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# Monro, Inc. (MNRO)

Q3 2026 Earnings Call

## CORPORATE PARTICIPANTS

**Felix Veksler**

*Vice President-Investor Relations, Monro, Inc.*

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

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## OTHER PARTICIPANTS

**Thomas Wendler**

*Analyst, Stephens, Inc.*

**David Lantz**

*Analyst, Wells Fargo Securities LLC*

**Bret Jordan**

*Analyst, Jefferies LLC*

**Brian Nagel**

*Analyst, Oppenheimer & Co., Inc.*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning, ladies and gentlemen, and welcome to Monro, Inc.'s Earnings Conference Call for the Third Quarter of Fiscal 2026. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. [Operator Instructions] And as a reminder, this conference call is being recorded and may not be reproduced in whole or in part without permission from the company.

I would now like to introduce Felix Veksler, Vice President of Investor Relations at Monro. Please go ahead.

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**Felix Veksler**

*Vice President-Investor Relations, Monro, Inc.*

Thank you. Hello, everyone, and thank you for joining us on this morning's call. Before we get started, please note that as part of this call, we will be referencing a presentation that is available on the Investors section of our website at [corporate.monro.com/investors](http://corporate.monro.com/investors).

If I could draw your attention to the Safe Harbor statement on slide 2, I'd like to remind participants that our presentation includes some forward-looking statements about Monro's future performance. Actual results may differ materially from those suggested by our comments today. The most significant factors that could affect future results are outlined in Monro's filings with the SEC and in our earnings release. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Additionally, on today's call, management's statements include a discussion of certain non-GAAP financial measures which are intended to supplement and not be substitutes for comparable GAAP measures. Reconciliations of such supplemental information to the comparable GAAP measures are included as part of today's presentation and in our earnings release.

With that, I'd like to turn the call over to Monro's President and Chief Executive Officer, Peter Fitzsimmons.

## Peter D. Fitzsimmons

*President, Chief Executive Officer & Director, Monro, Inc.*

Thank you, Felix. And thanks to everyone for joining us. Great to be with you today. This morning, I'd like to update you on our progress and the momentum we've continued to build at Monro during our fiscal third quarter. As we have done before, I will focus on the four key areas identified as opportunities for performance improvement, which are shown on slide 3 of our presentation materials. As a reminder, these are: driving profitable customer acquisition and activation, improving our store-based customer experience and selling effectiveness, increasing merchandising productivity, which includes mitigating tariff risk and real estate dispositions related to the previous closure of 145 underperforming stores. After that, I'll briefly touch upon our fiscal third quarter results, which represent another step forward as we continue to implement our performance improvement plan to enhance Monro's operations, drive profitability, and increase total shareholder returns.

Let's start with driving customer acquisition and activation. During the third quarter, we continued to advance our acquisition marketing efforts through the expansion of a multichannel digital media plan to target high value potential audiences. We expanded marketing to more than 340 additional store locations in the third quarter while maintaining a disciplined, phased rollout to ensure appropriate returns. We also completed an operational readiness assessment to determine which stores were best positioned to receive marketing support.

As part of these efforts, we implemented a measurement framework that provides visibility into marketing's impact on key performance indicators, including calls, sales and gross profit dollars. We also continue to activate Monro's customer relationship marketing or CRM database to attract existing customers to revisit our stores through specific offers for additional services that would improve the overall safety of their vehicles.

And as a third component of our marketing efforts, we have added call center support to 114 additional store locations. We now have more than 830 stores benefiting from our customer call center and we expect to add the remainder of our stores in the near future.

Now, let's discuss the things we are doing to improve the customer experience and selling effectiveness in our stores. As we've previously communicated, during the third quarter, we continued to work toward expanding the usage of our ConfiDrive inspection tool on every customer vehicle visiting our stores. We worked closely with all of our technicians to ensure the accuracy and full completion of every inspection every time. This has allowed our store managers to provide our customers with a window into the overall condition of their vehicle, both from the standpoint of what is operating well and what things might need some attention. Our goal is to provide transparency and ensure that we hand back the keys to a safer vehicle when we return it to the customer.

