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23 June 2025

Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

METCASH LIMITED – FY25 RESULTS ANNOUNCEMENT

Please find attached for release to the market the FY25 Results Announcement for Metcash Limited.

This announcement was authorised to be given to ASX by the Board of Directors of Metcash Limited.

Yours faithfully

Julie D. Hutton

Julie Hutton
Company Secretary

Metcash Limited
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23 June 2025

ASX Announcement

Metcash Limited FY25 Results

Solid results delivered through strategy and disciplined execution
Group well set for future growth

Metcash Limited (ASX:MTS) today released its financial results for the year ended 30 April 2025.

This year, we have continued to make progress towards our purpose of championing successful independents in support of thriving local communities. The independent networks we serve and operate alongside are healthy, competitive and confident.

Overview

- Growth in reported profit after tax
- Revenue growth in all pillars in challenging conditions
- Strong growth in Food earnings
- Effective management of tobacco sales decline
- Continued outperformance in Liquor
- Hardware improvement in 2H and encouraging start to FY26
- Market share gains in Liquor, held in Food and Hardware
- Strong cash performance and balance sheet flexibility
- Acquisitions performing as expected in respective market conditions – synergies tracking in line with target
- Further improvement in ESG credentials and safety performance

Financials

- Group revenue increased 8.9% to $17.3bn and 7.2% to $19.5bn including charge-through[1]
- Group underlying EBIT increased 2.3% to $507.8m
- Underlying profit after tax[2] decreased 2.4% to $275.5m
- Statutory profit after tax increased 10.1% to $283.3m
- Underlying EPS 25.1 cps, Statutory EPS 25.9 cps
- Operating cashflow increased 11.7% to $539m – lifted 3yr average CRR[3] guidance
- Total dividends for FY25 18.0 cps fully franked (final dividend 9.5 cpc) – payout ratio 72% UPAT

Commentary

Group CEO, Doug Jones said: “The business again performed well supported by the successful execution of our strategy and disciplined operational performance.

The increased diversification and resilience of the Group was a key driver of sales and earnings growth in the face of challenging conditions in all pillars, particularly in the Hardware pillar where trade activity remained subdued.

The quality and competitiveness of the independents’ differentiated offer continues to resonate with shoppers, and this again helped underpin sales growth in all pillars.

The Food business grew strongly with revenue[4] up ~11% and earnings up ~18% including the acquisition of Superior Foods in June last year. Both our Supermarkets and Campbell & Convenience businesses performed well, delivering earnings growth and effectively managing the sharp decline in tobacco sales.

Superior Foods delivered strong sales, while also making considerable progress with the unique opportunities presented through the merger for accelerating growth. It is pleasing to confirm that ~$10m of capital expenditure that we anticipated would be required at the time of the acquisition, is not needed.

In Liquor, the independent network continued to outperform the market, led by our IBA banner group. An acceleration of sales in the second half built on the strong first half performance. Further market share gains were achieved in the year.

The Liquor business enjoys a strong market position underpinned by a healthy and confident network that is positioned for continued growth.

In Hardware, a lift in second half earnings was driven by improved trade activity in the fourth quarter and decisive actions taken in response to the challenging market conditions. Pleasingly, the improved sales momentum has continued into FY26.

In Total Tools, network sales continued to grow and there was an improvement in JV store gross margins in the second half.

Earlier this month the Company announced that it was further strengthening the Hardware pillar by merging the IHG and Total Tools businesses to form the Total Tools and Hardware Group. The merger positions Hardware with a clear operating model alongside Food and Liquor. Importantly, it allows all of our business to be uniquely and better placed to work with independents, franchisees and our corporate-owned retail stores, and to better support the communities they serve.

In the second half of this year, we also merged Superior Foods with the Campbells & Convenience business to form the Foodservice and Convenience business unit. These mergers, together with structural changes across the Group, provide further strength and resilience to Metcash’s platform for future growth.

Our strategy of ‘winning with independents’ focuses on continuing to build on this platform and on moving through the value chain, closer to shoppers. This is expected to deliver further diversification of our revenue streams and position the Group with opportunities for profitable growth.”

