UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **November 30, 2020**

Aterian, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-38937**	**83-1739858**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Aterian, Inc.
37 East 18th Street, 7th Floor
New York, NY 10003
(Address of Principal Executive Offices)(Zip Code)

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

N/A
(Former Name, or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Explanatory Note

On December 1, 2020, Aterian, Inc. (the “Company”, or “Aterian”), formerly known as Mohawk Group Holdings, Inc., filed with the Securities and Exchange Commission a Current Report on Form 8-K (the “Initial Form 8-K”) to report, among other things, Aterian’s acquisition (the “Acquisition”) on December 1, 2020 of certain assets of 9830 Macarthur LLC, a Wyoming limited liability company (“9830”), Reliance Equities Group, LLC, a Wyoming limited liability company (“Reliance”), and ZN Direct LLC, a Wyoming limited liability company (collectively with 9830 and Reliance, the “Sellers”), related to the Sellers’ ecommerce business under the brands Mueller, Pursteam, Pohl and Schmitt and Spiralizer, which is conducted through certain channels or websites, including amazon.com. This Amendment No. 1 on Form 8-K/A (this “Amendment No. 1”) amends the Initial Form 8-K to include financial information required under Item 9.01, which was not previously filed with the Initial Form 8-K. Except as stated in this Explanatory Note, no other information contained in the Initial Form 8-K is changed.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The financial statements required by Item 9.01(a) of Form 8-K are filed as Exhibit 99.2 and Exhibit 99.3 to this Amendment No. 1 and are incorporated herein by reference.

(b) Pro forma financial information.

The pro forma financial information required by Item 9.01(b) of Form 8-K is filed as Exhibit 99.4 to this Amendment No. 1 and is incorporated herein by reference.

(d) Exhibits

23.1	Consent of Boeckermann Grafstrom & Mayer, LLC.
99.2	Audited combined carve-out financial statements of 9830 MacArthur LLC & Subsidiaries as of and for the years ended December 31, 2019 and 2018.
99.3	Unaudited combined carve-out financial statements of 9830 MacArthur LLC & Subsidiaries as of and for the nine months ended September 30, 2020 and 2019.
99.4	Unaudited pro forma, condensed, consolidated and combined financial information of Aterian, Inc. and 9830 MacArthur LLC & Subsidiaries (on a carve-out basis) for the nine months ended September 30, 2020 and year ended December 31, 2019.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATERIAN, INC.

Date: May 14, 2021

By: /s/ Yaniv Sarig
Name: Yaniv Sarig
Title: *President and Chief Executive Officer*

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference of our independent auditors' report dated May 5, 2021, relating to the financial statements of 9830, MacArthur, LLC & Subsidiaries Ecommerce Business Under the Brands Mueller, Pursteam, Pohl and Schmitt and Spiralizer appearing in this Current Report on Form 8- K of Aterian, Inc.

Boeckermann Grafstrom & Mayer, LLC

St. Paul, Minnesota
May 13, 2021

Exhibit 99.2

9830 MacArthur, LLC & Subsidiaries Ecommerce Business Under the BrandsMueller, Pursteam, Pohl and Schmitt and Spiralizer

COMBINED CARVE-OUT FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

9830 MacArthur, LLC & Subsidiaries
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For the Years Ended December 31, 2019 and 2018

Boeckermann Grafstrom Mayer

Independent Auditors' Report

To the Members of
9830 MacArthur, LLC & Subsidiaries

We have audited the accompanying combined carve-out financial statements of 9830 MacArthur, LLC & Subsidiaries' ecommerce business under the brands Mueller, Pursteam, Pohl and Schmitt and Spiralizer (the "carved-out business"), which comprise the combined carve-out balance sheets as of December 31, 2019 and 2018, and the related combined carve-out statements of operations, equity in net assets and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Combined Carve-Out Financial Statements
Management is responsible for the preparation and fair presentation of these combined carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these combined carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined carve-out financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the combined carve-out financial statements referred to above present fairly, in allmaterial respects, the financial position of the carved-out business as of December 31, 2019 and2018 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the accompanying combined carve-out financial statements do not represent the business of 9830 MacArthur, LLC and Subsidiaries in its entirety, but rather the carved-out business. The combined carve-out financial statements reflect the assets, liabilities, revenue, and expenses directly attributable to the carved-out business, as well as allocations deemed reasonable by management, to present the combined carve-out financial position, resultsof operations, changes in equity in net assets and cash flows in the combined carve-out financialstatements and do not necessarily reflect the combined carve-out financial position, results of operations, changes in equity in net assets, and cash flows of the carved-out business in the future or what they would have been had the carved-out business been a separate, stand-alone entity during the periods presented . Our opinion is not modified with respect to this matter.

As discussed in Note 5, subsequent to December 31, 2019, the certain assets of the carved-out business were acquired by Mohawk Group Holdings, Inc. and its subsidiary Truweo, LLC. Our opinion is not modified with respect to this matter.

Boeckermann Grafstrom & Mayer, LLC

BOECKERMANN GRAFSTROM & MAYER, LLC
Certified Public Accountants

St. Paul, Minnesota
May 5, 2021

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Balance Sheets
December 31, 2019 and 2018

		2019		2018
ASSETS				
CURRENT ASSETS				
Accounts Receivable	$	1,976,219	$	1,316,229
Inventories		7,074,513		4,035,298
Prepaid Inventory		793,053		606,966
Total Current Assets	$	9,843,785	$	5,958,493
TOTAL ASSETS	$	9,843,785	$	5,958,493
LIABILITIES AND EQUITY IN NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$	1,308,633	$	804,805
Sales Return Reserve		398,214		147,458
Accrued Expenses		646,552		290,115
Total Current Liabilities	$	2,353,399	$	1,242,378
EQUITY IN NET ASSETS	$	7,490,386	$	4,716,115
TOTAL LIABILITIES AND EQUITY IN NET ASSETS	$	9,843,785	$	5,958,493

See Independent Auditors’ Report and the Notes to Financial Statements

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Statements of Operations
For the Years Ended December 31, 2019 and 2018

	2019	2018
NET REVENUE	$ 42,758,402	$ 21,627,615
COST OF GOODS SOLD	15,343,189	8,101,705
GROSS PROFIT	$ 27,415,213	$ 13,525,910
OPERATING EXPENSES		
Sales and Distribution	$ 20,620,007	$ 11,004,667
General and Administrative	909,527	438,103
TOTAL OPERATING EXPENSES	$ 21,529,534	$ 11,442,770
NET INCOME	$ 5,885,679	$ 2,083,140

See Independent Auditors’ Report and the Notes to Financial Statements

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Statements of Equity in Net Assets
For the Years Ended December 31, 2019 and 2018

Balance at December 31, 2017	$	2,535,360
Net Contribution by the Company		97,615
Net Income		2,083,140
Balance at December 31, 2018	$	4,716,115
Net Distribution to the Company		(3,111,409)
Net Income		5,885,679
Balance at December 31, 2019	$	7,490,385

See Independent Auditors' Report and the Notes to Financial Statements

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 5,885,679	$ 2,083,140
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities		
Changes in Operating Assets and Liabilities		
Accounts Receivable	(659,990)	(798,413)
Inventories	(3,039,215)	(1,525,881)
Prepaid Inventory	(186,087)	(341,626)
Accounts Payable	503,828	324,323
Return Reserve	250,756	80,584
Accrued Expenses	356,437	80,258
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 3,111,409	$ (97,615)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ —	$ —
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Contribution by (Distribution) to the Company	(3,111,409)	97,615
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ (3,111,409)	$ 97,615
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ —	$ —
CASH AND CASH EQUIVALENTS - Beginning of Year	—	—
CASH AND CASH EQUIVALENTS - End of Year	$ —	$ —

See Independent Auditors’ Report and the Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The combined carve-out financial statements consist of balances and activity compiled and reported related to the e-commerce business of 9830 MacArthur, LLC & Subsidiaries (the "Company") under the brands Mueller, Pursteam, Pohl and Schmitt and Sprializer (the "Carved-Out Business").