Last quarter, we indicated that we had completed a field realignment to right-size and streamline our field management following the closure of 145 underperforming stores. While this resulted in an overall reduction of district managers, it has also resulted in an overall increase in the quality of district managers across the chain.

Our streamlined and agile field organization enables us to communicate faster within our field network, which has improved our ability to serve guests more quickly and more effectively. Further, we've created and now implemented useful analytical tools such as the District Manager Toolkit as well as a labor force optimization capability that enables our field leaders to better develop our store-based teammates.

Finally, we've made an investment in a team of field compliance support specialists whose work enables us to reduce the volume of certain administrative tasks previously handled by our district managers. This allows our field leadership to focus more of their time on training and coaching our store teams.

Now, let's turn to merchandising, including mitigating tariff risk. In the third quarter, we continued to build out our foundational vendor and assortment strategy. In our tire category, we focused heavily on ensuring inventory availability to present a well-developed product assortment to our guests during the fall and early winter selling season.

As the weather changed, we leveraged our strong supplier and distributor relationships to expand availability where needed to deliver the right products to our customers in each of our tire tiers. As we approach midwinter, we are refining our tire assortment for the next selling season with an emphasis on achieving our objective to narrow our overall tire assortment to better serve customer needs. At the same time, we also continue to modify our assortment and availability of stocked parts so that we can continue to be well prepared to grow our service business.

As it relates to tariffs, we continue to carefully manage their impact on our overall product acquisition cost and on our market pricing. So far and as communicated earlier, tariffs have not been as significant on either our customer pricing or our product cost as we anticipated when higher tariffs were first announced.

Generally, we've been able to strike the right balance between costs and price adjustments, which has enabled us to maintain solid gross margins in an uncertain economic environment. We believe this positions us well moving forward.

And finally, just to provide an update on closed store real estate dispositions. Following the closure of 145 underperforming stores in the early part of this fiscal year, we initiated a process to exit the real estate at these locations, which included 40 stores that we own.

During the third quarter, we exited 32 leases and sold 20 owned locations, which resulted in proceeds of \$17.3 million. This brings us to a total of 57 leases exited and 25 locations sold, resulting in cumulative proceeds of \$22.8 million fiscal year to date. As a reminder, this process is expected to generate positive cash flow and be largely completed during the next few quarters. Importantly, and as discussed previously, this enables us to focus on improving performance in our continuing locations in the fourth quarter of fiscal 2026.

Now, let me briefly touch on several key highlights of our fiscal third quarter results, which Brian will cover in more specific detail in just a few moments. Turning to slide 4 of our presentation materials, after we saw some softness in consumer demand in October, the Monro team drove growth in comparable store sales in November and December. Further, when adjusting for a shift in the timing of the Christmas holiday in the prior year, the months of November and December, as well as the third quarter marked the first time we delivered positive comps on a two-year stack in over two years. This has also enabled us to report our fourth consecutive quarter of positive comps for the first time in several years.

We believe we were able to take share in our tire category as soon as winter hit, as our stores were well prepared with proper staffing, an updated tire assortment and additional marketing spend. In addition, for the second quarter in a row, we delivered solid gross margin performance, this time with a gross margin rate that expanded 60 basis points year-over-year to 34.9%. We also reinvested the selling, general and administrative expense savings from our closed stores into additional marketing to support top line growth.

Lastly, for the third quarter in a row, we reduced inventory levels across the system, this time by over \$7 million. We've now achieved an overall inventory reduction of more than \$28 million, which is 16% since the end of March, just nine months ago. This is a clear indication of how we've continued to manage our inventories more efficiently in fiscal 2026. Our sales momentum has continued into fiscal January, with preliminary comp store sales up almost 1%. Looking forward and coupled with our increased marketing spend, we believe higher expected consumer tax refunds should provide a tailwind to top line trends for the remainder of fiscal 2026. We continue to expect to deliver positive comp store sales for the full fiscal year.

