



CONSUMER & RETAIL

2H 2025 OUTLOOK

Credit Solutions for the Middle Market

Configure Partners is a unique investment banking platform. Partnering with us allows our clients to remain focused on their strategic and operational objectives while entrusting us to develop the optimal credit solution.



3000+

annual interactions with capital partners

9

core industries of coverage

\$3B+

of transaction volume with repeat clients since 2018

Representative Retail Experience in a Variety of Capacities

FORMA 
THE M&A ADVISOR

Distressed M&A Deal of the Year (over \$500M)

Advised the company on a sale of substantially all of its assets pursuant to Section 363 of the U.S. Bankruptcy Code

Sell-Side Advisory

growve™

Sole Lead Arranger for credit facilities related to a recapitalization

Recapitalization

Project Mohawk

Advised the company on a sale of substantially all of its assets pursuant to Article 9 of the UCC

Sell-Side Advisory

avenue®

Advised the company on a sale of substantially all of its assets pursuant to Section 363 of the U.S. Bankruptcy Code

Sell-Side Advisory

Project Snack

Sole Lead Arranger for credit facilities related to a recapitalization of a grocery retailer

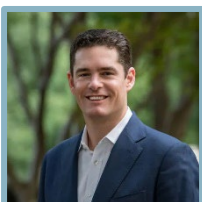
Recapitalization

MEC

Sole Lead Arranger for credit facilities related to an acquisition through the CCAA

Acquisition Financing

Industry Coverage Contacts



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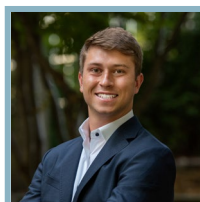
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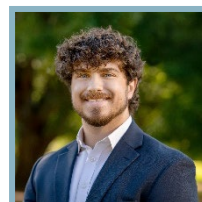
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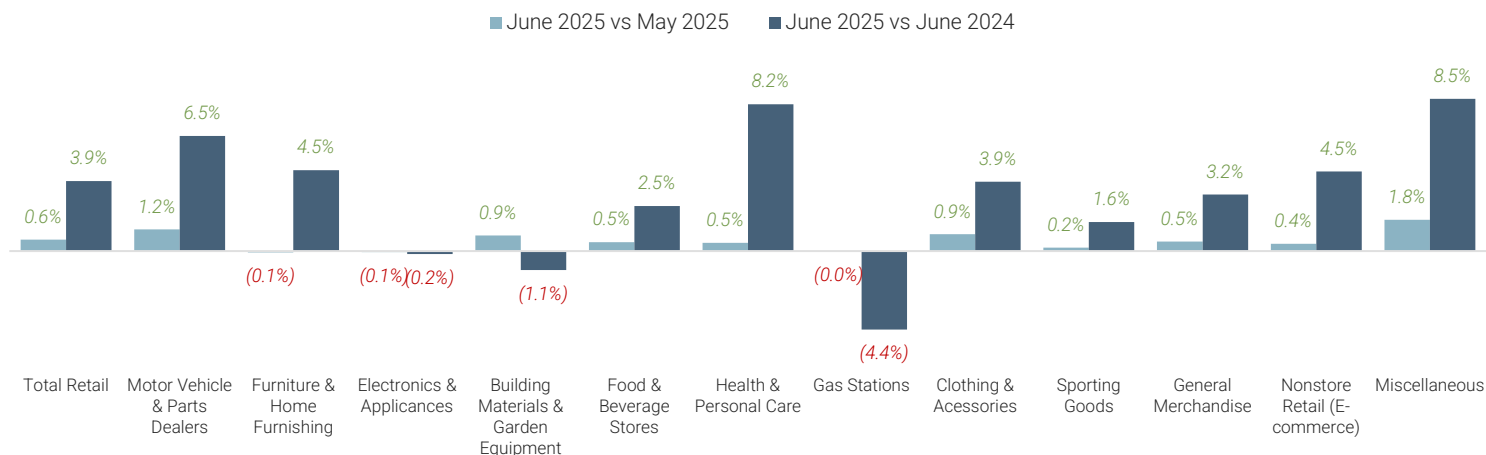
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Macroeconomic Pressure Shapes Latest Retail Trends

