

**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): May 13, 2021

Floor & Decor Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38070
(Commission
File Number)

27-3730271
(IRS Employer
Identification No.)

2500 Windy Ridge Parkway SE
Atlanta, Georgia
(Address of principal executive offices)

30339
(Zip Code)

(404) 471-1634
(Registrant's telephone number, including area code)

Not Applicable
(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 (see General Instruction A.2. below):

- ☐ 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(s)	Name of each exchange on which registered
Class A common stock, \$0.001 par value per share	FND	New York Stock Exchange

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 7.01. Regulation FD Disclosure.

On May 13, 2021, Floor & Decor Holdings, Inc. (the "Company"), Floor and Decor Outlets of America, Inc., a Delaware corporation and wholly-owned subsidiary of the Company ("Purchaser"), Kevin Jablon, an individual resident of Maryland ("Seller 1"), The Jablon 2021 Trust, a grantor trust governed by Maryland law ("Seller 2" and, together with Seller 1, "Sellers", and each individually, a "Seller"), SSJ Holdco, LLC, a Delaware limited liability company ("Seller Holdco"), and Spartan Surfaces, Inc., a Pennsylvania corporation ("Spartan"), entered into a membership interest purchase agreement (the "Purchase Agreement"), pursuant to which Purchaser will acquire 100% of the issued and outstanding equity interests of Spartan (the "Acquisition"). Spartan is a specialty flooring distribution company headquartered in Bel Air, Maryland with showrooms in Washington, D.C., and Chicago, Illinois. Pursuant to the terms of the Purchase Agreement, Purchaser has agreed to pay a purchase price of up to \$90 million, consisting of \$67 million in cash and \$5 million of the Company's Class A common stock, subject to customary adjustments at closing for cash, working capital, transaction expenses and indebtedness of Spartan, and amounts placed in escrow. The purchase price also includes a potential earn out payment of up to \$18 million based on achievement of certain performance metrics. In connection with the Acquisition, the Company intends to enter into offer letters and non-competition agreements with certain key employees of Spartan.

The Acquisition is expected to close during the second quarter of 2021, subject to customary closing conditions. The Purchase Agreement also includes customary representations, warranties and covenants of the Company, Purchaser, Seller Holdco and the Sellers. The Purchase Agreement also includes non-competition and non-solicitation covenants of Seller 1 and his affiliates. The Purchase Agreement also contains post-closing indemnification obligations pursuant to which the parties have agreed to indemnify each other against losses resulting from certain events, including breaches of representations and warranties, covenants and certain other matters.

The foregoing description of the Purchase Agreement is a general summary of certain material terms and does not purport to be a complete description of all terms that might be considered to be material.

On May 13, 2021, the Company issued a press release announcing the Acquisition. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference. A copy of an investor presentation dated May 13, 2021 that will issued by the Company with respect to the Acquisition is attached as Exhibit 99.2 and incorporated herein by reference.

The information disclosed under this Item 7.01 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Forward-Looking Statements

This Form 8-K includes statements relating to the Acquisition and the Company’s business plans, and expected results that are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In many cases, such forward-looking statements may be identified by such words as “may”, “should”, “would”, “plan”, “intend”, “expect”, “believe”, “anticipate”, “estimate”, “predict”, “potential”, “seem”, “seek”, “continue”, “future”, “will”, “outlook”, or other similar expressions, words or phrases, or by their context. These statements include statements regarding the industry in which the combined companies will operate, the estimated or anticipated future results and benefits of the combined companies following the Acquisition, including the likelihood and ability of the parties to successfully consummate the Acquisition, future synergies and opportunities for the combined companies, the timing of the closing of the Acquisition and other statements that are not historical facts. These statements are made on the basis of current knowledge and current expectations of Company management and, by their nature, involve numerous assumptions and uncertainties and are not predictions of actual performance. Nothing set forth in this Form 8-K should be regarded as a representation, warranty, or prediction that the Company or Spartan will achieve or are likely to achieve any particular future result. Various factors could cause actual future results, performance or events to differ materially from those described in this Form 8-K. This Form 8-K does not purport to be all-inclusive or to contain all the information that a prospective investor may desire in making an evaluation. Each investor must conduct and rely on its own evaluation, including of the associated risks, in making an investment decision. The Company assumes no obligation to update any information in this Form 8-K, except as required by law. Some of the risks and uncertainties that may impact future results and performance may include, without limitation:

