



FIRST QUARTER FISCAL 2023
EARNINGS CALL JULY 27, 2022

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

carX
TIRE & AUTO

**MONRO
COMMERCIAL
SOLUTIONS**

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/financial-information/>. 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 8. 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.

Financial Performance¹

- Sales of \$349.5M increased 2.3%
- Retail comp store sales increased 2.8%; comp store sales in ~300 small or underperforming stores increased 15%
- Gross margin decreased 180 basis points to 35.0%, driven by an incremental investment in technician headcount and wages of ~200 basis points
- Diluted EPS of \$.37; Adjusted Diluted EPS of \$.42

Balance Sheet / Cash Flow

- Record operating cash flow of ~\$77M
- Cash of ~\$31M and availability on credit facility of ~\$460M; net bank debt-to-EBITDA of 0.4x
- First quarter fiscal 2023 dividend of \$.28 per share
- Repurchased ~414K shares of common stock at an average price of \$41.60 for a total of ~\$17M

Strategy Update

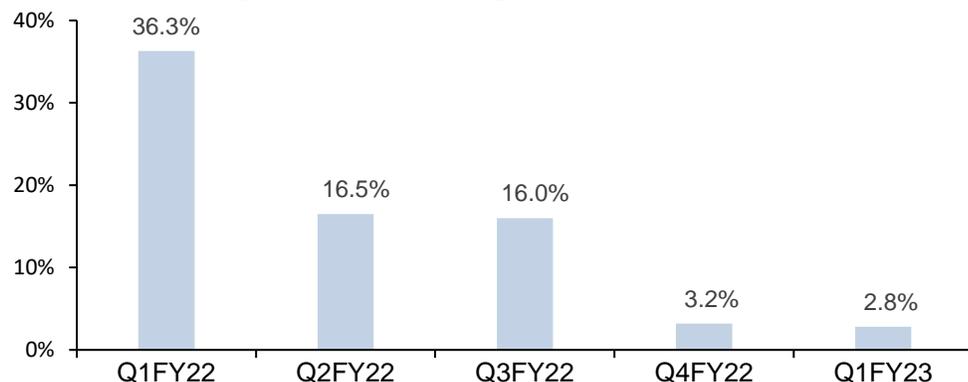
- Continued progress on critical in-store initiatives including training and productivity improvements
- Completed the divestiture of non-core Wholesale and tire distribution assets for \$102M
- Capital return to shareholders through healthy dividend and share repurchase programs utilizing proceeds from divestiture as well as excess cash expected to be generated in fiscal 2023

¹ Fiscal first quarter financial performance includes the results of the divested Wholesale tire and distribution assets through June 16th.

First Quarter Fiscal 2023 Highlights

Delivered Comp Sales Growth led by Outperformance in Retail & Acceleration from 300 Small or Underperforming Stores

Quarterly Retail Comparable Store Sales Trends

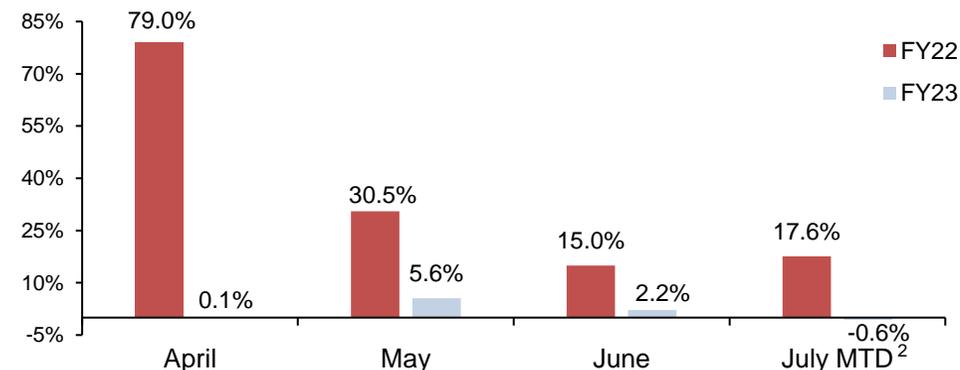


Q1FY23

Key Highlights

- Sales increased 2.3% to \$349.5M¹
- Retail comparable store sales increased 2.8%, driven by a 15% comparable store sales increase in ~300 small or underperforming stores; comparable store sales in remaining Retail locations were approximately flat
- Sales from new stores increased \$11M
- Generated record operating cash flow of ~\$77M driven by profitability and working capital reduction

Monthly Retail Comparable Store Sales Trends



Q1FY23

Key Highlights

- Retail product and service category performance
 - Tires: 5%
 - Front End/Shocks: 5%
 - Brakes: 2%
 - Service: 1%
 - Alignments: -2%
- Service categories ~55% of Retail sales, consistent with the prior year period

¹ Fiscal first quarter sales include the results of the divested Wholesale tire and distribution assets through June 16th.

