

Quarterly Financial Report - Q3 2024

RetailCorp International

Report Period: July 1, 2024 - September 30, 2024

Report Date: October 15, 2024

Executive Summary

RetailCorp International experienced a challenging Q3 2024, with revenue growth slowing and operating margins under pressure. Increased competition and higher operational costs have impacted profitability, though the company maintains adequate liquidity.

Financial Highlights

Metric	Q3 2024	Q3 2023	YoY Change
Revenue	\$43,500,000	\$44,800,000	-2.9%
Operating Cost	\$32,100,000	\$29,200,000	+9.9%
Gross Margin	\$11,400,000	\$15,600,000	-26.9%
Net Margin	\$2,850,000	\$5,200,000	-45.2%
Cash Flow	\$3,200,000	\$6,400,000	-50.0%
Total Liabilities	\$23,800,000	\$19,500,000	+22.1%

Key Performance Indicators

- Gross Margin %:** 26.2%
- Net Margin %:** 6.6%
- Operating Efficiency Ratio:** 73.8%
- Debt-to-Revenue Ratio:** 0.55

Management Commentary

Q3 2024 presented significant headwinds for RetailCorp. Revenue declined 2.9% due to increased competitive pressure in key markets and softer consumer demand. Back-to-school season underperformed expectations, particularly in electronics and apparel categories.

Operating costs increased substantially due to higher labor expenses, elevated logistics costs, and emergency facility repairs at two major distribution centers. These unplanned expenditures significantly impacted margins.

The 22.1% increase in liabilities reflects short-term borrowing to maintain inventory levels and cover operational shortfalls. While concerning, the company maintains sufficient credit facilities and is implementing cost reduction initiatives.

Management is taking corrective actions including renegotiating supplier contracts, optimizing store operations, and enhancing promotional strategies. Q4 holiday season performance will be critical for year-end results.

Risk Assessment: MODERATE RISK ☐

Financial Health Status: MODERATE - Monitoring Required