1. the possibility that closing conditions will not be met or waived;
2. failure to realize the anticipated benefits of the Acquisition, including as a result of a delay in consummating the Acquisition or a delay or difficulty in integrating the business of the Company and Spartan or in achieving synergies between the Company and Spartan;
3. the potential impact of unforeseen liabilities, expenditures, expenses, or financial performance associated with the Acquisition;
4. that the Acquisition may not be well received by customers or employees of the Company or Spartan;
5. that the Company’s current management team has limited experience in addressing the challenges of integrating the management teams, strategies, cultures and organizations of acquired businesses; and
6. the other risks and uncertainties in filings made by the Company from time to time with the SEC and available at www.sec.gov, including, without limitation, the Company’s most recent Form 10-K for 2020 filed with the SEC.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated May 13, 2021
99.2	Investor Presentation, dated May 13, 2021
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.

FLOOR & DECOR HOLDINGS, INC.

Date: May 13, 2021

By: /s/ David V. Christopherson
Name: David V. Christopherson
Title: Executive Vice President, General Counsel, and Secretary



Floor & Decor Accelerates its Growth in Commercial Flooring with the Acquisition of Spartan Surfaces

Atlanta, GA, May 13, 2021 – Floor & Decor (NYSE: FND) today announced that it has entered into a definitive agreement to acquire 100% of Spartan Surfaces, a leading end-to-end commercial flooring specifying distribution company headquartered in Bel Air, Maryland for consideration of up to \$90 million. A portion of the consideration will be paid through 2024 based on the achievement of predefined fiscal performance goals. The acquisition will be financed with cash-on-hand and \$5 million of Floor & Decor common stock. It is expected to be accretive but not material to Floor & Decor's diluted earnings per share for fiscal 2021, excluding transaction and integration costs. Spartan Surfaces will operate as a subsidiary of Floor & Decor Holdings, Inc. and will continue to be led by the Spartan Surfaces senior management team. The transaction is expected to close in the second quarter of fiscal 2021.

Tom Taylor, Floor & Decor's Chief Executive Officer, stated, "We have seen strong growth in our commercial business over the last several years by providing a simplified, reliable and lower cost solution for commercial projects that leverages our merchandise sourcing and supply chain infrastructure. The addressable commercial market is large at an estimated \$13 billion, and we believe Spartan Surfaces is the right strategic partner to enable us to incrementally accelerate our commercial flooring growth plans through their scalable specifying and consultative selling business model that primarily serves the architectural and design community. Just as we've revolutionized how hard surface flooring is purchased in retail, we see multiple sources of potential value creation by collectively leveraging each company's core strengths, and we are excited about supporting Spartan Surfaces' accelerated growth plans."

Kevin Jablon, Founder and CEO of Spartan Surfaces stated, "Floor & Decor's extensive sourcing and distribution capabilities of innovative, trend-forward products will serve as a key selling point for our business development team and for projects that depend on reliability and near-term supply. As we look to the future, we are excited that Floor & Decor has the experience and resources to help us accelerate our growth plans into many untapped and highly fragmented markets across the United States, while maintaining our unique culture."

Barclays Capital acted as exclusive financial advisor, and Kilpatrick Townsend & Stockton LLP acted as legal advisor to Floor & Decor. Chesapeake Corporate Advisors acted as exclusive financial advisor, and Venable LLP acted as legal advisor to Spartan Surfaces.

Conference Call to Discuss Acquisition

A conference call to discuss this transaction with analysts and investors is scheduled for today, May 13, 2021, at 5:00 p.m. Eastern Daylight Time. If you would like to participate in the conference call, please dial (877) 300-8521 or (412) 317-6026, if calling internationally, please dial in approximately 10 minutes prior to the start of the call. A live audio webcast of the conference call and downloadable slides will be available online at: ir.flooranddecor.com.

A recorded replay of the conference call will be available within two hours of the conclusion of the call and can be accessed both online at ir.flooranddecor.com or by dialing 844-512-2921 (international callers please dial 412-317-6671). The pin number to access the telephone replay is 10156481. The replay will be available until May 20, 2021.

