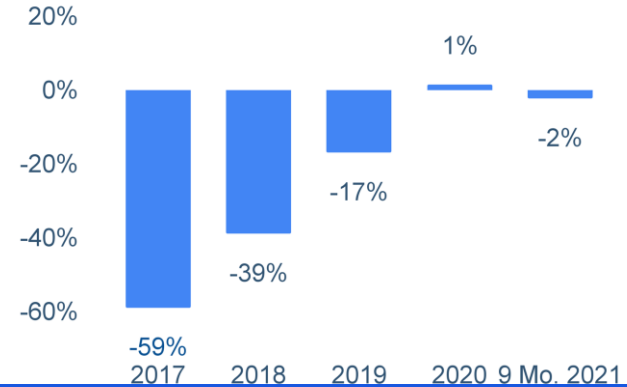


## Net Revenue (Quarterly)

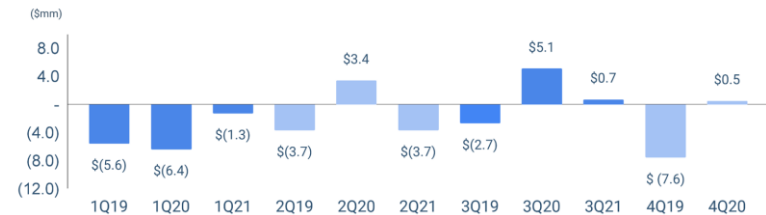


## \$5.1MM Cash from Operations in 2020

## 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	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)*

	December 31, 2020	September 30, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
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	75,158	130,866
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
<b>TOTAL ASSETS</b>	<b>\$ 157,454</b>	<b>\$ 321,685</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
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	74,732	66,530
OTHER LIABILITIES	1,841	379
CONTINGENT EARN-OUT LIABILITY	21,016	16,667
TERM LOANS	36,483	25,454
Total liabilities	134,072	109,030
<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 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	23,382	212,655
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 157,454</b>	<b>\$ 321,685</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,	
	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](https://aterian.io)