The carved-out business is a consumer products company that develops, markets and sells products through online retail channels such as Amazon, primarily in the United States of America.

Basis of Presentation
The accompanying combined carve-out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These financial statements have been prepared on a "carve out" basis from the consolidated financial statements of 9830 MacArthur, LLC using the historical results of operations, cash flows, assets and liabilities and include allocations of income, expenses, assets and liabilities from the Company. These allocations reflect significant assumptions, and the combined carve-out financial statements do not fully reflect what the financial positions, results of operations and cash flows of the carved-out business would have been had the carved-out business been operated exclusively within a stand-alone company during the periods presented.

Carve-out Methodology
The following accounts were mainly allocated based on activity tied to a specific product identification number: accounts receivable, inventories, prepaid inventory, accounts payable, sales return reserve, accrued expenses, revenues, and direct operating expenses such as cost of goods sold and sales and distribution expenses. Other operating expenses, including general overhead items, were allocated based on the proportionate share of revenues of the Company represented by the carved-out business, or by a more specific method if detailed information was available.

All significant intercompany accounts and transactions among the carved-out business have been eliminated in the accompanying combined carve-out financial statements.

Limited Liability Companies
9830 MacArthur, LLC and certain of its subsidiaries are each separate limited liability companies (LLC's). As such, members of each LLC are not liable for any of the debts or liabilities of that LLC or of any other LLC included in these combined carve-out financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Accounts Receivable
The carved-out business extends unsecured credit to customers in the normal course of business. The carved-out business provides an allowance for doubtful accounts when appropriate, which isbased upon a review of outstanding receivables, historical collection information, and existing economic conditions, on an individual customer basis. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and specificcircumstances of the customer. Accounts receivable are due based upon agreed-upon terms withcustomers. Accounts receivable are considered past due if the carved-out business has not received payments based upon the agreed-upon terms. No allowance for doubtful accounts was considered necessary as of both December 31, 2019 and 2018. The carved-out business does notaccrue interest on accounts receivable.

Inventories
Inventories consist primarily of finished goods. The carved-out business currently records inventoryon its balance sheet on a first-in, first-out ("FIFO") basis, and are recorded at the lower of cost ornet realizable value. The carved-out business' costs include the amounts it pays manufacturers for product, tariffs and duties associated with transporting product across national borders, and freightcosts associated with transporting the product from its manufacturers to its warehouses, as applicable.

Revenue Recognition
The carved-out business accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers".

The carved-out business derives its revenue from the sale of consumer products. The carved-out business sells its products to consumers primarily through the Amazon.com, Inc. ("Amazon") online retail channel.

The carved-out business considers customer order confirmations to be a contract with the customer. Customer confirmations are executed at the time an order is placed through an onlinethird-party channel.

Revenue is recognized when control of the product is transferred to the customer (i.e., when the carved-out business' performance obligation is satisfied), which typically occurs at shipment date. As a result, the carved-out business has a present and unconditional right to payment and records the amount due from the customer in accounts receivable.

Revenue 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 carved-out business' refund liability for sales returns was $363,980 and $112,225 as of December 31, 2019 and 2018, respectively, and is included in accrued liabilities on the combined carve-out balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Revenue Recognition (Continued)
The carved-out business 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 expense and are not recorded asa reduction of revenue because it owns and controls all the goods before they are transferred tothe customer. The carved-out business can, at any time, direct Amazon and similarly with other 3rd party logistics providers ('Logistics Providers"), to return the carved-out business' inventory to any location specified by the carved-out business. Any returns made by customers directly to Logistics Providers is the responsibility of the carved-out business to make customers wholeand the carved-out business retains the back-end inventory risk. Further, the carved-out business is subject to credit risk (i.e. for credit card chargebacks), establishes prices of its products, can determine who fulfills the goods to the customer (Amazon or the carved-out business) and can limit quantities or stop selling the goods at any time. Based on these considerations, the carved-out business is the principal in this arrangement.

A performance obligation is a promise in a contract to transfer a distinct good to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is recognized as revenue when the performance obligation is satisfied. Each of the carved-out business' contracts have a single distinct performance obligation, which is the promise to transfer individual goods.

For consumer product sales, the carved-out business has elected to treat shipping and handlingas fulfillment activities and not a separate performance obligation. Accordingly, the carved-out business recognizes revenue for its single performance obligation related to product sales at the time control of the merchandise passes to the customer, which is generally at the time of shipment. The carved-out business bills customers for charges for shipping and handling on certain sales and such charges are recorded as part of net revenues. Shipping and handling revenue for the years ended December 31, 2019 and 2018 were de minimis.

For each contract, the carved-out business considers the promise to transfer products to be the only identified performance obligation. In determining the transaction price, the carved-out business evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the carved-out business expects to be entitled.

All of the carved-out business' revenue for the years ended December 31, 2019 and 2018 were recognized at a point in time.

Sales taxes collected from customers are presented on a net basis and as such are excluded from net revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Advertising Costs
Advertising costs are charged to operations when incurred. Advertising expense was approximately $741,000 and $580,000 for the years ended December 31, 2019 and 2018, respectively.

Income Taxes
The operations of the carved-out business were conducted under entities classified as partnerships for federal and state income tax purposes. Each member's allocable share of the Company's taxable income or loss is taxed on the member's income tax returns. No provision or liability for federal or state income taxes has been included in the combined carve-out financial statements. The Company is subject to U.S. federal, state and local income tax examinations by the tax authorities. State franchise tax assessed at the Company level is charged to theCompany’s operations as incurred.

The Company is not currently under examination by any taxing jurisdiction. New IRS partnershipaudit procedures are effective for returns filed for taxable years beginning after December 31, 2017. Generally, under the new IRS audit provisions, the IRS may assess the Company for the cost of a tax liability resulting from an IRS examination adjustment. The collection of income tax from the Company, however, is an administrative convenience on the part of the government to collect the underpayment of income taxes from the members attributable to prior periods. Accordingly, the federal income taxes on Company income are attributable to the members and not reported as an entity level liability of the Company. In the event of any future tax assessments paid by the Company under the IRS partnership audit regime, such amounts and any related penalties and interest shall be reported as a distribution from the Company to the members for financial statement purposes.

Recent Accounting Pronouncements
During February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, “Leases (Topic 842).” ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB also issued ASU 2018-10, “*Codification Improvements to Topic 842, Leases*”, which addresses narrow aspects ofthe guidance originally issued in ASU No. 2016-02; ASU 2018-11, “*Targeted Improvements*”, which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effectadjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate non- lease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, “*Narrow-Scope Improvements for Lessors*”, which addresses sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and non-lease components.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Recent Accounting Pronouncements (Continued)
During 2019, the FASB also issued ASU No. 2019-01, which clarified Topic 842's interim disclosure requirements and amended certain industry-specific guidance related to determining the fair value of leased assets and the cash flow presentation of principal payments received under sales-type and direct finance leases. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The carved-out business is currently assessing the effect that ASU No. 2016-02, as amended, will have on its combined carve-out results of operations, financial position and cash flows.

