# Monro, Inc. Investor Presentation
March 2023

# Safe Harbor Statement and Non-GAAP Measures

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 “believes,” “expects,” “estimates,” “outlook,” “projects,” “may,” “will,” “should,” and “intends” 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.

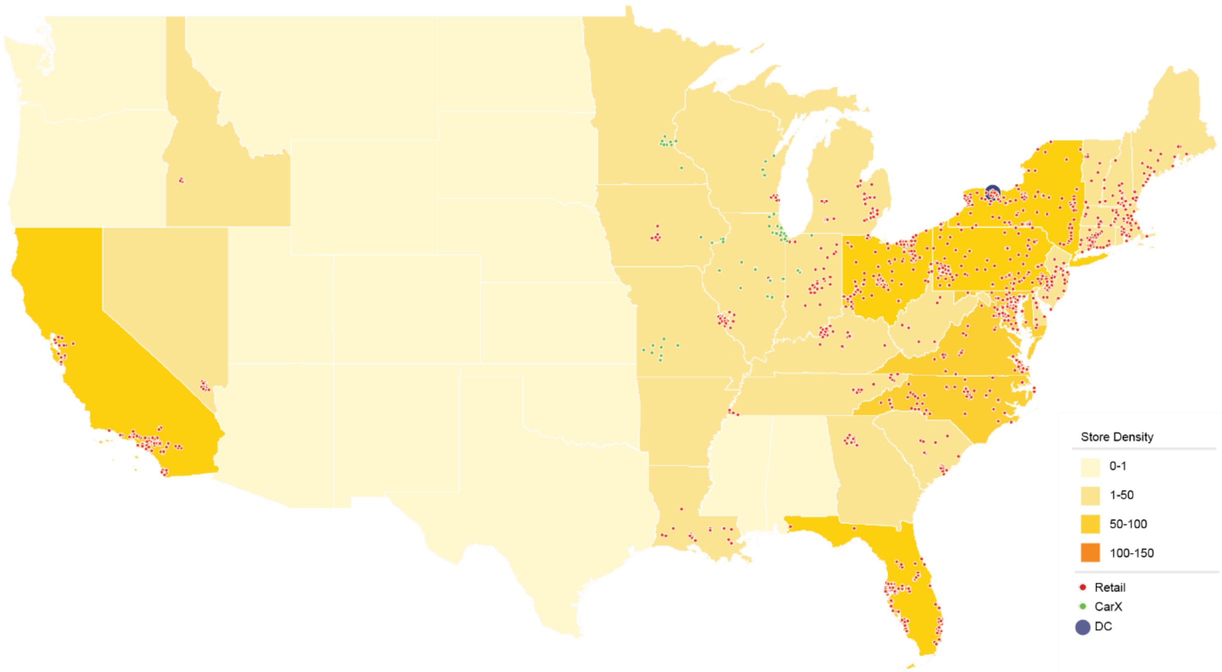
In addition to including references to diluted earnings per share (“EPS”), which is a generally accepted accounting principles (“GAAP”) measure, this presentation includes references to adjusted diluted earnings per share, which is a non-GAAP financial measure. Monro has included a reconciliation from adjusted diluted EPS to its most directly comparable GAAP measure, diluted EPS in Slide 9. 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 and items related to store closings as well as our Monro.Forward or acquisition initiatives.

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.

# Company Overview

MONRO

**A Leading Chain of Independently Owned and Operated Tire and Auto Service Locations**




Dominant in the Northeastern U.S.

