

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended May 7, 2022, 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 1-10714



**AUTOZONE, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**62-1482048**

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

**123 South Front Street, Memphis, Tennessee**

(Address of principal executive offices)

**38103**

(Zip Code)

**(901) 495-6500**

(Registrant's telephone number, including area code)

**Not applicable**

(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
<b>Common Stock (\$0.01 par value)</b>	<b>AZO</b>	<b>New York Stock Exchange</b>

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 periods 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, a 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 Par Value – 19,487,599 shares outstanding as of June 3, 2022.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**AUTOZONE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(in thousands)</i>	<b>May 7, 2022</b>	<b>August 28, 2021</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 263,044	\$ 1,171,335
Accounts receivable	439,820	378,392
Merchandise inventories	5,313,114	4,639,813
Other current assets	238,743	225,763
Total current assets	6,254,721	6,415,303
Property and equipment:		
Property and equipment	9,139,576	8,807,178
Less: Accumulated depreciation and amortization	(4,167,950)	(3,950,287)
	4,971,626	4,856,891
Operating lease right-of-use assets	2,764,631	2,718,712
Goodwill	302,645	302,645
Deferred income taxes	40,707	41,043
Other long-term assets	186,235	181,605
	3,294,218	3,244,005
Total assets	\$ 14,520,565	\$ 14,516,199
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 6,793,205	\$ 6,013,924
Current portion of operating lease liabilities	268,975	236,568
Accrued expenses and other	925,271	1,039,788
Income taxes payable	76,625	79,474
Total current liabilities	8,064,076	7,369,754
Long-term debt	6,057,444	5,269,820
Operating lease liabilities, less current portion	2,659,535	2,632,842
Deferred income taxes	418,869	337,125
Other long-term liabilities	707,871	704,194
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, authorized 1,000 shares; no shares issued	—	—
Common stock, par value \$.01 per share, authorized 200,000 shares; 20,707 shares issued and 19,576 shares outstanding as of May 7, 2022; 23,007 shares issued and 21,138 shares outstanding as of August 28, 2021	207	230
Additional paid-in capital	1,315,717	1,465,669
Retained deficit	(2,138,160)	(419,829)
Accumulated other comprehensive loss	(302,191)	(307,986)
Treasury stock, at cost	(2,262,803)	(2,535,620)
Total stockholders' deficit	(3,387,230)	(1,797,536)
Total liabilities and stockholders' deficit	\$ 14,520,565	\$ 14,516,199

See Notes to Condensed Consolidated Financial Statements.

**AUTOZONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

<i>(in thousands, except per share data)</i>	Twelve Weeks Ended		Thirty-Six Weeks Ended	
	May 7, 2022	May 8, 2021	May 7, 2022	May 8, 2021
Net sales	\$ 3,865,222	\$ 3,651,023	\$ 10,903,875	\$ 9,716,101
Cost of sales, including warehouse and delivery expenses	1,858,808	1,736,077	5,187,075	4,566,155
Gross profit	2,006,414	1,914,946	5,716,800	5,149,946
Operating, selling, general and administrative expenses	1,220,744	1,111,441	3,549,885	3,249,449
Operating profit	785,670	803,505	2,166,915	1,900,497
Interest expense, net	41,888	45,026	127,642	137,217
Income before income taxes	743,782	758,479	2,039,273	1,763,280
Income tax expense	151,211	162,315	419,712	378,737
Net income	<u>\$ 592,571</u>	<u>\$ 596,164</u>	<u>\$ 1,619,561</u>	<u>\$ 1,384,543</u>
Weighted average shares for basic earnings per share	19,798	21,956	20,433	22,609
Effect of dilutive stock equivalents	616	559	627	545
Weighted average shares for diluted earnings per share	<u>20,414</u>	<u>22,515</u>	<u>21,060</u>	<u>23,154</u>
Basic earnings per share	<u>\$ 29.93</u>	<u>\$ 27.15</u>	<u>\$ 79.26</u>	<u>\$ 61.24</u>
Diluted earnings per share	<u>\$ 29.03</u>	<u>\$ 26.48</u>	<u>\$ 76.90</u>	<u>\$ 59.80</u>

See Notes to Condensed Consolidated Financial Statements.

**AUTOZONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

<i>(in thousands)</i>	Twelve Weeks Ended		Thirty-Six Weeks Ended	
	May 7, 2022	May 8, 2021	May 7, 2022	May 8, 2021
Net income	\$ 592,571	\$ 596,164	\$ 1,619,561	\$ 1,384,543
Other comprehensive income (loss):				
Foreign currency translation adjustments	8,531	(3,865)	6,280	48,731
Unrealized losses on marketable debt securities, net of taxes	(1,138)	(337)	(2,438)	(838)
Net derivative activities, net of taxes	579	659	1,953	1,977
Total other comprehensive income (loss)	7,972	(3,543)	5,795	49,870
Comprehensive income	<u>\$ 600,543</u>	<u>\$ 592,621</u>	<u>\$ 1,625,356</u>	<u>\$ 1,434,413</u>

See Notes to Condensed Consolidated Financial Statements.

**AUTOZONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(in thousands)</i>	<b>Thirty-Six Weeks Ended</b>	
	<b>May 7, 2022</b>	<b>May 8, 2021</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,619,561	\$ 1,384,543
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization of property and equipment and intangibles	301,365	278,044
Amortization of debt origination fees	7,826	9,326
Deferred income taxes	80,778	6,047
Share-based compensation expense	49,058	38,061
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(61,361)	8,335
Merchandise inventories	(671,087)	(162,271)
Accounts payable and accrued expenses	655,227	635,058
Income taxes payable	13,883	22,989
Other, net	(12,136)	10,215
Net cash provided by operating activities	1,983,114	2,230,347
<b>Cash flows from investing activities:</b>		
Capital expenditures	(369,350)	(375,653)
Purchase of marketable debt securities	(46,540)	(52,553)
Proceeds from sale of marketable debt securities	37,918	72,268
Investment in tax credit equity investments	(21,398)	(3,908)
Proceeds from disposal of capital assets and other, net	38,651	1,183
Net cash used in investing activities	(360,719)	(358,663)
<b>Cash flows from financing activities:</b>		
Net proceeds from commercial paper	1,283,310	—
Repayment of debt	(500,000)	(250,000)
Net proceeds from sale of common stock	98,090	121,924
Purchase of treasury stock	(3,359,994)	(2,478,322)
Repayment of principal portion of finance lease liabilities	(48,867)	(44,844)
Other, net	(3,362)	—
Net cash used in financing activities	(2,530,823)	(2,651,242)
Effect of exchange rate changes on cash	137	4,389
Net decrease in cash and cash equivalents	(908,291)	(775,169)
Cash and cash equivalents at beginning of period	1,171,335	1,750,815
Cash and cash equivalents at end of period	\$ 263,044	\$ 975,646