Management's Use of Estimates
The preparation of combined carve-out financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined carve-out financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: INVENTORIES

Inventory consisted of the following as of December 31, 2019 and 2020:

	2019	2018
Inventory on Hand	$ 5,255,698	$ 3,396,099
Inventory in Transit	1,818,815	639,199
	$ 7,074,513	$ 4,035,298

NOTE 3: COMMITMENTS AND CONTINGENCIES

Significant Concentrations
The carved-out business' accounts receivable are derived from sales contracts with a large number of customers. The carved-out business maintains reserves for potential credit losses on customer accounts when deemed necessary. Significant customers are those which represent more than 10% of the carved-out business' total net or gross accounts receivable balance at the balance sheet date. During the years ended December 31, 2019 and 2018, the carved-out business had nocustomer that accounted for 10% or more of gross accounts receivable. As of December 31, 2019, and 2018, substantially all of the carved-out business' accounts receivable are held by the carved-out business' sales platform vendor Amazon, which collects money on the carved-out business' behalf from its customers.

The carved-out business is reliant on one key vendor which currently provides the carved-out business with its sales platform, logistics and fulfillment operations, including certain warehousing for the carved-out business' goods and invoicing and collection of its revenue from the carved-outbusiness' end customers. Substantially all of the carved-out business' revenue was generated through the Amazon sales platform in both 2019 and 2018.

Inventory Purchases
As of December 31, 2019, and 2018, the carved-out business had approximately $445,000 and $712,000, respectively, of inventory purchase orders placed with vendors that had not been fulfilledor prepaid.

Legal Proceedings
At any point in time, the carved-out business could have claims and pending legal proceedings outstanding. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the carved-out business. In the opinion of management, the ultimate dispositions of such proceedings are not expected to have a materially adverse effect on the carved-out business' combined results of operations, financial position or cash flows.

NOTE 4: SUBSEQUENT EVENTS

The carved-out business has evaluated subsequent events occurring through REPORT DATE, thedate that the combined carve-out financial statements were available to be issued, for events requiring recording or disclosure in the carved-out business combined carve-out financial statements.

NOTE 4: SUBSEQUENT EVENTS (CONTINUED)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The COVID-19 outbreak has severely restricted the level of economic activity throughout the world, including geographic locations in which the carved-out business operates. The extent of the impact of COVID-19 on the carved-out business' operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions. Given the uncertainty regarding the spread of this coronavirus, the related financial impact cannot be reasonably estimated at this time.

On December 1, 2020, the Company entered into, and closed the transactions under an Asset Purchase Agreement ("the Agreement") with Mohawk Group Holdings, Inc. and its subsidiary Truweo, LLC ("the Purchaser"). Pursuant to the Agreement, the Purchaser, among other things, purchased and acquired certain of the carved-out business' assets and assumed certain liabilities related to the carved-out business.

As consideration for the purchase, the Company received from the Purchaser (i) $25,000,000 in cash, (ii) 4,220,000 shares of Common Stock of Mohawk Group Holdings, Inc., and (iii) a non-negotiable promissory note in favor of the Company in the amount of $15,799,499, representing the value of certain inventory that the Company had paid for, but not yet sold as of the closing date, the principal amount of which shall be subject to adjustment in accordance with the terms of the Agreement. In addition, subject to achievement of certain contribution margin thresholds on certain products of the acquired business for the years ending December 31, 2021 and 2022, the Company shall be entitled to receive earn out payments as defined in the Agreement.

Exhibit 99.3

9830 MacArthur LLC & Subsidiaries
Ecommerce Business Under the Brands
Mueller, Pursteam, Pohl and Schmitt
and Spiralizer

COMBINED CARVE-OUT FINANCIAL STATEMENTS

For the Nine Months Ended
September 30, 2020 and 2019

9830 MacArthur, LLC & Subsidiaries
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For the Nine months ended September 30, 2020 and 2019

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Boeckermann Grafstrom Mayer

Independent Accountants' Review Report

To the Members of
9830 MacArthur LLC & Subsidiaries
Sheridan, Wyoming

We have reviewed the accompanying combined financial statements of 9830 MacArthur, LLC & Subsidiaries' ecommerce business under the brands Mueller, Pursteam, Pohl and Schmitt and Spiralizer (the "carve-out" business), which comprise the combined carve-out balance sheets as of September 30, 2020 and 2019, and the related combined carve-out statements of operations and equity in net assets , and cash flows for the nine months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's carve-out financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combinedcarve-out financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these combined carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined carve-out financial statements thatare free from material misstatement whether due to fraud or error.

Accountant's Responsibility
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined carve-out financial statements for them to be in accordance withaccounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion
Based on our reviews, we are not aware of any material modifications that should be made to theaccompanying combined carve-out financial statements in order for them to be in accordance withaccounting principles generally accepted in the United States of America.

Boeckermann Grafstrom & Mayer, LLC

BOECKERMANN GRAFSTROM & MAYER, LLC
Certified Public Accountants

St. Paul, Minnesota
May 5, 2021

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Balance Sheets
September 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Accounts Receivable	$ 4,835,003	$ 1,529,994
Inventories	14,101,346	5,629,962
Prepaid Inventory	3,149,699	1,308,733
Total Current Assets	$ 22,086,048	$ 8,468,689
TOTAL ASSETS	$ 22,086,048	$ 8,468,689
LIABILITIES AND EQUITY IN NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 3,970,047	$ 1,341,929
Sales Return Reserve	168,982	74,569
Accrued Expenses	1,226,557	589,942
Total Current Liabilities	$ 5,365,586	$ 2,006,440
EQUITY IN NET ASSETS	$ 16,720,462	$ 6,462,249
TOTAL LIABILITIES AND EQUITY IN NET ASSETS	$ 22,086,048	$ 8,468,689

See Independent Auditors' Report and the Notes to Financial Statements

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Statements of Operations
For the Nine months ended September 30, 2020 and 2019

	2020	2019
NET REVENUE	$ 62,841,447	$ 27,609,544
COST OF GOODS SOLD	21,594,147	10,716,034
GROSS PROFIT	$ 41,247,300	$ 16,893,510
OPERATING EXPENSES		
Sales and Distribution	$ 29,262,857	$ 13,644,838
General and Administrative	782,220	650,785
TOTAL OPERATING EXPENSES	$ 30,045,077	$ 14,295,623
NET INCOME	$ 11,202,223	$ 2,597,887

See Independent Auditors’ Report and the Notes to Financial Statements

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Statements of Equity in Net Assets
For the Nine months ended September 30, 2020 and 2019

Balance at December 31, 2018		4,716,115
Net Distribution to the Company		(851,753)
Net Income		2,597,887
Balance at September 30, 2019	$	6,462,249
Balance at December 31, 2019	$	7,490,386
Net Distribution to the Company		(1,972,147)
Net Income		11,202,223
Balance at September 30, 2020	$	16,720,462

See Independent Auditors' Report and the Notes to Financial Statements

9830 MacArthur, LLC & Subsidiaries
Combined Carve-Out Statements of Cash Flows
For the Nine months ended September 30, 2020 and 2019

	9/30/2020	9/30/2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 11,202,223	$ 2,597,887
Adjustments to Reconcile Net Income to Net Cash		
Provided (Used) by Operating Activities		
Changes in Operating Assets and Liabilities		
Accounts Receivable	(2,858,784)	(213,765)
Inventories	(7,026,833)	(1,594,664)
Prepaid Expenses	(2,356,646)	(701,767)
Deposits	2,661,414	537,124
Accounts Payable	(229,232)	(72,889)
Sales Return Reserve	580,005	299,827
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,972,147	$ 851,753
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ -	$ -
CASH FLOWS FROM FINANCING ACTIVITIES Net Distribution to the Company	(1,972,147)	(851,753)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ (1,972,147)	$ (851,753)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ -	$ -
CASH AND CASH EQUIVALENTS - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - End of Year	$ -	$ -

See Independent Auditors’ Report and the Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
The combined carve-out financial statements consist of balances and activity compiled and reported related to the e-commerce business of 9830 MacArthur, LLC & Subsidiaries (the "Company") under the brands Mueller, Pursteam, Pohl and Schmitt and Sprializer (the "carved-outbusiness").

