The AutoZone Pledge, est. 1986

AutoZoners always put customers first!
We know our parts and products.
Our stores look great!
We've got the best merchandise at the right price.

LET'S GROW TOGETHER

AutoZone®

Dear Customers, AutoZoners, and Stockholders,

As I think back on AutoZone's highlights for fiscal 2026, I am so incredibly thankful for our more than 132,000 AutoZoners across the company who are dedicated to delivering outstanding customer service and Living the AutoZone Pledge and Values every day. I am honored to update you on our progress during fiscal 2026 ("FY26") and our plans for fiscal 2027 ("FY27") and beyond. As every new fiscal year begins, we announce our operating theme for the year during our September National Sales Meeting hosted every year in Memphis, TN. With over 3,000 AutoZoners in attendance, we not only unveiled this theme - "Let's Grow Together" - but we stressed how each and every AutoZoner can educate their store and distribution center AutoZoners on how to provide even better customer service going forward and recognize those who achieved exceptional performance during FY26. As you would expect when hearing the Let's Grow Together operating theme, we are focused on putting our capital to work by expanding our store base in the United States ("US"), Mexico, and Brazil. With these openings, we are excited to offer career opportunities for all AutoZoners. While continuing to invest in store openings, we remain focused on enhancing our culture, through training, improving inventory assortments, and deploying technology so AutoZoners can say "Yes" to more customers. We are fortunate to compete in an industry where the demand for our goods and services remains robust and growing.

In the fall of 2023, we announced our strategy to increase our investment in new stores, distribution centers, and information technology to support our future growth. In FY26 these investments accelerated as we opened 374 new stores globally, along with two new distribution centers ("DCs") in Mexico and Brazil. These international DCs add significant capacity to enable future store growth as we expect our international business to continue to expand in the future. By the end of 2023, we had opened 197 new stores for the year, globally. As you can see, we are now opening almost double the stores this year than at the time of our announcement. In fact, we have already

announced that we expect to open approximately 400 stores for FY27, so growth will continue.

This past year marked our 47th anniversary since our first store opened in Forest City, Arkansas in 1979. This year marked record sales growth, crossing the $20 billion sales level, along with the record store openings both domestically and internationally. We are as excited about where our future is headed.

As a long term AutoZoner, I am proud of what we have accomplished, but I am even more excited about where AutoZone is headed. It is the right time for growth, and by remaining focused on developing our AutoZoners' skills, talents, and striving to always say "Yes" to our customers, we are strengthening our position for continued success in FY27.

Fiscal Year 2026

FY26 was a challenging year for AutoZone and our industry. While we invested in growing our business, the macro environment was challenging. The impact from tariffs, higher interest rates and fuel prices all put pressure on our customers' wallets. As a result, our domestic same store sales slowed as the year progressed. We reported 3.2% full year same store sales, on a constant currency basis. As the year progressed, transaction growth began to slow as customers either deferred maintenance purchases that they could, or they chose to trade down to more opening price point items. For the full year, our domestic do-it-yourself ("DIY") business experienced same store sales of 1% while our domestic Commercial business grew total sales almost 11%. While both our DIY and Commercial businesses experienced higher ticket growth, transactions slowed as the year progressed. While we could not control macro events, we did remain diligent on expense management. We understand we must manage our returns on invested capital ("ROIC") in line with our investors' expectations. We believe we positioned ourselves well for growing sales and earnings in FY27. We were encouraged to end FY26 with momentum. We began to see improving customer sentiment for our goods and services, and we believe that trend will continue into FY27. While FY26 was not an easy year, we feel we navigated its challenges, and we positioned ourselves for an increase in our sales growth rate in FY27. We believe our customers will continue to be challenged financially in FY27, but AutoZone will be there to offer the parts and services to help them save time and money. On the international front, as in the US, we experienced similar headwinds. We grew our international same store sales 2.2% on a constant currency basis versus 9.3% last year. AutoZone's international store base consists of over 1,000 Mexico stores and 167 Brazil stores at FY26 ending, our Mexico business had more impact on the slowing trend. As with the US, we saw the business slow in FY26, but, also like the domestic business, we saw improving in trends in the last quarter of the year. While the macro environment was challenged, we continued our investment in new stores, opening 23% more international stores for

the year. Our conviction to our international markets is nonwavering, as we see substantial opportunities for market share gains. We expect to open a similar number of stores internationally in FY27.

