ACE HARDWARE REPORTS FIRST QUARTER 2025 RESULTS

- *Record first quarter revenues of $2.2 billion, an increase of 4.2 percent*
- *First quarter net income of $30.3 million*
- *Accrued patronage dividend to shareholders of $61.6 million*
- *Ranked #1 in home improvement on Forbes' 2025 Best Customer Service List*
- *Ranked the #5 best franchise in the world according to Entrepreneur Magazine*

OAK BROOK, Ill. , May 14, 2025 /PRNewswire/ -- Ace Hardware Corporation ("Ace" or the "Company") today reported first quarter 2025 revenues of $2.2 billion, an increase of $89.4 million, or 4.2 percent, from the first quarter of 2024. Net income was $30.3 million for the first quarter of 2025, a decrease of $16.6 million from the first quarter of 2024. This decrease was largely expected based upon the timing of income earned from vendors as well as planned increases in marketing spend and investments in supply chain infrastructure.

"A 35 percent increase in our digital business, 0.6 percent same-store-sales growth from stores in the hardware format, and 45 new domestic stores highlighted our record first quarter revenue," said John Venhuizen, President and CEO.

The approximately 3,900 Ace retailers who share daily retail sales data reported flat U.S. retail same-store-sales during the first quarter of 2025, which was the result of a 1.1 percent increase in average ticket; offset by a 1.1 percent decrease in same-store transactions.

Revenues

Consolidated revenues for the quarter ended March 29, 2025 totaled $2.2 billion. Total wholesale revenues were $2.1 billion, an increase of $75.1 million, or 3.8 percent, as compared to the prior year first quarter. Increases were seen across many departments with lawn and garden, outdoor power equipment and grilling showing the largest gains.

Wholesale merchandise revenues to new domestic Ace stores activated from January 2024 through March 2025 contributed $66.8 million of incremental revenues during the first quarter of 2025, while wholesale merchandise revenues decreased $7.8 million during the first quarter due to domestic Ace stores whose memberships were cancelled. Wholesale merchandise revenues to comparable domestic Ace stores decreased $42.6 million for the quarter. Ace Wholesale Holdings reported a $31.6 million increase in wholesale revenues, or 32.4 percent, from the first quarter of 2024. Increases were seen across all channels with hardware showing the largest gain. Ace International Hardware experienced a $6.0 million decrease in wholesale revenue from the first quarter of 2024 while Ace Services Holdings, which is reported as part of the Company's wholesale business, experienced a $3.3 million increase in revenues from the first quarter of 2024.

Total retail revenues from Ace Retail Holdings ("ARH") for the quarter were $175.2 million, an increase of $14.3 million, or 8.9 percent, as compared to the prior year first quarter. The Great Lakes Ace Hardware chain experienced a 3.7 percent increase in same-store-sales while the Westlake Ace Hardware chain experienced a 1.2 percent decrease in same-store-sales in the quarter. The new stores opened by ARH since the end of 2023 contributed $14.5 million of incremental revenues during the first quarter of 2025. ARH operated 258 stores at the end of the first quarter of 2025 compared to 236 stores at the end of the first quarter of 2024.

Ace added 45 new domestic stores in the first quarter of 2025 and cancelled 12 stores. This brought the Company's total domestic store count to 5,177 at the end of the first quarter of 2025, an increase of 112 stores from the first quarter of 2024.

Gross Profit

Wholesale gross profit for the quarter ended March 29, 2025 was $263.2 million, an increase of $8.9 million from the first quarter of 2024. The wholesale gross margin percentage was 12.8 percent of wholesale revenues in the first quarter of 2025, down slightly from 12.9 percent in the first quarter of 2024, due to the timing of income earned from vendors.

Retail gross profit for the quarter ended March 29, 2025 was $84.0 million, an increase of $8.3 million from the first quarter of 2024. The retail gross margin percentage was 47.9 percent of retail revenues in the first quarter of 2025, up from 47.0 percent in the first quarter of 2024. For ARH, retail gross profit is based on the Company's wholesale acquisition cost of product, not ARH's acquisition cost which includes a markup from the Company.

Expenses and Other

Wholesale operating expenses increased $23.7 million, or 11.7 percent, from the first quarter of 2024. The increase is primarily driven by increased marketing and advertising spending, higher compensation benefit expense and increased Retail Support Center related costs. As a percentage of wholesale revenues, wholesale operating expenses increased to 11.0 percent of wholesale revenues in the first quarter of 2025 from 10.2 percent of wholesale revenues in the first quarter of 2024.

