

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 3, 2026
- ☐ **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 001-16797



ADVANCE AUTO PARTS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

54-2049910
(I.R.S. Employer Identification No.)

4200 Six Forks Road, Raleigh, North Carolina 27609

(Address of principal executive offices) (Zip Code)

(540) 362-4911

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, \$0.0001 par value	AAP	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 period 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 Registration 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. ☐

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Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of the last business day of the registrant's most recently completed second fiscal quarter, July 12, 2025, the aggregate market value of common stock held by non-affiliates of the registrant was \$1.9 billion, based on the last sales price on July 12, 2025, as reported by the New York Stock Exchange.

As of February 9, 2025, the number of shares of the registrant's common stock outstanding was 60.1 million shares.

Documents Incorporated by Reference:

Portions of the registrant's definitive proxy statement for its 2026 Annual Meeting of Stockholders, to be held on May 20, 2026, are incorporated by reference into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

Certain statements herein are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are usually identifiable by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “likely,” “may,” “plan,” “position,” “possible,” “potential,” “probable,” “project,” “should,” “strategy,” “target,” “will,” or similar language. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, statements about the Company’s strategic initiatives, future business and financial performance, revenue, earnings, cash flow, liquidity, restructuring and asset optimization plans, financial objectives, including with respect to the Company’s reorganized debt capital structure, operational plans and objectives, capital expenditures, organizational changes, cost reductions, expectations for macroeconomic conditions, marketing strategies, inflation, impairments, consumer behavior and preferences, labor costs and availability, supply chain and merchandising strategies and effects, technology investments, effective tax rates, regulatory changes and impacts, anticipated impacts of tariffs and other trade barriers, compliance with debt covenants, statements about the status of, and capacity and utilization under, the Company’s supply chain financing arrangements and statements about the Company’s future credit ratings and outlook as well as statements regarding underlying assumptions related thereto. Forward-looking statements reflect the Company’s views based on historical results, current information and assumptions related to future developments. Except as may be required by law, the Company undertakes no obligation to update any forward-looking statements made herein. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements. They include, among others, the Company’s ability to hire, train and retain qualified employees, the timing and implementation of strategic initiatives, risks associated with the Company’s restructuring and asset optimization plans, risks relating to incurrence of indebtedness and increased leverage, risks relating to the Company’s credit ratings or perceived creditworthiness, deterioration of general macroeconomic conditions, geopolitical factors, including increased tariffs and trade restrictions, the highly competitive nature of the industry, demand for the Company’s products and services, risks relating to the impairment of assets, including intangible assets such as goodwill, access to financing on favorable terms, complexities in the Company’s inventory and supply chain, implementation and operation of information and technology systems, and challenges with transforming and growing its business. Please refer to “Part I. Item 1A. Risk Factors” of this Annual Report for a description of these and other risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements.

PART I

Item 1. Business.

Unless the context otherwise requires, the “Company,” “Advance,” and similar terms refer to Advance Auto Parts, Inc., its subsidiaries and their respective operations on a consolidated basis. The Company’s fiscal year consists of 52 or 53 weeks ending on the Saturday closest to December 31st each year. The Company’s fiscal year ended January 3, 2026 (“2025”) included fifty-three weeks of operations. The Company’s previous two fiscal years ended on December 28, 2024 (“2024”) and December 30, 2023 (“2023”), respectively, each included fifty-two weeks of operations.

Overview

Advance Auto Parts, Inc. and its subsidiaries is a leading automotive aftermarket parts provider in North America, serving both professional installers (“professional”) and “do-it-yourself” (“DIY”) customers, as well as independently-owned operators. The Company’s stores offer a broad selection of brand names, original equipment manufacturer (“OEM”) and owned brand automotive replacement parts, accessories, batteries and maintenance items for domestic and imported cars, vans, sport utility vehicles and light and heavy-duty trucks. As of January 3, 2026, the Company operated 4,305 stores primarily within the United States, with additional locations in Canada, Puerto Rico and the U.S. Virgin Islands. In addition, as of January 3, 2026, we served 809 independently owned Carquest branded stores across the same geographic locations served by our stores in addition to Mexico and various Caribbean islands. Our stores operate primarily under the trade names “Advance Auto Parts” and “Carquest”.

The Company was founded in 1929 as Advance Stores Company, Incorporated, and operated as a retailer of general merchandise, including automotive parts, until the 1980s. During the 1980s, the Company began shifting its focus, specifically targeting the sale of automotive parts and accessories to DIY customers. The Company initiated the professional delivery program in 1996 and has served professional customers since 2000. The Company has grown significantly as a result of strategic acquisitions, new store openings and comparable store sales growth. Advance Auto Parts, Inc., a Delaware corporation, was incorporated in 2001 in conjunction with the acquisition of Discount Auto Parts, Inc. In 2014, the Company acquired General Parts International, Inc., a privately-held company that was a leading distributor and supplier of original equipment and aftermarket automotive replacement products for professional markets operating under the Carquest and Worldpac trade names.

In November 2024, the Company completed the sale of the Worldpac business for net proceeds of approximately \$1.44 billion after transaction costs, the final working capital adjustment recorded in the fourth quarter of fiscal 2025 and excluding the impact of taxes. The transaction reflected a strategic shift in the Company’s business with increased focus on the Advance blended-box model. Refer to Note 19. Discontinued Operations, of the Notes to the Consolidated Financial Statements of this Annual Report for further details.

On November 13, 2024, the Company’s Board of Directors approved a restructuring and asset optimization plan (“2024 Restructuring Plan”) designed to improve the Company’s profitability and growth potential and streamline its operations. The 2024 Restructuring Plan is supplemental to other ongoing initiatives, such as our distribution network optimization initiatives, to simplify the Company’s business and improve profitable growth and entails, among other items, certain store and independent location closures as well as headcount reductions and organizational design changes to align the Company’s workforce to the expected needs of the Company’s business. The Company completed its store footprint optimization with all intended store and independent location closures under the 2024 Restructuring Plan during the first quarter of 2025. Refer to Note 3. Restructuring, of the Notes to the Consolidated Financial Statements of this Annual Report for further details.

During fiscal 2025, the Company continued executing its multi-year strategic plan to drive operational efficiencies, which focuses on merchandising excellence, supply chain transformation and store operations.

Stores

The key factors used in selecting sites and market locations in which the Company operates include population, demographics, traffic count, vehicle profile, number and strength of competitors’ stores and the cost of real estate. During 2025, 39 stores were opened and 522 were closed, resulting in a total of 4,305 stores as of January 3, 2026 compared with a total of

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4,788 stores as of December 28, 2024. During fiscal year 2025, the Company completed the footprint optimization portion of its 2024 Restructuring Plan.

The Company serves its professional and DIY customers through a variety of channels ranging from traditional “brick and mortar” store locations to self-service e-commerce sites. The Company believes it is better able to meet its customers’ needs by operating under two trade names, which are as follows:

Advance Auto Parts — The Company’s 4,066 Advance Auto Parts stores, inclusive of 255 hubs and 33 market hubs, as of January 3, 2026, are generally located in freestanding buildings across 44 U.S. states and two U.S. territories, with a focus on both professional and DIY customers. The average size of an Advance Auto Parts location (including stores, hubs and market hubs) is approximately 8,100 square feet. These stores carry a wide variety of products serving aftermarket auto part needs for both domestic and import vehicles with product offerings of approximately 23,200 stock keeping units (“SKUs”), consisting of a custom mix of products based on each store’s market. Supplementing the Company’s stores’ inventory on-hand, less common SKUs are also available on a same-day or next-day basis from any of the larger hub stores or market hub locations.

Carquest — The Company’s 239 Carquest stores as of January 3, 2026, including 157 stores in Canada, are generally located in freestanding buildings with a primary focus on professional customers, but also serve DIY customers. The average size of a Carquest store is approximately 6,600 square feet. These stores carry a wide variety of products serving the aftermarket auto part needs for both domestic and import vehicles with a product offering of approximately 19,100 SKUs. As of January 3, 2026, 809 independently-owned stores operated under the Carquest name.

The Company serves the stores primarily from its executive office in Raleigh, NC.

Company Products

The Company offers a comprehensive portfolio of replacement parts, maintenance items, accessories and tools to support the full lifecycle of vehicles. With an expansive footprint and a wide assortment of products, the Company believes it is well-positioned to meet a broad range of customer needs in a highly fragmented industry. The following table shows some of the types of products that the Company sells by major category:

Parts & Batteries	Accessories & Chemicals	Engine Maintenance
Batteries and battery accessories	Air conditioning chemicals and accessories	Air filters
Belts and hoses	Air fresheners	Fuel and oil additives
Brakes and brake pads	Antifreeze and washer fluid	Fuel filters
Chassis parts	Electrical wire and fuses	Grease and lubricants
Climate control parts	Electronics	Motor oil
Clutches and drive shafts	Floor mats, seat covers and interior accessories	Oil filters
Engines and engine parts	Hand and specialty tools	Part cleaners and treatments
Exhaust systems and parts	Lighting	Transmission fluid
Hub assemblies	Performance parts	
Ignition components and wire	Sealants, adhesives and compounds	
Radiators and cooling parts	Tire repair accessories	
Starters and alternators	Vent shades, mirrors and exterior accessories	
Steering and alignment parts	Washes, waxes and cleaning supplies	
	Wiper blades	

The Company provides customers with quality products that are often offered at a good, better or best recommendation, differentiated by price and quality. The Company accepts customer returns for many new, core and warranty products. Customer returns have historically been immaterial.

Customers

The Company's professional customers primarily consist of customers for whom the Company delivers products to their places of business, including garages, service stations and auto dealerships. The Company's professional sales represented approximately 50% of sales in each of fiscal years 2025, 2024 and 2023. The Company also serves 809 independently-owned Carquest stores with shipments directly from distribution centers. DIY customers are primarily served through the Company's stores, but can also order online to pick up merchandise at a nearby store or have their purchases shipped directly to them. Except where prohibited, the Company also provides a variety of services at its stores free of charge to customers, including:

- Battery and wiper installation;
- Check engine light scanning;
- Electrical system testing, including batteries, starters and alternators;
- Oil and battery recycling; and
- Loaner tool programs.

The Company also serves customers online at www.AdvanceAutoParts.com or on the Advance Mobile App. Professional customers can conveniently place their orders electronically, by phone, or in-store, and the Company delivers products to their places of business.

Supply Chain

The Company's supply chain consists of a multi-echelon network of distribution centers, hubs and stores that enable the Company to provide same-day or next-day availability to customers. The Company is executing supply chain initiatives to drive efficiency, improve inventory availability and establish a scalable foundation to support merchandising precision and profitable growth. The redesign is intended to leverage current assets and operate fewer, more productive distribution centers that focus on replenishment and move more parts closer to the customer. To achieve this plan, the Company is in the process of converting certain distribution centers and stores into market hubs, and opening new market hubs. In addition to providing replenishment to nearby stores, market hubs enhance retail operations through improved parts availability. As of January 3, 2026, the Company operated 19 distribution centers, including 3 in Canada, ranging in size from approximately 70,000 to 943,000 square feet with total square footage of approximately 7.2 million. In addition, the Company also has one distribution center dedicated to reclamations. As of January 3, 2026, the Company also operated 33 market hub locations.

Merchandise, Marketing and Advertising

In 2025, the Company purchased merchandise from over 730 vendors. The Company's purchasing strategy involves negotiating agreements with vendors to purchase merchandise over a specified period, along with other provisions, such as pricing, rebates, volume, and payment terms.

The Company aims to carry a broad selection of high quality and reputable brand name automotive parts and accessories that the Company believes will appeal to professional customers and also generate DIY customer traffic. Some of the Company's brands include Bosch®, Castrol®, Dayco®, Denso®, Gates®, Meguiar's™, Mobil 1™, Moog®, Monroe®, NGK®, Prestone®, Purolator® and Wagner®. In addition to these branded products, the Company stocks a wide selection of high-quality owned brand products with a goal of appealing to value-conscious customers, including our new oil and fluids brand, ARGOS®, launched in January 2026, designed to meet growing consumer demand for high-quality, affordable auto care products. Other categories of owned brand merchandise include batteries, brakes, chassis, ride control, engine management, filtration, chemicals and other parts under various owned brand names such as Carquest®, DieHard®, Driveworks® and Wearever®. For the DieHard® brand, the Company owns the right to sell batteries and to extend the DieHard® brand into other automotive and vehicular categories. The Company granted the seller an exclusive royalty-free, perpetual license to develop, market and sell DieHard® branded products in certain non-automotive categories.

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The Company's marketing and advertising programs are designed to drive brand awareness, consideration by consumers and omnichannel traffic by position in the aftermarket auto parts category. The Company strives to exceed its customers' expectations end-to-end through a comprehensive online and in-store pick up experience, extensive parts assortment, quality brands, experienced parts professionals, professional programs that are designed to build loyalty with customers and the DIY customer loyalty program.

Seasonality

The Company's business is somewhat seasonal in nature, with the highest sales usually occurring in the spring and summer months. In addition, the Company's business can be affected by weather conditions. While unusually heavy precipitation tends to soften sales as elective maintenance is deferred during such periods, extremely hot or cold weather tends to cause automotive parts to fail at an accelerated rate which can lead to enhanced sales. The fourth quarter is generally the most volatile as weather and spending trade-offs typically influence professional and DIY sales.

Human Capital

As of January 3, 2026, the Company employed approximately 28,274 full-time team members and 25,733 part-time team members. The Company's workforce consisted of 87.4% of team members employed in store-level operations, 8.5% in distribution centers and 4.1% in corporate offices. As of January 3, 2026, approximately 1.7% of team members were represented by labor unions.

Our human capital management strategy focuses on attracting, developing, and retaining the highest quality talent. We work to achieve these objectives by offering competitive compensation, comprehensive benefits, and opportunities for career growth and development.

Intellectual Property

The Company owns a number of trade names, service marks and trademarks, including "Advance Auto Parts[®]," "Advance Same Day[®]," "ARGOS[®]," "Carquest[®]," "CARQUEST Technical Institute[®]," "DieHard[®]," "DriverSide[®]," "MotoLogic[®]," "MotoShop[®]" and "TECH-NET Professional Auto Service[®]," for use in connection with the automotive parts business. In addition, the Company owns and has registered a number of trademarks for its owned brands. The Company believes that these trade names, service marks and trademarks are important to the merchandising strategy. The Company does not know of any infringing uses that would materially affect the use of these trade names and trademarks and will actively defend and enforce them.

Competition

The Company operates in both the professional and DIY markets of the automotive aftermarket industry. The Company's primary competitors are (i) both national and regional chains of automotive parts stores, including AutoZone, Inc., NAPA, O'Reilly Automotive, Inc. and Auto Plus (formerly Uni-Select USA, Inc.), (ii) internet-based retailers, (iii) discount stores and mass merchandisers that carry automotive products, (iv) wholesalers or jobbers stores, including those associated with national parts distributors or associations, (v) independently-owned stores and (vi) automobile dealers that supply parts. The Company believes that chains of automotive parts stores that, like the Company, have multiple locations in one or more markets, have competitive advantages in customer service, marketing, inventory selection, purchasing and distribution compared with independent retailers and jobbers that are not part of a chain or associated with other retailers or jobbers. The principal methods of competition in the business include brand recognition, customer service, product offerings, availability, quality, service with speed, price and store location.

Environmental and Other Regulatory Matters

The Company is subject to various federal, state and local laws and governmental regulations relating to the operation of the business, including those governing collection, transportation and recycling of automotive lead-acid batteries, used motor oil and other recyclable items and the ownership and operation of real property. The Company sells products containing hazardous materials as part of the business. In addition, customers may bring automotive lead-acid batteries, used motor oil or other

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recyclable items onto the properties. The Company currently provides collection and recycling programs for used lead-acid batteries, used oil and other recyclable items at the majority of its stores as a service to its customers. Pursuant to agreements with third-party vendors, lead-acid batteries, used motor oil and other recyclable items are collected by team members, deposited onto pallets or into vendor supplied containers, and stored by the Company until collected by the third-party vendors for recycling or proper disposal. The terms of the contracts with third-party vendors require that they are in compliance with all applicable laws and regulations. The Company's third-party vendors who arrange for the removal, disposal, treatment or other handling of hazardous or toxic substances may be liable for the costs of removal or remediation at any affected disposal, treatment or other site affected by such substances. Based on the Company's experience, the Company does not believe that there are any material environmental costs associated with the current business practice of accepting lead-acid batteries, used oil and other recyclable items as these costs are borne by the respective third-party vendors.

The Company owns and leases real property. Under various environmental laws and regulations, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, under or in such property. These laws often impose joint and several liability and may be imposed without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous or toxic substances. Other environmental laws and common law principles also could be used to impose liability for releases of hazardous materials into the environment or work place, and third parties may seek recovery from owners or operators of real properties for personal injury or property damage associated with exposure to released hazardous substances. From time to time, the Company receives notices from the U.S. Environmental Protection Agency and state environmental authorities indicating that there may be contamination on properties that the Company owns, leases or operates or may have owned, leased or operated in the past or on adjacent properties for which the Company may be responsible. Compliance with these laws and regulations and clean-up of released hazardous substances have not had a material impact on operations to date.

The Company is also subject to numerous regulations including those related to labor and employment, discrimination, anti-bribery/anti-corruption, false claims, product quality and safety standards, data privacy, taxes, workplace safety, consumer protection and trade compliance. Compliance with any such laws and regulations has not had a material adverse effect on the operations to date. For more information, see the following disclosures in Part I. Item 1A. Risk Factors, of this Annual Report.

Available Information

The Company's internet address is www.AdvanceAutoParts.com. The Company's website and the information contained therein or linked thereto are not part of this Annual Report on Form 10-K for 2025. The Company makes available free of charge through the Investor Relations website located at ir.advanceautoparts.com, the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, registration statements and amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934 ("Exchange Act") as soon as reasonably practicable after the Company electronically files such materials with, or furnishes them to the SEC. The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's website at www.sec.gov.

We routinely use our investor relations website, at ir.advanceautoparts.com, as a primary channel for disclosing key information to our investors. We may use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our investor relations website, in addition to following our press releases, filings with the SEC, public conference calls, presentations, and webcasts.

The references to our website addresses do not constitute incorporation by reference of the information contained on the websites, which should not be considered part of this Form 10-K.

Item 1A. Risk Factors.

One should consider carefully the risks and uncertainties described below together with the other information included in this Annual Report on Form 10-K, including without limitation, the Company's consolidated financial statements and related notes thereto and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies, of this Annual Report. The occurrence of any of the following risks could materially adversely affect the Company's business, financial condition, results of operations, cash flows and future prospects, which could in turn materially affect the price of the Company's common stock.

Risks Related to the Company's Operations and Strategy

If we are unable to successfully implement our business strategy, our business, financial condition, results of operations and cash flows could be adversely affected.

The Company recently undertook a comprehensive strategic and operational review to improve its performance of its business and create long-term value. This review resulted in, among other things, narrowed business priorities and initiatives aimed at improving core performance in key areas. The Company has made and expects to continue to make significant investments to improve its business, including through its 2024 Restructuring Plan and initiatives across merchandising, supply chain and store operations. If the Company is unable to implement these and other initiatives efficiently and effectively, the Company's business, financial condition, results of operations and cash flows could be adversely affected. The Company could also be adversely affected if it has not appropriately prioritized and balanced its initiatives or if the Company is unable to effectively manage change throughout the organization. Implementing strategic initiatives could disrupt or reduce the efficiency of the Company's operations and may not provide the anticipated benefits, or may provide them on a delayed schedule or at a higher cost than expected. These risks increase when significant changes are undertaken and when multiple projects with interdependencies and shared human resources are pursued simultaneously.

Restructuring our operations is a significant undertaking and introduces risk to the continuity and results of the Company's operations.

In November 2024, the Company announced the 2024 Restructuring Plan to restructure its operations to improve profitability and growth potential and streamline the Company's operations. As of the January 3, 2026, the closures anticipated in connection with that plan are complete and their associated costs have been incurred. However, the Company expects to incur approximately \$30 million to \$40 million of additional restructuring charges through fiscal 2026, primarily related to costs associated with closed stores for the termination and exit of certain leases. The terms, scope and timing of any additional changes to our lease obligations, as well as any other effects on our landlord relationships or reputation with other real estate owners, are uncertain. The Company's expectations for charges to be incurred and cash to be expended in connection with the restructuring activities are based on a number of assumptions, and the Company may experience unanticipated consequences, such as higher than anticipated lease termination and facility closure costs, asset impairment or other unforeseen expenses related to the restructuring.

The implementation of the Company's restructuring efforts, including the reduction of the Company's facilities and workforce, may not improve our operational and cost structure or result in greater efficiency of the Company's organization; and the Company may not be able to support sustainable profitable growth following the Company's restructuring actions. Failure to achieve or sustain the expected cost reductions and other benefits related to these restructuring initiatives could have a material adverse effect on the Company's results of operations, financial condition and cash flows.

We are exposed to risks associated with past and potential divestitures, which may impact our ability to fully realize the anticipated benefits of those transactions.

The Company sold its Worldpac business in fiscal year 2024. Divestitures are complex transactions involving inherent risks, including the potential for distractions of management from the core remaining business of the Company and the occurrence of events that may impact our ability to fully realize the anticipated benefits of the divestitures. Transactions of this nature carry risks associated with variation from expectations, including with respect to provision of transition services, customary final

working capital settlements with the buyer and post-closing claims for liability. In January 2026, the Company and Worldpac agreed to a final net working capital adjustment that was \$31 million in excess of the Company's original preliminary estimate of working capital, as defined in the agreement. see Note 19. Discontinued Operations, of the Notes to the Consolidated Financial Statements of this Annual Report. Accordingly, there is no guarantee that we will fully realize the anticipated benefits of the Worldpac divestiture.

If we are unable to adequately design, implement, operate and maintain various information and technology systems, our ability to conduct business could be negatively impacted.