Expanding in Southern and Western markets

Fiscal 2022 sales of **$1,359.3 million**



1,300
company operated stores in **32 states**

79
franchised locations

33
acquisitions in the past 9 years adding
429 locations
and
$626M in revenue
and entry into
**10 new states**

*Store locations as of 2/27/23*

# Investment Thesis

Leading national automotive service and tire provider with 1,300 locations in 32 states

Focus on operational excellence to increase customer lifetime value

Scalable platform with significant growth opportunity in acquisitions

Commitment to driving Monro.Forward Responsibly

Well-positioned to capitalize on a favorable industry backdrop

Low-cost operator with solid operating margins

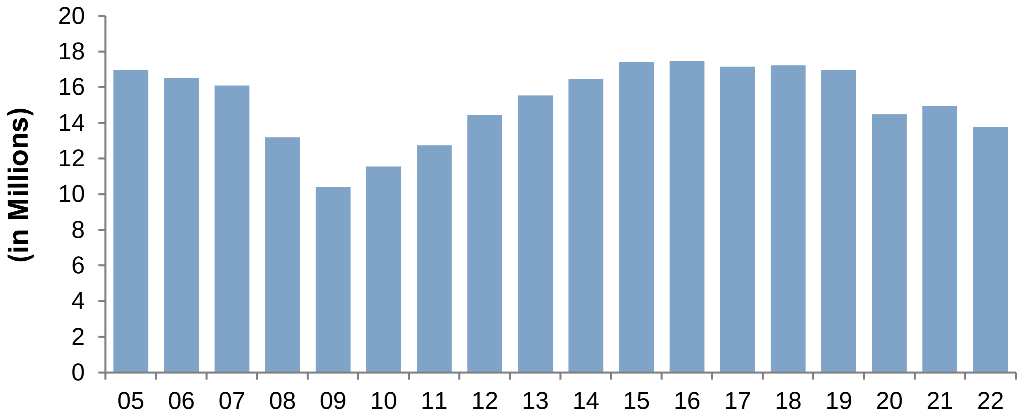
Strong balance sheet and operating cash flow

Delivering consistent shareholder returns through dividend & share repurchase programs

# A Favorable Industry Backdrop

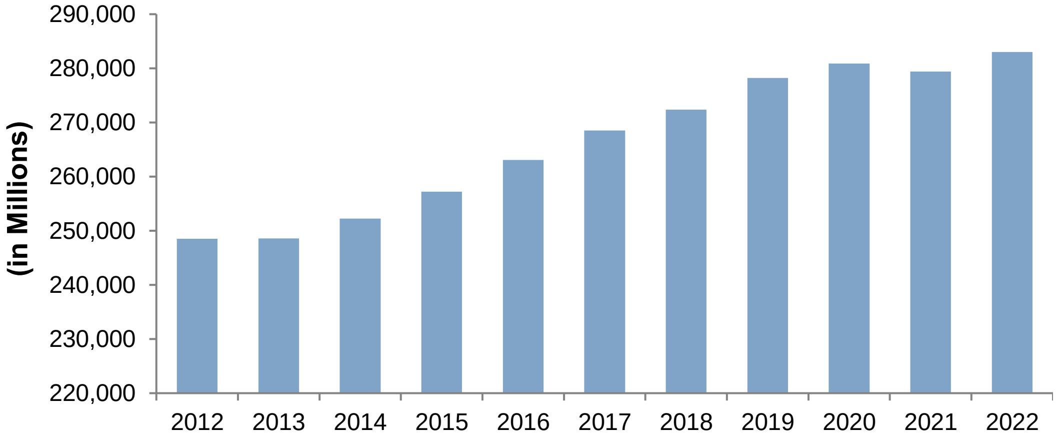
**Favorable Industry Backdrop for Automotive Services**
**Despite a Decrease in Miles Traveled in 2020 Resulting from the COVID-19 Pandemic**

