ACE HARDWARE REPORTS SECOND QUARTER 2026 RESULTS

- *Record second quarter revenues of $3.0 billion, an increase of 5.9 percent*
- *Record second quarter net income of $155.6 million, an increase of $36.5 million*
- *Accrued patronage dividend to shareholders of $142.8 million*
- *Digital revenue increased 12.8 percent from the second quarter of 2025*

OAK BROOK, Ill., Aug. 12, 2026 /PRNewswire/ -- Ace Hardware Corporation ("Ace" or the "Company") today reported second quarter 2026 revenues of $3.0 billion, an increase of $165.8 million, or 5.9 percent, from the second quarter of 2025. Net income was $155.6 million for the second quarter of 2026, an increase of $36.5 million from the second quarter of 2025.

"We are grateful that more consumers continue to choose Ace, resulting in the highest quarterly revenue and earnings in the company's storied history," said John Venhuizen, President and CEO. "Solid same-store sales growth, double-digit digital growth, continued expansion of our store footprint, and the entrepreneurial spirit of our local retailers fueled a 5.9 percent increase in revenue to $3.0 billion, and a 31 percent increase in net income to $155.6 million. My thanks to the hard working Ace team for these record results."

The approximately 4,000 Ace retail stores that consistently share daily retail sales data reported a 1.1 percent increase in U.S. retail same-store-sales during the second quarter of 2026, which was the result of a 3.1 percent increase in average ticket partially offset by a 1.9 percent decrease in same-store transactions.

Revenues

Consolidated revenues for the quarter ended July 4, 2026 totaled $3.0 billion. Total wholesale revenues were $2.7 billion, an increase of $159.9 million, or 6.3 percent, as compared to the prior year second quarter. Increases were seen across most departments with grilling, outdoor power equipment, paint sundries, and impulse and front end, showing the largest gains.

Wholesale merchandise revenues to new domestic Ace stores activated from January 2025 through June 2026 contributed $67.2 million of incremental revenues during the second quarter of 2026, while wholesale merchandise revenues decreased $9.1 million during the second quarter due to domestic Ace stores whose memberships were cancelled. Wholesale merchandise revenues to comparable domestic Ace stores increased $56.6 million for the quarter. The Company's Ace International Hardware Corporation subsidiary experienced a $0.7 million increase in wholesale revenue from the second quarter of 2025. Ace Wholesale Holdings, LLC reported a $16.8 million increase in wholesale revenues, or 10.7 percent, from the second quarter of 2025 primarily due to higher sales to pro lumber and hardware customers. The Company's Ace Services Holdings, LLC subsidiary, which is reported as part of the Company's wholesale business, experienced a $0.1 million decrease in revenues from the second quarter of 2025.

Total retail revenues from Ace Retail Group, Inc. ("ARG") for the quarter were $280.7 million, an increase of $5.9 million, or 2.1 percent, as compared to the prior year second quarter. ARG experienced a same-store sales increase of 0.4 percent during the second quarter of 2026. The new stores opened by ARG since the end of the first quarter 2025 contributed $6.3 million of incremental revenues during the second quarter of 2026. ARG operated 268 stores at the end of the second quarter of 2026 compared to 261 stores at the end of the second quarter of 2025.

Ace added 34 new domestic stores in the second quarter of 2026 and cancelled 17 stores. This brought the Company's total domestic store count to 5,283 at the end of the second quarter of 2026, an increase of 88 stores from the second quarter of 2025.

Gross Profit

Wholesale gross profit for the quarter ended July 4, 2026 was $399.6 million, an increase of $37.0 million from the second quarter of 2025. The wholesale gross margin percentage was 14.8 percent of wholesale revenues in the second quarter of 2026, up from 14.2 percent in the second quarter of 2025. This increase in rate was primarily the result of the timing of income earned from vendors.

Retail gross profit for the quarter ended July 4, 2026 was $127.8 million, an increase of $8.7 million from the second quarter of 2025. The retail gross margin percentage was 45.5 percent of retail revenues in the second quarter of 2026, up from 43.3 percent in the second quarter of 2025. The increase in retail gross margin percentage was primarily due to vendor funds earned related to new store openings. For ARG, retail gross profit is based on the Company's wholesale acquisition cost of product, not ARG's acquisition cost which includes a markup from the Company.