The Company is dependent on information and technology systems to facilitate the day-to-day operations of the business and to produce timely, accurate and reliable information on financial and operational results. The Company is in the process of designing, implementing and updating various information and technology systems, including replacing older legacy systems with successor systems, maintaining or enhancing legacy systems that are not being replaced, cloud migration and introducing new systems or functionality, including artificial intelligence. These initiatives will require significant investment of human and financial resources, and the Company may experience significant delays or errors, increased costs and other difficulties with these projects. Deficiencies in the design or implementation or maintenance of our systems could lead to inaccuracy, loss or corruption of data, disruption to the Company's business operations or reputational harm. Failure to appropriately prioritize the upgrading or replacement of various technologies and systems could increase risks associated with aging technological infrastructure, including disruptions to operations that could negatively impact sales or damage customer relationships. In addition, the Company is utilizing data analytics and piloting the use of advance technological applications to support various business initiatives. Any inability on our part to properly capture or interpret data may impair our ability to successfully execute our business plans.

Furthermore, the Company is currently using and intends to use innovative technologies, including artificial intelligence, in its business. If we are not successful in our development, use and/or deployment of such advanced technologies, or if our competitors adopt and deploy such innovative technologies faster or more effectively and/or possess advantages with such technologies and capabilities for consumer-facing platforms or for internal operations, this could adversely affect the Company's competitive position, business, financial condition, results of operations or cash flows. Use of innovative technologies carries inherent risk, and we intend to use artificial intelligence in connection with strategic business initiatives. Failures with respect to such use could result in us making important business decisions based on incorrect or biased information or assumptions, result in delays and increased costs or heighten our exposure to security risks. Furthermore, if our use of artificial intelligence becomes controversial or is inaccurate or ineffective, our reputation and competitive position could be adversely affected and we could be exposed to liabilities or regulatory scrutiny.

The efficacy of the Company's supply chain is important to its business operations and ability to grow the Company's business, and if the Company is unable to maintain adequate supply chain capacity or improve supply chain efficiency, it could adversely affect its business, financial condition and results of operations and cash flows.

The Company's strategy to improve supply chain efficiency includes conversion of distribution centers and stores into a network of market hubs to create economies of scale and enhance service levels for our customers through improved parts availability. The Company's store inventories are primarily replenished by shipments from its network of distribution centers and market hubs. If the Company is unable to maintain adequate capacity in its supply chain network, or improve the efficiency of its supply chain, through the implementation of its market hub strategy or otherwise, the Company may experience higher inventory costs, lower inventory availability, slower delivery speed and ultimately a lower ability to meet consumer product needs and channel preferences. The Company plans to further invest in its distribution center infrastructure to help ensure safety, reliability and efficiency across its operations, which will require capital investments. The Company is also working to improve product lifecycle management and address slower-moving inventory in its network. The Company's investments in supply chain may not provide the anticipated benefits, and experiencing sub-optimal inventory levels, inventory availability or increases in its costs could adversely affect its business, financial condition, results of operations and cash flows.

An unstable global economic and geopolitical landscape increases uncertainty about key areas of doing business internationally and may have a negative impact on our business.

During fiscal 2025, new global trade tariffs were imposed on imports to the U.S., including tariffs on imports from various countries from which the Company directly or indirectly imports and/or sources merchandise, including Canada, China and Mexico, among others. In response, several countries imposed, or threatened to impose, reciprocal tariffs on imports from the U.S. and other measures. Various modifications and delays to the U.S. tariffs have been announced and further changes are expected to be made in the future, which may include additional sector-based tariffs or other measures. Additionally, the current administration has directed various federal agencies to further evaluate key aspects of U.S. trade policy and there has been ongoing discussion and commentary regarding potential significant changes to U.S. trade policies, enforcement priorities, sanctions, treaties and tariffs. Significant uncertainty continues to exist about the future economic and political relationship between the U.S. and other countries. The ultimate impact of tariffs on the Company's business will depend on several factors, including whether additional or incremental U.S. tariffs or other measures are announced, revised, or rescinded, to what extent other countries implement tariffs or other measures in response, and the overall magnitude and duration of these items. These developments, or the perception that any of them could occur, may have a material effect on global economic conditions, the stability of global financial markets, or global trade, and may impact the Company's product cost, pricing, or competitive conditions, disrupt supply chains, impact the broader macroeconomic environment and consumer sentiment or otherwise negatively impact the Company's business, financial condition and results of operations.

The Company's reliance on suppliers, including freight carriers and other third parties in the Company's global supply chain, subjects it to various risks and uncertainties which could adversely affect its financial results.

The Company sources the products it sells from a wide variety of domestic and international suppliers, and places significant reliance upon various third parties to transport, store and distribute those products to the Company's distribution centers, stores and customers. The Company's financial results depend on it securing acceptable terms with its suppliers for, among other things, the price of merchandise the Company purchases from them, funding for various forms of promotional programs, payment terms and provisions covering returns and factory warranties. To varying degrees, the Company's suppliers may be able to leverage their competitive advantages - for example, their scale, financial strength, the strength of their brand with customers, their own stores or online channels or their relationships with other retailers - to the Company's commercial disadvantage. Generally, the Company's ability to negotiate favorable terms with its suppliers is more difficult with suppliers for whom the Company purchases represent a smaller proportion of their total revenues, consequently impacting the Company's profitability from such vendor relationships. If the Company encounters any of these issues with its suppliers, its business, financial condition, results of operations and cash flows could be adversely impacted.

In addition, the Company's suppliers, including those within its global supply chain, are impacted by global conditions that in turn may impact the Company's ability to source merchandise at competitive prices or timely supply product at levels adequate to meet consumer demand. For example, disruptions to the global supply chain resulting from lack of carrier capacity, labor shortages, geopolitical unrest, changes in foreign trade policies, port congestion and/or closures, amongst other factors, may negatively impact costs, inventory availability and operating results. If suppliers increase prices charged to the Company for products, including transportation and distribution, as a result of these or other factors such as tariffs, heightened trade compliance and sanctions enforcement, inflation or the cost of participating in vendor financing programs, it may negatively impact the Company's results. If the Company experiences transitions or changeover with any of its significant vendors, or if its vendors experience financial difficulties or are otherwise unable to deliver merchandise to the Company on a timely basis, or at all, the Company could have product shortages in its stores that could adversely affect customers' perceptions of the Company and cause the Company to lose customers and sales.

The Company's ability to maintain its stores and open locations in desirable places will impact its competitive positioning and results of operations, and failure to properly invest in stores could adversely affect its business, financial condition, results of operations and cash flows.

The Company recently undertook the 2024 Restructuring Plan, pursuant to which it closed approximately 500 store locations and 200 independent store locations during the first quarter of 2025. Following the completion of the store footprint optimization portion of the 2024 Restructuring Plan, the Company had the highest or second highest market share by store count in approximately 75% of its markets. However, some of the Company's competitors are opening new stores at a significantly higher pace than the Company is currently opening new stores, threatening the Company's competitive position in certain markets. The Company intends to continue to open new stores in attractive markets as it improves its business. However, there is uncertainty about the profitability of newly opened locations, and newly opened stores may harm the profitability or comparable store sales of existing locations. The profitability of newly opened and existing locations' will depend on the competition the Company faces as well as its ability to properly stock, market and price the products desired by customers in their markets. The actual number and format of any new locations to be opened and the success of the Company's strategy will depend on a number of factors, including, among other things:

- the availability of desirable locations;
- the negotiation of acceptable lease or purchase terms for new locations;
- the availability of financial resources, including access to capital at cost-effective interest rates;
- the Company's ability to expand its online offerings and sales; and
- the Company's ability to manage the expansion and to hire, train and retain qualified team members.

The Company competes with other retailers and businesses for suitable locations for its stores. Local land use and zoning regulations, environmental regulations and other regulatory requirements may impact its ability to find suitable locations and influence the cost of constructing, renovating and operating its stores. In addition, real estate, zoning, construction and other delays may adversely affect store openings and renovations and increase the Company's costs. Further, changing local demographics at existing store locations may adversely affect revenue and profitability levels at those stores. The early termination or expiration of leases at existing store locations may adversely affect the Company if the renewal terms of those leases are unacceptable to it and the Company is forced to close or relocate stores. If the Company determines to close or relocate a store subject to a lease, the Company may remain obligated under the applicable lease for the balance of the lease term. In addition to potentially incurring costs related to lease obligations, the Company may also incur employee-related severance or other facility closure costs for stores that are closed or relocated.

Even if the Company is successful in opening new stores in desirable locations and on favorable terms, and with maintaining its existing locations, competitive intrusion associated with competitors' deployment of more resources or faster pace of store opening may contribute to sales erosion or otherwise negatively impact the Company's business.

Omnichannel growth in the Company's business is complex and if the Company is unable to successfully maintain a relevant omnichannel experience for its customers, its sales and results of operations could be adversely impacted.

Omnichannel and e-commerce retail are competitive and evolving environments. Operating an e-commerce platform is a complex undertaking and exposes the Company to risks and difficulties frequently experienced by internet-based businesses, including risks related to the Company's ability to attract and retain customers on a cost-effective basis and its ability to operate, support, expand and develop its internet operations, website, mobile applications and software and other related operational systems.

Enhancing the customer experience through omnichannel programs such as buy-online-pickup-in-store, new or expanded delivery options, the ability to shop through a mobile application or other similar programs depends in part on the effectiveness of the Company's inventory management processes and systems, the effectiveness of its merchandising strategy and mix, its supply chain and distribution capabilities, and the timing and effectiveness of its marketing activities, particularly its promotions. Website or catalog downtime and other technology disruptions in its omnichannel business, including interruptions due to cyber-related issues, aging informational technology infrastructure or natural disasters, as well as supply and distribution delays and other related issues may negatively affect the Company's operations. If the Company is not able to successfully operate or improve its e-commerce platform and omnichannel business, the Company may not be able to provide a relevant shopping experience or improve customer traffic, sales or margins, and the Company's reputation, operations, financial condition, results of operations and cash flows could be materially adversely affected.

The Company depends on the services of many qualified executives and team members, whom the Company may not be able to attract, develop and retain.

The Company's success, to a significant extent, depends on the continued engagement, services and experience of its team members. The Company's ability to attract, develop and retain an adequate number of qualified team members depends on factors such as employee morale, the Company's reputation, competition from other employers, availability of qualified personnel, its ability to offer competitive compensation and benefit packages and its ability to maintain a safe working environment. Failure to recruit or retain qualified team members may impact the Company's ability to serve its customers, increase its costs and impair its efficiency and ability to pursue growth opportunities. Additionally, turnover in executive or other key positions can disrupt progress in implementing business strategies, result in a loss of institutional knowledge, impair the Company's ability to execute, distract other team members from their key areas of focus or otherwise negatively impact the Company's business and results. If the Company is unable to attract and retain personnel with expertise in the required areas, there may be disruptions in its financial processes and reporting, or higher likelihood of control deficiencies or future material weaknesses in internal control over financial reporting.

The Company operates in a competitive labor market and has been investing in key roles in its frontline organization, and there is a risk that increases in compensation could have an adverse effect on the Company's profitability. Additionally, government regulated increases to employee hourly wage rates, along with the Company's ability to implement corresponding adjustments within its labor model and wage rates, could have a negative impact on its profitability. Approximately 1.7% of the Company's team members are represented by unions. If these team members, or if non-union team members, were to engage in a strike, work stoppage, or other slowdown, or if the terms and conditions in labor agreements were renegotiated, the Company could experience a disruption in its operations and higher ongoing labor costs.

The Company has established policies and procedures to help maintain the privacy and security of its customers, suppliers, and team members, as well as the security and functioning of its technology (business information, computer systems, website and other online offerings). In the event of a security breach or other cyber security incident, the Company could experience adverse operational effects or interruptions and/or become subject to legal or regulatory proceedings, any of which could result in substantial costs and damage to its reputation in the marketplace. To date the Company is not aware that it has experienced a material cyber security incident.

The nature of the Company's business requires it to receive, retain and transmit certain personal information ("PI") about its customers, suppliers and team members. Some of this PI is managed by or shared with third-party service providers. The Company uses contractual provisions and certain third-party risk management processes to protect such PI and other confidential information and to help ensure that technology functions remain operational.

Despite these efforts, a compromise of the Company's data security systems or those of businesses or third-party vendors it interacts with is possible. This could result in information being obtained by unauthorized persons, adverse operational effects, interruptions or other failures that could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. The Company develops, maintains and updates processes and systems to help reduce the likelihood of an occurrence.

Information Security controls are costly and require constant, ongoing attention as technologies change, privacy and information security regulations change, and efforts to overcome security measures by bad actors continue to become ever more sophisticated. The Company leverages a risk-based approach to selecting controls to reduce the likelihood of a failure.

The cost of complying with stricter and more numerous, complex state data privacy laws (such as the California Consumer Privacy Act), data collection and information security laws and standards is also significant to the Company. Such laws and standards increase the Company's responsibility and liability in relation to personal data that it processes, and the Company may be required to put in place additional mechanisms ensuring compliance with privacy laws and regulations.

Additionally, since the Company does not control its third-party service providers and its ability to monitor their data security is limited, the Company cannot ensure the security measures they take will be sufficient to protect the Company's data.

Despite the Company's efforts, its security measures may be breached due to a cyber attack, computer malware viruses, exploitation of hardware and software vulnerabilities, team member error, malfeasance, fraudulent inducement (including so-called "social engineering" attacks and "phishing" scams) or other acts. The rapid evolution and increased adoption of artificial intelligence technologies may also heighten our cybersecurity risks by making cyber attacks more difficult to detect, contain, and mitigate.

The Company maintains insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover losses in any particular situation.

Any breach, damage to or interference with the Company's equipment, its network, third-party providers, or unauthorized access could result in significant operational difficulties including legal and financial exposure and damage to the Company's reputation that could potentially have an adverse effect on its business.

If the Company is unable to successfully integrate future acquisitions into its existing operations or implement joint ventures or other strategic relationships, it could adversely affect the Company's business, financial condition, results of operations and cash flows.

The Company may continue to make strategic acquisitions and enter into strategic relationships as an element of its strategy. Acquisitions, joint ventures and other strategic relationships involve certain risks that could cause the Company's growth and profitability to differ from its expectations. The success of these acquisitions and relationships depends on a number of factors, including but not limited to:

- the Company's ability to continue to identify and acquire suitable targets or strategic partners, or to acquire additional companies or enter into strategic relationships, at favorable prices and/or with favorable terms;
- the Company's ability to obtain the full benefits envisioned by strategic transactions or relationships;
- the risk that management's attention may be distracted;
- the Company's ability to attract and retain key personnel;
- the Company's ability to successfully integrate the operations and systems of the acquired companies, and to achieve the strategic, operational, financial or other anticipated synergies of the acquisition or other transaction or relationship;
- the performance of the Company's strategic partners;
- significant transaction or integration costs that may not be offset by the synergies or other benefits achieved in the near term or at all;
- additional operational risks, such as those associated with doing business internationally or expanding operations into new territories, geographies or channels, that may become applicable to the Company; and
- loss contingencies that the Company may assume or become subject to, whether known or unknown, of acquired companies, which could relate to past, present or future facts, events, circumstances or occurrences.

The Company is dependent on its suppliers to supply it with products that comply with safety and quality standards at competitive prices.

The Company is dependent on its vendors continuing to supply it with quality products on payment terms that are favorable to the Company. The current geopolitical environment, including tariffs, customs and trade and economic sanctions, may require us to change our supply chain or to source products from different regions, which could come with risks. If the Company's merchandise offerings do not meet its customers' expectations regarding safety, innovation and quality, the Company could experience lost sales, increased costs and exposure to legal and reputational risk. The Company's suppliers are subject to applicable product safety laws, and the Company is dependent on them to ensure that the products the Company buys comply with all safety and quality standards. The Company also has established standards for product safety and quality and workplace standards that it requires all its suppliers to meet. The Company does not condone human trafficking, forced labor, child labor, harassment or abuse of any kind, and it expects its suppliers to operate within these same principles and legal requirements. The Company's ability to find qualified suppliers who can supply products in a timely and efficient manner that meet the Company's standards, timeline and other needs can be challenging. Events that give rise to actual, potential or perceived product safety concerns could expose the Company to government enforcement action and private litigation and result in costly product recalls and other liabilities. Suppliers may also fail to invest adequately in design, production or distribution facilities, may reduce their

customer incentives, advertising and promotional activities or change their pricing policies. To the extent the Company's suppliers are subject to additional government regulation of their product design and/or manufacturing processes, or the imposition of new tariffs, the cost of the merchandise the Company purchases may rise. In addition, negative customer perceptions regarding the safety or quality of the products the Company sells could cause its customers to seek alternative sources for their needs, resulting in lost sales. In those circumstances, it may be difficult and costly for the Company to regain the confidence of the Company's customers.

Because the Company is involved in litigation from time to time, and is subject to numerous laws and governmental regulations, the Company could incur substantial judgments, fines, legal fees and other costs.

The Company is sometimes the subject of complaints or litigation, which may include class action litigation from customers, team members or others for various actions. From time to time, the Company is involved in litigation involving claims related to, among other things, breach of contract, tortious conduct, employment, discrimination, breach of laws or regulations (including The Americans With Disabilities Act), payment of wages, exposure to asbestos or potentially hazardous products, real estate and product defects. The damages sought against the Company in some of these litigation proceedings are substantial. Although the Company maintains liability insurance for some litigation claims, if one or more of the claims were to greatly exceed the Company's insurance coverage limits or if the Company's insurance policies do not cover a claim, this could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. For instance, the Company is subject to a potential securities class action regarding past public disclosures (See Item 3. Legal Proceedings, of this Annual Report) and to numerous lawsuits alleging injury as a result of exposure to asbestos-containing products (see Note 14. Commitments and Contingencies, of the Notes to the Consolidated Financial Statements of this Annual Report).

The Company is subject to numerous federal, state and local laws and governmental regulations relating to, among other things, environmental protection, product quality and safety standards, weights and measures, building and zoning requirements, labor and employment, discrimination, anti-bribery/anti-corruption, false claims, data privacy, income taxes and trade sanctions and compliance. Compliance with existing and future laws and regulations could increase the cost of doing business and adversely affect the Company's results of operations. If the Company fails to comply with existing or future laws or regulations, the Company may be subject to governmental or judicial fines or sanctions while incurring substantial legal fees and costs as well as reputational risk. In addition, the Company's capital and operating expenses could increase due to remediation measures that may be required if the Company is found to be noncompliant with any existing or future laws or regulations.

Business interruptions may negatively impact the Company's store hours, operability of our computer systems and the availability and cost of merchandise, which may adversely impact our sales and profitability.

The Company is exposed to risks from hurricanes, tornadoes, winter storms, earthquakes, wildfires or other natural disasters, war or acts of terrorism, civil or geopolitical unrest, public health issues, epidemics or pandemics. These events or the threat of any of these incidents or others, may have a negative impact on the Company's ability to obtain merchandise to sell in the Company's stores, result in extended store closures and/or significant repair costs, impair customer demand, adversely impact team members health, safety and availability, or otherwise negatively impact the Company's operations. Some of the Company's merchandise is imported from other countries. If imported goods become difficult or impossible to import into the United States due to business interruption (including regulation of exporting or importing), and if the Company cannot obtain such merchandise from other sources at similar costs and without an adverse delay, sales and profit margins may be negatively affected.

In the event that commercial transportation, including the global shipping industry, is curtailed or substantially delayed, the business may be adversely impacted due to difficulty receiving merchandise from the Company's suppliers and/or transporting it to the Company's stores.

Terrorist attacks, warfare, geopolitical instability, or uncertainty or insurrection involving any oil producing country could result in an abrupt increase in the price of crude oil, gasoline and diesel fuel. Such price increases would increase the cost of doing business for the Company and the Company's suppliers, and also negatively impact customers' disposable income, causing an adverse impact on the Company's business, sales, profit margins and results of operations.

The Company has extensive reliance on computer systems and the systems of business partners to manage data or inventory, process transactions and report results. These systems are subject to damage or interruption due to various reasons such as power outages, telecommunication failures, computer viruses, security breaches, malicious cyber attacks and catastrophic events or occasional system breakdowns related to ordinary use or wear and tear. If computer systems of the Company or its business partners fail, the Company may experience loss of critical data and interruptions or delays in the Company's ability to process transactions and manage inventory. Any significant business interruptions may make it difficult or impossible to continue operations, and any disaster recovery or crisis management plans the Company may employ may not suffice in any particular situation to avoid a significant adverse impact to the business, financial condition and results of operations.

Our significant level of indebtedness or a deterioration in the global credit markets could limit the cash flow available for operations and could adversely affect our ability to service our debt or obtain additional financing.

We have a significant amount of indebtedness. Our significant level of indebtedness could restrict our operations and make it more difficult for us to satisfy our debt obligations. For example, our level of indebtedness could, among other things:

- affect our liquidity by limiting our ability to obtain additional financing for working capital;
- limit our ability to obtain financing for capital expenditures and acquisitions or make any available financing more costly;
- require us to dedicate all or a substantial portion of our cash flow to service our debt, which would reduce funds available for other business purposes, such as capital expenditures, dividends or acquisitions, or to invest in our turnaround;
- limit our flexibility in planning for or reacting to changes in the markets in which we compete;
- place us at a competitive disadvantage relative to our competitors who may have less indebtedness;
- render us more vulnerable to general adverse economic and industry conditions;
- make it more difficult for us to satisfy our financial obligations; and
- limit our ability to refinance our debt on terms as favorable as our existing debt or at all.

Furthermore, despite our current indebtedness levels, we may still incur significant additional indebtedness, which would increase the risks associated with our leverage. Although the indentures and asset-based loan revolving credit facility governing our indebtedness contain certain restrictive covenants, certain of such agreements restrict but do not completely prohibit us from incurring substantial additional indebtedness, including secured indebtedness, in the future. If new debt or other liabilities are added to our current debt levels, the related risks that we now face could intensify. Any failure to comply with the restrictive covenants in our debt instruments could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt, including the outstanding notes, and have a material adverse effect on our liquidity and operations.

Finally, conditions and events in the global credit markets could have a material adverse effect on our access to short- and long-term borrowings to finance our operations and the terms and cost of that debt. It is possible that one or more of the banks that provide us with financing may fail to honor the terms of our agreements or be financially unable to provide the unused credit as a result of significant deterioration in such bank's financial condition. Any inability to obtain sufficient financing at cost-effective rates could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks Related to the Company's Industry and the Business Environment

If overall demand for the products that the Company sells declines, the Company's business, financial condition, results of operations and cash flows will suffer. Decreased demand could also negatively impact the Company's stock price.

