

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 28, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-19357



**Monro, Inc.**

(Exact name of registrant as specified in its charter)

**New York**

(State or other jurisdiction of  
incorporation or organization)

**16-0838627**

(I.R.S. Employer  
Identification No.)

**295 Woodcliff Drive, Suite 202, Fairport, New York**  
(Address of principal executive offices)

**14450**  
(Zip code)

Registrant's telephone number, including area code: **1 ( 800 ) 876-6676**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MNRO	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

As of January 17, 2025,

29,949,383 shares of the registrant's common stock, \$0.01 par value per share, were outstanding.

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(thousands, except footnotes) (unaudited)	December 28, 2024	March 30, 2024
<b>Assets</b>		
Current assets		
Cash and equivalents	\$ 10,161	\$ 6,561
Accounts receivable	12,107	11,738
Federal and state income taxes receivable	2,605	—
Inventory	176,544	154,085
Other current assets	72,255	80,905
Total current assets	273,672	253,289
Property and equipment, net	268,593	280,154
Finance lease and financing obligation assets, net	172,822	180,803
Operating lease assets, net	190,074	202,718
Goodwill	736,435	736,435
Intangible assets, net	11,082	13,298
Assets held for sale	—	6,961
Other non-current assets	17,251	19,156
<b>Total assets</b>	<b>\$ 1,669,929</b>	<b>\$ 1,692,814</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities		
Current portion of finance leases and financing obligations	\$ 38,660	\$ 38,233
Current portion of operating lease liabilities	39,809	39,442
Accounts payable	316,770	251,940
Accrued payroll, payroll taxes and other payroll benefits	12,644	21,205
Accrued insurance	55,770	55,547
Deferred revenue	14,916	15,155
Other current liabilities	29,144	33,634
Total current liabilities	507,713	455,156
Long-term debt	59,250	102,000

Long-term finance leases and financing obligations	232,706	249,484
Long-term operating lease liabilities	168,070	181,852
Other long-term liabilities	10,610	10,585
<u>Long-term deferred income tax liabilities</u>	42,657	36,962
<b>Total liabilities</b>	<b>1,021,006</b>	<b>1,036,039</b>
Commitments and contingencies - <a href="#">Note 9</a>		
<b>Shareholders' equity:</b>		
Class C convertible preferred stock	29	29
Common stock	401	400
Treasury stock	250,111	250,115
Additional paid-in capital	256,900	254,484
Accumulated other comprehensive loss	3,350	3,451
Retained earnings	645,054	655,428
<b>Total shareholders' equity</b>	<b>648,923</b>	<b>656,775</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,669,929</b>	<b>\$ 1,692,814</b>

**Class C Convertible Preferred stock Authorized**

150,000  
shares, \$  
  
1.50  
par value, one preferred stock share to  
  
61.275  
common stock shares conversion value,

19,664

shares issued and outstanding as of December 28, 2024 and March 30, 2024

**Common stock Authorized**

65,000,000  
shares, \$  
  
0.01  
par value;  
40,054,071  
shares issued as of December 28, 2024 and  
40,017,264  
shares issued as of March 30, 2024

**Treasury stock**

10,104,688  
shares as of December 28, 2024 and March 30, 2024, at cost

See accompanying [Notes to Consolidated Financial Statements](#).

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## CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statements of Income and Comprehensive Income

(thousands, except per share data) (unaudited)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Sales	\$ 305,769	\$ 317,653	\$ 900,342	\$ 966,712
Cost of sales, including occupancy costs	200,966	204,976	579,976	624,666
Gross profit	104,803	112,677	320,366	342,046
Operating, selling, general and administrative expenses	94,840	91,294	283,954	280,959
Operating income	9,963	21,383	36,412	61,087
Interest expense, net of interest income	4,246	5,043	14,526	15,052
Other income, net	101 )	62 )	303 )	153 )
Income before income taxes	5,818	16,402	22,189	46,188
Provision for income taxes	1,235	4,232	6,096	12,317
<b>Net income</b>	<b>\$ 4,583</b>	<b>\$ 12,170</b>	<b>\$ 16,093</b>	<b>\$ 33,871</b>
Other comprehensive income				
Changes in pension, net of tax	33	94	101	281
Other comprehensive income	33	94	101	281
<b>Comprehensive income</b>	<b>\$ 4,616</b>	<b>\$ 12,264</b>	<b>\$ 16,194</b>	<b>\$ 34,152</b>
Earnings per share				
Basic	\$ 0.15	\$ 0.38	\$ 0.52	\$ 1.06
Diluted	\$ 0.15	\$ 0.38	\$ 0.52	\$ 1.05
Weighted average common shares outstanding				
Basic	29,949	30,934	29,933	31,263
Diluted	31,273	32,188	31,221	32,142

See accompanying [Notes to Consolidated Financial Statements](#).

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## **CONSOLIDATED FINANCIAL STATEMENTS**

## Consolidated Statements of Changes in Shareholders' Equity

Pension liability adjustment		281	281
Dividends declared		(	(
Preferred		804	804
		)	(
Common		25,992	25,992
		)	(
Dividend payable		192	192
		)	(
Repurchase of stock (a)	1,544	44,467	44,467
		)	(
Stock options and restricted stock	41	414	414
		)	(
Stock-based compensation		2,513	2,513
		(	(
Balance at December 23, 2023	20 \$ 29 40,007 \$ 400 10,105 \$ 250,115 )\$ 252,801 \$ 3,834 )\$ 660,437 \$ 659,718		
		(	(
Balance at March 30, 2024	20 \$ 29 40,017 \$ 400 10,105 \$ 250,115 )\$ 254,484 \$ 3,451 )\$ 655,428 \$ 656,775		
Net income		16,093	16,093
Other comprehensive income			
Pension liability adjustment		101	101
Dividends declared		(	(
Preferred		1,012	1,012
		)	(
Common		25,147	25,147
		)	(
Dividend payable		308	308
		)	(
Stock options and restricted stock	37 1 4 266 )		261
Stock-based compensation		2,682	2,682
		(	(
Balance at December 28, 2024	20 \$ 29 40,054 \$ 401 10,105 \$ 250,111 )\$ 256,900 \$ 3,350 )\$ 645,054 \$ 648,923		

(a) Inclusive of excise tax of \$

0.4

million for the three months and nine months ended December 23, 2023.

We declared \$

0.28

dividends per common share or equivalent for the three months ended December 28, 2024 and December 23, 2023, and \$

0.84

per common share or equivalent for the nine months ended December 28, 2024 and December 23, 2023.

See accompanying [Notes to Consolidated Financial Statements](#)

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## CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statements of Cash Flows

	Nine Months Ended	
	December 28, 2024	December 23, 2023
<b>Operating activities</b>		
Net income	\$ 16,093	\$ 33,871
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	52,362	54,437
Share-based compensation expense	2,682	2,513
Gain on disposal of assets	3,959	1,579
Impairment of long-lived assets	1,551	—
Deferred income tax expense	5,660	9,557
Change in operating assets and liabilities	( )	( )
Accounts receivable	369	1,140
Federal and state income taxes receivable	3,485	1,349
Inventory	22,202	12,709
Other current assets	179	6,388
Other non-current assets	30,419	30,837
Accounts payable	64,830	25,606
Accrued expenses	11,460	12,984
Other long-term liabilities	29,313	28,953
<b>Cash provided by operating activities</b>	<b>102,988</b>	<b>130,463</b>
<b>Investing activities</b>		
Capital expenditures	20,674	18,892
Deferred proceeds received from divestiture	8,521	15,839
Proceeds from the disposal of assets	12,265	2,793
Other	—	25
<b>Cash provided by (used for) investing activities</b>	<b>112</b>	<b>285</b>
<b>Financing activities</b>		
Proceeds from borrowings	148,224	99,103
Principal payments on long-term debt, finance leases and financing obligations	220,812	139,496
Dividends paid	25,822	26,796
Deferred financing costs	670	—

		(	(
Excise tax on repurchase of stock paid		420	(
Repurchase of stock		—	44,044
Exercise of stock options		—	17
<u>Cash used for financing activities</u>		(	(
		99,500	111,216
		)	)
Increase in cash and equivalents		3,600	18,962
<u>Cash and equivalents at beginning of period</u>		6,561	4,884
<b><u>Cash and equivalents at end of period</u></b>	<b>\$</b>	<b>10,161</b>	<b>23,846</b>
<b>Supplemental information</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Leased assets obtained (reduced) in exchange for new (reduced) finance lease liabilities	\$	15,314	4,539
<u>Leased assets obtained in exchange for new operating lease liabilities</u>	<u>\$</u>	<u>16,326</u>	<u>21,577</u>

See accompanying [Notes to Consolidated Financial Statements](#).

