

# Quarterly Financial Report - Q2 2025

## RetailCorp International

**Report Period:** April 1, 2025 - June 30, 2025

**Report Date:** July 15, 2025

## Executive Summary

RetailCorp International continues to experience severe financial deterioration in Q2 2025. Operating losses have deepened, liquidity has reached crisis levels, and debt obligations threaten solvency. The company is exploring all available options to avoid insolvency.

## Financial Highlights

Metric	Q2 2025	Q2 2024	YoY Change
<b>Revenue</b>	\$29,400,000	\$52,800,000	-44.3%
<b>Operating Cost</b>	\$34,200,000	\$31,200,000	+9.6%
<b>Gross Margin</b>	-\$4,800,000	\$21,600,000	-122.2%
<b>Net Margin</b>	-\$6,100,000	\$7,450,000	-181.9%
<b>Cash Flow</b>	-\$5,800,000	\$9,800,000	-159.2%
<b>Total Liabilities</b>	\$42,800,000	\$17,200,000	+148.8%

## Key Performance Indicators

- Gross Margin %:** -16.3%
- Net Margin %:** -20.7%
- Operating Efficiency Ratio:** 116.3%
- Debt-to-Revenue Ratio:** 1.46

## Management Commentary

Q2 2025 marks the most challenging period in RetailCorp's history. Revenue plummeted 44.3% as brand reputation damage, supplier relationship breakdowns, and store closures severely impacted operations. Remaining locations experienced significant customer attrition.

The company is now operating at a gross loss due to heavy inventory write-downs, unfavorable supplier terms, and inability to achieve purchasing economies of scale. Operating costs, while reduced in absolute terms, now exceed revenue due to the speed of revenue decline.

Cash flow deficit of -\$5.8M has exhausted available credit lines. Liabilities have ballooned to \$42.8M, now approaching 150% of quarterly revenue. Multiple debt payments have been missed, and vendors are demanding cash-on-delivery terms or refusing to supply merchandise.

Legal proceedings have commenced with three major creditors. Trade credit insurance has been cancelled by underwriters. Employee morale is at critical lows with key talent

departing.

Management has filed notices with regulatory authorities regarding potential bankruptcy proceedings. Asset liquidation has begun, with real estate holdings and distribution centers listed for sale. Discussions continue with potential acquirers interested in select profitable store locations and brand intellectual property.

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## **Risk Assessment: HIGH RISK □**

**Financial Health Status:** CRITICAL - Potential Insolvency