Results Overview

Group reported revenue, which excludes charge-through sales[1], increased 8.9% to $17.3bn (FY24: $15.9bn). Including charge-through sales[1], Group revenue increased 7.2% to $19.5bn (FY24: $18.2bn) with growth in the Food, Liquor and Hardware pillars, partly buoyed by acquisitions.

Group EBITDA increased 8.6% to $747.8m (FY24: $688.3m) reflecting strong growth in the Food pillar, underpinned by the acquisition of Superior Foods in June 2024. Underlying EBIT increased 2.3% to $507.8m with growth in the Food pillar being partly offset by decreases in the Liquor and Hardware pillars, and increased depreciation and amortisation associated with acquisitions, the new distribution centre in Truganina, Victoria and digital investment. In Liquor, the decline in EBIT relates to the impact of lower wholesale price inflation on strategic buying, while in Hardware subdued trade activity continued to weigh on owned trade centre volumes, in turn causing deleverage of earnings.

The Food pillar again performed well with a significant increase in EBIT, reflecting growth in both Supermarkets and Campbells & Convenience and the inclusion of Superior Foods. In Supermarkets and Campbells & Convenience, earnings growth was achieved despite reduced strategic buying opportunities and a continuation of the sharp decline in tobacco sales. The quality and competitiveness of the independents' offer continues to resonate with shoppers in a highly value-conscious environment.

The Liquor pillar continued to deliver strong sales growth and market share gains, underpinned by shopper preference for the convenience and quality of the independents' differentiated offer. EBIT was $5.1m lower at $104.1m, with the strong trading performance offset by the impact of lower wholesale price inflation on strategic buying.

In Hardware, the level of trade activity continued to be subdued, albeit there was some improvement in the fourth quarter, and this has continued into FY26. Total sales[4] increased 2.4%, reflecting the impact of acquisitions in IHG and new stores in Total Tools. EBITDA was broadly flat, while EBIT declined 10.2% to $189.3m reflecting weaker trade activity and increased depreciation and amortisation associated with acquisitions. Both IHG and Total Tools maintained their market share and have taken decisive actions in response to the challenging conditions.

Group underlying profit after tax[2] decreased 2.4% to $275.5m, reflecting lower earnings in the Hardware and Liquor pillars, increased finance costs and increased depreciation and amortisation. Statutory profit after tax increased 10.1% to $283.3m. This included a $15.0m gain arising from the reversal of a previously impaired loan to an associate (Dramet Holdings Pty Ltd), put option valuation adjustment gains and acquisition costs of $10.1m (net gain), Program Horizon implementation costs of $9.3m and mega DC transition costs of $8.0m, all post tax.

Operating cashflow for the year increased 11.7% to $539.0m, with the three-year rolling cash realisation ratio[3] ~95%, above Metcash's guidance of 75% – 85%. This partly reflects an elevated focus on working capital management. An improvement in capability and execution has underpinned our confidence in lifting this guidance to 80% – 90%.

Net debt at the end of the financial year was $577.4m (1H25: $725.0m), with average net debt of $805m (1H25: $791m). The debt leverage ratio[5] (DLR) at the end of the financial year was 0.96x (1H25: 1.26x). Metcash's target DLR range is 1.0x to 1.75x.

The Board determined to pay a final dividend for FY25 of 9.5 cents per share, bringing total dividends for the year to 18.0 cps, fully franked. This is a moderate increase to the Company's target payout ratio of ~70% of underlying profit after tax.

Review of Trading Results

Food[6]

The success of the Company's strategy has resulted in the Food pillar now being larger, more diversified and resilient, underpinned by the competitiveness of the independents' offer and the addition of Superior Foods.

Total Food sales (including charge-through[1] and excluding tobacco) increased 20.8% to $8.8bn, reflecting growth in both Supermarkets and Campbells & Convenience, and the inclusion of Superior Foods from 3 June 2024. Including tobacco, total Food sales increased 11.1% to $10.6bn.