Retail operating expenses increased $8.4 million, or 11.7 percent, from the first quarter of 2024. The increase was driven by expenses incurred related to the new stores added since the end of 2023. Retail operating expenses as a percentage of retail revenue increased to 45.7 percent in the first quarter of 2025 from 44.6 percent in the first quarter of 2024.

Recent tariffs imposed by the U.S. on companies worldwide will increase the Company's cost of goods. The Company intends to pass these increased costs through to its customers and expects that its customers will pass these increased costs through to consumers. At this time, the Company is unable to determine the impact that this will have on the Company's revenues, results of operations and financial condition.

Balance Sheet and Cash Flow

Receivables increased $21.9 million from the first quarter of 2024 due to higher sales volumes.

Inventories increased $95.1 million from the first quarter of 2024 driven by higher sales volumes and ARH new store inventory.

Long-term debt, including current maturities, increased $107.2 million from the first quarter of 2024. At the end of the first quarter of 2025, long-term debt consisted of $446.2 million outstanding on the revolving credit facility, $88.4 million outstanding on the ARH credit facility and $53.1 million owed to former retailers.

About Ace Hardware

Ace Hardware is the largest hardware cooperative in the world, serving more than 8,700 locally owned and operated stores around the globe, while providing the best products, services, and operating methods to almost 5,200 Ace retail stores in the United States. Ace Hardware's family of brands includes Ace Hardware, Emery Jensen Distribution, and independent retailers worldwide. Headquartered in Oak Brook, Ill., Ace operates an expansive network of U.S. distribution centers, along with international capabilities in Ningbo, China, and Cuautitlán Izcalli, Mexico. Since 1924, Ace has been a part of local communities, known as the place with the helpful hardware folks. For more information, visit acehardware.com or newsroom.acehardware.com.

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ACE HARDWARE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in millions)

	Three Months Ended	
	March 29, 2025 (13 Weeks)	March 30, 2024 (13 Weeks)
Revenues:		
Wholesale revenues	$ 2,052.0	$ 1,976.9
Retail revenues	175.2	160.9
Total revenues	2,227.2	2,137.8
Cost of revenues:		
Wholesale cost of revenues	1,788.8	1,722.6
Retail cost of revenues	91.2	85.2
Total cost of revenues	1,880.0	1,807.8

Gross profit:		
Wholesale gross profit	263.2	254.3
Retail gross profit	84.0	75.7
Total gross profit	347.2	330.0
Wholesale operating expenses:		
Distribution operations expenses	72.8	68.9
Selling, general and administrative expenses	89.5	84.1
Retailer success and development expenses	64.0	49.6
Retail operating expenses	80.1	71.7
Retail pre-opening expenses	1.2	0.6
Total operating expenses	307.6	274.9
Operating income	39.6	55.1
Interest expense	(13.3)	(12.2)
Interest income	1.8	1.9
Other income, net	1.9	2.2
Income tax benefit (expense)	0.3	(0.1)
Net income	30.3	46.9
Less: net loss attributable to noncontrolling interests	(0.4)	(0.3)
Net income attributable to Ace Hardware Corporation	$ 30.7	$ 47.2
Patronage distributions accrued	$ 61.6	$ 76.5
Patronage distributions accrued for third party Retailers	$ 56.6	$ 72.0

ACE HARDWARE CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

Assets	**March 29, 2025 (Unaudited)**	**December 28, 2024 (Audited)**	**March 30, 2024 (Unaudited)**
Cash and cash equivalents	$ 48.4	$ 36.3	$ 33.6
Marketable securities	41.3	42.7	50.0
Receivables, net of allowance for doubtful accounts of $11.5, $10.9 and $13.9, respectively	905.1	727.8	883.2
Inventories	1,425.4	1,197.9	1,330.3
Prepaid expenses and other current assets	93.6	87.3	75.2
Total current assets	2,513.8	2,092.0	2,372.3
Property and equipment, net	604.6	594.6	547.3
Operating lease right-of-use assets, net	791.2	798.2	653.1
Finance lease right-of-use assets, net	176.7	185.7	121.6
Goodwill and other intangible assets, net	455.8	455.6	411.6
Other assets	174.1	166.7	159.8
Total assets	$ 4,716.2	$ 4,292.8	$ 4,265.7
Liabilities and Equity			
Current maturities of long-term debt	$ 110.0	$ 80.6	$ 78.3
Accounts payable	1,444.8	1,215.2	1,386.0
Patronage distributions payable in cash	160.4	137.2	166.6
Patronage refund certificates payable	15.0	15.0	29.0
Current operating lease liabilities	118.2	94.4	86.9
Current finance lease liabilities	44.9	37.9	26.2
Accrued expenses	243.9	313.1	218.0

