GA GROUP

NOVEMBER 2026

Monitor Retail



CONSUMER RESILIENCE DEFIES EXPECTATIONS

SALES SHOW STRENGTH

Many retailers have reported sales gains as consumers continue to spend despite headwinds

PRESSURE MOUNTS

Consumers face mounting pressures from inflation, higher fuel costs, and rising debt levels

PRICE PANIC

Consumers seek out value in light of rising prices, with affluent customers driving spending

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GA GROUP

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.

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Monitor Information

GA Group's *Retail Monitor* highlights key industry drivers within the retail sector and how they relate to GA Group's 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. GA Group 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.

We welcome 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 our GA Group Business Development team.

GA Group's *Retail Monitor* provides an overview highlighting specific sectors of the retail industry. The information contained herein is based on a composite of GA Group's industry expertise, contact with industry personnel, liquidation and appraisal experience, and data compiled from a variety of well-respected sources believed to be reliable. GA Group does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this issue. Neither GA Group 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

- Higher tariff rates in 2025 have subsided, but refunds received have not translated to lower consumer prices.
- GLP-1 usage has impacted shopping habits in multiple sectors.
- Many companies have leveraged the use of AI to improve marketing and streamline operations.

Overview

Retail sales continue to grow across many sectors; however, emerging pressures on household finances may test consumer resilience as the holiday season approaches.

The retail sector has been cruising along in 2026. Based on data from the U.S. Census Bureau, unadjusted core retail sales in September 2026 totaled an estimated $427.6 billion. This represents a year-over-year increase of 4.9% and a year-to-date increase of 4.2%. Spending by higher-income households has often exceeded other groups, and unemployment rates have only crept up slightly in recent months.

Many retailers have reported positive sales trends in recent quarters. However, some of these gains were driven by increases in average unit prices, as many companies raised prices in 2025 to offset tariff increases on imported goods. When some tariffs were deemed to be illegal, their removal did not translate to lower prices for consumers. Many companies have received refunds for tariffs and have opted to use these funds to reinvest in the business.

As such, prices for many items remain higher than historical levels. The Bureau of Labor Statistics' Consumer Price Index ("Index") for all items excluding food and energy increased 2.6% during the 12 months ended September 2026 versus the prior year. The Index reported a 2.5% increase in food prices and a 20.4% increase in energy prices, for a total increase of 3.7% during the 12-month period. As a result, consumers are reducing discretionary spending, focusing on value, and utilizing credit cards. Consumers are also increasingly using buy now, pay later options, particularly in light of rising interest rates. Housing costs also remain a burden on consumers, with housing costs elevated in many areas of the country, and interest rates stalling sales of existing homes in some areas. In the coming months, it remains to be seen to what extent consumers will be willing to pay for items without some sort of discount or incentive.

Not only are prices for everyday items generally higher than historic levels, but utility prices have also been a bane to consumers' wallets. The conflict in Iran continues to make fuel costs volatile, and electricity costs have been impacted by AI data center demands. Fuel costs have contributed to rising shipping rates for retailers, which can translate to higher prices for consumers. Moreover, many companies have reported rising container rates in recent months, which can also impact profitability.

Despite all of these headwinds working against consumers, the average shopper continues to defy expectations. Bright spots within the retail sector include e-commerce, which most recently has represented almost a quarter of total retail sales. When shopping online, many consumers and retailers alike have been leveraging AI. Consumers use the technology to compare prices and look for deals, while retailers use it to market strategically and drive sales.

Going forward into the holiday season, most estimates indicate modest growth over last year's results. Consumers are expected to remain resilient, but discounting may be needed to drive some sales in certain sectors. Consumer confidence has been trending down in recent months, indicating that many are worried. It remains to be seen how long the spending resilience can last.

E-Commerce

KEY INDUSTRY DRIVERS

- **Sales:** E-commerce sales represent approximately 25% of total retail sales; for certain companies, e-commerce sales represent a significantly higher percentage of sales. Online retailers sell via not only their own websites, but also marketplace sales, subscription services, as well as rentals, with some companies also using the Amazon FBA program. Shopping and marketing via social media websites also play a large role for many online brands. In light of inflationary pressures, consumers have increasingly leveraged online sales and price comparisons to find deals on purchases, particularly essential items.

- **AI:** Companies have for some time been leveraging technology such as AI, as well as data analytics, to personalize shopping experiences and marketing methods to drive sales. AI recommendations have become increasingly important for some demographics when making purchasing decisions. Companies have also been preparing for consumers to use AI to shop and execute purchases for them. AI agents, or assistants, have increasingly been leveraged to suggest options for consumers looking to purchase certain items. In some cases, these agents can perform functions such as price comparison or waiting for discounts before ultimately executing the purchase for a consumer. Many retailers are working to make their own websites more agent-friendly.

- **Shipping and delivery:** Retailers continue to leverage common delivery apps, such as DoorDash and Uber Eats, to deliver product. While many retailers increased the monetary threshold at which consumers are eligible for free shipping, it seems consumers have not been deterred from shopping online.

- **Buy now, pay later:** With consumer debt levels in general on the upswing, many companies have found consumers using buy now, pay later options such as Klarna and Affirm at increasing rates. This was most recently seen during the Prime Day shopping event in October.

