



# MONRO

FIRST QUARTER FISCAL 2025  
EARNINGS CALL JULY 31, 2024

**MONRO** AUTO SERVICE AND TIRE CENTERS | **TIRE CHOICE** AUTO SERVICE CENTERS | **MR. TIRE** AUTO SERVICE CENTERS | **KEN TIRE & AutoCare TOWERYS** | **TIRE WAREHOUSE** TIRES FOR LESS | **TIRE BARN** TIRE & AUTO SERVICE | **carx** TIRE & AUTO | **MOUNTAINVIEW** TIRE & AUTO SERVICE

Certain statements in this presentation, other than statements of historical fact, including estimates, projections, statements related to our business plans and operating results are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Monro has identified some of these forward-looking statements with words such as “believe,” “expect,” “estimate,” “anticipate,” “could,” “intend,” “focus,” “will,” and the negative of these words or other comparable terminology. These forward-looking statements are based on Monro’s current expectations, estimates, projections and assumptions as of the date such statements are made, and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in the Company’s filings with the Securities and Exchange Commission, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our most recently filed periodic reports on Forms 10-K and Form 10-Q, which are available on Monro’s website at <https://corporate.monro.com/investors/financials/sec-filings/default.aspx>. Monro assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

In addition to including references to diluted earnings per share (“EPS”), which is a generally accepted accounting principals (“GAAP”) measure, this presentation includes references to adjusted diluted earnings per share, which is a non-GAAP financial measure. Monro has included a reconciliation from adjusted diluted EPS to its most directly comparable GAAP measure, diluted EPS in the appendix to this presentation. Management views this non-GAAP financial measure as a way to better assess comparability between periods because management believes the non-GAAP financial measure shows the Company’s core business operations while excluding certain non-recurring items such as costs related to shareholder matters from the Company’s equity capital structure recapitalization, transition costs related to the Company’s back-office optimization, store impairment charges, corporate headquarters relocation costs, and items related to store closings.

This non-GAAP financial measure is not intended to represent, and should not be considered more meaningful than, or as an alternative to, its most directly comparable GAAP measure. This non-GAAP financial measure may be different from similarly titled non-GAAP financial measures used by other companies.

## Confidence in Our Recently Implemented Initiatives

### First Quarter Accomplishments:

- Drove a significant acceleration in comp store sales trends as the quarter progressed
- Turned the corner in our tire category with a return to growth in units in the month of June, as we continued to leverage the strength of our manufacturer-funded promotions
- The combination of our ConfiDrive digital courtesy inspection process, service coupon and oil change offer allowed us to drive growth in battery units and sales dollars in the month of June as well as an improvement in our higher-margin service categories as the quarter progressed
- In parallel with topline initiatives, we continued to drive gross margin expansion in the quarter with:
  - Labor optimization through actions to reduce non-productive labor costs, including overtime hours in our stores,
  - Labor efficiency through productivity improvements, including scheduling, training and attachment selling initiatives, and
  - Lower material costs
- Gross margin expansion in the quarter represents another major step toward restoring our gross margins back to pre-COVID levels

### Second Quarter Objectives:

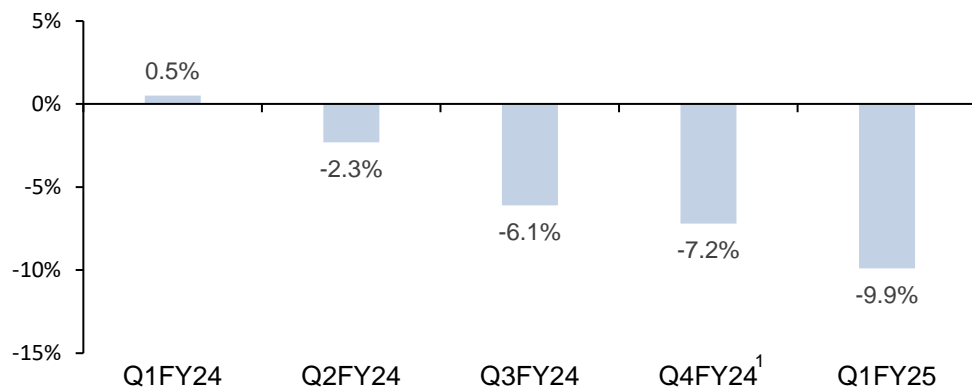
- We will leverage the traction from our initiatives in the first quarter to achieve our second quarter objectives, which include:
  - Improving store traffic trends driven by a keen focus on oil change services as well as continued growth in tire units,
  - Accelerating the performance of our key service categories, and
  - Optimizing labor and efficiencies through continued improvements in productivity and maintaining prudent cost control