Fiscal Year 2026: A time for managing expenses while continuing to grow our store base

Under the macro environment we faced in FY26, we focused on the dual strategy of opening stores and distribution centers while being prudent with expenses. As we had committed to our store openings at the start of the year, our slowing same stores sales caused us to de-lever our operating expenses. As our sales grew 7.4%, our operating expenses grew faster at 8.9%. While our sales result, both domestic and international, did not meet our expectations, we believe this was a short term macro event and our business and industry will deliver solid results next year and beyond. We believe our focus on flawless execution, strong balance sheet, and ongoing cash flow generation allowed us to gain market share in this environment, which is just what we did. According to the data we have, we gained share domestically in every quarter of FY26! Internationally, unfortunately, we do not have the data to confirm we gained share there during the year, but we believe we did based on more informal resources. As we believe we positioned AutoZone for accelerated growth in FY27, we expect our growth in expenses to slow in the new year and our sales should increase. As the economy will lap the higher costs from tariffs, interest rates, and fuel in FY26, FY27 is expected to show an improving trend in customer transactions globally. With ever increasing vehicles on the road, and miles driven continuing to increase, we will be there to help our customers with the automotive needs. On the technology front, we continue to invest in our proprietary systems that support our DIY and Commercial business across all countries where we operate. These technology investments are continually focused on making AutoZone an easier company to do business with. While we opened 374 stores globally in FY26, we have established a goal of opening approximately 400 stores in FY27. We have re-anchored on an annual target of opening approximately 440 stores globally by fiscal 2028 (“FY28”). We are targeting to open 300 domestic stores, and roughly 140 international stores, annually. As these are significant goals, considering we have historically opened around 200 stores annually, we remain diligent on training our new store managers to be ready to open these stores and drive strong performance. As part of these new store openings, we are committed to ramping up both our Mega Hub and Hub store openings. We continue to target approximately 300 Mega Hubs and over 300 smaller Hub stores, domestically, at the completion of our buildout. Lastly, we have continued to invest in ALLDATA, our technology subsidiary, which is second to none in the global marketplace for original equipment (‘OE”) diagnostic and repair information. We remain committed to investing in ALLDATA’s growth in the coming years.

With reported EBIT growth north of 3% this past year, we aspire to report higher earnings growth in FY27. As previously discussed, while our initiatives are very exciting, they continue to take time to develop, mainly as our new store productivity will ramp into the future. While our capital expenditure in FY26 remained elevated at $1.4 billion, and higher than last year, we see our capital investments beginning to slow in the future. While FY27 will likely be just north of $1.6 billion, we expect this number to be managed relatively flat for future years while operating cash flow will continue to grow each year from here.

Summary of FY26 results

During FY26 we had many successes. We delivered a record $20.3 billion in sales, up 7.4% over fiscal 2025 ("FY25"), and we opened a record number of new stores.

Below are key highlights:

- Expanded our domestic store base by 236 new stores or 4.1% square footage growth
- Opened 345 net new domestic Commercial Programs, expanding to 94% of our domestic store base
- Opened a record number of stores in Mexico, opening 118 new stores, and ending with 1,001 stores
- Opened 20 additional stores in Brazil, for a total of 167 stores
- Opened 50 additional domestic Hub stores, finishing FY26 with 417 Hubs (including 172 Mega Hubs)
- Reported ROIC of 35.8% for FY26
- Generated a record $3.2 billion of Operating Cash Flow
- Repurchased more than $2.0 billion of our shares over the year and up from $1.6 billion in FY2025

What was different in Fiscal Year 2026

As with past years, our story continues to be about evolution and not revolution. We believe our investments have positioned us well to begin FY27. With, we believe, the best brand in the automotive aftermarket, Duralast, we continue to expand the brand across additional merchandise lines. In addition to the capital and inventory investments we made in FY26, we made sizable investments in operating expenses to open new stores and improve our store level execution. We continued our focus on expanding our online offerings, and we believe that AutoZone.com will again grow at a record pace of sales in FY27 as we expect to add additional parts coverage to our online assortment in the new year.

Lastly, we remain committed to investing in our information systems infrastructure at increasing levels, as these investments will underpin our future customer service offerings and improve efficiency.