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### CONSOLIDATED FINANCIAL STATEMENTS NOTES

#### **Note 1 – Description of Business and Basis of Presentation**

##### **Description of business**

Monro, Inc. and its direct and indirect subsidiaries (together, "Monro", the "Company", "we", "us", or "our"), are engaged principally in providing automotive undercar repair and tire replacement sales and tire related services in the United States. Monro had

1,263  
Company-operated retail stores located in

32  
states and

47  
Car-X franchised locations as of December 28, 2024.

A certain number of our retail locations also service commercial customers. Our locations that serve commercial customers generally operate consistently with our other retail locations, except that the sales mix for these locations includes a higher number of commercial tires.

Monro's operations are organized and managed as

one  
single segment designed to offer to our customers replacement tires and tire related services, automotive undercar repair services as well as a broad range of routine maintenance services, primarily on passenger cars, light trucks and vans. We also provide other products and services for brakes; mufflers and exhaust systems; and steering, drive train, suspension and wheel alignment.

##### **Basis of presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") applicable to interim financial statements. While these statements reflect all adjustments (consisting of items of a normal recurring nature) that are, in the opinion of management, necessary for a fair statement of the results of the interim period, they do not include all of the information and footnotes required by United States generally accepted accounting principles ("GAAP") for complete financial statement presentation. The consolidated financial statements should be read in conjunction with the financial statement disclosures in our [Form 10-K](#) for the fiscal year ended March 30, 2024.

We use the same significant accounting policies in preparing quarterly and annual financial statements. For a description of our significant accounting policies followed in the preparation of the financial statements, see [Note 1](#) of our [Form 10-K](#) for the fiscal year ended March 30, 2024.

Due to the seasonal nature of our business, quarterly operating results and cash flows are not necessarily indicative of the results that may be expected for other interim periods or the full year.

##### *Fiscal year*

We operate on a 52 / 53 week fiscal year ending on the last Saturday in March. Fiscal year 2025 covers 52 weeks and fiscal year 2024 covered 53 weeks. Unless specifically indicated otherwise, any references to "2025" or "fiscal 2025" and "2024" or "fiscal 2024" relate to the years ending March 29, 2025 and March 30, 2024, respectively.

##### *Recent accounting pronouncements*

In September 2022, the Financial Accounting Standards Board ("FASB") issued new accounting guidance which requires buyers in a supplier finance program to disclose sufficient qualitative and quantitative information about the program to allow a reader of the financial statements to understand the program's nature, activity during the period, changes from period to period and the program's potential magnitude. We retrospectively adopted this guidance during the first quarter of fiscal 2024, other than the roll forward information disclosure, which the Company will adopt with our fiscal 2025 annual filing. The adoption of this guidance does not have a material impact on our consolidated financial statements.

In November 2023, the FASB issued new accounting guidance which requires expanding disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. This ASU is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption of this guidance is permitted. We are currently evaluating the impact of adopting this guidance.

In December 2023, the FASB issued new accounting guidance which requires income tax disclosure updates, primarily by requiring specific categories and greater disaggregation within the rate reconciliation and disaggregation of income taxes paid by jurisdiction.

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### **CONSOLIDATED FINANCIAL STATEMENTS NOTES**

This guidance is effective for fiscal years beginning after December 15, 2024. Early adoption of this guidance is permitted. We are currently evaluating the impact of adopting this guidance.

In November 2024, the FASB issued new accounting guidance which requires disclosures about specific expense categories, including but not limited to, purchases of inventory, employee compensation, depreciation, amortization and operating, selling, general and administrative expenses. The guidance is effective for annual reporting periods beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption of this guidance is permitted. We are currently evaluating the impact of adopting this guidance.

Other recent authoritative guidance issued by the FASB (including technical corrections to the Accounting Standards Codification ("ASC")) and the SEC did not or are not expected to have a material effect on our consolidated financial statements.

#### *Supplemental information*

Property and equipment, net : Property and equipment balances are shown on the Consolidated Balance Sheets net of accumulated depreciation of \$

432.0  
million and \$

444.9  
million as of December 28, 2024 and March 30, 2024, respectively.

Allowances for credit losses : The allowances for credit losses are maintained at levels that are considered adequate to cover expected credit losses over the remaining contractual life of the receivables using historical loss experience, asset specific risk characteristics, current conditions, as well as reasonable and supportable forecasts. Management performs detailed reviews of its receivables on a monthly basis, in order to assess the adequacy of the allowances and to determine if any impairment has occurred. A receivable generally has credit losses when it is expected that all amounts related to the receivable will not be collected according to the contractual terms of the agreement.

#### *Assets held for sale*

We classify long-lived assets to be sold as held for sale in the period in which all of the required criteria are met. We initially measure a long-lived asset that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held-for-sale criteria are met. Conversely, gains are not recognized on the sale of a long-lived asset until the date of sale. Upon determining that a long-lived asset meets the criteria to be classified as held for sale, we cease depreciation and report long-lived assets, if material, as Assets held for sale in our Consolidated Balance Sheets.

On June 1, 2023, we announced the planned sale of our corporate headquarters at 200 Holleder Parkway in Rochester, New York and our plan to relocate our corporate headquarters to another location in the greater Rochester area. We determined that the related assets met the criteria to be classified as held for sale as of March 30, 2024.

On July 3, 2024, we completed the sale of our corporate headquarters. We received net proceeds of approximately \$

9.1  
million and recorded a net gain of approximately \$

2.8  
million in operating, selling, general and administrative expenses in our Consolidated Statements of Income and Comprehensive Income in the second quarter of fiscal 2025.

#### **Note 2 – Divestiture**

On June 17, 2022, we completed the divestiture of assets relating to our wholesale tire operations (

seven  
locations) and internal tire distribution operations to American Tire Distributors, Inc. ("ATD"). We received \$

62  
million from ATD at the closing of the transaction, of which \$

5  
million was held in escrow and subsequently paid in December 2023. The remaining \$

40  
million ("Earnout") of the total consideration of \$

102  
million is being paid quarterly over approximately three years and is based on our tire purchases from or through ATD pursuant to a distribution and fulfillment agreement with ATD. We received \$

8.5  
million of the Earnout during the first nine months of fiscal 2025, and the remaining \$

6.8  
million of the Earnout outstanding is recorded in Other current assets in our Consolidated Balance sheets as of December 28, 2024. On October 23, 2024, ATD filed for bankruptcy protection in the U.S. Bankruptcy Court for the District of Delaware. The company evaluated the allowance for expected credit losses and determined the allowance was not required for the quarter ended December 28, 2024. Under a distribution agreement between us and ATD, ATD agreed to supply and sell tires to retail locations we own. After ATD satisfies the Earnout payments, our company-owned retail stores will be required to purchase at least

90  
percent of their forecasted requirements for certain passenger car tires, light truck replacement tires, and medium truck tires from or through ATD. Any tires that ATD is unable to supply or fulfill from those categories will be excluded from the calculation of our requirements for tires. The initial term of the distribution agreement is five years after the completion of the Earnout Period, with automatic 12-month renewal periods thereafter. See [Note 2](#) of our [Form 10-K](#) for the fiscal year ended March 30, 2024 for additional information.

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### CONSOLIDATED FINANCIAL STATEMENTS NOTES

#### Note 3 – Earnings per Common Share

Basic earnings per common share amounts are calculated by dividing income available to common shareholders, after deducting preferred stock dividends, by the weighted average number of shares of common stock outstanding. Diluted earnings per common share amounts are calculated by dividing net income by the weighted average number of shares of common stock outstanding adjusted to give effect to potentially dilutive securities.

Earnings per Common Share (thousands, except per share data)	Three Months Ended December 28, 2024		Nine Months Ended December 28, 2024		December 23, 2023
Numerator for earnings per common share calculation:					
Net income	\$ 4,583	\$ 12,170	\$ 16,093	\$ 33,871	
Less: Preferred stock dividends	\$ (337)	\$ (337)	\$ (1,012)	\$ (804)	
Income available to common shareholders	\$ 4,246	\$ 11,833	\$ 15,081	\$ 33,067	
Denominator for earnings per common share calculation:					
Weighted average common shares - basic	29,949	30,934	29,933	31,263	
Effect of dilutive securities:					
Preferred stock	1,205	1,205	1,205	815	
Restricted stock	119	49	83	64	
Weighted average common shares - diluted	31,273	32,188	31,221	32,142	
Basic earnings per common share	\$ 0.15	\$ 0.38	\$ 0.52	\$ 1.06	
Diluted earnings per common share	\$ 0.15	\$ 0.38	\$ 0.52	\$ 1.05	

Weighted average common share equivalents that have an anti-dilutive impact are excluded from the computation of diluted earnings per share.

