

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): August 9, 2021

Aterian, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38937
(Commission
File Number)

83-1739858
(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)

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.

Item 3.02. Unregistered Sale of Securities.

Effective August 9, 2021, in accordance with the terms of those certain senior secured promissory notes due 2024 in an initial aggregate principal amount of \$110,000,000 (the “Notes”) issued by Aterian, Inc. (the “Company”) on April 8, 2021 to High Trail Investments SA LLC (“High Trail SA”) and High Trail Investments ON LLC (“High Trail ON”) and, together with High Trail SA, the “Lenders”), the Company issued an aggregate of 2,841,251 shares of common stock of the Company (the “Shares”) to the Lenders in a transaction exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on Section 4(a)(2) thereof and Rule 506(b) of Regulation D thereunder. Each of the Lenders previously represented that it was an “accredited investor,” as defined in Regulation D, and was acquiring the Shares for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. Accordingly, the Shares have not been registered under the Securities Act, and the Shares may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws. The Shares were issued in satisfaction of the Company’s obligation to pay the Lenders an aggregate of \$11.7 million pursuant to the Notes and those certain letter agreements entered into by the Company and the Lenders on August 9, 2021 (the “Letter Agreements”), and the Shares were issued at a price of \$4.1007 per Share, which was, in accordance with the Notes, equal to 80% of the Daily VWAP (as defined in the Notes) on August 9, 2021.

Item 8.01. Other Information.

As disclosed in Part II, Item 5 of the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 filed by the Company with the Securities and Exchange Commission on August 9, 2021, the Company entered into the Letter Agreements with the Lenders and that certain Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock with the Lenders (the “Omnibus Amendment”). The Company is filing the Letter Agreements and the Omnibus Amendment with this Current Report on Form 8-K as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5, respectively.

In accordance with the terms of the Letter Agreements and the Omnibus Amendment, effective August 9, 2021, the exercise prices of warrants to purchase an aggregate of 3,479,097 shares of the Company’s common stock previously issued by the Company to the Lenders were reduced to \$5.1259 per share, which was the Daily VWAP on August 9, 2021.

Item 9.01. Exhibits.

- 10.1+ [Letter Agreement \(Note Certificate No. A-2\), dated August 9, 2021, by and between Aterian, Inc. and High Trail Investments SA LLC.](#)
- 10.2+ [Letter Agreement \(Note Certificate No. A-3\), dated August 9, 2021, by and between Aterian, Inc. and High Trail Investments SA LLC.](#)
- 10.3+ [Letter Agreement \(Note Certificate No. A-4\), dated August 9, 2021, by and between Aterian, Inc. and High Trail Investments ON LLC.](#)
- 10.4+ [Letter Agreement \(Note Certificate No. A-5\), dated August 9, 2021, by and between Aterian, Inc. and High Trail Investments ON LLC.](#)
- 10.5 [Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock, dated August 9, 2021, by and among Aterian, Inc., High Trail Investments ON LLC and High Trail Investments SA LLC.](#)
- 104 Cover Page Interactive Data File, formatted in Inline Extensible Business Reporting Language (iXBRL).

+ Non-material schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.

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: August 10, 2021

By: /s/ Arturo Rodriguez

Name: Arturo Rodriguez

Title: Chief Financial Officer

August 9, 2021

High Trail Investments SA LLC

221 River Street, 9th Floor

Hoboken, NJ 07030

Attention: Eric Helenek

Re: Agreement re Failure to Comply with EBITDA Covenant

Ladies and Gentlemen:

Reference is made to that certain Senior Secured Note due 2024 (Certificate No. A-2) issued on April 8, 2021 by Aterian, Inc. (formerly known as Mohawk Group Holdings, Inc.) (the “**Company**”) to High Trail Investments SA LLC (“**High Trail SA**”) (the “**Note**”). Capitalized terms used but not defined herein shall have the meaning given to them by the Note.

