



ACE[®]

OWN A
**TRUSTED
BRAND**



RANKED #1
In Our Category
Entrepreneur
Magazine's Top 500
Franchise List

- **No Royalty Fees**
- **No Initial Franchise Fee**
- **Free Initial Inventory**

FranchiseTimes
TOP 400
4TH LARGEST
Franchise Globally

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THE ACE STORY



It all started in 1924 with a truckload of sponges! Four enterprising owners united their Chicago-area hardware stores to increase their buying power and gain a competitive advantage.

ACE



BEGINNING IN 1924

1924

Four hardware store owners unite to start Ace Stores, Inc.

1940

By the end of the 1940s, Ace Hardware Corporation was supplying 133 Ace stores in seven states.

1976

Ace opened up to entrepreneurs wanting to invest in the business and own an Ace store.

1994

The “New Retail Age of Ace” is launched to battle the big-box chain hardware stores and help ensure the company’s growth for years to come.





2024 AND BEYOND

1997

The Helpful Hardware Club (Now Ace Rewards) is implemented in 10 stores.



2006

Wholesale sales reach 10-year highs, and the bottom line exceeds \$100 million for the fourth straight year.

2021

15 out of 16 years being ranked "Highest in Customer Satisfaction" by J.D. Power.*



2024

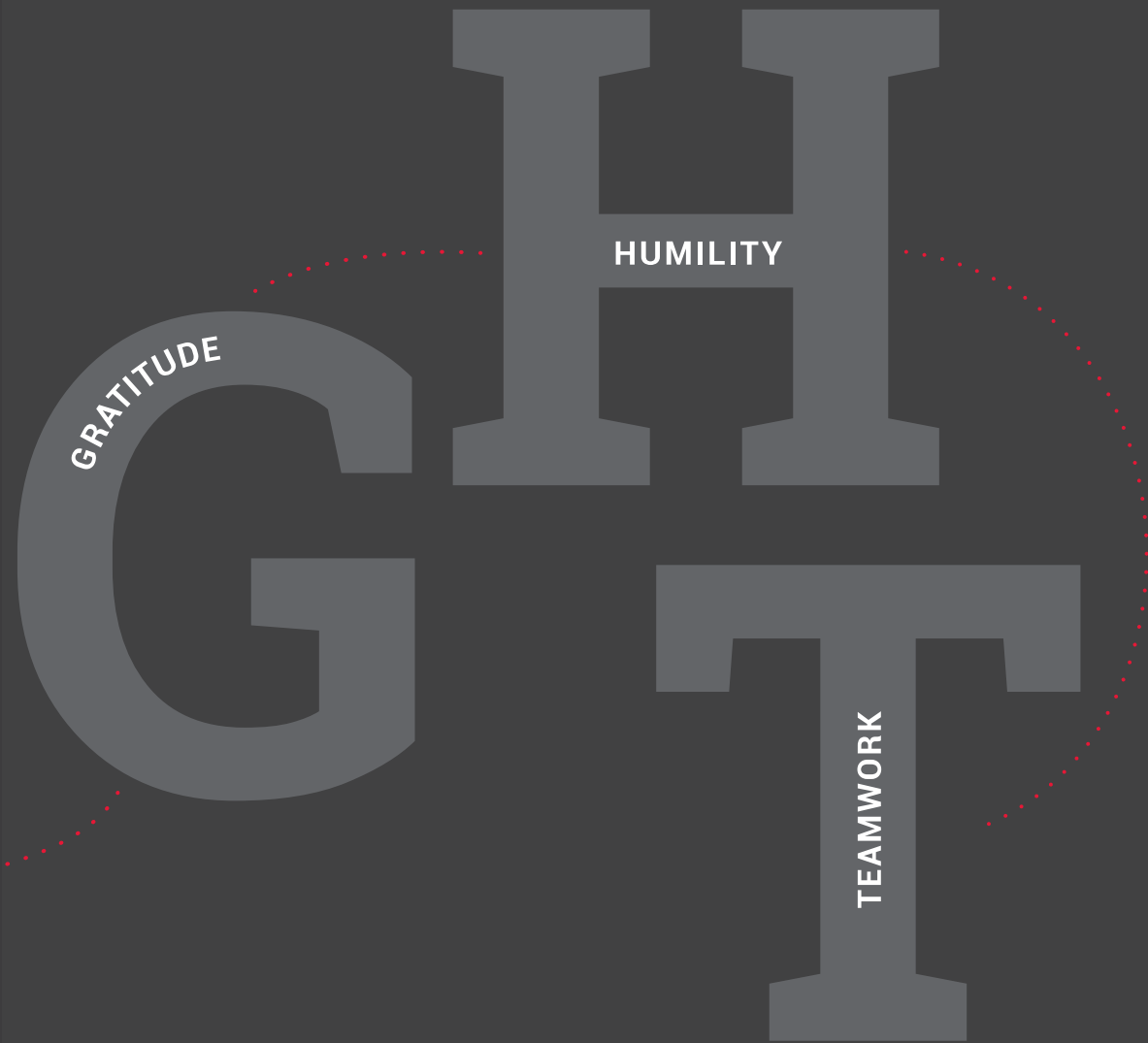
Ace will celebrate its 100th Anniversary. >

