



Dear Customers, AutoZoners and Stockholders,

We opened our very first store in Forrest City, Arkansas, on July 4, 1979. Over the past 43 years, and counting, we've been able to grow from that single store and a handful of faithful AutoZoners to nearly 7,000 stores and 112,000 AutoZoners around the globe. Much has evolved and changed over the years, however, AutoZone's purpose for existing remains unchanged – we exist to serve the needs of the driving public, our customers.

Our AutoZoners' ability, willingness, and passion to always put our customers first is the "secret sauce" to our company's tremendous success and is why AutoZone is both the largest and fastest growing company in our remarkable industry. Our unprecedented and consistently impressive performance is a direct testament to the day-to-day efforts and sacrifices of our AutoZoners, especially in our stores and distribution centers. Even after nearly 28 years as an AutoZoner myself, I continue to be amazed by the passionate commitment of our AutoZoners. Words simply fall short in expressing my most sincere thanks and appreciation for our incredible AutoZoners, who routinely go above and beyond to meet or exceed our customers desires.

On behalf of AutoZoners everywhere, I am honored to update you on our progress, our phenomenal results for fiscal year 2022 (FY22) and to review our opportunities for fiscal 2023 and beyond.

To start, I want to say a sincere thank you to our 112,000 AutoZoners across the company and around the globe for their special efforts the past two and a half years to intensely focus on safety and customer service while dealing with the Covid-19 pandemic. We asked a tremendous amount of our AutoZoners in our stores and our distribution centers to help achieve our targets and they delivered. We achieved record sales of \$16.3 billion, operating profit of \$3.3B, and earnings per share of \$117.19 in fiscal 2022. We could not have achieved these results without the entire organization working together to succeed.

As we turn our attention to fiscal 2023, our operating theme is “Accelerate Together,” which is both our action plan and a commitment to flawlessly execute in every aspect of our business as 1Team and one AutoZone family.

As we look to our future, I continue to be enthusiastic about our company’s ability to indeed accelerate together by building upon the fantastic momentum gained over the last three years and leveraging our ongoing and continued investments in our business. And I remain very bullish about our near and long-term future.

Summary of 2022 Results

For FY22, our focus was to build upon the lessons we learned to grow our Retail and Commercial businesses – which remain our top two strategic priorities, while we also doubled down on our international success. Unequivocally – as 1Team, our AutoZoners delivered and even surpassed many of our company’s most lofty expectations for the fiscal year. In FY22, we set a record with \$16.3 billion in sales and grew domestic same stores sales by an impressive 8.4%. We opened 117 net new stores and 163 net new domestic Commercial programs. Now, 87% of our U.S. stores have a Commercial program along with every store in Mexico and Brazil.

Of all our company’s many successes in FY22, our accelerated growth in Commercial was clearly the brightest shining star and remains our number one strategic growth opportunity. With domestic commercial sales of around \$3.3 billion dollars in FY21, a then record, we put forth a “stretch goal” of \$4 billion. In classic AutoZone fashion, we weren’t content with just meeting expectations. At the end of FY22, we surpassed our so-called stretch goal and finished the year with \$4.2 billion in Commercial sales. For the year, we averaged \$15,500 in average weekly sales per Commercial program in the U.S., up from \$12,600 last fiscal year.

During fiscal year 2022, we continued to make significant investments to enhance our supply chain and our ability to say “Yes! We’ve Got It!” to our customers. In FY22, we announced the future opening of three additional AutoZone distribution centers – two in the U.S. and one in Mexico. We also announced plans to open a new direct import facility which will make our very robust direct import program more efficient by allowing us to postpone inventory allocations until those parts and products are on U. S. soil.

We also continue to be bullish on our hub and mega hub strategy. As a point of reference, our hubs allow us to carry roughly 50,000 SKUs, more than twice the assortment of a typical store, and our mega hubs allow us to carry 80,000 to 110,000 SKUs. In FY22, we ended the year with 78 mega hubs and 194 hubs. Our hub and mega hub strategy continues to out-perform our expectations, yielding increased sales and market share gains. Therefore, we recently updated this element of our strategy and declared our aspirations to have 200 mega hubs and 300 hubs, or 500 AutoZone stores with materially enhanced product assortments in the U.S. over the next several years.



Aside from store openings, we invested a record amount of capital for future growth. In recent years, as technological innovations continue to accelerate across society, so does our appetite for technology enhancements at AutoZone. We have made considerable and accelerated investments in technology including enhancing our digital interactions with our customers, deploying handheld technology for our commercial deliveries to improve our on-time performance, leveraging new technologies in our supply chain and making our systems and security programs more robust and resilient. We are always looking for “incremental innovation” as innovation is always required but incremental innovation lowers the risk profile versus “revolutionary innovation.”

On the international front, we opened 59 stores during fiscal 2022, up from 52 the year before. This year we opened our 700th store in Mexico - an amazing accomplishment! We could not be prouder of our AutoZoners in Mexico. From our first store in 1998 to our 700th this year, we continue to focus on how best to serve our customers in Mexico while building our brand across the country. In Brazil, we opened 20 stores and finished the year with 72. While the Brazil store base is a fraction of the Mexico base, we are excited about our future growth.

