

Project Fire: Acquisition Opportunity

Executive Summary & Transaction Request

Rush Street Capital has been engaged to raise **up to \$12.0 million** of financing for the acquisition and merger of two complimentary businesses, Project Fire. Rush Street Capital has been engaged directly by a highly experienced Midwest-based Independent Sponsor to source acquisition financing for these transactions. The Sponsor has the two Companies under LOI for a **combined purchase price of \$24.1 million** and will contribute \$4.0 million cash equity for the platform investment. The Sponsor is open to equity co-investments as part of the financing request.

Project Fire is the acquisition of two complimentary eCommerce companies in the home outdoor furnishings market. Target 1 is an established business operating in the high-end hearth and patio furniture sectors. Similarly, Target 2 is a high growth company that provides lifestyle products for outdoor living as well as items that enhance hearth ambiance. On a consolidated basis, the two entities generated **\$17.9 million of TTM revenue** and **\$3.9 million of TTM EBITDA** as of March 31, 2021.

Transaction Structures:

Target 1 LOI: \$16.5 million purchase price

- 6.2x Purchase Price Multiple
- \$10.0MM Cash at Close
- \$4.0MM Earnout
- \$1.0MM Seller Rollover Equity
- \$0.5MM Seller Transition Compensation

Target 2 LOI: \$7.6 million Purchase Price

- 4.7x Purchase Price Multiple
- \$4.0MM Cash at Close
- \$2.0MM Earnout
- \$0.5MM Seller Rollover Equity
- \$0.1MM Seller Transition Compensation

Company Overview

Target 1 is a thriving eCommerce business that operates in the high-end Hearth and Patio furniture sector. The business operates direct-to-consumer, utilizing a combination of drop-shipping and inventory stocking. The company has developed a reputation for superior customer service, with its popular “how to” content such as blogs, videos, and online tutorials. The business has experienced consistent, 100% year-over-year growth, enjoying high customer retention rates and steady increases in average order value. Based on the West Coast, Target 1 generated approximately **\$13.0 million of TTM revenue** and **\$2.5 million of TTM EBITDA** as of March 31, 2021.

Target 2 is a market-leading distributor of quality outdoor living and indoor hearth products. The company, boasting an impressive 95% positive seller rating, sells a combination of private-label and retail brands entirely through Amazon. The high margin business is well-positioned for future growth, with opportunities to both broaden sales platforms and expand marketing capabilities. The Sponsor has laid out an extensive plan to integrate Target 2 into Target 1, immediately post-close. Target 2 generated **\$4.9 million of TTM revenue** and **\$1.4 million of TTM EBITDA** as of March 31, 2021.

The Independent Sponsor plans to capitalize on the business’s consistent historic performance by expanding organically and through acquisitions. The Sponsor also plans to forge relationships with commercial customers and capture market share in new sales channels to drive future growth. Additionally,



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the Sponsor looks to tap into an active market for acquisitions of other value-added service companies, broadening its customer base and widening its product offerings to further engage customers.