To summarize, we are pleased with the progress we've made implementing our four key areas of focus, which is allowing us to build momentum in our business. Two of the key areas of focus for fiscal 2026 are largely complete, with the successful closing of 145 underperforming stores and associated real estate monetization, as well as the strengthening of our merchandising team. Optimizing our marketing investment in improving our store performance will remain important activities for the remainder of fiscal 2026. Our fiscal third quarter results serve as another positive step toward accelerating the pace of the company's performance improvement, as well as better capitalizing on positive industry trends to unlock Monro's full potential.

Before I hand the call over to Brian, I want to thank our more than 6,000 valued Monro teammates in our 1,115 stores for their hard work, every day and night, serving our customers. I also want to recognize and thank our leadership team. During the last nine months, we have meaningfully added or promoted talented colleagues in nearly every critical area, among them merchandising, marketing, stores and finance. We are well positioned to continue our positive momentum.

And with that, I'll now turn it over to Brian, who will provide an overview of Monro's third quarter performance, strong financial position and additional color regarding the remainder of fiscal 2026. Brian?

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## Brian J. D'Ambrosia

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

Thank you. Peter, and good morning, everyone. Turning to slide 5, sales decreased 4% to \$293.4 million in the third quarter. This was primarily driven by a reduction in sales from the closure of 145 underperforming stores in the first quarter of fiscal 2026, partially offset by a 1.2% increase in comparable store sales from continuing store locations. For reference, comps were down 2% in October, up 4% in November, and we exited the quarter up 1% in December. Our tire category was up 5%. And while tire units were down 1%, we believe we outperformed the industry in the quarter.

Gross margin increased 60 basis points compared to the prior year. This primarily resulted from lower material costs and lower occupancy costs as a percentage of sales, which were partially offset by higher technician labor costs as a percentage of sales, mostly due to wage inflation. Total operating expenses were \$83.8 million or 28.6% of sales as compared to \$94.8 million or 31% of sales in the prior-year period. The decrease was primarily driven by \$14 million of net gains from closed store real estate dispositions and \$7.3 million of lower costs from the closure of 145 underperforming stores in the first quarter of fiscal 2026. This was partially offset by \$6.2 million of increased marketing costs to support top line growth and \$4.7 million of costs incurred in connection with consultants related to our operational improvement plan.

Operating income for the third quarter was \$18.6 million or 6.3% of sales. This is compared to operating income of \$10 million or 3.3% of sales in the prior-year period. Adjusted operating income, a non-GAAP measure, for the third quarter was \$10.3 million or 3.5% of sales as compared to \$11.7 million or 3.8% of sales in the prior-year period.

Net interest expense decreased to \$4 million as compared to \$4.2 million in the same period last year. This was principally due to a decrease in weighted average debt. Income tax expense was \$3.4 million or an effective tax rate of 23.6%, which is compared to income tax expense of \$1.2 million or an effective tax rate of 21.2% in the prior year period. The year-over-year difference in effective tax rate is primarily related to the impact of an income tax benefit in the prior-year period from the settlement of certain state income tax returns and the impact from other discrete tax adjustments, none of which are individually significant.

Net income was \$11.1 million as compared to net income of \$4.6 million in the same period last year. Diluted earnings per share was \$0.35. This is compared to diluted earnings per share of \$0.15 for the same period last year. Adjusted diluted earnings per share, a non-GAAP measure, was \$0.16. This is compared to adjusted diluted earnings per share of \$0.19 in the third quarter of fiscal 2025.

Please refer to our reconciliation of adjusted operating income, adjusted net income and adjusted diluted EPS in this morning's earnings press release and on slide 9, 10 and 11 in the appendix to our earnings presentation for further details regarding excluded items in the third quarter of both fiscal years.

As highlighted on slide 6, our financial position is strong. We generated \$48 million of cash from operations during the first nine months of fiscal 2026. Our AP to inventory ratio was 196% at the end of the third quarter versus 177% at the end of fiscal 2025. We received \$25 million from the disposal of property and equipment, primarily related to the successful disposition of real estate associated with the underperforming stores that we closed in the first quarter, and we received \$3 million in divestiture proceeds.