The Company hereby acknowledges and agrees that the Company and its consolidated Subsidiaries did not have Adjusted EBITDA at least equal to the Target Adjusted EBITDA for the twelve (12)-month period ended June 30, 2021 as required by Section 9(K) of the Note and that the Company and its consolidated Subsidiaries had Adjusted EBITDA for the quarters ended on June 30, 2021, March 31, 2021 and December 31, 2020, as set forth on **Exhibit A**. The Company further acknowledges and agrees that the failure to comply with Section 9(K) of the Note for the twelve (12)-month period ended June 30, 2021 constitutes an Event of Default under the terms of the Note and that High Trail SA has declared an Event of Default under the Note (the “**Current Event of Default**”) and declared \$6,917,950.82 of the Principal Amount thereof to be due and payable immediately for cash in an amount equal to the Event of Default Acceleration Amount of \$8,060,181.36 (the “**Current Event of Default Acceleration Amount**”).

For valuable consideration, the sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. The Company shall pay the Current Event of Default Acceleration Amount in cash on August 9, 2021; provided, however, that if the Company does not pay the entire Current Event of Default Acceleration Amount in cash on August 9, 2021, this letter agreement shall be deemed to be an Event of Default Stock Payment Notice whereby High Trail SA elects to receive all unpaid portion of the Current Event of Default Acceleration Amount in shares of Common Stock, and in accordance with Section 5(C) of the Notes (except as set forth herein), the Company shall issue and deliver to High Trail SA such number of shares of Common Stock equal to the quotient (rounded up to the nearest whole number) obtained by dividing the unpaid Current Event of Default Acceleration Amount by the Event of Default Stock Payment Price, with the date of delivery of the Event of Default Stock Payment Notice being August 9, 2021, and the Event of Default Stock Payment Delivery Date being on or before August 11, 2021.
2. On August 9, 2021, the Company shall publicly announce its earnings for the period ended June 30, 2021, by no later than 8:00 a.m., New York City time.
3. The Company shall execute and deliver to High Trail SA on the date of this letter agreement, the Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock attached hereto as **Exhibit B** (the “**Omnibus Amendment**”).

4. Effective upon compliance with all obligations in this letter agreement, including without limitation, the receipt of the entire Current Event of Default Acceleration Amount in cash payments and/or the issuance of shares of Common Stock pursuant to Section 1 hereof, and all obligations under the Omnibus Amendment, High Trail SA waives (i) the Current Event of Default under the terms of the Note with respect to the remainder of the outstanding Principal Amount under the Note and (ii) all Default Interest that would otherwise be applicable to the Current Event of Default.
5. The Company shall, within two Business Days of the date of this letter agreement, pay all reasonable and documented out-of-pocket expenses and costs of High Trail SA (including, without limitation, the reasonable and documented attorney fees and expenses of counsel for High Trail SA) in connection with the preparation, negotiation, execution and approval of this letter agreement and **Exhibit B** hereto.

The agreement set forth in this letter agreement is limited to the extent specifically set forth above and shall in no way serve to amend or waive compliance with any terms, covenants or provisions of the Note, other than as expressly set forth above and the Note shall otherwise continue in effect in accordance with their terms.

Any breach of the terms and conditions of this letter agreement will constitute an Event of Default under each of the Note.

[Remainder of Page Left Blank; Signature Page Follows]

This letter agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

Very truly yours,

ATERIAN, INC.

By: /s/ Arturo Rodriguez

Name: Arturo Rodriguez

Title: Chief Financial Officer

AGREED AND ACCEPTED:

HIGH TRAIL INVESTMENTS SA LLC

By: /s/ Eric Helenek

Name: Eric Helenek

Title: Authorized Signatory

Exhibit A

<u>Quarter Ended Date</u>	<u>Adjusted EBITDA (in 000's)</u>	
December 31, 2020 ⁽¹⁾	+\$	4,621
March 31, 2021	-\$	1,260
June 30, 2021	-\$	3,739

- (1) Comprised of Aterian, Inc.'s fourth quarter 2020 Adjusted EBITDA of \$453,000 plus the Smash pro forma operating income (i.e., Adjusted EBITDA) of \$4,168,000 as reported on the earnings release issued on March 8, 2021.

Exhibit B

Form of Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock
(see attached)

August 9, 2021

High Trail Investments SA LLC

221 River Street, 9th Floor

Hoboken, NJ 07030

Attention: Eric Helenek

Re: Agreement re Failure to Comply with EBITDA Covenant

Ladies and Gentlemen:

Reference is made to that certain Senior Secured Note due 2024 (Certificate No. A-3) issued on April 8, 2021 by Aterian, Inc. (formerly known as Mohawk Group Holdings, Inc.) (the “**Company**”) to High Trail Investments SA LLC (“**High Trail SA**”) (the “**Note**”). Capitalized terms used but not defined herein shall have the meaning given to them by the Note.