TREND TRACKER

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

Note(s): 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

	Second Quarter 2026	First Quarter 2026	Fourth Quarter 2025	Third Quarter 2025
% of Retail Sales	25.4%	24.9%	24.4%	24.0%
Change Year-Over-Year	12.2%	10.1%	5.9%	5.3%

Source: www.census.gov/retail. Results represent the latest available Census Bureau estimates and are adjusted for seasonal variation, but not for price changes. Total retail sales estimates reflect September 2026 Census revisions, while e-commerce estimates reflect the latest available Census press release for the second quarter of 2026 and are subject to future Census revisions. Sales exclude automobiles, gasoline, and restaurants.

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Amazon	12.0%	20.0%	17.0%	14.0%
Walmart U.S. E-commerce	24.0%	26.0%	27.0%	28.0%
Wayfair	9.7%	7.5%	7.4%	6.9%
Target Digital	8.7%	8.9%	1.9%	2.4%
Beyond, Inc.	98.0%	28.0%	6.9%	(9.8%)

Note(s): The most recent quarter reported for Amazon, Wayfair, and Beyond, Inc. (recently renamed Neighborhood Intelligence and owner of Overstock, Bed Bath & Beyond, and other brands) ended September 30, 2026; these three companies represent total net sales/revenue, and Beyond, Inc's most recent quarter includes two acquisitions. Walmart ended July 31, 2026 and represents U.S. e-commerce sales including grocery delivery. Target ended August 1, 2026 and represents comparable digital sales.

Department Stores

KEY INDUSTRY DRIVERS

- **Results:** Recent results within the department store sector continue to be mixed, with higher-priced counterparts outperforming department stores with more of a focus on value. Both Macy's and Bloomingdale's within the Macy's, Inc. portfolio reported sales gains during the most recent quarter, with Bloomingdale's, a luxury retailer, experiencing higher sales gains. Bloomingdale's has benefited as its target customer base is not as heavily affected by rising day-to-day costs, but also from taking market share from competitors Neiman Marcus and Saks Fifth Avenue, which emerged from bankruptcy in mid-2026 with fewer stores, lower debt, and plans to improve operations. Despite these gains, the sector's overall performance remains constrained as department stores lose market share to discount and online retailers with greater perceived value amid ongoing inflationary and economic pressures.

- **Tariffs and supply chain:** Changes in tariff rates have impacted department stores on multiple fronts. Companies that have received tariff refunds have in general been using these funds to invest in marketing, store improvements, or as a buffer to discount aged goods to promote sell through. Now that tariff rates have come down, gross margin has benefited, as price increases put into place last year have not been reduced. However, shipping costs, such as container and fuel costs, are still elevated, which pressures gross margin.

- **Traffic drivers:** Department stores rely on different merchandising tactics to drive sales. Certain department stores have focused on introducing third-party or specialty apparel brands to drive sales, including those in shop-in-shop formats. Some also offer pop-up events, food and beverage, and other traffic-driving experiences. Online, some department stores have expanded marketplace offerings to drive sales.

TREND TRACKER

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

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Macy's	1.1%	1.6%	0.4%	1.4%
Bloomingdale's	11.3%	10.2%	9.9%	8.8%
Dillard's	1.0%	3.0%	(1.0%)	3.0%
Kohl's	(0.9%)	(1.1%)	(2.8%)	(1.7%)

Note(s): The most recent quarter reported for all companies ended August 1, 2026. Some retailers report results including e-commerce sales or change in net sales as opposed to comparable stores.

- **Apparel:** One of department stores' primary product categories is apparel, which is impacted by increasing usage of GLP-1s by consumers. Weight loss can spur new apparel purchases as smaller sizes or more form-fitting styles become necessary. Department stores have worked to not only have the right size assortments available, but also to improve fit.

- **AI:** AI continues to impact consumer spending, particularly on apparel, accessories, and footwear. Department store retailers will have to ensure their websites are able to handle this change in technology. Some department stores have introduced their own AI assistants for customers to use.

Specialty Apparel Stores

KEY INDUSTRY DRIVERS

- **Mixed sales results:** In recent quarters, many specialty apparel retailers have reported gains, while some continue to report declines. Many specialty apparel retailers have seen growth in both online and store sales.

- **Profitability:** Many companies have taken more targeted markdowns and worked to manage inventory levels to avoid having to discount a high volume of goods at the end of a season. In 2025, many specialty apparel retailers started seeing the effects of the tariffs on gross margin, but worked to mitigate the impact through price increases and cost concessions from vendors. More recently, many retailers have experienced increases in gross margin as tariff rates declined and many retailers opted not to decrease prices.

- **AI:** Specialty apparel retailers have been working to use AI to understand customers and develop a more personalized shopping experience to drive customer loyalty. Companies increasingly use customer-specific data to determine purchasing patterns and develop targeted marketing strategies accordingly. Retailers have leveraged AI to both refine their operations as well as better position their brands within the e-commerce environment. Examples include chatbots offering customer service, styling tips, virtually trying on clothes, and personalized recommendations. AI agents often are able to price compare for customers, make suggestions, and even execute purchases.

