



Metcash Limited

ABN 32 112 073 480
1 Thomas Holt Drive
Macquarie Park
NSW 2113 Australia

1 December 2025

Market Announcements Office
Australian Securities Exchange Limited
39 Martin Place
Sydney NSW 2000

Dear Sir/Madam

METCASH LIMITED – FY26 HALF YEAR RESULTS ANNOUNCEMENT

Please find attached for release to the market the FY26 Half Year Results Announcement for Metcash Limited.

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

Yours faithfully,

A handwritten signature in red ink, appearing to read "Johanna O'Shea".

Johanna O'Shea
Company Secretary

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ASX Announcement**Metcash Limited 1H26 Results****Continued strategic and operating discipline underpinned solid results**

Metcash Limited (ASX:MTS) today released its financial results for the half year ended 31 October 2025.

Overview

- Independent networks healthy and confident
- Sales growth in all pillars (excluding tobacco)
- Food resilient, diversified and delivered earnings growth
- Accelerated tobacco decline navigated and mitigated
- Liquor again outperformed market and gained share
- Continued improvement in Hardware and Tools with early signs of market improvement
- Positive Group EBITDA leverage
- Growth in Group EBIT excluding one-off strategy and integration costs
- Excellent cash generation underpins continued balance sheet flexibility
- Continued progress in ESG

Financials

- Group revenue increased 0.1% to \$8.5bn and 0.4% to \$9.6bn including charge-through¹
- Group EBITDA increased 2.0% to \$367.2m
- One-off integration and strategy costs of \$8.3m
- Group EBIT decreased 2.4% to \$240.2m
- Underlying profit after tax² decreased 5.9% to \$126.7m
- Reported profit after tax increased 0.3% to \$142.2m
- Underlying EPS 11.5 cps, Reported EPS 12.9 cps
- Operating cashflow increased 59.9% to \$262.3m – 3yr average CRR³ 105.9%
- Interim FY26 dividend 8.5 cps fully franked – payout ratio ~74% UPAT

Commentary

Group CEO, Doug Jones said: “The business has delivered solid results in tough trading conditions, supported by disciplined operational performance and the successful execution of our strategy.

Importantly, we’ve maintained good momentum in our core business, and our independent networks remain healthy and confident despite the challenging conditions.

Our Food business is now highly diversified and very resilient. Food again delivered earnings growth despite the significant and unprecedented decline in the sales of our largest product category, tobacco.

Despite the grocery market being at its most competitive in many years, the IGA network is now more competitive than ever.

The ongoing pleasing performance in Food reflects the success of our core wholesale and logistics functions, improvements made to the IGA network’s value proposition, our investment in Campbells & Convenience underpinning its leading position in supply to the petrol and convenience market, and our expansion in foodservice through the Superior Foods acquisition.

In Liquor, the benefits of our diversified channel strategy led to sales growth in a more difficult market. Shopper preference for the convenience, quality and value in the independents’ offer underpinned further market share gains in the half.

In Hardware and Tools, we are seeing early signs of improvement in trade activity which, together with strong operational execution, led to sales growth in both the Hardware and Total Tools businesses, as well as in their retail networks. This supported Hardware and Tools returning to positive EBIT leverage in the second quarter.

Operating cashflow for the Group was outstanding and a highlight for the half, up 60% to \$262m supported by effective cost and working capital management.

‘Sorted’, our digital B2B marketplace, continues to expand rapidly and now accounts for ~\$4bn of annualised sales. It is expected to reach over \$6bn of annualised sales in early 2026, representing around 30% of Group revenue (including charge-through). Sorted has delivered a significant and material modernisation and transformation of our wholesale business and supports accelerated growth in our core and adjacent markets.

We have made good progress in our strategy of extending through the value chain and ‘winning with independents’. This provides opportunities to expand our addressable markets, at attractive margins. Sales growth was achieved in all our revenue models in the half, with the Food and Liquor Out of Home and Franchisor higher margin models having the strongest growth.

On the back of decisive action taken over the last 5 years to both improve the core of our business and to position the Group for future growth, Metcash remains well set for ongoing success with a stronger, more diversified and more resilient business, and with significant opportunities for accelerating growth.”

Results Overview

Group reported revenue, which excludes charge-through sales¹, increased 0.1% to \$8.5bn. Including charge-through sales¹, Group revenue increased 0.4% (+4.5% ex tobacco) to \$9.6bn with growth in the Food (ex tobacco), Liquor and Hardware pillars.

