B|RILEY Advisory Services

APRIL 2023

Monitor

CERTAIN UNCERTAINTY

SALES SOFTEN
Sales for many retailers continue to normalize following years of pandemic-related anomalies

COST CONSCIOUS
Prices for many basic items remain high, leading some consumers to pull back on non-necessities

RECESSION QUESTION
With mixed signals from various economic data points, retailers stay ready for anything the future brings

In This Issue

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VOLUME
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03 Monitor Information
Top Trends

04 Overview

05 E-Commerce

06 Department Stores

07 Specialty Apparel Stores

09 Off-Price/Dollar Stores/
Mass Merchants

10 Sporting Goods

11 Footwear

12 Consumer Electronics

13 Jewelry

14 Books

15 Grocery

16 Pharmacy and Drug Stores

17 Furniture and Home Furnishings

18 Arts and Crafts

19 Pet Supplies

20 Experience

21 Meet the Team

22 About B. Riley Advisory Services

23 Capitalize On The B. Riley Difference

B | RILEY
Advisory Services

Deals are a moving target with a constantly shifting mix of people, numbers and timing. We are here to simplify this process for you. Our associates are experts at analyzing situations and quantifying values you need on the most complex deals, so you can leverage our extensive industry knowledge to close the deal.

Monitor Information

B. Riley Advisory Services' Retail Monitor highlights key industry drivers within the retail sector and how they relate to B. Riley Advisory Services' valuation process and current trends in recovery values. As the retail industry is impacted by consumer spending patterns and various macro and microeconomic factors, timely and accurate information is essential. B. Riley Advisory Services strives to contextualize important indicators to provide an informed perspective of the market for our clients' needs. Such indicators include general industry trends, comparable store sales trends, gross margin changes, and discounting activity. Any comparable store sales illustrated in this monitor reflect figures as they have been reported by public retailers. The methodology for calculating comparable store sales may vary by company.

B. Riley Advisory Services welcomes the opportunity to make our expertise available to you.

Should you need any further information or wish to discuss recovery ranges for a particular segment, please feel free to contact your B. Riley Advisory Services Business Development Officer using the contact information shown in all Retail Monitor issues.

B. Riley Advisory Services' Retail Monitor provides an overview highlighting specific sectors of the retail industry. The information contained herein is based on a composite of B. Riley Advisory Services' industry expertise, contact with industry personnel, liquidation and appraisal experience, and data compiled from a variety of well-respected sources believed to be reliable. B. Riley Advisory Services does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this issue. Neither B. Riley Advisory Services nor any of its representatives shall be liable for use of any of the information in this issue or any errors therein or omissions therefrom.

Top Trends

1. Consumers have pulled back on spending in recent months, amid high inflation and economic uncertainty.
2. E-commerce remains a strong selling channel for many companies, though sales have normalized in recent quarters following pandemic-highs.
3. Some retailers have had to increase discounting to clear through excess inventory, to the detriment of gross margin.

Overview

During 2022, consumers continued to spend, buoyed by a strong labor market and lingering pandemic savings; however, inflation has driven costs upward, leading consumers to pump the brakes in recent months.

How the economy will fare in the coming months is certainly uncertain. Warnings of an impending recession have loomed during the back half of 2022 and into 2023, but the timing of this downturn has proved exceedingly difficult to predict. Fears have intensified recently following the collapse of Silicon Valley Bank and Signature Bank. Moreover, the stock market has been shaky; with 2022 the worst year in over a decade for the major indexes. The shakiness of consumer spending power has been seen in recent retail trends.

Based on data from the U.S. Census Bureau, retail sales in total for 2022, excluding sales of gasoline, automobiles, and food and drink establishments, were up approximately 8.1% and totaled upwards of $4.9 trillion. Further, year-over-year gains were seen in January and February 2023. At face value, these results appear straightforwardly promising, but the full story is more complicated. Sales gains in many instances have been driven by high prices. Retailers have had to contend with rising material costs, higher labor costs to attract workers amid record-low unemployment levels, relatively high fuel and transportation costs, and various other factors. Many consumer product companies have implemented multiple price increases, which have trickled down to the consumer.

Consumers have continued to spend, but the strength of consumer spending power has started to exhibit cracks in the foundation. Whereas during the pandemic some were able to increase savings when government stimulus checks rolled in and many cut back on expenses related to restaurants and travel, many have had to winnow down those savings in recent months as prices for necessities were on the rise. Similarly, while average wages last year were on the uptick, some have found that the increases were not enough to offset cost of living increases, particularly when stimulus checks dried up. The cost of housing, for both purchasing and renting, remains extraordinarily high in many parts of the country. In addition, heating and other utility costs have increased, as have the costs of many food categories. Childcare rates have also risen in many areas, due to the aforementioned wage increases needed to attract workers to the field.

At a time when cash is now limited for many, it is also much more expensive for consumers to borrow. In an effort to combat inflation, the Federal Reserve has been raising interest rates. Inflation exceeded 8% last year, and despite these measures, it has only softened to approximately 6% for the 12 months ended February 2023 compared to the prior year, as reported by the Bureau of Labor Statistics, U.S. Labor Department. Further rate increases seem likely.

As a result of all these factors, sales results for some retailers during the most recent quarter reported were somewhat soft. Consumers pumped the brakes when spending during the holidays, working to stretch paychecks. This constriction in consumer demand came at a time when many retailers had over-purchased inventory following supply chain disruptions in late 2021 and early 2022. Some were therefore left with an excess of goods, which were discounted to sell through, to the detriment of gross margin.

In 2023, retailers will have to walk a tightrope, managing inventory to meet sales demand, while also being able to pivot quickly as they brace for the worst. Some have already taken preemptive measures to reduce expenses where possible, through reducing employee headcounts, closing stores, or consolidating distribution facilities. Some major players have already filed for bankruptcy protection in 2023, and more could be on the horizon.

E-Commerce

KEY INDUSTRY DRIVERS

- **Expense concerns:** The e-commerce sector has faced rising product costs, freight costs, and other inflationary pressures. This has resulted in some online-only players, particularly those that are newer and smaller-scale, facing liquidity issues in recent months. The record growth in e-commerce sales driven by the pandemic resulted in many companies increasing hiring and building inventory levels. However, recent normalized results have impacted profitability, leading some e-commerce-heavy companies to cut costs where possible, such as through headcount reductions. Fears have been exacerbated in recent weeks following the collapse of Silicon Valley Bank, which funded several technology-based companies.