We invested \$22 million in capital expenditures, spent \$28 million in principal payments for financing leases and distributed \$26 million in dividends. At the end of the third quarter, we had net bank debt of \$40 million, availability under our credit facility of approximately \$425 million and cash and equivalents of approximately \$5 million.

Now, turning to our expectations for the full year of fiscal 2026 on slide 7. We continue to expect to deliver year-over-year comparable store sales growth in fiscal 2026, primarily driven by our improvement plan, as well as tariff-related price adjustments to our customers. We continue to expect that the results of our store optimization plan will reduce total sales by approximately \$45 million in fiscal 2026.

Given baseline cost inflation as well as tariff-related cost increases, we expect that our gross margin for the full year of fiscal 2026 will be consistent with fiscal 2025. We continue to expect to partially offset some of this baseline cost inflation as well as some of the tariff-related cost increases, with benefits from our store closures and operational improvements from our improvement plan.

We expect to reinvest the selling, general and administrative expense savings from our closed stores into additional marketing to support top line growth at our continuing stores. We continue to expect to generate sufficient cash flow that will allow us to maintain a strong financial position and to fund all of our capital allocation priorities, including our dividend during fiscal 2026. Regarding our capital expenditures, we continue to expect to spend \$25 million to \$35 million.

And with that, I will now turn the call back over to Peter for some closing remarks.

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## Peter D. Fitzsimmons

*President, Chief Executive Officer & Director, Monro, Inc.*

Thanks, Brian. As previously indicated, through our national retail network, economies of scale and durable business model, we believe we can provide our customers with the services they need and generate meaningful

value for our shareholders in any economic environment. Our balance sheet is strong and our business generates healthy cash flow. We remain encouraged by the progress we've made and are keenly focused on executing our plan to improve operations, drive profitability, and enhance total shareholder returns.

With that, I will now turn it over to the operator for questions.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] Our first question comes from Thomas Wendler from Stephens. Your line is now open, Thomas. Please go ahead.

**Thomas Wendler**

*Analyst, Stephens, Inc.*

Q

Hey. Good morning, everyone. Congratulations on the great quarter. Happy to see another quarter of positive comps here. I wanted to dig in on the digital marketing efforts. Can you maybe help us gauge the impact it had on the same store sales this quarter?

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Hi, Tom. Sure. As you will remember, we have steadily increased the amount of digital marketing we provide to our store network and we significantly increased it in the third quarter, month by month. And as you will also remember, every time we've done that, the stores that get additional support perform better than they did before, and the rest of the network on calls, comp store sales and gross margin dollars, that has absolutely continued. I also want to call out that it's not just digital marketing, we also use our CRM and our call center to support our stores. And so I think the collective impact of our marketing efforts are going to continue to drive incremental comp store sales.

**Thomas Wendler**

*Analyst, Stephens, Inc.*

Q

Perfect. Thank you. And maybe just one more follow-up there on that. How should we be thinking about the rollout of the digital marketing to the remainder of the stores? I think you mentioned the operational readiness of the location plays into the rollout. What are you seeing for operational readiness at the remaining stores?

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

So one of the benefits of the way we've approached this is we're pretty disciplined about looking at return on investment. We're going to continue to invest significantly in marketing. In which stores, which regions, when, how much dollars we invest will vary based on what we think we're getting from all of that investment. There are some stores that haven't yet received digital marketing support, and I wouldn't read anything into that other than they might be understaffed. They might have other issues that would make us think we should wait before we provide support there. In some cases, we might decide that they're going to benefit more from CRM than from digital marketing. So again, I would say it's the collective impact of marketing that's the most important thing. And all of the stores will get some support.

**Thomas Wendler**

*Analyst, Stephens, Inc.*

Q

Perfect. Thanks for the color, guys. And again, great quarter.

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Thanks for that, Tom. Much appreciated.

**Operator:** Thank you. Our next question comes from David Lantz from Wells Fargo. Your line is now open, David. Please go ahead.

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Hi, David.

**David Lantz**

*Analyst, Wells Fargo Securities LLC*

Q

Hey. Good morning, guys. Hi. Good morning and congratulations on a nice quarter. So I was just curious if you could talk about the puts and takes in gross margin and a little bit more detail for Q3 across distribution and occupancy, material costs and technician labor, as well as what the expectations are for Q4.

