ACE HARDWARE REPORTS SECOND QUARTER 2025 RESULTS

- *Record second quarter revenues of $2.8 billion, an increase of 3.9 percent*
- *Online sales increased 18.1 percent from the second quarter of 2024*
- *Second quarter net income of $119.1 million, an increase of 4.1 percent*

OAK BROOK, Ill. , Aug. 27, 2025 /PRNewswire/ -- Ace Hardware Corporation ("Ace" or the "Company") today reported second quarter 2025 revenues of $2.8 billion, an increase of $105.8 million, or 3.9 percent, from the second quarter of 2024. Net income was $119.1 million for the second quarter of 2025, an increase of $4.7 million from the second quarter of 2024.

"In a macro-environment that has confounded and humbled even the best retailers, I'm delighted to report a 3.9 percent increase in revenue, a 4.1 percent jump in net income, and an 18.1 percent surge in our digital business," said John Venhuizen, President and CEO. "I'd like to thank the Ace team for serving with dignity, decency, character, and class. They really do make Ace the helpful place."

The approximately 4,000 Ace retailers who share daily retail sales data reported a 0.8 percent decrease in U.S. retail same-store-sales during the second quarter of 2025, which was the result of a 2.1 percent decrease in same-store transactions; partially offset by a 1.3 percent increase in average ticket. Excluding lumber and building material stores, Ace stores in the traditional hardware format experienced a 0.4 percent decline in same-store-sales.

Revenues

Consolidated revenues for the quarter ended June 28, 2025 totaled $2.8 billion. Total wholesale revenues were $2.5 billion, an increase of $89.7 million, or 3.7 percent, as compared to the prior year second quarter. Increases were seen across most departments with lawn and garden, grilling, impulse, and outdoor power equipment showing the largest gains.

Wholesale merchandise revenues to new domestic Ace stores activated from January 2024 through June 2025 contributed $69.9 million of incremental revenues during the second quarter of 2025, while wholesale merchandise revenues decreased $10.9 million during the second quarter due to domestic Ace stores whose memberships were cancelled. Wholesale merchandise revenues to comparable domestic Ace stores decreased $5.9 million for the quarter. Ace Wholesale Holdings reported a $24.9 million increase in wholesale revenues, or 18.9 percent, from the second quarter of 2024 due to new customers. Ace International Hardware ("AIH") experienced a $12.6 million decrease in wholesale revenue from the second quarter of 2024, primarily due to the loss of what had been AIH's largest customer. Ace Services Holdings, which is reported as part of the Company's wholesale business, experienced a $3.5 million increase in revenues from the second quarter of 2024.

Total retail revenues from Ace Retail Holdings ("ARH") for the quarter were $274.8 million, an increase of $16.1 million, or 6.2 percent, as compared to the prior year second quarter. The Great Lakes Ace Hardware chain experienced a 1.1 percent decrease in same-store-sales while the Westlake Ace Hardware chain experienced a 0.5 percent decrease in same-store-sales in the quarter. The new stores opened by ARH since the end of the first quarter of 2024 contributed $21.4 million of incremental revenues during the second quarter of 2025. ARH operated 261 stores at the end of the second quarter of 2025 compared to 240 stores at the end of the second quarter of 2024.

Ace added 38 new domestic stores in the second quarter of 2025 and cancelled 20 stores. This brought the Company's total domestic store count to 5,195 at the end of the second quarter of 2025, an increase of 111 stores from the second quarter of 2024.

Gross Profit

Wholesale gross profit for the quarter ended June 28, 2025 was $362.6 million, an increase of $27.0 million from the second quarter of 2024. The wholesale gross margin percentage was 14.2 percent of wholesale revenues in the second quarter of 2025, up from 13.7 percent in the second quarter of 2024. The increase in gross margin percentage was planned and was the result of product cost inflation being passed through to customers.

Retail gross profit for the quarter ended June 28, 2025 was $119.1 million, an increase of $7.3 million from the second quarter of 2024. The retail gross margin percentage was 43.3 percent of retail revenues in the second quarter of 2025, up slightly from 43.2 percent in the second 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 $29.1 million, or 11.6 percent, from the second quarter of 2024. The increase is primarily driven by planned increases in marketing, advertising and supply chain spending, and higher compensation benefit expenses. As a percentage of wholesale revenues, wholesale operating expenses increased to 11.0 percent of wholesale revenues in the second quarter of 2025 from 10.3 percent of wholesale revenues in the second quarter of 2024.