- **Sales normalize:** Following exponential growth in 2020 during the brunt of the pandemic, with further gains experienced in 2021 for many, some e-commerce sales are starting to exhibit declines in recent quarters as sales return to more normalized levels. Regardless, e-commerce remains a strong sales channel for omnichannel retailers.

- **Marketing and social commerce:** There continues to be various ways for consumers to shop online, including typical e-commerce, marketplace purchases, subscription services, as well as rentals. As such, companies are increasingly using data analytics to personalize shopping experiences and marketing methods for target customers. This is accomplished through paid searches, social media, review sites, and many other methods. Shopping via social commerce and the use of influencers plays a large role for many online brands. TikTok creators advertise various products, and Amazon in particular uses influencers to market products.

- **Technology:** Companies have leveraged new technology to drive sales, including the latest software to customize the shopping experience for customers. Third-party payment options, such as Amazon Pay, Apple Pay, Google Pay, Klarna, and Affirm, remain popular, as does Shopify, a software company that develops online platforms.

TREND TRACKER

NOLVs	Mixed ▲▼
Sales Trends	Decreasing ▼
Gross Margin	Mixed ▲▼
Discounting	Increasing ▲

Note: Represents results through the e-commerce channel for companies that are primarily e-commerce, or the e-commerce channel only of multi-channel retailers.

SALES TRENDS

	Fourth Quarter 2022	Third Quarter 2022	Second Quarter 2022	First Quarter 2021
% of Retail Sales	21.1%	21.2%	21.3%	20.9%
Change Year Over Year	6.5%	9.3%	7.2%	6.8%

Source: www.census.gov/retail. Results are revised estimates, calculated using information in the most recent press release for the fourth quarter of 2022, excluding sales of automobiles and gasoline.

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Amazon	9.0%	15.0%	7.0%	7.0%
Walmart U.S. E-commerce	17.0%	16.0%	12.0%	1.0%
Wayfair	(4.6%)	(9.0%)	(14.9%)	(13.9%)
Target Digital	(3.6%)	0.3%	9.0%	3.2%
Overstock	(34.0%)	(33.0%)	(34.0%)	(19.0%)

*Note(s): The most recent quarter reported for Amazon, Wayfair, and Overstock ended December 31, 2022; these three companies represent total net sales/revenue. Walmart ended January 31, 2023 and represents U.S. e-commerce sales including grocery delivery. Target ended January 28, 2023 and represents digital sales.

Department Stores

KEY INDUSTRY DRIVERS

- **Mixed results:** During the fourth quarter of 2022, most major department store retailers publicly reported weaker results compared to the prior year. Macroeconomic issues, including high inflation and rising interest rates, among others, has curbed consumer spending. The pullback was initially seen for more moderately priced department stores earlier in 2022. While luxury players initially outperformed their mid-priced counterparts, even higher-end retailers began to see a slowdown in sales during the fourth quarter and into 2023. Results have varied by category. Men's apparel and some dressier items have benefited as consumers increasingly return to the office and in-person social events. Conversely, home items and more casual attire have experienced declines in demand. Major retailers have reported softness in not only brick-and-mortar sales, but also in digital sales, the latter of which often exhibited massive growth during the early stages of the pandemic. Regardless of the declines, digital sales remain a major component of retailers' omni channel presences.

- **Inventory issues:** Many department stores have faced challenges managing inventory levels. In 2021, supply chain delays and heightened demand caused some department stores to increase purchasing to meet demand and avoid stock-outs, which then resulted in a glut of inventory as sales demand softened.

- **Gross margin:** The increased inventory and soft sales during the fourth quarter resulted in many companies increasing promotional activity, particularly for seasonal goods, to avoid a buildup of aged inventory and drive top line sales. There was also pressure on markup from rising freight costs.

- **Store bases:** Department stores continue to right-size store fleets. Nordstrom has announced plans to exit Canada, and Macy's, as well as other department stores, have been closing stores on an ongoing basis. Some have shifted focus to smaller formats, as well as locations outside of traditional malls.

TREND TRACKER

NOLVs	Decreasing ▼
Sales Trends	Decreasing ▼
Gross Margin	Decreasing ▼
Discounting	Increasing ▲

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Nordstrom	(2.4%)	(3.4%)	14.7%	23.5%
Macy's	(3.3%)	(3.1%)	(1.5%)	12.8%
Dillard's	0.0%	8.0%	0.0%	23.0%
Kohl's	(6.6%)	(6.9%)	(7.7%)	(5.2%)

*Note(s): The most recent quarter reported for all companies ended January 28, 2023. Some retailers report results including e-commerce sales or change in net sales as opposed to comparable stores. Macy's represents sales on an owned basis.

- **Customer acquisition:** Some department stores have focused on attracting new customers, and work even harder to keep customers coming back. Some have been focused on offering new or enhanced loyalty programs. Some department stores have added more shops-in-shops, as well as cafes, restaurants, and other experiential elements to draw customers in.

Specialty Apparel Stores

KEY INDUSTRY DRIVERS

- **Inflationary effects:** Similar to other sectors, specialty apparel retailers have been faced with inflationary pressures including rising costs from vendors, higher transportation costs, and necessary wage increases to find workers amid low unemployment rates. Moreover, as consumers are faced with high costs for nearly every facet of living, there is less money for non-essential apparel. As a result, many retailers have taken measures to reduce expenses where possible.

- **Store activity:** Specialty apparel retailers continue to right-size store fleets. In general, major specialty apparel retailers have been working to close under-performing locations and focus on their most productive stores. Some retailers have also shifted focus to outlet concepts, as well as locations in outdoor shopping centers as opposed to indoor malls.

- **Mixed results:** Sales for specialty apparel retailers have varied. Retailers offering predominantly tailored apparel continue to rebound from pandemic-lows, driven by heightened demand as consumers largely resume pre-pandemic ways of living, through both returning to events and the office. Loungewear and athletic apparel remain in demand, though sales have normalized compared to significant gains during 2020 and 2021. Similar to other sectors, some specialty apparel retailers found themselves with excess inventory at the end of 2022 as a result of over-purchasing during supply chain constraints, teamed with a decline in demand from consumers. This resulted in a promotional environment to sell through excess inventory.