About Floor & Decor

Founded in 2000, Atlanta based Floor & Decor is a leading, high-growth specialty retailer of hard-surface flooring, operating 140 warehouse stores in 32 states as of April 1, 2021. The stores offer the industry's broadest in-stock assortment of tile, wood, laminate, vinyl, and natural stone flooring along with decorative and installation accessories and adjacent categories. The stores also offer free design services and a dedicated pro sales team. Products are directly sourced from manufacturers around the globe, which enables it to bring the world's best and most innovative flooring trends to its customers, at everyday low prices. Floor & Decor has locations nationwide, but each store is bolstered by a local focus that creates a unique store experience and mix of products that meet the needs of each market served. For more information, visit www.flooranddecor.com.

About Spartan Surfaces

Founded in 2007, Spartan Surfaces is a fast-growing commercial specialty hard-surface flooring distribution company that focuses on specifying and selling commercial flooring through the Architect and Design Community, end users and commercial flooring contractors. Today, the company has 106 employees that cover three-fifths of the United States with showrooms in Washington D.C. and Chicago. For more information, visit www.spartansurfaces.com.

Forward-Looking Statements

This press release contains statements that are not historical facts but rather forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are usually identified by or are associated with such words as "intend," "plan," "believe," "estimate," "expect," "anticipate" and/or the negatives or variations of these terms or similar terminology. Such forward-looking statements include those that address activities, events or developments that the Company or its management believes or anticipates may occur in the future, including the closing of the transaction and the benefits expected therefrom, including revenue growth, earnings enhancements and synergies from the transaction. All forward-looking statements are based upon the Company's current expectations, various assumptions, and data available from third parties. The Company's expectations and assumptions are expressed in good faith, and the Company believes there is a reasonable basis for them. However, there can be no assurance that such forward-looking statements will materialize or prove to be correct as forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors which may cause actual future results, performance or achievements to differ materially from the future results, performance or achievements expressed in or implied by such forward-looking statements. Numerous risks, uncertainties and other factors may cause actual results to differ materially from those set out in the forward-looking statements, including: the possibility that the transaction will not close or that the closing may be delayed; the possibility that we may be unable to obtain regulatory approval for the transaction; the potential for litigation or governmental investigations relating to the transaction; the occurrence of events, changes or circumstances that could give rise to the termination of the definitive agreement; the risk that we may be unable to successfully integrate the acquired business; the risk that we may not realize the benefits expected from the transaction; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement of the transaction; the risk that the funds required to complete the transaction become unavailable; the possibility that completing the transaction may distract the Company's management from other important matters; and the other factors discussed in Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and in the Company's other filings with the Securities and Exchange Commission which are available at <http://sec.gov>. The Company undertakes no obligation to update publicly or revise any forward-looking statements in light of new information or future events. For any forward-looking statements contained in this or any other document, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and the

Company assumes no obligation to update any such statement.

Investor Contacts:

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Vice President of Investor Relations
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or

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Senior Manager of Investor Relations
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Source: Floor & Decor Holdings, Inc.

END

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Floor & Decor To Acquire Spartan Surfaces

Forward Looking Statements and Investment Considerations



This investor presentation ("Investor Presentation") is for informational purposes and does not constitute an offer to buy, or a recommendation to purchase any securities of Floor & Decor Holdings, Inc. ("F&D").

This presentation includes statements relating to F&D's acquisition of Spartan Surfaces and F&D's business plans, objectives, and expected results that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In many cases, such forward-looking statements may be identified by such words as "may", "should", "would", "plan", "intend", "expect", "believe", "anticipate", "estimate", "predict", "potential", "seem", "seek", "continue", "future", "will", "outlook", or other similar expressions, words or phrases, or by their context. These statements include statements regarding the industry in which the combined companies will operate, the estimated or anticipated future results and benefits of the combined companies following the transaction, including the likelihood and ability of the parties to successfully consummate the proposed transaction, future synergies and opportunities for the combined companies, and other statements that are not historical facts. These statements are made on the basis of current knowledge and current expectations of F&D management and, by their nature, involve numerous assumptions and uncertainties and are not predictions of actual performance. Nothing set forth herein should be regarded as a representation, warranty, or prediction that F&D or Spartan Surfaces will achieve or are likely to achieve any particular future result. Various factors could cause actual future results, performance or events to differ materially from those described herein. This presentation does not purport to be all-inclusive or to contain all the information that a prospective investor may desire in making an evaluation. Each investor must conduct and rely on its own evaluation, including of the associated risks, in making an investment decision. F&D assumes no obligation to update any information in this Investor Presentation, except as required by law.