² Preliminary results through July 23, 2022

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



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
- Received \$62M at closing¹ 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
- Ongoing impact of divestiture expected to be accretive to overall gross and operating margins, and neutral to earnings per share

Capital Return to Shareholders



- Utilizing proceeds from this transaction, significant levels of excess cash expected to be generated in fiscal 2023 and the strength of our balance sheet, we distributed \$9M in dividends and began executing on our share repurchase program which authorizes us to repurchase up to \$150M of the company's common stock

¹ \$5M of divestiture proceeds are currently being held in escrow.



First Quarter Fiscal 2023 Results



Well Positioned to Drive Sustainable Comp Sales & EPS Growth in Fiscal 2023

	Q1FY23	Q1FY22	Δ
Sales (millions)¹	\$349.5	\$341.8	2.3%
Retail Same Store Sales	2.8%	36.3%	(3,350 bps)
Gross Margin¹	35.0%	36.8%	(180 bps)
Operating Margin¹	7.5%	8.2%	(70 bps)
Diluted EPS¹	\$.37	\$.46	(19.6%)
Excluded Costs^{1,2}	\$.05	\$.09	
Adjusted Diluted EPS^{1,3}	\$.42	\$.55	(23.6%)

¹ Fiscal first quarter financial performance includes the results of the divested Wholesale tire and distribution assets through June 16th.

² Excluded costs in Q1FY23 include \$.03 per share of the gain on the sale of Wholesale locations and tire distribution assets, net of closing costs and costs associated with the closing of a related warehouse and include \$.08 per share of certain discrete tax items related to the sale as well as the revaluation of deferred tax balances due to changes in the mix of pre-tax income in various U.S. state jurisdictions because of the sale. Excluded costs in Q1FY22 include \$.09 per share related to a one-time litigation settlement, \$.01 per share of acquisition due diligence and integration and \$.01 per share of benefit from an adjustment to the estimate for prior year store closings.

³ Adjusted 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 July 27, 2022.

Note: The table may not add down +/- due to rounding.

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

Disciplined Capital Allocation

First Quarter Fiscal 2023

- Received ~\$62M of divestiture proceeds¹
- Capex of ~\$8M
- Spent ~\$10M in principal payments for financing leases
- Paid ~\$9M in dividends
- Repurchased ~414K shares of common stock at an average price of \$41.60 totaling ~\$17M

Strong Balance Sheet and Liquidity

- Generated record operating cash flow of ~\$77M during Q1FY23
- Net bank debt of ~\$79M as of June 2022
- Net bank debt-to-EBITDA ratio as of June 2022 of 0.4x

¹ \$5M of divestiture proceeds are currently being held in escrow.

Financial Assumptions as of July 27, 2022

Total Company Sales

Increase y/y

Gross Margin

- Continued pressure due to investments in store labor, which should be more than offset by:
- The divestiture of lower margin Wholesale tire locations
 - Higher % of service sales in Retail locations; and
 - Pricing actions

Operating Expenses

Slightly higher y/y as a % of sales

Tax Rate

~25% for the remainder of fiscal 2023

Capital Expenditures

~\$40M to ~\$50M

Q2 & FY Outlook Considerations

- Preliminary fiscal July comp store sales decreased <1%; 300 small or underperforming stores up nearly 10% and continued softness in consumer demand in remaining stores
- Managing expenses, including overtime hours in stores to drive profitability improvements
- Fiscal 2023 financial assumptions factor in P&L impacts from the divestiture of non-core Wholesale and tire distribution assets
- Expect ongoing divestiture impact of non-core Wholesale and tire distribution assets to be accretive to overall gross and operating margins, and neutral to earnings per share



Leading national automotive service and tire provider with 1,303 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