- **Leveraging digital:** During the brunt of the pandemic, e-commerce sales grew exponentially, while brick-and-mortar sales fell off. While consumers have returned to in-store shopping with more regularity, digital sales remain an important piece of specialty apparel's total net sales. As such, retailers continue to add more technology. For example, Abercrombie & Fitch implemented a new way to pay on its app, Share2Pay. This technology allows younger consumers in particular to share items in a virtual shopping bag with adults in their lives that might want to contribute financially to the purchase. Retailers have been using social media to drive sales.

- **Differentiation:** Specialty apparel retailers continue to work to differentiate themselves to increase customer traffic to stores and websites. Some tactics have proven more difficult to execute than others. For example, Old Navy's push to include more sizes in its stores to promote body positivity and body-inclusive offerings resulted in excess inventory and a lack of depth in certain sizes, culminating in missed sales. Other retailers have tested new store concepts and brand partnerships to further appeal to customers.

- **Sustainability**: One trend that remains on the minds of many consumers is sustainability. As such, some retailers have been touting resale programs. Resale is believed to be poised for growth going forward as consumers increasingly look to save money amid economic uncertainty. Some retailers also offer clothing rentals, which allows customers to receive new items to wear, but return them once finished.

TREND TRACKER

NOLVs	Decreasing ▼
Sales Trends	Mixed ▲▼
Gross Margin	Decreasing ▼
Discounting	Increasing ▲

Specialty Apparel Stores

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Urban Outfitters	(10.0%)	(9.0%)	(9.0%)	1.0%
Banana Republic	(3.0%)	10.0%	8.0%	27.0%
Gap	(4.0%)	4.0%	(7.0%)	(11.0%)
Old Navy	(7.0%)	(1.0%)	(15.0%)	(22.0%)
White House/Black Market	1.9%	17.0%	31.9%	64.8%
Chicos	16.1%	28.8%	29.7%	52.0%
Guess	0.0%	(1.0%)	(6.0%)	3.0%
Express	(13.0%)	(8.0%)	1.0%	31.0%
Anthropologie	9.0%	13.0%	7.0%	18.0%
Free People	15.0%	8.0%	8.0%	15.0%
Lululemon (North America)	29.0%	26.0%	28.0%	32.0%
Athleta	(5.0%)	0.0%	(8.0%)	(7.0%)
Victoria’s Secret	(6.0%)	(11.0%)	(8.0%)	(8.0%)
Soma	(5.0%)	(6.1%)	(9.2%)	(1.4%)
DXL	10.8%	8.7%	6.1%	19.5%
Abercrombie & Fitch	3.0%	(3.0%)	(7.0%)	4.0%
American Eagle	(1.0%)	(3.0%)	0.0%	2.0%
The Buckle	4.6%	3.0%	1.6%	3.7%
Zumiez	(19.2%)	(17.9%)	(18.1%)	(20.9%)
The Children’s Place	(12.8%)	(10.0%)	(8.7%)	(16.9%)
Carter's/OshKosh Retail	(12.9%)	(11.0%)	(8.0%)	(7.0%)

Note(s): Some retailers represent net sales if comparable store sales were not reported. The most recent quarter reported for Urban Outfitters, Free People, and Anthropologie ended January 31, 2023; Lululemon ended January 29, 2023 and represents North America net revenue; Carter's ended December 31, 2022 and represents U.S. retail comparable net sales including OshKosh; all other companies ended January 28, 2023. Banana Republic, Gap, and Old Navy represent global sales.

Off-Price/Dollar Stores/Mass Merchants

KEY INDUSTRY DRIVERS

- **Mixed results:** Dollar stores and mass merchants have largely outperformed apparel discounters in recent quarters due to diverse product offerings, though sales have varied based on the retailer and product category. While off-price retailers have reported that apparel and accessories have experienced higher demand than home products, dollar stores and mass merchants have seen strength in food, beverages, beauty, and household essentials. Many retailers have nonetheless reported being over-inventoried, due to a normalizing supply chain coupled with softer demand from consumers. Off-price retailers have been able to leverage the market to capitalize on opportunistic purchases.

- **Industry activity:** This sector has seen some activity in recent quarters, most notably when off-price home goods retailer Tuesday Morning filed for Chapter 11 bankruptcy in February 2023. Tuesday Morning has reported plans to close upwards of 265 stores, restructure, and focus on its core markets. Conversely, most other retailers are expanding. TJX has indicated plans to open as many as 170 stores this year, while Walmart is also opening stores and redesigning others. Target plans to open a more nominal 20 stores, but will remodel some locations, particularly to include Ulta Beauty or Apple shop-in-shops. Dollar General has reported plans to open over 1,000 stores, while remodeling 2,000 and relocating 120 during 2023. Dollar Tree plans to open over 600 stores, with Ross Stores, Costco, Five Below, and other players also planning to open locations this year.

- **Rising prices:** Gross margin in this sector has in general increased due to companies passing on price increases from supply chain and inflationary pressure to customers. While average ticket sales have increased, some dollar stores and discounters have reported declines in customer traffic.

TREND TRACKER

	Dollar Stores/ Mass Merchants	Off-price Retailers
NOLVs	Consistent ▬	Consistent ▬
Sales Trends	Increasing ▲	Decreasing ▼
Gross Margin	Increasing ▲	Increasing ▲
Discounting	Consistent ▬	Consistent ▬

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
TJX	4.0%	(2.0%)	(5.0%)	0.0%
Ross Stores	1.0%	(3.0%)	(7.0%)	(7.0%)
Burlington Stores	(2.0%)	(17.0%)	(17.0%)	(18.0%)
Nordstrom Rack	(8.1%)	(1.9%)	6.3%	10.3%
Walmart	8.3%	8.2%	6.5%	3.0%
Target	1.9%	3.2%	1.3%	3.4%
Costco	5.8%	6.5%	9.6%	10.7%
Dollar General	5.7%	6.8%	4.6%	(0.1%)
Dollar Tree	8.7%	8.6%	7.5%	11.2%
Family Dollar	5.8%	4.1%	2.0%	(2.8%)
Five Below	1.9%	(2.7%)	(5.8%)	(3.6%)
Big Lots	(13.0%)	(11.7%)	(9.2%)	(17.0%)

*Note(s): The most recent quarter reported for Costco ended February 12, 2023 and represents U.S. only, excluding fuel; Walmart ended January 31, 2023 and excludes Sam's Club and fuel; Dollar General ended February 3, 2023; all other companies ended January 28, 2023.