**See Notes to Condensed Consolidated Financial Statements.**

**AUTOZONE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
(Unaudited)

Twelve Weeks Ended May 7, 2022							
<i>(in thousands)</i>	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at February 12, 2022	20,650	\$ 206	\$ 1,266,015	\$ (2,730,731)	\$ (310,163)	\$ (1,362,804)	\$ (3,137,477)
Net income	—	—	—	592,571	—	—	592,571
Total other comprehensive income	—	—	—	—	7,972	—	7,972
Purchase of 449 shares of treasury stock	—	—	—	—	—	(899,999)	(899,999)
Issuance of common stock under stock options and stock purchase plans	57	1	31,628	—	—	—	31,629
Share-based compensation expense	—	—	18,074	—	—	—	18,074
Balance at May 7, 2022	<u>20,707</u>	<u>\$ 207</u>	<u>\$ 1,315,717</u>	<u>\$ (2,138,160)</u>	<u>\$ (302,191)</u>	<u>\$ (2,262,803)</u>	<u>\$ (3,387,230)</u>
Twelve Weeks Ended May 8, 2021							
<i>(in thousands)</i>	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at February 13, 2021	22,796	\$ 228	\$ 1,314,424	\$ (1,801,764)	\$ (300,839)	\$ (735,622)	\$ (1,523,573)
Net income	—	—	—	596,164	—	—	596,164
Total other comprehensive loss	—	—	—	—	(3,543)	—	(3,543)
Purchase of 663 shares of treasury stock	—	—	—	—	—	(899,999)	(899,999)
Issuance of common stock under stock options and stock purchase plans	101	1	55,413	—	—	—	55,414
Share-based compensation expense	—	—	12,145	—	—	—	12,145
Balance at May 8, 2021	<u>22,897</u>	<u>\$ 229</u>	<u>\$ 1,381,982</u>	<u>\$ (1,205,600)</u>	<u>\$ (304,382)</u>	<u>\$ (1,635,621)</u>	<u>\$ (1,763,392)</u>
Thirty-Six Weeks Ended May 7, 2022							
<i>(in thousands)</i>	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 28, 2021	23,007	\$ 230	\$ 1,465,669	\$ (419,829)	\$ (307,986)	\$ (2,535,620)	\$ (1,797,536)
Net income	—	—	—	1,619,561	—	—	1,619,561
Total other comprehensive income	—	—	—	—	5,795	—	5,795
Retirement of treasury shares	(2,484)	(25)	(294,894)	(3,337,892)	—	3,632,811	—
Purchase of 1,746 shares of treasury stock	—	—	—	—	—	(3,359,994)	(3,359,994)
Issuance of common stock under stock options and stock purchase plans	184	2	98,084	—	—	—	98,086
Share-based compensation expense	—	—	46,858	—	—	—	46,858
Balance at May 7, 2022	<u>20,707</u>	<u>\$ 207</u>	<u>\$ 1,315,717</u>	<u>\$ (2,138,160)</u>	<u>\$ (302,191)</u>	<u>\$ (2,262,803)</u>	<u>\$ (3,387,230)</u>
Thirty-Six Weeks Ended May 8, 2021							
<i>(in thousands)</i>	Common Shares Issued	Common Stock	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at August 29, 2020	23,697	\$ 237	\$ 1,283,495	\$ (1,450,970)	\$ (354,252)	\$ (356,487)	\$ (877,977)
Net income	—	—	—	1,384,543	—	—	1,384,543
Total other comprehensive income	—	—	—	—	49,870	—	49,870
Retirement of treasury shares	(1,044)	(10)	(60,005)	(1,139,173)	—	1,199,188	—
Purchase of 1,999 shares of treasury stock	—	—	—	—	—	(2,478,322)	(2,478,322)
Issuance of common stock under stock options and stock purchase plans	244	2	121,922	—	—	—	121,924
Share-based compensation expense	—	—	36,570	—	—	—	36,570
Balance at May 8, 2021	<u>22,897</u>	<u>\$ 229</u>	<u>\$ 1,381,982</u>	<u>\$ (1,205,600)</u>	<u>\$ (304,382)</u>	<u>\$ (1,635,621)</u>	<u>\$ (1,763,392)</u>

See Notes to Condensed Consolidated Financial Statements.

**AUTOZONE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note A – General**

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“U.S. GAAP”) for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission’s (the “SEC”) rules and regulations. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair presentation have been included. For further information, refer to the consolidated financial statements and related notes included in the AutoZone, Inc. (“AutoZone” or the “Company”) Annual Report on Form 10-K for the year ended August 28, 2021.

Operating results for the twelve and thirty-six weeks ended May 7, 2022 are not necessarily indicative of the results that may be expected for the full fiscal year ending August 27, 2022. Each of the first three quarters of AutoZone’s fiscal year consists of 12 weeks, and the fourth quarter consists of 16 or 17 weeks. The fourth quarters of fiscal 2022 and 2021 each have 16 weeks.

**Recently Issued Accounting Pronouncements**

In November 2021, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2021-10, *Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance*. The update increases the disclosures for entities receiving governmental assistance for more transparency. ASU 2021-10 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company will adopt this standard beginning with its first quarter ending November 19, 2022. The Company is currently evaluating the new guidance to determine the impact the adoption will have on the Company’s consolidated financial statements and related disclosures.

**Note B – Share-Based Payments**

AutoZone maintains several equity incentive plans, which provide equity-based compensation to non-employee directors and eligible employees for their service to AutoZone, its subsidiaries or affiliates. The Company recognizes compensation expense for share-based payments based on the fair value of the awards at the grant date. Share-based payments include stock option grants, restricted stock grants, restricted stock unit grants, stock appreciation rights, discounts on shares sold to employees under share purchase plans and other awards. Additionally, directors’ fees are paid in restricted stock units with value equivalent to the value of shares of common stock as of the grant date. The change in fair value of liability-based stock awards is also recognized in share-based compensation expense.

Stock Options:

The Company made stock option grants of 164,262 shares during the thirty-six week period ended May 7, 2022 and granted options to purchase 196,520 shares during the comparable prior year period. The Company grants options to purchase common stock to certain of its employees under its equity incentive plans at prices equal to the market value of the stock on the date of grant. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date.

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The weighted average fair value of the stock option awards granted during the thirty-six week periods ended May 7, 2022 and May 8, 2021, using the Black-Scholes-Merton multiple-option pricing valuation model, was \$463.09 and \$299.99 per share, respectively, using the following weighted average key assumptions:

	Thirty-Six Weeks Ended	
	May 7, 2022	May 8, 2021
Expected price volatility	28 %	28 %
Risk-free interest rate	1.1 %	0.4 %
Weighted average expected lives (in years)	5.6	5.6
Forfeiture rate	10 %	10 %
Dividend yield	0 %	0 %

During the thirty-six week period ended May 7, 2022, 179,440 stock options were exercised at a weighted average exercise price of \$574.79. In the comparable prior year period, 239,177 stock options were exercised at a weighted average exercise price of \$513.51.

As of May 7, 2022, total unrecognized share-based expense related to stock options, net of estimated forfeitures, was approximately \$77.3 million, before income taxes, which we expect to recognize over an estimated weighted average period of 3.3 years.

#### Restricted Stock Units:

Restricted stock unit awards are valued at the market price of a share of the Company's stock on the date of grant. Grants of employee restricted stock units vest ratably on an annual basis over a four-year service period and are payable in shares of common stock on the vesting date. Compensation expense for grants of employee restricted stock units is recognized on a straight-line basis over the four-year service period, less estimated forfeitures, which are consistent with stock option forfeiture assumptions. Grants of non-employee director restricted stock units are made and expensed on January 1 of each year, as they vest immediately.

As of May 7, 2022, total unrecognized stock-based compensation expense related to nonvested restricted stock unit awards, net of estimated forfeitures, was approximately \$12.3 million, before income taxes, which we expect to recognize over an estimated weighted average period of 2.9 years.

Transactions related to restricted stock units for the thirty-six weeks ended May 7, 2022 were as follows:

	Number of Shares	Weighted- Average Grant Date Fair Value
Nonvested at August 28, 2021	15,751	\$ 1,005.41
Granted	5,551	1,740.19
Vested	(6,572)	1,159.53
Canceled or forfeited	(1,698)	1,145.06
Nonvested at May 7, 2022	<u>13,032</u>	<u>\$ 1,222.55</u>

Total share-based compensation expense (a component of Operating, selling, general and administrative expenses) was \$18.3 million for the twelve week period ended May 7, 2022, and \$13.9 million for the comparable prior year period. Total share-based compensation expense was \$49.1 million for the thirty-six week period ended May 7, 2022, and \$38.1 million for the comparable prior year period.

For the twelve and thirty-six week periods ended May 7, 2022, 120,515 and 136,994, respectively, stock options were excluded from the diluted earnings per share computation because they would have been anti-dilutive. For the comparable prior year periods, 142,660 and 166,456 anti-dilutive stock options were excluded from the dilutive earnings per share computation.

See AutoZone’s Annual Report on Form 10-K for the year ended August 28, 2021 and other filings with the SEC, for a discussion regarding the methodology used in developing AutoZone’s assumptions to determine the fair value of the option awards and a description of AutoZone’s Amended and Restated 2011 Equity Incentive Award Plan, the AutoZone, Inc. 2020 Omnibus Incentive Award Plan and the 2020 Director Compensation Program.

**Note C – Fair Value Measurements**

The Company defines fair value as the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASC 820, *Fair Value Measurements and Disclosures*, the Company uses the fair value hierarchy, which prioritizes the inputs used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are set forth below:

**Level 1 inputs**—unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

**Level 2 inputs**—inputs other than quoted market prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability.

**Level 3 inputs**—unobservable inputs for the asset or liability, which are based on the Company’s own assumptions as there is little, if any, observable activity in identical assets or liabilities.

*Marketable Debt Securities Measured at Fair Value on a Recurring Basis*

The Company’s marketable debt securities measured at fair value on a recurring basis were as follows:

<i>(in thousands)</i>	May 7, 2022			
	Level 1	Level 2	Level 3	Fair Value
Other current assets	\$ 57,927	\$ 335	\$ —	\$ 58,262
Other long-term assets	49,213	11,934	—	61,147
	<u>\$ 107,140</u>	<u>\$ 12,269</u>	<u>\$ —</u>	<u>\$ 119,409</u>

  

<i>(in thousands)</i>	August 28, 2021			
	Level 1	Level 2	Level 3	Fair Value
Other current assets	\$ 46,007	\$ —	\$ —	\$ 46,007
Other long-term assets	54,105	13,806	—	67,911
	<u>\$ 100,112</u>	<u>\$ 13,806</u>	<u>\$ —</u>	<u>\$ 113,918</u>

At May 7, 2022, the fair value measurement amounts for assets and liabilities recorded in the accompanying Condensed Consolidated Balance Sheets consisted of short-term marketable debt securities, which are included within Other current assets, and long-term marketable debt securities, which are included in Other long-term assets. The Company’s marketable debt securities are typically valued at the closing price in the principal active market as of the last business day of the quarter or through the use of other market inputs relating to the securities, including benchmark yields and reported trades. The fair values of the marketable debt securities, by asset class, are described in “Note D – Marketable Debt Securities.”

