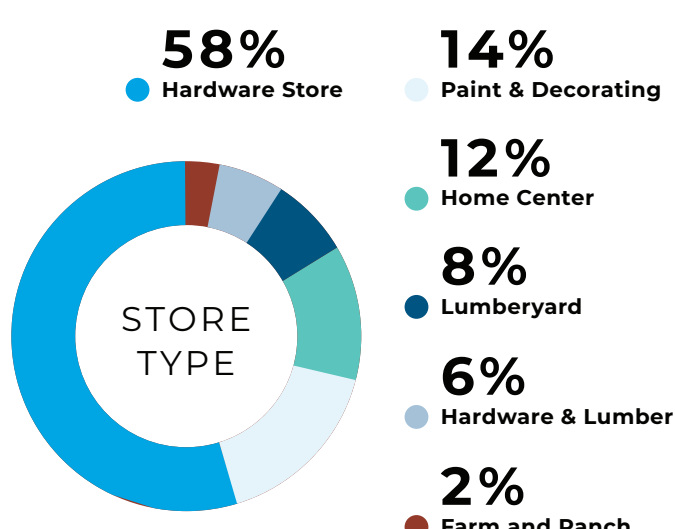




The Independent Retailer Index, developed by the North American Hardware and Paint Association (NHPA) and The Farnsworth Group, serves as a regular measure of the independent channel's performance. In a survey of 66 independent retailers at the midpoint of Q3 2023, respondents were asked to report how several operating metrics have changed year over year from Q2 2022 to Q2 2023, including total sales, transaction count, inventory investment, cost of goods and gross profit margins. It is important to note that each quarter, there is a different sample group of respondents, which has the potential to have a varied impact on the demographics and overall figures.

## RESPONDENT PROFILES



**91%**  
of respondents  
have 5 or fewer  
store locations

### OVERALL ANNUAL SALES OF RESPONDENTS

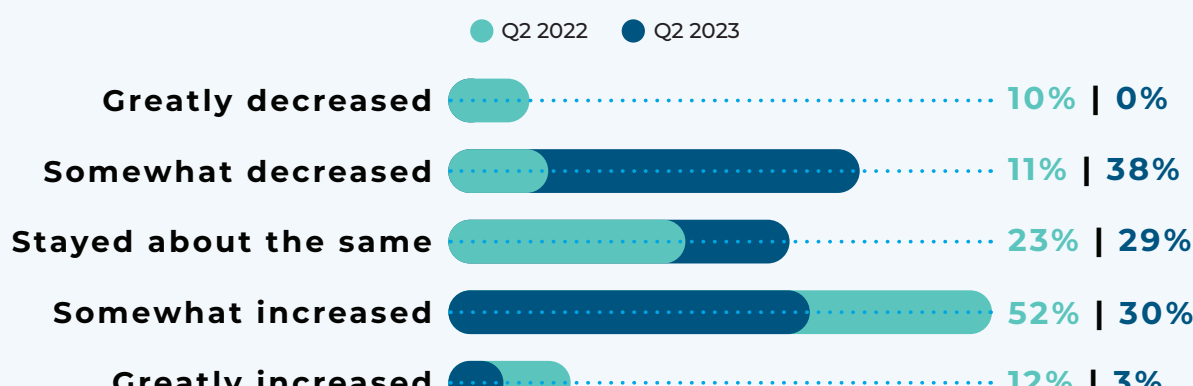


## QUARTER TO QUARTER CHANGES

**OVER TWO-THIRDS (68%)**

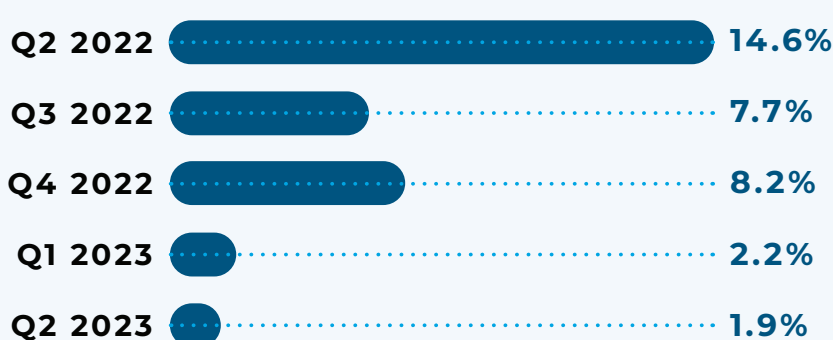
of retailers saw an increase in their cost of goods. This increase resulted in an average increase of 7.5%, up 6.6 points from the previous quarter.

### CHANGE IN TOTAL SALES



The largest percentage of respondents **21%** reported transaction sizes decreased in Q2.

### CHANGE IN INVENTORY INVESTMENT (MEAN)



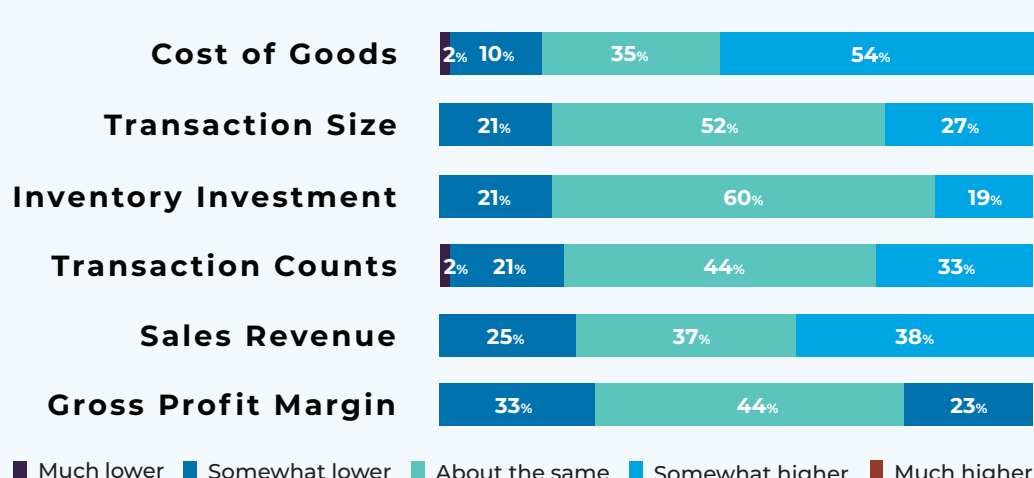
Inventory investment has been on a steady decline since the beginning of the Index. Q2 reached the lowest point at 1.9% growth, while at the same time, 46% of respondents reported investment had "somewhat increased" over Q2 last year.

Quarter-to-quarter, average transaction size **INCREASED BY 0.7%, UP SLIGHTLY** from the previous quarter that saw a decline.

## FUTURE FOCUS

Anticipated performance for Q3 is mixed. Many (54%) are expecting their cost of goods to rise. Most expect transaction sizes, transaction counts and gross profit margins to stay the same or increase over Q2.

### CHANGES IN OPERATION PERFORMANCE (FROM Q2 2023 TO Q3 2023)



62% of respondents say they anticipate making at least some investment in technology solutions in Q4. The second highest investment retailers anticipate making to close out the year is inventory at 60%.

### ANTICIPATED RESPONDENT INVESTMENT PLANS (FOR Q4 2023)

