



## **Dear Customers, AutoZoners and Stockholders,**

Since opening our very first store in Forrest City, Arkansas, on July 4, 1979, AutoZone proudly exists to serve the needs of our customers, the motoring public. For over four decades, whether in times of natural disasters, difficult economic environments, or simply navigating the rigors of day-to-day life, our company, and in particular, our incredible AutoZoners, have remained committed to ensuring that our customers can safely and responsibly operate their vehicles. Our tremendous success, enabled by our unique and powerful culture of Customer Satisfaction, is a direct testament to the countless sacrifices, bold innovations, and unwavering commitment to excellence of AutoZoners both past and present. Words fall short of expressing my sincerest gratitude to each one of them.

Yet, no one could have imagined all that has happened as a result of the global pandemic caused by the novel coronavirus. The ever-changing landscape of the pandemic continues to force us all to make tough decisions and adapt. That said, since day one of the pandemic, our AutoZoners, especially those in our stores and distribution centers, have been on the front lines and their commitment to being safety leaders and putting our customers first has never wavered.

On behalf of our over 105,000 AutoZoners around the globe, I am honored to update you on our outstanding and record-setting progress during fiscal 2021 and to review our opportunities for 2022 and beyond. Our operating theme for 2022 is "Go The Extra Mile," which is both a call-to-action and constant reminder of what we must do, as a company and as AutoZoners, to meet the growing needs of our customers and for us to continuously challenge ourselves to position our company for even greater success during and well after these most extraordinary times.

As we look to our future, I continue to be enthusiastic about our company's ability to accelerate domestic and international historic growth rates, leverage ongoing and new investments, and increase both Retail and Commercial market share, all while being a responsible global corporate citizen. And, I remain very bullish about our near and long-term future.

## Summary of 2021 Results

For fiscal 2021, our focus was to build upon the lessons we learned to accelerate growth in our Retail, Commercial and International businesses – which remain our strategic priorities. Again, as 1Team, across the entire enterprise, we were able to exceed even the loftiest of expectations for 2021.

In FY21, we reached a record \$14.6 billion in sales and grew domestic same store sales by 13.6%. Building upon our record-setting performance in 2020, in 2021, we were able to meaningfully accelerate our growth establishing new all-time highs in average sales per store, average Commercial sales per program, earnings per share, and cash flow from operations.

We opened 218 net new stores and 172 net new domestic Commercial programs. Now, over 85% of our U.S. stores have a Commercial program along with every store in Mexico and Brazil. For the year, we averaged \$12,600 in weekly sales per Commercial program in the U.S., which is up from the then record, \$10,600 just last fiscal year.

During fiscal 2021, we continued to enhance our local market inventory availability by building new and expanding existing facilities and ended the year with 58 Mega Hubs and 179 regular Hub stores. As a point of reference, our regular Hub stores allow us to carry roughly 50,000 SKUs, more than twice the assortment of a typical store and our Mega Hubs allow us to carry about 80,000 to 110,000

SKUs – all of which provides a tremendous improvement in our ability us say “Yes, We’ve Got It!” to our customers more frequently, driving additional sales.

Aside from our outstanding and historic performance, I continue to be inspired by our Board and management team’s commitment to doing what is right, putting safety first, while caring deeply for our AutoZoners. As vaccinations were approved and introduced to those eligible, early on, we announced a cash incentive to encourage all AutoZoners to complete their COVID-19 vaccination. As a company, in addition to keeping the health and safety of our AutoZoners and customers our top priority, we also wanted to remove any potential work-related barriers and encourage our AutoZoners to get fully vaccinated.

Strong leadership was exemplified by our management team when we decided to offer additional days off this past year to eligible store and distribution center AutoZoners to deal with anything that arose, COVID-related or not. We provided an additional week of Emergency Time-Off (ETO) benefits in 2021, on top of the two weeks of ETO provided in 2020. Since the beginning of the pandemic, we have provided over \$100 million of additional benefits to our AutoZoners to help them navigate this difficult and ever-changing environment. We could not be prouder to continue investing in and supporting our amazing AutoZoners during these most interesting of times.

## **Our Future**

While we experienced historic sales growth in 2021, we are laser-focused on going the extra mile to deliver continued success in 2022.

For fiscal 2022, we will continue to drive for increased share gains across our Domestic Retail and Commercial customer bases and for continued accelerated growth Internationally. In all candor, as we have stated routinely, forecasting our sales performance in the short to mid-term is quite challenging in this environment. There has been significant volatility and we don't have clear line of sight to many potential drivers. How long will supply challenges persist? Will they worsen? Will there be additional stimulus or enhanced unemployment? How much inflation will we experience? Our charge is to optimize our sales and overall performance in light of the macro environment. And, while we understand our Domestic Retail business must lap extraordinary gains from last year, we remain focused on maintaining, and even growing, our Domestic Retail share gains generated during the pandemic.

Regarding our Domestic Commercial sales, we believe we can continue to grow this business despite macro influences. Last year's Domestic Commercial Sales grew 22.6%, as we finished with over \$3.3 billion in sales. We believe that the significant investments we have made, including leveraging technology to improve deliveries, continuing to build and enhance the Duralast brand, ensuring we are priced right and improving our assortments, including our plans to aggressively add more Hub and Mega Hub stores, paired with the incredible ability of our AutoZoners to put customers first, will continue to yield benefits today, tomorrow and well into the future.

Regarding our International growth, we will continue to diligently expand our store base in Mexico and will double-down on our growth in Brazil. Growing internationally remains a key strategic priority for us. While we are the Retail Sales industry leader and growing in the U.S., our Domestic Commercial and International sales are growing rapidly. We are excited about our future opportunities everywhere.

Again, I want to thank all AutoZoners for their continued dedication and tireless efforts in 2021. The company's success is entirely due to our AutoZoners solving problems, adding value, and helping our customers with their needs. I also want to thank our vendor partners for their ongoing commitment to our success. Additionally, I would like to thank you, our stockholders, for the confidence you have placed in our team by your decision to invest in AutoZone. We remain committed to managing your capital wisely, achieving an appropriate return on incremental projects and returning excess cash through an orderly share repurchase program.

I would also like to take a moment to thank Mike Calbert, one of our Board Members, who has decided not to stand for re-election at the Company's Annual Meeting of Stockholders this December. It has been a privilege having Mike as a member of the Board, and his expertise and contributions will be sorely missed. I thank Mike for his leadership, guidance, and focus on the customer all while keeping us on track with growing shareholder value. I wish Mike the best in his future endeavors.

I would also like to take a moment to give special thanks to Ron Griffin, Senior Vice President and Chief Information Officer, for his many contributions and exceptional service to our customers and organization. After a nine-year AutoZone career, Ron decided to retire. AutoZone has truly benefited from his leadership and efforts to ensure a best-in-class shopping experience for our customers. We now welcome Michelle Borninkhof, our new Senior Vice President and Chief Information Officer, to the AutoZone family. Michelle is a proven leader and innovator who is very well-positioned to serve customers and contribute to our company's ongoing success.

We have a wonderful culture that has been built over the past 42 years and counting. We remain passionate about Living our Pledge and Values to earn our customers' trust and business every day. I continue to believe that our best days are ahead. Thank you for staying in the Zone with us for all these years!

Sincerely,

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

Bill Rhodes  
Chairman, President and CEO  
Customer Satisfaction