The carved-out business is a consumer products company that develops, markets and sells products through online retail channels such as Amazon, primarily in the United States of America.

Basis of Presentation
The accompanying combined carve-out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These financial statements have been prepared on a "carve-out" basis from the consolidated financial statements of 9830 MacArthur, LLC using the historical results of operations, cash flows, assets and liabilities and include allocations of income, expenses, assets and liabilities from the Company. These allocations reflect significant assumptions, and the combined carve-out financialstatements do not fully reflect what the financial positions, results of operations and cash flows ofthe carved-out business would have been had the carved-out business been operated exclusivelywithin a stand-alone company during the periods presented.

Carve-out Methodology
The following accounts were mainly allocated based on activity tied to a specific product identification number: accounts receivable, inventories, prepaid inventory, accounts payable, sales return reserve, accrued expenses, revenues, and direct operating expenses such as cost of goodssold and sales and distribution expenses. Other operating expenses, including general overhead items, were allocated based on the proportionate share of revenues of the Company represented by the carved-out business, or by a more specific method if detailed information was available.

All significant intercompany accounts and transactions among the carved-out business have beeneliminated in the accompanying combined carve-out financial statements.

Limited Liability Companies
9830 MacArthur, LLC and certain of its subsidiaries are each separate limited liability companies(LLC's). As such, members of each LLC are not liable for any of the debts or liabilities of that LLC or of any other LLC included in these combined carve-out financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Accounts Receivable
The carved-out business extends unsecured credit to customers in the normal course of business. The carved-out business provides an allowance for doubtful accounts when appropriate, which isbased upon a review of outstanding receivables, historical collection information, and existing economic conditions, on an individual customer basis. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and specificcircumstances of the customer. Accounts receivable are due based upon agreed-upon terms withcustomers. Accounts receivable are considered past due if the carved-out business has not received payments based upon the agreed-upon terms. No allowance for doubtful accounts was considered necessary as of both September 30, 2020 and 2019. The carved-out business does notaccrue interest on accounts receivable.

Inventories
Inventories consist primarily of finished goods. The carved-out business currently records inventoryon its balance sheet on a first-in, first-out ("FIFO") basis, and are recorded at the lower of cost ornet realizable value. The carved-out business' costs include the amounts it pays manufacturers for product, tariffs and duties associated with transporting product across national borders, and freightcosts associated with transporting the product from its manufacturers to its warehouses, as applicable.

Revenue Recognition
The carved-out business accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, "Revenue from Contracts with Customers".

The carved-out business derives its revenue from the sale of consumer products. The carved-out business sells its products to consumers primarily through the Amazon.com, Inc. ("Amazon") online retail channel.

The carved-out business considers customer order confirmations to be a contract with the customer. Customer confirmations are executed at the time an order is placed through an onlinethird party channel.

Revenue is recognized when control of the product is transferred to the customer (i.e., when the carved-out business' performance obligation is satisfied), which typically occurs at shipment date. As a result, the carved-out business has a present and unconditional right to payment and records the amount due from the customer in accounts receivable.

Revenue 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 carved-out business' refund liability for sales returns was $168,982 and $74,569 as of September 30, 2020 and 2019, respectively, and is included in accrued liabilities on the combined carve-out balance sheet.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Revenue Recognition (Continued)
The carved-out business 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 expense and are not recorded asa reduction of revenue because it owns and controls all the goods before they are transferred tothe customer. The carved-out business can, at any time, direct Amazon and similarly with other 3rd party logistics providers ('Logistics Providers"), to return the carved-out business' inventory to any location specified by the carved-out business. Any returns made by customers directly to Logistics Providers is the responsibility of the carved-out business to make customers wholeand the carved-out business retains the back-end inventory risk. Further, the carved-out business is subject to credit risk (i.e. for credit card chargebacks), establishes prices of its products, can determine who fulfills the goods to the customer (Amazon or the carved-out business) and can limit quantities or stop selling the goods at any time. Based on these considerations, the carved-out business is the principal in this arrangement.

A performance obligation is a promise in a contract to transfer a distinct good to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is recognized as revenue when the performance obligation is satisfied. Each of the carved-out business' contracts have a single distinct performance obligation, which is the promise to transfer individual goods.

For consumer product sales, the carved-out business has elected to treat shipping and handlingas fulfillment activities and not a separate performance obligation. Accordingly, the carved-out business recognizes revenue for its single performance obligation related to product sales at the time control of the merchandise passes to the customer, which is generally at the time of shipment. The carved-out business bills customers for charges for shipping and handling on certain sales and such charges are recorded as part of net revenues. Shipping and handling revenue for the nine months ended September 30, 2019 and 2018 were de minimis.

For each contract, the carved-out business considers the promise to transfer products to be the only identified performance obligation. In determining the transaction price, the carved-out business evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the carved-out business expects to be entitled.

All of the carved-out business' revenue for the nine months ended September 30, 2020 and 2019 were recognized at a point in time.

Sales taxes collected from customers are presented on a net basis and as such are excluded from net revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Advertising Costs
Advertising costs are charged to operations when incurred. Advertising expense was approximately $718,000 and $599,000 for the nine months ended September 30, 2020 and 2019, respectively.

Income Taxes
The operations of the carved-out business were conducted under entities classified as partnerships for federal and state income tax purposes. Each member's allocable share of the Company's taxable income or loss is taxed on the member's income tax returns. No provision or liability for federal or state income taxes has been included in the combined carve-out financial statements. The Company is subject to U.S. federal, state and local income tax examinations by the tax authorities. State franchise tax assessed at the Company level is charged to theCompany’s operations as incurred.

The Company is not currently under examination by any taxing jurisdiction. New IRS partnershipaudit procedures are effective for returns filed for taxable years beginning after September 30, 2017. Generally, under the new IRS audit provisions, the IRS may assess the Company for the cost of a tax liability resulting from an IRS examination adjustment. The collection of income tax from the Company, however, is an administrative convenience on the part of the government to collect the underpayment of income taxes from the members attributable to prior periods. Accordingly, the federal income taxes on Company income are attributable to the members and not reported as an entity level liability of the Company. In the event of any future tax assessments paid by the Company under the IRS partnership audit regime, such amounts and any related penalties and interest shall be reported as a distribution from the Company to the members for financial statement purposes.

Recent Accounting Pronouncements
During February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, “Leases (Topic 842).” ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB also issued ASU 2018-10, “*Codification Improvements to Topic 842, Leases*”, which addresses narrow aspects ofthe guidance originally issued in ASU No. 2016-02; ASU 2018-11, “*Targeted Improvements*”, which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effectadjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate non- lease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, “*Narrow-Scope Improvements for Lessors*”, which addresses sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and non-lease components.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Recent Accounting Pronouncements (Continued)
During 2019, the FASB also issued ASU No. 2019-01, which clarified Topic 842's interim disclosure requirements and amended certain industry-specific guidance related to determining the fair value of leased assets and the cash flow presentation of principal payments received under sales-type and direct finance leases. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021. Early adoption is permitted. The carved-out business is currently assessing the effect that ASU No. 2016-02, as amended, will have on its combined carve-out results of operations, financial position and cash flows.