**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

Absolutely, David. So we were 60 basis points better than the prior year in our gross margin, as we said, at 34.9%. That was benefited by lower material costs of 80 basis points, primarily driven by better price and mix in both our service and tire categories, offset by a little bit of a headwind related to a higher tire mix in the quarter. We also saw 30 basis points of benefit from our occupancy costs as a percentage of sales, largely related to higher comparable store sales, as well as the benefit from our store closures. Those were both partially offset by 50 basis points of technician labor costs going up as a percentage of sales, primarily due to wage inflation, but noting that that's a better run rate number than where we are from a year-to-date standpoint, so seeing improvement in Q3 relative to the first six months of the year.

As it relates to our fiscal fourth quarter, we said in our prepared remarks that we expect our full year gross margin to be consistent with the prior year. Through nine months, we're about 20 basis points behind, largely driven by the tough Q1 compare that we had earlier in the year. But what that means is we expect to have gross margins above prior year in Q4 in order to achieve that consistency on a full year basis.

**David Lantz**

*Analyst, Wells Fargo Securities LLC*

Q

Got it. That's helpful. And I recognize we're only a couple days after Winter Storm Fern, but curious if you can help us frame what you think the potential benefits from that for your store base and comps could be over the next couple months.

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Sure. First of all, as the threat of the storm unfolded towards the end of last week, we definitely were able to meet consumer demand in all the stores across our network, which is terrific. We were ready for that. Second, I think everybody in the world or at least the North American world has been impacted by the storm.

And so, we have got all of our stores back online by now and expect that over the next couple of weeks, we're going to see some nice incremental sales resulting from people recognizing that they really do need to do something to keep their vehicles safe. So, really good, positive impact from the developing storm and we're in pretty good shape going forward.

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**David Lantz**

*Analyst, Wells Fargo Securities LLC*

Q

Thanks, guys.

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**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

You're welcome.

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**Operator:** Thank you. Our next question comes from Bret Jordan from Jefferies. Bret, your line is now open. Please go ahead.

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**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Hey, Bret.

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**Bret Jordan**

*Analyst, Jefferies LLC*

Q

Good morning, guys.

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**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

Good morning, Bret.

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**Bret Jordan**

*Analyst, Jefferies LLC*

Q

Could you talk about the comp ticket versus traffic contribution?

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**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

Yeah. Our traffic was down mid-single digits in the quarter, offset by mid-single-digit repair order increase. So, average ticket increase netting out to the up 1.2% total comp.

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**Bret Jordan**

*Analyst, Jefferies LLC*

Q

Okay. Any regional dispersion?

**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

We saw strength in the northeast and consistent performance in the Mid-Atlantic and South. If there was any weakness, it was in the West.

**Bret Jordan**

*Analyst, Jefferies LLC*

Q

Okay. And then, I guess when you think about the 15 locations left to be sold, the value is probably roughly similar to what you've already sold, I mean, think about the cash contribution for those coming forward.

**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

Well, not all of the stores that are – left our own stores. There's a good amount of leases as well. But for the owned stores that we have remaining to be sold, we have them recorded on our balance sheet as a separate line called assets held for sale. It's approximately \$5 million, little less than \$5 million. And that's kind of the minimum value we expect to achieve. So, something there or higher related to our owned stores.

**Bret Jordan**

*Analyst, Jefferies LLC*

Q

All right. Great. Thank you.

**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

Yeah. Thanks, Bret.

**Operator:** Thank you. Our next question comes from Brian Nagel from Oppenheimer. Your line is now open, Brian. Please go ahead.

**Brian Nagel**

*Analyst, Oppenheimer & Co., Inc.*

Q

Hey. Good morning.

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Hey, Brian.

**Brian Nagel**

*Analyst, Oppenheimer & Co., Inc.*

Q

Congratulations. Hey.

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Thanks.