Sporting Goods

KEY INDUSTRY DRIVERS

- **Mixed results:** While demand remains strong, many sporting goods retailers have reported declining sales due to comparisons to elevated sales during the brunt of the pandemic, teamed with macroeconomic issues such as inflation, which have driven down discretionary purchases. Some retailers have managed to sell through excess inventory; others have higher than desired levels of inventory. Many retailers anticipate gross margin to improve during the second half of 2023 as the effects of normalizing freight costs trickle through.

- **Industry activity:** Sporting goods retailers continue to open stores. Big 5, Dick's Sporting Goods, Academy, and Sportsman's Warehouse all have plans to open stores either in the coming year or in the years beyond. Additional activity includes Dick's Sporting Goods' decision to exit its Field & Stream brand, with plans to convert those remaining locations to Dick's House of Sport locations. Dick's Sporting Goods plans to continue to expand House of Sport in the coming years, and also acquired Moosejaw from Walmart, with plans to make the latter part of its Public Lands brand. Peloton is looking to reduce expenses, closing a facility in North Carolina; however, it is growing Precor Manufacturing, which it acquired in 2020.

- **Products and participation:** Pickleball and other racket sports remain popular, as do other outdoor activities, while facility-based fitness remains below pre-pandemic levels.

- **Firearms and ammunition:** Background checks and firearm sales in 2022 were not as high as in the record-years of 2020 and 2021, but remain above pre-pandemic levels. Over the past few years, sales of firearms have been driven by the pandemic, social unrest, a Democratic president, and mass shootings. Recently however, high inflation and other macroeconomic factors have resulted in a decline in demand for discretionary purchases. Ammunition has been in short supply since 2020, and continues to be somewhat difficult to obtain due to high demand, the bankruptcy of Remington Outdoor Company, and difficulty sourcing raw materials related to sanctions on Russia and the conflict in Ukraine. In March 2023, President Biden signed an Executive Order to work to reduce gun violence. This follows Canada's October 2022 decision to put a freeze on all sales, purchases, and transfers of handguns.

TREND TRACKER

NOLVs	Decreasing	▼
Sales Trends	Decreasing	▼
Gross Margin	Mixed	▲▼
Discounting	Mixed	▲▼

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Dick's	5.3%	6.5%	(5.1%)	(8.4%)
Big 5	(13.2%)	(9.8%)	(22.3%)	(11.4%)
Sportsman's Warehouse	(15.0%)	(9.4%)	(11.6%)	(10.8%)
Sturm, Ruger & Company	(11.2%)	(21.8%)	(29.7%)	(9.7%)
Peloton	(30.0%)	(23.0%)	(28.0%)	(24.0%)
Academy	(5.1%)	(7.2%)	(6.0%)	(7.5%)

*Note(s): Results for Dick's include Dick's Sporting Goods stores, Golf Galaxy, and the e-commerce business. The most recent quarter for Dick's Sporting Goods and Academy ended January 28, 2023; Sportsman's Warehouse ended October 29, 2022; Big 5 ended January 1, 2023; Sturm Ruger & Company and Peloton Interactive, Inc. ended December 31, 2022. Sturm, Ruger & Company and Peloton Interactive, Inc. represent total revenue growth versus the prior year.

Footwear

KEY INDUSTRY DRIVERS

- **Macroeconomic trends:** Several footwear retailers have experienced a build-up of inventory in recent quarters due to residual effects of supply chain issues in 2021 and into 2022. During 2021 and into 2022, delays from vendors led to an influx of back-orders, which led to retailers buying earlier for future purchases to avoid out-of-stocks. These factors led to higher inventory levels across the sector, right at a time when consumer spending softened due to high inflation and other macroeconomic issues. Subsequently, gross margin has decreased alongside increased promotional activity to sell through inventory. Most companies are still experiencing higher than historical product and import costs, though costs have subsided somewhat in recent months and have been partially offset by rising prices to customers. To offset a challenging environment, companies are working to reduce logistics costs and create leaner infrastructures.

- **Mixed results:** Demand for footwear has been mixed; while demand for athletic footwear remains strong, it is facing comparisons to extremely strong sales during the brunt of the pandemic. Fashion footwear has made more of a comeback following a dip in demand during 2020 and 2021. Consumers in general have been shifting to be more price-conscious as opposed to brand-loyal, particularly amid inflationary pressures.

- **Brand focus:** Some major footwear players have indicated plans to focus on their tried-and-true styles and categories in order to reconnect with consumers. Vans is working on a SKU rationalization program, with plans to remove some 30% to 40% of SKUs from stores. Conversely, Crocs is introducing new slides, flips, and sneakers amid new collaborations.

- **Industry activity:** The industry continues to see a variety of transactions and store activity.

TREND TRACKER

NOLVs	Mixed	▲▼
Sales Trends	Increasing	▲
Gross Margin	Decreasing	▼
Discounting	Increasing	▲

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Designer Brands Inc.	(5.0%)	3.0%	6.2%	15.3%
Johnston & Murphy	23.0%	20.0%	17.0%	-
Journeys	(1.0%)	1.0%	(8.0%)	-
Crocs (Americas)	18.5%	18.2%	7.5%	16.6%
Famous Footwear	0.7%	(0.8%)	(3.1%)	(4.0%)
Foot Locker	4.2%	0.8%	(10.3%)	(1.9%)
Skechers	10.8%	11.9%	4.3%	15.7%
Deckers	22.1%	38.2%	14.9%	19.3%

*Note(s): Designer Brands Inc. is formerly DSW. The most recent quarter for Crocs, Skechers, and Deckers ended December 31, 2022 and represent total DTC sales; all other companies ended January 28, 2023. Johnston & Murphy and Journeys did not report comparable sales three quarters ago as a result of store closures in response to the COVID-19 pandemic during the first quarter of Fiscal 2022.