#### Note 4 – Income Taxes

For the three months and nine months ended December 28, 2024, our effective income tax rate was

21.2 percent and

27.5 percent, respectively, compared to

25.8 percent and

26.7 percent for the three months and nine months ended December 23, 2023, respectively. The difference from the statutory rate is primarily due to state taxes and the discrete tax impact related to share-based awards and the audit settlement of certain prior year state income tax returns.

#### Note 5 – Fair Value

Long-term debt had a carrying amount that approximates a fair value of \$

59.3 million as of December 28, 2024, as compared to a carrying amount and a fair value of \$

102.0 million as of March 30, 2024. The carrying value of our debt approximated its fair value due to the variable interest nature of the debt.

#### Note 6 – Cash Dividend

We declared dividends of \$

26.2 million during the nine months ended December 28, 2024. The declaration of future dividends will be at the discretion of the Board of Directors and will depend on our financial condition, results of operations, capital requirements, compliance with charter and contractual restrictions, and such other factors as the Board of Directors deems relevant. Our Credit Facility contains covenants that may limit, subject to certain exemptions, our ability to declare dividends and other distributions. For additional information regarding our Credit Facility, see [Note 8](#).

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### CONSOLIDATED FINANCIAL STATEMENTS NOTES

#### Note 7 – Revenues

Automotive undercar repair, tire replacement sales and tire related services represent the vast majority of our revenues. We also earn revenue from the sale of tire road hazard warranty agreements, commissions earned from the delivery of tires on behalf of certain tire vendors, as well as franchise royalties.

Revenue from automotive undercar repair, tire replacement sales and tire related services is recognized at the time the customers take possession of their vehicle or merchandise. For sales to certain customers that are financed through the offering of credit on account, payment terms are established for customers based on our pre-established credit requirements. Payment terms may vary depending on the customer and generally are 30 days. Based on the nature of receivables, no significant financing components exist. Sales are recorded net of discounts, sales incentives and rebates, sales taxes and estimated returns and allowances. We estimate the reduction to sales and cost of sales for returns based on current sales levels and our historical return experience. Such amounts are immaterial to our consolidated financial statements.

Revenues (thousands)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Tires <sup>(a)</sup>	\$ 151,426	\$ 155,222	\$ 428,353	\$ 451,468
Maintenance service	80,070	84,179	246,205	267,325
Brakes	37,628	39,824	119,508	133,663
Steering	25,639	24,490	75,479	78,851
Batteries	6,986	5,894	17,073	15,601
Exhaust	3,680	5,031	12,580	15,386
Franchise royalties	340	3,013	1,144	4,418
<b>Total</b>	<b>\$ 305,769</b>	<b>\$ 317,653</b>	<b>\$ 900,342</b>	<b>\$ 966,712</b>

(a) Includes the sale of tire road hazard warranty agreements and tire delivery commissions.

Revenue from the sale of tire road hazard warranty agreements is initially deferred and is recognized over the contract period as costs are expected to be incurred in performing such services, typically 21 to 36 months. The deferred revenue balances at December 28, 2024 and March 30, 2024 were \$

21.4  
million and \$

21.7  
million, respectively, of which \$

14.9  
million and \$

15.2  
million, respectively, are reported in Deferred revenue and \$

6.5  
million is reported in Other long-term liabilities in our Consolidated Balance Sheets.

Changes in Deferred Revenue (thousands)	
Balance at March 30, 2024	\$ 21,687
Deferral of revenue	16,034
Recognition of revenue	( 16,331 )
Balance at December 28, 2024	\$ 21,390

As of December 28, 2024, we expect to recognize \$

4.9  
million of deferred revenue related to road hazard warranty agreements in the remainder of fiscal 2025, \$

12.0  
million of deferred revenue during our fiscal year ending March 28, 2026, and \$

4.5

million of deferred revenue thereafter.

Under various arrangements, we receive from certain tire vendors a delivery commission and reimbursement for the cost of the tire that we may deliver to customers on behalf of the tire vendor. The commission we earn from these transactions is as an agent and the net amount retained is recorded as sales.

#### **Note 8 – Long-term Debt**

##### *Credit Facility*

In April 2019, we entered into a five-year \$

600 million revolving credit facility agreement with

eight banks (the "Credit Facility") that includes an accordion feature permitting us to request an increase in availability of up to an additional \$

250 million. In November 2022, we entered into a Third Amendment to the Credit Facility (the "Third Amendment"). The Third Amendment, among other things, extended the term of the Credit Facility to November 10, 2027, and amended certain of the financial terms in the Credit Facility. The Third Amendment amended the interest rate charged on borrowings to be based on

0.10 percent over the Secured Overnight Financing Rate ("SOFR"), replacing the previously used LIBOR. In addition,

one additional bank was added to the bank syndicate for a total of

nine banks now within the syndicate. See [Note 6](#) of our [Form 10-K](#) for the fiscal year ended March 30, 2024 for additional information.

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### CONSOLIDATED FINANCIAL STATEMENTS NOTES

We are required to maintain an interest coverage ratio, as defined in the Credit Facility, of at least

1.55

to 1. In addition, our ratio of adjusted debt to EBITDAR, as defined in the Credit Facility, cannot exceed

4.75

to 1, subject to certain exceptions under the Credit Facility.

On May 23, 2024, we entered into an amendment (the "Fourth Amendment") to our Credit Facility. The Fourth Amendment amends the terms of certain of the financial and restrictive covenants in the Credit Facility to provide us with additional flexibility to operate our business from the first quarter of fiscal 2025 through the fourth quarter of fiscal 2026 (the "Covenant Relief Period"). We may voluntarily exit the Covenant Relief Period at any time, which would revert the terms of the Credit Facility to the terms existing before the Fourth Amendment, with the exception of the modified definition of "EBITDAR," described below.

During the Covenant Relief Period, the minimum interest coverage ratio is reduced from

1.55

x to 1.00x to: (a)

1.25

x to 1.00x from the first quarter of fiscal 2025 through the first quarter of fiscal 2026; (b)

1.35

x to 1.00x from the second quarter of fiscal 2026 through the fourth quarter of fiscal 2026; and (c)

1.55

x to 1.00x for the first quarter of fiscal 2027 and thereafter. During the Covenant Relief Period, the maximum ratio of adjusted debt to EBITDAR remains at

4.75

x to 1.00x, except that, if we complete a qualified acquisition during the Covenant Relief Period, the maximum ratio would increase to

5.00

x to 1.00x for a certain 12-month period after the qualified acquisition. In addition, the Fourth Amendment modifies the definition of "EBITDAR" to permit add-backs relating to expenses, and restricts add-backs related to gains, associated with store closures of (a) all non-cash items and (b) cash items up to

20

% of EBITDA from the first quarter of fiscal 2025 through the fourth quarter of fiscal 2026 and up to

15

% of EBITDA from the first quarter of fiscal 2027 and thereafter.

During the Covenant Relief Period, the interest rate spread charged on borrowings increases by

25

basis points.

During the Covenant Relief Period, the restrictions on our ability to declare dividends were modified to reduce the cushion inside the adjusted debt to EBITDAR ratio threshold required for us to be able to declare dividends without restriction from

0.50

x to

0.25

x. In addition, during the Covenant Relief Period, we must have minimum liquidity of at least \$

400

million to declare dividends. We are prohibited from repurchasing our securities during the Covenant Relief Period if there are outstanding amounts under the Credit Facility immediately before or after giving effect to the repurchase. During the Covenant Relief Period, we may acquire stores or other businesses as long as we have minimum liquidity of at least \$

400

million after completing the acquisition.

We were in compliance with all debt covenants at December 28, 2024.

Except as amended by the First Amendment, Second Amendment, Third Amendment and Fourth Amendment, the remaining terms of the Credit Facility remain in full force and effect.

Within the Credit Facility, we have a sub-facility of \$

80

million available for the purpose of issuing standby letters of credit. The sub-facility requires fees aggregating

87.5

to

212.5

basis points annually of the face amount of each standby letter of credit, payable quarterly in arrears. There was a \$

30.1

million outstanding letter of credit at December 28, 2024.

There was \$

59.3

million outstanding and \$

510.6  
million available under the Credit Facility at December 28, 2024.