Retail operating expenses increased $5.8 million, or 7.7 percent, from the second quarter of 2024. The increase was driven by expenses related to the new stores added since the end of the first quarter of 2024. Retail operating expenses as a percentage of retail revenue increased to 29.4 percent in the second quarter of 2025 from 29.0 percent in the second quarter of 2024.

Interest expense increased $2.6 million from the second quarter of 2024 due to higher average borrowings.

Other income, net increased $4.6 million from the second quarter of 2024 primarily due to gains on long-term investments.

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 $28.2 million from the second quarter of 2024 due to higher sales volumes.

Inventories increased $81.9 million from the second quarter of 2024 driven by higher sales volumes and ARH new store inventory.

Long-term debt, including current maturities, increased $148.6 million from the second quarter of 2024. At the end of the second quarter of 2025, long-term debt consisted of $385.5 million outstanding on the revolving credit facility, $49.4 million outstanding on the ARH credit facility and $51.5 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.

Contacts:

Shareholders'/Investors' Inquiries:
William Guzik, Executive Vice President, Chief Financial Officer & Chief Risk Officer
630-990-3325, guzik@acehardware.com

Media Inquiries:
Jeff Gooding, Vice President, Consumer Marketing
630-990-3600, media@acehardware.com

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

	Three Months Ended		Six Months Ended	
	June 28, 2025 (13 Weeks)	June 29, 2024 (13 Weeks)	June 28, 2025 (26 Weeks)	June 29, 2024 (26 Weeks)
Revenues:				
Wholesale revenues	$ 2,545.3	$ 2,455.6	$ 4,597.3	$ 4,432.5
Retail revenues	274.8	258.7	450.0	419.6
Total revenues	2,820.1	2,714.3	5,047.3	4,852.1
Cost of revenues:				
Wholesale cost of revenues	2,182.7	2,120.0	3,971.5	3,842.6
Retail cost of revenues	155.7	146.9	246.9	232.1
Total cost of revenues	2,338.4	2,266.9	4,218.4	4,074.7
Gross profit:				
Wholesale gross profit	362.6	335.6	625.8	589.9
Retail gross profit	119.1	111.8	203.1	187.5
Total gross profit	481.7	447.4	828.9	777.4

Wholesale operating expenses:				
Distribution operations expenses	79.4	71.5	152.2	140.4
Selling, general and administrative expenses	91.2	83.7	180.7	167.8
Retailer success and development expenses	110.2	96.5	174.2	146.1
Retail operating expenses	80.8	75.0	160.9	146.7
Retail pre-opening expenses	(0.3)	2.1	0.9	2.7
Total operating expenses	361.3	328.8	668.9	603.7
Operating income	120.4	118.6	160.0	173.7
Interest expense	(14.7)	(12.1)	(28.0)	(24.3)
Interest income	1.5	1.4	3.3	3.3
Other income, net	10.7	6.1	12.6	8.3
Income tax benefit	1.2	0.4	1.5	0.3
Net income	119.1	114.4	149.4	161.3
Less: net loss attributable to noncontrolling interests	(0.4)	(0.4)	(0.8)	(0.7)
Net income attributable to Ace Hardware Corporation	$ 119.5	$ 114.8	$ 150.2	$ 162.0
Patronage distributions accrued	$ 110.5	$ 109.3	$ 172.1	$ 185.8
Patronage distributions accrued for third party Retailers	$ 105.4	$ 103.9	$ 162.1	$ 175.8