Why we are looking forward to FY27

Looking forward, FY27 will again be a year focused on ramping up our store openings and improving our inventory offerings. At our core, we will remain focused on improving our customers' shopping experience. As a leading retailer and distributor of automotive replacement parts and accessories in the Americas with 8,031 total stores. Our growth priorities for FY27 are:

- U.S. Retail (DIY)
- U.S. Commercial (DIFM)
- Accelerate International
- Expense management

Across our markets, we will continue to (1) train and invest in AutoZoners for long-term retention and WOW! Customer Service; (2) improve parts coverage and expand our assortment; (3) deploy inventory more robustly and efficiently across our supply chain network; (4) leverage technology to improve the ease of doing business with us and introduce technology where it can benefit our customers and business; and (5) remain relentless on flawless execution.

U.S. Retail

FY27 will focus on transaction growth. As transactions declined by almost 5% in FY26, we believe the worst is behind us. As we will begin to lap higher costs from tariffs and fuel, we believe customers will return at a better rate than this past year. While we continue to believe transactions will be down in the range of 2 to 3% for FY27, this will improve vs FY26. Additionally, our further implementation of our supply chain and inventory initiatives to drive growth and market share should drive sales improvements. For FY27, we are targeting over 250 net new domestic stores versus 236 net new stores this past year. This year's openings will include approximately 40 new Mega Hub locations.

U.S. Commercial

Even with our Commercial Sales growth of almost 11% in FY26, we still have less than 5% share in this more than $130 billion market. We remain committed to continuing to grow our business in FY27. With just over $5.7 billion in sales for FY26, we have set aggressive sales growth targets for the new year with a goal to grow faster than the overall market. Our comprehensive strategy focuses on growing our share of the Up and Down the Street customers and includes improved product availability, improving delivery times to customers, leveraging the power of our Duralast brand, and improving our service levels all while making sure we are "priced" right. We believe our strategy of increasing coverage in the local markets along with speed of delivery will unlock future sales growth.

International

With 1,168 stores internationally at FY26 ending, we continue to have incredible opportunities for international expansion. For FY27, we will target approximately 140 new international stores, continue construction on our third Mexico Distribution Center. As with our domestic market, we see great growth opportunities for both DIY and Commercial across both Mexico and Brazil.

Our Future

Beyond FY27, we continue to believe we can have more than 10,000 stores in the US and over 2000 international stores as we further penetrate the Commercial markets in both countries. While accelerating our store openings, investing in supply chain initiatives and technology, we remain laser focused on driving returns for our investors. We will focus on improving our ROIC over time while allocating more of our cash flow to buybacks versus capital expenditures in future years. We will continue to hold our investments to the same hurdle rates, drive strong returns, and leverage our strong cash flows to repurchase shares and grow our earnings per share. As our ROIC, at 35.8% came down this past year with our ramp up in new store investments, we believe ROIC will increase beginning in late FY28 as we will reach our annual store growth goal of 440 stores. As we believe our ROIC is near the highest in all of hardlines retailing, we will remain committed to being good stewards of capital as we understand the capital we deploy is your capital. While we expect this rate to decline slightly over the next year, before beginning to increase in the last half of FY28.

Before I close, I owe my gratitude to AutoZone's Board of Directors for their confidence in me to lead such an amazing company. AutoZone remains an incredible place to work, develop your career and grow, and our Board

Members understand what a special place it is. A truly unique culture across corporate America.

Finally, I want to recognize our leadership team at AutoZone. I cannot stress enough how comforting it is to have the leaders we have across our organization. I believe we are second to none when it comes to the tenure, leadership, and expertise on display at AutoZone. AutoZone is fortunate to have an experienced leadership team, able to mentor future leaders while developing and implementing our current growth plans. We remain focused on delivering the results as good, if not better, than we have had over the last forty-seven years, and I believe AutoZone is well positioned to do that. Again, I want to thank all AutoZoners for their ongoing dedication to our customers, and tireless efforts this past year. I look forward to what we can accomplish in FY27. Additionally, I would like to thank you, our stockholders, for the confidence you have placed in our team through your decision to invest in AutoZone. As always, we remain committed to a disciplined approach of driving shareholder value.

We promise to remain focused on Living The Pledge and adhering to our Values in order to earn our customers' business and trust every single day. We continue to believe that AutoZone's best days are ahead.

Thank you for staying in the Zone with us all these years and providing confidence in our leadership team through your investment in AutoZone.

Sincerely,



Philip B. Daniele
President and Chief Executive Officer