- **Amazon:** Several specialty retailers have leveraged relationships with Amazon to drive sales. Some, such as Gap, Theory, and Vince, have had Amazon storefronts for some time, while others, such as Banana Republic, have more recently joined the fray.

- **Industry activity:** Specialty apparel retailers continue to right-size store fleets. While the sector has had a brief reprieve in recent months regarding bankruptcies and liquidations, it remains to be seen how holiday sales perform and whether any companies face liquidity issues if sales suffer during the critical holiday selling season.

TREND TRACKER

NOLVs	Mixed
Sales Trends	Mixed
Gross Margin	Mixed
Discounting	Mixed

- **Competition:** As consumers have faced high prices for necessities, such as housing, gas, utilities, and food, they have become increasingly conservative regarding purchases such as apparel. Moreover, specialty apparel retailers face competition from off-price retailers, online-only players, and department stores.

- **Marketing:** Specialty apparel retailers with product assortments that resonate with consumers have performed well. Specialty apparel retailers increasingly rely on social media and items that trend online to drive sales.

- **GLP-1s:** As the use of GLP-1s has become more ubiquitous amongst consumers, apparel retailers have had to adapt. Some companies have benefited as consumers that have lost noticeable amounts of weight have had to purchase new clothing in their newer sizes. Some customers have also traded down to lower price points if they believe they are on a weight loss journey and have not yet reached their weight loss goal. In some cases, online return rates have increased due to consumers being uncertain regarding sizing.

Specialty Apparel Stores

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Banana Republic	3.0%	2.0%	4.0%	4.0%
Gap	10.0%	10.0%	7.0%	7.0%
Old Navy	(4.0%)	1.0%	3.0%	6.0%
Athleta	(12.0%)	(11.0%)	(10.0%)	(11.0%)
Anthropologie	3.0%	1.9%	3.7%	7.6%
Free People	10.0%	9.8%	5.2%	4.1%
Lululemon (North America)	(8.0%)	(3.0%)	(4.0%)	(2.0%)
Urban Outfitters	8.4%	9.3%	9.6%	12.5%
Victoria's Secret	9.0%	13.0%	8.0%	8.0%
DXL	(3.5%)	(3.8%)	(7.3%)	(7.4%)
Abercrombie & Fitch	0.0%	(1.0%)	1.0%	3.0%
American Eagle (excluding Aerie)	(1.0%)	(2.0%)	2.0%	1.0%
Aerie	19.0%	25.0%	23.0%	11.0%
The Buckle	2.1%	5.1%	3.9%	8.3%
Zumiez	(2.1%)	4.0%	2.2%	7.6%
The Children's Place	(16.7%)	(8.3%)	(10.7%)	(5.4%)
Carter's Retail	0.4%	5.1%	10.5%	4.7%

Note(s): Some retailers represent net sales if comparable sales were not reported. The most recent quarter reported for Anthropologie, Free People, and Urban Outfitters ended July 31, 2026; Lululemon ended August 2, 2026; Carter's ended October 3, 2026 and represents U.S. retail comparable net sales; all other companies ended August 1, 2026. Banana Republic, Gap, Athleta, and Old Navy represent global sales.

Off-Price/Dollar Stores/Mass Merchants

KEY INDUSTRY DRIVERS

- **Inflation-driven demand:** Persistent inflation and cautious consumer sentiment have driven strong performance across the industry. Shoppers across nearly every income bracket are paying closer attention to prices, which has steered traffic toward these retailers.

- **Store activity:** Store openings throughout the industry are outpacing closings. Dollar General, Five Below, Dollar Tree, Target, Ross Stores, Burlington, TJX, and Nordstrom Rack are all opening locations. Walmart, Target, Burlington, and Family Dollar are opening smaller stores in high-density areas such as urban and campus markets. These stores carry streamlined, localized assortments, and some formats, such as Walmart Neighborhood Markets and the chain's XSB stores, focus on essential household items and grocery. Closures are more selective, with closures seen at Saks OFF 5th and Neiman Marcus Last Call, as well as at underperforming locations even from top industry players.

- **Product assortment:** Retailers have been undergoing SKU rationalization, with several players cutting SKU counts to improve inventory management and focus on trending items such as Squishy Dumplings, Pokémon, trading cards, and collectibles that resonate with Millennial parents, Gen Z, and Generation Alpha. Private-label merchandise has surged across apparel and home segments as retailers look to capture higher margins.

- **AI adoption:** The industry is rapidly adopting AI for pricing and promotion optimization, customer service chatbots, demand planning and forecasting, supply chain visibility, fraud detection and cybersecurity, hiring, and marketing. Retailers are also using generative AI for interactive shopping apps that deliver real-time, personalized deals and recommendations.

- **Partnerships and services:** Retailers are using partnerships to add services and meet shoppers' demand for convenience. Costco entered the Medicare Advantage market through a partnership with SCAN and expanded its partnerships with Uber and DoorDash to offer nationwide delivery.