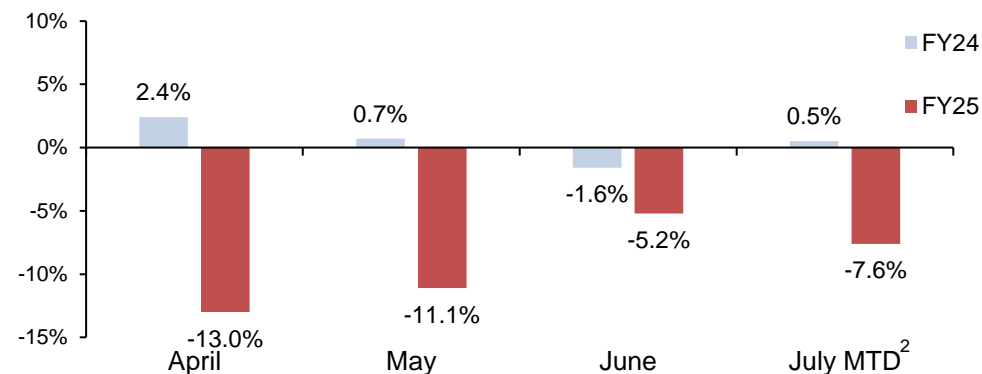
# First Quarter Fiscal 2025 Highlights

**Significant Acceleration in Comparable Store Sales Trends as the First Quarter Progressed led by Growth in Tire Units in June**

### Quarterly Comparable Store Sales Trends



### Monthly Comparable Store Sales Trends



## Q1FY25

### Key Highlights

- Sales decreased 10.3% to \$293.2M
- Comp store sales decreased 9.9%; comp store sales in ~300 small or underperforming stores consistent with overall comp
- Gross margin expansion of 220 basis points
- Generated operating cash flow of ~\$26M

## Q1FY25

### Key Highlights

- Product and service category performance:
  - Batteries: -6%
  - Tires: -8%
  - Alignments: -9%
  - Service: -10%
  - Brakes: -13%
  - Front End/Shocks: -15%
- Service categories ~53% of sales, consistent with the prior year period

<sup>1</sup> Adjusted for 53<sup>rd</sup> week of sales

<sup>2</sup> Preliminary results through July 27, 2024

## Laser Focused on Maximizing Profitability through Variable Margin Expansion and Prudent Cost Control

|   | Q1FY25  | Q1FY24  | Δ           |
|---|---------|---------|-------------|
| <b>Sales (millions)</b>                 | \$293.2 | \$327.0 | (10.3%)     |
| <b>Same Store Sales</b>                 | -9.9%   | 0.5%    | (1,040) bps |
| <b>Gross Margin</b>                     | 37.2%   | 35.0%   | 220 bps     |
| <b>Operating Margin</b>                 | 4.5%    | 5.3%    | (80) bps    |
| <b>Adjusted Diluted EPS<sup>1</sup></b> | \$.22   | \$.31   | (29.0%)     |

<sup>1</sup> Please refer to the reconciliation of adjusted diluted EPS in the appendix to this presentation and in our earnings release for further details regarding excluded items in Q1FY25 and Q1FY24. Adjusted Diluted EPS is a non-GAAP measure that excludes certain non-recurring items such as costs related to shareholder matters from our equity capital structure recapitalization, transition costs related to our back-office optimization, store impairment charges, corporate headquarters relocation costs, and items related to store closings. A reconciliation of net income to adjusted net income and diluted EPS to adjusted diluted EPS is included in our earnings release dated July 31, 2024.

## Operating Cash Flow Supports Growth Strategy and Capital Return to Shareholders

### Disciplined Capital Allocation

#### First Quarter Fiscal 2025

- Received ~\$4M of divestiture proceeds
- Capex of ~\$9M
- Spent ~\$10M in principal payments for financing leases
- Paid ~\$9M in dividends

### Strong Balance Sheet and Liquidity

- Generated operating cash flow of ~\$26M during Q1FY25
- Reduced cash conversion cycle by 15 days at end of Q1FY25 compared to prior year period
- Net bank debt of ~\$93M and net bank debt-to-EBITDA ratio of 0.7x as of June 2024
- Total liquidity of ~\$477M as of June 2024

## Fiscal Q2 Expectations

- Preliminary fiscal July comp store sales down 7.6%
- Expects to continue to deliver higher profitability relative to sales in the second quarter through higher gross margins than the prior year period, primarily from lower technician pay as a percentage of sales from continued gains in labor efficiency and productivity, as well as prudent cost control

## Fiscal 2025 Expectations

- Fiscal 2025 is a 52-week year while fiscal 2024 was a 53-week year that benefitted from an extra week of sales
- Expects gross margin expansion versus fiscal 2024
- Believes fixed occupancy costs within cost of goods and operating expenses will be approximately flat on a dollar basis when compared to the prior year
- Expects to generate at least \$120M of operating cash flow, inclusive of working capital reductions
- Expects to spend ~\$25M to ~\$35M of CAPEX

# Appendix

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# Reconciliation of Adjusted Diluted EPS (Unaudited)



Quarter Ended Fiscal  
June

|  | 2024         | 2023         |
|--|--------------|--------------|
| <b>Diluted EPS</b>                                   | <b>\$.19</b> | <b>\$.28</b> |
| Transition costs related to back-office optimization | .01          | .01          |
| Store impairment charges                             | .01          | -            |
| Store closing costs                                  | .00          | .00          |
| Corporate headquarters relocation costs              | .00          | -            |
| Acquisition due diligence and integration costs      | -            | .00          |
| Costs related to shareholder matters                 | -            | .02          |
| <b>Adjusted Diluted EPS</b>                          | <b>\$.22</b> | <b>\$.31</b> |

Note: Amounts may not foot due to rounding.