

# DEAL SPOTLIGHT

JULY 2021 ISSUE

On March 10, 2021, Franchise Group, Inc. (Franchise Group) completed the acquisition of Pet Supplies Plus, LLC (PSP), a retail chain and franchisor of pet supplies and services.

Franchise Group’s main interest in acquiring PSP was its flexible and scalable franchise system which would allow Franchise Group to lower its costs of capital and enhance its cash flow. With over 500 stores in a steadily growing market (throughout the Midwest and Eastern United States), PSP’s financials reflect positive revenue growth with a notable increase of 16.4% in fiscal year 2021, as shown in exhibit number 1.

**Exhibit 1**

<b>Net Sales</b>	\$845,960,000
<b>Net Sales FY-1</b>	\$726,982,000

At closing, Brian Kahn, President & CEO of Franchise Group stated:

*“We look forward to welcoming Pet Supplies Plus, its management team, employees, franchisees and neighbors to Franchise Group when this Transaction closes. PSP adds another franchise concept with strong unit economics, diversification into an economically resilient and secularly growing pet industry”*

Exhibit 2 gives a snapshot of the consideration for this acquisition:

TRANSACTION DATA					
Sale Initiation		Sale Date	03/10/2021	Days to Sell	
Percentage Acquired	100%	Asking Price		Transaction Type	Stock
MVIC Price	\$704,386,000	Debt Assumed	\$251,064,000	Amount Down	\$453,322,000

Franchise Group financed this acquisition by securing \$1.3 billion in new term loan credit arranged by J.P. Morgan, Citizens Bank and Credit Suisse.

This deal and many more come from DealStats, BVR’s a state-of-the-art platform that boasts the most complete information on 41,000+ acquired companies in both the private and public sectors, including the acquisition of Momenta. The DealStats platform contains up to 199 data points per transaction, which provides a holistic view on every acquisition. The information provided includes current and historical financial statements, consideration terms, transaction multiples, financial ratios, and more.

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