TREND TRACKER

NOLVs	Increasing ▲
Sales Trends	Increasing ▲
Gross Margin	Increasing ▲
Discounting	Consistent ▬/ Decreasing ▼

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
TJX	1.0%	6.0%	5.0%	6.0%
Ross Stores	10.0%	17.0%	9.0%	7.0%
Burlington	2.0%	6.0%	4.0%	1.0%
Walmart	2.6%	4.1%	4.6%	4.5%
Target	2.7%	4.7%	(3.9%)	(3.8%)
Costco	7.2%	6.8%	6.4%	5.9%
Dollar General	3.5%	2.0%	4.3%	2.5%
Dollar Tree	3.7%	3.5%	5.0%	4.2%
Five Below	14.1%	22.7%	15.4%	14.3%

Note(s): The most recent quarter for Walmart and Dollar General ended July 31, 2026; Walmart excludes Sam's Club and fuel. Costco ended August 30, 2026 and represents U.S. only, excluding fuel. All other companies ended August 1, 2026.

Walmart has rolled out Tap to Pay, bringing a long-awaited contactless payment option to its stores. Target has reshaped its beauty offerings. After exiting its shop-in-shop partnership with Ulta Beauty, it launched Target Beauty Studios.

Sporting Goods

KEY INDUSTRY DRIVERS

- **Sales and profitability:** Sporting goods retailers were positively impacted by increased demand related to the World Cup and by the receipt of tariff refunds. Additionally, sporting goods retailers are maintaining increased tariff-related prices, which may benefit gross margin. These retailers continue to improve their assortments to aid sales, introduce shop-in-shops to increase store traffic such as Lids in Dick's Sporting Goods and Ariat in Academy, and are also investing in AI for operations and customer experiences.

- **Store activity:** Dick's Sporting Goods continues to open House of Sport and Field House locations in 2026, focusing on experiential shopping experiences. Academy is on track to open 20 to 25 new locations this year. Bass Pro Shops has numerous store openings planned for 2027 and continues to rebrand Cabela's stores to Bass Pro Shops. Sportsman's Warehouse has no store openings planned but previously announced it would potentially close five locations in its current fiscal year following the holiday season. Big 5 is in the midst of a turnaround plan after being taken private by Worldwide Golf and Capitol Hill Group and has closed various stores. REI closed its flagship store in SoHo, New York, along with other locations.

- **Industry activity:** The industry has seen some activity in 2026. BSN Sports, a division of Varsity Brands, acquired Sports Endeavors and Lax.com in April 2026. Sturm, Ruger & Company and Beretta Holding S.A. entered into a Strategic Cooperation Agreement in May. West Marine filed for bankruptcy in May 2026 and exited in August after closing 100 locations. Olin Corporation and Huntsman Corporation agreed to merge in June, with the deal expected to close in 2027. Smith & Wesson Brands, Inc. acquired Savage Arms in October.

- **Firearms and ammunition:** Firearm demand indicators remain mixed for domestic and civilian sales and are up for government contracts and international sales due to global events. Monthly background checks have generally trended slightly below prior-year levels and pre-pandemic 2019 levels, although recent background checks showed modest year-over-year growth.

TREND TRACKER

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

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Dick's Sporting Goods	4.9%	6.0%	3.1%	5.7%
Academy	(0.4%)	2.9%	(1.6%)	(0.9%)
Sportsman's Warehouse	0.0%	2.1%	(1.8%)	2.2%
Sturm, Ruger & Company	16.5%	19.0%	4.1%	3.6%
Smith & Wesson Brands, Inc.	32.3%	26.7%	17.1%	(3.9%)
Olin Corporation	10.3%	11.8%	21.3%	3.2%

Note(s): The most recent quarter for Dick's Sporting Goods, Academy, and Sportsman's Warehouse ended August 1, 2026; Sturm, Ruger & Company ended September 26, 2026; Smith & Wesson Brands, Inc. ended July 31, 2026; Olin Corporation ended September 30, 2026. Olin Corporation represents total revenue growth for Winchester versus the prior year. Sturm, Ruger & Company and Smith & Wesson Brands, Inc. represent total revenue growth versus the prior year. Dick's Sporting Goods does not include Foot Locker.

Firearm and ammunition manufacturers continue to focus on domestic production and sourcing to improve supply chain resilience, enhance inventory availability and management, reduce dependence on foreign suppliers, and support demand for domestically manufactured products.

Footwear

KEY INDUSTRY DRIVERS

- **Channel optimization:** Brands across the footwear industry continue prioritizing direct-to-consumer channels over wholesale to tighten price discipline, protect brand equity, and own the customer relationship. At retail, operators are tying physical stores directly into digital apps, loyalty rewards, and emerging social commerce platforms like TikTok Shop.

- **Profitable growth:** Companies have been undergoing SKU reduction programs, footprint optimization, store closures, and portfolio restructuring to concentrate resources on the highest-return opportunities. Tariffs are still placing pressures on costs, and companies have responded with vendor negotiations, price increases, and, in some cases, tariff refund claims. Companies are also increasing investment in technology and AI infrastructure, and inventory management tools such as RFID are being used to improve visibility and reduce over-purchasing.

- **Premium products:** The industry has been emphasizing premium products and full-price selling to protect gross margin, strengthen brand perception, and reduce reliance on promotions. Brands are increasingly pointing to durability, recycled materials, and biodegradability to justify higher price points and appeal to sustainability-minded consumers. Retailers are also partnering with emerging and trend-right brands to differentiate their assortments.