## U.S. Annual Light Vehicle Sales



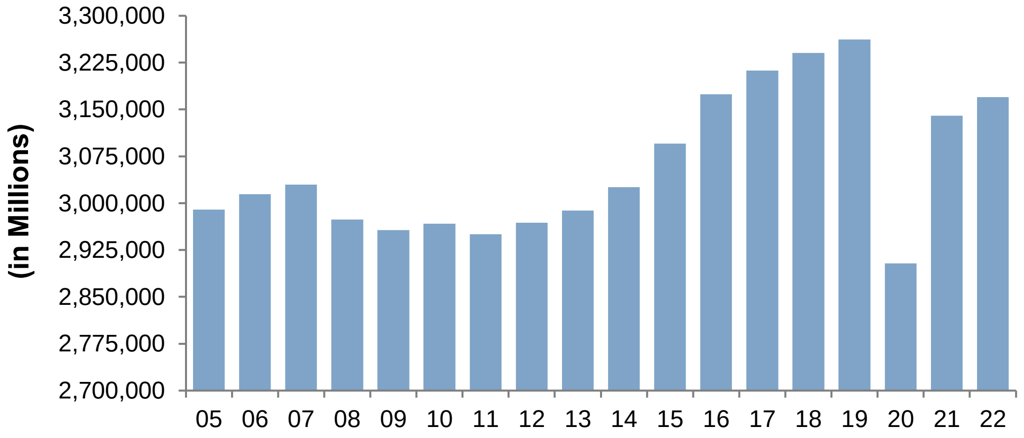

*Source: FRED Economic Data, Light weight Vehicle Sales: Autos and Light Trucks (annual data)*

## U.S. Light Vehicles in Operation (VIO)




*Source: Auto Care Association Factbook*

## Annual Vehicles Miles Traveled




*Source: Office of Highway Policy Information Traffic Volume Trends Data, Moving 12-Month Total Vehicle Miles Traveled*

## Key Highlights

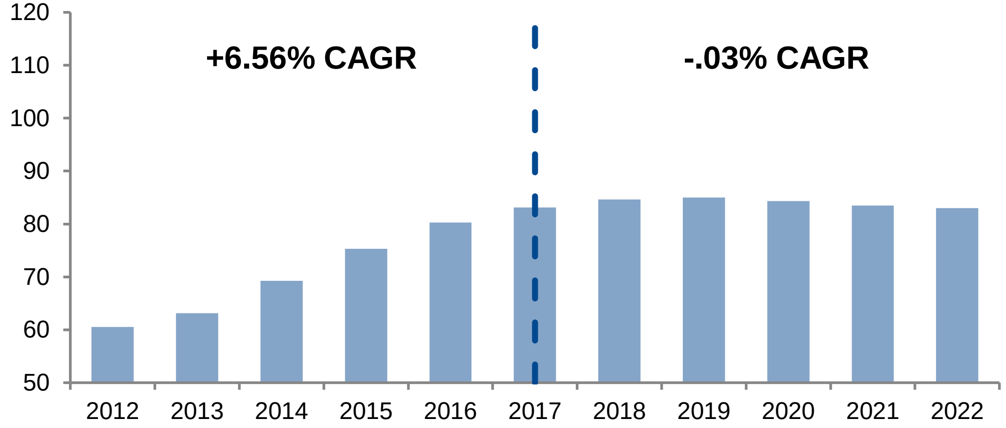
- An overall growing trend in total vehicle population related to consumers owning vehicles longer
- 280+ million vehicles on the road
- Increasing age of vehicles (average of ~12 years)
- Increasing complexity of vehicles
- Vehicle miles traveled recovering from 2020 lows