Overall demand for products the Company sells depends on many factors and may decrease due to any number of reasons, including:

- *a decrease in the total number of vehicles on the road or in the number of annual miles driven or significant increase in the use of ride sharing services*, because fewer vehicles means less maintenance and repairs, and lower vehicle mileage, which decreases the need for maintenance and repair;
- *the economy*, because as consumers reduce their discretionary spending by deferring vehicle maintenance or repair, sales may decline and as new car purchases increase, the number of cars requiring maintenance and repair may decrease;
- *the weather*, because milder weather conditions may lower the failure rates of automobile parts while extended periods of rain and winter precipitation may cause the Company's customers to defer elective maintenance and repair of their vehicles; additionally, overall climate changes could create greater variability in weather events, which may result in greater volatility for the Company's business, or lead to other significant weather conditions that could impact the Company's business;
- *the average duration of vehicle manufacturer warranties and average age of vehicles driven*, because newer cars typically require fewer repairs and will be repaired by the manufacturers' dealer networks using dealer parts pursuant to warranties (which have gradually increased in duration and/or mileage expiration over the recent past), while vehicles that are seven years old and older are generally no longer covered under manufacturers' warranties and tend to need more maintenance and repair;
- *an increase in internet-based retailers*, because potentially favorable prices and ease of use of purchasing parts via other websites on the internet may decrease the need for customers to visit and purchase their aftermarket parts from the Company's physical stores and may cause fewer customers to order aftermarket parts on the Company's website;
- *technological advances, including the rate of adoption of electric vehicles, hybrid vehicles, ride sharing services, alternative modes of transportation, autonomously driven vehicles and future legislation related thereto, and the increase in the quality of vehicles manufactured*, because vehicles that need less frequent maintenance or have lower part failure rates will require less frequent repairs using aftermarket parts and, in the case of electric and hybrid vehicles, do not require or require less frequent oil changes; and
- *the refusal of vehicle manufacturers to make available diagnostic, repair and maintenance information to the automotive aftermarket industry that the Company's professional and DIY customers require to diagnose, repair and maintain their vehicles*, because this may force consumers to have a majority of diagnostic work, repairs and maintenance performed by the vehicle manufacturers' dealer networks.

The Company may be adversely affected by legal, regulatory or market responses regarding technological adaptation in the automotive industry.

Policy makers in the U.S. may enact legislative or regulatory proposals that would impose mandatory requirements on greenhouse gas emissions and encourage more rapid adoption of vehicles that minimize emissions. Such laws, if enacted, are likely to impact the Company's business in a number of ways. For example, significant increases in fuel economy requirements, new federal or state restrictions on emissions of carbon dioxide or new federal or state incentive programs that may be imposed on vehicles and automobile fuels could adversely affect annual miles driven, purchases of used vehicles that are likely to have a higher need for maintenance and repair, or the relevancy of the products the Company sells to new vehicles coming into production. The Company may not be able to accurately predict, prepare for and respond to new kinds of technological innovations with respect to electric vehicles and other technologies that minimize emissions. Additionally, compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by the Company or its suppliers. The Company's inability to appropriately respond to such changes, adapt the Company's business to

meet evolving demands or innovate to remain competitive could adversely impact the Company's business, financial condition, results of operations or cash flows.

If the Company is unable to compete successfully against other companies in the automotive aftermarket industry, the Company may lose customers and market share and the Company's revenues may decline.

The sale of automotive parts, accessories and maintenance items is highly competitive and influenced by a number of factors, including name recognition, location, price, quality, product availability and customer relationships and service. The Company competes in both the professional and DIY categories of the automotive aftermarket industry, primarily with: (i) national and regional chains of automotive parts stores, (ii) internet-based retailers, (iii) discount stores and mass merchandisers that carry automotive products, (iv) wholesalers or jobbers stores, including those associated with national parts distributors or associations, (v) independently owned stores and (vi) automobile dealers that supply parts. These competitors and the level of competition vary by market. Some of the Company's competitors may have greater resources than the Company and otherwise possess advantages over the Company in certain markets the Company shares, including with respect to the level of marketing activities, number of stores, store locations, store layouts or technologies (including the use of generative AI), operating histories, name recognition or reputation, established customer bases, vendor relationships, distribution network, product availability, employee staffing or expertise, prices and product warranties. Internet-based retailers may possess cost advantages over the Company due to lower overhead costs, time and travel savings and ability to price competitively. In order to compete favorably, the Company may need to increase availability, change inventory assortment, change store layouts, technologies or assets (including the use of generative AI), increase delivery speeds, incur higher shipping costs, lower prices, invest further in employees, any of which could adversely impact the Company's financial results. Consolidation among the Company's competitors could enhance their market share and financial position, provide them with the ability to achieve better purchasing terms and allow them to provide more competitive prices to customers for whom the Company competes.

In addition, the Company's reputation is critical to the Company's continued success. Customers are increasingly shopping, reading reviews and comparing products and prices online. If the Company fails to maintain high standards for, or receive negative publicity (whether through social media or traditional media channels) relating to, product safety and quality, as well as the Company's integrity and reputation, the Company could lose customers due to competition. The products the Company sells are both third-party vendor brands and the Company's owned brands. If the perceived quality or value of the brands the Company sells declines in the perception of its customers, the Company's results of operations could be negatively affected.

Competition may require the Company to reduce its prices below the Company's normal selling prices or increase the Company's promotional spending, which could lower the Company's revenue and profitability. Competitive disadvantages may also prevent the Company from introducing new product lines, require the Company to discontinue current product offerings, or change some of the Company's current operating strategies. If the Company does not have the resources, expertise and consistent execution, or otherwise fail to develop successful strategies, to address these potential competitive disadvantages, the Company may lose customers and market share, the Company's revenues and profit margins may decline and the Company may be less profitable or potentially unprofitable.

The Company's inventory and ability to meet customer expectations may be adversely impacted by factors out of the Company's control.

For the portion of the Company's inventory manufactured and/or sourced outside the United States, geopolitical changes, macroeconomic and inflationary changes, changes in trade regulations or tariff rates, currency fluctuations, work stoppages, labor strikes, unionizing activity, port delays, shipping disruptions, civil unrest, natural disasters, pandemics and other factors beyond the Company's control may increase the cost of items the Company purchases, lead to lengthy delays in acquiring products or create shortages that could have a material adverse effect on the Company's sales and profitability. In addition, unanticipated changes in consumer preferences or any unforeseen hurdles in meeting the Company's customers' needs for automotive products (particularly parts availability) in a timely manner could undermine the Company's business strategy.

Deterioration of general macroeconomic conditions, including unemployment, inflation or deflation, rising consumer debt levels, and/or high fuel and energy costs, could have a negative impact on the Company's business, financial condition, results of operations and cash flows due to impacts on the Company's suppliers, customers and operating results.

The Company's business depends on developing and maintaining close relationships with the Company's suppliers and on the Company's suppliers' ability and willingness to sell quality products to the Company at favorable prices and terms. Many factors outside the Company's control may harm these relationships and the ability or willingness of these suppliers to sell the Company products on favorable terms. Such factors include a general decline in the economy and economic conditions and prolonged recessionary conditions. These events could negatively affect the Company's suppliers' operations and make it difficult for them to obtain the credit lines or loans necessary to finance their operations in the short-term or long-term and meet the Company's product requirements. Financial or operational difficulties that some of the Company's suppliers may face could also increase the cost of the products the Company purchases from them or the Company's ability to source products from them. The Company might not be able to pass its increased costs on to its customers. If the Company's suppliers fail to develop new products, the Company may not be able to meet the demands of the Company's customers and results of operations could be negatively affected.

In addition, the trend towards consolidation among automotive parts suppliers as well as the off-shoring of manufacturing capacity to foreign countries may disrupt or end the Company's relationship with certain suppliers, and could lead to less competition and result in higher prices. The Company could also be negatively impacted by suppliers who might experience bankruptcies, work stoppages, labor strikes, changes in foreign or domestic trade policies, changes in tariff rates or other interruptions to or difficulties in the manufacture or supply of the products we purchase from them.

Deterioration in macroeconomic conditions, inflationary pressures or an increase in fuel costs or proposed or additional tariffs may have a negative impact on the Company's customers' net worth, financial resources, disposable income or willingness or ability to pay for accessories, maintenance or repairs for their vehicles, resulting in lower sales. An increase in fuel costs may also reduce the overall number of miles driven by the Company's customers, resulting in fewer parts failures and a reduced need for elective maintenance.

Rising energy prices also directly impact the Company's operating and product costs, including the Company's store, supply chain, professional delivery, utility and product acquisition costs.

Risks Related to the Company's Common Stock and Financial Condition

The Company's level of indebtedness, a downgrade in the Company's credit ratings or a deterioration in global credit markets could limit the cash flow available for operations and could adversely affect the Company's ability to service its debt or obtain additional financing.

The Company's level of indebtedness could restrict the Company's operations and make it more difficult for it to satisfy its debt obligations. For example, the Company's level of indebtedness could, among other things:

- affect the Company's liquidity by limiting the Company's ability to obtain additional financing for working capital;
- limit the Company's ability to obtain financing for capital expenditures and acquisitions or make any available financing more costly;
- require the Company to dedicate all or a substantial portion of the Company's cash flow to service the Company's debt, which would reduce funds available for other business purposes, such as capital expenditures, dividends or acquisitions;
- limit the Company's flexibility in planning for or reacting to changes in the markets in which the Company competes;
- place the Company at a competitive disadvantage relative to the Company's competitors who may have less indebtedness;
- render the Company more vulnerable to general adverse economic and industry conditions; and
- make it more difficult for the Company to satisfy the Company's financial obligations.

The indentures governing the Company's senior unsecured notes and credit agreement governing the Company's credit facilities contain certain non-financial restrictive covenants and springing financial covenants. The Company's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of its debt, including such notes.

In addition, the Company's overall credit rating may be negatively impacted by the Company's performance, deteriorating and uncertain credit markets or other factors that may or may not be within the Company's control. Outstanding amounts under the Company's ABL Facility would accrue interest at a floating rate, which, at the Company's election, can be either (i) SOFR plus an applicable margin or (ii) an alternative base rate plus an applicable margin. A negative impact on the Company's credit ratings may result in higher interest rates and interest expense on any borrowings under the Company's ABL Facility and less favorable terms on the Company's other operating and financing arrangements, including additional debt the Company may issue or incur in the future. In addition, it could reduce the attractiveness of certain vendor payment programs whereby third-party institutions, also referred to as paying agents, finance arrangements to the Company's vendors based on the Company's credit rating, which could result in increased working capital requirements.

The Company currently holds a significant amount of cash and cash equivalents. The Company currently earns a significant amount of interest income on such amounts. Macroeconomic conditions, inflationary pressures and decisions made by the federal reserve and other monetary authorities may influence interest rates, result in future decreases in interest rates and result in lower interest income earned. As the Company's current long-term debt outstanding accrues interest based on fixed rates, decreases in interest rates would not result in lower interest expense on our long-term debt.

Conditions and events in the global credit market could have a material adverse effect on the Company's access to short- and long-term borrowings to finance the Company's operations and the terms and cost of that debt. It is possible that one or more of the banks that provide the Company with financing under its asset-based revolving credit facility (the "ABL Facility") may fail to honor the terms of the Company's ABL Facility or be financially unable to provide the unused credit as a result of significant deterioration in such bank's financial condition. An inability to obtain sufficient financing at cost-effective rates could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The market price of the Company's common stock may be volatile and could expose us to securities class action litigation.

The stock market and the price of the Company's common stock may be subject to wide fluctuations based upon general economic and market conditions in addition to the Company's public perception and performance. Downturns in the stock market may cause the price of the Company's common stock to decline. The market price of the Company's stock may also be affected by the Company's ability to meet analysts' expectations or financial guidance that the Company provides to the investment community. Inability to accurately forecast the Company's operational and financial performance could increase volatility in the Company's stock. Failure to meet expectations set by the Company or its analysts, even slightly, could have an adverse effect on the price of the Company's common stock. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. Such litigation could result in substantial costs and a diversion of the Company's attention and resources, which could have an adverse effect on the Company's business. For example, a potential securities class action regarding past public disclosures and a related derivative shareholder litigation suit have been filed against the Company following a period of significant decline in the Company's stock price (See Item 3. Legal Proceedings, of this Annual Report).

The amount and frequency of the Company's share repurchases and dividend payments may fluctuate.

The amount, timing and execution of the Company's share repurchase program may fluctuate based on the Company's priorities for the use of cash for other purposes such as operational spending, capital spending, acquisitions or repayment or repurchase of debt. Changes in operational results, cash flows, tax laws and the Company's share price could also impact the Company's share repurchase program and other capital activities. The Company's ABL Facility contains restrictions on the Company's ability to increase its dividend to shareholders. Share repurchases are generally permitted under the ABL Facility; however, under certain circumstances, the Company's ability to repurchase shares may be limited or restricted. Additionally, decisions to return capital to stockholders, including through the Company's repurchase program or the issuance of dividends on the Company's common stock, remain subject to determination of the Company's Board of Directors that any such activity is in the best interests of the Company's stockholders and is in compliance with all applicable laws and contractual obligations.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

The Company has processes in place for assessing, identifying and managing risks from potential cyber threats and vulnerabilities. To protect the Company's information systems from cyber threats, the Company uses a variety of tools, controls, technologies, methods, systems and other processes that are designed to prevent, detect, escalate, investigate, mitigate and/or remediate data loss, theft, misuse, unauthorized access or other security incidents or vulnerabilities affecting information systems and data.

Cybersecurity is a component of the Company's enterprise risk management ("ERM") framework and processes. The Company utilizes a range of capabilities to help identify and assess potential cyber threats and vulnerabilities, which feed into the development and regular updating of a risk mitigation plan to help manage the Company's cybersecurity risk posture. The Company evaluates cyber security risks on an ongoing basis across several categories in terms of probability of the likelihood and magnitude of potential impact, using evaluation results to inform areas of focus and prioritization.

The Company evaluates risks associated with use of third-party providers through a lifecycle-based approach, conducting risk-based due diligence before engagement, using contractual provisions to apportion risk, and for certain third-party providers, engaging in architectural review and validation at the beginning of engagement. The Company uses third parties to assist with penetration testing, simulated attacks and survey and other threat intelligence reporting on third parties, as well as review and enhancement of associated response processes.

The Company's cyber risk mitigation plan is reviewed on a quarterly cadence by a cross-functional Cyber Steering Committee, the managerial governing body that regularly reviews the top cyber risks to the Company and receives reports on progress on key cyber initiatives. The Company's Chief Information Security Officer ("CISO") leads the Cyber Steering Committee, which also includes individuals with experience identifying and managing enterprise risks, including the Company's President and Chief Executive Officer, Executive Vice President, Chief Financial Officer, Executive Vice President and General Counsel and Corporate Secretary as well as individuals with technical expertise in information technology, data governance and cyber matters and/or experience in managing cyber incident responses, including the Company's Chief Technology Officer, Senior Vice President, Information Technology Operations and Senior Vice President, Deputy General Counsel.

The Internal Audit function assesses cyber security risks and audits components of cyber security on an annual basis. At least every three years, the Company uses an external party to evaluate the maturity of the program against the National Institute of Standards and Technology ("NIST") Cybersecurity Framework.

The Audit Committee of the Company's Board of Directors is charged with reviewing, discussing with management and overseeing the Company's information technology and cybersecurity risk. The Audit Committee receives reports on cybersecurity risk and management thereof at least semi-annually, and the full Board of Directors receives such reports at least annually.

As of January 3, 2026, we are not aware of any instances of material cybersecurity incidents, including third-party incidents, that impacted the Company in the last three years.

Item 2. Properties.

The following table summarizes the location, ownership status and total square footage of space utilized for distribution centers, principal corporate office and retail stores as of January 3, 2026:

Stores and Properties	Location	Square Footage (<i>in thousands</i>)	
		Leased	Owned
Distribution Centers	16 locations in fifteen U.S. states and 3 locations in three Canadian provinces	2,838	4,374
Executive Office	Raleigh NC	245	—
Stores	4,148 stores in forty four U.S. states and two U.S. territories and 157 stores in six Canadian provinces	28,403	6,130

Item 3. Legal Proceedings.

Refer to discussion in Note 14. Commitments and Contingencies, of the Notes to the Consolidated Financial Statements of this Annual Report for information relating to legal proceedings.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company’s common stock is listed on the New York Stock Exchange under the symbol “AAP.”

As of February 9, 2026, there were 1,131 holders of record of common stock, which does not include the number of beneficial owners whose shares were represented by security position listings.

The following table sets forth information with respect to repurchases of the Company’s common stock for the fourth quarter ended January 3, 2026:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value that May Yet Be Purchased Under the Programs (in millions) ⁽²⁾
October 5, 2025 to November 1, 2025	103	\$ 36.14	—	\$ 947
November 2, 2025 to November 29, 2025	3,680	\$ 51.45	—	\$ 947
November 30, 2025 to January 3, 2026	3,601	\$ 52.50	—	\$ 947
Total	7,384	\$ 51.75	—	

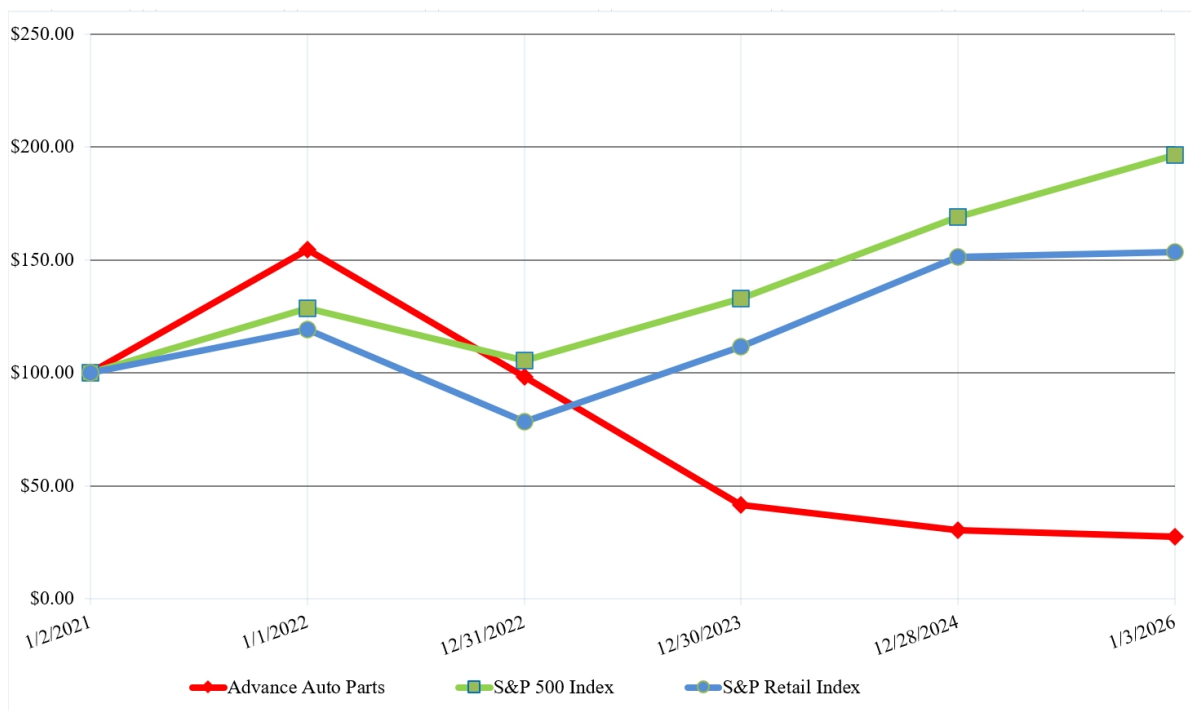
⁽¹⁾ All repurchases reported in this table relate to the withholding of shares upon the vesting of restricted stock units to settle income tax liabilities (“net settlement”). The aggregate cost of repurchasing shares in connection with the net settlement of shares issued as a result of the vesting of restricted stock units was \$0.4 million, or an average price of \$51.75 per share, during the thirteen weeks ended January 3, 2026.

⁽²⁾ On February 8, 2022, the Board of Directors authorized an additional \$1 billion to the existing share repurchase program. This authorization is incremental to the \$1.7 billion that was previously authorized by the Board of Directors. Amendment No. 5 to the Company's 2021 Credit Agreement, which was terminated on August 12, 2025, and replaced by the ABL facility, generally prohibited open market share repurchases. Share repurchases are generally permitted under the Company's ABL facility, however, under certain circumstances, the Company's ability to repurchase shares may be restricted.

Stock Price Performance

The following graph shows a comparison of the cumulative total return on the Company’s common stock, the Standard & Poor’s (“S&P”) 500 Index and the S&P’s Retail Index. The graph assumes that the value of an investment in the Company’s common stock was \$100.00 on January 2, 2021, and that any dividends have been reinvested. The comparison in the graph below is based solely on historical data and is not intended to forecast the possible future performance of the Company’s common stock.

**COMPARISON OF CUMULATIVE TOTAL RETURN AMONG
ADVANCE AUTO PARTS, INC., S&P 500 INDEX AND S&P RETAIL INDEX**



Company/Index	January 2, 2021	January 1, 2022	December 31, 2022	December 30, 2023	December 28, 2024	January 3, 2026
Advance Auto Parts	\$ 100.00	\$ 154.68	\$ 98.22	\$ 41.63	\$ 30.60	\$ 27.63
S&P 500 Index	\$ 100.00	\$ 128.71	\$ 105.40	\$ 133.10	\$ 168.91	\$ 196.57
S&P Retail Index	\$ 100.00	\$ 119.31	\$ 78.41	\$ 111.65	\$ 151.26	\$ 153.60

Item 6. (Reserved).

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Company's consolidated financial statements and related notes that appear elsewhere in this Annual Report. The Company's discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as the Company's plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the section titled "Part I. Item 1A. Risk Factors" of this Annual Report. The discussion of the Company's financial condition and changes in the Company's results of operations, liquidity and capital resources for the fiscal year ended December 28, 2024 ("2024") compared with the fiscal year ended December 30, 2023 ("2023") has been omitted from this Form 10-K, but are included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Company's Annual Report on Form 10-K for 2024, filed with the Securities and Exchange Commission ("SEC") on February 26, 2025. Amounts are presented in millions, except per share data, unless otherwise stated.