#### Note 9 – Commitments and Contingencies

##### Commitments

Commitments Due by Period (thousands)	Total	Within 1 Year	Within 2 to 3 Years	Within 4 to 5 Years	After 5 Years
Principal payments on long-term debt	\$ 59,250	—	\$ 59,250	—	—
Finance lease commitments/financing obligations <sup>(a)</sup>	329,436	\$ 49,458	\$ 93,524	\$ 68,399	\$ 118,055
<u>Operating lease commitments <sup>(a)</sup></u>	241,157	47,195	81,389	50,857	61,716
<u>Total</u>	<u>\$ 629,843</u>	<u>\$ 96,653</u>	<u>\$ 234,163</u>	<u>\$ 119,256</u>	<u>\$ 179,771</u>

(a) Finance and operating lease commitments represent future undiscounted lease payments and include \$

65.1  
million and \$

41.3  
million, respectively, related to options to extend lease terms that are reasonably certain of being exercised.

##### Contingencies

We are currently a party to various claims and legal proceedings incidental to the conduct of our business. If management believes that a loss arising from any of these matters is probable and can reasonably be estimated, we will record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable than another.

As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Litigation is subject to inherent uncertainties, and unfavorable rulings could occur and may include monetary damages. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on the financial position and results of operations of the period in which any such ruling occurs, or in future periods.

#### Note 10 – Supplier Finance Program

We facilitate a voluntary supply chain financing program to provide our suppliers with the opportunity to sell receivables due from us (our accounts payable) to a participating financial institution at the sole discretion of both the supplier and the financial institution. Should a supplier choose to participate in the program, it may receive payment from the financial institution in advance of agreed payment terms; our responsibility is limited to making payments to the respective financial institution on the terms originally negotiated with our supplier, which are generally for a term of up to 360 days. We have concluded that the program is a trade payable program and not indicative of a borrowing arrangement.

Our outstanding supplier obligations eligible for advance payment under the program totaled \$

247.9  
million, \$

167.2  
million, and \$

168.4  
million as of December 28, 2024, March 30, 2024, and December 23, 2023, respectively, and are included within Accounts Payable on our Consolidated Balance Sheets. Our outstanding supplier obligations do not represent actual receivables sold by our suppliers to the financial institutions, which may be lower.

#### Note 11 – Equity Capital Structure Reclassification

On May 12, 2023, we entered into a reclassification agreement (the "Reclassification Agreement") with the holders (the "Class C Holders") of our Class C Convertible Preferred Stock (the "Class C Preferred Stock") to reclassify our equity capital structure to eliminate the Class C Preferred Stock.

Under the Reclassification Agreement, after receiving shareholder approval on August 15, 2023, we filed amendments to our certificate of incorporation (the "Certificate of Incorporation") to create a mandatory conversion of any outstanding shares of Class C Preferred Stock prior to an agreed sunset date of the earliest of (i) August 15, 2026; (ii) the first business day immediately prior to the record date established for the determination of the shareholders of the Company entitled to vote at the Company's 2026 annual meeting of shareholders; and (iii) the date on which the Class C Holders, in the aggregate, cease to beneficially own at least

50  
% of all shares of the Class C Preferred Stock issued and outstanding as of May 12, 2023. In exchange for this sunset of the Class C Preferred Stock, the conversion rate of Class C Preferred Stock was adjusted so that each share of Class C Preferred Stock will convert into

61.275  
shares of common stock (the "adjusted conversion rate"), an increase from the prior conversion rate of

23.389  
shares of common stock for each share of Class C Preferred Stock under the Certificate of Incorporation.

At the end of the sunset period, all shares of Class C Preferred Stock remaining outstanding will be automatically converted into shares of common stock at the adjusted conversion rate. In addition, the liquidation preference for the Class C Preferred Stock was amended to provide that, upon a liquidation event, each holder of Class C Preferred Stock would be entitled to receive, for each share of Class C Preferred Stock held by the holder upon a liquidation, dissolution, or winding up of the affairs of the Company, an amount equal to the greater of \$

1.50  
per share and the amount the holder would have received had each share of Class C Preferred Stock been converted to shares of common stock immediately prior to the liquidation, dissolution, or winding up. There was

no

Class C Preferred Stock converted during fiscal 2025 or 2024. The Reclassification Agreement also provides that, during the sunset period, the Class C Holders will have the right to appoint

one  
member of the Board of Directors. This designee is expected to be Peter J. Solomon, who is one of the Company's current directors and one of the Class C Holders.

We have determined the amendments to the Class C Preferred Stock, because of the Reclassification Agreement, should be accounted for as a modification.

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

##### **Recent Developments**

On October 23, 2024, American Tire Distributors, Inc. ("ATD"), one of our vendors for tires, filed for bankruptcy protection in the U.S. Bankruptcy Court for the District of Delaware. While ATD has proposed restructuring its business with the support of its lenders, uncertainty exists about how our distribution and fulfillment agreement with ATD will be treated in the proceeding and whether and when we will receive the remaining \$6.8 million in earnout payments from our divestiture of assets to ATD. We intend to seek the remaining earnout payments and future performance under the distribution agreement with ATD so that we will be able to continue to provide high-quality service to our guests.

##### **Economic Conditions**

The United States economy has experienced higher inflation during fiscal 2024 and into fiscal 2025 and there are market expectations that consumer prices may remain at elevated levels for a sustained period. In addition, labor availability has continued to be constrained and market labor costs have continued to increase. These conditions may give rise to an economic slowdown, and perhaps a recession, and could further increase our costs and/or impact our revenues. It is unclear whether the current economic conditions and government responses to these conditions, including inflation, changing interest rates, and geopolitical uncertainty, will result in an economic slowdown or recession in the United States. If that occurs, demand for our products and services may further decline, possibly significantly, which may significantly and adversely impact our business, results of operations and financial position.

##### **Financial Summary**

Third quarter 2025 included the following notable items:

- Diluted earnings per common share ("EPS") were \$0.15.
- Adjusted diluted EPS, a non-GAAP measure, were \$0.19.
- Sales decreased 3.7 percent, primarily due to lower overall comparable store sales resulting from lower store traffic.
- Comparable store sales decreased 1.9 percent from the prior year, or a decrease of 0.8 percent if adjusted for selling days.
- Operating income of \$10.0 million.
- Net income was \$4.6 million.
- Adjusted net income, a non-GAAP measure, was \$5.8 million.

Earnings Per Common Share	Three Months Ended			Nine Months Ended		
	December 28, 2024	December 23, 2023	Change	December 28, 2024	December 23, 2023	Change
Diluted EPS	\$ 0.15	\$ 0.38	(60.5) %	\$ 0.52	\$ 1.05	(50.5) %
Adjustments	0.04	0.01		0.05	0.05	
Adjusted diluted EPS	\$ 0.19	\$ 0.39	(51.3) %	\$ 0.57	\$ 1.11	(48.6) %

Note: Amounts may not foot due to rounding.

Adjusted net income and adjusted diluted EPS, each of which is a measure not derived in accordance with GAAP, exclude the impact of certain items. Management believes that adjusted net income and adjusted diluted EPS are useful in providing period-to-period comparisons of the results of our operations by excluding certain non-recurring items, such as costs related to litigation reserve, transition costs related to back-office optimization, store closing costs, closed store impairment charges, shareholder matters from our equity capital structure recapitalization, net loss on subsequent inventory adjustment related to the prior year sale of wholesale tire and distribution assets, and a gain on sale of corporate headquarters net of closing and relocation costs. Reconciliations of these non-GAAP financial measures to GAAP measures are provided beginning on [page 17](#) under "Non-GAAP Financial Measures."

We define comparable store sales as sales for locations that have been opened or owned at least one full fiscal year. We believe this period is generally required for new store sales levels to begin to normalize. Management uses comparable store sales to assess the operating performance of the Company's stores and believes the metric is useful to investors because our overall results are dependent upon the results of our stores. Comparable sales measures vary across the retail industry. Therefore, our comparable store sales calculation is not necessarily comparable to similarly titled measures reported by other companies.

**Analysis of Results of Operations**

Summary of Operating Income (thousands)	Three Months Ended			Nine Months Ended		
	December 28, 2024	December 23, 2023	Change	December 28, 2024	December 23, 2023	Change
Sales	\$ 305,769	\$ 317,653	(3.7) %	\$ 900,342	\$ 966,712	(6.9) %
Cost of sales, including occupancy costs	200,966	204,976	(2.0)	579,976	624,666	(7.2)
Gross profit	104,803	112,677	(7.0)	320,366	342,046	(6.3)
Operating, selling, general and administrative expenses	94,840	91,294	3.9	283,954	280,959	1.1
Operating income	\$ 9,963	\$ 21,383	(53.4) %	\$ 36,412	\$ 61,087	(40.4) %

**Sales**

Sales include automotive undercar repair, tire replacement and tire related service sales, net of discounts, returns, etc., and revenue from the sale of warranty agreements and commissions earned from the delivery of tires. See [Note 7](#) to our consolidated financial statements for further information. We use comparable store sales to evaluate the performance of our existing stores by measuring the change in sales for a period over the comparable, prior-year period of equivalent length. There were 89 selling days in the three months ended December 28, 2024 and 90 selling days in the three months ended December 23, 2023, and 270 selling days in the nine months ended December 28, 2024 and 271 selling days in the nine months ended December 23, 2023. There was one fewer selling day in the three months and nine months ended December 28, 2024, as compared to the same period ended December 23, 2023, due to a shift in the timing of the Christmas holiday from the fourth quarter in fiscal 2024 to the third quarter in fiscal 2025.