Management's Use of Estimates
The preparation of combined carve-out financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined carve-out financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: INVENTORIES

Inventory consisted of the following as of September 30:

	2020	2019
Inventory on Hand	$ 9,591,522	$ 3,643,182
Inventory in Transit	4,509,824	1,986,780
	$ 14,101,346	$ 5,629,962

NOTE 3: COMMITMENTS AND CONTINGENCIES

Significant Concentrations
Financial instruments that potentially subject the carved-out business to concentrations of credit risk consist primarily of cash and accounts receivable. The carved-out business maintains cash with various domestic financial institutions of high credit quality. The carved-out business performsperiodic evaluations of the relative credit standing of all of the aforementioned institutions.

NOTE 3: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Significant Concentrations (Continued)

The carved-out business' accounts receivable are derived from sales contracts with a large number of customers. The carved-out business maintains reserves for potential credit losses on customer accounts when deemed necessary. Significant customers are those which represent more than 10% of the carved-out business' total net or gross accounts receivable balance at the balance sheet date. During the nine months ended September 30, 2020 and 2019, the carved-out business had no customer that accounted for 10% or more of gross accounts receivable. As of September 30, 2020, and 2019, substantially all of the carved-out business' accounts receivable are held by the carved-out business' sales platform vendor Amazon, which collects money on the carved-out business' behalf from its customers.

The carved-out business is reliant on one key vendor which currently provides the carved-out business with its sales platform, logistics and fulfillment operations, including certain warehousing for the carved-out business' goods and invoicing and collection of its revenue from the carved-out business' end customers. Substantially all of the carved-out business' revenue was generated through the Amazon sales platform in both 2020 and 2019.

Inventory Purchases

As of September 30, 2020, and 2019, the carved-out business had approximately $3,900,000 and $103,000, respectively, of inventory purchase orders placed with vendors that had not been fulfilled or prepaid.

Legal Proceedings

At any point in time, the carved-out business could have claims and pending legal proceedings outstanding. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the carved-out business. In the opinion of management, the ultimate dispositions of such proceedings are not expected to have a materially adverse effect on the carved-out business' combined results of operations, financial position or cash flows.

NOTE 4: SUBSEQUENT EVENTS

The carved-out business has evaluated subsequent events occurring through May 5, 2021, the date that the combined carve-out financial statements were available to be issued, for events requiring recording or disclosure in the carved-out businesses combined carve-out financial statements.

NOTE 4: SUBSEQUENT EVENTS (CONTINUED)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The COVID-19 outbreak has severely restricted the level of economic activity throughout the world, including geographic locations in which the carved-out business operates. The extent of the impact of COVID-19 on the carved-out business' operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions. Given the uncertainty regarding the spread of this coronavirus, the related financial impact cannot be reasonably estimated at this time.

On December 1, 2020, the Company entered into, and closed the transactions under an Asset Purchase Agreement ("the Agreement") with Mohawk Group Holdings, Inc. and its subsidiary Truweo, LLC ("the Purchaser"). Pursuant to the Agreement, the Purchaser, among other things, purchased and acquired certain of the carved-out business' assets and assumed certain liabilities related to the carved-out business.

As consideration for the purchase, the Company received from the Purchaser (i) $25,000,000 in cash, (ii) 4,220,000 shares of Common Stock of Mohawk Group Holdings, Inc., and (iii) a non-negotiable promissory note in favor of the Company in the amount of $15,799,499, representing the value of certain inventory that the Company had paid for, but not yet sold as of the closing date, the principal amount of which shall be subject to adjustment in accordance with the terms of the Agreement. In addition, subject to achievement of certain contribution margin thresholds on certain products of the acquired business for the years ending September 30, 2021 and 2022, the Company shall be entitled to receive earn out payments as defined in the Agreement.

Exhibit 99.4

ATERIAN, INC.

UNAUDITED PRO FORMA CONDENSED, CONSOLIDATED, AND COMBINED FINANCIAL INFORMATION

Unaudited Pro Forma Condensed, Consolidated, and Combined Financial Information as of and for the Nine Months Ended September 30, 2020 and for the Year-Ended December 31, 2019.

On December 1, 2020, Aterian, Inc. (the “Company”, “Aterian” or “ATER”), formerly known as Mohawk Group Holdings, Inc., filed with the Securities and Exchange Commission (the “SEC”) a Current Report on Form 8-K (the “Initial Form 8-K”) to report, among other things, ATER’s acquisition (the “Acquisition”) on December 1, 2020 of certain assets of 9830 Macarthur LLC, a Wyoming limited liability company (“9830”), Reliance Equities Group, LLC, a Wyoming limited liability company (“Reliance”), and ZN Direct LLC, a Wyoming limited liability company (collectively with 9830 and Reliance, the “Sellers” or “SMASH”), related to the Sellers’ ecommerce business under the brands Mueller, Pursteam, Pohl and Schmitt and Spiralizer, which is conducted through certain channels or websites, including amazon.com.

The following unaudited pro forma condensed, consolidated, and combined financial statements of ATER and SMASH (the “pro forma financial statements”) include an unaudited pro forma condensed, consolidated, and combined balance sheet (the “pro forma balance sheet”) as of September 30, 2020 as if the Acquisition had occurred on such date. The unaudited pro forma condensed, consolidated, and combined statement of income and loss for the year-ended December 31, 2019 (the “2019 pro forma statement of income and loss”) and the nine months ended September 30, 2020 (the “2020 pro forma statement of income and loss”) have been prepared as if the Acquisition had occurred on January 1, 2019.

The pro forma financial information has been prepared by ATER in accordance with Article 11 of Regulation S-X, in accordance with SEC Final Rule Release No. 33-10786, Amendments to Financial Disclosures About Acquired and Disposed Businesses. The pro forma financial information reflects transaction related adjustments management believes are necessary to present fairly ATER’s pro forma results of operations and financial position following the closing of the Acquisition as of and for the period indicated. The transaction-related adjustments are based on currently available information and assumptions management believes are, under the circumstances and given the information available at this time, reasonable, and reflective of adjustments necessary to report ATER’s financial condition and results of operations as if the Acquisition was completed on the assumed dates.

The pro forma financial statements are for informational purposes only and are not intended to represent or to be indicative of the actual results of operations or financial position that the combined ATER and SMASH would have reported had the Acquisition been completed as of the dates set forth in the pro forma financial statements and should not be taken as being indicative of ATER’s future consolidated results of operations or financial position.

The pro forma financial statements have been derived from, and should be read in conjunction with, the accompanying notes to the pro forma financial statements included herein and the historical consolidated financial statements and related notes of ATER as of and for the applicable periods, which can be found, along with the annual, quarterly and current reports of ATER, on the SEC’s website at http://www.sec.gov. The historical consolidated financial statements and related notes of SMASH as of and for the applicable period have been filed with the SEC as an exhibit to Amendment No. 1 on Form 8-K/A, which amends the Initial Form 8-K.

ATERIAN, INC.

