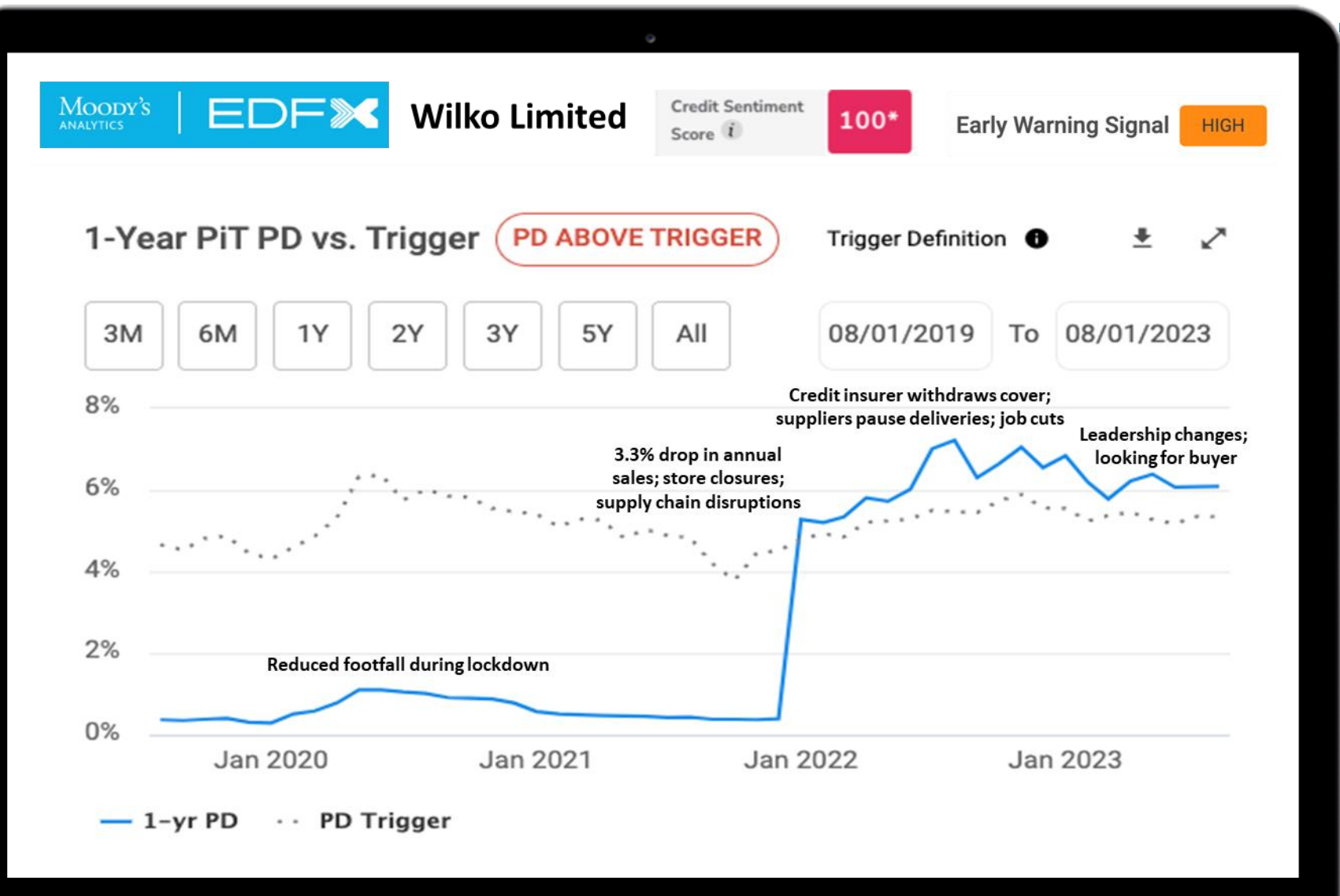


# WILKO'S LOW FOOTFALL, SUPPLY CHAIN DISRUPTIONS, AND RISING COSTS LEFT IT WITH MOUNTING CASH PRESSURES AND IN SEARCH FOR A BUYER



Wilko is a UK-based discount retail chain of over 400 stores that sell homeware goods. The EDF-X early warning system has flagged the firm as a watchlist candidate with elevated credit risk from January 2022 onward. The firm's Credit Sentiment Score™ also experienced a rapid uptick after May 2023 and has now maxed out, reflecting increased bankruptcy-related sentiment in the news. Between lockdowns and diminished consumer confidence, stores have seen persistently low footfall since the pandemic. The resulting drop in sales along with supply chain disruptions and rising costs led to a substantial [pre-tax loss](#), despite which the company still paid out dividends to its owners. Amidst its attempts to salvage its business including multiple leadership [changes](#), job cuts, store closures, and a sale of one of its distribution centers to repay some of its short-term debt, the firm still struggled to pay its suppliers. This hurdle was aggravated when at least one credit insurer [withdrew cover](#), prompting some suppliers to pause deliveries. Under mounting cash pressures, Wilko has entered insolvency proceedings and is in search for a buyer for all or part of the business, putting over 12,000 jobs in jeopardy.