Sales growth – from both comparable store sales and new stores – represents an important driver of our long-term profitability. We expect that comparable store sales growth will significantly impact our total sales growth. We believe that our ability to successfully differentiate our customers', often referred to as "guests", experience through a careful combination of merchandise assortment, price strategy, convenience, and other factors will, over the long-term, drive both increasing guest traffic and the average ticket amount spent.

Sales (thousands)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Sales	\$ 305,769	\$ 317,653	\$ 900,342	\$ 966,712
Dollar change compared to prior year	\$ (11,884)		\$ (66,370)	
Percentage change compared to prior year	(3.7) %		(6.9) %	

The sales decrease was primarily due to a decrease in comparable store sales resulting from lower store traffic. Although overall comparable sales were down for the three months and nine months ended December 28, 2024, we returned to year-over-year comparable store sales growth in fiscal December. The following table shows the primary drivers of the change in sales for the three months and nine months ended December 28, 2024, as compared to the same period ended December 23, 2023.

Sales Percentage Change	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 28, 2024	December 28, 2024	December 28, 2024
Sales change		(3.7) %		(6.9) %
Primary drivers of change in sales				
Comparable store sales (a)		(1.9) %		(5.9) %
Closed store sales		(1.1) %		(0.7) %
Franchise royalties		(0.7) %		(0.3) %

(a) Comparable store sales decreased 0.8% and 5.6% when adjusted for selling days for the three months and nine months ended December 28, 2024.

An increase in battery sales of 30% and 16% and an increase in alignment services of 13% and 1% in the three months and nine months ended December 28, 2024, respectively, partially offset the decrease in sales in other categories. Broad-based economic pressures impacting consumers partly led to lower demand in tires and our higher-margin service categories during the three months and nine months ended December 28, 2024. We expect the economic environment to continue to impact our customers throughout the remainder of fiscal 2025. The following table shows the primary drivers of the comparable store product category sales change for the three months and nine months ended December 28, 2024, as compared to the same period ended December 23, 2023.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Comparable Store Product Category Sales Change <sup>(a)</sup>	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Batteries	30 %	(0) %	16 %	8 %
Alignment	13 %	(5) %	1 %	(4) %
Front end/shocks	6 %	(5) %	(5) %	(6) %
Tires	(1) %	(9) %	(4) %	(4) %
Maintenance service	(2) %	(3) %	(6) %	(0) %
Brakes	(6) %	(1) %	(10) %	(2) %

(a) The comparable store product category sales change for the three and nine months ended December 28, 2024 are adjusted for selling days.

Sales by Product Category	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Tires	50 %	49 %	49 %	47 %
Maintenance service	26	27	27	28
Brakes	12	13	13	14
Steering <sup>(a)</sup>	8	8	8	8
Batteries	3	2	2	2
Exhaust	1	1	1	1
Total	100 %	100 %	100 %	100 %

(a) Steering product category includes front end/shocks and alignment product category sales.

Change in Number of Company-Operated Retail Stores	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Beginning store count	1,272	1,298	1,288	1,299
Opened	—	1	—	1
Closed	(9)	(3)	(25)	(4)
Ending store count	1,263	1,296	1,263	1,296

**Cost of Sales and Gross Profit**

Gross Profit (thousands)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Gross profit	\$ 104,803	\$ 112,677	\$ 320,366	\$ 342,046
Percentage of sales	34.3 %	35.5 %	35.6 %	35.4 %
Dollar change compared to prior year	\$ (7,874)	\$ (21,680)		
Percentage change compared to prior year	(7.0) %	(6.3) %		

Gross profit, as a percentage of sales, decreased 120 basis points ("bps") for the three months ended December 28, 2024, as compared to the prior year comparable period. Material costs increased, as a percentage of sales, due primarily to mix within tires and increased levels of self-funded promotions. Partially offsetting this was a decrease in technician labor costs, as a percentage of sales, due primarily to improvements in labor productivity and efficiency. Gross profit, as a percentage of sales, increased 20 basis points for the nine months ended December 28, 2024, as compared to the prior year comparable period. The increase in gross profit, as a percentage of sales, was primarily due to improvements in labor productivity and efficiency, partially offset by an increase in occupancy costs, as we lost leverage on these largely fixed costs, and an increase in material costs due primarily to mix within tires and increased levels of self-funded promotions.

Gross Profit as a Percentage of Sales Change	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 28, 2024	December 28, 2024	December 28, 2024
Gross profit change		(120) bps		20 bps
Primary drivers of change in gross profit as a percentage of sales				
Material costs		(150) bps		(60) bps
Occupancy costs		— bps		(60) bps
Technician labor costs		30 bps		140 bps

**OSG&A Expenses**

OSG&A Expenses (thousands)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
OSG&A Expenses	\$ 94,840	\$ 91,294	\$ 283,954	\$ 280,959
Percentage of sales	31.0 %	28.7 %	31.5 %	29.1 %
Dollar change compared to prior year	\$ 3,546		\$ 2,995	
Percentage change compared to prior year	3.9 %		1.1 %	

The increase of \$3.5 million in operating, selling, general and administrative ("OSG&A") expenses for the three months ended December 28, 2024, from the comparable prior year period is primarily due to an increase in OSG&A expenses from comparable stores, litigation reserve, transition costs related to back-office optimization, as well as costs related to store closings. Partially offsetting these increases were decreases due to closed stores, store advertising costs, costs related to shareholder matters and other net non-recurring costs. The following table shows the impact of these costs on the change in OSG&A expenses for the three months and nine months ended December 28, 2024, as compared to the same periods ended December 23, 2023.

OSG&A Expenses Change (thousands)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 28, 2024	December 28, 2024	December 28, 2024
OSG&A expenses change	\$ 3,546		\$ 2,995	
Drivers of change in OSG&A expenses				
Increase from comparable stores	\$ 3,581		\$ 2,430	
Increase in litigation reserve	\$ 650		\$ 650	
Increase from transition costs related to back-office optimization	\$ 469		\$ 978	
Increase in store closing costs	\$ 467		\$ 1,175	
Increase from new stores	\$ 21		\$ 119	
Increase in store impairment charges	\$ —		\$ 1,551	
Decrease from net gain on sale of corporate headquarters	\$ (22)		\$ (2,721)	
Decrease from costs related to shareholder matters	\$ (80)		\$ (1,355)	
(Decrease) increase in store advertising costs	\$ (140)		\$ 2,807	
Decrease from other non-recurring costs, net	\$ (304)		\$ (309)	
Decrease from closed stores	\$ (1,096)		\$ (2,330)	

**Other Performance Factors****Net Interest Expense**

Net interest expense of \$4.2 million for the three months ended December 28, 2024 decreased \$0.8 million as compared to the prior year period, and decreased as a percentage of sales from 1.6 percent to 1.4 percent. Weighted average debt outstanding for the three months ended December 28, 2024 decreased by approximately \$59.5 million as compared to the three months ended December 23, 2023. This decrease is primarily related to lower debt outstanding under the Credit Facility as well as lower finance lease debt related to our stores. The weighted average interest rate decreased approximately 23 basis points as compared to the same period of the prior year.

Net interest expense of \$14.5 million for the nine months ended December 28, 2024 decreased \$0.5 million compared to the prior year period, and remained at 1.6 percent as a percentage of sales. Weighted average debt outstanding for the nine months ended December 28, 2024 decreased by approximately \$34.7 million and the weighted average interest rate increased approximately 20 basis points as compared to the same period of the prior year.

**Provision for Income Taxes**

Our effective income tax rate for the three months and nine months ended December 28, 2024 was 21.2 percent and 27.5 percent, respectively, compared with 25.8 percent and 26.7 percent in the comparable prior-year periods. The difference from the statutory rate is primarily due to state taxes and the discrete tax impact related to share-based awards and the audit settlement of certain prior year state income tax returns.