Management Overview

The Company's results from continuing operations for the fiscal year ended January 3, 2026 included the benefit of one additional week (the "53rd week") as compared to the fiscal year ended December 28, 2024, which contained 52 weeks. A high-level summary of the Company's financial results and other highlights from 2025 includes:

- Net sales from continuing operations during fiscal 2025 were \$8.6 billion, a decrease of 5.4% compared with fiscal 2024, driven by lower sales as a result of store closures executed under the 2024 Restructuring Plan, partially offset by the impact of the 53rd week. Comparable store sales increased 0.8%.
- Gross profit margin from continuing operations for fiscal 2025 was 43.4% of net sales, an increase of 592 basis points compared with fiscal 2024, primarily due to the adverse impact on gross profit margin in fiscal 2024 from inventory-related charges under the 2024 Restructuring Plan.
- Operating loss from continuing operations for 2025 was \$43 million, an improvement of \$670 million as compared to fiscal 2024. As a percentage of net sales, operating loss was (0.5)%, an improvement of 734 basis points compared with fiscal 2024. This change was primarily attributable to lower restructuring and related expenses in fiscal 2025 compared to 2024, including inventory-related charges related to the 2024 Restructuring Plan.
- Cash flows used in operating activities from continuing operations was \$46 million during fiscal 2025, a decrease of 132.6% compared with fiscal 2024, primarily attributable to a reduction in our accounts payable and cash charges related to the 2024 Restructuring Plan.
- Diluted earnings per share ("Diluted EPS") from continuing operations resulted in earnings of \$1.13 during 2025 compared with a loss of \$9.80 in 2024.

Refer to "Results of Operations" and "Liquidity and Capital Resources" of this Annual Report for further details on the Company's results.

Business and Risk Update

The Company continues to make progress on the various elements of its business plan, which is focused on improving the customer experience, margin expansion, and driving consistent execution for both professional and DIY customers. To achieve these improvements, the Company has undertaken planned strategic actions to help build a foundation for long-term success across the organization, which include:

- Completion of the optimization of our U.S. asset footprint under the 2024 Restructuring Plan;
- Issuance of \$1.95 billion in Senior Unsecured Notes (as defined below) and redemption of the Company's 5.90% Senior Notes due March 9, 2026;
- Termination of the Company's prior revolving credit facility (the "2021 Credit Agreement"), which was replaced by a new asset-based loan revolving credit facility (the "ABL Facility");
- Performed an assessment and began initiatives to improve the productivity of all assets, including Company-owned stores and Carquest Independents;
- Reducing costs to remain competitive while reinvesting in the frontline;

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- Making organizational changes to position the Company for success;
- Consolidating the Company's supply chain and converting distribution centers and stores to market hubs to create economies of scale, improve service and parts availability and optimize transportation routes; and
- Finalization of the sale of Worldpac in fiscal 2024 and the subsequent finalization of customary working capital adjustments in January 2026.

In the third quarter of fiscal 2025, one of the Company's vendors, a leading auto parts supplier for the automotive aftermarket industry, filed voluntary petitions for Chapter 11 bankruptcy protection with the U.S. Bankruptcy Court for the Southern District of Texas. The vendor has secured short-term financing through a debtor-in-possession ("DIP") loan, however, Chapter 11 proceedings carry inherent risks with respect to a company's ability to continue operations and maintain adequate liquidity to satisfy current and future obligations. As a result of these events, the Company recorded a non-cash charge of \$28 million to cost of sales in the third quarter of fiscal 2025, reflecting estimated future credit losses on certain vendor receivables due from the vendor. The estimate was developed utilizing a probability weighted cash-flow model adjusted for risks associated with credit risk deterioration for companies that enter Chapter 11 bankruptcy proceedings. The Company may continue to source some products from the vendor, but such purchases are not material to the Company.

In early fiscal 2025, new global trade tariffs were imposed on imports to the U.S., including additional tariffs on various countries from which the Company directly or indirectly imports and/or sources merchandise, including Canada, China and Mexico, among others. Since the initial announcement in the first quarter of fiscal 2025, various modifications and delays to the U.S. tariffs have been announced and further changes are expected to be made in the future, which may include additional sector-based tariffs or other measures. In response to the tariffs, certain of our suppliers have increased prices. However, the impact of such increases to-date has not been material to the Company's business, financial condition and results of operations, in-part as a result of certain price increases being passed-through to our customers.

On November 1, 2024, the Company completed the sale of the Worldpac business for net proceeds of approximately \$1.44 billion (excluding the impact of taxes) after transaction costs and application of the final working capital adjustment recorded in the fourth quarter of fiscal 2025. On November 13, 2024, the Company's Board of Directors approved the 2024 Restructuring Plan which is designed to improve the Company's profitability and growth potential and streamline its operations. This plan is supplemental to other ongoing initiatives to simplify the Company's business and improve profitable growth and included, among other items, certain store and independent location closures, streamlining product assortment and headcount reductions and organizational design changes to align the Company's workforce to the expected needs of the Company's business. The Company is also pursuing efficiencies in procurement, pricing and professional and outside services, in addition to operational efficiencies. Refer to "Liquidity and Capital Resources" herein and Note 3. Restructuring, of the Notes to the Consolidated Financial Statements of this Annual Report for further details.

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Industry Update

Operating within the automotive aftermarket industry, the Company is influenced by a number of general macroeconomic factors, many of which are similar to those affecting the overall retail industry. In addition to the “Business and Risk Update” section included within this Management’s Discussion and Analysis of Financial Condition and Results of Operations, these factors include, but are not limited to:

- Inflationary pressures, including logistics and labor
- Global trade tariffs
- Global supply chain disruptions
- Cost of fuel
- Miles driven
- Unemployment rates
- Interest rates
- Consumer confidence and purchasing power
- Competition
- Changes in new car sales
- Economic and geopolitical uncertainty
- Increased foreign currency exchange volatility

While these factors tend to fluctuate, the Company remains confident in the long-term growth prospects for the automotive parts industry.

Results of Operations

The following table sets forth certain of the Company’s operating data from continuing operations expressed as a percentage of net sales for the periods indicated:

	Year Ended						
(\$ in millions)	January 3, 2026		December 28, 2024		Change ⁽¹⁾	Basis Points	
Net sales	\$	8,601	100.0%	\$	9,094	100.0%	\$ (493) —
Cost of sales ⁽²⁾		4,868	56.6		5,685	62.5	817 (592)
Gross profit		3,733	43.4		3,409	37.5	324 592
Selling, general and administrative expenses, exclusive of restructuring and related expenses		3,572	41.5		3,813	41.9	241 (40)
Restructuring and related expenses		204	2.4		309	3.4	105 (103)
Selling, general and administrative expenses		3,776	43.9		4,122	45.3	346 (142)
Operating loss		(43)	(0.5)		(713)	(7.8)	670 734
Interest expense		(139)	(1.6)		(81)	(0.9)	(58) (73)
Other income, net		91	1.1		26	0.3	65 77
Income tax benefit		(159)	(1.8)		(181)	(2.0)	(22) 14
Net income (loss)	\$	68	0.8%	\$	(587)	(6.5)%	\$ 655 725

⁽¹⁾ Represents favorable (unfavorable) year over year change

⁽²⁾ Cost of sales in fiscal 2024 includes \$431 million of inventory-related charges attributable to the location closures and streamlining product assortment resulting from the 2024 Restructuring Plan.
Note: Table amounts may not foot due to rounding.

Net Sales

For the fifty-three weeks ended January 3, 2026, net sales decreased 5.4% and comparable store sales increased 0.8% compared with the fifty-two weeks ended December 28, 2024. The decline in net sales as compared with the prior period, was due to lower sales as a result of store closures executed under the 2024 Restructuring Plan, partially offset by the impact of the 53rd week.

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Comparable store sales for the fourth quarter and year ended January 3, 2026 excludes net sales for the 53rd week. For example, our comparable sales results for 2025 compares weeks 1 through 52 in fiscal 2025, to the 52-week period reported for fiscal 2024. The Company calculates comparable store sales based on the change in store sales starting once a location has been open for approximately one year and by including e-commerce sales and excluding sales fulfilled by distribution centers to independently owned Carquest locations. The Company includes sales from relocated stores in comparable store sales from the original date of opening. Closed stores are not included in the comparable store sales calculation. Comparable store sales is intended only as supplemental information and is not a substitute for net sales presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Gross Profit

For the fifty-three weeks ended January 3, 2026, and the fifty-two weeks ended December 28, 2024, gross profit was \$3.7 billion, or 43.4% of net sales, and \$3.4 billion or 37.5% of net sales, respectively. The increase in gross profit as a percentage of net sales compared to the fifty-two weeks prior comparative period was due to \$431 million of inventory-related charges and liquidation sales associated with the 2024 Restructuring Plan, which negatively impacted the comparative period, as well as more favorable product margins in fiscal 2025, driven by strategic sourcing and pricing initiatives and lower supply chain and other related costs. This was partially offset by lower-margin liquidation sales associated with the 2024 Restructuring Plan in the first quarter of fiscal 2025 and a \$28 million non-cash charge for expected future credit losses related to vendor receivables due from a vendor that filed petitions for Chapter 11 bankruptcy protection on September 28 2025. Total gross profit dollars were also impacted year-over-year as a result of store closures during the year under our 2024 Restructuring Plan offset by favorability from the 53rd week.

Selling, General and Administrative Expenses, Exclusive of Restructuring and Related Expenses

For the fifty-three weeks ended January 3, 2026, selling, general and administrative ("SG&A") expenses, exclusive of restructuring and related expenses, were \$3.6 billion, or 41.5% of net sales, compared with \$3.8 billion, or 41.9% of net sales, for the fifty-two weeks ended December 28, 2024. Overall SG&A expenses decreased for the fifty-three weeks ended January 3, 2026, as compared to the fifty-two weeks ended December 28, 2024, as a result of store closures executed under the 2024 Restructuring Plan reducing overhead and operating costs, offset by higher medical, insurance and marketing costs. SG&A expenses as a percentage of net sales for the fifty-two weeks ended December 28, 2024, benefited from a net gain on asset sales, see Note 9. Leases and Other Commitments, of the Notes to the Consolidated Financial Statements in this Annual Report.

Restructuring and Related Expenses

For the fifty-three weeks ended January 3, 2026, restructuring and related expenses were \$204 million or 2.4% of net sales, compared to \$309 million, or 3.4% of net sales, for the fifty-two weeks ended December 28, 2024. The decrease in expenses as compared to the same period in fiscal 2024, relates to the timing of the Company's 2024 Restructuring Plan which was announced during the fourth quarter of fiscal 2024. The expenses principally relate to lease terminations, professional services, severance and termination costs and other exit costs. The Company estimates that it will incur additional expenses of approximately \$30 million to \$40 million through fiscal 2026, substantially all of which is expected to be cash expenses, primarily composed of lease and termination costs associated with closed stores and distribution center leases. See Note 3. Restructuring, of the Notes to the Consolidated Financial Statements of this Annual Report.

Interest Expense

For the fifty-three weeks ended January 3, 2026, interest expense increased as compared to the fifty-two weeks ended December 28, 2024, due to an increase in the principal amount of interest bearing long-term debt in the third quarter of fiscal 2025. For further information see Note 7. Long-term Debt and Fair Value of Financial Instruments, of the Notes to the Consolidated Financial Statements and Liquidity and Capital Resources of this Annual Report.

Other Income, net

For the fifty-three weeks ended January 3, 2026, other income, net increased as compared to the fifty-two weeks ended December 28, 2024, due to higher interest income earned from higher cash and cash equivalent balances held, driven by the proceeds received from the sale of the Worldpac business in the fourth quarter of fiscal 2024 and the issuance of \$1.95 billion in

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Senior Unsecured Notes with net proceeds of \$1.6 billion, after the redemption of the Company's 5.90% Senior Notes due March 2026, in the third quarter of fiscal 2025. Other income, net also includes \$9 million of recognized losses on extinguishments of debt and income recognized from the transition services ("TSA Services") agreement with Worldpac that commenced in the fourth quarter of fiscal 2024. TSA Services and related income are expected to be negligible for fiscal 2026.

Provision for Income Taxes

For the fifty-three weeks ended January 3, 2026, the Company's provision for income taxes was a benefit of \$159 million compared with a benefit of \$181 million for the fifty-two weeks ended December 28, 2024. The decrease in tax benefit for the fifty-three weeks ended January 3, 2026, was a result of a decrease in the loss before taxes from continuing operations, partially offset by a net discrete tax benefit in the first quarter of fiscal 2025 of \$126 million, related to an internal legal entity restructuring event completed in the fiscal year treated as a taxable stock disposition for U.S. federal income tax purposes. As a result, the Company recognized a capital loss deduction which was utilized against capital gain income. See Note 13. Income Taxes, of the Notes to the Consolidated Financial Statements of this Annual Report.

Discontinued Operations

For the fifty-three weeks ended January 3, 2026, the Company recorded a loss of \$24 million, net of taxes from discontinued operations, reflecting an adjustment to the previously recognized gain on divestiture of Worldpac in fiscal 2024 after finalizing customary working capital adjustments.

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. Non-GAAP financial measures, including Adjusted Operating income, Adjusted Net income (loss), Adjusted Cost of sales, Adjusted Diluted Earnings (Loss) Per Share ("Adjusted EPS"), and Adjusted Selling, general and administrative ("Adjusted SG&A"), should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing operating performance, financial position or cash flows.

The Company has presented these non-GAAP financial measures as the Company believes that the presentation of the financial results that exclude (1) transformation expenses under the Company's turnaround plans, inclusive of the Worldpac divestiture (2) other significant expenses and (3) nonrecurring tax expense are useful and indicative of the Company's base operations because the expenses vary from period to period in terms of size, nature and significance. The income tax impact of these non-GAAP adjustments is adjusted for using the estimated tax rate in effect for the respective non-GAAP adjustments. These measures assist in comparing the Company's current operating results with past periods and with the operational performance of other companies in the industry. The disclosure of these measures allows investors to evaluate the Company's performance using the same measures management uses in developing internal budgets and forecasts and in evaluating management's compensation. Included below is a description of the expenses the Company has determined are not normal, recurring cash operating expenses necessary to operate the Company's business and the rationale for why providing these measures is useful to investors as a supplement to the GAAP measures.

Transformation Expenses

Expenses incurred in connection with the Company's turnaround plan and specific transformative activities related to asset optimization that the Company does not view to be normal cash operating expenses. These expenses primarily include:

- *Restructuring and other related expenses:* Expenses relating to strategic initiatives, including severance expense, retention bonuses offered to store-level employees to help facilitate the closing of stores, incremental reserves related to the collectibility of receivables resulting from contract terminations with certain independents associated with the 2024 Restructuring Plan and fees for third-party professionals assisting in the development and execution of the strategic initiatives.
- *Inventory write-down:* Expenses relating to the incremental write-down of inventory to net realizable value due to liquidation sales and streamlining inventory assortment due to store and distribution center closures associated with the 2024 Restructuring Plan.

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- *Impairment and write-down of long-lived assets:* Expenses relating to the impairment of operating lease right-of-use ("ROU") assets and property and equipment, incremental depreciation as a result of accelerating long-lived assets over a shorter useful life, ROU asset amortization after store closure, and incremental lease abandonment expenses as a result of accelerating ROU asset amortization for leases the Company expects to exit before the end of the contractual term, net of gains on lease terminations, in connection with the 2024 Restructuring Plan and Other Restructuring Plan.
- *Distribution network optimization:* Expenses primarily relating to the conversion of the stores and distribution centers to market hubs, including realized losses on liquidated inventory, temporary labor, nonrecurring professional service fees and team member severance.

Other Expenses

Expenses incurred by the Company that are not viewed as normal cash operating expenses and vary from period to period in terms of size, nature, and significance. These expenses primarily include:

- *Other professional service fees:* Expenses relating to nonrecurring services rendered by third-party vendors engaged to perform a strategic business review, including the Company's transformation initiatives.
- *Worldpac post transaction-related expenses:* Expenses primarily relating to non-recurring separation activities provided by third-party professionals subsequent to the sale of Worldpac.
- *Executive turnover:* Expenses associated with executive level reorganization, including expenses for executive severance, the hiring search for leadership positions and certain compensation benefits.
- *Material weakness remediation:* Incremental expenses associated with the remediation of the Company's previously-disclosed material weaknesses in internal control over financial reporting.
- *Cybersecurity incident:* Expenses related to the response and remediation of a cybersecurity incident.
- *Other:* Includes a non-cash charge related to expected future credit losses on vendor receivables due from a vendor that filed voluntary petitions for Chapter 11 bankruptcy protection.
- *Other tax adjustments:* Certain tax items that are unrelated to the fiscal year in which they are recorded are excluded in order to provide a clearer understanding of the Company's ongoing Non-GAAP tax rate and after-tax earnings.

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The following table includes a reconciliation of this information to the most comparable GAAP measures (in millions):

	Classification	Year Ended		
		January 3, 2026	December 28, 2024	December 30, 2023
Net income (loss) from continuing operations (GAAP)		\$ 68	\$ (587)	\$ (30)
Cost of sales adjustments:				
Transformation expenses:				
Inventory write-down	Restructuring	—	431	—
Distribution network optimization	Restructuring	12	—	—
Expected future credit loss related to other receivables ⁽¹⁾	Non-restructuring	28	—	—
Selling, general and administrative adjustments:				
Transformation expenses:				
Restructuring and other related expenses ⁽²⁾	Restructuring	88	61	8
Impairment and write-down of long-lived assets ⁽³⁾	Restructuring	83	204	—
Distribution network optimization	Restructuring	20	20	—
Other expenses:				
Other professional service fees	Non-restructuring ⁽⁶⁾	14	15	—
Worldpac post transaction-related expenses	Restructuring	8	7	—
Executive turnover	Restructuring	5	2	8
Material weakness remediation	Non-restructuring	1	5	1
Cybersecurity incident	Non-restructuring	—	3	—
Other income adjustments:				
TSA services		(9)	(3)	—
Loss on extinguishment of debt		9	—	—
Provision for income taxes on adjustments ⁽⁴⁾		(64)	(185)	(4)
Other tax (benefit) expense adjustments ⁽⁵⁾		(126)	10	—
Adjusted net income (loss) (Non-GAAP)		<u>\$ 137</u>	<u>\$ (17)</u>	<u>\$ (17)</u>
 Diluted earnings (loss) per share from continuing operations (GAAP)		 \$ 1.13	 \$ (9.80)	 \$ (0.50)
Adjustments, net of tax		1.13	9.51	0.22
Adjusted diluted earnings (loss) per share (Non-GAAP)		<u>\$ 2.26</u>	<u>\$ (0.29)</u>	<u>\$ (0.28)</u>

(1) Reflects a charge for expected future credit losses related to vendor receivables due from a vendor that filed petitions for Chapter 11 bankruptcy protection on September 28, 2025.

(2) Restructuring and other related expenses for the fifty-three weeks ended January 3, 2026 includes \$38 million of nonrecurring services rendered by third party vendors assisting with the 2024 Restructuring Plan, \$18 million of severance and other related costs, \$7 million for reserves on independent loans and \$25 million of other related expenses associated with location closures, including the transfer of assets. Restructuring and other related expenses for the fifty-two weeks ended December 28, 2024 includes \$25 million of incremental receivable reserves resulting from contract terminations with certain independents as part of the 2024 Restructuring Plan, \$15 million of severance and other labor related costs as part of the 2024 Restructuring Plan, and \$21 million of nonrecurring services rendered by third party vendors assisting with the 2024 Restructuring Plan.

(3) The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$60 million and impairment charges for ROU assets and property and equipment of \$23 million, net of gains on sale, for the fifty-three weeks ended January 3, 2026. The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$171 million and impairment charges for ROU assets and property and equipment of \$33 million, net of gains on sale, for the fifty-two weeks ended December 28, 2024.

(4) The income tax impact of Non-GAAP adjustments is calculated using the estimated tax rate in effect for the respective Non-GAAP adjustments.

(5) Income tax (benefit) expenses included a discrete non-recurring tax benefit associated with capital loss deductions effectuated in the first quarter of fiscal 2025. The benefit has been excluded from Non-GAAP results in order to provide a clearer understanding of ongoing Non-GAAP tax rate and after-tax earnings.

(6) Other professional service fees in fiscal 2024 were classified as restructuring and related expenses based on the underlying activity to which they are related.

Liquidity and Capital Resources

Overview

The Company's principal sources of liquidity are cash and cash equivalents and borrowing availability under the ABL Facility. The Company's primary cash requirements necessary to maintain the Company's current operations include payroll and benefits, inventory purchases, contractual obligations, capital expenditures, payment of income taxes, funding of initiatives and other operational priorities, such as restructuring and asset optimization plans. In addition, cash is required to pay the Company's dividends and to pay interest and principle on the Company's long-term debt when due. The following table presents selected financial information related to the Company's liquidity (in millions):

	January 3, 2026	December 28, 2024	Change
Cash and cash equivalents	\$ 3,123	\$ 1,869	\$ 1,254
2021 Credit Facility borrowing availability	—	1,000	(1,000)
ABL Facility borrowing availability	896	—	896

The increase in cash and cash equivalents in fiscal 2025 was primarily due to the issuance of \$1.95 billion in Senior Unsecured Notes with net proceeds of \$1.6 billion, after giving effect to the redemption of the Company's 5.90% Senior Notes due 2026 with the proceeds and direct transaction and closing costs in the third quarter of fiscal 2025, offset by net cash used in operating activities of \$46 million, primarily as a result of changes in net working capital, inclusive of cash payments made in the period related to the Company's 2024 Restructuring Plan, \$231 million used for purchases of property and equipment, net of proceeds from sales, and the payment of \$60 million in dividends.

Historically, the Company has funded its cash requirements primarily through cash generated from operations, supplemented by proceeds raised through the issuance of long-term debt as needed. The Company believes that funds generated from the Company's expected results of operations, available cash and cash equivalents and other sources of liquidity are expected to satisfy the Company's working and other capital requirements (as further detailed below) for at least the next 12 month and thereafter for the foreseeable future.