UNAUDITED PRO FORMA CONDENSED, CONSOLIDATED, AND COMBINED BALANCE SHEET

As of September 30, 2020

	As of September 30, 2020 (in thousands, except share data)						
	ATERIAN	SMASH	Acquisition Adjustments		Financing Adjustments		Pro Forma Combined
ASSETS							
CURRENT ASSETS:							
Cash	$ 37,385	$ —	$ (25,000)	A	$ 20,764	L	$ 33,149
Accounts receivable—net	8,516	4,835	(4,835)	B	—		8,516
Inventory	18,791	14,101	2,318	C	—		35,210
Prepaid and other current assets	7,343	3,150	232	D	—		10,725
Total current assets	72,035	22,086	(27,285)		20,764		87,600
PROPERTY AND EQUIPMENT—net	132	—	—		—		132
GOODWILL AND OTHER INTANGIBLES—net	16,700	—	62,339	E	—		79,039
OTHER NON-CURRENT ASSETS	174	—	—		—		174
TOTAL ASSETS	$ 89,041	$ 22,086	$ 35,054		$ 20,764		$ 166,945
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Credit facility	$ 13,418	$ —	$ —		$ —		$ 13,418
Accounts payable	14,538	3,970	(883)	F	—		17,625
Term loan	6,500	—	—		15,100	L	21,600
Seller note	—	—	15,177	G	—		15,177
Contingent earn-out liability	—	—	9,800	H	—		9,800
Due to parent company	—	—	—		—		—
Accrued and other current liabilities	12,334	1,396	(1,396)	I	—		12,334
Total current liabilities	46,790	5,366	22,698		15,100		89,954
OTHER LIABILITIES	2,480	—	—		—		2,480
CONTINGENT EARN-OUT LIABILITY	—	—	—		—		—
TERM LOANS	6,350	—	—		7,701	L	14,051
Total liabilities	55,620	5,366	22,698		22,801		106,485
COMMITMENTS AND CONTINGENCIES (Note 12)							
STOCKHOLDERS' EQUITY:							
Common stock, par value $0.0001 per share—500,000,000 shares authorized and 21,844,944 shares outstanding at September 30, 2020	2	—	—		—		2
Additional paid-in capital	181,971	—	29,076	J	—		211,047
Accumulated (deficit)/members equity	(148,581)	16,720	(16,720)	K	(2,037)	K	(150,618)
Accumulated other comprehensive income	29	—	—		—		29
Total stockholders' equity	33,421	16,720	12,356		(2,037)		60,460
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 89,041	$ 22,086	$ 35,054		$ 20,764		$ 166,945

See accompanying notes to unaudited pro forma condensed, consolidated, and combined financial information.

ATERIAN, INC.

UNAUDITED PRO FORMA CONDENSED, CONSOLIDATED, AND COMBINED STATEMENT OF INCOME AND LOSS

For the Year-Ended December 31, 2019

	Year-Ended December 31, 2019 (in thousands, except share and per share data)					
	ATERIAN	SMASH	Acquisition Adjustments		Financing Adjustments		Pro Forma Combined
NET REVENUE	$ 114,451	$ 42,758	$ —		$ —		$ 157,209
COST OF GOODS SOLD	69,411	15,343	2,027	A	—		86,781
GROSS PROFIT	45,040	27,415	(2,027)		—		70,428
OPERATING EXPENSES:							
Research and development	10,661	—	—		—		10,661
Sales and distribution	55,206	20,620	—		—		75,826
General and administrative	33,506	909	2,760	B	—		37,175
TOTAL OPERATING EXPENSES:	99,373	21,529	2,760		—		123,662
OPERATING (LOSS) INCOME	(54,333)	5,886	(4,787)		—		(53,234)
Interest expense, net	4,386	—	—		8,916	D	13,302
Loss on extinguishment of debt	—	—	—		2,037	D	2,037
OTHER (INCOME) EXPENSE— net	41	—	—		—		41
(LOSS) INCOME BEFORE INCOME TAXES	(58,760)	5,886	(4,787)		(10,953)		(68,614)
PROVISION FOR INCOME TAXES	29	—	—	C	—		29
NET (LOSS) INCOME	$ (58,789)	$ 5,886	$ (4,787)		$ (10,953)		$ (68,643)
Net (loss) income per share, basic and diluted	$ (4.35)	$ —	$ —		$ —		$ (3.87)
Weighted-average number of shares outstanding, basic and diluted	13,516,844	—	4,220,000	E	—		17,736,844

See accompanying notes to unaudited pro forma condensed, consolidated, and combined financial information.

ATERIAN, INC.

UNAUDITED PRO FORMA CONDENSED, CONSOLIDATED, AND COMBINED STATEMENT OF INCOME AND LOSS

For the Nine Months Ended September 30, 2020

	For the Nine Months Ended September 30, 2020 (in thousands, except share and per share data)						
	ATERIAN	SMASH	Acquisition Adjustments		Financing Adjustments		Pro Forma Combined
NET REVENUE	$ 144,212	$ 62,841	$ —		$ —		$ 207,053
COST OF GOODS SOLD	78,218	21,594	2,027	A	—		101,839
GROSS PROFIT	65,994	41,247	(2,027)		—		105,214
OPERATING EXPENSES:							
Research and development	6,578	—	—		—		6,578
Sales and distribution	51,472	29,263	—		—		80,735
General and administrative	23,554	782	2,070	B	—		26,406
TOTAL OPERATING EXPENSES:	81,604	30,045	2,070		—		113,719
OPERATING (LOSS) INCOME	(15,610)	11,202	(4,097)		—		(8,505)
Interest expense, net	3,120	—	—		6,687	D	9,807
Loss on extinguishment of debt	—	—	—		2,037	D	2,037
OTHER (INCOME) EXPENSE— net	(4)	—	—		—		(4)
(LOSS) INCOME BEFORE INCOME TAXES	(18,726)	11,202	(4,097)		(8,724)		(20,345)
PROVISION FOR INCOME TAXES	46	—	—	C	—		46
NET (LOSS) INCOME	$ (18,772)	$ 11,202	$ (4,097)		$ (8,724)		$ (20,391)
Net (loss) income per share, basic and diluted	$ (1.18)	$ —	$ —		$ —		$ (1.01)
Weighted-average number of shares outstanding, basic and diluted	15,903,517	—	4,220,000	E	—		20,123,517

Note 1—Basis of Presentation

The accompanying pro forma financial statements were prepared in accordance with Article 11 of Regulation S-X and present the pro forma balance sheet, 2019 pro forma statement of income and loss and 2020 pro forma statement of income and loss of ATER based upon the historical financial statements of ATER and SMASH after giving effect to the Acquisition and are intended to reflect the impact of the Acquisition on ATER's financial statements.

The pro forma financial information has been prepared by ATER in accordance with Article 11 of Regulation S-X, in accordance with SEC Final Rule Release No. 33-10786, Amendments to Financial Disclosures About Acquired and Disposed Businesses. The pro forma financial information reflects transaction related adjustments management believes are necessary to present fairly ATER's pro forma results of operations and financial position following the closing of the Acquisition as of and for the period indicated. The transaction-related adjustments are based on currently available information and assumptions management believes are, under the circumstances and given the information available at this time, reasonable, and reflective of adjustments necessary to report ATER's financial condition and results of operations as if the Acquisition was completed on the assumed dates.

The pro forma financial statements were prepared using the acquisition method of accounting with ATER considered the accounting acquirer of SMASH. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values at the acquisition date, with any excess purchase price allocated to goodwill. These preliminary estimates and assumptions are subject to change during the measurement period (up to one year from the acquisition date) as the Company finalizes the valuations of the tangible and intangible assets acquired and liabilities assumed from the Acquisition. These potential changes could be material.

At the time of preparing the pro forma financial statements, the Company is not aware of any other accounting policy differences requiring adjustment that would have a material impact. ATER's management's assessment of SMASH's accounting policies is ongoing, and, upon completion, further differences may be identified that could have a material impact on the pro forma financial statements.

Note 2—Purchase Price Allocation

On December 1, 2020 (the "Closing Date"), the Company acquired the assets of leading e-commerce business brands Mueller, Pursteam, Pohl and Schmitt, and Spiralizer (the "Smash Assets") for total consideration of (i) $25.0 million in cash, (ii) 4,220,000 shares of common stock of the Company, the accounting basis of which was $6.89 (closing stock price at closing of the transaction), of which 164,000 of such shares were issued, pursuant to the instruction of 9830, to Northbound Group in satisfaction of certain broker fees payable by the Sellers to Northbound Group and (iii) a seller note in the amount of $15.8 million, representing the value of certain inventory that the Sellers had paid for but not yet sold as of the Closing Date. In addition, subject to achievement of certain contribution margin thresholds on certain products of the acquired business for the fiscal years ending December 31, 2021 and December 31, 2022, the Sellers shall be entitled to receive earn out payments.