*Ace Hardware received the highest score in the J.D. Power 2007-2017 and 2019-2022 Home Improvement Retailer Satisfaction studies (tied in 2019) of customers' satisfaction with home improvement retailers. Visit [jdpower.com/awards](https://www.jdpower.com/awards).

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Our Values



OUR PILLARS



IMPERATIVES WE MUST EXECUTE



QUALITY

We must become Famous for Four
Experiential Retail

CONVENIENCE

We shall Exploit the Geographic Proximity
Elegant Digital Operations

SERVICE

We must Fulfill the Promise
Helpful is our weapon in the world

ACE PHILANTHROPY

At Ace, we believe in giving back to the communities we serve.

This is why, in 1991, the Ace Hardware Foundation was established. The foundation provides philanthropic opportunities to its consumers, retail store owners, vendors and team

members, allowing them to give back to their communities through fundraising for our two national charitable partners: Children's Miracle Network Hospitals and the American Red Cross.



**Children's
Miracle Network
Hospitals**

Proud Partner of Children's Miracle Network Hospitals

More than \$20.2 million was raised for CMN Hospitals across the country in 2021, bringing our 30-year total to over \$160 million raised. We support 154 Children's Miracle Network Hospitals across the U.S. One-hundred percent of the money raised in an individual store benefits the local CMN Hospital.



**American
Red Cross**

American Red Cross

Ace Hardware is proud to partner with the American Red Cross during disaster relief efforts. Over the past several years, we've donated over \$1 million in monetary and product support to assist the various disaster relief efforts across the country.



RETAILER FUNDRAISING



Almost \$12 million was raised in 2021 for CMN Hospitals.

How did they do it? Over \$8.4 million was from customers rounding up their total at the register, pennies at a time. Over \$1.2 million was also raised selling World's Finest Chocolate bars. Our annual Miracle Bucket promotion raised over \$850,000 for CMN Hospitals and drove both traffic and sales — a win for everyone.

CONTINUING TO GROW

TODAY ACE HAS OVER...

**5600
STORES**

in over 70 countries

840+ NEW STORES
in the last five years

182 NEW STORES
in 2021 alone!



OUR VISION

To be the best, most helpful hardware stores on the planet.

OUR MISSION

To offer the best products, services and operating methods for convenience hardware retailers.

OUR PURPOSE

We exist to serve others.

OUR GOAL

We don't just stop at being a world-class wholesaler. We strive to build the Ace brand and execute our vision of being the best, most helpful hardware stores on the planet by offering superior products and retailer programs that drive store profits.