*Financial Instruments not Recognized at Fair Value*

The Company has financial instruments, including cash and cash equivalents, accounts receivable, other current assets and accounts payable. The carrying amounts of these financial instruments approximate fair value because of their short maturities. A discussion of the carrying values and fair values of the Company’s debt is included in “Note F – Financing.”

**Note D – Marketable Debt Securities**

Marketable debt securities are carried at fair value, with unrealized gains and losses, net of income taxes, recorded in Accumulated other comprehensive loss until realized, and any credit risk related losses are recognized in net income in the period incurred. The Company’s basis for determining the cost of a security sold is the “Specific Identification Model.”

The Company’s available-for-sale marketable debt securities consisted of the following:

<i>(in thousands)</i>	<b>May 7, 2022</b>			
	<b>Amortized Cost Basis</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
Corporate debt securities	\$ 16,724	\$ 11	\$ (264)	\$ 16,471
Government bonds	82,988	12	(1,672)	81,328
Mortgage-backed securities	5,120	18	(227)	4,911
Asset-backed securities and other	16,958	1	(260)	16,699
	<u>\$ 121,790</u>	<u>\$ 42</u>	<u>\$ (2,423)</u>	<u>\$ 119,409</u>

<i>(in thousands)</i>	<b>August 28, 2021</b>			
	<b>Amortized Cost Basis</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
Corporate debt securities	\$ 23,650	\$ 329	\$ (2)	\$ 23,977
Government bonds	65,416	338	(2)	65,752
Mortgage-backed securities	6,552	58	(8)	6,602
Asset-backed securities and other	17,551	43	(7)	17,587
	<u>\$ 113,169</u>	<u>\$ 768</u>	<u>\$ (19)</u>	<u>\$ 113,918</u>

The debt securities held at May 7, 2022, had effective maturities ranging from less than one year to approximately three years. At May 7, 2022, the Company held 65 securities that are in an unrealized loss position of approximately \$2.4 million. In evaluating whether a credit loss exists for the securities, the Company considers factors such as the severity of the loss position, the credit worthiness of the investee, the term to maturity and the intent and ability to hold the investments until maturity or until recovery of fair value. An allowance for credit losses was deemed unnecessary given consideration of the factors above.

Included above in total available-for-sale marketable debt securities are \$91.2 million of marketable debt securities transferred by the Company’s insurance captive to a trust account to secure its obligations to an insurance company related to future workers’ compensation and casualty losses.

**Note E – Merchandise Inventories**

Merchandise inventories include related purchasing, storage and handling costs. Inventory cost has been determined using the last-in, first-out (“LIFO”) method stated at the lower of cost or net realizable value for domestic inventories and the weighted average cost method stated at the lower of cost or net realizable value for Mexico and Brazil inventories. Due to historical price deflation on the Company’s merchandise purchases, the Company has exhausted its LIFO reserve balance. The Company’s policy is not to write up inventory in excess of replacement cost. The difference between LIFO cost and replacement cost, which has been reduced due to price inflation on the Company’s merchandise purchases, was \$91.3 million at May 7, 2022 and \$335.3 million at August 28, 2021.

**Note F – Financing**

The Company’s debt consisted of the following:

<i>(in thousands)</i>	<b>May 7, 2022</b>	<b>August 28, 2021</b>
3.700% Senior Notes due April 2022, effective interest rate of 3.85%	\$ —	\$ 500,000
2.875% Senior Notes due January 2023, effective interest rate of 3.21%	300,000	300,000
3.125% Senior Notes due July 2023, effective interest rate of 3.26%	500,000	500,000
3.125% Senior Notes due April 2024, effective interest rate 3.32%	300,000	300,000
3.250% Senior Notes due April 2025, effective interest rate 3.36%	400,000	400,000
3.625% Senior Notes due April 2025, effective interest rate 3.78%	500,000	500,000
3.125% Senior Notes due April 2026, effective interest rate of 3.28%	400,000	400,000
3.750% Senior Notes due June 2027, effective interest rate of 3.83%	600,000	600,000
3.750% Senior Notes due April 2029, effective interest rate of 3.86%	450,000	450,000
4.000% Senior Notes due April 2030, effective interest rate 4.09%	750,000	750,000
1.650% Senior Notes due January 2031, effective interest rate of 2.19%	600,000	600,000
Commercial paper, weighted average interest rate of 0.80% at May 7, 2022	1,283,310	—
<b>Total debt before discounts and debt issuance costs</b>	<b>6,083,310</b>	<b>5,300,000</b>
Less: Discounts and debt issuance costs	25,866	30,180
<b>Long-term Debt</b>	<b>\$ 6,057,444</b>	<b>\$ 5,269,820</b>

On November 15, 2021, the Company amended and restated its existing revolving credit facility (the “Revolving Credit Agreement”) pursuant to which the Company’s borrowing capacity was increased from \$2.0 billion to \$2.25 billion and the maximum borrowing under the Revolving Credit Agreement may, at the Company’s option, subject to lenders approval, be increased from \$2.25 billion to \$3.25 billion. The Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable on November 15, 2026, but AutoZone may make up to two requests to extend the termination date for an additional period of one year each. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, Eurodollar loans, or a combination of both, at AutoZone’s election. The Revolving Credit Agreement includes (i) a \$75 million sublimit for swingline loans, (ii) a \$50 million individual issuer letter of credit sublimit and (iii) a \$250 million aggregate sublimit for all letters of credit.

Under the Company’s Revolving Credit Agreement, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances.

As of May 7, 2022, the Company had no outstanding borrowings and \$1.8 million of outstanding letters of credit under the Revolving Credit Agreement.

On January 18, 2022, the Company repaid the \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022.

As of May 7, 2022, the commercial paper borrowings and the \$300 million 2.875% Senior Notes due January 2023 were classified as long-term in the accompanying Condensed Consolidated Balance Sheets, as the Company currently has the ability and intent to refinance them on a long-term basis through available capacity in its Revolving Credit Agreement. As of May 7, 2022, the Company had \$2.2 billion of availability under its Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow it to replace these short-term obligations with a long-term financing facility.

All Senior Notes are subject to an interest rate adjustment if the debt ratings assigned are downgraded (as defined in the agreements). Further, the Senior Notes contain a provision that repayment may be accelerated if the Company experiences a change in control (as defined in the agreements). The Company's borrowings under its Senior Notes contain minimal covenants, primarily restrictions on liens, sale and leaseback transactions and consolidations, mergers and the sale of assets. All of the repayment obligations under its borrowing arrangements may be accelerated and come due prior to the scheduled payment date if covenants are breached or an event of default occurs.

The fair value of the Company's debt was estimated at \$5.9 billion as of May 7, 2022, and \$5.7 billion as of August 28, 2021, based on the quoted market prices for the same or similar issues or on the current rates available to the Company for debt of the same terms (Level 2). Such fair value is less than the carrying value of debt by \$163.3 million at May 7, 2022, and greater than the carrying value of debt by \$413.1 million at August 28, 2021, which reflects their face amount, adjusted for any unamortized debt issuance costs and discounts.

As of May 7, 2022, the Company was in compliance with all covenants and expects to remain in compliance with all covenants under its borrowing arrangements.

#### **Note G – Stock Repurchase Program**

From January 1, 1998 to May 7, 2022, the Company has repurchased a total of 152.0 million shares of its common stock at an aggregate cost of \$29.1 billion, including 1.7 million shares of its common stock at an aggregate cost of \$3.4 billion during the thirty-six week period ended May 7, 2022.

On March 22, 2022, the Board voted to authorize the repurchase of an additional \$2.0 billion of the Company's common stock in connection with its ongoing share repurchase program, which raised the total value of shares authorized to be repurchased to \$31.2 billion. Considering the cumulative repurchases as of May 7, 2022, the Company had \$2.1 billion remaining under the Board's authorization to repurchase its common stock.

During the thirty-six week period ended May 7, 2022, the Company retired 2.5 million shares of treasury stock which had been previously repurchased under the Company's share repurchase program. The retirement increased Retained deficit by \$3.3 billion and decreased Additional paid-in capital by \$294.9 million. During the comparable prior year period, the Company retired 1.0 million shares of treasury stock, which increased Retained deficit by \$1.1 billion and decreased Additional paid-in capital by \$60.0 million.

Subsequent to May 7, 2022 and through June 3, 2022, the Company has repurchased 103,726 shares of its common stock at an aggregate cost of \$203.6 million.