As part of the acquisition of the Smash Assets, the Sellers are entitled to earn-out payments based on the achievement of certain contribution margin thresholds on certain products of the acquired business. Earn-out payments will be due to the Sellers for year one, or calendar year 2021, and year two, or calendar year 2022. During the year-ending December 31, 2021 (year one of the earn-out), the earn-out payment will be calculated based on the contribution margin generated on certain products for an amount equal to $1.67 for every $1.00 of such contribution margin that is greater than $15.5 million and less than or equal to $18.5 million. Such earn-out payment cannot exceed $5.0 million. As of December 1, 2020, the acquisition date, the initial fair value amount of the earn-out payment was appropriately $9.8 million.

The tables below sets forth the purchase consideration and the preliminary allocation to estimated fair value of the tangible and intangible net assets acquired (in thousands):

		Amount allocated (in thousands)
Cash purchase price	$	25,000
4,220,000 shares of common stock issued at the closing		29,076
Seller note for inventory		15,177
Estimated earnout liability		9,800
Total consideration to be paid	$	79,053

(1) Based on the accounting basis of $6.89 per share. See Section J of Note 4—Pro Forma Adjustments - Balance Sheet.

		Total (in thousands)
Inventory	$	16,419
Production deposits	$	3,382
Accounts Payable and other liabilities		(3,087)
Trademarks (10 year useful life)		27,600
Goodwill		34,739
Net assets acquired	$	79,053

For the purposes of the preliminary purchase price allocation, the reported values of the assets acquired and liabilities assumed as of September 30, 2020 approximate their fair value, except for the intangible assets acquired. Goodwill is expected to be deductible for tax purposes. The goodwill is attributable to expected synergies resulting from integrating SMASH's products into the Company's existing sales channels.

The identifiable intangible assets acquired in the Acquisition consist of trademarks with estimated useful lives of 10 years. The estimated fair values of these identifiable intangible assets is $27.6 million. The fair value of $27.6 million was determined by the relief from royalty method.

Refer to Note 4 for additional information on how the adjustments described above have been reflected in the pro forma balance sheet.

Note 3—Financing Adjustments

Contemporaneously with the closing of the Acquisition, the Company refinanced its $15.0 million term loan with Horizon Technology Finance Corporation ("Horizon Term Loan") through the issuance of a 0% coupon senior secured note (the "Note") to High Trail Investments SA LLC ("High Trail"). The Company received gross proceeds of $38.0 million in exchange for the Note with an aggregate principal amount of $43.0 million. The Note was to be repaid over 24 equal monthly cash payments of $1.8 million. In connection with the issuance of the Note, the Company issued to High Trail a warrant to purchase an aggregate of 2,864,133 shares of the Company's common stock at an exercise price of $9.01 per share (the "Warrant"). The Warrant initially provided that it would be exercisable on June 1, 2021, expire five years from the date of issuance and be exercisable on a cash basis, unless there was not an effective registration statement covering the resale of the shares issuable upon exercise of the Warrant, in which case the Warrant would also be exercisable on a cashless exercise basis at High Trail's election. The Warrant included a provision that gave the Company the right to require High Trail to exercise the Warrant if the price of the common stock of the Company exceeded 200% of the exercise price of the Warrant for 20 consecutive trading days and certain other conditions were satisfied. The Company utilized the Monte-Carlo Simulation model to determine the fair value of the Warrant. As of December 1, 2020, the initial fair value of the Warrant on issuance was $10.5 million, which has been recorded as a debt discount against the Note.

The Note was recorded on the pro forma balance sheet as of September 30, 2020:

		September 30, 2020
		(in thousands)
The Note	$	43,000
Less: deferred debt issuance costs		(2,349)
Less: discount associated with issuance of warrants		(10,483)
Less: discount associated with original issuance of loan		(5,000)
The Warrant		10,483
Total Note		35,651
Less-current portion		(21,600)
Term loan-non current portion	$	14,051

Further, due to the refinancing of the Horizon Term Loan, in the pro forma adjustments, the Company eliminated the Horizon Term Loan amounts remaining on the balance sheet as of September 30, 2020 of $6.4 million in current liabilities and $6.3 million in term loans. Further, the Company recorded a loss on extinguishment of debt of $2.0 million related to the pay-off of the Horizon Term Loan.

During the nine months ended September 30, 2020, the following amounts were recorded in interest expense on the 2020 pro forma statement of income and loss:

		Nine Months Ended September 30, 2020
		(in thousands)
Deferred debt issuance costs	$	2,349
Amortization included in interest (over 24 months - the term of the Note)		(881)
Remainder deferred debt issuance costs	$	1,468

		Nine Months Ended September 30, 2020
		(in thousands)
Discount associated with issuance of the Warrant	$	10,483
Amortization included in interest (over 24 months - the term of the Note)		(3,931)
Remainder discount associated with issuance of the Warrant	$	6,552

		Nine Months Ended September 30, 2020
		(in thousands)
Discount associated with original issuance of the Note	$	5,000
Amortization included in interest (over 24 months - the term of the Note)		(1,875)
Remainder discount associated with original issuance of the Note	$	3,125

During the year-ended December 31, 2019, the following amounts were recorded in interest expense on the 2019 pro forma statement of income and loss:

		Year-Ended December 31, 2019
		(in thousands)
Deferred debt issuance costs	$	2,349
Amortization included in interest (over 24 months - the term of the Note)		(1,175)
Remainder deferred debt issuance costs	$	1,175

		Year-Ended December 31, 2019
		(in thousands)
Discount associated with issuance of the Warrant	$	10,483
Amortization included in interest (over 24 months - the term of the Note)		(5,242)
Remainder discount associated with issuance of the Warrant	$	5,241

		Year-Ended December 31, 2019
		(in thousands)
Discount associated with original issuance of loan	$	5,000
Amortization included in interest (over 24 months - the term of the loan)		(2,500)
Remainder discount associated with original issuance of loan	$	2,500

Further, due to the refinancing of the Horizon Term Loan, in the pro forma adjustments, the Company eliminated the Horizon Term Loan amounts remaining on the balance sheet as of September 30, 2020 of $6.4 million in current liabilities and $6.3 million in term loans. Further, the Company recorded a loss on extinguishment of debt of $2.0 million related to the pay-off of the Horizon Term Loan.

Note 4—Pro Forma Adjustments - Balance Sheet

The pro forma adjustments included in the pro forma balance sheet as of September 30, 2020 are as follows (in thousands):

A) *Cash* was adjusted as follows*:*

		As of September 30, 2020
		(in thousands)
To record cash consideration paid to acquire SMASH	$	(25,000)
Total cash adjustments	$	(25,000)

B) *Accounts Receivable, net* were adjusted as follows:

		As of September 30, 2020
		(in thousands)
To eliminate Smash's account receivables, net not acquired	$	(4,835)
Total account receivables, net adjustments	$	(4,835)

C) *Inventory* was adjusted as follows:

		As of September 30, 2020
		(in thousands)
To eliminate certain of Smaash's inventory as of September 30, 2020	$	(14,101)
'To record net inventory value of acquired inventory		16,419
To record inventory step-up valuation		-
Total inventory adjustments	$	2,318

D) *Prepaid and other current assets* were adjusted as follows:

		As of September 30, 2020
		(in thousands)
To eliminate certain of Smaash's prepaid and other assets as of September 30, 2020	$	(3,150)
'To record production deposits acquired		3,382
Total prepaid adjustments	$	232

E) *Goodwill and Intangibles,* as described in Note 2:

		As of September 30, 2020
		(in thousands)
To record goodwill recognized as a result of the Acquisition (see Note 2)	$	34,739
To record intangible assets, net recognized as a result of the Acquisition (see Note 2)		27,600
Total goodwill and intangible, net adjustments	$	62,339

F) *Accounts Payable* were adjusted as follows:

		As of September 30, 2020
		(in thousands)
To eliminate certain SMASH's accounts payable not acquired	$	(3,970)
To record accounts payable acquired		3,087
Total accounts payable adjustments	$	(883)

G) *Seller note* as described in Note 2.