Footlocker is shifting to off-mall locations and opening new formats while closing around 400 under-performing mall stores by 2026. Adidas has parted from the Yeezy brand. Allbirds is opening new stores and expanding its wholesale partnerships.

Consumer Electronics

KEY INDUSTRY DRIVERS

- **Innovation:** The most recent Consumer Electronics Show, one of the largest consumer electronics expos in the world, occurred in January 2023. Major players such as Samsung and Microsoft focused on incrementally improved products or concepts for pre-existing products, such as foldable smartphones from Samsung and a tease of Windows 13 from Microsoft. The majority of the more revolutionary products were from smaller teams and startups. Virtual reality and augmented reality technologies remained at the forefront of the show. Biometric monitoring and digital wellness products also took up a large portion of the show space, with wrist-worn heartbeat trackers being joined by smart toilets and bathmats, among other goods. Smart home technology was the final focus, with an open source smart home protocol called Matter pitching the possibility of easier integration of various smart home accessories.

- **Semiconductor supply:** During 2021 and the first half of 2022, the consumer electronics industry was impacted by an ongoing global chip shortage, which was exacerbated by the Russian invasion and war with Ukraine. As manufacturers ramped up production, legislation was also introduced in the U.S. to encourage domestic production as opposed to relying so heavily on imports. As a result, the market no longer faces such a shortage of chips, with lead times down significantly. Going forward, the task for manufacturers will be to keep up with demand from Artificial Intelligence ("AI") companies, as AI supercomputers tend to require a significant amount of processing units.

- **Sustainability:** Major players within the consumer electronics space have a focus on sustainability. Examples include making advancements in appliances to reduce emissions, as well as increasing energy-saving capabilities.

TREND TRACKER

NOLVs	Decreasing ▼
Sales Trends	Decreasing ▼
Gross Margin	Decreasing ▼
Discounting	Increasing ▲

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Best Buy	(9.6%)	(10.5%)	(12.7%)	(8.5%)
Conn’s	(21.8%)	(27.0%)	(22.0%)	(9.5%)

*Note(s): The most recent quarter for Best Buy ended January 28, 2023 and represents domestic sales, excluding installment billing; Conn’s ended January 31, 2023.

- **Cell phone releases:** Major players in the smartphone arena continue to introduce new phone models. Now that supply chain constrictions have eased, it is expected that major players such as Samsung and Apple will resume release dates of new models on similar cadences as historically. As such, consumers await confirmation on the timing of releases of the Apple iPhone 15 and Samsung's next version of its Galaxy. Moreover, the industry has been entered by an upstart called Nothing, which released the Nothing Phone as an affordable alternative.

Jewelry

KEY INDUSTRY DRIVERS

- **Jewelry loses its luster:** COVID-19 had an overall positive impact on jewelry sales in 2020, 2021, and most of 2022. As consumers spent less on travel, dining out, commuting, and other activities, they had more money to spend on luxury items such as jewelry. Jewelry sales were particularly strong during the 2021 holiday season, and retailers such as Signet and Pandora reported record sales. However, jewelry sales began to slow toward the latter part of 2022 when consumers began satisfying pent-up demand for travel and other experiences. Macroeconomic headwinds and stock market volatility also caused consumers to pull back on tangible discretionary purchases. As a result, jewelry sales declined during the key 2022 holiday season. Signet, the world's largest retailer of diamond jewelry, has reported four consecutive quarters of declining comparable store sales and noted that although its average transaction value has been increasing, the number of transactions has declined. Signet estimated that the retail jewelry industry will decline in the mid-single digits in 2023. It expects that purchases from lower price point consumers in particular will not rebound until 2024.

- **Pricing:** Prices for precious metals and gemstones can fluctuate, leading to temporary increases or decreases in a company's profitability depending on their ability and the speed at which they reflect these changes in their product pricing. Gold and silver prices were volatile throughout 2021 and 2022, though remained above pre-pandemic prices. Both gold and silver prices declined over the course of 2022, but began to increase at year-end into early 2023. Diamond prices increased during late 2020 and throughout 2021 due to strong demand coupled with supply limitations resulting from COVID-19. Diamond prices declined in 2022 due to economic uncertainty, particularly in China.

- **Ethical sourcing:** Concerns about the ethical sourcing of diamonds continue to impact the industry. Jewelry companies are being more transparent in their sourcing methods and supply chains; sustainability has also been a focus. Lab grown diamonds have been gaining traction, particularly among the Millennial and Gen Z generations. These diamonds can cost approximately half as much as natural diamonds. While natural diamonds retain a marketing edge with their traditional romantic appeal, consumers have warmed to the sustainability and ethical sourcing of artificial diamonds. Pandora announced in 2021 that it will no longer use mined diamonds in its products and will only sell lab grown diamonds. However, although lab grown diamonds are increasing in popularity, it will likely be some time before they have a significant impact on the industry as a whole.

- **Consolidation:** The industry continues to experience consolidation. In 2021, Signet acquired Rocksbox, a jewelry rental subscriptions service, and Diamonds Direct, a mid-range jewelry retailer. In 2022, Signet acquired online jewelry retailer Blue Nile.

TREND TRACKER

NOLVs	Mixed	▲▼
Sales Trends	Decreasing	▼
Gross Margin	Consistent	—
Discounting	Increasing	▲

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Signet North America	(9.3%)	(7.6%)	(8.7%)	(0.9%)

*Note(s): The most recent quarter ended January 28, 2023.

Books

KEY INDUSTRY DRIVERS

- **Print sales decline:** Unit sales of print books declined in 2022 after experiencing strong sales during 2020 and 2021. The decline was expected given the lifting of COVID-19 restrictions and the availability of other forms of entertainment. Sales of hardcover books have been particularly challenged by price inflation. Although print sales declined, they still remain above 2019 levels. Within digital, e-book sales declined, while sales of audiobooks increased.

- **Retail resurrection:** Barnes & Noble is the largest chain bookstore. The retailer struggled during the 2010s, culminating in a buyout by Elliott Management in 2019. While the COVID-19 store closures created additional challenges, the retailer was able to use the lockdowns as an opportunity to remodel stores and realign its goals. The new leadership shifted its playbook away from a typical big box one-size-fits all assortment to a more localized strategy, which has resonated with customers and led to improvements in sales. The retailer also benefited from the increase in demand for books brought on by the pandemic lockdowns. As a result, after more than a decade of downsizing, the company is now expanding. Barnes & Noble opened 22 stores in 2022 and plans to open a net of 30 stores in 2023 and remodel 90. Several of the company's new stores have opened in locations recently vacated by Amazon Books.