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

	June 28, 2025 (Unaudited)	December 28, 2024 (Audited)	June 29, 2024 (Unaudited)
Assets			
Cash and cash equivalents	$ 40.9	$ 36.3	$ 40.0
Marketable securities	44.6	42.7	51.2
Receivables, net of allowance for doubtful accounts of $12.5, $10.9 and $12.5, respectively	941.7	727.8	913.5
Inventories	1,395.0	1,197.9	1,313.1
Prepaid expenses and other current assets	98.5	87.3	79.7
Total current assets	2,520.7	2,092.0	2,397.5
Property and equipment, net	624.6	594.6	568.7
Operating lease right-of-use assets, net	777.5	798.2	801.0
Finance lease right-of-use assets, net	167.2	185.7	120.3
Goodwill and other intangible assets, net	461.6	455.6	430.3
Other assets	192.0	166.7	172.1
Total assets	$ 4,743.6	$ 4,292.8	$ 4,489.9
Liabilities and Equity			
Current maturities of long-term debt	$ 71.4	$ 80.6	$ 49.2
Accounts payable	1,588.5	1,215.2	1,589.1
Patronage distributions payable in cash	66.6	137.2	71.9
Patronage refund certificates payable	15.0	15.0	29.0
Current operating lease liabilities	117.6	94.4	88.6
Current finance lease liabilities	45.2	37.9	27.5
Accrued expenses	294.1	313.1	275.9
Total current liabilities	2,198.4	1,893.4	2,131.2
Long-term debt	415.0	246.5	288.6
Patronage refund certificates payable	234.9	205.8	182.7
Long-term operating lease liabilities	688.2	728.4	730.4
Long-term finance lease liabilities	120.2	145.0	94.8
Other long-term liabilities	168.3	151.8	138.7
Total liabilities	3,825.0	3,370.9	3,566.4
Member Retailers' Equity:			

Class A voting common stock, $1,000 par value, 10,000 shares authorized, 2,597, 2,586 and 2,607 issued and outstanding, respectively	2.6	2.6	2.6
Class C nonvoting common stock, $100 par value, 20,000,000 shares authorized, 8,039,958, 7,528,693 and 7,832,140 issued and outstanding, respectively	804.0	752.9	783.2
Class C nonvoting common stock, $100 par value, issuable to retailers for patronage distributions, 390,365, 825,206 and 464,990 shares issuable, respectively	39.1	82.5	46.5
Contributed capital	19.2	19.3	19.1
Retained earnings	47.1	58.5	65.2
Accumulated other comprehensive loss	(0.8)	(1.9)	(0.9)
Equity attributable to Ace member retailers	911.2	913.9	915.7
Equity attributable to noncontrolling interests	7.4	8.0	7.8
Total equity	918.6	921.9	923.5
Total liabilities and equity	$ 4,743.6	$ 4,292.8	$ 4,489.9

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

	Six Months Ended	
	June 28, 2025 (26 Weeks)	**June 29, 2024 (26 Weeks)**
Operating Activities		
Net income	$ 149.4	$ 161.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	50.2	48.5
Non cash lease expense	22.2	14.9
Amortization of deferred financing costs	0.5	0.5
Loss on the disposal of assets, net	-	0.4
Provision for doubtful accounts	2.4	0.9
Other, net	4.0	(6.0)
Changes in operating assets and liabilities, exclusive of effects of acquisitions:		
Receivables	(259.8)	(266.8)
Inventories	(195.9)	(75.2)
Other current assets	(11.2)	(9.9)
Other long-term assets	(2.3)	(12.8)
Accounts payable and accrued expenses	374.6	516.9
Other long-term liabilities	16.2	14.4
Deferred taxes	(0.2)	(1.0)
Net cash provided by operating activities	150.1	386.1
Investing Activities		
Purchases of investment securities	(9.6)	(16.9)
Proceeds from sale of investment securities	5.7	14.5
Purchases of property and equipment	(74.0)	(76.7)
Cash paid for acquired businesses, net of cash acquired	(8.2)	(18.6)
Increase in notes receivable, net	(13.7)	(18.2)
Proceeds from sale of assets	0.1	0.6
Other, net	(0.4)	0.1
Net cash used in investing activities	(100.1)	(115.2)
Financing Activities		
Net borrowings (payments) under revolving lines of credit	158.4	(70.8)
Principal payments on long-term debt	(10.4)	(9.4)
Principal portion of finance lease payments	(23.9)	(16.7)
Payments of cash portion of patronage distribution	(137.8)	(137.1)
Payments of patronage refund certificates	(28.8)	(22.8)
Repurchase of stock	(4.5)	(6.2)
Purchase of noncontrolling interests	(0.3)	(0.5)
Other, net	1.9	0.7
Net cash used in by financing activities	(45.4)	(262.8)
Increase in cash and cash equivalents	4.6	8.1

Cash and cash equivalents at beginning of period	36.3	31.9
Cash and cash equivalents at end of period	$ 40.9	$ 40.0
Supplemental disclosure of cash flow information:		
Interest paid	$ 25.1	$ 22.7
Income taxes paid	$ 1.3	$ 2.3

Additional assets available online: Photos (1)

https://newsroom.acehardware.com/2025-08-27-ACE-HARDWARE-REPORTS-SECOND-QUARTER-2025-RESULTS