OUR 5-YEAR STRATEGY



REACHING HIGHER GROUND

Higher Ground is Ace's long-term retail growth strategy...

...lasting from 2020-2024 and taking us through our 100th anniversary. Ace's growth over the next 100 years will come from More & Better Stores, which means improving the performance of those in existence and opening up more

stores to serve our communities. Our competition continues to raise the bar, and consumer behavior continues to change. It is critical to adapt and elevate performance to drive growth.

Let's take Higher Ground together!

EXECUTE

FULFILL
the promise

EXPLOIT
the geographic proximity

BECOME
Famous for Four

COMMUNICATE

GROW PRO

BE THE SUPPLY PLACE

ADVANCE THE BRAND





OUR VISION

“Our vision to be the best, most helpful hardware stores on the planet requires both a **differentiated retail strategy** and a **world-class wholesale strategy.**”

John Venhuizen

President & CEO

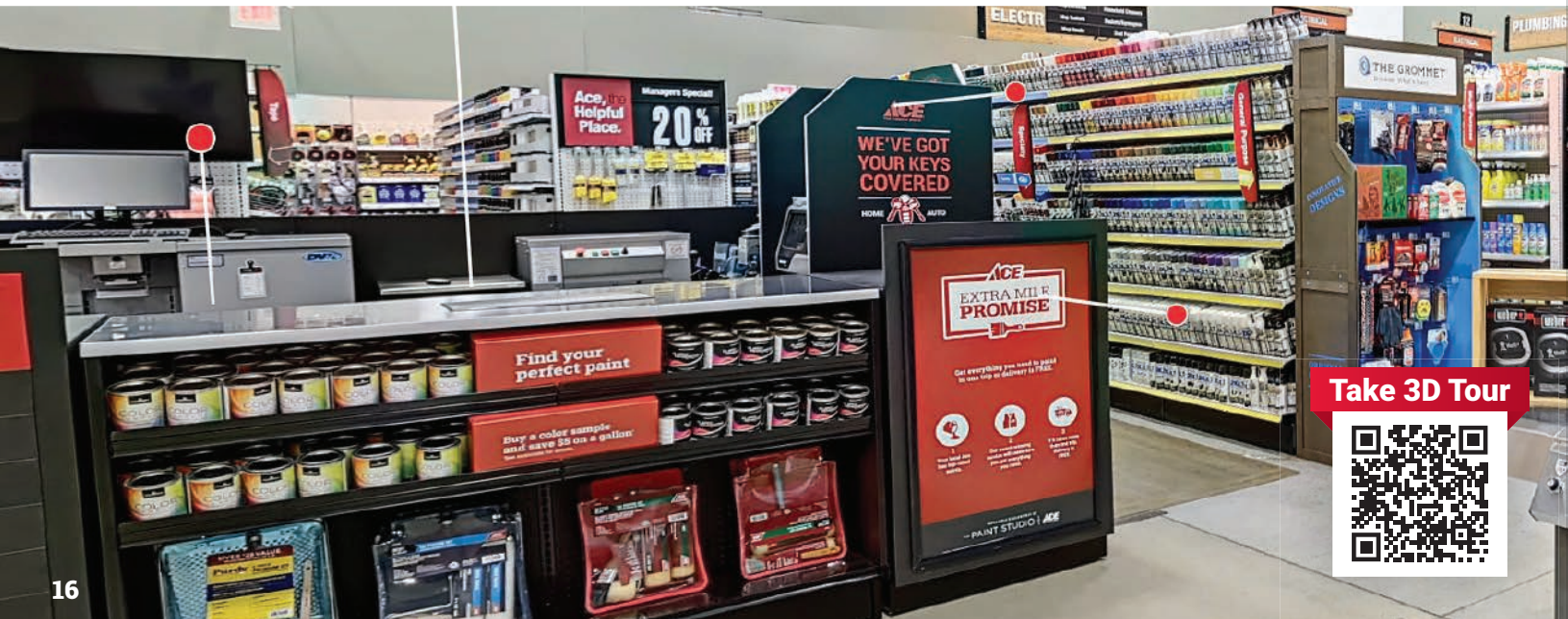
CORNERSTONE ACE



Reach **HIGHER GROUND** with a **GAME-CHANGING** store model!