- **Trending styles:** Consumer demand has centered on products that combine comfort, performance, and fashion relevance. Hybrid styles are blurring category lines, led by "sneakerinas" and sneaker mules, while statement details such as zebra-print and harness boots, ruched loafers, and sheer mesh and lace have been popular. Outdoor-inspired and trail-running brands are moving into the mainstream, and return-to-office trends have supported a shift back toward dressier, business-casual styles. Technology is also emerging as a point of differentiation, with some manufacturers developing smart footwear that tracks activity, provides navigation, or connects to music.

TREND TRACKER

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

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Designer Brands Inc.	(2.4%)	(1.1%)	(1.9%)	(2.4%)
Johnston & Murphy	4.0%	7.0%	2.0%	(2.0%)
Journeys	2.0%	5.0%	12.0%	6.0%
Famous Footwear	(5.9%)	(2.3%)	0.1%	(1.2%)
Crocs (Americas)	8.2%	12.9%	12.9%	6.1%
Steve Madden	11.1%	8.0%	79.9%	76.6%
Deckers	6.8%	8.2%	7.3%	(2.2%)
Shoe Carnival	(6.3%)	(2.1%)	(3.5%)	(2.7%)
Birkenstock	14.0%	4.0%	4.0%	8.0%

Note(s): The most recent quarter for Steve Madden, Birkenstock, and Deckers ended June 30, 2026 and represent DTC revenue. Crocs ended September 30, 2026 and represents Crocs Brand DTC revenue. All other companies ended August 1, 2026. Johnston & Murphy and Journeys represent comparable same-store sales and DTC sales.

- **Industry activity:** Retailers opening stores include Journeys, Boot Barn, Clarks, Hoka, Skechers, Birkenstock, and Salomon. Retailers are emphasizing customer experience and visual enhancements. Vans, Famous Footwear, and Foot Locker are closing more locations than opening, and Nike continues to close locations. Most closures consist of underperforming stores.

Consumer Electronics

KEY INDUSTRY DRIVERS

- **Chip shortage:** The chip shortage has shifted from the broad, cross-industry shortage of earlier years to a severe squeeze driven by artificial intelligence. Bottlenecks in high-bandwidth memory, advanced packaging, and the most advanced manufacturing nodes are expected to persist into next year, as AI demand outpaces the industry's ability to produce and package chips. The strain is spilling into other sectors, with smartphone, personal computer, and other consumer electronics makers facing higher component costs, and automotive and industrial buyers competing with AI developers for memory and packaging. Nevertheless, industry analysts expect strong revenue growth this year, led by dynamic random-access memory ("DRAM") and "Not AND" ("NAND") flash memory.

- **Cell phones:** Cell phones remain the flagship products of the consumer electronics industry, but new smartphone sales have been pressured as consumers keep devices longer and increasingly turn to used and refurbished alternatives. Growth in the refurbished market continues to outpace the market for new devices, driven by higher prices and value-conscious purchasing behavior. AI has become a major focus for smartphone manufacturers, with Apple's Apple Intelligence, Google's Gemini, and Samsung's Galaxy AI serving as key marketing features. Recent launches, including the Pixel 11 and Apple's latest iPhone lineup, have emphasized AI capabilities alongside hardware improvements. However, there is little evidence that AI features alone are driving significant upgrade demand.

- **Emerging trends:** At the 2026 Consumer Electronics Show, AI-enabled products for the home remained in the spotlight, with toys, hair clippers, and pets joining the already abundant AI appliances. Humanoid robot butlers and other multi-purpose household robots were heavily showcased, but none were ready for consumer purchase. Health tech was also in the spotlight, including everything from smart mirrors that score metabolic health, heart health, and biological age to food cameras for calorie tracking and portable allergen detectors. Televisions were also a point of major innovation, with the gap between luxury and budget televisions shrinking.

TREND TRACKER

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

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Best Buy	4.1%	2.0%	(0.8%)	2.7%

Note(s): The most recent quarter for Best Buy ended August 1, 2026 and represents domestic sales, excluding installment billing.

- **Tariffs:** The consumer electronics industry continues to face significant tariff-related challenges, particularly from the growing complexity of overlapping trade measures. Importers may be subject to multiple layers of duties, including Section 301 tariffs on Chinese-origin goods and Section 232 tariffs on covered steel, aluminum, copper, semiconductor, and derivative products, increasing compliance costs and creating uncertainty throughout the supply chain. Companies have responded through a combination of price increases, supplier diversification, inventory management strategies, and cost absorption.

Grocery

KEY INDUSTRY DRIVERS

- **Sales strain:** Comparable store sales have softened, with most major grocery operators reporting relatively flat sales in recent quarters or even sales declines. Cuts to SNAP benefits, with the prospect of further cuts in 2027, and higher fuel prices have impacted consumer confidence, as have concerns over foodborne illnesses. Certain grocers reported declines in produce sales in the summer of 2026 due to the cyclospora outbreak. In response to these challenges, grocers have shifted their focus to cost savings, through corporate headcount reductions or store closures. Nonetheless, e-commerce continues to be a strong point in the grocery industry. Retailers will focus on loyalty programs and targeted digital marketing to increase average order sizes and improve digital fulfillment.