Retail Sales Comparison



- Consumer sentiment remains lower than early 2020, the pre-COVID, baseline level, due to consumers' concerns with price increases on non-discretionary goods, resulting from continued inflation and tariff noise. Despite concerns from consumers, spending has continued at unprecedented rates, highlighting a new dynamic prevailing in the consumer and retail industry – consumer sentiment and consumer spending are diverging
- Tariff uncertainty persists since April 2025, leading consumers to manage their internal budgets more actively and carry a “wait-and-see” approach to planned spending in the near-term. As a result, retail sales in June slowed by ~0.3% month-over-month following three consecutive months of growth. However, barring June levels, retail sales exhibited positive momentum in 1H 2025 with multiple consecutive months of mid-single digit growth; ~4.7% year-over-year in the first six months
- Key subsectors driving retail sales growth are the motor vehicle & parts dealers, health & personal care, and miscellaneous segments, while electronics & appliances and gas stations were laggards

Key Trends Apparent in 2025



Continued Shift in Consumer Preferences & Spend

- Stemming from continuous news headlines of forthcoming tariff enactments, U.S. consumers are actively responding to economic uncertainty. Nearly eight in ten anticipate impacts to their household finances, and over 60% have purchased cheaper items as a result
- Retailers are having to navigate industry headwinds and reevaluate prices to align with consumer shifts



Stabilization of E-Commerce & Entire Industry

- The e-commerce subsector has been a dominant, growing force within the consumer & retail industry since the onset of COVID-19, yet the subsector's disruption seems to have subsided in recent months
- Coincidentally, with recent historical growth in e-commerce purchases, physical stores remain critical for returns of online purchases



Importance of Retail Footprint Remains

- Despite growth in artificial intelligence and virtual retail experiences, retailers must continue to allocate focus to brick-and-mortar footprints
- Physical shopping is forecasted to account for ~77% of 2025 total retail spend, and while that percentage is anticipated to decrease to ~73% by 2028, retail stores still represent a vast majority of customers' preferred purchasing channel



Gen Z Has Diverted Towards Private-Label Brands

- Following a period of hesitation towards private label products from Gen Z consumers, the cohort (similar to other generations) has shifted their preferences and perceptions of private label brands
- Private label goods are seen as budget-friendly options in comparison to store brands, and are now also receiving innovative, trendy, and premium descriptions from Gen Z

2025 Back-to-School Season Recap



Shift in Spend Timing

Planned back-to-school spending is less front-loaded in 2025, with 61% of spend expected to occur by the end of July (66% in 2024)



Spend Increases

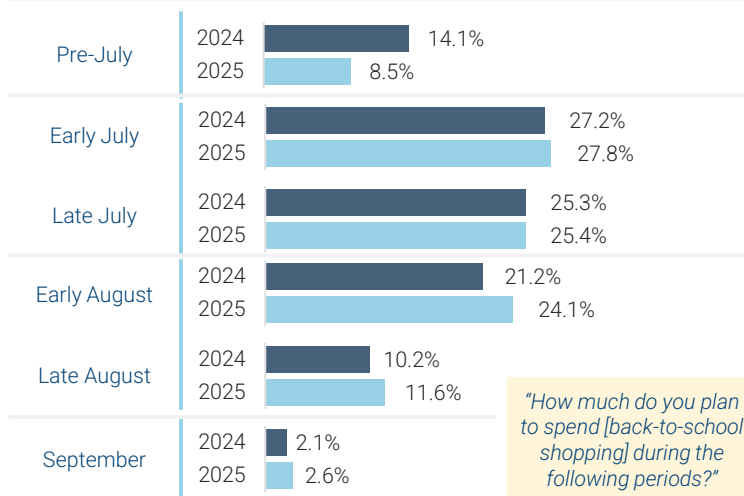
Average K-12 per-child spend is expected to increase ~22% YoY, with growth primarily via new technology purchases