The Company hereby acknowledges and agrees that the Company and its consolidated Subsidiaries did not have Adjusted EBITDA at least equal to the Target Adjusted EBITDA for the twelve (12)-month period ended June 30, 2021 as required by Section 9(K) of the Note and that the Company and its consolidated Subsidiaries had Adjusted EBITDA for the quarters ended on June 30, 2021, March 31, 2021 and December 31, 2020, as set forth on **Exhibit A**. The Company further acknowledges and agrees that the failure to comply with Section 9(K) of the Note for the twelve (12)-month period ended June 30, 2021 constitutes an Event of Default under the terms of the Note and that High Trail SA has declared an Event of Default under the Note (the “**Current Event of Default**”) and declared \$6,018,617.21 of the Principal Amount thereof to be due and payable immediately for cash in an amount equal to the Event of Default Acceleration Amount of \$7,012,357.79 (the “**Current Event of Default Acceleration Amount**”).

For valuable consideration, the sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. The Company shall pay the Current Event of Default Acceleration Amount in cash on August 9, 2021; provided, however, that if the Company does not pay the entire Current Event of Default Acceleration Amount in cash on August 9, 2021, this letter agreement shall be deemed to be an Event of Default Stock Payment Notice whereby High Trail SA elects to receive all unpaid portion of the Current Event of Default Acceleration Amount in shares of Common Stock, and in accordance with Section 5(C) of the Notes (except as set forth herein), the Company shall issue and deliver to High Trail SA such number of shares of Common Stock equal to the quotient (rounded up to the nearest whole number) obtained by dividing the unpaid Current Event of Default Acceleration Amount by the Event of Default Stock Payment Price, with the date of delivery of the Event of Default Stock Payment Notice being August 9, 2021, and the Event of Default Stock Payment Delivery Date being on or before August 11, 2021.
2. On August 9, 2021, the Company shall publicly announce its earnings for the period ended June 30, 2021, by no later than 8:00 a.m., New York City time.
3. The Company shall execute and deliver to High Trail SA on the date of this letter agreement, the Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock attached hereto as **Exhibit B** (the “**Omnibus Amendment**”).

4. Effective upon compliance with all obligations in this letter agreement and all obligations under the Omnibus Amendment, provided that the Company satisfies in full its obligations under Section 1 hereof solely by payment in cash, High Trail SA waives (i) the Current Event of Default under the terms of the Note with respect to the remainder of the outstanding Principal Amount under the Note and (ii) all Default Interest that would otherwise be applicable to the Current Event of Default.
5. The Company shall, within two Business Days of the date of this letter agreement, pay all reasonable and documented out-of-pocket expenses and costs of High Trail SA (including, without limitation, the reasonable and documented attorney fees and expenses of counsel for High Trail SA) in connection with the preparation, negotiation, execution and approval of this letter agreement and **Exhibit B** hereto.

The agreement set forth in this letter agreement is limited to the extent specifically set forth above and shall in no way serve to amend or waive compliance with any terms, covenants or provisions of the Note, other than as expressly set forth above and the Note shall otherwise continue in effect in accordance with their terms.

Any breach of the terms and conditions of this letter agreement will constitute an Event of Default under each of the Note.

[Remainder of Page Left Blank; Signature Page Follows]

This letter agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

Very truly yours,

ATERIAN, INC.

By: /s/ Arturo Rodriguez

Name: Arturo Rodriguez

Title: Chief Financial Officer

AGREED AND ACCEPTED:

HIGH TRAIL INVESTMENTS SA LLC

By: /s/ Eric Helenek

Name: Eric Helenek

Title: Authorized Signatory

Exhibit A

<u>Quarter Ended Date</u>	<u>Adjusted EBITDA (in 000's)</u>	
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- (1) Comprised of Aterian, Inc.'s fourth quarter 2020 Adjusted EBITDA of \$453,000 plus the Smash pro forma operating income (i.e., Adjusted EBITDA) of \$4,168,000 as reported on the earnings release issued on March 8, 2021.

