

Dear Customers, AutoZoners and Stockholders,

On behalf of the 126,000 AutoZoners, I am excited to update you on our progress during fiscal 2024 ("FY24") and to review our plans for fiscal 2025 ("FY25") and beyond. For FY25, AutoZone launched our new operating theme focused on great customer service with the operating theme, "Great People, Great Service". "Great People, Great Service" is an action plan and a commitment to doing the right things for our Customers and AutoZoners. This theme is an outcome of our culture, our Pledge, and our Values. Our theme is not a new one, but essential to remain focused on our customers, AutoZoners and our strategies. In FY25, we will continue to invest in our culture, in training AutoZoners, improving inventory assortments, building on our supply chain, and deploying technology investments implemented in FY24 to allow more AutoZoners than ever to say "Yes" to more customers.

This past year marked our 45th anniversary, and my first year serving as President and Chief Executive Officer ("CEO"). After working nearly 40 years in the automotive aftermarket, thirty-one of those years at AutoZone, I am honored that Bill Rhodes, our Executive Chairman, and our entire Board of Directors had confidence in me to name me the fifth CEO in AutoZone's rich history. AutoZone is a very special organization, and our culture is second to none. I want to thank Bill Rhodes, our Board of Directors and our management team for such a successful leadership transition. What made the transition smooth was the years of leadership experience we have at AutoZone. While I started working in a store 31 years ago, a majority of our leadership team has a similar degree of experience. Our officers average more than 18 years of experience with the Company! This is an amazing statistic and wonderful benefit to the organization when it comes to leading the Company. As a member of the leadership team the last several years, I am proud of what we've accomplished but even more excited about what we will accomplish. By focusing on developing our AutoZoners' skill, talents, and striving to always say "Yes" to our customers, we are strengthening our founder's vision and positioning ourselves well for continued success.

Fiscal Year 2024

While FY24 was not an easy one for us, it was transformative. Our domestic same store sales of 0.4% were the lowest we've had since 2017, but that number doesn't tell the real story. With negative transaction counts and lower ticket growth, our DIY business experienced slightly negative same store sales. Similar to DIY, our Domestic Commercial business experienced lower traffic and ticket growth than we'd seen in more than 10 years. As we were coming off very strong domestic sales the last few years, customers were challenged in FY24. Specifically, over the last few years, they've faced higher inflation across just about everything they buy, which negatively impacted their discretionary purchases. While many of our parts and products are purchased due to failure and maintenance needs, discretionary purchases represent approximately 15% of our auto parts sales. Domestically, discretionary sales were meaningfully negative for the year. However, on the international front, we experienced another solid year. We grew same store constant currency sales 10.2% and opened 81 new stores.

A time for prudent investment

With a tougher macro environment, we decided this is the time to invest our capital for future years' growth. We have confidence in our industry with the average age of light vehicles over 12.6 years, more vehicles on the road, and miles driven continuing to increase. We began with an investment in our largest Supply Chain initiative to date, which we call Supply Chain 2030. This investment is focused on improving our supply chain network to support our store growth through the year 2030. As part of this initiative, we started construction on two new distribution centers in the U.S. and doubled the size of one of our distribution centers in Mexico while working to relocate to a much larger distribution center in Monterey, Mexico. We also began construction on a new distribution center in Brazil which is expected to open in late calendar 2025. On the technology front, we invested more in our proprietary systems that support the Commercial business across all countries. Our other systems investments are focused on making AutoZone easier to do business with. As we have begun to implement these upgrades in markets, we saw our sales increase. We are making one of the largest commitments to store growth that we've ever made. We have established an annual target of opening 500 stores globally by fiscal 2028 ("FY28"). We are targeting approximately 300 domestic stores, and 200 international stores annually. As these are significant goals, considering we have been opening around 200 stores globally, we ramped up our store development efforts. This year, we opened, 213 net new stores with plans to open more each year as we strive for our stated goal in FY28. As part of these new store openings, we are extremely excited to share that we will also ramp up our hub and mega hub openings. We plan to have approximately 285 Mega Hubs and over 300 hubs domestically at maturity. Lastly, we've continued to invest in

ALLDATA, our subsidiary, that is second to none in the global marketplace for original equipment ('OE") diagnostic and repair information. With these upgrades, we expect to grow ALLDATA domestically and internationally in the coming years. These are all very exciting initiatives, but they will take time to develop, and they come with some near-term cost headwinds. Our capital expenditures in FY24 were at an all-time high, exceeding $1 billion. We expect to have similar levels of capital spend in FY25.

What was different in Fiscal Year 2024

While our story continues to be one of evolution and not revolution, we believe we are well positioned to begin FY25. With one of the best brands of products in the automotive aftermarket, Duralast, we have expanded lines of coverage. In addition to the capital and inventory investments we made in FY24, we made sizable investments in operating expenses. We focused on what we call "Flawless Execution". Specifically, our store level turnover improved, our customer service is noticeably better, we increased our efforts toward training, and our in-stock is back to pre-pandemic levels.

Regarding Commercial, we opened 216 net new programs, and now have programs in 92% of our U.S. stores. With less than 5% share of the overall Commercial market, we feel we are well positioned to continue gaining share in FY25.

We also continued accelerating our international store growth, opening more stores outside the U.S. than ever before. We continue to see our products and service offerings being well received by our customers in Mexico and Brazil. Just as in the U.S., our biggest growth opportunity internationally is growing our commercial capabilities.

We remain committed to expanding our internet offerings. We believe www.autozone.com is well positioned to help with the ever-increasing demands of online shoppers.