Cornerstone is Ace Hardware's program for implementing an exciting new retail store model. Through analytics of our best-in-class Ace retailers, we learned

that differentiated brands and experiential retail drive store performance. Stores that have completed recent remodels have 5X the sales growth of stores that have not.





\$10 Billion
in Corporate Revenue

\$25 Billion
in Retail Revenue

100 Years
by our 2024 Anniversary

Cornerstone Objectives

Store-Level Economics – Improve overall top-line sales and profits, along with productivity and return.

Experiential Retailing – Elevate brands and create destination shops to magnify differentiation.

Assortment Optimization – Optimize assortment and space productivity in Home Preservation categories.

Red-Vested Heroes – Amplify customer service and services at a prominent Helpful Hub.

Operational Efficiency – Integrate labor cost savings and improved technology strategies.

Cornerstone Results

Through analytics of our best-in-class Ace retailers, we have learned that differentiated brands and experiential retailing drive store performance.

The proof is in the results:

+33%
SALES

+31%
GROSS PROFIT

+33%
SALES/SQ. FT.

FAMOUS FOR FOUR

PAINT | POWER | BBQ | HOME PRESERVATION

Ace's Famous for Four categories, **PAINT, POWER, BBQ and HOME PRESERVATION**, are differentiated and ownable when we leverage our unique brand of Quality, Service & Convenience.

These are must-win categories in order for Ace to remain relevant in today's and tomorrow's marketplace. Famous for Four is a company-wide initiative intended to provide focus for resource allocation around categories with the greatest upside potential, including Ace's 11 Best Brands.



BEST BRANDS



Ace retailers who have harnessed the power of the Best Brands have seen larger overall sales growth. **No other retailer has all of these brands under one roof.**





OUR RESULTS



Ace is an essential business with an extraordinary track record. With a decade of positive growth and a record-shattering 2020 and 2021, the numbers continue to support our vision to be the best, most helpful hardware stores on the planet.



THE RESULTS ARE IN

14

YEARS
IN A ROW

INCREASED
TRANSACTION
SIZE

10

YEARS
IN A ROW

NET
NEW-STORE
GROWTH

12

YEARS
IN A ROW

INCREASED SAME-
STORE SALES &
PROFIT



15

YEARS
OUT OF 16

RANKED
J.D. POWER'S "HIGHEST
IN CUSTOMER
SATISFACTION"