Some of the risks and uncertainties that may impact future results and performance may include, without limitation:

- the possibility that closing conditions will not be met or waived;
- failure to realize the anticipated benefits of the transaction, including as a result of a delay in consummating the transaction or a delay or difficulty in integrating the business of F&D and Spartan Surfaces or in achieving synergies between F&D and Spartan Surfaces;
- the potential impact of unforeseen liabilities, expenditures, expenses, or financial performance associated with the acquisition;
- that the acquisition may not be well received by customers or employees of the two companies;
- that F&D's current management team has limited experience in addressing the challenges of integrating the management teams, strategies, cultures and organizations of acquired businesses; and
- the other risks and uncertainties in filings made by F&D from time to time with the SEC and available at www.sec.gov, including, without limitation, F&D's most recent Form 10-K for 2020 filed with the SEC.

Transaction

- \$90mm of total consideration; \$5mm in FND stock & \$85mm in cash
- 20% of consideration in the form of performance based earnout through 2024
- Funded through company's existing cash on hand
- Expected to close in the second quarter of 2021

Spartan Surfaces "Spartan"

- Commercial flooring distributor primarily serving the architectural & design (A&D) community, end-users, and commercial flooring contractors
- >\$80mm revenue in 2020 with consistent track record of growth
- Founder-led culture with consultative sales model and deep customer relationships

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Spartan At A Glance

- Driven by passionate people building long-standing relationships
- Offers design and specification services of flooring products primarily to the A&D community, end-users, and commercial flooring contractors
- Innovative problem-solving team approach to offer the most value to commercial clients
- Scalable platform, which works in different geographies and for different size clients
- Uniquely positioned in a highly fragmented industry against large and small commercial flooring competitors due to adaptability, strong vendor partners, and a flexible sales model



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Spartan Surfaces Key Stats & Growth Drivers

- | | |
|--|---|
| <ul style="list-style-type: none"> ➤ Founded in 2007 and led by founder and senior management team with deep industry relationships ➤ Concentrated in the Northeast, Mid-Atlantic, Southeast, Midwest with a recent expansion into Texas ➤ >40 reps in 12 key regions ➤ Track record of growth and business expansion | <ul style="list-style-type: none"> ➤ Primarily sells to A&D community & to end-users; <i>harder</i> for FND to address ➤ Key industries: healthcare, multifamily, education, and hospitality ➤ Destination for talent due to culture and incentive structure |
| <ul style="list-style-type: none"> ➤ 2020 Revenue of >\$80mm with above industry growth; 2015-2020 CAGR >20% ➤ Consistently profitable ➤ 2020 operating margins above FND ➤ Minimal capex and working capital investment → high ROIC ➤ \$13 billion addressable market | <ul style="list-style-type: none"> ➤ Growth Drivers: <ul style="list-style-type: none"> ▪ Increase sales rep productivity through better/expanded assortment and supply chain ▪ Hire more reps in new and existing geographies ▪ Improved products at lower cost |



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Acquisition of Spartan Enhances Our Commercial Growth Pillar



- We believe the acquisition of Spartan allows us to accelerate our growth plans in the ~\$13 billion highly fragmented commercial flooring industry
- We believe Spartan's culture aligns with ours and that we can help accelerate their growth with our innovative products *while* lowering their costs through our unique supply chain

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What Floor & Decor Brings to Spartan

- Access to trend-right products at a lower cost
- A supply chain that includes 220+ vendors in 24 countries
- Capital and growth expertise across the US
- Distribution center and logistics expertise
- Resources to support faster sales rep expansion



What Spartan Brings to Floor & Decor

- Commercial sales expertise
- Proven market leadership and track record of growth in A&D and end-user market which represents ~55% of highly fragmented commercial flooring industry
- Immediate revenue stream with profitable growth
- Synergies with F&D's existing Regional Account Managers