- **Textbook trouble:** Demand for physical textbooks continues to decline within both the K-12 and college segments as schools transition to digital. School closures related to the pandemic also made it difficult for companies to appropriately manage inventory levels and disrupted the flow of used books via campus buyback programs. As a result, companies have been working to keep inventory levels lean and are being selective in the books they stock. One major player met its demise this year. Nebraska Book Company, a distributor of used textbooks originally founded in 1915, was forced to cease operations in February 2023. The company is in the process of liquidating its assets. The model for courseware delivery also continues to evolve. Inclusive and equitable access programs, where course material costs are bundled as part of a student's tuition or are applied as course charges, continue to gain traction within the industry. Major college book store operator Barnes & Noble College publicly announced that it plans to transition all of its partner schools to these programs over the next 18 months. Although they generally include a mixture of print and digital materials, they often lean heavily toward digital. Within K-12, sales of instructional materials have been strong, aided by federal stimulus funds that were allocated to education during the pandemic, which have enabled school districts to increase their spending.

TREND TRACKER

NOLVs	Mixed	▲▼
Sales Trends	Mixed	▲▼
Gross Margin	Mixed	▲▼
Discounting	Consistent	—

Grocery

KEY INDUSTRY DRIVERS

- **Inflation buoys sales:** Most grocery chains continue to report increases in comparable store sales driven by steady demand and retail price inflation. However, some are reporting that sales in units are beginning to decline as consumers purchase fewer items in the face of record high prices. Even so, sales generally remain above pre-COVID-19 levels because consumers continue to eat more meals at home. Assuming inflation continues to moderate, grocery stores may find it difficult to sustain comparable store sales increases in 2023. Moreover, declining prices may also lead to greater price competition between stores as companies attempt to drive sales.

- **Inflation persists:** According to the USDA, food at home prices increased 11.4% in 2022. Egg prices are up over 50% due to the avian flu and other factors. Typically, grocery prices rise 2% to 3% per year. Although prices remain elevated, the increases have been moderating. Food prices are expected to rise more slowly in 2023, but inflation will remain above historical levels. The USDA predicts food at home prices will increase 7.8% in 2023. Even so, customers are still feeling the effects of months of high prices. For the most part, retailers have been able to pass on rising costs to consumers. However, given the prolonged inflationary environment, consumers are starting to balk at high prices and are trading down to less expensive products, purchasing fewer items and private label brands, and trading down to discount stores. As a result, retailers have been making more price investments to keep customers in their stores.

- **Mergers/acquisitions:** Nearly all grocery stores experienced sales increases over the past three years, including those players that were struggling prior to the pandemic. Industry experts predict that merger and acquisition activity between regional chains will begin to heat up as sales momentum fades and the issues plaguing these companies before the pandemic begin to resurface. In October 2022, Kroger announced plans to acquire Albertsons for $24.6 billion. This would create a national grocery chain with almost 5,000 stores in 48 states. The deal is expected to close in early 2024, but is subject to regulatory clearance and has met with much opposition from employees, unions, suppliers, and politicians. As part of the deal, the companies are expected to divest a portion of the stores. According to the most recent reports, the companies plan to sell between 250 and 300 stores to reduce antitrust concerns related to the merger. However, the deal allows for up to 650 store divestitures.

TREND TRACKER

NOLVs	Consistent ▬
Sales Trends	Increasing ▲
Gross Margin	Consistent ▬
Discounting	Increasing ▲

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Kroger	6.2%	6.9%	5.8%	4.1%
Albertsons	7.9%	7.4%	6.8%	7.5%
Ahold Delhaize	9.3%	8.2%	6.4%	3.3%
Publix	12.4%	7.6%	7.8%	11.7%
Ingles	7.3%	5.2%	5.7%	10.1%
Weis Markets	9.5%	7.9%	6.0%	7.6%

*Note(s): All sales exclude fuel, except for Weis Markets. The most recent quarter for Kroger ended January 28, 2023; Albertsons ended December 3, 2022; Ahold Delhaize ended January 1, 2023; Publix and Weis Markets ended December 31, 2022; Ingles ended December 24, 2022.

Pharmacy and Drug Stores

KEY INDUSTRY DRIVERS

- **Cold and flu drives sales:** In 2021 and early 2022, pharmacy sales and gross margin increased due to COVID-19 vaccinations and testing, and front-end sales increased due to COVID-19 test kits and the increased foot traffic brought in by vaccine administration. This was partially offset by a mild cold and flu season, as masking and social distancing efforts kept cases low. However, the cold and flu viruses came back with a vengeance in late 2022 and early 2023, boosting both pharmacy and front end sales. Major players CVS and Rite Aid reported an increase in the number of prescriptions filled even when including COVID-19 vaccinations, while Walgreens reported that prescriptions filled were only down slightly when including COVID-19 vaccinations and up when excluding these vaccinations. Pharmacy sales have also been aided by retail price inflation, particularly within branded drugs.

- **Companies streamline operations:** In November 2021, CVS announced plans to close 900 stores (9% of its footprint) between 2022 and 2024, with an estimated 300 closures per year. In 2022, Rite Aid closed 145 stores. It is expected that Rite Aid will close additional stores in 2023, but on a lesser scale compared to 2022. Rite Aid is also testing new stores in more rural markets with less competition.

- **Healthcare expansion:** The pandemic reinforced the drug store as a key component of the healthcare system, and drug stores continue to position themselves as healthcare companies. The pandemic also accelerated the adoption of telehealth and hybrid care, and companies are seeking to take advantage of opportunities in this space. Walgreens has been expanding its VillageMD primary care clinics and has made several recent strategic acquisitions: Shields Health Solutions, CareCentrix, and Summit Health. CVS is growing its MinuteClinic and HealthHUB locations and announced plans to acquire Signify Health. Amazon, which remains a small player in the pharmacy market, closed on its acquisition of a primary care company called One Medical in February 2023. Amazon also launched the RxPass subscription, which is a generic drug discount program for Prime members.