Total current liabilities	2,137.2	1,893.4	1,991.0
Long-term debt	477.7	246.5	402.2
Patronage refund certificates payable	217.9	205.8	164.1
Long-term operating lease liabilities	699.8	728.4	588.7
Long-term finance lease liabilities	130.0	145.0	96.6
Other long-term liabilities	160.4	151.8	122.3
Total liabilities	3,823.0	3,370.9	3,364.9
Member Retailers' Equity:			
Class A voting common stock, $1,000 par value, 10,000 shares authorized, 2,595, 2,586 and 2,616 issued and outstanding, respectively	2.6	2.6	2.6
Class C nonvoting common stock, $100 par value, 20,000,000 shares authorized, 7,372,647, 7,528,693 and 7,083,302 issued and outstanding, respectively	737.3	752.9	708.3
Class C nonvoting common stock, $100 par value, issuable to Retailers for patronage distributions, 957,248, 825,206 and 1,086,986 shares issuable, respectively	95.7	82.5	108.7
Contributed capital	19.1	19.3	19.2
Retained earnings	32.6	58.5	53.3
Accumulated other comprehensive (loss) income	(1.8)	(1.9)	0.1
Equity attributable to Ace member retailers	885.5	913.9	892.2
Equity attributable to noncontrolling interests	7.7	8.0	8.6
Total equity	893.2	921.9	900.8
Total liabilities and equity	$ 4,716.2	$ 4,292.8	$ 4,265.7

ACE HARDWARE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended	
	March 29, 2025 (13 Weeks)	March 30, 2024 (13 Weeks)
Operating Activities		
Net income	$ 30.3	$ 46.9
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	25.0	24.1
Non cash lease expense	11.1	7.3
Amortization of deferred financing costs	0.2	0.2
Loss on the disposal of assets, net	0.2	-
Provision for doubtful accounts	0.9	1.4
Other, net	3.2	(1.8)
Changes in operating assets and liabilities, exclusive of effect of acquisitions:		
Receivables	(191.8)	(221.9)
Inventories	(226.7)	(95.2)
Other current assets	(6.3)	(5.3)
Other long-term assets	(2.0)	(3.5)
Accounts payable and accrued expenses	188.1	258.9
Other long-term liabilities	8.6	2.7
Deferred taxes	(0.1)	(0.6)
Net cash (used in) provided by operating activities	(159.3)	13.2
Investing Activities		
Purchases of investment securities	(0.3)	(6.5)
Proceeds from sale of investment securities	2.3	5.5
Purchases of property and equipment	(33.4)	(34.4)
Cash paid for acquired businesses, net of cash acquired	(1.5)	-

Increase in notes receivable, net	(7.1)	(10.7)
Other, net	(0.1)	0.1
Net cash used in investing activities	(40.1)	(46.0)
Financing Activities		
Net borrowings under revolving lines of credit	257.9	72.3
Principal payments on long-term debt	(4.9)	(4.8)
Principal portion of finance lease payments	(11.6)	(8.3)
Payments of patronage refund certificates	(28.4)	(22.5)
Repurchase of stock	(2.0)	(2.6)
Purchase of noncontrolling interests	(0.1)	(0.2)
Other, net	0.6	0.6
Net cash provided by financing activities	211.5	34.5
Increase in cash and cash equivalents	12.1	1.7
Cash and cash equivalents at beginning of period	36.3	31.9
Cash and cash equivalents at end of period	$ 48.4	$ 33.6
Supplemental disclosure of cash flow information:		
Interest paid	$ 14.8	$ 14.0
Income taxes paid	$ 1.1	$ 0.7

Additional assets available online: Photos (1)

https://newsroom.acehardware.com/2025-05-14-ACE-HARDWARE-REPORTS-FIRST-QUARTER-2025-RESULTS