#### **Note H – Accumulated Other Comprehensive Loss**

Accumulated other comprehensive loss includes foreign currency translation adjustments, activity for interest rate swaps and treasury rate locks that qualified as cash flow hedges and unrealized gains (losses) on available-for-sale marketable debt securities.

Changes in Accumulated other comprehensive loss for the twelve week periods ended May 7, 2022 and May 8, 2021 consisted of the following:

<i>(in thousands)</i>	Foreign Currency and Other <sup>(1)</sup>	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at February 12, 2022	\$ (289,889)	\$ (711)	\$ (19,563)	\$ (310,163)
Other comprehensive income (loss) before reclassifications <sup>(2)(3)</sup>	8,531	(1,138)	—	7,393
Amounts reclassified from Accumulated other comprehensive loss <sup>(3)</sup>	—	—	579	579
Balance at May 7, 2022	<u>\$ (281,358)</u>	<u>\$ (1,849)</u>	<u>\$ (18,984)</u>	<u>\$ (302,191)</u>

<i>(in thousands)</i>	Foreign Currency and Other <sup>(1)</sup>	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at February 13, 2021	\$ (279,725)	\$ 1,344	\$ (22,458)	\$ (300,839)
Other comprehensive (loss) before reclassifications <sup>(2)(3)</sup>	(3,865)	(346)	—	(4,211)
Amounts reclassified from Accumulated other comprehensive loss <sup>(3)</sup>	—	9	659	668
Balance at May 8, 2021	<u>\$ (283,590)</u>	<u>\$ 1,007</u>	<u>\$ (21,799)</u>	<u>\$ (304,382)</u>

Changes in Accumulated other comprehensive loss for the thirty-six week periods ended May 7, 2022 and May 8, 2021 consisted of the following:

<i>(in thousands)</i>	Foreign Currency and Other <sup>(1)</sup>	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 28, 2021	\$ (287,638)	\$ 589	\$ (20,937)	\$ (307,986)
Other comprehensive income (loss) before reclassifications <sup>(2)(3)</sup>	6,280	(2,438)	—	3,842
Amounts reclassified from Accumulated other comprehensive loss <sup>(3)</sup>	—	—	1,953	1,953
Balance at May 7, 2022	<u>\$ (281,358)</u>	<u>\$ (1,849)</u>	<u>\$ (18,984)</u>	<u>\$ (302,191)</u>

<i>(in thousands)</i>	Foreign Currency and Other <sup>(1)</sup>	Net Unrealized Gain (Loss) on Securities	Derivatives	Total
Balance at August 29, 2020	\$ (332,321)	\$ 1,845	\$ (23,776)	\$ (354,252)
Other comprehensive income (loss) before reclassifications <sup>(2)(3)</sup>	48,731	(861)	—	47,870
Amounts reclassified from Accumulated other comprehensive loss <sup>(3)</sup>	—	23	1,977	2,000
Balance at May 8, 2021	<u>\$ (283,590)</u>	<u>\$ 1,007</u>	<u>\$ (21,799)</u>	<u>\$ (304,382)</u>

(1) Foreign currency is shown net of U.S. tax to account for foreign currency impacts of certain undistributed non-U.S. subsidiaries' earnings. Other foreign currency is not shown net of additional U.S. tax as other basis differences of non-U.S. subsidiaries are intended to be permanently reinvested.

(2) Amounts in parentheses indicate debits to Accumulated Other Comprehensive Loss.

(3) Amounts shown are net of tax.

**Note I – Litigation**

The Company is involved in various legal proceedings incidental to the conduct of its business, including, but not limited to, several lawsuits containing class-action allegations in which the plaintiffs are current and former hourly and salaried employees who allege various wage and hour violations and unlawful termination practices. While the resolution of these matters cannot be predicted with certainty, management does not currently believe that, either individually or in the aggregate, these matters will result in liabilities material to the Company's Condensed Consolidated Statements of Income, Condensed Consolidated Balance Sheets or Condensed Consolidated Statements of Cash Flows.

**Note J – Segment Reporting**

The Company's operating segments (Domestic Auto Parts, Mexico and Brazil) are aggregated as one reportable segment: Auto Parts Stores. The criteria the Company used to identify the reportable segment are primarily the nature of the products the Company sells and the operating results that are regularly reviewed by the Company's chief operating decision maker to make decisions about the resources to be allocated to the business units and to assess performance. The accounting policies of the Company's reportable segment are the same as those described in "Note A – Significant Accounting Policies" in its Annual Report on Form 10-K for the year ended August 28, 2021.

The Auto Parts Stores segment is a retailer and distributor of automotive parts and accessories through the Company's 6,846 stores in the U.S., Mexico and Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products.

The Other category reflects business activities of two operating segments that are not separately reportable due to the materiality of these operating segments. The operating segments include ALLDATA, which produces, sells and maintains automotive diagnostic, repair and shop management software used in the automotive repair industry and E-commerce, which includes direct sales to customers through www.autozone.com for sales that are not fulfilled by local stores.

The Company evaluates its reportable segment primarily on the basis of net sales and segment profit, which is defined as gross profit. Segment results for the periods presented were as follows:

<i>(in thousands)</i>	Twelve Weeks Ended		Thirty-Six Weeks Ended	
	May 7, 2022	May 8, 2021	May 7, 2022	May 8, 2021
<b>Net Sales</b>				
Auto Parts Stores	\$ 3,795,290	\$ 3,590,281	\$ 10,707,019	\$ 9,551,576
Other	69,932	60,742	196,856	164,525
Total	\$ 3,865,222	\$ 3,651,023	\$ 10,903,875	\$ 9,716,101
<b>Segment Profit</b>				
Auto Parts Stores	\$ 1,966,089	\$ 1,877,240	\$ 5,600,778	\$ 5,042,124
Other	40,325	37,706	116,022	107,822
Gross profit	2,006,414	1,914,946	5,716,800	5,149,946
Operating, selling, general and administrative expenses	(1,220,744)	(1,111,441)	(3,549,885)	(3,249,449)
Interest expense, net	(41,888)	(45,026)	(127,642)	(137,217)
Income before income taxes	\$ 743,782	\$ 758,479	\$ 2,039,273	\$ 1,763,280

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of  
AutoZone, Inc.

### Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of AutoZone, Inc. (the Company) as of May 7, 2022, the related condensed consolidated statements of income, comprehensive income and stockholders' deficit for the twelve and thirty-six week periods ended May 7, 2022 and May 8, 2021, the condensed consolidated statements of cash flows for the thirty-six week periods ended May 7, 2022 and May 8, 2021, and the related notes (collectively referred to as the "condensed consolidated interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of August 28, 2021, the related consolidated statements of income, comprehensive income, stockholders' deficit and cash flows for the year then ended, and the related notes (not presented herein); and in our report dated October 25, 2021, we expressed an unqualified audit opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of August 28, 2021, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### Basis for Review Results

These financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Ernst & Young LLP

Memphis, Tennessee

June 10, 2022

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

In Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”), we provide a historical and prospective narrative of our general financial condition, results of operations, liquidity and certain other factors that may affect the future results of AutoZone, Inc. (“AutoZone” or the “Company”). The following MD&A discussion should be read in conjunction with our Condensed Consolidated Financial Statements, related notes to those statements and other financial information, including forward-looking statements and risk factors, that appear elsewhere in this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K for the year ended August 28, 2021 and other filings we make with the SEC.

### **Forward-Looking Statements**

Certain statements contained in this Quarterly Report on Form 10-Q constitute forward-looking statements that are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements typically use words such as “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “seek,” “may,” “could,” and similar expressions. These are based on assumptions and assessments made by our management in light of experience and perception of historical trends, current conditions, expected future developments and other factors that we believe to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties, including without limitation: product demand, due to changes in fuel prices, miles driven or otherwise; energy prices; weather; competition; credit market conditions; cash flows; access to available and feasible financing; future stock repurchases; the impact of recessionary conditions; consumer debt levels; changes in laws or regulations; risks associated with self-insurance; war and the prospect of war, including terrorist activity; the impact of public health issues, such as the ongoing global coronavirus (“COVID-19”) pandemic; inflation; the ability to hire, train and retain qualified employees; construction delays; the compromising of confidentiality, availability or integrity of information, including due to cyber-attacks; historic growth rate sustainability; downgrade of our credit ratings; damage to our reputation; challenges in international markets; failure or interruption of our information technology systems; origin and raw material costs of suppliers; inventory availability; disruption in our supply chain; impact of tariffs; anticipated impact of new accounting standards; and business interruptions. Certain of these risks and uncertainties are discussed in more detail in the “Risk Factors” section contained in Item 1A under Part 1 of our Annual Report on Form 10-K for the year ended August 28, 2021, and these Risk Factors should be read carefully. Forward-looking statements are not guarantees of future performance, actual results, developments and business decisions may differ from those contemplated by such forward-looking statements, and events described above and in the “Risk Factors” could materially and adversely affect our business. However, it should be understood that it is not possible to identify or predict all such risks and other factors that could affect these forward-looking statements. Forward-looking statements speak only as of the date made. Except as required by applicable law, we undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Overview**

We are the leading retailer and distributor of automotive replacement parts and accessories in the Americas. We began operations in 1979 and at May 7, 2022, operated 6,115 stores in the U.S., 673 stores in Mexico and 58 stores in Brazil. Each store carries an extensive product line for cars, sport utility vehicles, vans and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories and non-automotive products. At May 7, 2022, in 5,276 of our domestic stores, we also had a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional and national repair garages, dealers, service stations and public sector accounts. We also have commercial programs in all stores in Mexico and Brazil. We sell the ALLDATA brand automotive diagnostic, repair and shop management software through [www.alldata.com](http://www.alldata.com). Additionally, we sell automotive hard parts, maintenance items, accessories and non-automotive products through [www.autozone.com](http://www.autozone.com), and our commercial customers can make purchases through [www.autozonepro.com](http://www.autozonepro.com). We also provide product information on our Duralast branded products through [www.duralastparts.com](http://www.duralastparts.com). We do not derive revenue from automotive repair or installation services.

