



# AHEAD OF THE CURVE: RETAILSTAT'S LEADING INSIGHT AHEAD OF BIG LOTS' BANKRUPTCY

# EXECUTIVE OVERVIEW

Big Lots, a well established discount retailer with over 1,300 stores across 48 states, faced a rapid downturn post-pandemic. Declining consumer spending, particularly on home goods, led to mounting losses. Despite attempts to raise liquidity through real estate sales and loans, the Company filed for Chapter 11 bankruptcy in September 2024.

RetailStat was ahead of the curve, issuing early and escalating warnings that helped suppliers minimize financial risk, adjust credit exposure, and prepare for disruptions before the bankruptcy unfolded.



# BIG LOTS' FINANCIAL DOWNTURN: A TIMELINE OF KEY EVENTS & RETAILSTAT INSIGHTS

## BIG LOTS EVENT

## ANALYSIS & CLIENT COMMUNICATIONS

1

February 2023

Cost pressures rise, liquidity concerns emerge; RetailStat Credit Rating: **D2**▼

RetailStat Early Warning Credit Alert (Feb 2023): Increased debt levels and margin pressures identified. Clients advised to monitor payment terms.

2

May 2023

\$340 Million Sale Leaseback Transaction; RetailStat Credit Rating: **E1**▼

Webinar: Retail Risk Trends (May 2023): Advised clients – “Remains a very challenging situation made only somewhat better by management’s efforts to generate and conserve cash”

3

September 2023

Store closures anticipated; RetailStat Credit Rating: **E2**▼

RetailStat Real Estate Advisory (Sept 2023): Clients warned about lease exposure and shifting retail footprints.

4

February 2024

4Q Earnings Released; Warning Signs Elevate; RetailStat Credit Rating: **F1**▼

RetailStat Issued Multiple Alerts, Webinars and Analyses: Cash Burn unsustainable; Pro-Forma Financials Indicate Liquidity Event in late-Summer. Clients were advised to reassess financial exposure.

5

April 2024

New \$200 Million Term Loan; RetailStat Credit Rating: **F2 (Imminent Bankruptcy)**▼

Despite momentarily boosting liquidity, RetailStat raised concerns regarding net availability, covenants, and ulterior motives of lender

6

June 2024

Going Concern Warning; RetailStat Credit Rating: **F2 (Imminent Bankruptcy)**

Despite nearly \$300 million in liquidity, 1Q FCF of -\$162 million was clearly unsustainable. RetailStat advised clients as to expectations, and timing of likely future actions including impending restructuring.

7

August 2024

Red Flags! Closures, Employee Retention Bonuses, Potential Ch. 11; RetailStat Credit Rating: **F2 (Imminent Bankruptcy)**

RetailStat issued multiple Alerts and Analysis concluding the elevated red flags were likely pre-bankruptcy signals. Advised clients that payment for ongoing orders were limited.

8

September 9, 2024

Big Lots files Chapter 11 Bankruptcy; RetailStat Final Credit Rating: **DIP (Debtor In Possession)**▼

After months of increasing warning signs, Big Lots filed for Chapter 11 bankruptcy protection

# ANALYST WARNINGS AND PROACTIVE COMMUNICATIONS

RetailStat was at the forefront in identifying Big Lots' financial instability, keeping clients informed with timely warnings and direct consultations. Our proactive approach included:

## EARLY ALERTS (FEBRUARY 2024)

Our analysts flagged concerning liquidity trends and rising debt ratios, issuing early advisory notes to clients. These insights helped businesses assess their risk exposure well before public disclosures intensified.

## ONGOING UPDATES AND DIRECT CLIENT ENGAGEMENT (SUMMER 2024)

As financial pressures mounted and warnings signs elevated —RetailStat provided in-depth reports and real-time updates. Beyond broad communications, our analysts conducted hundreds of one-on-one client discussions, tailoring risk assessments to individual portfolios and offering strategic recommendations.

## PRE-FILING WEBINARS, REAL-TIME ALERTS, AND STRATEGIC ADVISING

In the critical weeks leading up to the Chapter 11 filing, RetailStat delivered a series of targeted webinars and instant alerts. These sessions detailed what's new, what we expect and credit implications. Additionally, our team worked closely with clients in private consultations, helping them mitigate supply chain risks, adjust credit exposure, and refine competitive strategies.



# BIG LOTS' RESTRUCTURING & MARKET IMPACT: A TIMELINE OF POST CHAPTER 11 COVERAGE AND FUTURE OUTLOOK

## BIG LOTS EVENT

## ANALYSIS & CLIENT COMMUNICATIONS

**September 9, 2024**

Big Lots files for Ch. 11 bankruptcy

Issued Real-Time Alert: Immediate analysis on implications for suppliers, landlords, and investors. Clients advised on mitigating financial risk. Documented DIP facility, Stalking Horse Bid, Timelines and schedules.

**October – November 2024**

RetailStat holds client consultations

RetailStat analyzes restructuring plans, risks related to lease rejections, creditor claims, and market repositioning.

RetailStat continuously updates clients on claim disputes and bankruptcy proceedings through ISC briefings and one-on-one consultations. We provide credit risk analysis, warning suppliers of growing liquidity concerns regarding Company's Going Concern Sale Plan.

Client Strategy Calls: Hundreds of private one-on-one discussions with key stakeholders, offering tailored risk assessments and mitigation strategies.

**December 19, 2024**

Nexus Sale Transaction Terminated. Announcement of store liquidation

Emergency Advisory: RetailStat warns of imminent liquidation plans, and advises clients on course of action.

Industry Briefing: RetailStat releases analysis on asset disposition, market impacts.

**January 5, 2025**

Gordon Brothers finalizes asset purchase agreement

Legal Analysis: RetailStat provides clients with insights into outstanding creditor claims, recovery potential, and financial settlements.

**February 6, 2025**

Variety Wholesalers announces 200+ Big Lots store and IP acquisition

Retail Market Advisory: RetailStat provides in-depth analysis of store transitions, competitive impacts, and potential implications for landlords and suppliers.

**February 7 – Present**

RetailStat continues coverage

Exclusive ISC Reports & Client Calls: RetailStat's analysts deliver ongoing intelligence on retail sector shifts, restructuring progress, and key financial risk indicators.

# BIG LOTS!

CLOSING

## POST-BANKRUPTCY DEVELOPMENTS & FINAL THOUGHTS

Big Lots' Chapter 11 filing and subsequent liquidation, though specific and seemingly isolated is rather a warning of broader macro trends still at play in 2025.

- Interest rates remain elevated. Retailers that have struggled for years, yet survived by 'Kicking the Can' with their debt are now no longer able to do so.
- Discretionary Sales are still in a slump following the pull-forward in 2021 / and 2022. >70% of Big Lots sales were from depressed discretionary categories leading to quick and devastating financial headwinds
- Lower Income consumers especially remain under pressure. Though market rates are tight and consumers continue to spend, dollar distributions are skewed towards higher income consumers; e.g. Walmart is gaining in the \$150k plus households while Dollar, and value retailers reliant on low income consumers are struggling.

Ultimately, this case study highlights not just the timeline of Big Lots' bankruptcy but RetailStat's role in delivering early risk warnings and actionable, strategic guidance. By providing clear, data-driven insights, we helped CPG suppliers mitigate; adjust credit terms, manage risk exposure, and proactively respond to market disruptions. RetailStat remains engaged, ensuring clients stay ahead in an evolving retail landscape.

Learn more about RetailStat's solutions—contact us at: [sales@retailstat.com](mailto:sales@retailstat.com)



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