**Brian Nagel**

*Analyst, Oppenheimer & Co., Inc.*

Q

So, I want to ask maybe a little bit longer-term question. I mean, you're just seeing the – you've had a number of initiatives, now they're taking hold. I think we're starting to see those results – the effects of those efforts show up in the results. I guess – and I've asked this question before, but I'll ask again. Like, if you look at the model now, what are we playing for? And I guess, obviously, there's a lot of transitory factors that can impact your sales, such as weather. You talked about the tax refunds, et cetera. But as you're watching these initiatives take hold, I mean how should we be thinking about what comp store sales [ph] your change (00:29:21) should be? And then with that, at what point do we get expense leverage as a result of these improving sales?

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Sure. So, I think from experience, the impact of marketing and the store improvement efforts takes quarters to really fully reveal itself. I do think that we have stayed focused on the things that we think are most impactful and we've seen good results. I think that our expectation is that as the quarters pass, fourth quarter, first quarter next year and so on, we'll see a lift in comp store sales and we'll see solid gross margin.

And the combination of those two things, together with managing our operating expenses well, should drive incremental profit. There'll be ups and downs. And when I look at the period that just passed, if you look at November through January, we had a really good early winter with good tire sales, good service. There are many things that are clicking that, over the longer term, will impact a continued growth in comp store sales. So, I do think we're going to get some operating leverage benefits. But there are those other factors that we have to remember, which is we've got wage pressure in the stores.

And to be honest, we have some other initiatives that we want to put into place that may require some additional investment. But the key will be increasing the comp store sales and having a very good, solid gross margin rate aligned with where we are and the product of good vendor relationships, good marketing support for our vendors, and other things that we're doing as a good partner with both our consumers and our suppliers.

**Brian Nagel**

*Analyst, Oppenheimer & Co., Inc.*

Q

That's very helpful. And then I want to go back, I think someone kind of asked this question before, but I'll ask it a little maybe differently. So as you look at these potential benefits here in the near term, with the weather, with the Storm Fern and potentially other storms coming here, and then a lot of people talking about this higher – what's expected to be higher tax refunds in 2026. How do you think about the duration of those benefits? Are we going to see the majority here in the fiscal Q4 or is there a longer tail in these type of drivers?

**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

So I think a challenging winter, which we're in the middle of right now, is good for us. Of course, there's going to be disruption, as there was with the severity of the storm that just ended. But as long as we can work our way through the disruptions, it creates consumer need and immediacy. So I really like the fact that the winter right now seems to be a difficult one, and the fact that consumers may have a little bit more money in their pockets. If you think back to COVID, when the government distributed quite a bit of cash to consumers, they spent it and they spent it on things that they needed to spend it on. We know that there's a need to continue to keep your vehicle safe. And so the combination of the tax refunds and the likely tough February, let's call it that, are pretty important to short-term growth.

Now, in the longer term, as we move our way into the spring selling season, we do sell a lot of tires in the early spring. And if you think about the things we put into place, which includes ConfiDrive, in January alone, we drove some incremental service revenue, which is all the result of the inspection tool. And as that continues to mature month by month by month, that will also drive incremental high margin revenue because service is a higher margin than tires.

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**Brian Nagel**

*Analyst, Oppenheimer & Co., Inc.*

Q

I appreciate all the color. Congrats again. Thank you.

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**Brian J. D'Ambrosia**

*Executive Vice President & Chief Financial Officer, Monro, Inc.*

A

Thank you, Brian.

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**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

A

Thank you.

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**Operator:** Thank you. [Operator Instructions] We currently have no further questions, and I would like to hand back to CEO, Peter Fitzsimmons, for any closing remarks.

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**Peter D. Fitzsimmons**

*President, Chief Executive Officer & Director, Monro, Inc.*

Well, thank you again, everyone, for joining us today. We're pleased with the progress Monro has made this fiscal year, and we're optimistic about the opportunities in front of us. I believe the company is now well-positioned to capitalize on the additions to the team and the operating improvements we put in place during fiscal 2026. Together, with positive industry trends, we're well-positioned for growth. I look forward to keeping you updated on our progress in the quarters to come. Have a great day. Thank you.

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**Operator:** Thank you. This now concludes today's call. Thank you all for joining. You may now disconnect your lines.

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