Operating results for the twelve and thirty-six weeks ended May 7, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending August 27, 2022. Each of the first three quarters of our fiscal year consists of 12 weeks, and the fourth quarter consists of 16 or 17 weeks. The fourth quarters of fiscal 2022 and 2021 each have 16 weeks. Our business is somewhat seasonal in nature, with the highest sales generally occurring during the months of February through September, and the lowest sales generally occurring in the months of December and January.

### **COVID-19 Impact**

The COVID-19 pandemic continues to impact the global economy and numerous aspects of our business including our customers, employees and suppliers. Our highest priority remains the safety and well-being of our customers and employees. Since the beginning of the COVID-19 pandemic, we have experienced strong same store sales, and our sales have remained at all-time high volumes.

The long-term impact of COVID-19 to our business remains unknown, may magnify risks associated with our business and operations and may continue to cause fluctuations in demand and availability for our products, our store hours and our workforce availability.

Please refer to the “Risk Factors” section of our Annual report on Form 10-K for the year ended August 28, 2021 for additional information.

### **Executive Summary**

Net sales increased 5.9% for the quarter ended May 7, 2022 compared to the prior year period, which was driven by an increase in domestic same store sales (sales from stores open at least one year) of 2.6%. Domestic commercial sales increased 26.0%, which represents approximately 30% of our domestic auto parts sales. Operating profit decreased 2.2% to \$785.7 million compared to \$803.5 million. Net income for the quarter decreased 0.6% to \$592.6 million compared to \$596.2 million. Diluted earnings per share increased 9.6% to \$29.03 per share from \$26.48 per share.

Our business is impacted by various factors within the economy that affect both our consumers and our industry, including but not limited to inflation, fuel costs, wage rates, supply chain disruptions, hiring and other economic conditions, including the effects of, and responses to, the ongoing COVID-19 pandemic. Given the nature of these macroeconomic factors, we cannot predict whether or for how long certain trends will continue, nor can we predict to what degree these trends will impact us in the future.

During the third quarter of fiscal 2022, failure and maintenance related categories represented the largest portion of our sales mix, at approximately 84% of total sales, which is consistent with the comparable prior year period, with failure related categories continuing to be the largest portion of our sales mix. We did not experience any fundamental shifts in our category sales mix as compared to the previous year. Our sales mix can be impacted by severe or unusual weather over a short-term period. Over the long-term, we believe the impact of the weather on our sales mix is not significant.

The two statistics we believe have the closest correlation to our market growth over the long-term are miles driven and the number of seven year old or older vehicles on the road. While over the long-term we have seen a close correlation between our net sales and the number of miles driven, we have also seen time frames of minimal correlation in sales performance and miles driven. During the periods of minimal correlation between net sales and miles driven, we believe net sales have been positively impacted by other factors, including macroeconomic factors and the number of seven year old or older vehicles on the road. The average age of the U.S. light vehicle fleet continues to trend in our industry's favor as the average age has exceeded 11 years since 2012, according to the latest data provided by the Auto Care Association. As of January 1, 2022, the average age of light vehicles on the road was 12.2 years, up from 12.1 years in 2021. Since the beginning of the fiscal year and through March 2022 (latest publicly available information), miles driven in the U.S. increased 7.9% compared to the same period in the prior year. We believe the increase in miles driven is due to the nation beginning to return to pre-pandemic levels, but we are unable to predict if the increase will continue, due to rising fuel prices, general macroeconomic conditions or otherwise, or the extent of the impact it will have on our business.

**Twelve Weeks Ended May 7, 2022  
Compared with Twelve Weeks Ended May 8, 2021**

Net sales for the twelve weeks ended May 7, 2022 increased \$214.2 million to \$3.9 billion, or 5.9% over net sales of \$3.7 billion for the comparable prior year period. Total auto parts sales increased by 5.7%, primarily driven by an increase in domestic same store sales of 2.6% and net sales of \$69.6 million from new stores. Domestic commercial sales increased \$215.7 million to \$1.0 billion, or 26.0%, over the comparable prior year period.

Gross profit for the twelve weeks ended May 7, 2022 was \$2.0 billion, compared with \$1.9 billion during the comparable prior year period. Gross profit, as a percentage of sales, was 51.9% compared to 52.4% during the comparable prior year period. The decrease in gross margin was primarily driven by accelerated growth in our lower margin commercial business.

Operating, selling, general and administrative expenses for the twelve weeks ended May 7, 2022 were \$1.2 billion, or 31.6% of net sales, compared with \$1.1 billion, or 30.4% of net sales during the comparable prior year period. The increase in operating expenses, as a percentage of sales, was driven by payroll deleverage as last year's historic comparable store sales drove significant leverage.

Net interest expense for the twelve weeks ended May 7, 2022 was \$41.9 million compared with \$45.0 million during the comparable prior year period. Average borrowings for the twelve weeks ended May 7, 2022 were \$6.0 billion, compared with \$5.4 billion for the comparable prior year period. Weighted average borrowing rates were 2.74% and 3.29% for the quarter ended May 7, 2022 and May 8, 2021, respectively.

Our effective income tax rate was 20.3% of pretax income for the twelve weeks ended May 7, 2022, and 21.4% for the comparable prior year period. The decrease in the tax rate was primarily attributable to an increased benefit from stock options exercised during the twelve weeks ended May 7, 2022. The benefit of stock options exercised for the twelve weeks ended May 7, 2022 was \$21.1 million compared to \$16.0 million in the comparable prior year period.

Net income for the twelve week period ended May 7, 2022 decreased by \$3.6 million to \$592.6 million due to the factors set forth above, and diluted earnings per share increased by 9.6% to \$29.03 from \$26.48. The impact on current quarter diluted earnings per share from stock repurchases since the end of the comparable prior year period was an increase of \$2.51.

**Thirty-Six Weeks Ended May 7, 2022  
Compared with Thirty-Six Weeks Ended May 8, 2021**

Net sales for the thirty-six weeks ended May 7, 2022 increased \$1.2 billion to \$10.9 billion, or 12.2% over net sales of \$9.7 billion for the comparable prior year period. Total auto parts sales increased by 12.1%, primarily driven by an increase in domestic same store sales of 9.5% and net sales of \$200.3 million from new stores. Domestic commercial sales increased \$625.3 million to \$2.8 billion, or 28.9%, over the comparable prior year period.

Gross profit for the thirty-six weeks ended May 7, 2022 was \$5.7 billion, compared with \$5.1 billion during the comparable prior year period. Gross profit, as a percentage of sales was 52.4% compared to 53.0% during the comparable prior year period. The decrease in gross margin was primarily driven by initiatives to accelerate commercial business growth.

Operating, selling, general and administrative expenses for the thirty-six weeks ended May 7, 2022 were \$3.5 billion, or 32.6% of net sales, compared with \$3.2 billion, or 33.4% of net sales during the comparable prior year period. The decrease in operating expenses, as a percentage of sales, was driven by strong sales growth and approximately \$46 million in prior year pandemic related expenses, including Emergency Time-Off benefit enhancements for our AutoZoners.

Net interest expense for the thirty-six weeks ended May 7, 2022 was \$127.6 million compared with \$137.2 million during the comparable prior year period. Average borrowings for the thirty-six weeks ended May 7, 2022 were \$5.6 billion, compared with \$5.5 billion for the comparable prior year period. Weighted average borrowing rates were 3.03% and 3.28% for the thirty-six week periods ended May 7, 2022 and May 8, 2021, respectively.