# A Favorable Industry Backdrop

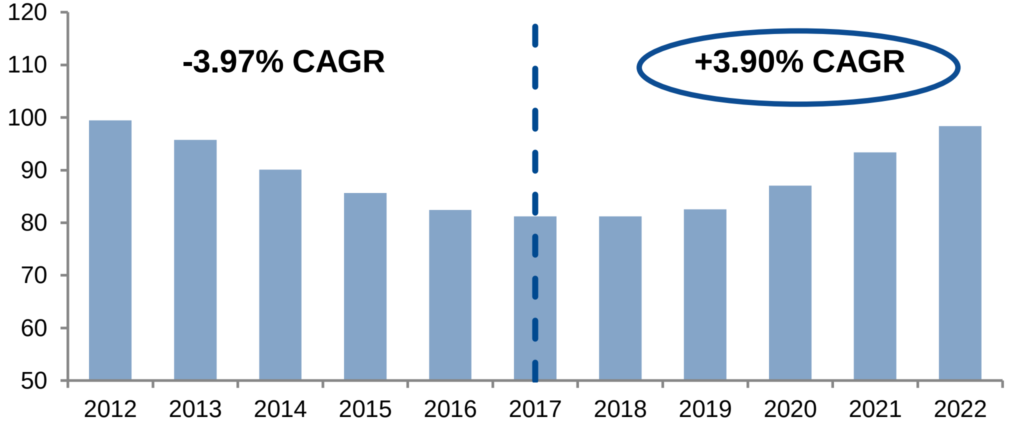
MONRO

**Monro is Well-Positioned to Capitalize on Positive Industry Trends, with Our Sweet Spot Experiencing the Fastest Growth in Vehicles in Operation**

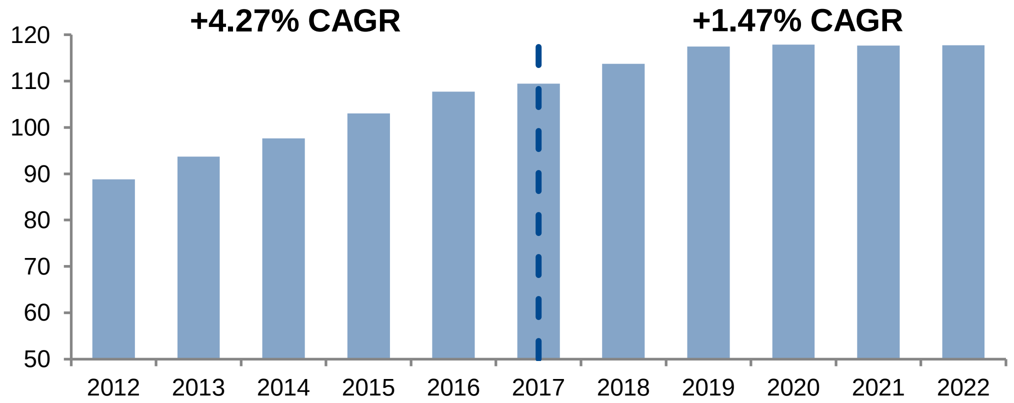
## Vehicles in Operation – 0 to 5 Years




## Vehicles in Operation – 6 to 12 Years




## Vehicles in Operation – 13+ Years




## Key Highlights

- Monro’s targeted market segment is the 6-12 year cohort
- Strong growth in new vehicles (0-5 years) between 2012 and 2017 is creating a significant tailwind for the 6-12 year old vehicle cohort for the next couple of years
- 6-12 year cohort expected to grow the fastest at +3.9% CAGR for the period 2017-2022

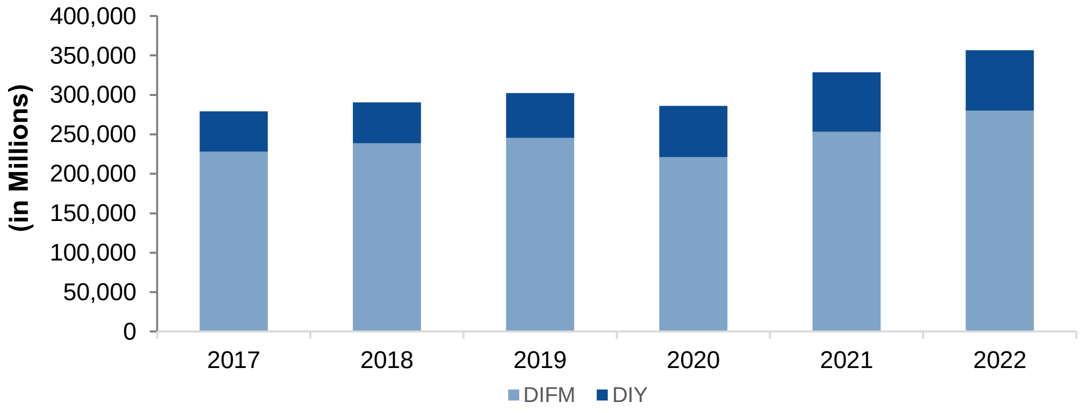
*Source for all data: Lang, IHS Markit, 2018*