Retailer Adaptation

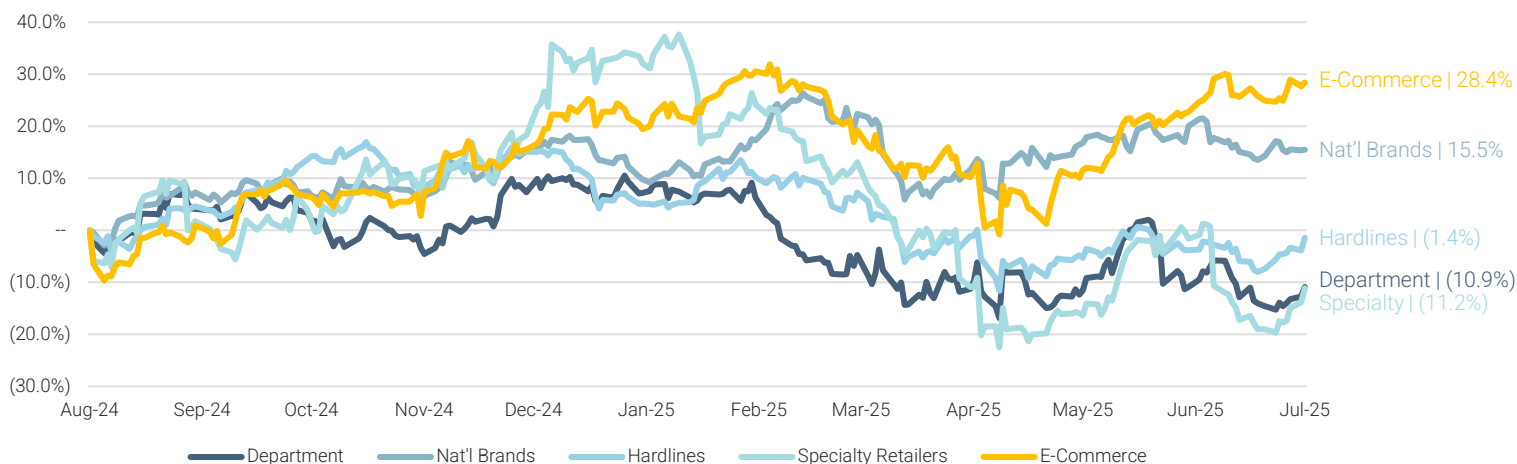
Retailers such as Target and Walmart have established new promotions targeting the more cost-conscious consumer

In effort to better manage internal budgets, parents are planning to spread back-to-school purchases over a wider timeframe in 2025 compared to prior years



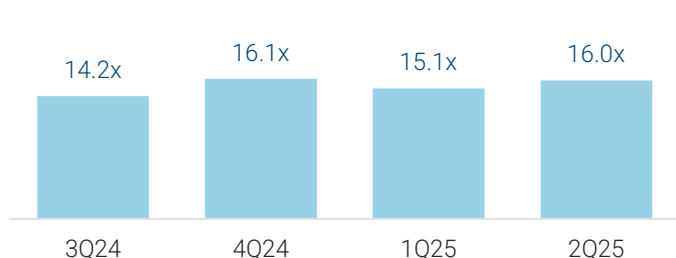
Public Equity Markets: Subsector Performance