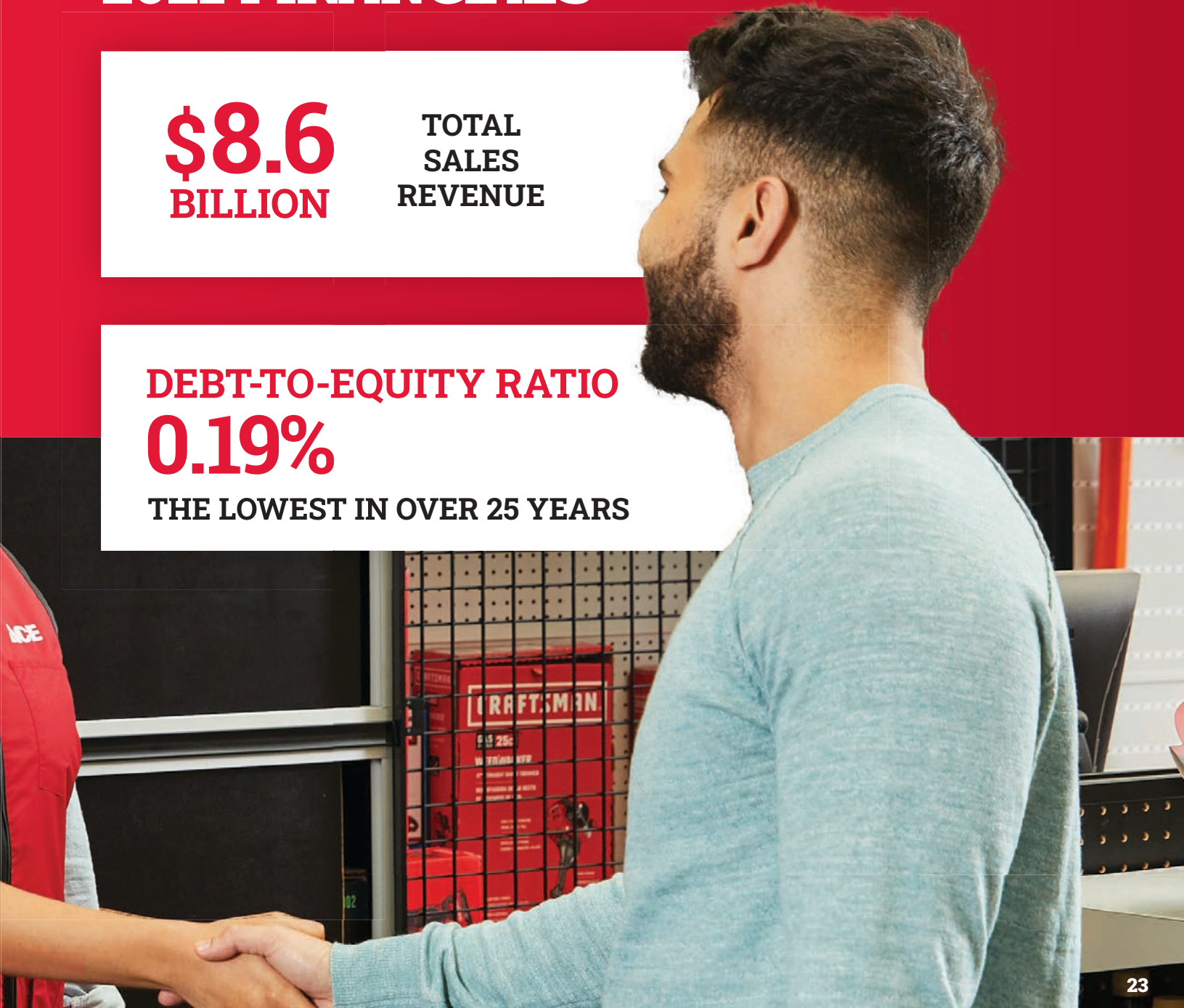
2021 FINANCIALS

\$8.6
BILLION

**TOTAL
SALES
REVENUE**

DEBT-TO-EQUITY RATIO
0.19%

THE LOWEST IN OVER 25 YEARS





As a cooperative, Ace Hardware stores are individually owned and operated. As a retailer of Ace Hardware, you enjoy the purchasing power and recognition of a global brand. Your customers are your friends, neighbors and fellow citizens, and you are a part of the fabric of your community.



BECOMING AN ACE RETAILER



WHY ACE HARDWARE?

A UNIQUE OPPORTUNITY

Unlike other businesses or franchise opportunities, Ace Hardware is owned by its retailers. Instead of paying ongoing royalty fees, you become an owner of Ace Hardware and operate your own store.

LOCALLY OWNED, GLOBALLY RECOGNIZED

As a cooperative, Ace Hardware stores are individually owned and operated. As a retailer of Ace Hardware, you enjoy the purchasing power and recognition of a global brand. Your customers are your friends, neighbors and fellow citizens, and you are a part of the fabric of your community.

FLEXIBILITY TO MAKE IT YOURS

Ace has a recommended product mix based on our years of experience. We also give you the flexibility to customize your store offerings based on your market. No two Ace stores are alike, with some stores expanding into other categories like sporting goods, appliances, or agricultural supplies.