**Non-GAAP Financial Measures**

In addition to reporting net income and diluted EPS, which are GAAP measures, this Form 10-Q includes adjusted net income and adjusted diluted EPS, which are non-GAAP financial measures. We have included reconciliations to adjusted net income and adjusted diluted EPS from our most directly comparable GAAP measures, net income and diluted EPS, below. Management views these non-GAAP financial measures as indicators to better assess comparability between periods because management believes these non-GAAP financial measures reflect our core business operations while excluding certain non-recurring items, such as costs related to litigation reserve, transition costs related to back-office optimization, store closing costs, closed store impairment charges, shareholder matters from our equity capital structure recapitalization, net loss on subsequent inventory adjustment related to the prior year sale of wholesale tire and distribution assets, and a gain on sale of corporate headquarters net of closing and relocation costs.

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

Adjusted net income is summarized as follows:

Reconciliation of Adjusted Net Income (thousands)	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Net income	\$ 4,583	\$ 12,170	\$ 16,093	\$ 33,871
Litigation reserve	650	—	650	—
Transition costs related to back-office optimization	527	58	1,677	699
Store closing costs	437	(30)	1,149	(26)
Net gain on sale of corporate headquarters <sup>(a)</sup>	73	95	(2,566)	155
Store impairment charges	—	—	1,551	—
Net loss on sale of wholesale tire and distribution assets <sup>(b)</sup>	—	304	—	304
Costs related to shareholder matters	—	80	—	1,355
Acquisition due diligence and integration costs	—	—	—	5
Provision for income taxes on pre-tax adjustments	(479)	(131)	(689)	(637)
Adjusted net income	\$ 5,791	\$ 12,546	\$ 17,865	\$ 35,726

(a) Amounts include the gain on sale of the corporate headquarters building net of associated closing and relocation costs.

(b) Amount includes a loss on subsequent inventory adjustments on prior year sale of wholesale tire and distribution assets.

In the Reconciliation of Adjusted Net Income, we determined the Provision for income taxes on pre-tax adjustments by calculating our estimated annual effective income tax rate on pre-tax income before giving effect to any discrete tax items and applying it to the pre-tax adjustments.

Adjusted diluted EPS is summarized as follows:

Reconciliation of Adjusted Diluted EPS	Three Months Ended		Nine Months Ended	
	December 28, 2024	December 23, 2023	December 28, 2024	December 23, 2023
Diluted EPS	\$ 0.15	\$ 0.38	\$ 0.52	\$ 1.05
Litigation reserve	0.01	—	0.01	—
Transition costs related to back-office optimization <sup>(a)</sup>	0.01	0.00	0.04	0.01
Store closing costs <sup>(a)</sup>	0.01	(0.00)	0.03	(0.00)
Net gain on sale of corporate headquarters <sup>(a) (b)</sup>	0.00	0.00	(0.06)	0.00
Store impairment charges	—	—	0.04	—
Net loss on sale of wholesale tire and distribution assets <sup>(c)</sup>	—	0.01	—	0.01
Costs related to shareholder matters <sup>(a)</sup>	—	0.00	—	0.03
Acquisition due diligence and integration costs <sup>(a)</sup>	—	—	—	0.00
Adjusted diluted EPS	\$ 0.19	\$ 0.39	\$ 0.57	\$ 1.11

(a) Amounts, in the periods presented, may be too minor in amount, net of the impact from income taxes, to have an impact on the calculation of adjusted diluted EPS.

(b) Amounts include the gain on sale of the corporate headquarters building net of associated closing and relocation costs.

(c) Amount includes a loss on subsequent inventory adjustments on prior year sale of wholesale tire and distribution assets.

Note: The calculation of the impact of non-GAAP adjustments on diluted EPS is performed on each line independently. The table may not add down +/- \$0.01 due to rounding.

The other adjustments to diluted EPS reflect estimated annual effective income tax rates of 28.4 percent and 25.8 percent for the three months ended December 28, 2024 and December 23, 2023, respectively, and 28.0 percent and 25.6 percent for the nine months ended December 28, 2024 and December 23, 2023, respectively. These estimated annual effective income tax rates exclude the income tax impacts from share-based compensation and the audit settlement of certain prior year state income tax returns. See adjustments from the Reconciliation of Adjusted Net Income table above for pre-tax amounts.

## Analysis of Financial Condition

### Liquidity and Capital Resources

#### *Capital Allocation*

We expect to continue to generate positive operating cash flow as we have done in each of the last three fiscal years. The cash we generate from our operations will allow us to continue to support business operations as well as invest in opportunities intended to drive long-term sustainable growth, pay down debt, and return cash to our shareholders through our dividend program.

In addition, because we believe a large portion of our future expenditures will be to fund our growth, through acquisition of retail stores and/or opening greenfield stores, we continually evaluate our cash needs and may decide it is best to fund the growth of our business through borrowings on our Credit Facility. Conversely, we may also periodically determine that it is in our best interests to voluntarily repay certain indebtedness early.

#### *Future Cash Requirements*

We currently expect our capital expenditures to support our projects, including upgrading our facilities and systems, to be \$25 million to \$30 million in the aggregate in fiscal 2025. Additionally, we have contractual finance lease and operating lease commitments with landlords through October 2040 for \$463.9 million in lease payments, of which \$95.5 million is due within one year. For details regarding these lease commitments, see [Note 9](#) to our consolidated financial statements.

As of December 28, 2024, we had \$59.3 million outstanding under the Credit Facility, none of which is due in the succeeding 12 months. For details regarding our indebtedness that is due, see [Note 8](#) to our consolidated financial statements.

#### *Dividends*

We declared dividends of \$0.28 per share totaling \$8.7 million for the three months ended December 28, 2024 and December 23, 2023, and \$0.84 per share totaling \$26.2 million and \$26.8 million for the nine months ended December 28, 2024 and December 23, 2023, respectively.

#### *Working Capital Management*

As of December 28, 2024, we had a working capital deficit of \$234.0 million, an increase of \$32.1 million from a deficit of \$201.9 million as of March 30, 2024. The overall working capital deficit is a result of our supply chain finance program. We have agreed to contractual payment terms and conditions with our suppliers. As part of our working capital management, we facilitate a voluntary supply chain finance program to provide our suppliers with the opportunity to sell receivables due from Monro to a participating financial institution. For details regarding our supply chain finance program, see [Note 10](#) to our consolidated financial statements.

#### *Sources and Conditions of Liquidity*

Our sources to fund our material cash requirements are predominantly cash from operations, availability under our Credit Facility, and cash and equivalents on hand.

As of December 28, 2024, we had \$10.2 million of cash and equivalents. In addition, we had \$510.6 million available under the Credit Facility as of December 28, 2024.

We believe that our current sources of funds will provide us with adequate liquidity during the 12-month period following December 28, 2024, as well as in the long-term.

#### Summary of Cash Flows

The following table presents a summary of our cash flows from operating, investing, and financing activities.

Summary of Cash Flows (thousands)	Nine Months Ended	
	December 28, 2024	December 23, 2023
Cash provided by operating activities	\$ 102,988	\$ 130,463
Cash provided by (used for) investing activities	112	(285)
Cash used for financing activities	(99,500)	(111,216)
Increase in cash and equivalents	3,600	18,962
Cash and equivalents at beginning of period	6,561	4,884
Cash and equivalents at end of period	\$ 10,161	\$ 23,846

**Cash provided by operating activities**

For the nine months ended December 28, 2024, cash provided by operating activities was \$103.0 million, which consisted of net income of \$16.1 million, increased by non-cash adjustments of \$58.3 million and net change in operating assets and liabilities of \$28.6 million. The non-cash charges were largely driven by \$52.4 million of depreciation and amortization, as well as \$5.7 million in deferred income tax expense. The change in operating assets and liabilities was primarily due to our supply chain finance program being a source of cash as we improved our cash flow by \$80.7 million. This was partially offset by accrued expenses and other current assets being a use of cash of \$24.4 million driven by timing of payments, as well as our inventory balance being a use of cash of \$22.2 million due to increased inventory purchases.

For the nine months ended December 24, 2023, cash provided by operating activities was \$130.5 million, which consisted of net income of \$33.9 million, adjusted by non-cash charges of \$64.9 million and by a change in operating assets and liabilities of \$31.7 million. The non-cash charges were largely driven by \$54.4 million of depreciation and amortization, as well as \$9.6 million in deferred income tax expense. The change in operating assets and liabilities was primarily due to our supply chain finance program being a source of cash as we improved our cash flow by \$17.8 million. Additionally, the change in operating assets and liabilities was also partially due to accounts payable and accrued liabilities, net of vendor rebate receivables, being a source of cash of \$30.5 million driven by timing of payments. These sources of cash were partially offset by our inventory balance being a use of cash of \$12.7 million due to increased inventory purchases.