TREND TRACKER

	Pharmacy	Front-End
NOLVs	Consistent ▬	Decreasing ▼
Sales Trends	Increasing ▲	Increasing ▲
Gross Margin	Decreasing ▼	Decreasing ▼
Scripts	Decreasing ▼	

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Walgreens				
Pharmacy	4.9%	4.8%	3.0%	2.0%
Front-End	(1.0%)	1.4%	(1.9%)	1.4%
Total	3.1%	3.8%	1.6%	1.8%
CVS				
Pharmacy	9.1%	11.3%	7.6%	10.1%
Front-End	3.1%	5.1%	9.4%	13.2%
Total	7.7%	9.9%	8.0%	10.7%
Rite Aid				
Pharmacy	9.5%	8.0%	6.6%	10.7%
Front-End	2.2%	(0.3%)	(0.5%)	2.7%
Total	7.5%	5.6%	4.6%	8.3%

*Note(s): The most recent quarter for Walgreens ended February 28, 2023; CVS ended December 31, 2022; Rite Aid ended November 26, 2022.

Furniture and Home Furnishings

KEY INDUSTRY DRIVERS

- **Inventory:** Following the supply chain issues of 2021 and early 2022 that have eased in recent months, many furniture companies were left with large gluts of inventory now that consumer spending has constricted. In general, products for the home, including furniture, home decor, and other items, were in high demand during the early stages of the pandemic, when consumers spent more time at home and looked to upgrade their spaces, or make them more functional for work and school at home. Now that society has returned to normal, demand for home products has waned, particularly as inflation remains high, spending on non-essentials has declined, and consumers increasingly seek out activities outside the home.

- **Housing market:** Furniture sales are closely tied to the strength of the housing market, as furniture purchases often coincide with new home purchases and remodeling activity. Following several years of a hot housing market, things have been cooling off. Mortgage rates had been at extremely low levels for many years; however, in an effort to combat inflation, the Federal Reserve has been steadily raising interest rates, making it more expensive to borrow. The rising rates have priced out some consumers. Some areas of the country have seen homes sitting on the market for longer periods of time, with price reductions becoming more common than they once had been. Increasingly, existing home owners are hesitant to sell due to uncertainty regarding the ability to find a new home, or the unwillingness to take on a new mortgage at a higher rate than what they currently have. This is further constricting supply of existing homes for sale, keeping prices from falling as they historically have when rates have gone up. As a result, furniture sales could continue to trend downward in the coming months.

- **Technology:** Retailers of furniture, including omnichannel companies as well as online-only players, increasingly use technology to drive sales. Examples include 3D visualization tools, which allow consumers to see a piece of furniture or home decor in their space before purchasing. Web-based companies, such as Wayfair, saw explosive growth during the early stages of the pandemic, as many stores were temporarily closed and social distancing measures were put into place. More recently, sales have exhibited declines compared to record highs as demand normalizes.

TREND TRACKER

NOLVs	Decreasing ▼
Sales Trends	Decreasing ▼
Gross Margin	Mixed ▲▼
Discounting	Increasing ▲

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Bed Bath & Beyond	(32.0%)	(26.0%)	(23.0%)	(12.0%)
HomeGoods	22.0%	34.0%	36.0%	40.0%
Williams-Sonoma	(0.6%)	8.1%	11.3%	9.5%
Kirkland's	(7.0%)	(8.6%)	(15.8%)	(8.5%)
La-Z-Boy	3.0%	(10.0%)	(15.0%)	(9.0%)
Wayfair	(4.6%)	(9.0%)	(14.9%)	(13.9%)

*Note(s): The most recent quarter for Bed Bath & Beyond ended November 26, 2022 and represents total company; Wayfair ended December 31, 2022 and represents total net sales/revenue; Williams-Sonoma includes West Elm, Pottery Barn, Williams Sonoma, and Pottery Barn Kids and Teen, represents comparable brand revenue, and ended January 29, 2023; Kirkland's ended October 29, 2022; La-Z-Boy and HomeGoods ended January 28, 2023. La-Z-Boy represents written same-store sales for company-owned La-Z-Boy Furniture Galleries. HomeGoods represents comparable sales for open stores only.

Arts and Crafts

KEY INDUSTRY DRIVERS

- **Macroeconomic trends:** Similar to other industries, arts and crafts retailers have been over-inventoried in recent months due to weaker than expected sales. Many retailers are now slowing down inventory receipts and focusing on selling through on-hands goods. Gross margin has been down for many companies due to increases in promotional activity in order to support sell-through. Increased payroll and freight costs have also been putting pressure on gross margin.

- **Trends:** Recent industry trends include fabric crafts like needle felting, sewing, macraweave, and crochet; resin work; and crafts that use dollar-store items. More crafters are also specifically starting to craft in order to sell items on Etsy and at craft fairs. Many current crafts are using Pantone's 2023 color of the year, Viva Magenta.

- **Omnichannel focus:** Arts and crafts companies have been focused on leveraging technology to reach consumers. Michaels launched an Etsy-like online marketplace, which connects shoppers with a curated selection of third-party sellers. This reportedly will allow the company to increase its online product offerings from roughly 250,000 items to more than one million goods. Michaels also recently launched a Michaels Craftivity Podcast, which talks about the arts and crafts industry through interviews with artists, tech leaders, and designers. JOANN launched a business-to-business platform, allowing the company to sell products through wholesale and other retail channels. Etsy introduced a "Quick Delivery" feature on its mobile app, which allows users to browse and purchase products based on the estimated arrival date. This has reportedly resulted in higher conversion rates for Etsy.

TREND TRACKER

NOLVs	Decreasing ▼
Sales Trends	Decreasing ▼
Gross Margin	Decreasing ▼
Discounting	Increasing ▲

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
JOANN	(5.9%)	(8.0%)	(6.2%)	(12.9%)
Etsy	12.6%	11.7%	10.6%	5.2%

*Note(s): The most recent quarter for JOANN ended January 28, 2023. The most recent quarter for Etsy ended December 31, 2022, and represents comparable revenue.

- **Store base:** Retailers are continuing to open, relocate, or close locations as opportunities arise. Many are also focusing on remodels with new store designs to better showcase products and resonate with customers. Newer Michaels stores, for example, feature a sleeker, more streamlined appearance with more self-checkout stations and a focused assortment of its more popular products.