In Supermarkets, the quality and competitiveness of the independents' offer continues to resonate in a value conscious and highly competitive environment. Wholesale sales (excluding tobacco) increased 3.2% reflecting sustained volume growth and a low level of inflation.

Sales of private label products increased 7.6%, and sales of items on promotion continued to grow faster than those not on promotion, reflecting the increased focus on value.

Sales of tobacco products declined 19.8% (FY24: 13.9%), bringing the total sales decline to 41% since FY21, driven by acceleration of the illicit tobacco trade. The business is managing the decline well with initiatives focused on expanding Metcash Food's share of the legal tobacco market and restructuring commercial arrangements.

Wholesale price inflation[7] continued to moderate and was 1.4% for the year (FY24: 4.8%). The teamwork score was maintained at ~70% on an ex-tobacco basis.

The IGA network continued to perform well with retail like-for-like[8] increasing 2.7% (ex-tobacco). There were 22 new IGA stores in the year, including 9 core (medium to large) format stores. The Company's diversification strategy has led to sales to the IGA network now accounting for approximately 60% of total Food sales.

Campbells & Convenience delivered strong sales growth of 6.0% ex tobacco (FY24: 4.0%). The acceleration in growth was underpinned by a renewed growth strategy that has resulted in the business being established as the leading supplier in the sector, supplying all major petrol and convenience operations.

There was strong growth in Superior Foods with sales[4] increasing 4.6% to $1.26bn in an environment of increased competition, particularly in the independent sector. The business renewed major contracts in the year representing ~20% of its revenue base and implemented initiatives to position the business for accelerated growth. These include pursuing unique cross-sell and other opportunities resulting from Metcash's acquisition of the business in June last year and integrating elements of the supply chains of Superior into Metcash Food. Synergy benefits from the acquisition are progressing well and are in line with target.

At the end of the financial year Superior Foods was merged with Campbells & Convenience to facilitate further opportunities and strength. The combined business has been named Foodservice and Convenience.

Food EBITDA increased a significant 24.5% reflecting the strong trading performance (ex-tobacco) in both Supermarkets and Campbells & Convenience, and the inclusion of Superior Foods. Supermarkets and Campbells & Convenience EBIT increased 2.9% to $216.1m. This is a pleasing result given the adverse impacts of the decline in tobacco sales, reduced strategic buying and an increase in depreciation and amortisation. Total Food depreciation and amortisation increased 43.9% to $97.1m reflecting the inclusion of Superior Foods and the impact of the new distribution centre in Truganina, Victoria.

The EBIT margin[9] increased 14bps to 2.3%, reflecting a change in sales mix associated with the decline in tobacco sales and the addition of Superior Foods.

Liquor

In Liquor, independents continued to outperform the market, led by the IBA network. Total sales increased 3.4% to $5.3bn with growth accelerating in the second half, underpinned by continued shopper preference for the convenience and quality of the independents' differentiated offer.

Wholesale sales to independent retail and contract customers increased 3.8% (FY24: 2.2%), while on-premise sales returned to growth in the second half. There was strong growth across all major IBA brands including Cellarbrations, The Bottle-O, IGA Liquor and Porters.

The highest growth category was beer, reflecting continued shopper focus on value together with the successful execution of Metcash's new wholesale distribution agreement with Lion in South Australia.

Shopper preference for the independents' differentiated offer led to further market share gains in the year, resulting in gains since FY22 increasing to 270 bps. The gains in the year were across all liquor categories. The business' multi-channel liquor strategy focused on servicing IBA, contract and on-premise customers, ensures a resilient and healthy portfolio and helped drive the market share gains.

Liquor EBITDA was 1.8% lower at $123.5m (FY24: $125.7) and EBIT declined 4.7% to $104.1m (FY24: $109.2m) reflecting the contribution from the business' strong trading performance being more than offset by the impact of lower wholesale price inflation on strategic buying. The EBIT margin[9] was 16 bps lower at 2.0%.

Hardware

Total Hardware sales (including charge-through[1]) increased 2.4% to $3.6bn buoyed by acquisitions and store growth in Total Tools. Total sales in the combined IHG and Total Tools retail networks were 0.5% higher at $4.5bn.