- **Price persistence:** Food prices continue to be elevated but have moderated from spikes seen in prior years. The USDA forecasts that food-at-home prices will increase 2.4% in 2026, which is lower than the 20-year historical average rate of 2.6%. Even so, prices are expected to increase across the board versus 2025, aside from the prices of eggs, fats, and oils, which are forecasted to decline. As price sensitivity persists, grocers have focused on reducing everyday pricing, while also increasing promotional activity. Private label sales have also continued to outpace national brands as consumers focus on savings.

- **Competition:** Mass merchandisers and club retailers, such as Walmart, Costco, and Sam's Club, continue to take market share away from traditional grocery stores. Amazon also remains a threat, as it capitalizes on promotional deal days to drive grocery sales. In response, Walmart has begun offering a combined Walmart+ and Sam's Club Plus membership at a reduced price to consumers.

- **Activity:** In July 2026, Kroger announced that it would acquire Giant Eagle, a family-owned grocery retailer with 197 stores and 11 standalone pharmacies in Ohio, Pennsylvania, West Virginia, Maryland, and Indiana. The deal is anticipated to close in 2027, but has faced legislative pushback.

TREND TRACKER

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

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Kroger	0.2%	1.0%	2.4%	2.6%
Albertsons	(0.8%)	(0.8%)	0.7%	2.4%
Ahold Delhaize	0.5%	0.8%	1.5%	2.7%
Publix	(0.6%)	(0.5%)	0.0%	0.7%
Ingles	N/A	(1.8%)	6.6%	N/A
Weis Markets	(1.2%)	(0.4%)	1.2%	N/A
Sprouts	(0.9%)	(1.0%)	(1.7%)	1.6%
Grocery Outlet	(0.3%)	(1.0%)	(0.8%)	1.2%
Natural Grocers	1.2%	0.5%	1.7%	4.2%

Note(s): All sales exclude fuel. The most recent quarter for Kroger ended August 15, 2026; Albertsons ended September 12, 2026; Ahold Delhaize and Sprouts ended September 27, 2026; Publix and Weis Markets ended September 26, 2026; Ingles ended June 27, 2026; Grocery Outlet ended July 4, 2026; Natural Grocers ended June 30, 2026 and represents daily average comparable store sales. Ingles did not report comparable store sales for its third and fourth quarters. Weis Markets did not report comparable store sales for its fourth quarter.

- **Wellness:** Weight-loss tips and tricks have become prominent on social media, with influencers, fitness specialists, and doctors alike boasting the importance of protein, fiber, and other nutrient-dense products. As a result, grocery operators have focused on filling their shelves with health foods and organic products. The popularity of GLP-1 medications has also influenced how consumers shop.

Pharmacy and Drug Stores

KEY INDUSTRY DRIVERS

- **From footprint optimization to growth:** The drug store industry spent the past decade reshaping its physical footprint in response to changing shopping habits and pharmacy profitability challenges. CVS closed approximately 900 stores between 2022 and 2024, followed by another 270 locations in 2025, while Walgreens announced a three-year plan in 2024 to close approximately 1,200 stores and subsequently closed roughly 450 locations in 2025. Rite Aid's second bankruptcy filing in 2025 and the closure of its remaining stores further accelerated consolidation. The pace of closures has now moderated as operators pivot toward more targeted growth. CVS plans to open 60 stores in 2026 while limiting closures, including 20 smaller pharmacy-focused formats with a limited front-end assortment. Walgreens has also slowed its closure activity following its 2025 take-private transaction, with fewer than 100 closures anticipated in 2026. Walgreens' owner, Sycamore Partners, announced a deal to sell Boots for $9 billion. This sale strips away a significant revenue generator and leaves the remaining U.S. Walgreens business with a higher relative debt load. However, shedding this entity allows for renewed focus on a Walgreens turnaround.

  Two states recently enacted laws prohibiting Pharmacy Benefit Managers ("PBMs") from owning pharmacies, directly affecting CVS, which owns Caremark and operates stores in both states. Given the growing scrutiny, CVS announced in November 2026 that it will separate its business into two separate publicly traded companies: CVS Health (the insurance and PBM operations) and CVS Pharmacy (the retail pharmacy and MinuteClinic operations). The separation is expected to be completed during the first half of 2028.

- **Inflation Reduction Act:** A key provision of the Inflation Reduction Act began influencing retail pharmacy results in 2026, when Medicare-negotiated Maximum Fair Prices took effect. The negotiated prices reduced the cost of affected drugs by 38% to 79%, lowering revenue per prescription and creating a sales headwind even where prescription volumes remain stable. CVS, Kroger, and Albertsons have each cited the legislation as a factor weighing on pharmacy sales.

TREND TRACKER

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

COMPARABLE STORE SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
CVS				
Pharmacy	(0.6%)	2.9%	3.1%	19.3%
Front-End	(0.6%)	1.0%	1.2%	0.5%
Total	(0.6%)	2.6%	2.8%	16.0%

Note(s): The most recent quarter for CVS ended September 30, 2026.