- **Social media:** Crafting projects have continued to be driven by social media, including on Instagram, TikTok, and Pinterest.

Pet Supplies

KEY INDUSTRY DRIVERS

- **Pet ownership:** Pet ownership in the U.S. significantly increased during the pandemic and positively benefited the market for pet supplies. As consumers found themselves at home for longer stretches of time during the initial stages of government-mandated shutdowns, many consumers found themselves with more time to care for a pet. More recently, pet ownership has returned to more normalized levels; however, younger demographics becoming first-time pet owners seem to be willing to spend more on pets. The pet industry has not been immune to inflationary pressures, as pet retailers have noticed a decline in spending on discretionary categories, such as bedding and toys, but sales remain strong overall.

- **Categorical spending:** Pet food is one of the highest expenditures by pet owners. In recent years, there has been a trend amongst consumers to treat pets as family members. As such, consumers are increasingly willing to pay premium prices to provide them with all-natural and organic food and treats; high-quality bedding; and specialized shampoos and conditioners. Consumers are also becoming increasingly concerned about health and exercise for themselves, which has extended to their pets as well. Increasingly, consumers are choosing personalized meal options that tailor to each pet's individual needs. The sector has seen the entrance of custom pet food companies into the market, which deliver meals, treats, and other products on a subscription basis. Consumers are also investing in pet insurance and supplements to care for all aspects of their pets.

- **Industry activity:** The pet industry has seen activity in recent months; for example, Wag! Group Company has acquired Dog Food Advisor. The J.M. Smucker Co. sold various private-label pet food brands, such as Rachel Ray Nutrish, Nature's Recipe, and Gravy Train to Post Holdings, Inc. The transition is anticipated to be complete in the second quarter of 2023. Independent Pet Partners, the parent company of Chuck & Don's, Loyal Companion, Kriser's, and Natural Pawz, has filed for bankruptcy. The company is exiting the Loyal Companion and Natural Pawz brands and will continue under the Chuck & Don's and Kriser's brands with a smaller number of store locations. Bark has laid off a portion of its workforce and reduced its use of third-party vendors, consultants, and contractors to reduce costs; it hopes to expand its wholesale business.

TREND TRACKER

NOLVs	Mixed	▲▼
Sales Trends	Increasing	▲
Gross Margin	Mixed	▲▼
Discounting	Consistent	—

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Petco	5.3%	4.1%	3.8%	5.1%
Chewy	13.4%	14.5%	12.8%	13.7%
Bark	(5.0%)	20.0%	12.0%	15.0%

*Note(s): The most recent quarter for Petco ended January 28, 2023. The most recent quarter for Chewy ended January 29, 2023. The most recent quarter for Bark ended December 31, 2022. Chewy and Bark represent year-over-year net sales comparisons.

Experience

B. Riley Advisory Services' affiliate, B. Riley Retail Solutions, is one of the largest liquidators of retail inventory and has been involved in a variety of liquidations, ranging from the disposition of excess inventory and the closing of under-performing stores, to full-scale liquidations of national retailers with hundreds of stores. B. Riley Retail Solutions has experience with full and partial liquidations of companies throughout a variety of retail sectors, some of which are detailed below:

Borders	**Modell's Sporting Goods**	**JC Penney**	**Tuesday Morning**	**Kirkland's**	**Stein Mart**
Bon-Ton	**Payless**	**RTW Retailwinds (New York and Co.)**	**Target Canada**	**Sears Canada**	**Macy's**
Gymboree	**Toys "R" Us**	**Gap**	**Sur La Table**	**Hancock Fabrics**	**RadioShack**
Gander Mountain	**Linens 'N Things**	**Naartjie**	**Game Stop**	**Masters (Australia)**	**Barney's**

These experiences, in addition to numerous others, provide B. Riley Advisory Services with valuable insight into the market trends and the consumer response that can be expected in a liquidation. They give us an understanding as to recovery values that can be achieved for retailers within these industries. In addition to this liquidation experience, B. Riley Advisory Services has worked with and appraised numerous retailers, including industry leaders within each sector. While our clients remain confidential, B. Riley Advisory Services' extensive list of appraisal experience includes:

- Numerous retailers of apparel and accessories, including major department store retailers and a variety of specialty retailers that are found in malls throughout the country.
- Several e-commerce and multi-channel retailers, as
  well as flash sale websites and auction websites.
- Leading off-price retailers of apparel and accessories, including major national and regional chains.
- Retailers of consumer electronics, including smaller, more localized chains, as well as regional, national, and international retailers with close to 4,500 store locations.
- Many jewelry retailers, including one of the largest in the U.S., with locations throughout the country and net sales exceeding $1.4 billion annually.
- Major national and regional discount and dollar stores, including one of the country's largest chains, with over 10,000 stores.
- Leading book retailers, including one with over 700 store locations and sales of upwards of $4.5 billion.
- Sporting goods retailers that specialize in a number of products, including those for outdoor sports, recreational ball sports, hunting, camping, and fishing, and a variety of other equipment for outdoor enthusiasts.
- Major regional grocery store chains including one with a store base of upwards of 800 and net sales in excess of $10.0 billion, as well as smaller local grocery store retailers and pharmacies.
- Several regional pharmacy retailers, pharmacy and service providers to long term care facilities, supermarkets with pharmacy operations, and wholesalers of pharmaceuticals, for which B. Riley Advisory Services valued both the pharmacy inventory and prescription lists ("scripts").

In addition to our internal personnel, B. Riley Advisory Services maintains contacts within the retail industry that we utilize for insight and perspective on recovery values.

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About B. Riley Advisory Services

B. Riley Advisory Services works with lenders, law firms, private equity sponsors and companies of all types. Our Advisory Services are a unique mix of Valuation and Appraisal Services including asset-based lending (ABL) Valuations; Restructuring and Turnaround Management; Forensic Accounting and Litigation Support; Operations Management; Compliance, Risk & Resilience Services; and Transaction Support Services including Due Diligence and Quality of Earnings Reviews. B. Riley Advisory Services is the trade name for GlassRatner Advisory & Capital Group, LLC, Great American Group Advisory & Valuation Services, LLC, Great American Group Machinery & Equipment, LLC, and Great American Group Intellectual Property, LLC.

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372

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