Indexed Stock Performance – Last Twelve Months

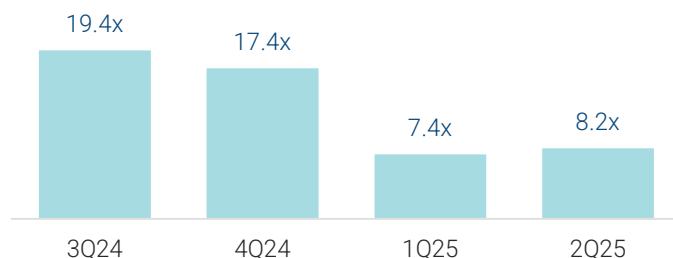


Subsector EV / LTM EBITDA Trends

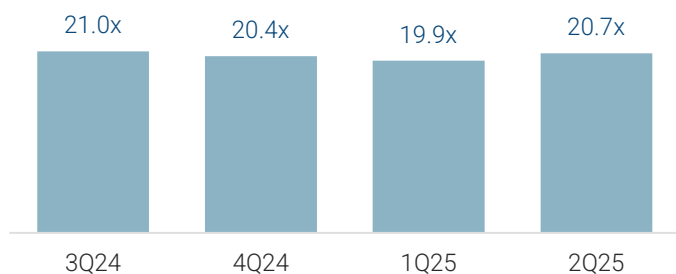
E-Commerce



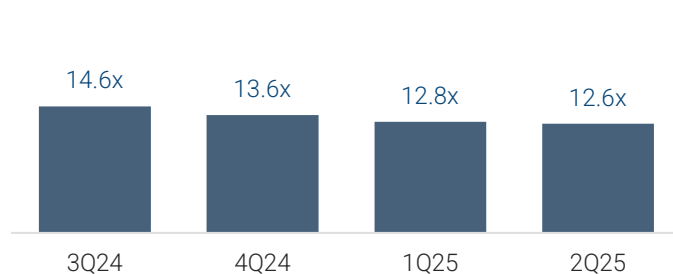
Specialty Retail



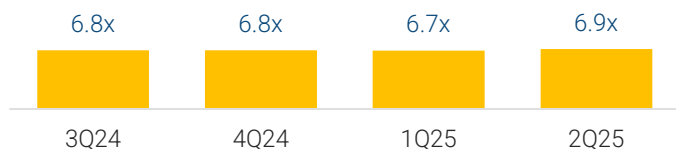
National Brands



Hardlines



Department Stores



Key Takeaways

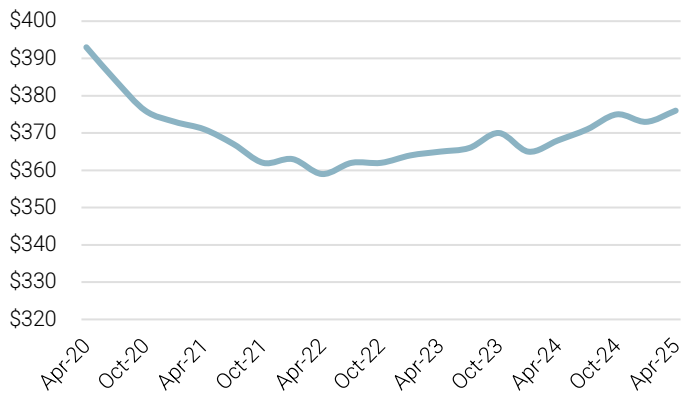
- Valuations across most key retail subsectors have remained steady, except for the specialty retail subsector, which exhibited a ~57% decline from 4Q24 to 1Q25. Hardlines also decreased a modest ~6% over the same period
- E-commerce and national brands continue to experience stable valuation trends, despite broader contractions in the industry