# A Favorable Industry Backdrop

MONRO

## Monro Operates in the $280 Billion Do-It-For-Me* Segment of $357 Billion U.S. Automotive Aftermarket Industry

### Automotive Aftermarket DIFM vs. DIY Sales




*Source: Auto Care Association Factbook* *Census data for 2017; estimates for 2018-2021; 2022 forecast*

| | 2013 | % (outlets) | 2021 | % (outlets) | CAGR |
|---|---|---|---|---|---|
| Motor Vehicle Dealers | 17,635 | 13.5% | 16,676 | 12.4% | (0.7%) |
| General Repair Garages | 78,354 | 59.8% | 84,318 | 62.6% | 0.9% |
| Tire Dealers | 19,759 | 15.1% | 20,442 | 15.2% | 0.4% |
| Specialty Repair | 7,785 | 5.9% | 5,834 | 4.3% | (3.5%) |
| Oil Change/Lube | 7,430 | 5.7% | 7,486 | 5.5% | 0.1% |
| **Total** | **130,963** | **100.0%** | **134,756** | **100.0%** | |

*Source: Auto Care Association Factbook* *For 2021, all data are as of Q3 2021, except for Motor Vehicle Dealers*

### DIFM vs. DIY Trends

- DIFM continues to account for a significant percentage of the automotive aftermarket
- Vehicle complexity continues to drive shift to DIFM from DIY
- Future technology advances expected to accelerate shift to DIFM

### Key Highlights

- Industry still highly fragmented, with significant opportunities for further consolidation