Expenses and Other

Wholesale operating expenses increased $10.2 million, or 3.6 percent, from the second quarter of 2025. The increase is primarily driven by higher professional fees and an increase in marketing and advertising spending. As a percentage of wholesale revenues, wholesale operating expenses decreased to 10.8 percent of wholesale revenues in the second quarter of 2026 from 11.0 percent of wholesale revenues in the second quarter of 2025.

Retail operating expenses increased $5.8 million, or 7.2 percent, from the second quarter of 2025. The increase was primarily driven by expenses incurred related to the new stores added since the end of the first quarter of 2025. Retail operating expenses as a percentage of retail revenue increased to 30.9 percent in the second quarter of 2026 from 29.4 percent in the second quarter of 2025.

Other income, net increased $6.8 million from the second quarter of 2025 primarily due to an $11.8 million refund received during the second quarter of 2026 from U.S. Customs and Border Protection related to tariffs previously paid under the International Emergency Economic Powers Act (IEEPA).

Balance Sheet and Cash Flow

Receivables increased $93.6 million from the second quarter of 2025 due to higher sales volumes.

Long-term debt, including current maturities, increased $100.1 million from the second quarter of 2025. At the end of the second quarter of 2026, long-term debt consisted of $460.2 million outstanding on the revolving credit facility, $73.4 million outstanding on the ARG credit facility and $52.9 million owed to former retailers.

About Ace Hardware

Ace Hardware is the largest hardware cooperative in the world, serving more than 8,950 locally owned and operated stores around the globe, while providing the best products, services, and operating methods to almost 5,300 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. 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	
	July 4, 2026 (13 Weeks)	June 28, 2025 (13 Weeks)	July 4, 2026 (26 Weeks)	June 28, 2025 (26 Weeks)
Revenues:				
Wholesale revenues	$ 2,705.2	$ 2,545.3	$ 4,989.4	$ 4,597.3
Retail revenues	280.7	274.8	466.5	450.0
Total revenues	2,985.9	2,820.1	5,455.9	5,047.3
Cost of revenues:				
Wholesale cost of revenues	2,305.6	2,182.7	4,284.0	3,971.5
Retail cost of revenues	152.9	155.7	250.1	246.9
Total cost of revenues	2,458.5	2,338.4	4,534.1	4,218.4

Gross profit:				
Wholesale gross profit	399.6	362.6	705.4	625.8
Retail gross profit	127.8	119.1	216.4	203.1
Total gross profit	527.4	481.7	921.8	828.9
Wholesale operating expenses:				
Distribution operations expenses	81.5	79.4	157.3	152.2
Selling, general and administrative expenses	94.3	91.2	181.0	180.7
Retailer success and development expenses	115.2	110.2	179.2	174.2
Retail operating expenses	86.6	80.8	172.5	160.9
Retail pre-opening expenses	(0.4)	(0.3)	1.7	0.9
Total operating expenses	377.2	361.3	691.7	668.9
Operating income	150.2	120.4	230.1	160.0
Interest expense	(15.1)	(14.7)	(29.3)	(28.0)
Interest income	2.3	1.5	5.4	3.3
Other income, net	17.5	10.7	17.9	12.6
Income tax benefit	0.7	1.2	1.6	1.5
Net income	155.6	119.1	225.7	149.4
Less: net loss attributable to noncontrolling interests	-	(0.4)	(0.2)	(0.8)
Net income attributable to Ace Hardware Corporation	$ 155.6	$ 119.5	$ 225.9	$ 150.2
Patronage distributions accrued	$ 142.8	$ 110.5	$ 248.0	$ 172.1
Patronage distributions accrued for third party Retailers	$ 137.0	$ 105.4	$ 236.9	$ 162.1

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

	July 4, 2026 (Unaudited)	January 3, 2026 (Audited)	June 28, 2025 (Unaudited)
Assets			
Cash and cash equivalents	$ 45.7	$ 46.8	$ 40.9
Marketable securities	41.6	40.5	44.6
Receivables, net of allowance for doubtful accounts of $14.8, $17.0 and $12.5, respectively	1,035.3	739.9	941.7
Inventories	1,418.4	1,200.8	1,395.0
Prepaid expenses and other current assets	90.9	89.9	98.5
Total current assets	2,631.9	2,117.9	2,520.7
Property and equipment, net	763.1	746.4	624.6
Operating lease right-of-use assets, net	725.4	742.5	777.5
Finance lease right-of-use assets, net	159.5	171.4	167.2
Goodwill and other intangible assets, net	475.0	464.7	461.6
Other assets	216.5	202.4	192.0
Total assets	$ 4,971.4	$ 4,445.3	$ 4,743.6
Liabilities and Equity			
Current maturities of long-term debt	$ 95.9	$ 63.4	$ 71.4
Accounts payable	1,677.6	1,188.5	1,588.5
Patronage distributions payable in cash	97.4	139.0	66.6
Patronage refund certificates payable	24.3	24.3	15.0
Current operating lease liabilities	97.9	102.5	117.6
Current finance lease liabilities	42.7	43.4	45.2
Accrued expenses	268.6	337.7	294.1
Total current liabilities	2,304.4	1,898.8	2,198.4