**Cash provided by (used for) investing activities**

For the nine months ended December 28, 2024, cash provided by investing activities was \$0.1 million. This was due to cash provided by payments from the disposal of property and equipment, including the proceeds related to the sale of our corporate headquarters, for \$12.3 million, and cash provided by the earnout payment from the sale of our wholesale tire locations and distribution assets of \$8.5 million, partially offset by cash used for capital expenditures, including property and equipment, of \$20.7 million.

For the nine months ended December 23, 2023, cash used for investing activities was \$0.3 million. This was primarily due to cash used for capital expenditures, including property and equipment, of \$18.9 million, partially offset by cash provided by the escrow and earnout payments from the sale of our wholesale tire locations and distribution assets and the disposal of property and equipment of \$15.8 million and \$2.8 million, respectively.

**Cash used for financing activities**

For the nine months ended December 28, 2024, cash used for financing activities was \$99.5 million, which was primarily due to payment on our Credit Facility, net of amounts borrowed during the period, of \$42.8 million, as well as payment of finance lease principal and dividends of \$29.8 million and \$25.8 million, respectively.

For the nine months ended December 23, 2023, cash used for financing activities was \$111.2 million, which was primarily due to payment on our Credit Facility, net of amounts borrowed during the period, of \$11.0 million, as well as payment of finance lease principal and dividends of \$29.4 million and \$26.8 million, respectively. Also, we used \$44.0 million to repurchase common stock during the period.

**Critical Accounting Estimates**

The consolidated financial statements are prepared in accordance with GAAP. The preparation of the consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and related disclosures. We base our estimates on historical experience, as appropriate, and on various other assumptions that we believe to be reasonable under the circumstances. Changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates made by management. We evaluate our estimates and

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

assumptions on an ongoing basis. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows may be affected.

For a description of our critical accounting estimates, refer to [Part II, Item 7., “Management’s Discussion and Analysis of Financial Condition and Results of Operations”](#) of our [Form 10-K](#) for the fiscal year ended March 30, 2024. There have been no material changes to our critical accounting estimates since our Form 10-K for the year ended March 30, 2024.

#### **Recent Accounting Pronouncements**

See “Recent Accounting Pronouncements” in [Note 1](#) to our consolidated financial statements for a discussion of the impact of recently issued accounting standards on our consolidated financial statements as of December 28, 2024 and the expected impact on the consolidated financial statements for future periods.

#### **Cautionary Note Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q contains “forward-looking statements” as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they address future events, developments, and results and do not relate strictly to historical facts. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements include, without limitation, statements preceded by, followed by, or including words such as “anticipate,” “believe,” “can,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “seek,” “should,” “strategy,” “will,” “would” and variations thereof and similar expressions. Forward-looking statements are subject to risks, uncertainties, and other important factors that could cause actual results to differ materially from those expressed. For example, our forward-looking statements include, without limitation, statements regarding:

- | the impact of competitive services and pricing;
- | the effect of economic conditions and geopolitical uncertainty, seasonality, and the impact of weather conditions and natural disasters on customer demand;
- | advances in automotive technologies including adoption of electronic vehicle technology;
- | our dependence on third-party vendors for certain inventory and the possibility that vendors, such as ATD, will be unable to perform under our agreements with those vendors;
- | the risks associated with vendor relationships and international trade, particularly imported goods such as those sourced from China;
- | the impact of changes in U.S. trade relations and the ongoing trade dispute between the United States and China, and other potential impediments to imports;
- | our ability to service our debt obligations, including our expected annual interest expense, and to comply with the debt covenants of our Credit Facility;
- | our cash needs, including our ability to fund our future capital expenditures and working capital requirements;
- | our anticipated sales, comparable store sales, gross profit margin, costs of goods sold (including product mix), OSG&A expenses and other fixed costs, and our ability to leverage those costs;
- | management’s estimates and expectations as they relate to income tax liabilities, deferred income taxes, and uncertain tax positions;
- | management’s estimates associated with our critical accounting policies, including business combinations, insurance liabilities, and valuations for our long-lived assets impairment analyses;
- | the impact of industry regulation, including changes in environmental, consumer protection, and labor laws;
- | potential outcomes related to pending or future litigation matters;
- | business interruptions;
- | risks relating to disruption or unauthorized access to our computer systems;
- | our failure to protect customer and employee personal data;
- | risks relating to acquisitions and the integration of acquired businesses with ours;
- | our growth plans, including our plans to add, renovate, re-brand, expand, remodel, relocate, or close stores and any related costs or charges, our leasing strategy for future expansion, and our ability to renew leases at existing store locations;

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

- | the impact of costs related to planned store closings or potential impairment of goodwill, other intangible assets, and long-lived assets;
- | expected dividend payments;
- | our ability to protect our brands and our reputation;
- | our ability to attract, motivate, and retain skilled field personnel and our key executives; and
- | the potential impacts of climate change on our business.

Any of these factors, as well as such other factors as discussed in [Part I, Item 1A, “Risk Factors”](#) of our [Form 10-K](#) for the fiscal year ended March 30, 2024, as well as in our periodic filings with the SEC, could cause our actual results to differ materially from our anticipated results. The information provided in this report is based upon the facts and circumstances known as of the date of this report, and any forward-looking statements made by us in this report speak only as of the date on which they are made. Except as required by law, we undertake no obligation to update these forward-looking statements after the date of this Form 10-Q to reflect events or circumstances after such date, or to reflect the occurrence of unanticipated events.

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### **DISCLOSURES ABOUT MARKET RISK & CONTROLS AND PROCEDURES**

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We are exposed to market risk from potential changes in interest rates. As of December 28, 2024, excluding finance leases and financing obligations, we had no debt financing at fixed interest rates, for which the fair value would be affected by changes in market interest rates. Our cash flow exposure on floating rate debt would result in annual interest expense fluctuations of approximately \$0.6 million based upon our debt position at December 28, 2024 and approximately \$1.0 million based upon our debt position at March 30, 2024, given a change in SOFR of 100 basis points.

Debt financing had a carrying amount that approximates a fair value of \$59.3 million as of December 28, 2024, as compared to a carrying amount and a fair value of \$102.0 million as of March 30, 2024.

#### **Item 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that we file or submit to the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In conjunction with the close of each fiscal quarter and under the supervision of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), we conduct an update, a review and an evaluation of the effectiveness of our disclosure controls and procedures. It is the conclusion of our Chief Executive Officer and Chief Financial Officer, based upon an evaluation completed as of the end of the most recent fiscal quarter reported on herein, that our disclosure controls and procedures were effective.

##### **Changes in Internal Controls Over Financial Reporting**

There were no changes in our internal control over financial reporting during the quarter ended December 28, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II – OTHER INFORMATION****Item 1. Legal Proceedings**

From time to time we are a party to or otherwise involved in legal proceedings arising out of the normal course of business. Legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of one or more of these matters could have a material adverse impact on the Company, its financial condition and results of operations.

**Item 1A. Risk Factors**

Except as stated below, there have been no material changes from the risk factors previously disclosed in [Part I, Item 1A, "Risk Factors"](#) of our [Form 10-K](#) for the fiscal year ended March 30, 2024.

***We depend on our relationships with our vendors for certain inventory and those vendors may be unable to perform under our existing agreements with them.***

We depend on close relationships with our vendors for parts, tires and supplies and for our ability to purchase products at competitive prices and terms. Our ability to purchase at competitive prices and terms results from the volume of our purchases from these vendors. We entered into various contracts with parts suppliers that require us to buy from them (at market competitive prices) up to 100 percent of our annual purchases of specific products. These agreements expire at various dates.

For example, under the distribution agreement with ATD, we rely on ATD for most of certain passenger car tires, light truck replacement tires, and medium truck tires that we sell to our customers. Under the distribution agreement with ATD, our company-owned stores must purchase at least 90% of their forecasted requirements for these tires from or through ATD, subject to some exceptions. In addition, under the agreement governing the divestiture of our assets to ATD, ATD was obligated to make earnout payments to us totaling \$40.0 million, of which \$6.8 million remains outstanding. On October 23, 2024, ATD filed for bankruptcy protection. There can be no assurance that ATD will continue to perform under the distribution agreement or under the divestiture agreement, which could result in our inability to collect the remaining \$6.8 million of earnout payments. If ATD is unable to supply our requirements for tires due to its bankruptcy or for other reasons and we are unable to purchase our desired volume of tires on the same or better terms as in the distribution agreement, or at all, our sales and ability to service our customers could suffer considerably if we are unable to find an alternative vendor of tires on similar terms.