Recent Bankruptcy Activity

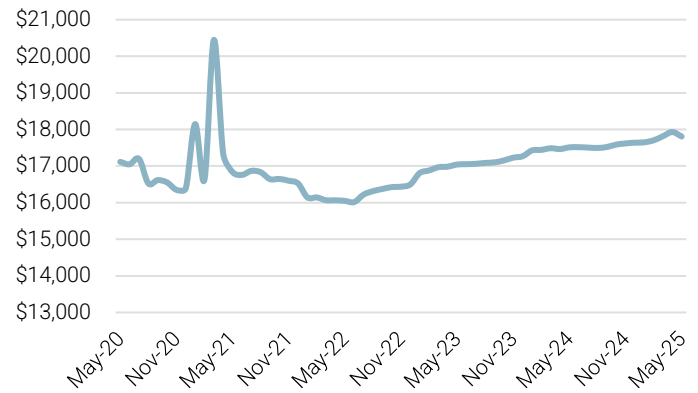
Company	Filing Date	Situation Overview	Status Update / Outcome
 The Home & Holiday Superstore	6/16/2025	Resulting from a significant international sourcing model (~90% of products) and recent tariff exposure, At Home filed for Chapter 11 in mid-June. While the company experienced positive financial results during the COVID-19 pandemic, At Home's existing capital structure was highly levered and required much of the generated free cash flow for debt service, all while revenues and margins decreased due to economic uncertainty	At Home has crafted a plan that has been agreed upon by nearly all pre-petition lenders. The company is set to receive a \$600M debtor-in-possession facility, inclusive of \$200M new money and a \$400M roll-up of existing senior debt
	5/5/2025	In early May, Rite Aid filed for Chapter 11 for the second time in less than two years. The first filing was driven by an unfavorable lease portfolio that led to liquidity constraints, and following Rite Aid's exit from the first Chapter 11 in August 2024, its front-end, high-margin retail business continued to underperform. That fact, along with ongoing restrictions from the company's vendors, drove Rite Aid's latest Chapter 11 filing	The company has received ~\$2B in new financing to support the ongoing sale and Chapter 11 process. Rite Aid previously sold over 1,000 locations to its drugstore competitors immediately after the filing in May
FOREVER 21	3/16/2025	Forever 21 ("F21") filed for Chapter 11 in mid-March due to shifting consumer preferences, economic noise, and a retail footprint serving as a cash drain on the company. Note the business that is in-court for the bankruptcy is the operating company, and that entity licenses the intellectual property ("IP") to Authentic Brands (the owner of the IP). Thus, Authentic Brands may license the IP to other domestic or international operators	Catalyst Brands (F21 operators Sparc Group and J.C. Penney) opted not to inject rescue capital into the business, and instead have liquidated Forever 21's inventory and are in the process of closing all brick-and-mortar locations
 HUDSON'S BAY INCORPORATED 7 MAY 1870	3/7/2025	Hudson's Bay Co. ("HB"), a Canada-based department store company with roots back to the 17 th century, filed for Canada's Chapter 11 equivalent in early March. The company also operates Saks Fifth Avenue and Saks Off 5 th stores within Canada. Resulting from U.S. and Canada tariff disagreements, shifting consumer preferences post-COVID, and the company's lease portfolio, the company was forced into bankruptcy to preserve any remaining value	HB liquidated its entire retail footprint starting in April and proceeded with mass layoffs the following month. However, Canadian Tire Corp. ("CTC") purchased the company's IP for ~\$21M and bid on several leases. An additional party, Ruby Liu Commercial Investment Corp., also bid on numerous leases
	2/3/2025	After struggling to outperform competitors and mitigate inflation and supply chain impacts, Bargain Hunt ("BH") filed for Chapter 11 in early February. The company operated two distinct segments, including a brick-and-mortar retail footprint and a reverse logistics operation, with the logistics segment being the more profitable segment. However, Amazon ended its reverse logistic relationship with BH, adding additional pressure to the business	BH explored a sale process as a going concern, but ultimately was forced into liquidation of assets through its retail stores to maximize value
	2/2/2025	Due to an unfavorable licensing dispute resulting in Liberated Brands losing part of agreement for the Boardriders portfolio of brands (Billabong, Roxy, and Quiksilver), the company filed for Chapter 11 in early February 2025. Primary reasoning behind the filing, other than the aforementioned licensing dispute, was the company's underperforming brick-and-mortar locations	Liberated Brands plans to close all 122 of its retail locations (Billabong, Roxy, Quiksilver, and RVCA, among others). Authentic brands, which holds a 20% stake in Liberated Brands, is supporting the company "as they evaluate their opportunity to reorganize their business and regain profitability"
	1/22/2025	Books Inc. filed for Chapter 11 in January 2025 following a sharp drop in traffic trends across its brick-and-mortar store base, which accounts for ~95% of the company's revenue. Primary drivers behind the lower traffic trends began with the COVID-19 pandemic in 2020 and never recovered to necessary levels to support operations	Books Inc. plans to close one of its 11 stores but will remain operational going forward. The company may also seek court approval for additional store closures if lease terms for its brick-and-mortar locations are unable to be renegotiated favorably
JOANN	1/15/2025	Just 10 months after filing for Chapter 11 in March 2024, Joann has once again filed bankruptcy in January 2025, citing a consistently challenging macroeconomic retail environment and financial troubles, primarily relating to inventory. After being purchased via credit bid by the incumbent lending group in April 2024, Joann is once again seeking a value maximizing solution for creditors	Following its second bankruptcy filing in twelve months, Joann's assets were sold in February to GA Group with plans to wind down operations via store liquidations and closures. Michael's has acquired the company's IP and private labels
	12/22/2024	After a strategic partnership opportunity with Beyond (operator of Bed Bath & Beyond) fell through, The Container Store filed for bankruptcy in December 2022. Primary reasons for the filing were challenging macroeconomic and financial issues, which led to the company being unable to service its existing debt outstanding	The Container Store has since exited Chapter 11 following court approval of credit bid to its lenders. The company was able to shed \$88M of debt and refinance its short-term debt obligations, with additional upsizing of its ABL facility by \$40M and other new financing of \$40M
	12/21/2024	Party City filed for bankruptcy in December 2024 after emerging from bankruptcy and shedding nearly \$1B in debt in October 2023. As of filing, Party City had roughly \$400M in debt obligations. Management cited inflationary pressures on both costs and consumer spending as the main challenges that the Company was unable to overcome	Following its second bankruptcy filing in two years, Party City plans to liquidate and will wind down operations
	9/9/2024	Big Lots filed for Chapter 11 in September of 2024, citing struggles due to record inflation and high interest rates post-pandemic impacting consumer spending. After an unfavorable inventory appraisal in December, the original sale to the stalking horse bidder fell through and Big Lots planned on going out of business until Gordon Brothers stepped in to complete a going-concern sale	In early January 2025, Gordon Brother completed the purchase of Big Lots Inc., enabling the transfer of 200 – 400 stores to Variety Wholesalers