Exhibit B

Form of Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock
(see attached)

August 9, 2021

High Trail Investments ON LLC

221 River Street, 9th Floor

Hoboken, NJ 07030

Attention: Eric Helenek

Re: Agreement re Failure to Comply with EBITDA Covenant

Ladies and Gentlemen:

Reference is made to that certain Senior Secured Note due 2024 (Certificate No. A-4) issued on April 8, 2021 by Aterian, Inc. (formerly known as Mohawk Group Holdings, Inc.) (the “**Company**”) to High Trail Investments ON LLC (“**High Trail ON**”) (the “**Note**”). Capitalized terms used but not defined herein shall have the meaning given to them by the Note.

The Company hereby acknowledges and agrees that the Company and its consolidated Subsidiaries did not have Adjusted EBITDA at least equal to the Target Adjusted EBITDA for the twelve (12)-month period ended June 30, 2021 as required by Section 9(K) of the Note and that the Company and its consolidated Subsidiaries had Adjusted EBITDA for the quarters ended on June 30, 2021, March 31, 2021 and December 31, 2020, as set forth on **Exhibit A**. The Company further acknowledges and agrees that the failure to comply with Section 9(K) of the Note for the twelve (12)-month period ended June 30, 2021 constitutes an Event of Default under the terms of the Note and that High Trail ON has declared an Event of Default under the Note (the “**Current Event of Default**”) and declared \$3,082,049.18 of the Principal Amount thereof to be due and payable immediately for cash in an amount equal to the Event of Default Acceleration Amount of \$3,590,929.75 (the “**Current Event of Default Acceleration Amount**”).

For valuable consideration, the sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. The Company shall pay the Current Event of Default Acceleration Amount in cash on August 9, 2021; provided, however, that if the Company does not pay the entire Current Event of Default Acceleration Amount in cash on August 9, 2021, this letter agreement shall be deemed to be an Event of Default Stock Payment Notice whereby High Trail ON elects to receive all unpaid portion of the Current Event of Default Acceleration Amount in shares of Common Stock, and in accordance with Section 5(C) of the Notes (except as set forth herein), the Company shall issue and deliver to High Trail ON such number of shares of Common Stock equal to the quotient (rounded up to the nearest whole number) obtained by dividing the unpaid Current Event of Default Acceleration Amount by the Event of Default Stock Payment Price, with the date of delivery of the Event of Default Stock Payment Notice being August 9, 2021, and the Event of Default Stock Payment Delivery Date being on or before August 11, 2021.
2. On August 9, 2021, the Company shall publicly announce its earnings for the period ended June 30, 2021, by no later than 8:00 a.m., New York City time.
3. The Company shall execute and deliver to High Trail ON on the date of this letter agreement, the Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock attached hereto as **Exhibit B** (the “**Omnibus Amendment**”).

4. Effective upon compliance with all obligations in this letter agreement, including without limitation, the receipt of the entire Current Event of Default Acceleration Amount in cash payments and/or the issuance of shares of Common Stock pursuant to Section 1 hereof, and all obligations under the Omnibus Amendment, High Trail ON waives (i) the Current Event of Default under the terms of the Note with respect to the remainder of the outstanding Principal Amount under the Note and (ii) all Default Interest that would otherwise be applicable to the Current Event of Default.
5. The Company shall, within two Business Days of the date of this letter agreement, pay all reasonable and documented out-of-pocket expenses and costs of High Trail ON (including, without limitation, the reasonable and documented attorney fees and expenses of counsel for High Trail ON) in connection with the preparation, negotiation, execution and approval of this letter agreement and **Exhibit B** hereto.

The agreement set forth in this letter agreement is limited to the extent specifically set forth above and shall in no way serve to amend or waive compliance with any terms, covenants or provisions of the Note, other than as expressly set forth above and the Note shall otherwise continue in effect in accordance with their terms.

Any breach of the terms and conditions of this letter agreement will constitute an Event of Default under each of the Note.

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This letter agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

Very truly yours,

ATERIAN, INC.