Our effective income tax rate was 20.6% of pretax income for the thirty-six weeks ended May 7, 2022, and 21.5% for the comparable prior year period. The decrease in the tax rate was primarily attributable to an increased benefit from stock options exercised during the thirty-six weeks ended May 7, 2022. The benefit of stock options exercised for the thirty-six week period ended May 7, 2022 was \$55.9 million compared to \$35.2 million in the comparable prior year period.

Net income for the thirty-six week period ended May 7, 2022 increased by \$235.0 million to \$1.6 billion due to the factors set forth above, and diluted earnings per share increased by 28.6% to \$76.90 from \$59.80. The impact on current year to date diluted earnings per share from stock repurchases since the end of the comparable prior year period was an increase of \$4.58.

**Liquidity and Capital Resources**

The primary source of our liquidity is our cash flows realized through the sale of automotive parts, products and accessories. Our cash flow results benefitted from the quarter's strong sales and continued progress on our initiatives. We believe that our cash generated from operating activities and available credit, supplemented with our long-term borrowings will provide ample liquidity to fund our operations while allowing us to make strategic investments to support long-term growth initiatives and return excess cash to shareholders in the form of share repurchases. As of May 7, 2022, we held \$263.0 million of cash and cash equivalents, as well as \$2.2 billion in undrawn capacity on our Revolving Credit Agreement, before giving effect to commercial paper borrowings. We believe our sources of liquidity will continue to be adequate to fund our operations and investments to grow our business, repay our debt as it becomes due and fund our share repurchases over the short-term and long-term. In addition, we believe we have the ability to obtain alternative sources of financing, if necessary. However, decreased demand for our products or changes in customer buying patterns would negatively impact our ability to generate cash from operating activities. Decreased demand or changes in buying patterns could also impact our ability to meet our debt covenants of our credit agreements and, therefore, negatively impact the funds available under our Revolving Credit Agreement. In the event our liquidity is insufficient, we may be required to limit our spending.

For the thirty-six weeks ended May 7, 2022, our net cash flows from operating activities provided \$2.0 billion compared with \$2.2 billion during the comparable prior year period. The decrease is primarily driven by higher inventory growth, net of accounts payable in the current year, and a decrease in accrued benefits and withholdings in the current period, as compared to the same period in the prior year due to the ability to defer certain payroll tax payments in the prior year under the Coronavirus Aid, Relief, and Economic Security Act. The decrease was partially offset by growth in net income due to accelerated sales growth.

Our net cash flows used in investing activities for the thirty-six weeks ended May 7, 2022 were \$360.7 million as compared with \$358.7 million in the comparable prior year period. Capital expenditures for the thirty-six weeks ended May 7, 2022 were \$369.4 million compared to \$375.7 million in the comparable prior year period. Investing cash flows were impacted by our wholly owned captive, which purchased \$46.5 million and sold \$37.9 million in marketable debt securities during the thirty-six weeks ended May 7, 2022. During the comparable prior year period, the captive purchased \$52.6 million in marketable debt securities and sold \$72.3 million.

Our net cash flows used in financing activities for the thirty-six weeks ended May 7, 2022 were \$2.5 billion compared to \$2.7 billion in the comparable prior year period. Stock repurchases were \$3.4 billion in the current thirty-six week period as compared with \$2.5 billion in the prior year period. The treasury stock repurchases were primarily funded by cash flows from operations. During the thirty-six weeks ended May 7, 2022, we repaid our \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022. In the comparable prior year period, we repaid the \$250 million 2.500% Senior Notes due April 2021, which were callable at par in March 2021. For the thirty-six week period ended May 7, 2022, our commercial paper activity resulted in \$1.3 billion in net proceeds from commercial paper compared to no commercial paper borrowings in the prior year period. Proceeds from the sale of common stock and exercises of stock options for the thirty-six weeks ended May 7, 2022 and May 8, 2021 provided \$98.1 million and \$121.9 million, respectively.

During fiscal 2022, we expect to increase the investment in our business as compared to fiscal 2021. Our investments are expected to be directed primarily to expansion of our store base and supply chain to fuel the growth of our domestic and international businesses, which includes new stores, including hubs and mega hubs, as well as new distribution centers and expansions of existing distribution centers. The amount of investments in our new stores is impacted by different factors, including whether the building and land are purchased (requiring higher investment) or leased (generally lower initial investment) and whether such buildings are located in the U.S., Mexico or Brazil, or located in urban or rural areas.

In addition to the building and land costs, our new stores require working capital, predominantly for inventories. Historically, we have negotiated extended payment terms from suppliers, reducing the working capital required and resulting in a high accounts payable to inventory ratio. We plan to continue leveraging our inventory purchases; however, our ability to do so may be limited by our vendors' capacity to factor their receivables from us. Certain vendors participate in arrangements with financial institutions whereby they factor their AutoZone receivables, allowing them to receive early payment from the financial institution on our invoices at a discounted rate. The terms of these agreements are between the vendor and the financial institution. Upon request from the vendor, we confirm to the vendor's financial institution the balances owed to the vendor, the due date and agree to waive any right of offset to the confirmed balances. A downgrade in our credit or changes in the financial markets may limit the financial institutions' willingness to participate in these arrangements, which may result in the vendor wanting to renegotiate payment terms. A reduction in payment terms would increase the working capital required to fund future inventory investments. Extended payment terms from our vendors have allowed us to continue our high accounts payable to inventory ratio. Accounts payable, as a percentage of gross inventory, was 127.9% at May 7, 2022, compared to 123.9% at May 8, 2021. The increase from the comparable prior year period was primarily due to increased purchases with favorable vendor terms and higher inventory turns.

Depending on the timing and magnitude of our future investments (either in the form of leased or purchased properties or acquisitions), we anticipate that we will rely primarily on internally generated funds and available borrowing capacity to support a majority of our capital expenditures, working capital requirements and stock repurchases. The balance may be funded through new borrowings. We anticipate that we will be able to obtain such financing based on our current credit ratings and favorable experiences in the debt markets in the past.

For the trailing four quarters ended May 7, 2022, our adjusted after-tax return on invested capital (“ROIC”), which is a non-GAAP measure, was 51.4% as compared to 40.2% for the comparable prior year period. Adjusted ROIC is calculated as after-tax operating profit (excluding rent charges) divided by invested capital (which includes a factor to capitalize operating leases). We use adjusted ROIC to evaluate whether we are effectively using our capital resources and believe it is an important indicator of our overall operating performance. Refer to the “Reconciliation of Non-GAAP Financial Measures” section for further details of our calculation.

#### *Debt Facilities*

On November 15, 2021, we amended and restated our existing revolving credit facility (the “Revolving Credit Agreement”) pursuant to which our borrowing capacity under the Revolving Credit Agreement was increased from \$2.0 billion to \$2.25 billion and the maximum borrowing under the Revolving Credit Agreement may, at our option, subject to lenders approval, be increased from \$2.25 billion to \$3.25 billion. The Revolving Credit Agreement will terminate, and all amounts borrowed will be due and payable, on November 15, 2026, but we may make up to two requests to extend the termination date for an additional period of one year each. Revolving borrowings under the Revolving Credit Agreement may be base rate loans, Eurodollar loans, or a combination of both, at our election. The Revolving Credit Agreement includes (i) a \$75 million sublimit for swingline loans, (ii) a \$50 million individual issuer letter of credit sublimit and (iii) a \$250 million aggregate sublimit for all letters of credit.

Under our Revolving Credit Agreement, covenants include restrictions on liens, a maximum debt to earnings ratio, a minimum fixed charge coverage ratio and a change of control provision that may require acceleration of the repayment obligations under certain circumstances.

As of May 7, 2022, we had no outstanding borrowings and \$1.8 million of outstanding letters of credit under our Revolving Credit Agreement.

We also maintain a letter of credit facility that allows us to request the participating bank to issue letters of credit on our behalf up to an aggregate amount of \$25 million. The letter of credit facility is in addition to the letters of credit that may be issued under the Revolving Credit Agreement. As of May 7, 2022, we had \$25.0 million in letters of credit outstanding under the letter of credit facility, which expires in June 2022. On May 16, 2022, we amended and restated the letter of credit facility to, among other things, extend the facility through June 2025.

In addition to the outstanding letters of credit issued under the committed facilities discussed above, we had \$105.1 million in letters of credit outstanding as of May 7, 2022. These letters of credit have various maturity dates and were issued on an uncommitted basis.

On January 18, 2022, we repaid the \$500 million 3.700% Senior Notes due April 2022, which were callable at par in January 2022.

As of May 7, 2022, our \$1.3 billion of commercial paper borrowings and the \$300 million 2.875% Senior Notes due January 2023 were classified as long-term in the Consolidated Balance Sheets, as we have the current ability and intent to refinance them on a long-term basis through available capacity in our Revolving Credit Agreement. As of May 7, 2022, we had \$2.2 billion of availability under our Revolving Credit Agreement, without giving effect to commercial paper borrowings, which would allow us to replace these short-term obligations with a long-term financing facility.