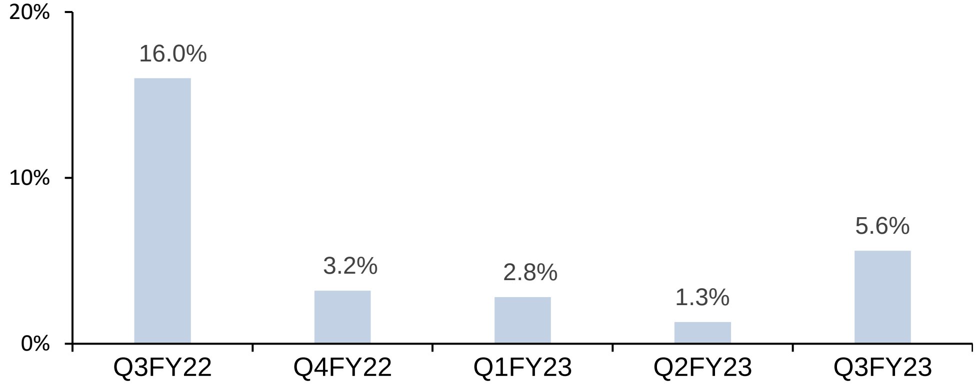
** Includes Replacement Tire Segment*

# Third Quarter Fiscal 2023 Highlights

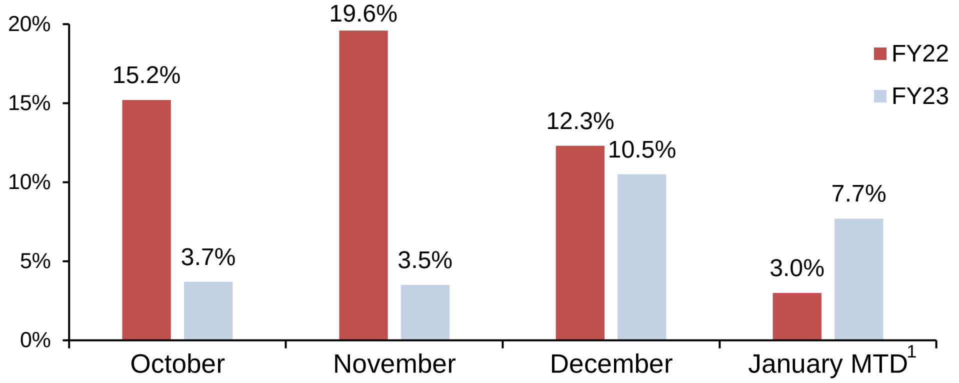
MONRO

**Delivered Mid-Single Digit Comp Store Sales Growth led by Strength in Tires & Acceleration from 300 Small or Underperforming Stores**

## Quarterly Retail Comparable Store Sales Trends




## Monthly Retail Comparable Store Sales Trends




## Q3FY23 Key Highlights

- Sales decreased 1.9% to $335.2M, due to the divestiture of Wholesale tire and distribution assets in Q1FY23
- Comp store sales increased 5.6%, driven by an ~12% comp store sales increase in ~300 small or underperforming stores; comp store sales in remaining locations were up ~5%
- Adjusted for shift in Christmas holiday, comp store sales increased 4.4%
- Sales from new stores increased $6M
- Generated record operating cash flow of ~$171M driven by profitability and working capital reductions

## Q3FY23 Key Highlights

- Retail product and service category performance (adjusted for days):
  - Tires: 8%
  - Service: 7%
  - Brakes: -5%
  - Alignments: -5%
  - Front End/Shocks: -5%
- Service categories decreased to ~47% of Retail sales compared to ~48% in prior year period

[1] *Preliminary results through January 21, 2023*

# Third Quarter Fiscal 2023 Results

MONRO

## Well Positioned to Capture Market Share Gains and Drive Store Traffic

| | Q3FY23 | Q3FY22[1] | Δ |
|---|---|---|---|
| **Sales (millions)** | $335.2 | $341.8 | (1.9%) |
| **Retail Same Store Sales[2]** | 5.6% | 16.0% | (1,040) bps |
| **Gross Margin** | 33.8% | 35.3% | (150) bps |
| **Operating Margin** | 7.1% | 8.0% | (90) bps |
| **Diluted EPS** | $.41 | $.48 | (14.6%) |
| **Excluded Costs[3]** | $.02 | $.01 | |
| **Adjusted Diluted EPS[4]** | $.43 | $.49 | (12.2%) |

*[1] Financial performance includes the results of divested Wholesale tire and distribution assets, except for Retail Same Store Sales.*
*[2] Retail Same Store Sales growth adjusted for the Christmas holiday was 4.4% in the third quarter of FY23.*
*[3] Please refer to the reconciliation of adjusted diluted EPS in our earnings release for further details regarding excluded costs in Q3FY23 and Q3FY22.*
*[4] Adjusted Diluted EPS is a non-GAAP measure that excludes certain non-recurring items and items related to store closings as well as our Monro.Forward or acquisition initiatives. A reconciliation of net income to adjusted net income and diluted EPS to adjusted diluted EPS is included in our earnings release dated January 25, 2023.*

# Solid Financial Position

MONRO

**Record Operating Cash Flow Supports Growth Strategy and Capital Return to Shareholders**

## Disciplined Capital Allocation

**YTD Fiscal 2023**

- Received ~$66M of divestiture proceeds[1]
- Capex of ~$29M
- Spent ~$30M in principal payments for financing leases
- Paid ~$27M in dividends
- Repurchased ~584K shares of common stock in third quarter fiscal 2023; cumulative share repurchases of ~2.2M shares of common stock through third quarter fiscal 2023 at an average price of ~$44.00 per share for a total of ~$97M