Group EBITDA increased 2.0% to \$367.2m (1H25: \$360.0m) driven by strong growth in the Food pillar. Excluding the impact of one-off integration and strategy costs of \$8.3m, EBITDA increased 4.3%. EBIT decreased 2.4% to \$240.2m with growth in the Food pillar being more than 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 investments. In Liquor, the decline in EBIT

was due to the impact of lower wholesale price inflation on strategic buying and higher costs. In Hardware, an improvement in sales was offset by margin pressure, mainly in owned trade centres, and an increase in depreciation and amortisation.

The Food pillar again performed well, reflecting its resilience following strategic decisions to diversify beyond the IGA core and consistent operational excellence. EBIT increased 3.5% to \$124.1m with growth in both Supermarkets and Foodservice & Convenience. Pleasingly, earnings growth was delivered despite further acceleration in the decline in tobacco sales, reduced strategic buying opportunities and the inclusion of one-off integration and strategy costs.

The Liquor pillar again outperformed the market and gained share, underpinned by shopper preference for the convenience, range, quality and value of the independents' differentiated offer. EBIT was \$5.6m lower at \$43.5m, with the positive trading performance offset by the impact of lower wholesale price inflation on strategic buying, one-off integration and strategy costs of \$1.5m and increased costs not fully offset by volume growth.

In Hardware & Tools, there was a further modest improvement in the subdued Trade market. Both the Hardware and Total Tools businesses traded well delivering sales growth in a challenging market, with sales growth accelerating in the second quarter. EBITDA was broadly flat, and EBIT was \$3.9m lower at \$90.0m reflecting retail margin pressure in Hardware, one-off integration and strategy costs of \$3.7m and an increase in depreciation and amortisation.

Group underlying profit after tax² decreased 5.9% to \$126.7m, reflecting lower earnings in the Hardware and Liquor pillars, increased finance costs and increased depreciation and amortisation. Statutory profit after tax increased 0.3% to \$142.2m. This included put option and business acquisition valuation adjustments of \$20.9m and Program Horizon implementation costs of \$5.4m, both post tax.

Operating cashflow for the year increased 59.9% to \$262.3m, with the three-year rolling cash realisation ratio³ above Metcash's guidance of 80% – 90% at 105.9%, partly reflecting an elevated focus on working capital management.

Net debt at the end of the financial year was \$598.6m (FY25: \$577.4m), with average net debt⁴ of \$798m (FY25: \$805m). The debt leverage ratio⁵ (DLR) at the end of the financial year was ~1.0x (FY25: 0.96x), at the lower end of Metcash's target DLR range of 1.0x to 1.75x.

The Board determined to pay an interim dividend for FY26 of 8.5 cents per share, fully franked. This is slightly above the Company's target payout ratio of ~70% of underlying profit after tax reflecting the strong cash performance.

Review of Trading Results

Food⁶

The more diversified Food pillar again demonstrated its resilience, delivering strong sales and earnings growth in a more competitive market.

Total Food sales (including charge-through¹ and excluding tobacco) increased 7.2% to \$4.5bn, reflecting growth in both Supermarkets and Foodservice & Convenience. Including tobacco, total Food sales were 0.8% lower at \$5.2bn.

The Supermarkets business maintained its competitive position in the face of increased price competition, particularly in the second quarter. This was underpinned by the independents' differentiated and localised offer which continues to resonate with shoppers in their impulse, top up and weekly shopping missions. Wholesale sales (ex tobacco) increased 2.7%, with the rate of growth higher in the second quarter supported by the success of the business' "Extra Specials" promotional program focused on large stores. The program commenced in September in 75 stores, with its success leading to an expansion in

the number of participating stores to 95, with further stores to be added in the second half. Average shelf prices for the total network of large stores are in line with the major supermarkets.

The rate of decline in tobacco sales accelerated following the introduction on 1 July 2025 of new regulations impacting the legal tobacco market. Total tobacco declined 35.1% to \$637.8m (1H25: \$983.4m). The business has continued to manage the decline well and is assisting the Independent retail network with its transition away from tobacco sales.

Wholesale price inflation⁷ was 2.2% for the half (1H25: 1.8%). The teamwork score was maintained at ~70% on an ex tobacco basis and was 72% including tobacco.

Like-for-like (LfL) sales ex tobacco in the IGA network grew 1.2% (1H25: +2.2%) reflecting the impact of the decline in tobacco transactions on non-tobacco product sales. Ten new IGA stores opened in the half with a further 17 expected in the second half. Nine IGA branded stores closed in the half and 27 were transferred to non-IGA brands with Metcash continuing to supply all 27 stores.

The Foodservice & Convenience business delivered strong sales growth of 21.9%, with growth in both Campbells & Convenience and Superior Foods.