While we may be able to identify alternative sources for most of the products we sell or use at our stores, the loss of a major supplier like ATD or the loss of a combination of suppliers could have a material adverse effect on our business, financial condition, or results of operations. If any of our suppliers do not perform adequately or otherwise fail to distribute parts or other supplies to our stores, our inability to replace the suppliers in a timely manner and on acceptable terms could increase our costs and could cause shortages or interruptions that could have a material adverse effect on our business, financial condition, and results of operations.

Because we purchase products such as oil and tires, which are subject to cost variations related to commodity costs, if we cannot pass along cost increases, our profitability would be negatively impacted.

**Item 6. Exhibits**

Exhibit Index

[10.02c – Form of Option Award Agreement under Amended and Restated 2007 Stock Incentive Plan\\*](#)

[31.1 – Certification of Michael T. Broderick pursuant to Section 302 of the Sarbanes – Oxley Act of 2002](#)

[31.2 – Certification of Brian J. D'Ambrosia pursuant to Section 302 of the Sarbanes – Oxley Act of 2002](#)

[32.1 – Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes – Oxley Act of 2002](#)

101.INS – XBRL Instance Document

101.LAB – XBRL Taxonomy Extension Label Linkbase

101.PRE – XBRL Taxonomy Extension Presentation Linkbase

101.SCH – XBRL Taxonomy Extension Schema Linkbase

101.DEF – XBRL Taxonomy Extension Definition Linkbase

101.CAL – XBRL Taxonomy Extension Calculation Linkbase

104 – Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MONRO, INC.

DATE: January 29, 2025

By: /s/ Michael T. Broderick  
Michael T. Broderick  
President and Chief Executive Officer  
(Principal Executive Officer)

DATE: January 29, 2025

By: /s/ Brian J. D'Ambrosia  
Brian J. D'Ambrosia  
Executive Vice President – Finance, Chief Financial Officer and  
Treasurer  
(Principal Financial Officer and Principal Accounting Officer)

### NON-QUALIFIED STOCK OPTION CONTRACT

This NON-QUALIFIED STOCK OPTION CONTRACT is made by and between MONRO, INC., a New York corporation with its principal executive offices at 200 Holleder Parkway, Rochester, New York 14615 (the "Company") and \_\_\_\_\_, an individual with an address of \_\_\_\_\_ ("You" or "Your").

The parties hereby agree as follows:

1. Grant of Option. Pursuant to the terms of the Company's 2007 Stock Incentive Plan (the "Plan"), the Company hereby grants to You a Non-Qualified Stock Option (the "Option") to purchase an aggregate of \_\_\_\_\_ shares of the Company's Common Stock, par value \$.01 per share, at an exercise price of \$\_\_\_\_\_ per share. This Option may be exercised at and from time to time, in whole or in part, subject to the further conditions contained herein. The Option is intended to be a non-qualified stock option, and is not intended to be treated as an option that complies with Section 422 of the Internal Revenue Code of 1986, as amended.
2. Term. The term of this Option shall be six years from the date hereof, subject to earlier termination as provided in the Plan, and subject to the restrictions concerning the exercise of Options set forth therein.
3. Exercisability.
  - (a) Subject to Your continued employment with the Company, this Option shall become exercisable with respect to the shares of Common Stock in accordance with the following schedule:

<u>Time from Date of Grant</u>	<u>Amount Exercisable</u>
One Year	25%
Two Years	50%
Three Years	75%
Four Years	100%

(b) Notwithstanding the provisions of Section 3(a) above, the exercise of such option is subject to certain restrictions in the event of Your death, termination or resignation from, or if You otherwise leave Your employment with, the Company, as further detailed in the provisions of the Plan.

4. Payment of Exercise Price. In order for this Option to be exercised, in whole or in part, You must notify the Company in writing of such exercise, specifying the number of shares being exercised and accompanied by payment in full of the aggregate exercise price for the number of shares being purchased. The purchase price for the shares shall be paid to the Company in full at the time of exercise at Your election (i) in cash or its equivalent (e.g., by check), (ii) in shares having a Market Price equal to the aggregate exercise price for the shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that such shares have been held by You for no less than such period as established from time to time by the Committee, if any, or generally accepted accounting principles), (iii) partly in cash and partly in such shares, (iv) subject to the terms and conditions established by the Committee, through the delivery of irrevocable instructions to a broker to deliver promptly to the Company an amount equal to the aggregate exercise price for the shares being purchased or (v) such other method approved by the Committee.

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5. **Transferability.** This Option is not transferable by You other than by Will or the laws of descent and distribution and is exercisable, during Your lifetime, only by You.
6. **Binding Effect.** This Option shall be binding upon and inure to the benefit of any successor or assignee of the Company and any executor, administrator, legal representative, legatee or distributee entitled by law to exercise Your rights hereunder.
7. **Option Plan.** You hereby agree to all the terms and provisions of the Plan and any future amendment to the Plan, which are expressly incorporated into this Option and made a part of this Option as if printed herein; provided, that no modification or amendment of the Plan may, without the express consent of the Optionee, adversely affect the rights of the Optionee under this Option. A current copy of the Plan will be provided to the Optionee by the Company at any time and without charge, upon request. Capitalized terms not otherwise defined in this Agreement shall have the same meaning as in the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
8. **Changes in Your Employment Status.** As set forth in greater detail in Article 8 of the Plan, the Option will be effected by certain changes in Your employment status with the Company. As a general rule, except as otherwise provided by this Section 8 or by Article 8 of the Plan, or unless otherwise notified in writing, upon Your termination or resignation from, or if You otherwise leave Your employment with, the Company, the unvested portion of the Option shall terminate and the vested portion may only be exercised up to thirty (30) days following the end of Your employment, but no later than the Option's original expiration date. In the event of Your Disability while an employee of the Company or Your Retirement from the Company (both as expressly defined in Article 8 of the Plan), the unvested portion of the Option shall terminate and the vested portion may be exercised up to one (1) year following such Disability or Retirement, but in no event later than the Option's original expiration date. Finally, in the event of Your death while an employee of the Company, the unvested portion of the Option shall vest immediately and the Option may be exercised by the Optionee's Designated Beneficiary (as defined in Article 8 of the Plan) up to one (1) year from the date of death, but no later than the Option's original expiration date.
9. **Choice of Law.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.
10. **Signature in Counterparts.** This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.
11. **Non-Solicitation Covenant.** In consideration of receiving this Option, You agree that while working for the Company and for one year thereafter (regardless of the reason for Your leaving), You will not, in any way, directly or indirectly, either for Your own benefit or for the benefit or purpose of anyone else, solicit, encourage or hire anyone who works for the Company to become an employee of any other business, or otherwise interfere with the Company's relationship with any of its employees, or assist anyone else in doing so. You agree and acknowledge that any violation of this Section will cause the Company considerable harm, so the Company will be entitled to obtain immediate and permanent injunctive relief preventing any violation or continuing violation of this Section. You agree that upon any violation of this Section, this Option shall automatically and immediately terminate (whether vested or unvested), and the Company shall also have the right to recover from You any shares that You received from the exercise of this Option or the value (at the time of sale or other transfer) of any such shares that you have sold or otherwise transferred. In the event that any part of this Section is determined by a court of competent jurisdiction to be unenforceable because it is unreasonable, it is the intent of the Company and You that the court will revise this Section so as to apply to the greatest limitations considered enforceable by the court.

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IN WITNESS WHEREOF, the Company has caused this Option to be executed on its behalf by its duly authorized officer, and You have executed this option on your own behalf, as of the 9th day of May, 2024.

**YOU:**

**COMPANY:**

MONRO, INC.

By: \_\_\_\_\_

## CERTIFICATION

I, Michael T. Broderick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Monro, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2025

/s/ Michael T. Broderick  
Michael T. Broderick  
President and Chief Executive Officer  
(Principal Executive Officer)

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## CERTIFICATION

I, Brian J. D'Ambrosia, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Monro, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2025

/s/ Brian J. D'Ambrosia  
Brian J. D'Ambrosia  
Executive Vice President – Finance, Chief Financial Officer and  
Treasurer  
(Principal Financial Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 )**

Pursuant to, and solely for purposes of, 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002), each of the undersigned hereby certifies in the capacity and on the date indicated below that:

1. The Quarterly Report of Monro, Inc. ("Monro") on Form 10-Q for the period ended December 28, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Monro.

/s/ Michael T. Broderick

Michael T. Broderick  
President and Chief Executive Officer  
(Principal Executive Officer)

Dated: January 29, 2025

/s/ Brian J. D'Ambrosia

Brian J. D'Ambrosia  
Executive Vice President – Finance, Chief Financial Officer  
and Treasurer  
(Principal Financial Officer)

Dated: January 29, 2025

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