We are proud of what we've accomplished, and we believe FY24 laid a strong foundation for an even better FY25. While FY24 was clearly a more challenging year, our initiatives are beginning to drive sales and will for years to come. Lastly, we continue to invest in our information systems infrastructure at increasing levels, as these investments will be core to our customer service offerings. Looking forward, FY25 will be a very busy year for us as we remain focused on sustainable growth.

Summary of FY24 results

During FY24, we had many successes. We delivered a record $18.5 billion in sales, up 5.9% over fiscal year 2023 ("FY23"), and a record $149.55 in earnings per share, up 13.0% over FY23 on a 53-week basis. Below are key highlights:

- Expanded our domestic store base by 132 net new stores
- Opened 216 net new domestic Commercial Programs, now in 92% of our store base
- ncreased our presence in Mexico, opening 54 new stores and ending with 794 stores
- Opened 27 additional stores in Brazil, for a total of 127 stores
- Opened 19 additional hub stores, finishing FY24 with 327 hubs (including 109 mega hubs)
- Continued with our relentless focus on Return On Invested Capital (ROIC), reporting 49.7% for FY24
- Generated $3.0 billion of Operating Cash Flow
- Repurchased more than $3.1 billion of our shares for the fourth consecutive year

Our success is directly attributable to our 126,000 AutoZoners and their commitment to living our Pledge and Values and leveraging our unique and powerful culture.

Why we are looking forward to FY25

We are the leading retailer and distributor of automotive replacement parts and accessories in the Americas with 7,353 stores. Our growth priorities for FY25 are:

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

In all our markets, we will continue to improve coverage and expand assortment; deploy inventory more robustly and effectively across our supply chain network; leverage technology to improve the ease of doing business with us; train and invest in AutoZoners for long-term retention; and remain relentless on execution.

U.S. Retail

During FY25, we will continue to focus on further implementation of our supply chain and inventory initiatives. Many of our Retail initiatives don't change significantly from year to year. Our Great People, Great Service initiative will continue to be a constant as it is key to our culture of taking care of the customer. A continued focus on technology enhancements will be part of our key priorities for years to come. We will begin to leverage our improved online presence with expanded assortments. We will continue to focus on building on our share gains. For FY25, we are targeting approximately 180 new domestic stores, including more than 20 new Mega Hubs.

U.S. Commercial

As we have less than 5% share in this $100 billion plus market, we see an enormous opportunity for growth. While FY24 experienced slower sales growth, we are optimistic on growth potential for the new year. With just under $5.0 billion in sales for FY24, we are excited about where we are headed. We are focused on improving the ease of doing business with our customers, and our goal remains to grow faster than the overall market. Our comprehensive strategy includes improving product availability, improving delivery times to customers, leveraging the Duralast brand, and improving our service levels all while making sure we are "priced" right.

International

With just over 900 stores internationally, we have lots of opportunity for international expansion. While exchange rates became a challenge for us in the last quarter of FY24, the business we generated in local currency was exceptional. For FY25, we are targeting approximately 100 new international stores as we see great growth opportunities across both Mexico and Brazil.

Our Future

Beyond FY25, we have great plans for our future. We now believe we can have more than 10,000 stores in the U.S. and 1,500 in Mexico as we further penetrate the Commercial market in both countries. While ramping up our store openings and investing heavily in supply chain initiatives, our capital allocation strategy will remain unchanged. We will continue to hold our investments to the same hurdle rates driving strong returns on invested capital.

We have a solid business model that is built on delivering consistent financial results. As we continue to open stores and grow sales across our business, we will continue to leverage our historically strong cash flows to repurchase shares enhancing our earnings per share. We will continue to invest in initiatives that provide us with an appropriate return. As our ROIC, at 49.7%, is one of the best in all of hardlines retailing, we are committed to being good stewards of capital as we understand the capital we deploy is your capital.

Before I close, I want to thank our entire Board of Directors for their confidence in me to lead such a wonderful company as AutoZone. Their advice has been invaluable to me. At our annual meeting in December, Enderson Guimaraes, a board member since 2012 and a member of our Nominating and Corporate Governance Committee, and Bryan Jordan, a board member since 2013 and our Audit Committee Chair, have decided not to stand for reelection. They will be missed, as they have been instrumental in the longer-term strategic decisions we have made. We cannot thank them enough for their leadership and service on our board.

I am honored and humbled to stand on the shoulders of our outstanding past and present AutoZone leaders who allowed us to be where we are today, the leading retailer and distributor of automotive replacement parts and accessories in the Americas. Finally, I want to highlight how strong our leadership team is at AutoZone. I believe we are second to none when it comes to years of leadership and expertise. I am truly fortunate to have such amazing support when it comes to crafting our future growth plans.

As this letter marks my first since becoming Chief Executive Officer, I commit to you that we will remain focused on delivering the kind of results we have over the last forty-five years. It is an honor serving in this capacity, and I'm proud of the team we have in place to lead us into the future. AutoZone is well positioned for future success. Again, I want to thank all AutoZoners for their continued dedication and tireless efforts in FY24. 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 the returns on capital you entrust us to deploy and returning excess cash through our share repurchase program.

We remain passionate to *Live The Pledge* and our Values in order to earn our customers' trust and business every single day. We continue to believe that AutoZone's best days are ahead.

Thank you for staying in the Zone with us and providing the confidence in our leadership team with your investments in AutoZone.

Sincerely,



Philip B. Daniele, III
President and CEO