On November 13, 2024, the Company's Board of Directors approved the 2024 Restructuring Plan which is designed to improve the Company's profitability and growth potential and streamline its operations. This plan contemplated the closure of approximately 500 stores, approximately 200 independent locations and four distribution centers by mid-2025, as well as headcount reductions. The Company completed the closure of all of these locations during the first quarter of 2025. As a result of the 2024 Restructuring Plan, the Company incurred \$159 million and \$680 million of restructuring expenses in 2025 and 2024, respectively. Certain expenses, primarily related to closed store and closed distribution center leases are expected to continue into fiscal year 2026.

As further described in Note 17. Supplier Finance Programs, of the Notes to the Consolidated Financial Statements in this Annual Report, certain of the Company's suppliers may elect at their own discretion to participate in certain supplier finance programs to obtain enhanced receivables options. Bank participation and Company utilization of those programs may vary based on a number of factors, including the Company's credit ratings. If bank participation is insufficient to cover planned utilization, whether due to declines in the Company's credit rating or otherwise, the Company may experience shorter payable terms for inventory than anticipated, which could materially impact its cash flows, capital resources and capital allocation decisions.

Capital Expenditures

The Company's primary capital requirements have been the funding of the Company's investments in information technology, supply chain, e-commerce, new greenfield store and distribution center sites and enhancements and/or major renovation projects of existing stores. The Company leases approximately 80% of the Company's stores.

The Company's capital expenditures were \$252 million in 2025, an increase of \$71 million from 2024, driven by increased capital spending for store renovations.

The Company's future capital requirements will depend in large part on the timing or number of the investments the Company makes in information technology and supply chain network initiatives and existing stores and new store development

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(leased and owned locations) within a given year. In 2026, the Company currently anticipates that the Company's capital expenditures related to such investments will be approximately \$300 million, reflecting continued investment in store infrastructure upgrades and the growth of our store and market hub footprint, but this amount may vary depending on business conditions and other factors.

Analysis of Cash Flows

In the fourth quarter of fiscal 2024, the Company completed the sale of Worldpac. As a result, the Company classified the results of operations and cash flows of Worldpac as discontinued operations in its consolidated statements of operations and consolidated statements of cash flows for prior periods presented. The Company's cash flows from operating, investing and financing activities were as follows (in millions):

	Year ended	
	January 3, 2026	December 28, 2024
Net cash (used in) provided by operating activities of continuing operations	\$ (46)	\$ 141
Net cash used in operating activities of discontinued operations	—	(56)
Net cash used in investing activities of continuing operations	(239)	(167)
Net cash provided by investing activities of discontinued operations	—	1,522
Net cash provided by (used in) financing activities	1,538	(75)
Effect of exchange rate changes on cash	1	1
Net increase in cash and cash equivalents	\$ 1,254	\$ 1,366

Operating Activities

In fiscal 2025, cash flows from operating activities decreased \$187 million to negative \$46 million. The net decrease in cash flows provided by operating activities was primarily attributable to working capital changes driven by a reduction in accounts payable and cash payments for restructuring and related expenses, partially offset by accounts receivable collections. Refer to "Results of Operations" for further details on the Company's results.

Investing Activities

In fiscal 2025, cash flows used in investing activities increased \$72 million to \$239 million compared with fiscal 2024. This increase was attributable to increased capital spend related to store renovations.

Financing Activities

In fiscal 2025, cash flows provided by financing activities increased by \$1.6 billion to \$1.5 billion compared with fiscal 2024. The net increase in cash provided by financing activities was attributable to the issuances of senior unsecured notes in 2025 partially offset by the redemption of the 5.90% 2026 Notes.

The Company's Board of Directors has declared a quarterly cash dividend since 2006. Any payments of dividends in the future will be at the discretion of the Company's Board of Directors and will depend upon the Company's results of operations, cash flows, capital requirements and other factors deemed relevant by the Company's Board of Directors. Similar to the 2021 Credit Agreement, the Company's new ABL Facility, as detailed further below, has certain restrictions that may limit the Company's ability to increase the amount of the Company's cash dividends above its current levels.

Restructuring Activities

On November 13, 2024, the Company's Board of Directors approved the 2024 Restructuring Plan which is designed to improve the Company's profitability and growth potential and streamline its operations. As a result of the 2024 Restructuring Plan, the Company incurred \$159 million and \$680 million of restructuring expenses in fiscal 2025 and fiscal 2024, respectively. Substantially all of the costs under the restructuring plans have been incurred as of January 3, 2026. The Company estimates that it will incur additional expenses of approximately \$30 million to \$40 million through fiscal 2026, substantially all of which is expected to be cash expenses, primarily composed of lease and termination costs associated with closed stores and closed

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distribution center leases. This represents a material decrease in both cash and non-cash expenses as compared to the activity in fiscal 2025. See Note 3. Restructuring, of the Notes to the Consolidated Financial Statements of this Annual Report.

Long-Term Debt

As of January 3, 2026 and December 28, 2024, the Company had outstanding principal of long-term debt totaling \$3.5 billion and \$1.8 billion, respectively. On August 4, 2025, the Company issued (i) \$975 million in aggregate principal amount of 7.000% Senior Notes due 2030 (the “2030 Notes”) and (ii) \$975 million in aggregate principal amount of 7.375% Senior Notes due 2033 (collectively, the “2025 Senior Unsecured Notes”) in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the “Act”). Net proceeds from the issuance of the 2025 Senior Unsecured Notes were approximately \$1.9 billion after direct transaction and closing costs.

As of January 3, 2026 and December 28, 2024, the Company's outstanding principal amount of long-term debt consisted of the following:

	January 3, 2026	December 28, 2024
5.90% Senior Unsecured Notes due March 9, 2026	\$ —	\$ 300
1.75% Senior Unsecured Notes due October 1, 2027	350	350
5.95% Senior Unsecured Notes due March 9, 2028	300	300
3.90% Senior Unsecured Notes due April 15, 2030	500	500
7.00% Senior Unsecured Notes due August 1, 2030	975	—
3.50% Senior Unsecured Notes due March 15, 2032	350	350
7.375% Senior Unsecured Notes due August 1, 2033	975	—
Total principal amount of long-term debt and current maturities of long-term debt	\$ 3,450	\$ 1,800

Future interest payable based on the contractual maturities for the Company's long-term debt was \$1.1 billion as of January 3, 2026.

Following the closing of the issuance of the 2025 Senior Unsecured Notes, the Company utilized a portion of the net proceeds to redeem in full its outstanding \$300 million in aggregate principal amount of 5.90% Senior Notes due 2026 and recorded a loss of \$3 million on redemption in the third quarter of fiscal 2025 associated with this extinguishment. The remaining proceeds from the issuance are available for general corporate purposes, and as further discussed under "Credit Facilities" below, as of January 3, 2026, approximately \$2.3 billion of cash and cash equivalents, was designated as qualified cash and is subject to customary springing control agreements, as described in the ABL Facility Agreement.

For further details related to terms and activity for the Company's long term debt see Note 7. Long-term Debt and Fair Value of Financial Instruments, of the Notes to the Consolidated Financial Statements of this Annual Report.

Credit Facilities

On August 12, 2025, the Company's \$1 billion revolving credit facility comprising the 2021 Credit Agreement was terminated and replaced by the new ABL Facility. The ABL Facility provides for a five-year senior secured first lien asset-based revolving credit facility of up to \$1 billion with an uncommitted accordion feature that provides for additional credit extensions up to \$500 million.

As of January 3, 2026, the Company had no outstanding borrowings, \$896 million of borrowing availability and \$104 million letters of credit outstanding under the ABL Facility. As of December 28, 2024, the Company had no outstanding borrowings, \$1 billion of borrowing availability and no letters of credit outstanding under the 2021 Credit Agreement. The Company was in compliance with its covenants related to the ABL Facility as of January 3, 2026. In accordance with the ABL Facility, the Company is required to hold cash and cash equivalents in designated accounts with lenders, referred to as Qualified Cash Accounts as defined in the ABL Facility. As of January 3, 2026, \$2.3 billion was designated as Qualified Cash.

As of December 28, 2024, the Company had \$91 million of bilateral letters of credit issued separately from the 2021 Credit Agreement, none of which were drawn upon. These bilateral letters of credit generally have a term of one year or less and

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primarily serve as collateral for the Company's self-insurance policies. As of January 3, 2026, the Company had no bilateral letters of credit issued separately from the ABL Agreement.

For further details, see Note 7. Long-term Debt and Fair Value of Financial Instruments, of the Notes to the Consolidated Financial Statements of this Annual Report.

Share Repurchase Program

In August 2019, the Company's Board of Directors approved a share repurchase program. Under the program, the Company is able to periodically repurchase shares of common stock at market prices through open market purchases effected through a broker dealer and in privately negotiated transactions. The Board of Directors is able to increase or otherwise modify, renew, suspend or terminate the share repurchase program without prior notice. In February 2022, the Company's Board of Directors authorized an additional \$1.0 billion toward the Company's share repurchase program, an increase to the \$1.7 billion that had previously been authorized under the program.

During fiscal 2025 and fiscal 2024, the Company did not purchase any shares of its common stock under the share repurchase program. Amendment No. 5 to the 2021 Credit Agreement, which was terminated on August 12, 2025 and replaced by the ABL Facility, generally prohibited open market share repurchases. As of January 3, 2026 the Company had \$0.9 billion remaining available for repurchases of shares under the share repurchase program. Share repurchases are generally permitted under the Company's ABL Facility; however, under certain circumstances, the Company's ability to repurchase shares may be restricted.

Other Contractual and Off Balance Sheet Obligations

The Company enters into operating leases for certain store locations, distribution centers, office spaces, equipment and vehicles. The Company's property leases generally contain renewal and escalation clauses and other concessions. These provisions are considered in the Company's calculation of the Company's minimum lease payments that are recognized as expense on a straight-line basis over the applicable lease term. Any lease payments that are based upon an existing index or rate are included in the Company's minimum lease payment calculations. As of January 3, 2026, the Company's operating lease obligations were \$2.6 billion, of which \$0.5 billion falls due within the next 12 months. Refer to Note 9. Leases and Other Commitments, included in this Annual Report in Notes to the Consolidated Financial Statements for further information.

As part of the Company's normal operations, the Company enters into purchase commitments primarily for the purchase of goods or services that are enforceable, legally binding and specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. As of January 3, 2026, other than for expected material uses of cash and cash equivalents discussed above within this section "Liquidity and Capital Resources", the Company does not consider it to be reasonably likely that such purchase commitments entered into will have a material current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, cash requirements or capital resource, as such commitments are entered into as part of the Company's normal operations and are reflected in the results of operations and trending discussions within Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent amounts. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. By their nature, estimates are inherently subject to a degree of uncertainty. Although we believe that our estimates and the assumptions supporting our assessments are reasonable, actual results could differ materially from our estimates.

In addition to our critical accounting policies and estimates below, refer to Note 2. Significant Accounting Policies, included in this Annual Report in Notes to the Consolidated Financial Statements for further information. If the impact of changes in our critical accounting estimates is material or considered necessary to understand our financial condition or results of operations for the periods presented, then such information is disclosed within Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report.

Vendor Incentives

The Company receives incentives in the form of reductions to amounts owed and/or payments from vendors related to volume rebates and other promotional considerations. Advertising allowances provided as a reimbursement of specific, incremental and identifiable costs incurred to promote a vendor's products are included as an offset to SG&A when the cost is incurred. Volume rebates and allowances that do not meet the requirements for offsetting in SG&A are initially recorded as a reduction to inventory, as volume rebates and allowances are earned based on inventory purchases, and subsequently recorded as a reduction to cost of sales as the inventory is sold.

Certain of the Company's vendor agreements contain purchase volume incentives that provide for increased funding when graduated purchase volumes are met, which is subject to uncertainty and require estimation. Amounts accrued throughout the year could be impacted if actual purchase volumes differ from projected annual purchase volumes. In the third quarter of fiscal 2025, one of the Company's vendors, a leading auto parts supplier for the automotive aftermarket industry, filed voluntary petitions for Chapter 11 bankruptcy protection with the U.S. Bankruptcy Court for the Southern District of Texas. As a result, the Company recorded a non-cash charge of \$28 million to cost of sales, within the consolidated statement of operations, reflecting estimated future credit losses on certain vendor receivables due from the vendor. Historically, the change in the Company's reserve for receivables related to vendor funding has not been significant.

Self-Insurance Reserves

The Company's self-insurance reserves consist of the estimated exposure for claims filed, claims incurred but not yet reported and projected future claims, and are established using actuarial methods followed in the insurance industry and the Company's historical claims experience. Specific factors include, but are not limited to, assumptions about health care costs, the severity of accidents, the incidence of illness and the average size of claims. Generally, claims for automobile and general liability and workers' compensation take several years to settle. The Company classifies the portion of the Company's self-insurance reserves that is not expected to be settled within one year in other long-term liabilities. Our self-insurance reserve estimate totaled \$156 million and \$141 million as of January 3, 2026, and December 28, 2024, respectively.

Further, while the Company does not expect the amounts ultimately paid to differ significantly from the Company's estimates, the Company's self-insurance reserves and corresponding expense classification within cost of sales and SG&A could be affected if future claim experience differs significantly from historical trends and actuarial assumptions. A 10% change in the Company's self-insurance liabilities at January 3, 2026 would result in a change in expense of approximately \$16 million for 2025.

Excess and Obsolete Inventory Reserves

The Company's excess and obsolete inventory reserve assessment includes analyzing the Company's inventory at the SKU level by assessing each SKU quantity based on years on hand, the stage within the product lifecycle the SKU is assigned and sales history. From this data analysis, the Company's excess and obsolete inventory is identified, analyzed and compared against the Company's reserve. Additionally, from time to time, specific SKUs may be identified as excess and/or obsolete for which a reserve will be recognized.

The Company classifies each product into a product lifecycle category: introduction, expansion, saturation, reduction and disposition. This assessment is routinely performed and includes, but is not limited to, the analysis of anticipated, historical and actual demand; and changes in customer preferences, which are subject to uncertainty and requires estimation. Although we believe these estimates are reasonable, any significant changes in customer demand or customer preferences that are less favorable than our previous estimates may require additional inventory write-downs and would be reflected in cost of sales, resulting in a negative impact to our gross margin in that period. Our excess and obsolete inventory reserve totaled \$68 million and \$302 million as of January 3, 2026, and December 28, 2024, respectively. The reserve as of January 3, 2026, and December 28, 2024

included \$18 million and \$256 million, respectively, related to impairments of inventory as a result of the 2024 Restructuring Plan.

Restructuring and Related Expenses

The Company records restructuring and transformation activities when management commits to and approves a restructuring plan. The components of a restructuring plan require significant management judgments and estimates that would materially impact reported performance if different assumptions were used and have significant uncertainty in measurements. Impairment of inventory is recognized when the cost of inventory exceeds its net realizable value. There are significant assumptions required by management to estimate the net realizable value associated with inventory located at the stores and distribution centers to be closed, including the anticipated sell through rate and estimated sales proceeds less costs to sell. Asset impairment charges associated with operating lease ROU assets are recognized when the ROU carrying value exceeds its fair value. There are significant assumptions required by management to estimate the fair value of ROU assets, including the market rental rates and discount rates utilized in the discounted cash flow model. Severance and retention costs associated with workforce reductions are recognized at the time of communication to employees, unless future service is required, in which case the costs are recognized ratably over the future service period. Employee termination benefits are recognized as a liability when it is probable that a liability exists, and the amount is reasonably estimable. Other exit-related costs, including non-recurring professional fees, are recognized as incurred. Restructuring expenses are recognized in cost of sales or selling, general and administrative expenses within the consolidated statements of operations and related liabilities are recorded within accounts payable and accrued expenses in the consolidated balance sheets. The Company periodically evaluates and, if necessary, adjusts its estimates based on currently available information. Restructuring and related expenses were \$204 million, \$309 million and \$16 million in fiscal 2025, 2024 and 2023, respectively. Refer to Note 3. Restructuring, of the Notes to the Consolidated Financial Statements of this Annual Report for additional detail.

New Accounting Pronouncements

For a description of recently adopted and issued accounting standards, including the expected dates of adoption and estimated effects, if any, on the consolidated financial statements, see “*Recently Issued Accounting Pronouncements*” in Note 2. Significant Accounting Policies, of the Notes to the Consolidated Financial Statements of this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks.

Interest rates on all of the Company’s long-term debt, inclusive of the 2025 Senior Unsecured Notes, are fixed and not subject to interest rate risk. Future borrowings, if any, under the Company’s new ABL Facility may be exposed to interest rate risk as interest on future borrowings under the ABL Facility accrue interest based on either (i) SOFR plus an applicable margin or (ii) an alternative base rate plus an applicable margin. As of January 3, 2026, the Company had no borrowings outstanding under its ABL Facility. The Company also generates interest income on cash and cash equivalents. These interest rates are subject to changes in market conditions. There was a material increase in the Company’s cash and cash equivalents during the third quarter of 2025, due to the net proceeds received from the issuance of the 2025 Senior Unsecured Notes and redemption of the previously outstanding 5.90% Senior Notes due 2026. A hypothetical 100 basis points change in interest rates would have an annualized impact of approximately \$31 million based on our balance of cash and cash equivalents as of January 3, 2026.

The Company’s financial assets that are exposed to credit risk consist primarily of trade accounts receivable and vendor receivables. The Company is exposed to normal credit risk from customers. The Company’s concentration of credit risk is limited because the Company’s customer base consists of a large number of customers with relatively small balances, which allows the credit risk to be spread across a broad base. See Note 6. Receivables, net of the Notes to the Consolidated Financial Statements of this Annual Report for additional information related to the Company’s credit losses.

The Company is exposed to foreign currency exchange rate fluctuations for the portion of its inventory purchases denominated in foreign currencies. The Company believes that the price volatility relating to foreign currency exchange rates is partially mitigated by the Company’s ability to adjust selling prices. During fiscal 2025 and fiscal 2024, foreign currency exchange rate fluctuations did not materially impact net income.

Item 8. Financial Statements and Supplementary Data.

This information is included in Item 15. Financial Statement Schedules, Exhibits., of this Annual Report and is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are management's controls and other procedures that are designed to ensure that information required to be disclosed by management in the Company's reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Internal controls over financial reporting, no matter how well designed, have inherent limitations, including the possibility of human error and the override of controls. Therefore, even those systems determined to be effective can provide only "reasonable assurance" with respect to the reliability of financial reporting and financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness may vary over time.

Evaluation of Disclosure Controls and Procedures

Management evaluated, with the participation of the Company's principal executive officer and principal financial officer, the effectiveness of its disclosure controls and procedures as of January 3, 2026. Based on this evaluation, the Company's principal executive officer and our principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13(a) - 15(f) under the Exchange Act. Management's internal control over financial reporting is a process designed under the supervision of our principal executive officer and principal financial officer, and effected by our Board of Directors, management and other personnel, to provide "reasonable assurance" regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with GAAP. Management's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that its receipts and expenditures are being made only in accordance with authorizations of management and directors; and (3) provide "reasonable assurance" regarding prevention or timely detection of unauthorized acquisition, use or disposition of its assets that could have a material effect on the financial statements.

As of January 3, 2026, management, including the Company's principal executive officer and principal financial officer, assessed the effectiveness of its internal control over financial reporting based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the Company's principal executive officer and our principal financial officer have concluded that, as of the end of the period covered by this report, the Company's internal control over financial reporting was effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the fourth quarter ended January 3, 2026 that has materially affected or is reasonably likely to materially affect its internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Attestation Report of Registered Public Accounting Firm

Management's internal control over financial reporting as of January 3, 2026 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, who also audited the Company's consolidated financial statements for the year ended January 3, 2026, as stated in their report included herein, which expresses an unqualified opinion on the effectiveness of its internal control over financial reporting as of January 3, 2026.

Item 9B. Other Information.

During the fourth quarter of 2025, no Rule 10b5-1 or non-Rule 10b5-1 trading arrangements were adopted, modified or terminated by the Company's officers or directors as each term is defined in Item 408 of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

For a discussion of the Company's directors, executive officers and corporate governance, see the information set forth in the sections and subsections entitled "Proposal No. 1 - Election of Directors," "Corporate Governance," "Additional Information Regarding Executive Compensation - Information Concerning the Company's Executive Officers," "Audit Committee Report," and "Additional Information Regarding Executive Compensation - Delinquent Section 16(a) Reports," "Code of Ethics and Business Conduct" and "Code of Ethics for Finance Professionals" in the Company's proxy statement for the 2026 annual meeting of stockholders to be filed with the SEC within 120 days after the close of our fiscal year ended January 3, 2026 (the "2026 Proxy Statement"), which is incorporated herein by reference.

Item 11. Executive Compensation.

See the information set forth in the sections entitled "Compensation Committee Report," "Compensation Discussion and Analysis," "Compensation Program Risk Assessment," "Additional Information Regarding Executive Compensation" and "Director Compensation" in the 2026 Proxy Statement, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

See the information set forth in the subsections entitled "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in the 2026 Proxy Statement, which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

See the information set forth in the subsections entitled "Corporate Governance - Related Party Transactions" and "Board Independence and Structure" in the 2026 Proxy Statement, which is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

See the information set forth in the subsection entitled "2025 and 2024 Audit Fees" in the 2026 Proxy Statement, which is incorporated herein by reference.

PART IV

Item 15. Financial Statement Schedules, Exhibits.

(1) Financial Statements

Audited Consolidated Financial Statements of Advance Auto Parts, Inc. and Subsidiaries for the years ended January 3, 2026, December 28, 2024, and December 30, 2023:

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Advance Auto Parts, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Advance Auto Parts, Inc. and subsidiaries (the "Company") as of January 3, 2026 and December 28, 2024, the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended January 3, 2026, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of January 3, 2026 and December 28, 2024, and the results of its operations and its cash flows for each of the three years in the period ended January 3, 2026, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 3, 2026, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 13, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. 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 Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Vendor Incentives — Refer to Note 2 to the Consolidated Financial Statements

Critical Audit Matter Description

The Company receives incentives in the form of reductions in amounts owed to and/or payments due from vendors related to volume rebates and other promotions. Volume rebates and vendor promotional allowances are earned based on inventory purchases and initially recorded as a reduction to inventory, except for allowances provided as reimbursement of specific, incremental, and identifiable costs incurred to promote a vendor's products that are offset in selling, general and administrative expenses. The deferred amounts are recorded as a reduction in cost of sales as the inventory is sold.

