ACE HARDWARE REPORTS THIRD QUARTER 2025 RESULTS

- *Record third quarter revenues of $2.5 billion, an increase of 5.5 percent*
- *Digital revenue increased 34.9 percent from the third quarter of 2024*
- *Third quarter net income of $99.7 million, an increase of 0.7 percent*
- *Accrued shareholder dividends of $122.1 million, an increase of 15.8 percent from the third quarter of 2024*
- *Ace ranked as the fifth largest franchise by Franchise Times for the fourth consecutive year*

OAK BROOK, Ill. , Nov. 12, 2025 /PRNewswire/ -- Ace Hardware Corporation ("Ace" or the "Company") today reported third quarter 2025 revenues of $2.5 billion, an increase of $130.3 million, or 5.5 percent, from the third quarter of 2024. Net income was $99.7 million for the third quarter of 2025, an increase of $0.7 million from the third quarter of 2024. Included in the results for the third quarter were $17.8 million in non-recurring asset impairment charges related to the Company's International operations.

"Ace had a very strong third quarter. I'm delighted to report a 5.5 percent increase in revenue, a 1.6 percent increase in same-store sales, and a 34.9 percent surge in our digital business," said John Venhuizen, President and CEO. "My thanks to the Ace team and our local owners for providing their neighbors with the service for which Ace has become famous."

The approximately 3,900 Ace retailers who share daily retail sales data reported a 1.6 percent increase in U.S. retail same-store sales during the third quarter of 2025, which was the result of a 2.0 percent increase in average ticket; partially offset by a 0.4 percent decrease in same-store transactions.

Revenues

Consolidated revenues for the quarter ended September 27, 2025 totaled $2.5 billion. Total wholesale revenues were $2.3 billion, an increase of $120.6 million, or 5.6 percent, as compared to the prior year third quarter. Increases were seen across most departments with outdoor power equipment, grilling, fertilizers, power tools, and impulse showing the largest gains.

Wholesale merchandise revenues to new domestic Ace stores activated from January 2024 through September 2025 contributed $58.4 million of incremental revenues during the third quarter of 2025, while wholesale merchandise revenues decreased $10.0 million during the third quarter due to domestic Ace stores whose memberships were cancelled. Wholesale merchandise revenues to comparable domestic Ace stores increased $16.6 million for the quarter. Ace Wholesale Holdings reported a $30.9 million increase in wholesale revenues, or 25.4 percent, from the third quarter of 2024 due to new customers. Ace International Hardware ("AIH") experienced a $13.2 million decrease in wholesale revenue from the third 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 $8.1 million increase in revenues from the third quarter of 2024.

Total retail revenues from Ace Retail Holdings ("ARH") for the quarter were $213.1 million, an increase of $9.7 million, or 4.8 percent, as compared to the prior year third quarter. The Great Lakes Ace Hardware chain experienced a 4.6 percent increase in same-store sales while the Westlake Ace Hardware chain experienced a 0.6 percent increase in same-store sales in the quarter. ARH operated 263 stores at the end of the third quarter of 2025 compared to 253 stores at the end of the third quarter of 2024.

Ace added 41 new domestic stores in the third quarter of 2025 and cancelled 16 stores. This brought the Company's total domestic store count to 5,220 at the end of the third quarter of 2025, an increase of 127 stores from the third quarter of 2024.

Gross Profit

Wholesale gross profit for the quarter ended September 27, 2025 was $345.9 million, an increase of $32.8 million from the third quarter of 2024. The wholesale gross margin percentage was 15.2 percent of wholesale revenues in the third quarter of 2025, up from 14.6 percent in the third 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 September 27, 2025 was $99.9 million, an increase of $5.1 million from the third quarter of 2024. The retail gross margin percentage was 46.9 percent of retail revenues in the third quarter of 2025, up from 46.6 percent in the third 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 $29.3 million, or 12.9 percent, from the third quarter of 2024. Included in this increase were non-recurring asset impairment charges related to the Company's International operations. The remaining increase was primarily driven by higher compensation benefit expenses and planned increases in supply chain spending. As a percentage of wholesale revenues, wholesale operating expenses increased to 11.3 percent of wholesale revenues in the third quarter of 2025 from 10.6 percent of wholesale revenues in the third quarter of 2024. Without the non-recurring asset impairment charges, wholesale operating expenses as a percent of wholesale revenues were 10.8 percent.