Campbells & Convenience sales increased 14.0%, reflecting the impact of new tobacco and non-tobacco customers and growing business with existing customers. The acceleration in growth continued to be underpinned by the business' new growth strategy which has positioned it as the leading supplier in the sector, supplying all major petrol and convenience operators.

Superior Foods sales increased 27.9%, largely reflecting that the prior corresponding half included sales commencing 3 June 2024. On an adjusted basis, the increase was 3.4%, with the rate of growth increasing through the half. The growth was achieved in a highly competitive market, particularly in the QSR and Independent segments. A new contract with Coffee Club (~\$55m p.a.) commenced on 27 October 2025.

Food EBITDA increased 9.8% reflecting the strong trading performance (ex tobacco) in both Supermarkets and Foodservice & Convenience. Food EBIT increased 3.5% to \$124.1m, with Supermarkets increasing 1.6% and Foodservice & Convenience up 9.9%. The earnings growth is particularly pleasing given the impact of one-off integration and strategy costs of \$3.1m, the acceleration in the decline of tobacco sales and increased depreciation and amortisation cost related to the new Distribution Centre in Truganina, Victoria and Superior, as well as customer contract amortisation and right of use (ROU) depreciation.

The EBIT margin⁸ increased 10bps to 2.4%, reflecting a change in sales mix associated with the decline in tobacco sales and the increased contribution from Foodservice & Convenience.

Liquor

In Liquor, continued preference for convenience, quality and the value in independents' differentiated offer helped drive sales growth in a more challenging market. Total sales increased 1.4% to \$2.6bn, reflecting market share gains in Australian packaged liquor and an acceleration in wholesale sales to on-premise customers.

Total wholesale sales to independent retail and contract customers increased 0.9% (1H25: 2.4%) and were up 1.3% in Australia. Beer and RTDs were the strongest growth categories reflecting cost of living pressures and shopper focus on value.

The first half included renewal of the Liquor Stax contract for a further 10 years (~\$350m sales p.a.) and the Redcape Group (54 stores) became a member of the IBA retail banner group. The business also completed the acquisition of Steve's Liquor Warehouse group in mid-October.

Sorted (our digital B2B marketplace) was extended into Liquor at the end of the half. It is now in Western Australia, South Australia, Victoria, Tasmania and the Northern Territory, and will be in Queensland and New South Wales from January 2026. It is anticipated that around 80% of all customer orders will be through the Sorted platform, helping to drive further growth.

Liquor EBITDA was 4.8% lower at \$55.0m and EBIT declined 11.4% to \$43.5m reflecting the contribution from the business' positive trading performance being more than offset by the impact of one-off strategy costs of \$1.5m, lower wholesale price inflation on strategic buying and higher labour costs. The EBIT margin⁸ was 24 bps lower at 1.7%.

Hardware & Tools

Total sales for the pillar (including charge-through¹) increased 2.5% to \$1.9bn with the pillar trading well in a more competitive market. Sales in the Hardware business increased 2.4% and were 3.0% higher in Total Tools. Signs of improvement in the subdued Trade market seen in the fourth quarter of FY25 continued into FY26, with the rate of growth accelerating through the second quarter in both Hardware and Total Tools.

Strong growth categories in Hardware included building supplies, builders' hardware and timber, while the strongest growth states were Queensland, Western Australia and South Australia. Victoria and New South Wales remained challenged. The pipeline for Frame & Truss is at capacity in Queensland and building in other states. Sales in the Hardware retail network also improved with like-for-like sales increasing 2.8% (1H25: -6.4%).

In Total Tools sales growth was delivered in all key models (franchise, exclusive brands and retail stores). Sales in the Total Tools retail network increased 3.9% (1H25: +4.3%), partly reflecting the impact of new stores.

Both the Hardware and Total Tools businesses maintained market share in an environment of subdued trade activity and increased competition.

EBITDA for the Total Tools and Hardware Group was flat at \$145.6m reflecting the improved sales performance, partly offset by one-off integration and strategy costs of \$3.7m and retail margin pressure in Hardware. The improvement in Total Tools retail margins in 2H25 was sustained in 1H26. Wholesale margins in Hardware remained steady at 2.9%. TTHG EBIT was 4.2% lower at \$90m and includes higher depreciation and amortisation costs related to acquisitions and new store leases. Importantly, the pillar returned to positive EBIT growth and leverage in the second quarter⁹.

Financial Position

Operating cashflow increased 59.9% to \$262.3m (1H25: \$164.0m) and the three-year rolling cash realisation ratio was 105.9%, above the Company's guidance of 80% to 90% partly reflecting an elevated focus on working capital management.