TOOLS TO SUCCEED

Ace has all the tools and training necessary to prepare you and your employees for ongoing success from the very beginning. From scheduling to HR and payroll, Ace has optimized every facet of the business.



REQUIREMENTS & BENEFITS

APPLICATION FEE	\$5,000
CAPITAL STOCK REQUIREMENT	\$5,000 of "initial" capital stock upon joining the cooperative
MINIMUM UNENCUMBERED CASH	\$250,000
MINIMUM NET WORTH	\$400,000
TOTAL INVESTMENT*	\$650,000-\$1,500,000 (estimated based on store size)
MINIMUM EQUITY	30%
REMAINING IN SBA LOAN	Any remaining amount can be in an SBA Loan.

MEMBERSHIP BENEFITS

\$314M
in patronage
distributions in 2021

43%
return for our
shareholders

FREE opening stock order
for new stores!**

*Total investment will vary based on store size. Items included in the figure are store texture, inventory, office equipment, computer system, décor, signage and operating capital.

**Incentive amount varies by store size/format and is based on discovery recommended products. Incentive is given as a credit, not as cash or a loan.

These costs do not include such things as land and building costs or rent and leasehold improvements.



TOOLS FOR RETAILERS



Kabelin ACE



ACE

TOOLS FOR RETAILERS

RECRUITMENT

Snagajob's **PEOPLEMATTER** platform is a recruiting, applicant tracking and onboarding tool with access to over 80 million candidates. It provides increased applicant volume, higher quality candidates, reduction in time to hire, and store compliance.

SCHEDULING

DEPUTY WORKFORCE MANAGEMENT is the process of using your sales, transactions and labor standards to build a day-by-day labor forecast by position and auto-schedule the right people in the right amounts and at the right times.

TRACKING SALES

SHOPPERTRAK is the industry leader in counting traffic (or footsteps) in your store. You will have access to the dashboard of metrics and reports, including conversion, traffic, average transaction size (ATS), sales per shopper (SPS) and, if uploading sales floor payroll, shoppers to associate rate (STAR).



PAYROLL

HRIS AND PAYROLL PROCESSING is a single-database solution for all HR, Payroll and people-related items that will streamline your operations and help you manage your workforce more efficiently.

INVENTORY MANAGEMENT

MANGO is a program used for inventory accuracy and productivity that measures and monitors shrinkage, manages and removes obsolete and overstocked items, improves your assortment based on similar stores, and recommends smarter buying. Mango is exclusive to Ace Hardware and Epicor Systems.