While many of these incentives are under long-term agreements in excess of one year, others are negotiated on an annual basis or shorter. Accordingly, auditing vendor incentives was challenging due to the extent of audit effort required to evaluate whether the vendor incentives were recorded in accordance with the terms of the vendor agreements.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to whether the vendor incentives were recorded in accordance with the terms of the vendor agreements included the following, among others:

- We tested the effectiveness of controls over the process that ensures that all vendor agreements are communicated to accounting.
- We tested the effectiveness of controls over the recording of vendor incentives as a reduction in inventories, and subsequently as a reduction in cost of sales as the related inventory was sold.
- We selected a sample of vendor incentives from the income recognized as a reduction to cost of sales during the year and from incentive income that was deferred at year-end, and recalculated, using the terms of the vendor agreement, both the amount recorded as deferred vendor incentives as a reduction in inventories and the amount recognized in earnings as a reduction in cost of sales.
- We selected a sample of vendors from the Company's inventory purchases made during the year and confirmed directly with the vendor that the agreement obtained from the Company and used in the determination of recording vendor incentives as a reduction in cost of sales was the most recent for the applicable period between the parties.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
February 13, 2026

We have served as the Company's auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Advance Auto Parts, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Advance Auto Parts and subsidiaries (the “Company”) as of January 3, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 3, 2026, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended January 3, 2026, of the Company and our report dated February 13, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. 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 Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
February 13, 2026

Advance Auto Parts, Inc. and Subsidiaries
Consolidated Balance Sheets
(in millions, except per share data)

Assets	January 3, 2026	December 28, 2024
Current assets:		
Cash and cash equivalents	\$ 3,123	\$ 1,869
Receivables, net	380	544
Inventories, net	3,646	3,612
Other current assets	141	118
Total current assets	7,290	6,143
Property and equipment, net	1,269	1,334
Operating lease right-of-use assets	2,157	2,243
Goodwill	600	598
Other intangible assets, net	400	406
Other assets	110	74
Total assets	\$ 11,826	\$ 10,798
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	\$ 2,977	\$ 3,408
Accrued expenses	756	784
Other current liabilities	443	473
Total current liabilities	4,176	4,665
Long-term debt	3,412	1,789
Operating lease liabilities	1,812	1,897
Deferred income taxes	142	193
Other long-term liabilities	86	84
Total liabilities	9,628	8,628
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, nonvoting, \$0.0001 par value, 10 million shares authorized; no shares issued or outstanding	—	—
Common stock, voting, and additional paid-in capital, \$0.0001 par value, 200 million shares authorized; 78 million shares issued and 60 million outstanding at January 3, 2026 and 78 million shares issued and 60 million outstanding at December 28, 2024	1,033	994
Treasury stock, at cost	(2,944)	(2,940)
Accumulated other comprehensive loss	(37)	(47)
Retained earnings	4,146	4,163
Total stockholders' equity	2,198	2,170
Total liabilities and stockholders' equity	\$ 11,826	\$ 10,798

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Advance Auto Parts, Inc. and Subsidiaries
Consolidated Statements of Operations
(in millions, except per share data)

	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Net sales	\$ 8,601	\$ 9,094	\$ 9,209
Cost of sales	4,868	5,685	5,349
Gross profit	3,733	3,409	3,860
Selling, general and administrative expenses, exclusive of restructuring expenses	3,572	3,813	3,805
Restructuring and related expenses	204	309	16
Selling, general and administrative expenses	3,776	4,122	3,821
Operating (loss) income	(43)	(713)	39
Other, net:			
Interest expense	(139)	(81)	(88)
Other income, net	91	26	2
Total other, net	(48)	(55)	(86)
Loss before income tax expense	(91)	(768)	(47)
Income tax benefit	(159)	(181)	(17)
Net income (loss) from continuing operations	68	(587)	(30)
Net (loss) income from discontinued operations	(24)	251	60
Net income (loss)	<u>\$ 44</u>	<u>\$ (336)</u>	<u>\$ 30</u>
Basic earnings (loss) per common share from continuing operations	\$ 1.13	\$ (9.84)	\$ (0.51)
Basic (loss) earnings per common share from discontinued operations	(0.40)	4.21	1.01
Basic earnings (loss) per common share	<u>\$ 0.73</u>	<u>\$ (5.63)</u>	<u>\$ 0.50</u>
Basic weighted-average common shares outstanding	59.9	59.6	59.4
Diluted earnings (loss) per common share from continuing operations	\$ 1.13	\$ (9.80)	\$ (0.50)
Diluted (loss) earnings per common share from discontinued operations	(0.40)	4.19	1.00
Diluted earnings (loss) per common share	<u>\$ 0.73</u>	<u>\$ (5.61)</u>	<u>\$ 0.50</u>
Diluted weighted-average common shares outstanding	60.6	59.9	59.6

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Advance Auto Parts, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(in millions)

	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Net income (loss)	\$ 44	\$ (336)	\$ 30
Other comprehensive income (loss):			
Currency translation adjustments	10	5	(7)
Total other comprehensive income (loss)	10	5	(7)
Comprehensive income (loss)	<u>\$ 54</u>	<u>\$ (331)</u>	<u>\$ 23</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Advance Auto Parts, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
(in millions, except per share data)

	Common Stock and Additional Paid-in Capital		Treasury Stock, at cost	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2022	59	\$ 898	\$ (2,919)	\$ (45)	\$ 4,665	\$ 2,599
Net income	—	—	—	—	30	30
Total other comprehensive loss	—	—	—	(7)	—	(7)
Restricted stock units and deferred stock units vested	1	—	—	—	—	—
Share-based compensation	—	45	—	—	—	45
Common stock issued under employee benefit plans	—	4	—	—	—	4
Repurchases of common stock	—	—	(14)	—	—	(14)
Dividends declared (\$2.25 per common share)	—	—	—	—	(136)	(136)
Other	—	(1)	—	—	—	(1)
Balance at December 30, 2023	<u>60</u>	<u>\$ 946</u>	<u>\$ (2,933)</u>	<u>\$ (52)</u>	<u>\$ 4,559</u>	<u>\$ 2,520</u>
Net loss	—	—	—	—	(336)	(336)
Total other comprehensive income	—	—	—	5	—	5
Share-based compensation	—	45	—	—	—	45
Common stock issued under employee benefit plans	—	3	—	—	—	3
Repurchases of common stock	—	—	(7)	—	—	(7)
Dividends declared (\$1.00 per common share)	—	—	—	—	(61)	(61)
Other	—	—	—	—	1	1
Balance at December 28, 2024	<u>60</u>	<u>\$ 994</u>	<u>\$ (2,940)</u>	<u>\$ (47)</u>	<u>\$ 4,163</u>	<u>\$ 2,170</u>
Net income	—	—	—	—	44	44
Total other comprehensive income	—	—	—	10	—	10
Share-based compensation	—	36	—	—	—	36
Common stock issued under employee benefit plans	—	3	—	—	—	3
Repurchases of common stock	—	—	(4)	—	—	(4)
Dividends declared (\$1.00 per common share)	—	—	—	—	(61)	(61)
Balance at January 3, 2026	<u>60</u>	<u>\$ 1,033</u>	<u>\$ (2,944)</u>	<u>\$ (37)</u>	<u>\$ 4,146</u>	<u>\$ 2,198</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Advance Auto Parts, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in millions)

	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Cash flows from operating activities:			
Net income (loss)	\$ 44	\$ (336)	\$ 30
Net (loss) income from discontinued operations	(24)	251	60
Net income (loss) from continuing operations	68	(587)	(30)
Adjustments to reconcile net income from continuing operations to net cash (used in) provided by operating activities:			
Depreciation and amortization	272	292	269
Share-based compensation	36	42	41
Loss on sale and impairment of long-lived assets	25	158	1
Credit loss expense, net	62	56	13
Provision for deferred income taxes	(43)	(203)	(37)
Other, net	16	4	3
Net change in:			
Receivables, net	138	7	(128)
Inventories, net	(21)	270	(64)
Operating lease right-of-use assets	67	73	29
Other assets	(22)	74	(67)
Accounts payable	(469)	(110)	58
Accrued expenses	(60)	127	95
Operating lease liabilities	(114)	(60)	(37)
Other liabilities	(1)	(2)	(4)
Net cash (used in) provided by operating activities of continuing operations	(46)	141	142
Net cash (used in) provided by operating activities of discontinued operations	—	(56)	145
Net cash (used in) provided by operating activities	(46)	85	287
Cash flows from investing activities:			
Purchases of property and equipment	(252)	(181)	(226)
Proceeds from sales of property and equipment	21	14	7
Other, net	(8)	—	—
Net cash used in investing activities of continuing operations	(239)	(167)	(219)
Net cash provided by (used in) investing activities of discontinued operations	—	1,522	(16)
Net cash (used in) provided by investing activities	(239)	1,355	(235)
Cash flows from financing activities:			
Borrowings under credit facilities	—	—	4,805
Payments on credit facilities	—	—	(4,990)
Proceeds from issuance of long-term debt	1,950	—	599
Repayment of long-term debt	(300)	—	—
Debt issuance costs	(47)	—	—
Dividends paid	(60)	(60)	(209)
Other, net	(5)	(15)	(16)
Net cash provided by (used in) financing activities	1,538	(75)	189
Effect of exchange rate changes on cash	1	1	(9)
Net increase in cash and cash equivalents	1,254	1,366	232
Cash and cash equivalents, beginning of period	1,869	503	271
Cash and cash equivalents, end of period	\$ 3,123	\$ 1,869	\$ 503

Supplemental cash flow information:

Advance Auto Parts, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in millions)

Interest paid	\$	76	\$	76	\$	74
Non-cash transactions of continuing operations:						
Accrued purchases of property and equipment	\$	14	\$	15	\$	5
Transfers of property and equipment from assets related to discontinued operations to continuing operations		—		7		(2)
Accrued dividends		16		16		16
Summary of cash and cash equivalents:						
Cash and cash equivalents of continuing operations, end of period		3,123		1,869		488
Cash and cash equivalents of discontinued operations, end of period		—		—		15
Cash and cash equivalents, end of period	\$	<u>3,123</u>	\$	<u>1,869</u>	\$	<u>503</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(Amounts presented in millions, except per share data, unless otherwise stated)

1. Nature of Operations and Basis of Presentation

Description of Business

Advance Auto Parts, Inc. and subsidiaries is a leading automotive aftermarket parts provider in North America, serving both professional installers (“professional”) and “do-it-yourself” (“DIY”) customers. The accompanying consolidated financial statements include the accounts of Advance Auto Parts, Inc., its wholly owned subsidiaries, Advance Stores Company, Incorporated (“Advance Stores”) and Neuse River Insurance Company, Inc., and their subsidiaries (collectively referred to as “the Company”).

As of January 3, 2026, the Company operated a total of 4,305 stores primarily within the United States, with additional locations in Canada, Puerto Rico and the U.S. Virgin Islands. In addition, as of January 3, 2026, the Company served 809 independently owned Carquest branded stores across the same geographic locations served by the Company’s stores in addition to Mexico and various Caribbean islands. The Company’s stores operate primarily under the trade names “Advance Auto Parts” and “Carquest.”

The Company has one reportable segment. As of December 28, 2024, the Company had two operating segments, which were aggregated as a single reportable segment; however, following the stabilization of the Company's new organizational structure in the first quarter of 2025, due to significant restructuring activities, the Company now operates under the single operating segment of "Advance Auto Parts/Carquest". See Note 18. Segment Reporting and Note 3. Restructuring, included herein for additional information on the Company's segment and restructuring activities.

Accounting Period

The Company’s fiscal year ends on the Saturday closest to December 31st. All references herein for the years 2025, 2024 and 2023 represent the fiscal years ended January 3, 2026, which consisted of fifty-three weeks, and December 28, 2024 and December 30, 2023, which both consisted of fifty-two weeks.

Basis of Presentation

The consolidated financial statements include the accounts of the Company prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Change in Presentation

Prior to fiscal 2025, the Company presented its consolidated financial statements and notes to the consolidated financial statements in thousands. Effective in fiscal 2025, such amounts are presented in millions, except par value share amounts and per share data, unless otherwise stated. Certain prior year amounts have been reclassified to conform to the current year presentation, including the separate disclosure of the non-cash expense for expected future credit losses, operating lease right-of-use assets, other assets, operating lease liabilities and other liabilities, on the consolidated statements of cash flows. Certain prior year amounts have also been reclassified to conform to the current year presentation in Note 16. Share-Based Compensation. This change in presentation does not have a material impact on the consolidated financial statements.

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Amounts presented in millions, except per share data, unless otherwise stated)

Further, consistent with the presentation in the Company's 2024 Form 10-K, the Company has presented the sale of the Worldpac, Inc. business ("Worldpac") as discontinued operations in its consolidated financial statements.

2. Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and highly-liquid instruments with original maturities of three months or less. Additionally, credit card and debit card receivables from banks, which generally settle in less than four business days, are included in cash equivalents.

Inventory

The Company's inventory, which consists primarily of parts, batteries, accessories and other products used on vehicles that have reasonably long shelf lives, is stated at the lower of cost or net realizable value. The cost of the Company's merchandise inventory is primarily determined using the last-in, first-out ("LIFO") method. Under the LIFO method, the Company's cost of sales reflects the costs of the most recently purchased inventories, while the inventory carrying balance represents the costs relating to prices paid in fiscal 2025 and prior years. The Company regularly reviews inventory quantities on-hand to consider whether it has excess or obsolete inventory and adjusts the carrying value as necessary.

Vendor Incentives

The Company receives incentives in the form of reductions to amounts owed to and/or payments from vendors related to volume rebates and other promotional considerations. Many of these incentives are under long-term agreements in excess of one year, while others are negotiated on an annual or more frequent basis. Advertising allowances provided as a reimbursement of specific, incremental and identifiable costs incurred to promote a vendor's products are included as an offset to selling, general and administrative ("SG&A") expense when the cost is incurred. Volume rebates and allowances that do not meet the requirements for offsetting in SG&A expenses are initially recorded as a reduction to inventory, as volume rebates and allowances are earned based on inventory purchases, and subsequently recorded as a reduction to cost of sales as the inventory is sold.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for maintenance and repairs are charged directly to expense when incurred; major improvements are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the account balances, with any gain or loss reflected in the consolidated statements of operations.

Costs incurred with the acquisition or development of software for internal use are capitalized and amortized over the expected useful life of the software. Subsequent additions, modifications or upgrades are capitalized to the extent it enhances the software's functionality. Capitalized software is classified in the construction in progress category, but once placed into service is removed from construction in progress and classified within the furniture, fixtures and equipment category and is depreciated on the straight-line method over three to ten years.

Depreciation of land improvements, buildings, furniture, fixtures and equipment and vehicles is recognized over the estimated useful lives of the respective assets using the straight-line method. Depreciation of building and leasehold improvements is recognized over the shorter of the original useful lives of the respective assets or the term of the lease using the straight-line method.

Cloud Computing Arrangements

The Company enters into cloud computing arrangements, which are accounted for as service contracts whereby expenses are recognized as incurred. Implementation costs incurred for cloud computing arrangements are capitalized when incurred during

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(Amounts presented in millions, except per share data, unless otherwise stated)

the application development phase. Capitalized costs are included within other current or other noncurrent assets within the consolidated balance sheet and are amortized over the term of the hosting agreement.

Goodwill and Other Indefinite-Lived Intangible Assets

The Company performs an evaluation for the impairment of goodwill and other indefinite-lived intangible assets for the Company's reporting unit annually as of the first day of the fourth quarter, or when indications of potential impairment exist. These indicators would include a significant change in operating performance, the business climate, legal factors, competition, or a planned sale or disposition of a significant portion of the business, among other factors. The evaluation of goodwill and other indefinite-lived intangibles may be a Step-0 analysis, which consists of a qualitative assessment, or a Step-1 analysis, which includes a quantitative assessment. In a Step-0 analysis, the Company assesses qualitative factors such as current company performance and overall economic factors to determine if it is more-likely-than-not that goodwill might be impaired and whether it is necessary to perform a quantitative goodwill impairment test. In the quantitative goodwill impairment test, the Company compares the carrying value of its reporting unit to its fair value. In performing a Step-1 analysis, the Company has historically used an income approach which requires many assumptions including forecast, discount rate, long-term growth rate, among other items. The Company has also utilized the market approach which derives metrics from comparable publicly-traded companies. The Company has generally engaged a third-party valuation firm to assist in the fair value assessment of goodwill. If the fair value of the reporting unit is lower than its carrying amount, goodwill is written down for the amount by which the carrying amount exceeds the reporting unit's fair value.

The other indefinite-lived intangible assets are tested for impairment at the asset group level. Other indefinite-lived intangible assets are evaluated by comparing the carrying amount of the asset to the future discounted cash flows that the asset is expected to generate. If the fair value based on the future discounted cash flows exceeds the carrying value, the Company concludes that no intangible asset impairment has occurred. If the carrying value of the indefinite-lived intangible asset exceeds the fair value, the Company recognizes an impairment loss.

Valuation of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable and exceeds its fair value. When such an event occurs, the Company estimates the undiscounted future cash flows expected to result from the use of the long-lived asset or asset group and its eventual disposition. These impairment evaluations involve estimates of asset useful lives and future cash flows. If the undiscounted expected future cash flows are less than the carrying amount of the asset and the carrying amount of the asset exceeds its fair value, an impairment loss is recognized. When an impairment loss is recognized, the carrying amount of the asset is reduced to its estimated fair value based on quoted market prices or other valuation techniques (e.g., discounted cash flow analysis).

The Company assessed the recoverability of its long-lived assets assigned to closing locations in connection with the announced restructuring and distribution network optimization plan. This assessment resulted in carrying values that exceeded fair values for certain asset groups, primarily related to right-of-use ("ROU") assets, and related impairment charges to SG&A. Refer to Note 3. Restructuring, included herein for further details.

Self-Insurance

The Company is self-insured for general and automobile liability, workers' compensation and health care claims of the Company's team members, while maintaining stop-loss coverage with third-party insurers to limit the Company's total liability exposure. Expenses associated with these liabilities are calculated for (i) claims filed, (ii) claims incurred but not yet reported and (iii) projected future claims using actuarial methods followed in the insurance industry as well as the Company's historical claims experience. The Company includes the current portion of self-insurance reserves in accrued expenses and the long-term portion of self-insurance reserves in other long-term liabilities in the accompanying consolidated balance sheets.

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

(Amounts presented in millions, except per share data, unless otherwise stated)

Warranties

The Company provides warranties on certain merchandise it sells to its customers. The risk of loss arising from warranty claims is typically the obligation of the Company's suppliers; however, we have an obligation to provide customers replacement of certain merchandise at no cost if the merchandise is under a warranty and not covered by the manufacturer. Certain suppliers may provide up-front allowances to the Company in lieu of accepting the obligation for warranty claims. The differences between supplier allowances received by the Company, in lieu of warranty obligations and estimated warranty expense, are recorded to cost of sales. Beginning in the third quarter of fiscal 2025, the Company commenced the recognition of warranty liabilities associated with certain battery products sold due to contractual changes with vendors and as of January 3, 2026, our warranty liability primarily related to such products. For non-battery products, defective returns are generally recognized in the same period as the original sale, therefore, the warranty liability associated with such returns is not subject to significant estimation uncertainty and was immaterial as of January 3, 2026 and December, 28 2024, respectively. The Company's historical experience has been that failure rates are relatively consistent over time and that the ultimate cost of warranty claims to the Company has been driven by volume of units sold as opposed to fluctuations in failure rates or the variation of the cost of individual claims.

Leases

The Company leases certain store locations, distribution centers, office spaces, equipment and vehicles. The Company recognizes lease expense on a straight-line basis over the initial term of the lease unless external economic factors exist such that renewals are reasonably certain. In those instances, the renewal period would be included in the lease term to determine the period in which to recognize the lease expense. Most leases require the Company to pay non-lease components, such as taxes, maintenance, insurance and other certain costs applicable to the leased asset. For leases related to store locations, distribution centers, office spaces and vehicles, the Company accounts for lease and non-lease components as a single amount.

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy: Level 1 - Quoted prices for identical instruments in active markets; Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose significant inputs are observable; and Level 3 - Instruments whose significant inputs are unobservable. Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in valuation inputs.

Share-Based Payments

The Company provides share-based compensation to eligible team members and the Board of Directors. We measure and recognize share-based compensation for all share-based awards based on their estimated fair value and recognize the expense in our financial statements using the straight-line method to amortize compensation costs over the requisite service period.

The fair value of time-based RSUs, and performance-based RSUs that include a performance condition, is equal to the market value of our common stock on the grant date of the award. The fair value of performance-based RSUs that include a market condition is measured using a Monte Carlo simulation model on the date of grant.

The fair value of time-based RSUs, and performance-based RSUs that include a market condition, is not remeasured as a result of subsequent stock price fluctuations. When there is a change in management's estimate of expected achievement relative to the performance target for performance-based RSUs that include a performance condition, the change in estimate results in the recognition of a cumulative adjustment of share-based compensation expense.

We account for forfeitures of share-based awards as they occur.

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Amounts presented in millions, except per share data, unless otherwise stated)

Revenues

Accounting Standards Codification 606, Revenue From Contracts With Customers (Topic 606) (“ASC 606”) defines a performance obligation as a promise in a contract to transfer a distinct good or service to the customer and is considered the unit of account. The majority of the Company’s contracts have one single performance obligation as the promise to transfer the individual goods is not separately identifiable from other promises in the contracts and is, therefore, not distinct. Discounts and incentives are treated as separate performance obligations. The Company allocates the contract’s transaction price to each of these performance obligations separately using explicitly stated amounts or the Company’s best estimate using historical data.

In accordance with ASC 606, revenue is recognized at the time the sale is made at which time the Company’s walk-in customers take immediate possession and control of the merchandise or same-day delivery is made to the Company’s professional delivery customers, which include certain independently owned store locations. Payment terms are established for the Company’s professional delivery customers based on pre-established credit requirements. Payment terms vary depending on the customer and generally range from one to thirty days. Based on the nature of receivables, no significant financing components exist. For e-commerce sales, revenue is recognized either at the time of pick-up at one of the Company’s store locations or at the time of shipment depending on the customer’s order designation. Sales are recorded net of discounts, sales incentives and rebates, sales taxes, and estimated returns and allowances. The Company estimates the reduction to net sales and cost of sales for returns based on current sales levels and the Company’s historical return experience.