Retail operating expenses increased $7.1 million, or 9.6 percent, from the third quarter of 2024. The increase was driven by expenses related to the new stores added since the end of the second quarter of 2024. Retail operating expenses as a percentage of retail revenue increased to 38.2 percent in the third quarter of 2025 from 36.5 percent in the third quarter of 2024.

Interest expense increased $2.2 million from the third quarter of 2024 due to higher average borrowings.

Other income, net increased $4.1 million from the third quarter of 2024 primarily due to an insurance recovery related to the 2023 cybersecurity incident.

Balance Sheet and Cash Flow

Long-term debt, including current maturities, increased $100.0 million from the third quarter of 2024. At the end of the third quarter of 2025, long-term debt consisted of $472.0 million outstanding on the revolving credit facility, $70.3 million outstanding on the ARH credit facility and $54.1 million owed to former retailers.

About Ace Hardware

Ace Hardware is the largest hardware cooperative in the world, serving more than 8,800 locally owned and operated stores around the globe, while providing the best products, services, and operating methods to over 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, Illinois, 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		Nine Months Ended	
	September 27, 2025 (13 Weeks)	September 28, 2024 (13 Weeks)	September 27, 2025 (39 Weeks)	September 28, 2024 (39 Weeks)
Revenues:				
Wholesale revenues	$ 2,269.6	$ 2,149.0	$ 6,866.9	$ 6,581.5
Retail revenues	213.1	203.4	663.1	623.0
Total revenues	2,482.7	2,352.4	7,530.0	7,204.5
Cost of revenues:				
Wholesale cost of revenues	1,923.7	1,835.9	5,895.2	5,678.5
Retail cost of revenues	113.2	108.6	360.1	340.7

Total cost of revenues	2,036.9	1,944.5	6,255.3	6,019.2
Gross profit:				
Wholesale gross profit	345.9	313.1	971.7	903.0
Retail gross profit	99.9	94.8	303.0	282.3
Total gross profit	445.8	407.9	1,274.7	1,185.3
Wholesale operating expenses:				
Distribution operations expenses	77.2	71.8	229.4	212.2
Selling, general and administrative expenses	109.8	84.6	290.5	252.4
Retailer success and development expenses	69.9	71.2	244.1	217.3
Retail operating expenses	81.3	74.2	242.2	220.9
Retail pre-opening expenses	0.7	1.1	1.6	3.8
Total operating expenses	338.9	302.9	1,007.8	906.6
Operating income	106.9	105.0	266.9	278.7
Interest expense	(14.0)	(11.8)	(42.0)	(36.1)
Interest income	1.7	1.7	5.0	5.0
Other income, net	6.9	2.8	19.5	11.1
Income tax (expense) benefit	(1.8)	1.3	(0.3)	1.6
Net income	99.7	99.0	249.1	260.3
Less: net loss attributable to noncontrolling interests	(0.5)	(0.2)	(1.3)	(0.9)
Net income attributable to Ace Hardware Corporation	$ 100.2	$ 99.2	$ 250.4	$ 261.2
Patronage distributions accrued	$ 122.1	$ 105.4	$ 294.2	$ 291.2
Patronage distributions accrued for third party Retailers	$ 117.0	$ 100.1	$ 279.1	$ 276.0

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

	September 27, 2025 (Unaudited)	December 28, 2024 (Audited)	September 28, 2024 (Unaudited)
Assets			
Cash and cash equivalents	$ 37.7	$ 36.3	$ 38.9
Marketable securities	44.6	42.7	48.6
Receivables, net of allowance for doubtful accounts of $16.3, $10.9 and $11.1, respectively	775.6	727.8	772.3
Inventories	1,297.7	1,197.9	1,299.5
Prepaid expenses and other current assets	100.0	87.3	93.3
Total current assets	2,255.6	2,092.0	2,252.6
Property and equipment, net	719.1	594.6	589.0
Operating lease right-of-use assets, net	767.0	798.2	814.4
Finance lease right-of-use assets, net	161.7	185.7	127.6
Goodwill and other intangible assets, net	467.2	455.6	445.6
Other assets	196.9	166.7	165.7
Total assets	$ 4,567.5	$ 4,292.8	$ 4,394.9
Liabilities and Equity			
Current maturities of long-term debt	$ 92.7	$ 80.6	$ 64.3
Accounts payable	1,241.9	1,215.2	1,231.4
Patronage distributions payable in cash	114.6	137.2	112.9
Patronage refund certificates payable	15.0	15.0	29.0
Current operating lease liabilities	114.2	94.4	91.3
Current finance lease liabilities	45.2	37.9	29.5