The Hardware pillar continued to hold market share in an environment of subdued trade activity.

In IHG an improvement in the fourth quarter together with actions taken in response to the challenging market conditions led to an increase in sales and earnings in the second half.

IHG's wholesale sales remained stable and joint venture and company-owned store sales improved in the second half, partly due to the impact of acquisitions. Retail network scan sales were also higher in the second half versus the first half.

Total IHG sales[4] for the year increased 2.8% and include the impact of the acquisition of Alpine Truss and Bianco Building Supplies in March last year. Excluding these acquisitions, sales were 3.1% lower. Like-for-like scan sales for the IHG retail network[10] declined 4.1% with trade down 6.5% and DIY broadly flat.

In Total Tools, sales increased 0.6% to $683.2m largely reflecting the impact of new stores, mostly offset by subdued trade activity and the impact of cost-of-living pressures on trades people. Total retail network sales increased 4.1% to $1.2bn.

Franchise fees and other revenue increased 6.4%, joint venture store revenue declined 1.4% and exclusive brand sales increased a significant 20.6% partly reflecting the macro environment and increased uncertainty in which our customers operate. The business' expansion into the commercial segment is continuing to progress well with sales up 16.4%, albeit off a low base.

Hardware EBITDA was broadly flat at $295.6m (FY24: $297.8m) while EBIT declined 10.2% to $189.3m reflecting the impact of subdued trading activity, retail margin pressure and a significant increase in depreciation and amortisation related primarily to acquisitions.

In IHG, EBITDA was slightly up at $196.7m (FY24: $195.1m) and EBIT declined 12.5% to $112.9m (FY24: $129.0m). The successful execution of initiatives to address the impact of the challenging market and an improvement in sales in the fourth quarter contributed to a significant improvement in second half earnings (EBIT +14.6%).

In Total Tools, EBITDA was 3.7% lower at $98.9m (FY24: $102.7m) and EBIT declined 6.7% to $76.4m (FY24: $81.9m) reflecting lower joint venture store margins. An improvement in joint venture store gross margins in the second half underpinned a return to EBIT growth in the second half (2H EBIT +7.7% vs pcp). The improved margins have been sustained in early FY26.

The Hardware EBIT margin[9] was 5.3%, with IHG 3.9% and Total Tools 11.2%.

Financial Position

Operating cashflow increased 11.7% to $539.0m (FY24: $482.6m) and the three-year rolling cash realisation ratio was ~95%, above the Company's guidance of 75% to 85% and partly reflects an elevated focus on working capital management. An improvement in capability and execution underpins our confidence in lifting this guidance to 80% – 90%.

The Group had net investing outflows of $523.9m[11], including capital expenditure of $148.5m and acquisitions of businesses of $403.8m, which mostly relates to the acquisition of Superior Foods in June last year.

Net debt at the end of the financial year was $577.4m (1H25: $725.0m), with average net debt of $805m (1H25: $791m). The debt leverage ratio[5] (DLR) at the end of FY25 was 0.96x (1H25: 1.26x). The Group had undrawn debt facilities of $889m at the end of the financial year. Metcash's target DLR range is 1.0x to 1.75x.

Dividends

The Board has determined to pay a final dividend of 9.5 cents per share, bringing total dividends for the year to 18.0 cents per share, fully franked, slightly higher than the Company's annual target payout ratio of ~70% of underlying profit after tax. The record date is 16 July 2025, and payment will be made on 27 August 2025.

The Dividend Reinvestment Plan (DRP) remains in place to provide flexibility for shareholders resident in Australia and New Zealand to reinvest in Metcash cost effectively, while also delivering incremental support and flexibility for Metcash to pursue attractive growth opportunities. There is no discount applicable.

The last day for shareholders to notify their participation in the DRP is 17 July 2025. The pricing period is from 21 July to 1 August 2025. Metcash will announce the DRP price on 4 August 2025, with shares issued on 27 August 2025.