Some of the Company’s products include a core component, which represents a recyclable component of the auto part. If a customer purchases an auto part that includes a core component, the customer is charged for the core unless a used core is returned at the time of sale. Customers that return a core subsequent to the sale date will be refunded.

The following table summarizes disaggregated revenue from contracts with customers by product group from continuing operations:

	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Percentage of Net Sales:			
Parts and Batteries	64%	63%	63%
Accessories and Chemicals	21	22	22
Engine Maintenance	14	14	14
Other	1	1	1
Total	100%	100%	100%

Receivables, net, consists primarily of receivables from professional customers and is stated at net realizable value. The Company grants credit to certain professional customers who meet the Company’s pre-established credit requirements. The Company regularly reviews accounts receivable balances and maintains allowances for credit losses estimated whenever events or circumstances indicate the carrying value may not be recoverable. The Company considers the following factors when determining if collection is reasonably assured: customer creditworthiness, past transaction history with the customer, current economic and industry trends and changes in customer payment terms. The Company controls credit risk through credit approvals, credit limits and accounts receivable and credit monitoring procedures.

Cost of Sales

Cost of sales includes actual product cost, warranty costs, vendor incentives, cash discounts on payments to vendors, costs associated with operating the Company’s distribution network, including payroll and benefits costs, occupancy costs and depreciation, in-bound freight-related costs from the Company’s vendors, impairment of inventory resulting from store closures and inventory-related reserves and costs associated with moving merchandise inventories from the Company’s distribution centers to stores and customers. Refer to Note 3. Restructuring, included herein for additional detail.

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Selling, General and Administrative Expenses, Exclusive of Restructuring and Related Expenses

SG&A includes payroll and benefits costs for store and corporate team members; occupancy costs of store and corporate facilities; depreciation and amortization related to store and corporate assets; share-based compensation expense; advertising; self-insurance; professional services and costs associated with the Company's professional delivery program, including payroll and benefits costs; and transportation expenses associated with moving merchandise inventories from stores to customer locations.

Restructuring and Related Expenses

The Company records restructuring and transformation activities when management or the Board of Directors commits to and approves a restructuring plan. Impairment of inventory is recognized when the cost of inventory exceeds its net realizable value. Asset impairment charges associated with operating lease ROU assets are recognized when the ROU carrying value exceeds its fair value. Severance and retention costs associated with workforce reductions are recognized at the time of communication to employees, unless future service is required, in which case the costs are recognized ratably over the future service period. Employee termination benefits are recognized as a liability when it is probable that a liability exists, and the amount is reasonably estimable. Other exit-related costs, including non-recurring professional fees, are recognized as incurred. Restructuring expenses are recognized as an operating expense in cost of sales or as a component of total selling, general and administrative expenses within the consolidated statements of operations and related liabilities are recorded within accounts payable and accrued expenses in the consolidated balance sheets. The Company periodically evaluates and, if necessary, adjusts its estimates based on currently available information. Refer to Note 3. Restructuring, included herein for additional detail.

Preopening Expenses

Preopening expenses, which consist primarily of payroll and occupancy costs related to the opening of new stores, are expensed as incurred as a component of SG&A in the accompanying consolidated statements of operations.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense, net of qualifying vendor promotional funds, was \$98 million, \$80 million and \$150 million in fiscal 2025, 2024 and 2023, respectively.

Foreign Currency Translation

The assets and liabilities of the Company's foreign operations are translated into U.S. dollars at current exchange rates. Revenues, expenses and cash flows are translated at average exchange rates for the year. Resulting translation adjustments are reflected as a separate component in the consolidated statements of comprehensive income. Foreign currency transactions, which are included in other income, net, were a gain of \$2 million in fiscal 2025, loss of \$6 million and \$7 million in fiscal 2024 and 2023, respectively.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under the asset and liability method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred income taxes reflect the net income tax effect of temporary differences between the basis of assets and liabilities for financial reporting purposes and for income tax reporting purposes. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period of the enactment date.

The Company recognizes tax benefits and/or tax liabilities for uncertain income tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates

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that it is more-likely-than-not that the position will be sustained in an audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts as the Company must determine the probability of various possible outcomes.

The Company reevaluates these uncertain tax positions on a quarterly basis or when new information becomes available to management. The reevaluations are based on many factors, including but not limited to, changes in facts or circumstances, changes in tax law, successfully settled issues under audit, expirations due to statutes of limitations and new federal or state audit activity. Any change in either the Company's recognition or measurement could result in the recognition of a tax benefit or an increase to the tax accrual.

Earnings per Share

Basic earnings per share of common stock is computed based on the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by including the effect of dilutive securities. Diluted earnings per share of common stock reflects the weighted average number of shares of common stock outstanding, outstanding deferred stock units and the impact of outstanding stock awards (collectively "share-based awards") if the conversion of these awards are dilutive. Share-based awards containing performance conditions are included in the dilution impact based on the number of shares that would vest if the end of the reporting period were the end of the contingency period.

Recently Issued Accounting Pronouncements - Not Yet Adopted

Disclosure Improvements

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, *Disclosure Improvements* ("ASU 2023-06"), which defines when companies will be required to improve and clarify disclosure and presentation requirements. This ASU should be applied prospectively, and the effective date will be determined for each individual disclosure based on the effective date of the SEC's removal of the related disclosure. If the applicable requirements have not been removed by the SEC by June 30, 2027, this ASU will not become effective. Early adoption is prohibited. The Company is currently evaluating the impact of adopting ASU 2023-06 on the consolidated financial statements and related disclosures, and does not believe it will have a material impact on the consolidated financial statements.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation* ("ASU 2024-03"), which requires public entities to disclose more detailed information about certain costs and expenses presented in the income statement, including inventory purchases, employee compensation, selling expenses and depreciation. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03 on the consolidated financial statements and related disclosures.

Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the FASB issued ASU 2025-05, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"), which provides a practical expedient permitting an entity to assume that conditions at the balance sheet date remain unchanged over the life of the asset when estimating expected credit losses for current accounts receivable and current contract assets. ASU 2025-05 is effective for annual reporting periods beginning after December 15, 2025, and for interim periods within those annual reporting periods, with early adoption permitted. The amendments in ASU 2025-05 should be applied prospectively. The Company is currently evaluating the impact of adopting ASU 2025-05 and believes that the adoption will not have a material impact on the consolidated financial statements and related disclosures.

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Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software ("ASU 2025-06"), which makes targeted improvements to the accounting for internal-use software by removing references to "development stages". The update also clarifies the criteria for capitalization, which begins when both of the following occur: (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and for interim periods within those annual reporting periods, with early adoption permitted. The amendment in ASU 2025-06 can be applied prospectively, retrospectively, or via a modified prospective transition method. The Company is currently evaluating the impact of adopting ASU 2025-06, including the possibility of early adoption in fiscal 2026, on the consolidated financial statements and related disclosures.

Recently Issued Accounting Pronouncements - Adopted

Income Tax Disclosure Improvements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes* ("ASU 2023-09"), which requires a company to enhance its income tax disclosures. In each annual reporting period, the Company should disclose the specific categories used in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold, including disaggregation of taxes paid by jurisdiction. The related disclosures are effective for the fiscal year beginning after December 15, 2024. The Company has adopted ASU 2023-09 on a prospective basis, which resulted in additional disclosures, but did not have any other impact on its consolidated financial statements. See Note 13. Income Taxes, of the Notes to the Consolidated Financial Statements of this Annual Report.

3. Restructuring

2024 Restructuring Plan

On November 13, 2024, the Company's Board of Directors approved a restructuring and asset optimization plan ("2024 Restructuring Plan") designed to improve the Company's profitability and growth potential and streamline its operations. This plan contemplated the closure of approximately 500 stores, approximately 200 independent locations and four distribution centers by mid-2025, as well as headcount reductions. The Company completed the closure of all of these locations during the first quarter of fiscal 2025.

Expenses associated with the 2024 Restructuring Plan included: (1) inventory write-down of inventory to net realizable value due to liquidation sales as a result of store closures and streamlining assortment associated with the 2024 Restructuring Plan, (2) noncash asset impairment and accelerated amortization and depreciation of operating lease right-of-use ("ROU") assets and property and equipment, (3) personnel expenses related to severance and transition expenses, which were offered to certain employees who would provide services through key dates to ensure completion of closure activities and (4) other location closure-related activity, including nonrecurring services rendered by third-party vendors assisting with the turnaround initiatives and other related expenses, including incremental revisions to receivable collectability due to termination of contracts with independents associated with the 2024 Restructuring Plan.

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Other Restructuring Initiatives

In November 2023, the Company announced a strategic and operational plan with anticipated savings of \$150 million of which \$50 million would be reinvested into frontline team members. In addition to a reduction in workforce, this plan streamlines the Company's supply chain by configuring a multi-echelon supply chain by leveraging current asset and operating fewer, more productive distribution centers that focus on replenishment and move more parts closer to the customer. In achieving this plan, the Company is in process of converting certain distribution centers and stores into market hubs. In addition to providing replenishment to near-by stores, market hubs support retail operations. In addition to the distribution network optimization costs, other restructuring expenses include certain other items as further detailed in the table below. The Company continues to incur charges associated with this plan and expects to incur additional charges through the end of fiscal 2026, primarily consisting of conversion costs associated with the conversion of certain distribution centers and severance and other personnel expenses.

The Company has recorded all restructuring and related expenses as a component of selling general and administrative expenses in the consolidated statement of operations, with the exception of inventory related expenses that are recorded as a component of cost of sales on the consolidated statement of operations.

Restructuring and related expenses for the periods presented was as follows:

	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
2024 Restructuring Plan Expenses:			
Cost of sales:			
Inventory write-down	\$ —	\$ 431	\$ —
Selling, general and administrative expenses:			
Impairment and write-down of long-lived assets	71	188	—
Severance and other personnel expenses	18	15	—
Other location closure related expenses ⁽¹⁾	70	46	—
2024 Restructuring Plan Expenses	<u>\$ 159</u>	<u>\$ 680</u>	<u>\$ —</u>
Other Restructuring Plan Expenses:			
Cost of sales expenses:			
Distribution network optimization	\$ 12	\$ —	\$ —
Selling, general and administrative expenses:			
Distribution network optimization ⁽²⁾	20	20	—
Impairment and write-down of long-lived assets	12	16	—
Worldpac post transaction-related expenses	8	7	—
Other restructuring expenses ⁽³⁾	5	17	16
Other Restructuring Plan Expenses	<u>\$ 57</u>	<u>\$ 60</u>	<u>\$ 16</u>

⁽¹⁾ Other location closure related activity for the year ended January 3, 2026 includes \$38 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan, \$7 million for reserves on independent loans and \$25 million of other related expenses associated with location closures, including the transfer of assets. Other location closure related activity for the year ended December 28, 2024 includes \$21 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan and \$25 million for incremental revisions to receivable collectability due to contract terminations with independents associated with the restructuring plan.

⁽²⁾ Distribution network optimization for the year ended December 28, 2024 includes incremental depreciation as a result of accelerating long-lived assets over a shorter useful life of \$5 million.

⁽³⁾ For the year ended January 3, 2026 other restructuring expenses primarily consists of severance and other personnel expenses. For the year ended December 28, 2024 other restructuring expenses include non-recurring services rendered by third-party vendors to perform a strategic business review of \$15 million and executive turnover costs of \$2 million. For the year ended December 30, 2023 other restructuring expenses include severance costs associated with a reduction in workforce and professional service fees.

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The following table shows the change in the restructuring liability for the years ended January 3, 2026 and December 28, 2024, respectively, which excludes operating lease liabilities and associated expenses. The restructuring liabilities are classified within accounts payable, accrued expenses and other current liabilities in the consolidated balance sheets.

	Professional service fees	Severance and other personnel expenses
Balance at December 30, 2023	\$ 1	\$ 4
Restructuring expenses during the period	43	27
Cash payments	(21)	(17)
Balance at December 28, 2024	\$ 23	\$ 14
Restructuring expenses during the period	47	37
Cash payments	(70)	(48)
Balance at January 3, 2026	\$ —	\$ 3

As of January 3, 2026, the cumulative amount incurred to date for active restructuring plans totaled \$972 million, consisting of write-down of inventory to net realizable value, lease termination impacts, other exit-related expenses related to ceased use buildings, professional service fees and certain employee termination benefits. Substantially all of the costs under the restructuring plans have been incurred as of January 3, 2026. The Company estimates that it will incur additional expenses of approximately \$30 million to \$40 million through fiscal 2026.

4. Inventories, net

The Company used the last in, first out (“LIFO”) method of accounting for approximately 92% of inventories as of January 3, 2026 and December 28, 2024, respectively. The Company’s LIFO credit reserve balance was \$104 million and \$11 million as of January 3, 2026 and December 28, 2024, respectively, to state inventories at LIFO. Increases to the Company’s LIFO credit reserve balance are recorded as a noncash charge to cost of sales and decreases are recorded as a non-cash benefit to cost of sales. The non-cash expense (benefit) recorded to cost of sales related to the change in the LIFO credit reserve for the periods presented was as follows:

	Year Ended	
	January 3, 2026	December 28, 2024
LIFO credit reserve expense (benefit)	\$ 93	\$ (92)

The effect of LIFO liquidations for the year ended January 3, 2026 was a decrease to cost of sales of \$6 million and an increase to net earnings of \$4 million, or (\$0.07) per diluted share. The impact from LIFO liquidations for the year ended December 28, 2024 was a decrease to cost of sales of \$21 million and an increase to net earnings of \$16 million or (\$0.27 per diluted share). During fiscal 2023, the Company experienced a decrease in inventory values which resulted in a liquidation of a LIFO inventory layer. This liquidation did not have a material impact to the consolidated financial statements.

Purchasing and warehousing costs included in inventories as of January 3, 2026 and December 28, 2024 were \$426 million and \$368 million, respectively.

In fiscal 2024, the Company recorded \$431 million of inventory write-downs, taken as a charge to cost of sales, associated with the 2024 Restructuring Plan. Refer to Note 3. Restructuring, included herein for additional detail. Also, in fiscal 2023, the Company performed a strategic and operational review of the business, which included the rationalization of product assortment and planned decisive actions. As a result, the Company made a change in the estimate of excess inventory reserves resulting in a \$110 million charge to cost of sales.

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5. Goodwill and Other Intangible Assets, net

Goodwill

At January 3, 2026 and December 28, 2024, the carrying amount of goodwill in the accompanying consolidated balance sheets was \$600 million and \$598 million, respectively. The change in goodwill during 2025 and 2024 was \$2 million and \$3 million, respectively, and related to foreign currency translation. There were no accumulated losses recognized on goodwill as of January 3, 2026.

Other Intangible Assets, Net

Amortization expense was \$12 million, \$12 million and \$13 million for fiscal 2025, 2024 and 2023, respectively. A summary of the composition of the gross carrying amounts and accumulated amortization of acquired other intangible assets are presented in the following table:

	January 3, 2026			December 28, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:						
Customer relationships	\$ 162	\$ (158)	\$ 4	\$ 157	\$ (146)	\$ 11
Non-compete and other	40	(39)	1	40	(39)	1
	202	(197)	5	197	(185)	12
Indefinite-lived intangible assets:						
Brands, trademark and trade names	395	—	395	394	—	394
Total intangible assets	<u>\$ 597</u>	<u>\$ (197)</u>	<u>\$ 400</u>	<u>\$ 591</u>	<u>\$ (185)</u>	<u>\$ 406</u>

Future Amortization Expense

The expected amortization expense for the next five years and thereafter for acquired intangible assets recorded as of January 3, 2026 was as follows:

Year	Amount
2026	\$ 2
2027	2
2028	1
Thereafter	—
	<u>\$ 5</u>

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6. Receivables, net

Receivables, net, consisted of the following:

	January 3, 2026	December 28, 2024
Trade	\$ 370	\$ 417
Vendor	87	157
Other	18	28
Total receivables	475	602
Less: allowance for credit losses	(95)	(58)
Receivables, net	<u>\$ 380</u>	<u>\$ 544</u>

Changes in the allowance for expected credit losses were as follows:

	Balance at Beginning of Period	Additions	Write offs	Balance at End of Period
Allowance for expected credit losses				
December 28, 2024	\$ 24	\$ 107	\$ (73)	\$ 58
January 3, 2026	\$ 58	\$ 54	\$ (17)	\$ 95

For the year ended January 3, 2026, the allowance for credit losses increased primarily due to a reserve recorded against a vendor receivable. For the year ended December 28, 2024, the allowance for credit losses increased primarily due to incremental reserves established as a result of the 2024 Restructuring Plan. Refer to Note 3. Restructuring included herein.

In third quarter of fiscal 2025, one of the Company's vendors, a leading auto parts supplier for the automotive aftermarket industry, who filed voluntary petitions for Chapter 11 bankruptcy protection with the U.S. Bankruptcy Court for the Southern District of Texas. The vendor has secured short-term financing through a debtor-in-possession ("DIP") loan, however, Chapter 11 proceedings carry inherent risks with respect to a company's ability to continue operations and maintain adequate liquidity to satisfy current and future obligations. As a result of these events, the Company recorded a non-cash charge of \$28 million to cost of sales in the third quarter of fiscal 2025, within the consolidated statement of operations, reflecting estimated future credit losses on certain vendor receivables due from the vendor. The estimate was developed utilizing a probability weighted cash-flow model adjusted for risks associated with credit risk deterioration for companies that enter Chapter 11 bankruptcy proceedings.

7. Long-term Debt and Fair Value of Financial Instruments

Long-term debt, net of unamortized discount and debt issuance costs, consisted of the following:

	January 3, 2026	December 28, 2024
5.90% Senior Unsecured Notes due March 9, 2026 ("2026 Notes")	\$ —	\$ 300
1.75% Senior Unsecured Notes due October 1, 2027 ("2027 Notes")	350	350
5.95% Senior Unsecured Notes due March 9, 2028 ("2028 Notes")	300	300
3.90% Senior Unsecured Notes due April 15, 2030 ("Exchange Notes")	500	500
7.00% Senior Unsecured Notes due August 1, 2030 ("2030 Notes")	975	—
3.50% Senior Unsecured Notes due March 15, 2032 ("2032 Notes")	350	350
7.375% Senior Unsecured Notes due August 1, 2033 ("2033 Notes")	975	—
Total principal amount of long-term debt and current maturities of long-term debt	3,450	1,800
Less: Unamortized discounts and debt issuance costs	(38)	(11)
Total debt, net	3,412	1,789
Less: Current portion of long-term debt	—	—
Long-term debt, excluding the current portion	<u>\$ 3,412</u>	<u>\$ 1,789</u>

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Fair Value of Financial Assets and Liabilities

As of January 3, 2026 and December 28, 2024, the fair value of the Company's long-term debt was approximately \$3.4 billion and \$1.6 billion, respectively. The fair value of the Company's long term debt was determined using Level 2 inputs based on quoted market prices. The carrying value of the Company's cash and cash equivalents, receivables, net, accounts payable, and accrued expenses approximate their fair value due to the relatively short-term nature of these instruments.

Long-term debt

On August 4, 2025, the Company issued (i) \$975 million in aggregate principal amount of 7.000% Senior Notes due 2030 (the "2030 Notes") and (ii) \$975 million in aggregate principal amount of 7.375% Senior Notes due 2033 in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"). Following the closing of the issuance of the 2030 Notes and 2033 Notes, the Company utilized a portion of the net proceeds to redeem in full its outstanding \$300 million in aggregate principal amount of 5.90% 2026 Notes and the Company recorded a loss of \$3 million on redemption in the third quarter of fiscal 2025 associated with this extinguishment. The remaining proceeds from the issuance are available for general corporate purposes, and, as further discussed under "Credit Facilities" below, certain of our cash and cash equivalents, are designated as qualified cash and is subject to customary springing control agreements, as defined in the ABL Facility Agreement.

The Company's 3.90% senior unsecured notes due April 15, 2030 (the "Original Notes") were issued April 16, 2020 and were not registered under the Securities Act of 1933, as amended (the "Securities Act"). On July 28, 2020, the Company completed an exchange offer whereby the Original Notes in the aggregate principal amount of \$500 million, which were not registered under the Securities Act, were exchanged for a like principal amount of 3.90% senior unsecured notes due 2030 (the "Exchange Notes"), which have been registered under the Securities Act. The Original Notes were substantially identical to the Exchange Notes, except that the Exchange Notes are registered under the Securities Act and are not subject to the transfer restrictions and certain registration rights agreement provisions applicable to the Original Notes.

Each of the Company's Notes bear interest, payable semi-annually in arrears as follows:

	Payment Dates	
2027 Notes	April 1	October 1
2028 Notes	March 9	September 9
Exchange Notes	April 15	October 15
2030 Notes	February 1	August 1
2032 Notes	March 15	September 15
2033 Notes	February 1	August 1

The Company's 2026 Notes, 2027 Notes, 2028 Notes, Exchange Notes, 2030 Notes, 2032 Notes, and 2033 Notes are collectively referred to herein as the Company's "senior unsecured notes" or the "Notes." The terms of the 2026 Notes, 2027 Notes, 2028 Notes and 2032 Notes are governed by an indenture dated as of April 29, 2010 (as amended, supplemented, waived or otherwise modified, the "2010 Indenture") among Advance Auto Parts, Inc., the subsidiary guarantors from time to time party thereto and the Trustee. The terms of the Exchange Notes are governed by an indenture dated as of April 16, 2020 (as amended, supplemented, waived or otherwise modified, the "2020 Indenture" and together with the 2010 Indenture, the "Indentures") among Advance Auto Parts, Inc., the subsidiary guarantors from time to time party thereto and the Trustee. The terms of the 2030 Notes and the 2033 Notes are governed by an indenture dated as of August 4, 2025 among Advance Auto Parts, Inc., the subsidiary guarantors from time to time party thereto and Computershare Trust Company, N.A., as Trustee.

The Company may redeem some or all of the senior unsecured notes at any time or from time to time, at the redemption prices described in the Indentures and subject to any restrictions or early payment provisions as described in the Indentures. In addition, in the event of a Change of Control Triggering Event (as defined in the Indentures), the Company will be required to offer to repurchase the Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any,

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to, but excluding, the repurchase date. Currently, the Notes are fully and unconditionally guaranteed, jointly and severally, on an unsubordinated and unsecured basis by guarantor and subsidiary guarantees, as defined by the Indentures.

