

Quarterly Financial Report - Q1 2025

RetailCorp International

Report Period: January 1, 2025 - March 31, 2025

Report Date: April 15, 2025

Executive Summary

RetailCorp International faces severe financial distress in Q1 2025. Continued revenue decline, unsustainable cost structure, and critical liquidity constraints threaten the company's ongoing operations. Immediate intervention is required.

Financial Highlights

Metric	Q1 2025	Q1 2024	YoY Change
Revenue	\$34,800,000	\$45,200,000	-23.0%
Operating Cost	\$32,500,000	\$28,600,000	+13.6%
Gross Margin	\$2,300,000	\$16,600,000	-86.1%
Net Margin	-\$1,850,000	\$5,850,000	-131.6%
Cash Flow	-\$2,400,000	\$8,200,000	-129.3%
Total Liabilities	\$36,200,000	\$18,500,000	+95.7%

Key Performance Indicators

- Gross Margin %:** 6.6%
- Net Margin %:** -5.3%
- Operating Efficiency Ratio:** 93.4%
- Debt-to-Revenue Ratio:** 1.04

Management Commentary

Q1 2025 represents a critical juncture for RetailCorp. Revenue collapsed 23% as customer traffic declined sharply and several key suppliers restricted credit terms, limiting product availability. Market share losses accelerated as competitors capitalized on our operational difficulties.

The company posted its first quarterly loss, with negative net margin of -\$1.85M. Operating costs remain stubbornly high despite workforce reductions, as fixed costs including rent and debt service cannot be quickly adjusted.

Cash flow turned negative for the first time in company history. Liabilities nearly doubled year-over-year, now exceeding total quarterly revenue. Multiple covenant violations have occurred on existing credit facilities, and lenders are restricting further borrowing.

Emergency measures implemented include closing 8 underperforming locations, workforce reduction of 15%, and halting all non-essential capital expenditures. Discussions with creditors regarding debt restructuring are ongoing.

The board has engaged turnaround specialists and is evaluating all strategic options including potential sale, merger, or structured bankruptcy to preserve stakeholder value.

Risk Assessment: HIGH RISK □

Financial Health Status: DISTRESSED - Critical Situation