By: /s/ Arturo Rodriguez

Name: Arturo Rodriguez

Title: Chief Financial Officer

AGREED AND ACCEPTED:

HIGH TRAIL INVESTMENTS ON LLC

By: /s/ Eric Helenek

Name: Eric Helenek

Title: Authorized Signatory

Exhibit A

<u>Quarter Ended Date</u>	<u>Adjusted EBITDA (in 000's)</u>	
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Exhibit B

Form of Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock
(see attached)

August 9, 2021

High Trail Investments ON LLC

221 River Street, 9th Floor

Hoboken, NJ 07030

Attention: Eric Helenek

Re: Agreement re Failure to Comply with EBITDA Covenant

Ladies and Gentlemen:

Reference is made to that certain Senior Secured Note due 2024 (Certificate No. A-5) issued on April 8, 2021 by Aterian, Inc. (formerly known as Mohawk Group Holdings, Inc.) (the "**Company**") to High Trail Investments ON LLC ("**High Trail ON**") (the "**Note**"). Capitalized terms used but not defined herein shall have the meaning given to them by the Note.

The Company hereby acknowledges and agrees that the Company and its consolidated Subsidiaries did not have Adjusted EBITDA at least equal to the Target Adjusted EBITDA for the twelve (12)-month period ended June 30, 2021 as required by Section 9(K) of the Note and that the Company and its consolidated Subsidiaries had Adjusted EBITDA for the quarters ended on June 30, 2021, March 31, 2021 and December 31, 2020, as set forth on **Exhibit A**. The Company further acknowledges and agrees that the failure to comply with Section 9(K) of the Note for the twelve (12)-month period ended June 30, 2021 constitutes an Event of Default under the terms of the Note and that High Trail ON has declared an Event of Default under the Note (the "**Current Event of Default**") and declared \$2,681,382.79 of the Principal Amount thereof to be due and payable immediately for cash in an amount equal to the Event of Default Acceleration Amount of \$3,124,108.88 (the "**Current Event of Default Acceleration Amount**").

For valuable consideration, the sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. The Company shall pay the Current Event of Default Acceleration Amount in cash on August 9, 2021; provided, however, that if the Company does not pay the entire Current Event of Default Acceleration Amount in cash on August 9, 2021, this letter agreement shall be deemed to be an Event of Default Stock Payment Notice whereby High Trail ON elects to receive all unpaid portion of the Current Event of Default Acceleration Amount in shares of Common Stock, and in accordance with Section 5(C) of the Notes (except as set forth herein), the Company shall issue and deliver to High Trail ON such number of shares of Common Stock equal to the quotient (rounded up to the nearest whole number) obtained by dividing the unpaid Current Event of Default Acceleration Amount by the Event of Default Stock Payment Price, with the date of delivery of the Event of Default Stock Payment Notice being August 9, 2021, and the Event of Default Stock Payment Delivery Date being on or before August 11, 2021.
2. On August 9, 2021, the Company shall publicly announce its earnings for the period ended June 30, 2021, by no later than 8:00 a.m., New York City time.
3. The Company shall execute and deliver to High Trail ON on the date of this letter agreement, the Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock attached hereto as **Exhibit B** (the "**Omnibus Amendment**").

4. Effective upon compliance with all obligations in this letter agreement and all obligations under the Omnibus Amendment, provided that the Company satisfies in full its obligations under Section 1 hereof solely by payment in cash, High Trail ON waives (i) the Current Event of Default under the terms of the Note with respect to the remainder of the outstanding Principal Amount under the Note and (ii) all Default Interest that would otherwise be applicable to the Current Event of Default.
5. The Company shall, within two Business Days of the date of this letter agreement, pay all reasonable and documented out-of-pocket expenses and costs of High Trail ON (including, without limitation, the reasonable and documented attorney fees and expenses of counsel for High Trail ON) in connection with the preparation, negotiation, execution and approval of this letter agreement and **Exhibit B** hereto.

The agreement set forth in this letter agreement is limited to the extent specifically set forth above and shall in no way serve to amend or waive compliance with any terms, covenants or provisions of the Note, other than as expressly set forth above and the Note shall otherwise continue in effect in accordance with their terms.

Any breach of the terms and conditions of this letter agreement will constitute an Event of Default under each of the Note.

[Remainder of Page Left Blank; Signature Page Follows]

This letter agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

Very truly yours,

ATERIAN, INC.