  Additional medications, including certain GLP-1 therapies in 2027, are scheduled to enter the program in the coming years. Although lower drug prices may pressure top-line pharmacy sales, they could improve affordability, medication adherence, and ultimately prescription volume.

- **Amazon Pharmacy expands:** Store closures across the drug store sector have created opportunities for emerging competitors, including Amazon Pharmacy. Amazon is rapidly expanding its prescription delivery capabilities and expects to offer same-day delivery in more than 4,500 locations by the end of 2026. While its pharmacy market share remains relatively small, its pace of growth highlights the sector's evolving competitive landscape. Amazon is leveraging price transparency, Prime membership benefits, and its extensive logistics network to attract pharmacy customers. Its Prime Rx and RxPass programs offer attractive savings. The company is also testing pharmacy kiosks in provider offices and small-format pharmacies in rural markets to improve medication access and adherence.

Furniture and Home Furnishings

KEY INDUSTRY DRIVERS

- **Shipping:** Furniture retailers remain heavily dependent on Asian imports and have felt the effects of shifting U.S. trade policies and the Iran conflict. Many retailers have diversified their sourcing, but the constant changes in the tariff landscape have made higher landed costs nearly impossible to avoid. Disruptions in the Strait of Hormuz and rerouting around Africa have lengthened transit times and sent ocean rates higher. Domestically, tighter federal eligibility rules for non-domiciled commercial driver's licenses are removing a meaningful number of drivers from an already strained workforce, pushing truckload capacity to its tightest point in years. Because furniture relies so heavily on trucking, the industry is disproportionately affected by higher fuel costs, squeezing last-mile delivery providers, who are turning to price increases and consolidation. These pressures mean longer, less predictable lead times and higher freight costs, which are likely to compress margins further and leave some retailers with higher levels of excess inventory.

- **Industry trends:** While furniture demand remains pressured by elevated housing costs and cautious consumer spending, recent industry data suggests conditions are improving. Price and value continue to be the primary factors influencing purchase decisions, with consumers remaining highly responsive to promotions, financing offers, and discount events. Elevated mortgage rates have discouraged home sales but encouraged many consumers to invest in renovating and refurnishing existing homes instead. Online sales channels continue to expand, while retailers are increasingly investing in digital merchandising, personalization tools, and AI-enabled operational capabilities.

- **Housing market:** Furniture sales remain closely tied to housing market activity, as furniture purchases often accompany home purchases, moves, and renovation projects. While housing demand has been supported by gradually improving financing conditions, affordability challenges continue to limit market activity. Elevated home prices and constrained affordability have tempered sales activity, while builders have remained cautious amid ongoing economic uncertainty.

TREND TRACKER

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

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Williams-Sonoma	6.2%	4.8%	3.2%	4.0%
Restoration Hardware	2.6%	(1.7%)	3.7%	9.0%
La-Z-Boy	3.0%	(2.0%)	(4.0%)	(2.0%)
HomeGoods	7.0%	9.0%	6.0%	5.0%
Wayfair	9.7%	7.5%	7.4%	6.9%
Beyond, Inc.	98.0%	28.0%	6.9%	(9.8%)

Note(s): The most recent quarter for Beyond, Inc. (total enterprises, recently renamed to Neighborhood Intelligence), and Wayfair ended September 30, 2026 and represents total net revenue and Beyond, Inc.'s most recent quarter includes two acquisitions; Williams-Sonoma represents net comparable brand revenue and ended August 2, 2026; HomeGoods and Restoration Hardware ended August 1, 2026; La-Z-Boy ended July 25, 2026. La-Z-Boy represents written same-store sales for company-owned La-Z-Boy Furniture Galleries.

As a result, new home construction has shown signs of slowing even as long-term housing supply needs remain significant. Conversely, remodeling activity has remained a bright spot within the housing sector. Demand for aging-in-place renovations has also continued to grow as homeowners invest in accessibility and comfort improvements.

Office Supplies

KEY INDUSTRY DRIVERS

- **Services:** Retailers such as Staples and Office Depot continue to emphasize and expand in-store services, such as copy/print/design, shipping, travel, tech support, and Amazon returns, to create more frequent customer touchpoints. These services have been effective in generating foot traffic and service revenue, though their contribution to comparable store sales has been mixed. The strongest operators are using service visits as an opportunity to drive adjacent product purchases, while others are still working to improve conversion. In the business-to-business market, several companies are also leveraging established distribution networks to provide fulfillment services for third parties, opening an additional avenue for revenue growth.

- **Growth within non-office categories:** As digitization and hybrid work continue to reduce demand for traditional office supplies, retailers are broadening their assortments to capture growth in adjacent categories. Janitorial and sanitation, breakroom, shipping and packaging, foodservice, and educational toys and games offer opportunities to increase sales with existing customers while also attracting new customers. Staples has reinforced this strategy through a new marketing campaign highlighting its expanded product range and enterprise-level services, while also adding Party City departments to nearly all stores to generate incremental traffic and sales. Office Depot, meanwhile, has expanded further into the hospitality market, reflecting the industry's broader push to diversify beyond core office products.