Long-term debt	490.6	403.8	415.0
Patronage refund certificates payable	292.9	250.5	234.9
Long-term operating lease liabilities	662.2	673.7	688.2
Long-term finance lease liabilities	113.4	123.8	120.2
Other long-term liabilities	203.6	194.6	168.3
Total liabilities	4,067.1	3,545.2	3,825.0
Member Retailers' Equity:			
Class A voting common stock, $1,000 par value, 10,000 shares authorized, 2,569, 2,586 and 2,597 issued and outstanding, respectively	2.6	2.6	2.6
Class C nonvoting common stock, $100 par value, 20,000,000 shares authorized, 8,188,596, 7,757,661 and 8,039,958 issued and outstanding, respectively	818.9	775.8	804.0
Class C nonvoting common stock, $100 par value, issuable to Retailers for patronage distributions, 564,367, 815,156 and 390,365 shares issuable, respectively	56.4	81.5	39.1
Contributed capital	16.9	18.9	19.2
Retained earnings	6.8	17.9	47.1
Accumulated other comprehensive income (loss)	1.0	0.6	(0.8)
Equity attributable to Ace member Retailers	902.6	897.3	911.2
Equity attributable to noncontrolling interests	1.7	2.8	7.4
Total equity	904.3	900.1	918.6
Total liabilities and equity	$ 4,971.4	$ 4,445.3	$ 4,743.6

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

	Six Months Ended	
	July 4, 2026 (26 Weeks)	**June 28, 2025 (26 Weeks)**
Operating Activities		
Net income	$ 225.7	$ 149.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55.8	50.2
Non-cash lease expense	24.1	22.2
Amortization of deferred financing costs	0.4	0.5
Gain on the disposal of assets, net	(0.2)	-
Provision for doubtful accounts	1.3	2.4
Deferred taxes	(2.2)	(0.2)
Other, net	0.5	4.0
Changes in operating assets and liabilities, exclusive of effect of acquisitions:		
Receivables	(346.9)	(259.8)
Inventories	(217.6)	(195.9)
Other current assets	(1.1)	(11.2)
Other long-term assets	9.2	(2.3)
Accounts payable and accrued expenses	433.5	374.6
Other long-term liabilities	4.4	16.2
Net cash provided by operating activities	186.9	150.1
Investing Activities		
Purchases of investment securities	(1.4)	(9.6)
Proceeds from sale of investment securities	0.6	5.7
Purchases of property and equipment	(70.2)	(74.0)
Cash paid for acquired businesses, net of cash acquired	(11.2)	(8.2)

Increase in notes receivable, net	(27.5)	(13.7)
Proceeds from sale of assets	0.8	0.1
Other, net	(0.3)	(0.4)
Net cash used in investing activities	(109.2)	(100.1)
Financing Activities		
Net borrowings under revolving lines of credit	117.2	158.4
Principal payments on long-term debt	(12.0)	(10.4)
Principal portion of finance lease payments	(26.2)	(23.9)
Payments of cash portion of patronage distribution	(139.3)	(137.8)
Payments of patronage refund certificates	(14.5)	(28.8)
Repurchase of stock	(4.5)	(4.5)
Purchase of noncontrolling interests	(3.8)	(0.3)
Other, net	4.3	1.9
Net cash used in financing activities	(78.8)	(45.4)
(Decrease) increase in cash and cash equivalents	(1.1)	4.6
Cash and cash equivalents at beginning of period	46.8	36.3
Cash and cash equivalents at end of period	$ 45.7	$ 40.9
Supplemental disclosure of cash flow information:		
Interest paid	$ 28.7	$ 25.1
Income taxes paid	$ 1.2	$ 1.3

SOURCE Ace Hardware Corporation

Additional assets available online: Photos (1) Documents (1)

https://newsroom.acehardware.com/2026-08-12-ACE-HARDWARE-REPORTS-SECOND-QUARTER-2026-RESULTS