All Senior Notes are subject to an interest rate adjustment if the debt ratings assigned are downgraded (as defined in the agreements). Further, the Senior Notes contain a provision that repayment may be accelerated if we experience a change in control (as defined in the agreements). Our borrowings under our Senior Notes contain minimal covenants, primarily restrictions on liens, sale and leaseback transactions and consolidations, mergers and the sale of assets. All of the repayment obligations under our borrowing arrangements may be accelerated and come due prior to the applicable scheduled payment date if covenants are breached or an event of default occurs. As of May 7, 2022, we were in compliance with all covenants and expect to remain in compliance with all covenants under our borrowing arrangements.

Our adjusted debt to earnings before interest, taxes, depreciation, amortization, rent and share-based compensation expense (“EBITDAR”) ratio was 2.1:1 as of May 7, 2022 and was 2.0:1 as of May 8, 2021. We calculate adjusted debt as the sum of total debt, financing lease liabilities and rent times six; and we calculate adjusted EBITDAR by adding interest, taxes, depreciation, amortization, rent, and share-based compensation expense to net income. Adjusted debt to EBITDAR is calculated on a trailing four quarter basis. We target our debt levels to a ratio of adjusted debt to EBITDAR in order to maintain our investment grade credit ratings. We believe this is important information for the management of our debt levels. Management expects the ratio of adjusted debt to EBITDAR to return to pre-pandemic levels in the future, increasing debt levels. Once the target ratio is achieved, to the extent adjusted EBITDAR increases, we expect our debt levels to increase; conversely, if adjusted EBITDAR decreases, we would expect our debt levels to decrease. Refer to the “Reconciliation of Non-GAAP Financial Measures” section for further details of our calculation.

#### *Stock Repurchases*

From January 1, 1998 to May 7, 2022, we have repurchased a total of 152.0 million shares of our common stock at an aggregate cost of \$29.1 billion, including 1.7 million shares of our common stock at an aggregate cost of \$3.4 billion during the thirty-six week period ended May 7, 2022.

On March 22, 2022, the Board voted to authorize the repurchase of an additional \$2.0 billion of our common stock in connection with our ongoing share repurchase program, which raised the total value of shares authorized to be repurchased to \$31.2 billion. Considering the cumulative repurchases as of May 7, 2022, we had \$2.1 billion remaining under the Board’s authorization to repurchase our common stock.

Subsequent to May 7, 2022 and through June 3, 2022, we have repurchased 103,726 shares of our common stock at an aggregate cost of \$203.6 million.

#### *Off-Balance Sheet Arrangements*

Since our fiscal year end, we have canceled, issued and modified stand-by letters of credit that are primarily renewed on an annual basis to cover deductible payments to our casualty insurance carriers. Our total stand-by letters of credit commitment at May 7, 2022, was \$131.9 million, compared with \$162.4 million at August 28, 2021, and our total surety bonds commitment at May 7, 2022, was \$37.6 million, compared with \$35.4 million at August 28, 2021.

#### **Financial Commitments**

Except for the previously discussed Revolving Credit Agreement and the repayment of the \$500 million 3.700% Senior Notes due April 2022, as of May 7, 2022, there were no significant changes to our contractual obligations as described in our Annual Report on Form 10-K for the year ended August 28, 2021.

#### **Reconciliation of Non-GAAP Financial Measures**

Management’s Discussion and Analysis of Financial Condition and Results of Operations includes certain financial measures not derived in accordance with GAAP. These non-GAAP financial measures provide additional information for determining our optimal capital structure and are used to assist management in evaluating performance and in making appropriate business decisions to maximize stockholders’ value.

Non-GAAP financial measures should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing our operating performance, financial position or cash flows. However, we have presented non-GAAP financial measures, as we believe they provide additional information that is useful to investors as it indicates more clearly our comparative year-to-year operating results. Furthermore, our management and the Compensation Committee of the Board use these non-GAAP financial measures to analyze and compare our underlying operating results and use select measurements to determine payments of performance-based compensation. We have included a reconciliation of this information to the most comparable GAAP measures in the following reconciliation tables.

*Reconciliation of Non-GAAP Financial Measure: Adjusted After-Tax ROIC*

The following tables calculate the percentages of adjusted ROIC for the trailing four quarters ended May 7, 2022 and May 8, 2021.

	A Fiscal Year Ended August 28, 2021	B Thirty-Six Weeks Ended May 8, 2021	A-B=C Sixteen Weeks Ended August 28, 2021	D Thirty-Six Weeks Ended May 7, 2022	C+D Trailing Four Quarters Ended May 7, 2022
<i>(in thousands, except percentage)</i>					
Net income	\$ 2,170,314	\$ 1,384,543	\$ 785,771	\$ 1,619,561	\$ 2,405,332
Adjustments:					
Interest expense	195,337	137,217	58,120	127,642	185,762
Rent expense <sup>(1)</sup>	345,380	236,737	108,643	251,433	360,076
Tax effect <sup>(2)</sup>	(110,847)	(76,661)	(34,186)	(77,710)	(111,896)
Adjusted after-tax return	<u>\$ 2,600,184</u>	<u>\$ 1,681,836</u>	<u>\$ 918,348</u>	<u>\$ 1,920,926</u>	<u>\$ 2,839,274</u>
Average debt <sup>(3)</sup>					\$ 5,541,462
Average stockholders' deficit <sup>(3)</sup>					(2,442,077)
Add: Rent x 6 <sup>(1)</sup>					2,160,456
Average finance lease liabilities <sup>(3)</sup>					268,111
Invested capital					<u>\$ 5,527,952</u>
Adjusted after-tax ROIC					<u>51.4 %</u>

	A Fiscal Year Ended August 29, 2020	B Thirty-Six Weeks Ended May 9, 2020	A-B=C Sixteen Weeks Ended August 29, 2020	D Thirty-Six Weeks Ended May 8, 2021	C+D Trailing Four Quarters Ended May 8, 2021
<i>(in thousands, except percentage)</i>					
Net income	\$ 1,732,972	\$ 992,515	\$ 740,457	\$ 1,384,543	\$ 2,125,000
Adjustments:					
Interest expense	201,165	135,528	65,637	137,217	202,854
Rent expense <sup>(1)</sup>	329,783	227,327	102,456	236,737	339,193
Tax effect <sup>(2)</sup>	(115,747)	(79,102)	(36,645)	(81,522)	(118,167)
Adjusted after-tax return	<u>\$ 2,148,173</u>	<u>\$ 1,276,268</u>	<u>\$ 871,905</u>	<u>\$ 1,676,975</u>	<u>\$ 2,548,880</u>
Average debt <sup>(3)</sup>					\$ 5,446,162
Average stockholders' deficit <sup>(3)</sup>					(1,364,932)
Add: Rent x 6 <sup>(1)</sup>					2,035,158
Average finance lease liabilities <sup>(3)</sup>					227,061
Invested capital					<u>\$ 6,343,449</u>
Adjusted after-tax ROIC					<u>40.2 %</u>

*Reconciliation of Non-GAAP Financial Measure: Adjusted Debt to EBITDAR*

The following tables calculate the ratio of adjusted debt to EBITDAR for the trailing four quarters ended May 7, 2022 and May 8, 2021.

	A Fiscal Year Ended August 28, 2021	B Thirty-Six Weeks Ended May 8, 2021	A-B=C Sixteen Weeks Ended August 28, 2021	D Twenty-Four Weeks Ended May 7, 2022	C+D Trailing Four Quarters Ended May 7, 2022
<i>(in thousands, except ratio)</i>					
Net income	\$ 2,170,314	\$ 1,384,543	\$ 785,771	\$ 1,619,561	\$ 2,405,332
Add: Interest expense	195,337	137,217	58,120	127,642	185,762
Income tax expense	578,876	378,737	200,139	419,712	619,851
EBIT	2,944,527	1,900,497	1,044,030	2,166,915	3,210,945
Add: Depreciation and amortization expense	407,683	278,044	129,639	301,365	431,004
Rent expense <sup>(1)</sup>	345,380	236,737	108,643	251,433	360,076
Share-based expense	56,112	38,061	18,051	49,058	67,109
EBITDAR	\$ 3,753,702	\$ 2,453,339	\$ 1,300,363	\$ 2,768,771	\$ 4,069,134
Debt					\$ 6,057,444
Financing lease liabilities					288,483
Add: Rent x 6 <sup>(1)</sup>					2,160,456
Adjusted debt					\$ 8,506,383
Adjusted debt to EBITDAR					2.1

	A Fiscal Year Ended August 29, 2020	B Thirty-Six Weeks Ended May 9, 2020	A-B=C Sixteen Weeks Ended August 29, 2020	D Twenty-Four Weeks Ended May 8, 2021	C+D Trailing Four Quarters Ended May 8, 2021
<i>(in thousands, except ratio)</i>					
Net income	\$ 1,732,972	\$ 992,515	\$ 740,457	\$ 1,384,543	\$ 2,125,000
Add: Interest expense	201,165	135,528	65,637	137,217	202,854
Income tax expense	483,542	271,591	211,951	378,737	590,688
EBIT	2,417,679	1,399,634	1,018,045	1,900,497	2,918,542
Add: Depreciation and amortization expense	397,466	272,115	125,351	278,044	403,395
Rent expense <sup>(1)</sup>	329,783	227,327	102,456	236,737	339,193
Share-based expense	44,835	32,251	12,584	38,061	50,645
EBITDAR	\$ 3,189,763	\$ 1,931,327	\$ 1,258,436	\$ 2,453,339	\$ 3,711,775
Debt					\$ 5,267,896
Financing lease liabilities					228,597
Add: Rent x 6 <sup>(1)</sup>					2,035,158
Adjusted debt					\$ 7,531,651
Adjusted debt to EBITDAR					2.0

<sup>(1)</sup> The table below outlines the calculation of rent expense and reconciles rent expense to total lease cost, per ASC 842, the most directly comparable GAAP financial measure, for the trailing four quarters ended May 7, 2022 and May 8, 2021.