- **Marketplace sales:** Consumer-facing e-commerce has become increasingly challenging for office supply retailers, particularly as Amazon and Walmart continue to set aggressive price and convenience expectations. Rather than relying solely on costly marketing to drive traffic to their own websites, retailers are increasingly leveraging major third-party marketplaces to reach customers where they already shop. Staples has recently gained traction with this approach by using the Amazon and Walmart marketplaces to expand visibility, improve customer access, and generate online sales more efficiently.

TREND TRACKER

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

- **Store closures continue:** Staples and Office Depot have spent more than a decade optimizing their retail footprints through store closures and downsizing. Office Depot currently operates approximately 775 U.S. locations and continues to selectively close stores, although reports suggest that the pace may moderate under new ownership. Following its December 2025 acquisition by an affiliate of Atlas Holdings, the company rebranded as Office Depot Group in September 2026, with its B2B division adopting the Office Depot Business name. Staples operates approximately 900 U.S. stores and has continued to close approximately 30 locations annually as it aligns its store base with evolving customer demand and market conditions.

Arts and Crafts

KEY INDUSTRY DRIVERS

- **Category expansion:** Michaels has rolled out "The Knit & Sew Shop" sections and expanded its textiles assortments after acquiring Joann's intellectual property and fabric private labels. It has also added party supply centers to fill the void left by Party City's closures. Hobby Lobby has differentiated itself through a large footprint dedicated to home decor, floral arrangements, and holiday styling alongside traditional craft supplies. Retailers have also been expanding their selections of private-label products to capture margin.

- **Customer experience:** Big-box retailers are leaning into experiential retail to bring shoppers back into stores. Michaels has redesigned layouts to include Charm Bars, Patch Bars, and Flower Bars for custom products, and uses "Pinterest Trend" endcaps that shift shelf space based on online trends. Digital features such as Michaels' Swatch Bars let customers browse online fabric inventory in store through QR codes.

- **Consumer trends:** Crafting is increasingly being used as a means of screen-free escapism and wellness, with roughly half of U.S. adults citing chronic stress as a reason for picking up a craft as a hobby. This has driven demand for rhythmic fiber arts, including needlepoint, cross-stitch, and crochet, particularly among Gen Z and Millennials. Visible mending and junk journaling supplies are also trending, reflecting interest in sustainability and personalization. Eco-consciousness has also entered the mainstream market, with retailers expanding space for recycled supplies and bio-based materials, including plant-based paints, organic pigments, colored pencils from verified sustainable timber, and biodegradable resin. Within the children's and family crafting sector, licensed products, such as character-themed coloring products, slime kits, and activity sets, have gained traction.

TREND TRACKER

NOLVs	Increasing ▲
Sales Trends	Increasing ▲
Gross Margin	Consistent — / Increasing ▲
Discounting	Consistent —

SALES TRENDS

	Most Recent Quarter	Prior Quarter	Two Quarters Ago	Three Quarters Ago
Etsy	9.1%	8.4%	6.3%	0.8%

Note(s): The most recent quarter for Etsy ended September 30, 2026 and represents marketplace revenue.

- **Competition:** The industry has experienced an increase in competition from mass merchants, dollar and discount chains, and online players such as Amazon, especially as high prices for premium materials limit consumer spending. Dollar Tree and Five Below have become popular sources for inexpensive basics and seasonal decorations, and Five Below has been stocking viral, youth-centric items such as metallic watercolor sets, polymer clay, and journaling supplies. Independent arts and crafts shops are competing on connection rather than product assortment and price, hosting community events such as "Stitch Nights" and multi-medium workshops.

Experience

GA Retail, Merchant & Industrial 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. GA Retail, Merchant & Industrial Solutions has experience with full and partial liquidations of companies throughout a variety of retail sectors, some of which are detailed below:

JOANN	**Bed Bath & Beyond**	**Family Dollar**	**JCPenney**	**Sears Canada**	**Macy's**
Rite Aid	**Bon-Ton**	**Payless**	**Target Canada**	**Tuesday Morning**	**Kirkland's**
Gymboree	**Toys "R" Us**	**Gap**	**Sur La Table**	**Hancock Fabrics**	**RadioShack**
Saks Fifth Avenue	**Saks OFF 5th**	**Neiman Marcus**	**Neiman Marcus Last Call**	**Francesca's**	**Express**
Gander Mountain	**Borders**	**Linens 'N Things**	**GameStop**	**Z Gallerie**	**Barneys New York**

These experiences, in addition to numerous others, provide GA Group 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, GA Group has worked with and appraised numerous retailers, including industry leaders within each sector. While our clients remain confidential, GA Group's 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.
- Leading book retailers, including one with over 700 store locations and sales of upwards of $4.5 billion.
- 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.
- 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 locations 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 GA Group valued both the pharmacy inventory and prescription lists ("scripts").

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

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About GA Group

GA Group is a privately-held financial services company offering a comprehensive set of tailored solutions to meet our clients' diverse needs. Our teams value, monetize, lend against or acquire assets across a broad range of sectors from both healthy and distressed companies.

GA Group and its predecessors are celebrating 50 years of client service, and its current leadership has over 100 years of collective experience in the industry. GA Group is majority-owned by Oaktree Capital Management.

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