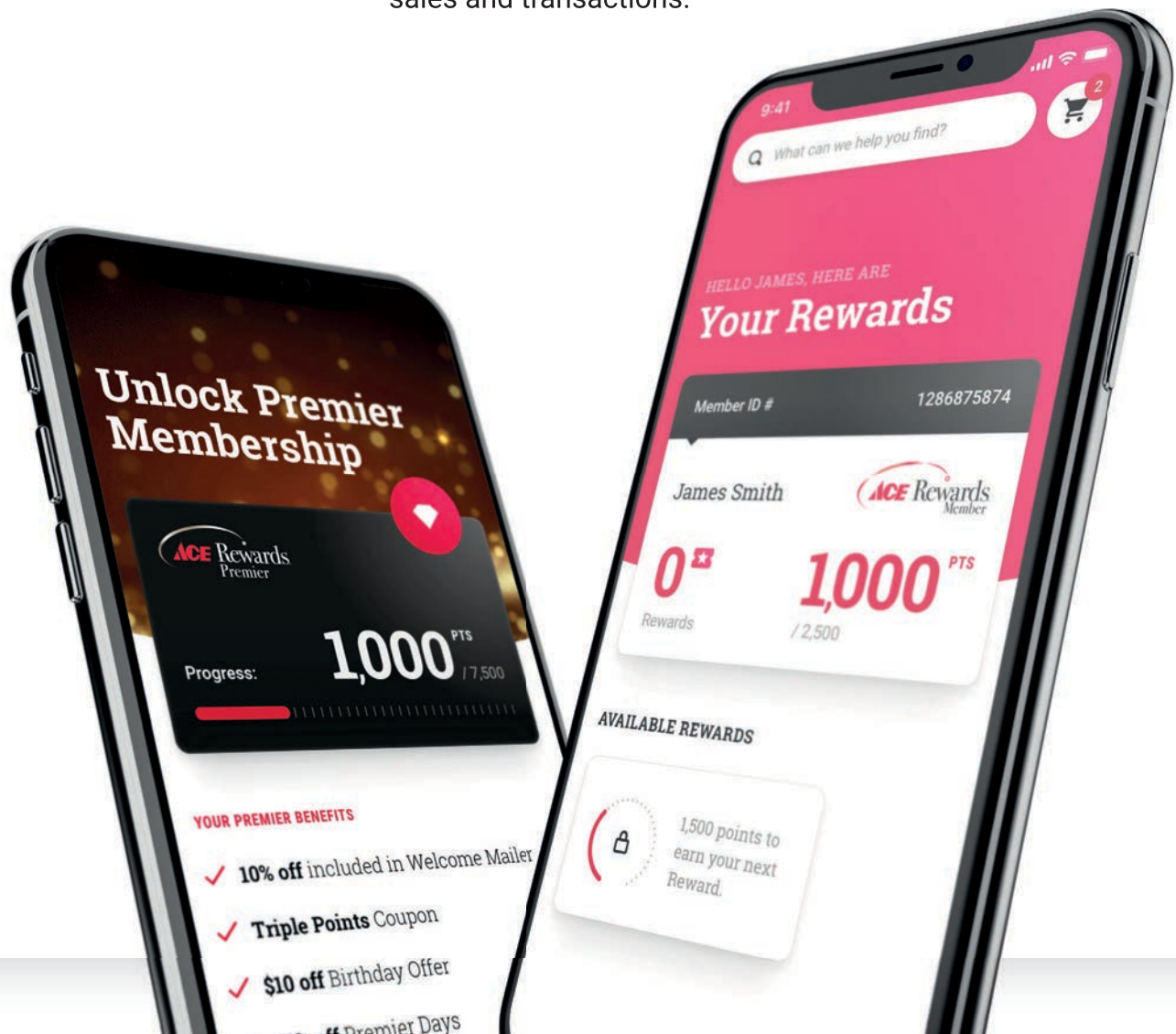
PURCHASING POWER

SAVINGSOURCE leverages the purchasing power of thousands of independently owned businesses to bring supplier programs with improved pricing and buying efficiencies. SAVINGSource participants have access to supplier programs for products and services across many areas of indirect spend.

ACE REWARDS

THE ACE HARDWARE LOYALTY PROGRAM

The Ace Hardware loyalty program includes 60+ million Ace Rewards members. It offers a broad range of strategic marketing capabilities that help drive customer sales and transactions.





60+ MILLION

Total Ace Rewards Members

\$216+ MILLION

Incremental Sales

\$51 MILLION

Instant Savings

3.6 AVG.

Annual Visits per New Member

28 AVG.

Annual Visits per Premium Member

\$38.52

Average Ace Rewards Transaction



PROGRAMS TO SUPPORT RETAILERS

Modern consumers demand the convenience to shop the way that fits their schedule. Ace offers its retailers support for the fulfillment of online purchases, with a comprehensive program designed to help retailers communicate with customers and fulfill their purchases faster than our competition.





BOPIS

Buy Online, Pick Up in Store

BODFS

Buy Online, Deliver From Store



CURB

Curbside Pickup

ACEHARDWARE.COM

100%

of **PROFITS** from sales
on acehardware.com go
to the store

acehardware.com and
digital marketing drive

>20M

ACE STORE VISITS

BASE CAMP

ONBOARDING PROGRAM FOR NEW STORE OWNERS



Base Camp is the Ace Hardware onboarding program for new store owners. We offer this comprehensive training program designed to acclimate new store owners for the climb to Higher Ground. Base Camp training positions new owners for long-term success with a blended collaborative approach.