The Group had net investing outflows of \$104.3m¹⁰, including capital expenditure of \$83.3m and acquisitions of businesses of \$21.0m, primarily in Hardware.

Net debt at the end of the financial year was \$598.6m (FY25: \$577.4m), with average net debt⁴ of \$798m (FY25: \$805m). The debt leverage ratio⁵ (DLR) at the end of 1H26 was 0.99x, in line with the position at the end of FY25. The Group had undrawn debt facilities of ~\$860m at the end of the half. Metcash's target DLR range is 1.0x to 1.75x.

Dividends

The Board has determined to pay an interim dividend of 8.5 cents per share, fully franked. This is slightly above the Company's target payout ratio of ~70% of underlying profit after tax, reflecting the strong cash performance. The record date is 15 December 2025, and payment will be made on 28 January 2026.

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 to Metcash to pursue attractive growth opportunities. There is no discount applicable.

The last day for shareholders to notify their participation in the DRP is 16 December 2025. The pricing period is from 5 January 2026 to 16 January 2026. Metcash will announce the DRP price on 19 January 2026, with shares issued on 28 January 2026.

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 in first 4 weeks of 2H26 and outlook

Sales growth momentum (ex tobacco) has continued into the second half with the rate of growth lifting in Supermarkets and Total Tools, and broadly sustained in Foodservice & Convenience, Hardware and Liquor. The Company is planning for positive sales momentum over the remainder of the half.

The business is well positioned through its increased diversity and resilience and remains focused on the disciplined execution of its strategy.

Pillars

Total Food revenue (ex tobacco) increased 4.3%. In Supermarkets, the business has continued to maintain its competitive position in an environment of heightened price competition. The increased rate of growth seen in the second quarter has continued, supported by the networks' differentiated and localised offer and the success of the Extra Specials promotional program in our larger stores.

Campbells & Convenience continues to deliver strong growth with investment in the Sorted order portal and DC upgrades underpinning a leading position in the petrol and convenience market. The business has been successful in growing with large customers in the petrol and convenience market, and recently won a tobacco supply contract from BP. Supply will commence in mid-December with annualised sales of ~\$60m. In Superior Foods, sales growth continued to strengthen buoyed by customer growth, including commencement of supply to the Coffee Club from 27 October.

Liquor sales were flat in a more challenging market reflecting the success of the business' multi-channel strategy. Wholesale sales to on-premise customers accelerated, underpinned by further recovery in this segment. Wholesale sales to IBA banner and contract customers in Australia reflect a more subdued market.

In Hardware & Tools, sales growth for the newly merged Total Tools and Hardware Group continued to improve, buoyed by the acceleration of sales in Total Tools. This was underpinned by strong underlying growth from improved operational performance, an earlier than usual commencement of Black Friday promotions and store growth. In Hardware, growth was sustained in a subdued market through disciplined execution. The early signs of market recovery remain.

Sales – first 4 weeks of 2H26

		Ex tobacco	Actual
Group	Total sales	+2.9%	-1.1%
Food	Total Food sales	+4.3%	-3.4%
	Supermarkets sales	+3.4%	
	Foodservice & Convenience sales	+6.9%	
	- Campbells & Convenience	+8.4%	
	- Superior Foods	+6.0%	
	Tobacco sales	-40.7%	
	November wholesale price inflation (excl produce)	+2.6%	
Liquor	Total sales		+0.1%
	Australian wholesale sales to IBA retail & contract customers		-0.8%
	Wholesale sales to on-premise customers		+7.5%
Hardware & Tools	TTHG sales		+3.8%
	- Total Tools		+13.0%
	- Hardware		+1.8%
	TTHG wholesale and franchise sales ¹¹		+3.6%
	TTHG owned retail sales		+2.0%
	TTHG retail network sales		+4.7%
	- Total Tools		+9.8%
	- Hardware		+2.8%

Ends

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- 1 Direct sales from suppliers to customers, invoiced through Metcash
 - 2 Underlying profit after tax excludes significant items: put option and business acquisition valuation adjustments of \$20.9m (net gain) and Program Horizon implementation costs of \$5.4m (all post-tax)
 - 3 Cash realisation ratio (CRR): cash flow from operations/underlying NPATDA (depreciation and amortisation not tax effected)
 - 4 Represents the average of month end balances during 1H26
 - 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 EBIT margin: EBIT/Total revenue (including charge-through)
 - 9 Excludes integration and strategy costs
 - 10 Excluding any lease related cashflows
 - 11 Excludes eliminations to joint venture / company-owned stores