Our team at ALLDATA again delivered impressive results, growing both sales and operating profit. We now service customers in several countries beyond the United States and believe ALLDATA continues to have significant growth ahead as we drive to solve our commercial customer’s challenges through leveraging technology.

As part of last year’s stockholder’s meeting, we shared with you the work we were doing regarding Environmental, Social and Governance (ESG) matters. I’m happy to report that while this is a journey, likely without a concrete destination, we have made significant progress. We are publishing our latest ESG report this month and hope you enjoy learning about the progress we have made and the resulting disclosures and commitments. On ESG, I’ve always felt our governance matters are well-defined as we have made very intentional decisions on what we believe to be best for AutoZone, our customers, AutoZoners and stockholders. On the social front, our unique and powerful culture shines bright and strong and is a key differentiator for us in the marketplace. Additionally, I’m very proud of the diversity of our organization from the Board of Directors to senior leadership and, in particular, our field leadership team. Regarding environmental, we have spent a tremendous amount of time in this area over the last year and a half and we are excited about some of the developments and commitments we expressed in our ESG report. We look forward to continued engagement with you, our stockholders, on this topic and many more.

Finally, I’m very proud of our organization for the creative collaboration and ingenuity they have exhibited over the last couple of years, as we have navigated the turbulent waters of Covid-19, government and societal responses and all the unintended consequences that came along. Our team had to get creative, had to develop new normals and had to deliver for our customers. I’m proud to say our AutoZoners delivered! It has been evident in our performance

metrics, most notably, our sales performance and the increase in our operating profit since FY19 shows that we grew our EBIT by roughly 50% in just three short years. Even more impressive has been the significant increases in market share we have experienced in both U.S. Retail and Commercial – our customers have voted with their wallets and validated the tremendous performance of our team.

Our Future

As noted above, over the last couple of years, we have had to adjust our business, processes, procedures, and expectations because of the pandemic. While necessary, we too have had unintended consequences – at times, we’ve accepted less than flawless execution. It is time we return to our fanatical level of execution and together we, as a team, are committed to exiting “pandemic mode” so we can Accelerate Together.

For fiscal 2023, we believe we will be entering a more normalized environment after two and half years of unprecedented change. Our goals and expectations for the year will mirror our longer-term historical experiences. And our focus will be keenly on “the customer.”

Our strategy will be consistent. We will continue to grow our store count in the U.S, and Mexico by around 200 and we will begin an accelerated multi-year growth in new stores in Brazil. Our hub and mega hub strategy to reach 500 locations in the U.S. with significant expanded assortments will be a keen focus.

We will be entering the third year of our Retail Acceleration strategy and our customers will begin to see the fruits of those efforts in our rollout of self-checkout, a new Hybrid Znet (parts lookup system), and further and seamless integration of our digital engagement with customers. Our goal in Retail is to continue to retain the market share we amassed in the pandemic, especially in unit share, and focus on further market share growth.

In Commercial, our expectation is to continue to materially grow faster than the market. As we recently proclaimed, our long-term goal is to become the largest in each sector where we operate and that certainly includes the U.S. Commercial business. We will continue to refine and enhance our execution on the strategy we began developing about five years ago. It is a comprehensive strategy that includes improved product availability, leveraging the Duralast brand, improving our service levels and productivity of our sales processes and making sure we are priced “right.” We will also begin to ask ourselves “what’s next” to further enhance our competitive position in this highly fragmented market.

Our supply chain team is working diligently to prepare our supply chain for the next decade. We are adding new facilities, improving our systems, implementing robotics for the first time, and enhancing processes all while intensely

focusing on returning to our historical safety, service level and productivity standards.

Before I close, I want to thank our entire Board of Directors for their counsel, support, guidance, and coaching. We have a tremendous group of individuals that serve on our board. They are a strong and cohesive team, and their team-based approach substantially enhances their individual contributions. In December, Doug Brooks will not be standing for re-election. Doug has served our board for over nine years and his contributions have been tremendous. I want to thank Doug for leveraging his deep knowledge for the benefit of AutoZone, AutoZoners and our stockholders. Doug, we wish you nothing but the best in your next chapter.

Again, I want to thank all AutoZoners for their continued dedication and tireless efforts in FY22. Additionally, I would like to thank you, our stockholders, for the confidence you have placed in our team by your decision to invest in AutoZone. We remain committed to managing your capital wisely, achieving an appropriate return on the capital you entrust us to deploy and returning excess cash through our share repurchase program.

We have a wonderful culture that has been built over the past 43 years and counting. We remain passionate about Living our Pledge and Values to earn our customers' trust and business every day. I continue to believe that our best days are ahead.

Thank you for staying in the Zone with us for all these years!

Sincerely,

A handwritten signature in black ink that reads "Bill Rhodes". The signature is written in a cursive, flowing style.

Bill Rhodes
Chairman, President and CEO