H) *Contingent earn-out liability* as described in Note 2.

I) *Accrued and other current liabilities* was adjusted as follows:

		As of September 30, 2020
		(in thousands)
To eliminate SMASH’s accrued and other current liabilities not acquired	$	(1,396)
Total accrued and other current liabilities adjustments	$	(1,396)

J) *Additional paid in capital* as described in Note 2.

K) *Retained earnings* was adjusted as follows:

		As of September 30, 2020
		(in thousands)
To eliminate Smash's equity in net assets not acquired	$	(16,720)
To record loss on extinguishment of debt as described in Note 2	$	(2,037)
Total retained earnings adjustments	$	(18,757)

L) Financing impacts as described in Note 3:

	September 30, 2020
	(in thousands)
The Note current portion	$ 21,600
Less: Horizon term loan	(6,500)
Total the Note current portion adjustments	15,100

	September 30, 2020
	(in thousands)
Term loan non-current portion	$ 14,051
Less: Horizon term loan	(6,350)
Total Term loan non-current portion adjustments	7,701

Note 5—Pro Forma Adjustments - Statement of Income and Loss

The pro forma adjustments included in the 2020 pro forma statement of income and loss for the nine months ended September 30, 2020 are as follows (in thousands):

A) *Cost of goods sold* was adjusted as follows:

	Nine Months Ended September 30, 2020
	(in thousands)
Amortization of inventory step-up from valuation of inventory	$ 2,027
Total impacts to Cost of goods sold	$ 2,027

B) *General and administrative expenses* were adjusted as follows:

	Nine Months Ended September 30, 2020
	(in thousands)
Amortization of intangibles (See Note 2)	$ 2,070
Total impacts to General and administrative expenses	$ 2,070

C) No tax provision was recorded as part of this pro forma statement of income and loss as ATER has a full valuation allowance related to its income tax position, and as such a pro forma adjustment would not be realized and thus would not impact pro forma results.

D) *Interest expense* was adjusted as described in Note 3.

E) *Weighted-average number of shares outstanding, basic and diluted* was adjusted to reflect the common stock consideration issued, as described in Note 2.

The pro forma adjustments included in the 2019 pro forma statement of income and loss for the year-ended December 31, 2019 are as follows (in thousands):

A) *Cost of goods sold* was adjusted as follows:

		Year-Ended December 31, 2019
		(in thousands)
Amortization of inventory step-up from valuation of inventory	$	2,027
Total impacts to Cost of goods sold	$	2,027

B) *General and administrative expenses* were adjusted as follows:

		Year-Ended December 31, 2019
		(in thousands)
Amortization of intangibles (See Note 2)	$	2,760
Total impacts to General and administrative expenses	$	2,760

C) No tax provision was recorded as part of this pro forma statement of income and loss as ATER has a full valuation allowance related to its income tax position, and as such a pro forma adjustment would not be realized and thus would not impact pro forma results.

D) *Interest expense* was adjusted as described in Note 3.

E) *Weighted-average number of shares outstanding, basic and diluted* was adjusted to reflect the common stock consideration issued, as described in Note 2.

Note 6—Pro Forma Adjustments – Other information

Non-GAAP Financial Measures

The Company has presented Adjusted EBITDA for the nine months ended September 30, 2020, a non-GAAP measure, to assist investors in understanding the Company's core net operating results on an on-going basis. This non-GAAP financial measure may also assist investors in making comparisons of the Company's core operating results with those of other companies.

As used herein, EBITDA represents net loss plus depreciation and amortization, interest expense, net and income tax expense. As used herein, Adjusted EBITDA represents EBITDA plus other (income) expense, net, stock-based compensation expense, loss on extinguishment of debt and amortization of inventory step-up from acquisitions (included in cost of goods sold).

The Company presents EBITDA and Adjusted EBITDA because it believes each of these measures provides an additional metric to evaluate the Company's operations and, when considered with both the Company's GAAP results and the reconciliation to net loss, provides useful supplemental information for investors. The Company uses EBITDA and Adjusted EBITDA, together with financial measures prepared in accordance with GAAP, such as sales and gross margins, to assess its historical and prospective operating performance, to provide meaningful comparisons of operating performance across periods, to enhance the Company's understanding of its operating performance and to compare our performance to that of the Company's peers and competitors.

The Company believes EBITDA and Adjusted EBITDA are useful to investors in assessing the operating performance of the Company's business without the effect of non-cash items. EBITDA and Adjusted EBITDA should not be considered in isolation or as alternatives to net loss, loss from operations or any other measure of financial performance calculated and prescribed in accordance with GAAP. Neither EBITDA nor Adjusted EBITDA should be considered a measure of discretionary cash available to the Company to invest in the growth of the Company's business. The Company's EBITDA and Adjusted EBITDA may not be comparable to similar titled measures in other organizations because other organizations may not calculate EBITDA or Adjusted EBITDA in the same manner as the Company does.

The Company's presentation of Adjusted EBITDA should not be construed as an inference that the Company's future results will be unaffected by the expenses that are excluded from such terms or by unusual or non-recurring items.

The Company recognizes that EBITDA, and Adjusted EBITDA, have limitations as analytical financial measures. For example, neither EBITDA nor Adjusted EBITDA reflects:

- the Company's capital expenditures or future requirements for capital expenditures or mergers and acquisitions;
- the interest expense or the cash requirements necessary to service interest expense or principal payments, associated with indebtedness;
- depreciation and amortization, which are non-cash charges, although the assets being depreciated and amortized will likely have to be replaced in the future, or any cash requirements for the replacement of assets;
- changes in cash requirements for the Company's working capital needs; or
- changes in other (income) expense, net, loss on extinguishment of debt and amortization of inventory step-up from acquisitions (included in cost of goods sold).

Additionally, Adjusted EBITDA excludes non-cash expense for stock-based compensation, which is and is expected to remain a key element of the Company's overall long-term incentive compensation package.

The following table provides a reconciliation of pro forma EBITDA and Adjusted EBITDA to pro forma net loss, which is the most directly comparable financial measure presented in accordance with GAAP (in thousands, except percentages):

	Nine Months Ended September 30, 2020				
	ATERIAN	SMASH	Acquisition Adjustments	Financing Adjustments	2020 Pro Forma Combined
Net loss (income)	$ (18,772)	$ 11,202	$ (4,097)	$ (8,724)	$ (20,391)
Add (deduct)					
Provision for income taxes	46	—	—	—	46
Interest expense	3,120	—	—	6,687	9,807
Depreciation and amortization	179	—	2,070	—	2,249
EBITDA	(15,427)	11,202	(2,027)	(2,037)	(8,289)
Other (income) expense, net	(4)	—	—	—	(4)
Loss on extinguishment of debt	—	—	—	2,037	2,037
Amortization of inventory step-up from acquisitions (included in cost of goods sold)	—	—	2,027	—	2,027
Stock-based compensation	17,472	—	—	—	17,472
Adjusted EBITDA	$ 2,041	$ 11,202	$ —	$ —	$ 13,243