Major Economic Trends

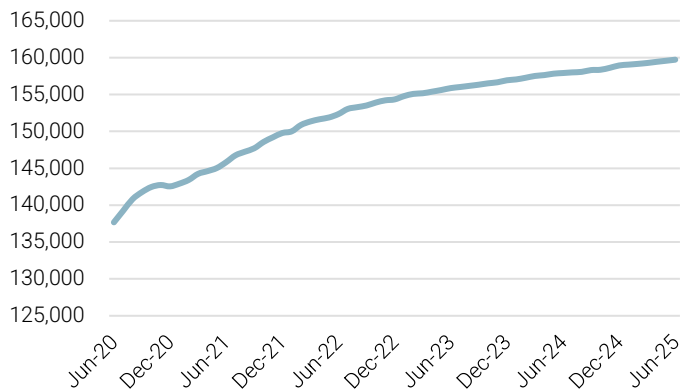
Weekly Real Median Wages (Adj. CPI Dollars)



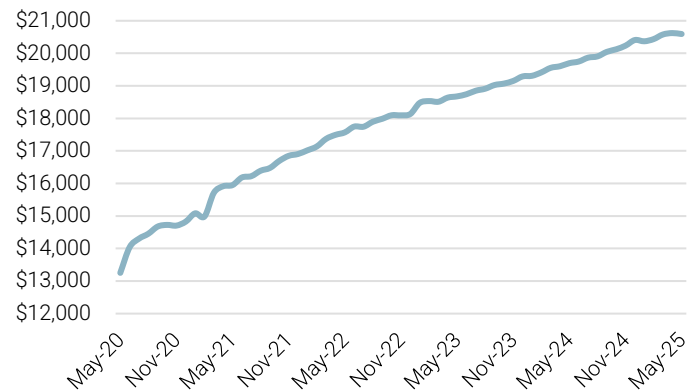
Real Disposable Income (\$B)



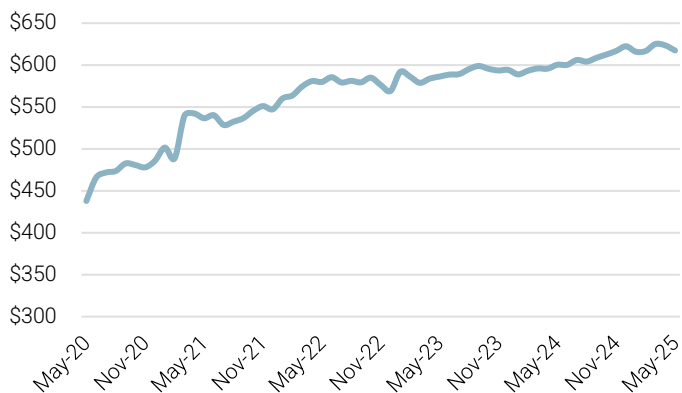
United States Jobs Count (000s)



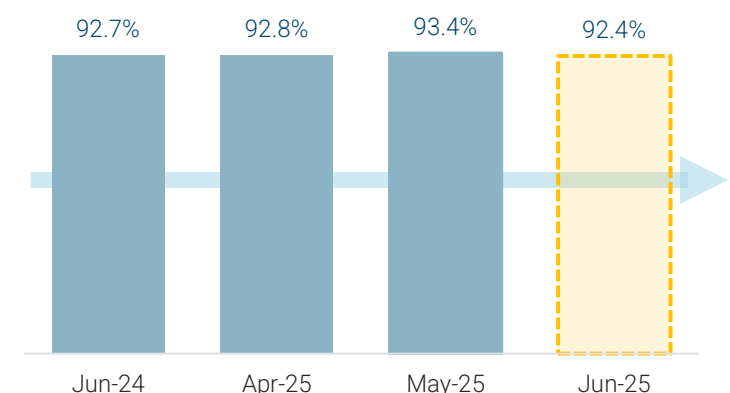
Personal Consumption Expenditures (\$B)



Monthly Retail Sales Trends (\$B)



Rent Collection Trends



Key Takeaways

- Key consumer & retail indicators continue to exhibit positive momentum, although real disposable income, personal consumption expenditures, and monthly retail sales have leveled off in recent months due to consumers' uncertainty of tariff impacts and overall economic trends
- While rates were adjusted by the Fed throughout 2024 (100 bps cut from January – December 2024), the Fed has kept rates stagnant in the 4.25% – 4.5% range since December 2024's cut of 25bps. Inflation decreased from 3.0% in January 2025 to 2.3% in April 2025, the lowest level since 2021, although it has since begun to increase (2.7% in June 2025)