<i>(in thousands)</i>	Trailing Four Quarters Ended	
	May 7, 2022	May 8, 2021
Total lease cost, per ASC 842	\$ 451,601	\$ 421,750
Less: Finance lease interest and amortization	(65,128)	(55,725)
Less: Variable operating lease components, related to insurance and common area maintenance	(26,397)	(26,832)
Rent expense	\$ 360,076	\$ 339,193

<sup>(2)</sup> Effective tax rate over trailing four quarters ended May 7, 2022 and May 8, 2021 is 20.5% and 21.8%, respectively.

<sup>(3)</sup> All averages are computed based on trailing five quarter balances.

### **Recent Accounting Pronouncements**

Refer to Note A of the Notes to Condensed Consolidated Financial Statements for the discussion of recent accounting pronouncements.

### **Critical Accounting Policies and Estimates**

Our critical accounting policies are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended August 28, 2021. There have been no significant changes to our critical accounting policies since the filing of our Annual Report on Form 10-K for the year ended August 28, 2021.

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

At May 7, 2022, the only material changes to our instruments and positions that are sensitive to market risk since the disclosures in our Annual Report on Form 10-K for the year ended August 28, 2021 were our Revolving Credit Agreement, which was amended and restated on November 15, 2021 to increase our borrowing capacity from \$2.0 billion to \$2.25 billion, the \$500 million 3.700% Senior Note debt repayment and the \$1.3 billion net increase in commercial paper.

The fair value of our debt was estimated at \$5.9 billion as of May 7, 2022 and \$5.7 billion as of August 28, 2021, based on the quoted market prices for the same or similar debt issues or on the current rates available to us for debt having the same remaining maturities. Such fair value was less than the carrying value of debt by \$163.3 million at May 7, 2022, and greater than the carrying value of debt by \$413.1 million at August 28, 2021. The carrying value of debt reflects its face amount adjusted for any unamortized debt issuance costs and discounts. We had \$1.3 billion of variable rate debt outstanding at May 7, 2022 and no variable rate debt outstanding at August 28, 2021. At these borrowing levels for variable rate debt, a one percentage point increase in interest rates would have had an unfavorable annual impact on our pre-tax earnings and cash flows of \$12.8 million in fiscal 2022. The primary interest rate exposure is based on LIBOR. We had outstanding fixed rate debt of \$4.8 billion, net of unamortized debt issuance costs of \$25.9 million at May 7, 2022 and \$5.3 billion, net of unamortized debt issuance costs of \$30.2 million at August 28, 2021. A one percentage point increase in interest rates would have reduced the fair value of our fixed rate debt by \$182.5 million at May 7, 2022.

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

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

As of May 7, 2022, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of May 7, 2022.

#### **Changes in Internal Controls**

There were no changes in our internal control over financial reporting that occurred during the quarter ended May 7, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

As of the date of this filing, there have been no additional material legal proceedings or material developments in the legal proceedings disclosed in Part 1, Item 3, of our Annual Report in Form 10-K for the fiscal year ended August 28, 2021.

### Item 1A. Risk Factors

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended August 28, 2021.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Shares of common stock repurchased by the Company during the quarter ended May 7, 2022 were as follows:

#### Issuer Repurchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs
February 13, 2022 to March 12, 2022	119,542	\$ 1,898.22	119,542	\$ 730,657,085
March 13, 2022 to April 9, 2022	181,485	1,972.17	181,485	2,372,738,270
April 10, 2022 to May 7, 2022	147,547	2,136.02	147,547	2,057,574,959
Total	448,574	\$ 2,006.36	448,574	\$ 2,057,574,959

During 1998, we announced a program permitting us to repurchase a portion of our outstanding shares not to exceed a dollar maximum established by our Board of Directors. This program was most recently amended by the Board on March 22, 2022 to authorize the repurchase of an additional \$2.0 billion of our common stock. This brings the cumulative share repurchase authorization to \$31.2 billion. All of the above repurchases were part of this program.

Subsequent to May 7, 2022 and through June 3, 2022, we have repurchased 103,726 shares of our common stock at an aggregate cost of \$203.6 million.

### Item 3. Defaults Upon Senior Securities

Not applicable.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

Not applicable.

### Item 6. Exhibits

The following exhibits are being filed herewith:

- 3.1 [Restated Articles of Incorporation of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended February 13, 1999.](#)
- 3.2 [Seventh Amended and Restated By-Laws of AutoZone, Inc. Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K dated March 19, 2018.](#)
- 15.1 [Letter Regarding Unaudited Interim Financial Statements.](#)
- 31.1 [Certification of Principal Executive Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

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31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company’s Quarterly Report on Form 10-Q for the quarter ended May 7, 2022, has been formatted in Inline XBRL.

\* Furnished herewith.

**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.

AUTOZONE, INC.

By: /s/ JAMERE JACKSON

Jamere Jackson

Chief Financial Officer and Executive Vice President  
Finance and Store Development  
(Principal Financial Officer)

By: /s/ J. SCOTT MURPHY

J. Scott Murphy

Vice President, Controller  
(Principal Accounting Officer)

Dated: June 10, 2022

To the Stockholders and Board of Directors of  
AutoZone, Inc.

We are aware of the incorporation by reference in the following Registration Statements:

Registration Statement (Form S-8 No. 333-139559) pertaining to the AutoZone, Inc. 2006 Stock Option Plan

Registration Statement (Form S-8 No. 333-103665) pertaining to the AutoZone, Inc. 2003 Director Compensation Award Plan

Registration Statement (Form S-8 No. 333-42797) pertaining to the AutoZone, Inc. Amended and Restated Employee Stock Purchase Plan

Registration Statement (Form S-8 No. 333-88241) pertaining to the AutoZone, Inc. Amended and Restated Director Compensation Plan

Registration Statement (Form S-8 No. 333-75140) pertaining to the AutoZone, Inc. Executive Stock Purchase Plan

Registration Statement (Form S-8 No. 333-171186) pertaining to the AutoZone, Inc. 2011 Equity Incentive Award Plan

Registration Statement (Form S-3ASR No. 333-180768) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-3ASR No. 333-203439) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-3ASR No. 333-230719) pertaining to a shelf registration to sell debt securities

Registration Statement (Form S-8 No. 333-251506) pertaining to the AutoZone, Inc. 2020 Omnibus Incentive Award Plan;

and in the related Prospectuses of our report dated June 10, 2022, relating to the unaudited condensed consolidated interim financial statements of AutoZone, Inc. that are included in its Form 10-Q for the quarter ended May 7, 2022.

/s/ Ernst & Young LLP

Memphis, Tennessee  
June 10, 2022

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William C. Rhodes, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AutoZone, Inc. (“registrant”);
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.

June 10, 2022

/s/ WILLIAM C. RHODES, III

William C. Rhodes, III

Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jamere Jackson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AutoZone, Inc. (“registrant”);
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.

June 10, 2022

/s/ JAMERE JACKSON

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Jamere Jackson  
Chief Financial Officer and Executive Vice President  
Finance and Store Development  
(Principal Financial Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AutoZone, Inc. (the "Company") on Form 10-Q for the period ended May 7, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Rhodes, III, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 10, 2022

/s/ WILLIAM C. RHODES, III

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William C. Rhodes, III

Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AutoZone, Inc. (the "Company") on Form 10-Q for the period ended May 7, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jamere Jackson, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 10, 2022

/s/ JAMERE JACKSON

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Jamere Jackson  
Chief Financial Officer and Executive Vice President  
Finance and Store Development  
(Principal Financial Officer)

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