By: /s/ Arturo Rodriguez

Name: Arturo Rodriguez

Title: Chief Financial Officer

AGREED AND ACCEPTED:

HIGH TRAIL INVESTMENTS ON LLC

By: /s/ Eric Helenek

Name: Eric Helenek

Title: Authorized Signatory

Exhibit A

<u>Quarter Ended Date</u>	<u>Adjusted EBITDA (in 000's)</u>	
December 31, 2020 ⁽¹⁾	+\$	4,621
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- (1) Comprised of Aterian, Inc.'s fourth quarter 2020 Adjusted EBITDA of \$453,000 plus the Smash pro forma operating income (i.e., Adjusted EBITDA) of \$4,168,000 as reported on the earnings release issued on March 8, 2021.

Exhibit B

Form of Omnibus Amendment to Senior Secured Notes Due 2024 and Warrants to Purchase Common Stock
(see attached)

**OMNIBUS AMENDMENT TO SENIOR SECURED NOTES DUE 2024 AND
WARRANTS TO PURCHASE COMMON STOCK**

This OMNIBUS AMENDMENT TO SENIOR SECURED NOTES DUE 2024 AND WARRANTS TO PURCHASE COMMON STOCK (this "**Amendment**") is made and entered into as of August 9, 2021, by and among Aterian, Inc. (formerly known as Mohawk Group Holdings, Inc.), a Delaware corporation (the "**Company**"), High Trail Investments ON LLC ("**HTI ON**") and High Trail Investments SA LLC ("**HTI SA**") together with HTI ON the "**Holder**s").

RECITALS

WHEREAS, the Company has issued those certain Senior Secured Notes due 2024, Certificate Nos. A-2, A-3, A-4 and A-5 (each a "**Note**" and together the "**Notes**") to the Holders pursuant to that certain Securities Purchase and Exchange Agreement, dated as of April 8, 2021, by and among the Company and the Holders (the "**Securities Purchase and Exchange Agreement**") (as the same may be amended from time to time);

WHEREAS, the Company has issued that certain Warrant to Purchase Common Stock No. HTCS-3 (the "**HTCS-3 Warrant**"), to HTI SA pursuant to that certain letter agreement dated as of February 8, 2021, by and between the Company and HTI SA (as the same may be amended from time to time), that certain Warrant to Purchase Common Stock No. HTCS-2 (the "**HTCS-2 Warrant**"), to HTI ON pursuant to that certain Securities Purchase Agreement dated as of February 2, 2021, by and between the Company and HTI ON (the "**Securities Purchase Agreement**") (as the same may be amended from time to time) and those certain Warrants to Purchase Common Stock Nos. HTCS-5, HTCS-6, HTCS-7 and HTCS-8 (the "**HTCS-5-8 Warrants**," together with the HTCS-3 Warrant, the HTCS-2 Warrant and the HTCS-5-8 Warrants, the "**Warrants**"), to the Holders pursuant to the Securities Purchase and Exchange Agreement;

WHEREAS, the Company and the Holders previously amended certain provisions of the HTCS-2 Warrant pursuant to that certain Amendment to Warrant to Purchase Common Stock, dated February 8, 2021;

WHEREAS, the Company and the Holders previously amended certain provisions of the HTCS-3 Warrant and HTCS-2 Warrant pursuant to those certain Amendments to Warrants to Purchase Common Stock, dated April 8, 2021;

WHEREAS, the Company and the Holders previously amended certain provisions of the Notes pursuant to that certain Omnibus First Amendment to Senior Secured Notes Due 2024, dated May 19, 2021;

WHEREAS, the Company and the Holders desire to further amend certain provisions of each of the Notes and to further amend certain provisions of each of the Warrants;

WHEREAS, pursuant to Section 18 of the Notes, each of the Notes may be amended with the written consent of the Company and the Required Holders (as defined in the Securities Purchase and Exchange Agreement) and pursuant to Section 9 of the Warrants, each of the Warrants may be amended with the written consent of the Holder (as defined in the applicable Warrants); and

WHEREAS, as of the date hereof, the Holders constitute the Required Holders (as defined in the Securities Purchase and Exchange Agreement) of the Notes and a Holder (as defined in the Warrants) of the Warrants.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I

AMENDMENT OF NOTES

1.1. Section 9(J)(iv) of the Notes. A new Section 9(J)(iv) of each of the Notes is hereby added as follows:

“(iv) The Company and its Subsidiaries shall have, on August 9, 2021 and on each succeeding day through October 31, 2021, liquidity calculated as unrestricted, unencumbered Cash and Cash Equivalents in one or more deposit accounts located in the United States and, subject to a Control Agreement (as defined in the Security Agreement) entered into in favor of the Collateral Agent or a Control Agreement entered into otherwise in accordance with the Security Agreement in a minimum amount equal to thirty million dollars (\$30,000,000).”