## Strong Balance Sheet and Liquidity

- Generated record operating cash flow of ~$171M during YTD fiscal 2023
- Net bank debt of ~$117M as of December 2022
- Net bank debt-to-EBITDA ratio as of December 2022 of 0.7x

[1] *$5M of divestiture proceeds are currently being held in escrow.*

# Strategic Priorities

MONRO

**Capitalize on Growing Retail Demand to Sustain Long Term Growth**

- Driving productivity improvements and delivering sales growth in all Retail locations with a focus on ~300 of our small or underperforming stores
- Generate significant cash flow through improved profitability and working capital reductions
- Continue to evaluate M&A opportunities as we invest for growth in our existing stores
- Capital return to shareholders through healthy dividend and share repurchase programs
- Further integrate ESG and Corporate Responsibility efforts into our strategy and operations


# Focus on In-Store Execution

Staffing

Scheduling

Training

Attachment Selling

Outside Purchase Management

**Sustainable Comp Sales Growth**

**Gross Profit Improvement**

**Operating Margin Expansion**

**Opportunistic M&A**

Expected Additional **Value Creation for Shareholders** through:

- Enhanced **Earnings per Share (EPS)**
- Significant **Cash Generation**
- Higher Returns on **Invested Capital**

# Non-Core Asset Divestiture & Capital Return

**Enables Sharper Focus on Retail Operations, Category Management, Working Capital Optimization & Capital Return to Shareholders**

## Divestiture

- Completed divestiture of our non-core Wholesale and tire distribution assets to American Tire Distributors for $102M in the first quarter of fiscal 2023
- Received $62M at closing[1] with the remaining $40M paid to us quarterly over approximately two years based on our tire purchases from or through ATD in connection with a supply agreement we entered into with them
- Supply agreement provides for tire distribution directly to our stores giving us better availability of tires, quicker delivery and better pricing
- Divestiture sharpens our focus on our Retail operations

## Capital Return to Shareholders

- Utilizing proceeds from this transaction, significant levels of excess cash being generated by our operations and the strength of our balance sheet, we distributed $27M in dividends and repurchased $97M of the company's common stock under our $150M share repurchase program authorization

*[1] $5M of divestiture proceeds are currently being held in escrow.*

# A Scalable Platform: Recent Acquisitions

MONRO

**Executing Disciplined M&A Strategy to Capitalize on Significant Opportunities for Consolidation in the Aftermarket**

## Acquisitions

- Completed the acquisition of four stores in Iowa and one store in Illinois in fiscal fourth quarter
- Further expands the Company's geographic footprint in the Midwest
- Represents approximately $6M in annualized sales

## Fiscal 2023 Acquisition Outlook

- Financial flexibility to continue to roll up attractive opportunities in a highly fragmented industry
- Significant growth prospects in the attractive and dynamic Western region
- Evaluating a robust pipeline of attractive M&A opportunities that support our growth strategy while maintaining strong financial discipline

# Appendix

# Fiscal 2023 Outlook – Financial Assumptions

MONRO

| Financial Assumptions as of January 25, 2023 | |
|---|---|
| **Gross Margin** | Continued pressure in fourth quarter of fiscal 2023 with mitigation through:<br>▪ Focus on driving sales in higher margin service categories<br>▪ Managing mix within product categories to improve profitability; and<br>▪ Opportunistic pricing actions |
| **Operating Expenses** | Consistent as a % of sales y/y in fourth quarter of fiscal 2023 |
| **Tax Rate** | ~25% for fiscal 2023 |
| **Capital Expenditures** | ~$35M to ~$45M |

**Q4 & FY Outlook Considerations**

- Continued sales momentum into fiscal January, with preliminary comp store sales up approximately 8%
- Fiscal 2023 financial assumptions factor in P&L impacts from the divestiture of non-core Wholesale and tire distribution assets