



ATERIAN INVESTMENT PARTNERS ACQUIRES STEP2 TO CREATE THE LARGEST OUTDOOR TOY COMPANY IN NORTH AMERICA

NEW YORK, NY (October 18, 2016) – Aterian Investment Partners (“Aterian”) announces that one of its affiliates has acquired Step2, a leading North American branded toy manufacturer. Together, with Aterian’s affiliate, Backyard Discovery, the combined entity (the “Company”) creates the largest outdoor toy company in North America, with leading market share positions in swing sets, playhouses, activity tables, play kitchens and ride-ons as well as outdoor home and garden products.

Step2 is a leading, branded designer and manufacturer of large format plastic toys and home & garden products primarily produced in the U.S.A. with sales distribution across North America and internationally. Founded in 1991 and headquartered in Streetsboro, Ohio, Step2’s products include play kitchens, ride-ons, playhouses, water/sand tables, climbers, children’s furniture and home & garden goods. Step2 has long been recognized for its award-winning imaginative play products recently winning three awards for TTPM’s (Toys, Tots, Pets & more) holiday 2016, “Most Wanted Toys.”

Backyard Discovery, acquired by Aterian Investment Partners in August 2015, is the largest designer, manufacturer, distributor and installer of playsets in North America. Founded in 1968 and headquartered in Pittsburg, Kansas, Backyard Discovery designs and manufactures consumer products including swing sets, playhouses, patio products and sheds. Furthermore, with its network of nationwide installers, Backyard Discovery is a leader in assembling residential products, including playsets, sheds, fitness equipment, recreational equipment, outdoor grills, and patio furniture in the growing “Do-it-for-Me” (DIFM) space.

Chris Quinn, the CEO of Step2 and the Company, commented, “We believe Step 2’s combination with Backyard Discovery, immediately creates the leading backyard toy company in North America. With the support of Aterian and Backyard Discovery, we plan to grow the businesses and its product offerings with a continued focus on quality and safety.”

David Thornhill, who will remain CEO of Backyard Discovery, said, “We are excited to partner with the Step2 team and work under Chris Quinn’s leadership. Step2 is at the forefront of safety, innovation and aspirational design and has vast know-how in the large format, plastics toy market.”

Michael Fieldstone, Principal at Aterian, stated, “We are excited to acquire Step2, not only for its leadership position in the branded toy market, but also for creating a market leader through the combination with Backyard Discovery. We look forward to partnering with the management team in the next stage of growth. We will support the team in coming up with fresh and innovative products and services, always emphasizing safety, innovation, quality and durability.”

About Step2

Step2 is a branded designer and manufacturer of large format plastic toys and home & garden products in North America. Step2 is headquartered in Streetsboro, Ohio and has manufacturing facilities in Streetsboro, Ohio and Perrysville, Ohio. Step2 employs approximately 700 employees.

For more information, please visit <https://www.step2.com/>.

About Backyard Discovery

Backyard Discovery designs, manufactures, distributes and installs a range of innovative residential products for the home and backyard. Backyard Discovery is headquartered in Pittsburg, KS and is the parent company to Leisure Time Products, Inc., Backyard Adventures, Inc., Home Brands, Inc. and GoConfigure (Installations, Inc.). Backyard Discovery operates out of its corporate offices in Pittsburg, KS and Portsmouth, NH, as well as distribution centers located throughout North America. Backyard Discovery employs approximately 300 employees.

For more information, please visit <http://www.backyarddiscovery.com/>.

About Aterian Investment Partners

Aterian Investment Partners is an operationally-focused middle market private equity firm, providing resources to further enhance operations, growth and investment initiatives. The firm invests in businesses generating \$25 million to \$500 million of annual revenue with strong, proven franchises. After making an investment, Aterian, in partnership with management, seeks to focus on the critical growth, operational and liquidity initiatives of a business in an effort to drive value creation for all stakeholders.

For more information, please visit <http://www.aterianpartners.com/>.