Existing shareholders resident in Australia and New Zealand will be sent an invitation to participate in the DRP. Full DRP details are provided on Metcash's website at: www.metcash.com/investor-centre/DRP.

Trading update and outlook

There has been a positive start to FY26 with Group revenue for the first seven weeks up 4.7%, underpinned by growth in all pillars.

Total **Food** revenue has increased significantly reflecting the inclusion of Superior Foods and strong growth in Campbells & Convenience. Supermarkets sales ex tobacco continue to be resilient, with solid growth in a low inflation and highly value conscious environment. Strong growth momentum in Campbells & Convenience reflects the impact of customer growth and elevated tobacco sales associated with regulatory change.

In **Liquor**, shoppers continue to value the local convenience and quality of the Independents' offer which is supporting growth in a challenging market. Sales to retail and contract customers in the first seven weeks are against a very strong comparative period. Importantly, further market share gains were achieved in the quarter ended 31 May 2025. The recovery in sales to on-premise customers continued in early FY26. On 20 June 2025, the business entered into a binding agreement to acquire the Steve's Liquor Warehouse group that includes five retail stores in Victoria and three in Tasmania.

In **Hardware,** the sales momentum seen in the fourth quarter of FY25 has continued into FY26. This has been reflected in improved trade sales with the timber and building supplies categories showing growth. Our pipeline of frame and truss activity is at capacity in Queensland and building in other states. This momentum, together with improvements in key indicators of future activity and the business' strong market positions, provides us with optimism over the outlook for future demand. In Total Tools, the recovery in retail margins seen in 2H25 has continued into FY26.

Metcash remains well positioned with the plans, platform, capabilities and diverse business portfolio for future growth and success.

FY26 – first 7 weeks

Total Group sales increased 4.7% and are up 2.7% excluding Superior Foods and tobacco.

Total **Food** sales (excluding tobacco) increased 17.0% (+4.4% excluding Superior Foods). Total Supermarkets sales increased 2.9% (excluding tobacco) while Foodservice and Convenience sales increased 91.1% or 6.6% after adjusting Superior Foods' prior corresponding period to include the full seven weeks[12]. Campbells & Convenience sales increased 16.0% and Superior Foods sales increased 0.8%. Wholesale price inflation (ex tobacco and produce) was 1.5% in May.

Total **Liquor** sales increased 1.5%, with wholesale sales to IBA retail and contract customers up 1.3%. Wholesale sales to on-premise customers increased 2.7%.

In **Hardware**, total sales increased 1.1% with the business having cycled the acquisitions of Alpine Frame & Truss and Bianco Building Supplies that were acquired in March last year. Wholesale sales increased 2.4%[13] and sales in joint venture and company-owned sites increased 1.5%. Total IHG network sales increased 0.5% (Lfl +0.8%). Total sales in Total Tool increased 0.3% with total network sales up 1.7% (LfL -2.7%).

ends

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1 Direct sales from suppliers to customers, invoiced through Metcash
2 Underlying profit after tax excludes significant items: a $15.0m gain arising from the reversal of a previously impaired loan to an associate (Dramet Holdings Pty Ltd), put option valuation adjustment gains and acquisition costs of $10.1m (net gain), Program Horizon implementation costs of $9.3m, and Mega DC transition costs of $8.0m (all post-tax)
3 Cash realisation ratio (CRR): cash flow from operations/underlying NPATDA (depreciation and amortisation not tax effected)
4 Includes charge-through sales
5 Debt leverage ratio: net debt/(underlying EBITDA less depreciation of ROU assets) (rolling 12 months basis)
6 Includes Superior Foods from 3 June 2024
7 Excludes tobacco and produce
8 Based on scan data from 1,122 IGA stores
9 EBIT margin: EBIT/Total revenue (including charge-through)
10 Based on a sample of 352 network stores that provide scan data
11 Excluding any lease related cashflows
12 Superior Foods sales growth is compared against Superior Foods pcp (i.e. 7 weeks rather than from date of acquisition (3 June 2024))
13 Excludes eliminations to joint venture/company-owned stores