LEARN TO APPLY THE PROVEN ACE WAY OF RETAILING TO REACH THE PEAK OF YOUR POTENTIAL WITH:

- **16-18 weeks** of comprehensive hands-on, **world-class training** prior to soft open (Ace operating system, tools, and technology needed to successfully open an Ace store)
- **Virtual Coaching Sessions**
- **E-Learning Courses**
- **In-Store Visits**



SUPPORT THROUGH TRUSTED ADVISORS

New Owner Support Team:

A District Manager (DM), Project Manager (PM) and Professional Retail Services (PRS) Training Consultant check in on a biweekly basis, or more often, to keep tasks and training on course.

Best-in-Class Pinnacle Retailers

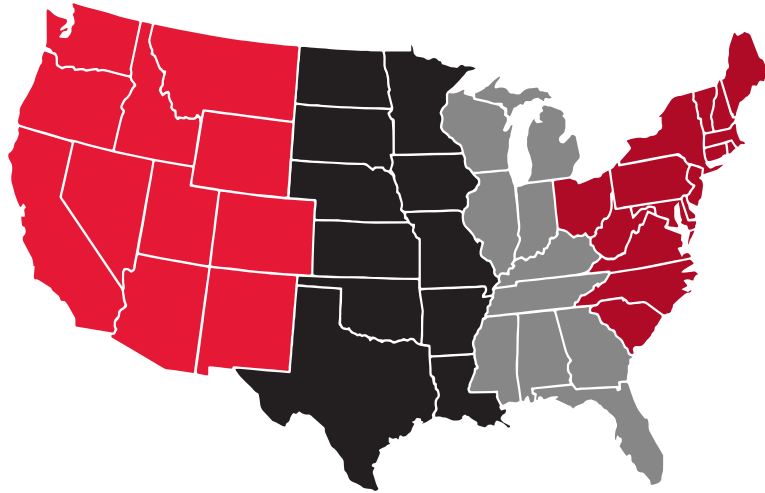
demonstrate best practices and mentor new owners during a 5-day, in-store Center of Excellence training.

Ace Subject Matter Experts demonstrate their knowledge through virtual workshops, e-learning and consultations.

New owners will learn from one another at a New Owner Leadership Summit and build out their vision and mission.

ARE YOU READY TO TAKE THE NEXT STEP?

Visit www.myace.com/open-a-store and fill out the no-obligation confidential qualification form. A Business Development Manager will be in contact with you to explain the terms of Ace's ownership opportunity and answer any of your questions.



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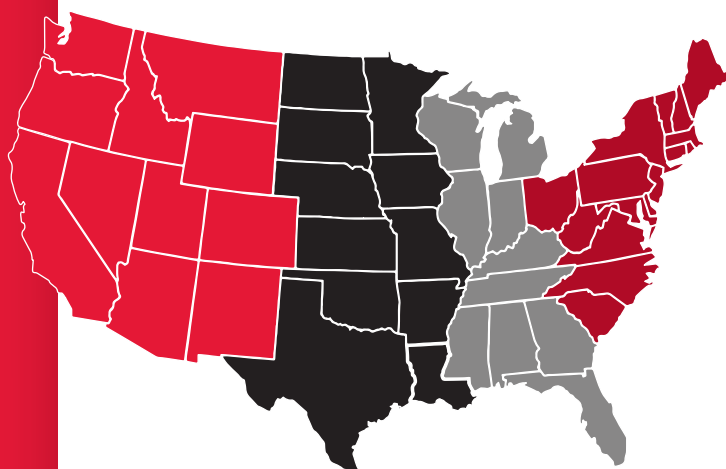
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