Accrued expenses	294.8	313.1	284.9
Total current liabilities	1,918.4	1,893.4	1,843.3
Long-term debt	503.7	246.5	432.1
Patronage refund certificates payable	258.8	205.8	202.5
Long-term operating lease liabilities	682.4	728.4	742.1
Long-term finance lease liabilities	115.3	145.0	100.3
Other long-term liabilities	175.2	151.8	143.6
Total liabilities	3,653.8	3,370.9	3,463.9
Member Retailers' Equity:			
Class A voting common stock, $1,000 par value, 10,000 shares authorized, 2,590, 2,586 and 2,586 issued and outstanding, respectively	2.6	2.6	2.6
Class C nonvoting common stock, $100 par value, 20,000,000 shares authorized, 7,870,016, 7,528,693 and 7,641,370 issued and outstanding, respectively	787.0	752.9	764.1
Class C nonvoting common stock, $100 par value, issuable to retailers for patronage distributions, 678,763, 825,206 and 730,428 shares issuable, respectively	67.9	82.5	73.0
Contributed capital	18.8	19.3	19.2
Retained earnings	30.4	58.5	64.1
Accumulated other comprehensive income (loss)	0.4	(1.9)	(0.3)
Equity attributable to Ace member retailers	907.1	913.9	922.7
Equity attributable to noncontrolling interests	6.6	8.0	8.3
Total equity	913.7	921.9	931.0
Total liabilities and equity	$ 4,567.5	$ 4,292.8	$ 4,394.9

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

	Nine Months Ended	
	September 27, 2025 (39 Weeks)	September 28, 2024 (39 Weeks)
Operating Activities		
Net income	$ 249.1	$ 260.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	82.3	73.7
Non cash lease expense	33.4	22.8
Amortization of deferred financing costs	0.7	0.7
(Gain) loss on the disposal of assets, net	(0.3)	0.8
Provision for doubtful accounts	8.0	0.6
Other, net	7.8	(6.8)
Changes in operating assets and liabilities, exclusive of effects of acquisitions:		
Receivables	(118.4)	(127.8)
Inventories	(96.7)	(51.1)
Other current assets	(15.0)	(23.4)
Other long-term assets	(4.5)	(9.9)
Accounts payable and accrued expenses	30.3	167.6
Other long-term liabilities	22.9	18.3
Deferred taxes	(2.3)	(2.0)
Net cash provided by operating activities	197.3	323.8
Investing Activities		
Purchases of investment securities	(9.0)	(20.8)
Proceeds from sale of investment securities	6.0	22.4
Purchases of property and equipment	(201.9)	(121.1)

Cash paid for acquired businesses, net of cash acquired	(15.5)	(45.1)
Increase in notes receivable, net	(17.7)	(26.7)
Proceeds from sale of assets	0.7	0.6
Other, net	(0.7)	0.9
Net cash used in investing activities	(238.1)	(189.8)
Financing Activities		
Net borrowings under revolving lines of credit	265.7	81.8
Principal payments on long-term debt	(15.1)	(13.9)
Principal portion of finance lease payments	(36.2)	(25.2)
Payments of cash portion of patronage distribution	(137.8)	(137.1)
Payments of patronage refund certificates	(28.7)	(22.9)
Repurchase of stock	(6.8)	(10.4)
Purchase of noncontrolling interests	(1.1)	(0.5)
Other, net	2.2	1.2
Net cash provided by (used in) financing activities	42.2	(127.0)
Increase in cash and cash equivalents	1.4	7.0
Cash and cash equivalents at beginning of period	36.3	31.9
Cash and cash equivalents at end of period	$ 37.7	$ 38.9
Supplemental disclosure of cash flow information:		
Interest paid	$ 37.9	$ 29.7
Income taxes paid	$ 1.9	$ 3.3

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