1.2. Section 9(J)(v) of the Notes. A new Section 9(J)(v) of each of the Notes is hereby added as follows:

“(v) The Company and its Subsidiaries shall have, on August 9, 2021 and on each succeeding day through October 31, 2021, liquidity, calculated as (i) inventory, net, plus (ii) accounts receivable, net (each determined in accordance with GAAP) in an aggregate minimum amount equal to sixty five million dollars (\$65,000,000), less (iii) any amount of Cash and Cash Equivalents in excess of thirty million dollars (\$30,000,000), in one or more deposit accounts located in the United States and, subject to a Control Agreement (as defined in the Security Agreement) entered into in favor of the Collateral Agent or a Control Agreement entered into otherwise in accordance with the Security Agreement.”

1.3. Definition of “Permitted Investment” set forth in the Notes. The definition of “Permitted Investment” set forth in Section 1 of each of the Notes is hereby amended and restated in its entirety to read as follows:

“**“Permitted Investment”** means: (A) Investments deemed to be disclosed pursuant to the Securities Purchase Agreement, as in effect as of the Issue Date; (B) (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date

of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) certificates of deposit issued by any bank headquartered in the United States with assets of at least \$5,000,000,000 maturing no more than one year from the date of investment therein, and (iv) money market accounts; (C) Investments accepted in connection with Permitted Transfers; (D) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of the Company's business; (E) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers in the ordinary course of business and consistent with past practice, provided that this clause (E) shall not apply to Investments of the Company in any Subsidiary; (F) Investments consisting of (i) loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of the Company pursuant to employee stock purchase plans or other similar agreements approved by the Company's Board of Directors and (ii) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, provided that the aggregate of all such loans outstanding may not exceed \$250,000 at any time; (G) Investments in Wholly Owned Subsidiaries; (H) Permitted Intellectual Property Licenses; (I) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; (J) Investments consisting of deposit accounts in which the Collateral Agent has received a deposit account control agreement in accordance with the Security Agreement and (K) additional Investments that do not exceed one hundred thousand dollars (\$100,000) in the aggregate in any twelve (12) month period. Notwithstanding anything to the contrary herein, except as expressly permitted pursuant to this Note, the transfer, sale, lease, license, loan or conveyance of assets of Truweo to any entity not wholly owned, directly or indirectly by Truweo, shall not be a "Permitted Investment" hereunder."

ARTICLE II

AMENDMENT OF WARRANTS

2.1 Preamble of the Warrants. The reference to "at any time or times on or after the Issuance Date" in the preamble paragraph of each of the Warrants is hereby amended and restated in its entirety to read as follows:

"at any time or times after the expiration of the Lock-Up Period (as defined in that certain Securities Purchase Agreement, dated June 10, 2021, by and between the Company and the purchasers identified on the signature pages thereto) (the "**Lock-Up Period**")".

2.2 Section 1(b) of the Warrants. Section 1(b) of each of the Warrants is hereby amended and restated in its entirety to read as follows:

“(b) Exercise Price. For purposes of this Warrant, “**Exercise Price**” means the lower of the Closing Sale Price of the Common Stock on August 9, 2021 or the Daily VWAP on August 9, 2021.”

2.3 Section 1(c) of the Warrants. The last sentence of Section 1(c) of each of the Warrants is hereby amended and restated in its entirety to read as follows:

“In addition to the foregoing, if (1) the Company fails for any reason to deliver to the Holder the Warrant Shares subject to an Exercise Notice by the second Trading Day following the Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the Weighted Average Price of the Common Stock on the date of the applicable Exercise Notice), \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after the Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise, or (2) on or after January 7, 2022, the Holder delivers an Exercise Notice, but this Warrant is not then exercisable because the Lock-Up Period has not expired, the Company shall, by no later than two Business Days after delivery of the Exercise Notice, pay to the Holder, in cash, as liquidated damages and not as a penalty, an amount equal to the product of (x) the difference between (I) the Weighted Average Price of the Common Stock on such date minus (II) the Exercise Price then in effect; multiplied by (y) the total number of Warrant Shares then subject to this Warrant; provided that, for the avoidance of doubt, if the amount in (x) above is a negative number, then the Company shall not be required to pay any amount to the Holder pursuant to clause (2).”

ARTICLE III

MISCELLANEOUS

3.1. Rule 144 Holding Period. The Company and the Holder acknowledge and agree that the Notes and the Warrants will continue to have a holding period under Rule 144 (“**Rule 144**”) promulgated under the Securities Act of 1933, as amended, that will be deemed to have commenced as of the dates set forth below. The Company further acknowledges and agrees that it will neither assert nor maintain a contrary position with respect to the date of commencement of the holding period under Rule 144 with respect to the Notes or the Warrants.

- (a) Note Certificate No. A-2 - December 1, 2020
- (b) Note Certificate No. A-3 - April 8, 2021
- (c) Note Certificate No. A-4 - February 2, 2021

- (d) Note Certificate No. A-5 - April 8, 2021
- (e) Warrant No. HTCS-2 - February 2, 2021
- (f) Warrant No. HTCS-3 - February 9, 2021
- (g) Warrant No. HTCS-5 - December 1, 2020
- (h) Warrant No. HTCS-6 - April 8, 2021
- (i) Warrant No. HTCS-7 - February 2, 2021
- (j) Warrant No. HTCS-8 - April 8, 2021

3.2. Disclosure of Amendment. No later than 8:00 a.m., New York time, on August 9, 2021, the Company shall publicly announce its earnings for the period ended June 30, 2021 and all the material terms of the transactions contemplated by this Amendment and the letter agreements entered into as of the date hereof by and among the Company and the Holders (the “**Earnings Release**”). From and after the issuance of the Earnings Release, the Company shall have disclosed all material, nonpublic information (if any) provided to the Holder by the Company or any of its subsidiaries or any of their respective officers, directors, employees or agents and neither HTI SA nor HTI ON shall be in possession of any material, non-public information regarding the Company or any of its Subsidiaries.

3.3. Captions. The headings contained in this Amendment are for reference purposes only and shall not affect in any way the meaning or interpretation of this Amendment. Except as otherwise indicated, all references in this Amendment to “Sections” are intended to refer to the Sections or Articles of the Note or Warrants, as applicable.

3.5. Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Amendment shall be determined in accordance with the provisions of the Securities Purchase and Exchange Agreement.

3.6. No Other Amendment. Except for the matters expressly set forth in this Amendment, all other terms of the Notes and Warrants are hereby ratified and shall remain unchanged and in full force and effect.

3.7. Counterparts. This Amendment may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

3.8. Electronic and Facsimile Signatures. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof. A party’s electronic signature (complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) of this Agreement shall have the same validity and effect as a signature affixed by the party’s hand.

[Signature Pages Follow]

The parties hereto have executed this Amendment to Senior Secured Notes due 2024 and Warrants to Purchase Common Stock as of the date first written above.

COMPANY:

ATERIAN, INC.

By: /s/ Arturo Rodriguez

Name: Arturo Rodriguez

Title: Chief Financial Officer

[SIGNATURE PAGE TO AMENDMENT TO SENIOR SECURED NOTES DUE 2024 AND WARRANTS TO PURCHASE COMMON STOCK]

The parties hereto have executed this Amendment to Senior Secured Notes due 2024 and Warrants to Purchase Common Stock as of the date first written above.

HOLDERS:

HIGH TRAIL INVESTMENTS SA LLC

By: /s/ Eric Helenek

Name: Eric Helenek

Title: Authorized Signatory

HIGH TRAIL INVESTMENTS ON LLC

By: /s/ Eric Helenek

Name: Eric Helenek

Title: Authorized Signatory

[SIGNATURE PAGE TO AMENDMENT TO SENIOR SECURED NOTES DUE 2024 AND WARRANTS TO PURCHASE COMMON STOCK]