The Indentures contain customary provisions for events of default including for: (i) failure to pay principal or interest when due and payable; (ii) failure to comply with covenants or agreements in the Indentures or the Notes and failure to cure or obtain a waiver of such default upon notice; (iii) a default under any debt for money borrowed by us or any of our subsidiaries that results in acceleration of the maturity of such debt, or failure to pay any such debt within any applicable grace period after final stated maturity, in an aggregate amount greater than \$25.0 million for the 2027 Notes, 2028 Notes, Exchange Notes and 2032 Notes, and \$125.0 million for the 2030 Notes and 2033 Notes, without such debt having been discharged or acceleration having been rescinded or annulled within ten days after receipt by us of notice of the default by the Trustee or holders of not less than 25% in aggregate principal amount of the Notes then outstanding; and (iv) events of bankruptcy, insolvency or reorganization affecting us and certain of its subsidiaries. In the case of an event of default, the principal amount of the Notes plus accrued and unpaid interest may be accelerated. The Indentures also contain covenants limiting the ability to incur debt secured by liens and to enter into certain sale and lease-back transactions.

Future Payment

As of January 3, 2026, the aggregate future annual maturities of long-term debt instruments were as follows:

Year	Amount
2026	\$ —
2027	350
2028	300
2029	—
2030	1,475
Thereafter	1,325
	<u>\$ 3,450</u>

Credit Facilities

On August 12, 2025, the Company's \$1 billion revolving credit facility (the "2021 Credit Agreement") was terminated and replaced by a new asset-based loan revolving credit facility (the "ABL Facility"). The Company recorded a \$6 million loss on extinguishment of the 2021 Credit Agreement during the third quarter of fiscal 2025. The ABL Facility provides for a five-year senior secured first lien asset-based revolving credit facility of up to \$1 billion with an uncommitted accordion feature that provides for additional credit extensions up to \$500 million. Our ability to draw upon the ABL Facility is subject to the available borrowing base. Outstanding amounts under the ABL Facility would accrue interest at a floating rate, which, at the Company's election, can be either (i) SOFR plus an applicable margin or (ii) an alternative base rate plus an applicable margin. The applicable rate varies based on Average Historical Excess Availability (as defined in the ABL Facility Agreement) from (i) with respect to base rate loans, 0.25% to 0.75% and (b) with respect to SOFR loans, 1.25% to 1.75% and resets quarterly on a prospective basis and is, in part, derived based-upon the utilization of the facility. Interest is payable on a quarterly basis. Unused commitments under the ABL Facility will accrue an unused commitment fee of either 0.30% or 0.25% per annum, depending on average utilization. As of January 3, 2026, and December 28, 2024, the Company had no outstanding borrowings under its ABL Facility and 2021 Credit Agreements, respectively. As of January 3, 2026, the Company had \$896 million of borrowing availability and \$104 million letters of credit outstanding under the ABL Facility. As of December 28, 2024, the Company had \$1.0 billion of borrowing availability and no letters of credit outstanding under the 2021 Credit Agreement.

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The ABL Facility has first lien on substantially all of the accounts receivable, inventory, cash and related assets of the Company and its subsidiary guarantors thereunder. Advance Auto Parts, Inc. is the ABL Facility borrower and the guarantors are (i) each of our subsidiaries that guarantee our recently issued Senior Unsecured Notes and (ii) certain of our Canadian subsidiaries. Availability under the ABL Facility is limited to the lesser of (i) the borrowing base, equal to the sum of 90% of eligible credit card receivables, 85% of eligible trade accounts receivable, 85% of the net orderly liquidation value of eligible inventory and 100% of qualified cash (up to certain limits for the purpose of determining borrowing capacity), subject, in each case, to customary reserves established by the collateral agent under the ABL Facility from time to time, including reserves related to outstanding obligations to our suppliers that are payable to the paying agents, as a result of such suppliers electing, at their option, to utilize third-party financing, commonly referred to as supply chain financing, and debt maturity reserves, and (ii) the aggregate revolving credit commitments. The ABL Facility contains customary representations and warranties, events of default and financial, affirmative and negative covenants for facilities of this type, including but not limited to a springing financial covenant that would result in a fixed charge coverage ratio maintenance requirement as described in the ABL Facility. The fixed charge coverage ratio is defined in the ABL Facility as the ratio of Consolidated Adjusted EBITDA minus Consolidated Capital Expenditures minus Taxes to Fixed Charges, each as defined in the ABL Facility, on a four quarter trailing basis, which requires a minimum 1:1 coverage ratio to be maintained, and restrictions on certain indebtedness, liens, investments and acquisitions, asset dispositions, restricted payments, prepayment of certain indebtedness and transactions with affiliates, subject to various thresholds and caps.

In accordance with the ABL Facility, the Company is required to hold cash and cash equivalents in designated accounts with lenders, referred to as Qualified Cash Accounts as defined in the ABL Facility. As of January 3, 2026, \$2.3 billion was designated as Qualified Cash. These amounts are unrestricted and the Company is able to direct, and have sole control over, the manner of disposition of funds in such accounts, subject to: 1) maintaining a minimum availability under the ABL facility of at least the greater of (i) 12.5% of the Line Cap and (ii) \$125 million; and 2) maintaining excess availability under the ABL Facility of at least \$400 million. The Qualified Cash Accounts are subject to springing control agreements pursuant to which the cash deposited therein would become restricted in the event of default or a breach of such covenants. The Company was in compliance with its covenants related to the ABL Facility as of January 3, 2026.

As of January 3, 2026, the Company had no bilateral letters of credit issued separately from the ABL Agreement. As of December 28, 2024, the Company had \$91 million of bilateral letters of credit issued separately from the 2021 Credit Agreement, none of which were drawn upon. These bilateral letters of credit generally have a term of one year or less and primarily serve as collateral for the Company's self-insurance policies.

Debt Guarantees

The Company is a guarantor of loans made by banks to various independently-owned Carquest-branded stores that are customers of the Company totaling \$69 million and \$98 million as of January 3, 2026 and December 28, 2024, respectively. These loans are collateralized by security agreements on merchandise inventory and other assets of the borrowers. The approximate value of the inventory collateralized by these agreements was \$152 million as of January 3, 2026 and \$181 million as of December 28, 2024. The Company continuously assesses the likelihood of performance under these guarantees and as of January 3, 2026 recognized an immaterial liability related to such guarantees.

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8. Property and Equipment, net

Property and equipment consisted of the following:

	Useful Lives	January 3, 2026	December 28, 2024
Land and land improvements ⁽¹⁾	30 years	\$ 471	\$ 471
Buildings	10 - 30 years	590	556
Building and leasehold improvements	1 - 30 years	713	811
Furniture, fixtures and equipment	3 - 20 years	2,403	2,497
Vehicles	8 years	14	14
Construction in progress		33	45
		4,224	4,394
Less: Accumulated depreciation		(2,955)	(3,060)
Property and equipment, net		<u>\$ 1,269</u>	<u>\$ 1,334</u>

⁽¹⁾ Land is deemed to have an indefinite life.

As of January 3, 2026 and December 28, 2024, the Company had capitalized software costs of \$1.0 billion and accumulated depreciation of \$816 million and \$767 million, respectively. Depreciation expense relating to property and equipment was \$260 million, \$280 million and \$256 million for fiscal 2025, 2024 and 2023, respectively.

As of January 3, 2026 and December 28, 2024, the Company recorded \$32 million and \$144 million of non-cash asset impairment and write-down charges, including impairment and incremental depreciation as a result of accelerating assets over a shorter useful life, in connection with the 2024 Restructuring Plan and the Other Restructuring Plan which is included in restructuring and related expenses within the accompanying consolidated statements of operations. Refer to Note 3. Restructuring included herein.

During the first quarter of 2024, the Company entered into a sale-leaseback transaction where the Company sold a building and land and entered into a three-year lease of the property upon the sale. This transaction resulted in a gain of \$22 million and is included in selling, general and administrative expenses on the consolidated statement of operations for the year ended December 28, 2024.

9. Leases and Other Commitments

Leases

Substantially all of the Company's leases are for facilities, vehicles and equipment. The initial term for facilities is typically five to ten years, with renewal options typically at five-year intervals, with the exercise of lease renewal options at the Company's sole discretion. The Company's vehicle and equipment lease terms are typically three to six years. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating lease liabilities consisted of the following:

	January 3, 2026	December 28, 2024
Total operating lease liabilities	\$ 2,247	\$ 2,359
Less: Current portion of operating lease liabilities	(435)	(462)
Non-current operating lease liabilities	<u>\$ 1,812</u>	<u>\$ 1,897</u>

The current portion of operating lease liabilities is included in other current liabilities in the accompanying consolidated balance sheets.

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Total lease cost is included in cost of sales and total selling, general and administrative expenses in the accompanying consolidated statements of operations and is recorded net of immaterial sublease income. Total lease cost is comprised of the following:

	Year ended	
	January 3, 2026	December 28, 2024
Operating lease cost	\$ 501	\$ 542
Variable lease cost	148	152
Total lease cost	<u>\$ 649</u>	<u>\$ 694</u>

As of January 3, 2026 and December 28, 2024, the Company recorded \$56 million and \$65 million, respectively, primarily related to accelerated amortization on leases the Company expects to exit before the end of the contractual term, and non-cash asset impairment, net of gains on lease modifications and terminations. These amounts are recorded in restructuring and related expenses within the accompanying consolidated statements of operations. See Note 3. Restructuring, included herein.

The future maturity of lease liabilities are as follows:

Year	Amount
2026	\$ 535
2027	464
2028	384
2029	349
2030	282
Thereafter	590
Total lease payments	<u>2,604</u>
Less: Imputed interest	<u>(357)</u>
Total operating lease liabilities	<u>\$ 2,247</u>

Operating lease liabilities included \$16 million related to options to extend lease terms that are reasonably certain of being exercised and excluded \$78 million of legally binding lease obligations for leases signed, but not yet commenced.

The weighted average remaining lease term and weighted average discount rate for the Company's operating leases were 6.4 years and 4.4% as of January 3, 2026. The Company calculated the weighted average discount rates using incremental borrowing rates, which equal the rates of interest that the Company would pay to borrow funds on a fully collateralized basis over a similar term.

Other information relating to the Company's lease liabilities were as follows:

	Year ended	
	January 3, 2026	December 28, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 549	\$ 491
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 345	\$ 340

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10. Accrued Expenses

Accrued expenses consisted of the following:

	January 3, 2026	December 28, 2024
Taxes payable	\$ 153	\$ 230
Payroll and related benefits	127	163
Self-insurance reserves	86	72
Accrued interest	79	23
Final Worldpac working capital accrual (See Note 19)	55	24
Accrued rebates	48	46
Inventory related accruals	43	67
Other	165	159
Total accrued expenses	<u>\$ 756</u>	<u>\$ 784</u>

11. Share Repurchase Program

In February 2022, the Company's Board of Directors authorized an additional \$1.0 billion toward the existing share repurchase program. Previously, in April 2021 and November 2019, the Company's Board of Directors authorized \$1.0 billion and \$700 million, respectively, for the Company's share repurchase program. The Company's share repurchase program permitted the repurchase of the Company's common stock on the open market and in privately negotiated transactions from time to time. The Board of Directors were able to increase or otherwise modify, renew, suspend or terminate the share repurchase program without prior notice. However, Amendment No. 5 to the Company's 2021 Credit Agreement, which was terminated on August 12, 2025 and replaced by the ABL facility, generally prohibited open market share repurchases. Share repurchases are generally permitted under the Company's ABL facility, however, under certain circumstances, the Company's ability to repurchase shares may be restricted.

During fiscal 2025 and 2024, the Company did not repurchase any shares of its common stock under the share repurchase program. The remaining authorized amount for share repurchases under the program was \$0.9 billion as of January 3, 2026 and December 28, 2024.

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12. Earnings per Share

The computations of basic and diluted earnings per share were as follows:

	Year ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Numerator			
Net income (loss) from continuing operations	\$ 68	\$ (587)	\$ (30)
Net (loss) income from discontinued operations	(24)	251	60
Net income (loss) applicable to common shares	<u>\$ 44</u>	<u>\$ (336)</u>	<u>\$ 30</u>
Denominator			
Basic weighted average common shares	59.9	59.6	59.4
Dilutive impact of share-based awards	0.7	0.3	0.2
Diluted weighted average common shares ⁽¹⁾	<u>60.6</u>	<u>59.9</u>	<u>59.6</u>
Basic earnings (loss) per common share from continuing operations	\$ 1.13	\$ (9.84)	\$ (0.51)
Basic (loss) earnings per common share from discontinued operations	(0.40)	4.21	1.01
Basic earnings (loss) per common share	<u>\$ 0.73</u>	<u>\$ (5.63)</u>	<u>\$ 0.50</u>
Diluted earnings (loss) per common share from continuing operations	\$ 1.13	\$ (9.80)	\$ (0.50)
Diluted (loss) earnings per common share from discontinued operations	(0.40)	4.19	1.00
Diluted earnings (loss) per common share	<u>\$ 0.73</u>	<u>\$ (5.61)</u>	<u>\$ 0.50</u>

⁽¹⁾ For fiscal 2025, 2024 and 2023, restricted stock units ("RSUs") excluded from the diluted calculation as their inclusion would have been anti-dilutive were 0.8 million, 0.5 million and 0.3 million, respectively.

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13. Income Taxes

The Company has adopted ASU 2023-09 on a prospective basis, which resulted in additional income tax disclosures for the rate reconciliation and related to income taxes paid for 2025. Given that the Company has elected to adopt ASU 2023-09 prospectively, the 2024 and 2023 rate reconciliation is not disaggregated in accordance with ASU 2023-09 and the income taxes paid are not presented by jurisdiction.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (“OBBBA”). The OBBBA makes key elements of the Tax Cuts and Jobs Act permanent, including 100% bonus depreciation and the business interest expense limitation, among others. The Company has determined the OBBBA has an immaterial impact to the Company’s provision for income taxes and deferred tax balances. ASC 740, “Income Taxes”, requires the effects of changes in tax rates and laws on deferred tax balances to be recognized in the period in which the legislation is enacted, which occurred during the Company’s second quarter of fiscal 2025. Therefore, the Company has reflected the effect of the OBBBA within the provision for income taxes for the fiscal year ended January 3, 2026.

Provision for Income Taxes

Provision for income taxes from continuing operations consisted of the following:

	Current	Deferred	Total
2025			
Federal	\$ (102)	\$ (29)	\$ (131)
State	(23)	(13)	(36)
Foreign	9	(1)	8
	<u>\$ (116)</u>	<u>\$ (43)</u>	<u>\$ (159)</u>
2024			
Federal	\$ 2	\$ (172)	\$ (170)
State	3	(30)	(27)
Foreign	17	(1)	16
	<u>\$ 22</u>	<u>\$ (203)</u>	<u>\$ (181)</u>
2023			
Federal	\$ 3	\$ (29)	\$ (26)
State	2	(8)	(6)
Foreign	15	—	15
	<u>\$ 20</u>	<u>\$ (37)</u>	<u>\$ (17)</u>

Disaggregation of loss before income tax expense from continuing operations for the fiscal year ended January 3, 2026:

	Domestic	Foreign	Total
(Loss) income before income tax expense from continuing operations	\$ (122)	\$ 31	\$ (91)
Federal income tax benefit	131	—	131
State income tax benefit	36	—	36
Foreign income tax expense	—	(8)	(8)
Net income from continuing operations	<u>\$ 45</u>	<u>\$ 23</u>	<u>\$ 68</u>

The provision for income taxes differed from the amount computed by applying the federal statutory income tax rate due to:

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	Year Ended	
	January 3, 2026	
	Amount	Percent
U.S. Federal Statutory Tax Rate	\$ (19)	21.0%
State and Local Income Taxes, Net of Federal Income Tax Effect⁽¹⁾	(29)	31.5
Foreign Tax Effects		
Canada		
Statutory tax rate difference	(1)	1.1
Provincial taxes	2	(2.3)
Other foreign tax effects	—	—
Effect of Changes in Tax Laws or Rates Enacted in the Current Period	—	—
Effect of Cross-Border Tax Laws		
Global intangible low-taxed income	14	(15.4)
Tax Credits		
Research and development tax credit	(2)	2.5
Work opportunity tax credit	(4)	4.5
Empowerment Zone credit	—	—
Changes in Valuation Allowance	—	—
Nontaxable or Nondeductible Items		
Share-based payment awards	2	(2.0)
Other nontaxable or nondeductible items	—	—
Changes in Unrecognized Tax Benefits	—	—
Other Adjustments		
Reduction of tax basis in assets	41	(45.4)
Stock compensation expense	4	(4.0)
Capital loss ⁽²⁾	(164)	180.2
Change in gain on divestiture	(4)	4.3
Intercompany profit elimination	2	(2.3)
Other Adjustments	(1)	1.3
Effective Tax Rate	\$ (159)	175.0%

(1) State taxes in Florida, Georgia, Illinois, Maryland, New York, Pennsylvania, and Virginia make up the majority (greater than 50 percent) of the tax effect in this category.

(2) In fiscal year 2025, the Company completed an internal legal entity restructuring event which was treated as a taxable stock disposition for U.S. federal income tax purposes. As a result, the Company recognized a capital loss deduction which was utilized against capital gain income.

	Year Ended	
	December 28, 2024	December 30, 2023
Income before provision for income taxes at statutory U.S. federal income tax rate (21% for 2024 and 2023)	\$ (161)	\$ (10)
State income taxes, net of federal income tax	(22)	(6)
Other, net	2	(1)
Provision for income taxes	<u>\$ (181)</u>	<u>\$ (17)</u>

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Income Taxes Paid

Income taxes paid, net of refunds, consisted of the following:

		Year Ended
		January 3, 2026
Federal	\$	—
State		(1)
Foreign		14
Total	\$	13

Income taxes paid (net of refunds) was \$37 million and \$99 million for the fiscal years 2024 and 2023, respectively.

Income taxes paid (net of refunds) exceeded 5 percent of total income taxes paid (net of refunds) in the following jurisdictions:

		Year Ended
		January 3, 2026
State		
North Carolina	\$	(1)
Virginia		(1)
Texas		1
Total	\$	(1)
Foreign		
Canada		1
Puerto Rico		2
India		1
Taiwan		9
Total	\$	13

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Deferred Income Tax Assets (Liabilities)

Temporary differences that give rise to significant deferred income tax assets (liabilities) were as follows:

	January 3, 2026	December 28, 2024
Deferred income tax assets:		
Accrued expenses not currently deductible for tax	\$ 53	\$ 39
Share-based compensation	10	11
Accrued medical and workers compensation	8	6
Net operating loss carryforwards	122	2
Operating lease liabilities	561	598
Interest expense limitation	34	—
Tax credit carryforwards	13	—
State capital loss carryforward	16	—
Other, net	11	9
Total deferred income tax assets before valuation allowances	828	665
Less: Valuation allowance	(22)	(5)
Total deferred income tax assets	806	660
Deferred income tax liabilities:		
Property and equipment	(64)	(9)
Inventories	(224)	(182)
Intangible assets	(95)	(92)
Operating lease right-of-use assets	(535)	(570)
Reduction of tax basis in assets	(30)	—
Total deferred income tax liabilities	(948)	(853)
Net deferred income tax liabilities	\$ (142)	\$ (193)

As of January 3, 2026 and December 28, 2024, the Company's net operating loss ("NOL") carryforwards comprised state NOLs of \$664 million and \$106 million, respectively. Federal NOL carryforwards were \$449 million as of January 3, 2026. There were no Federal NOL carryforwards as of December 28, 2024. State NOLs may be used to reduce future taxable income and may expire in various years based on jurisdiction, whereas federal NOLs are carried forward indefinitely. Due to uncertainties related to the realization of these NOLs in certain jurisdictions, as well as other credits available, the Company has recorded a valuation allowance of \$18 million as of January 3, 2026 and \$2 million as of December 28, 2024. In addition, the Company recorded a \$4 million and \$3 million valuation allowance on foreign tax credit carryforwards as of January 3, 2026 and December 28, 2024, respectively. The amount of deferred income tax assets realizable could change in the future if projections of future taxable income change.

The Company has not recorded deferred taxes when earnings from foreign operations are considered to be indefinitely invested outside of the U.S. As of January 3, 2026 and December 28, 2024, these accumulated net earnings generated by foreign operations were \$113 million and \$93 million, respectively, which did not include earnings deemed to be repatriated as part of the U.S. Tax Cuts and Jobs Act. It is not practicable to determine the income tax liability that would be payable if such earnings were repatriated.

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Unrecognized Tax Benefits

The following table summarizes the activity of the Company's gross unrecognized tax benefits:

	January 3, 2026	December 28, 2024	December 30, 2023
Unrecognized tax benefits, beginning of period	\$ 16	\$ 11	\$ 15
Increases related to prior period tax positions	2	6	—
Increases related to current period tax positions	—	1	1
Expiration of statute of limitations	(1)	(2)	(5)
Unrecognized tax benefits, end of period	<u>\$ 17</u>	<u>\$ 16</u>	<u>\$ 11</u>

As of January 3, 2026, December 28, 2024, and December 30, 2023, the entire amount of unrecognized tax benefits, if recognized, would reduce the Company's annual effective tax rate of 175.0%, 23.6% and 36.4%, respectively. During 2025, the Company recorded income tax-related interest and penalty expense of \$0.6 million, and in 2024 and 2023, the Company recorded income tax-related interest and penalty expense of \$0.6 million and benefit of \$0.2 million, respectively, due to uncertain tax positions included in the Provision for income taxes in the accompanying consolidated statements of operations. As of January 3, 2026 and December 28, 2024, the Company recorded a liability for potential interest of \$4 million and \$3 million, respectively. Liabilities for potential penalties of were immaterial in all periods presented. The Company does not provide for any penalties associated with tax contingencies unless considered probable of assessment. The Company does not expect the unrecognized tax benefits to change significantly over the next 12 months. With few exceptions, the Company is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2022.

14. Commitments and Contingencies

Currently and from time to time, the Company is subject to litigation, claims and other disputes, including legal and regulatory proceedings, arising in the normal course of business. The Company records a loss contingency liability when a loss is considered probable and the amount can be reasonably estimated. Although the final outcome of pending legal matters cannot be determined, based on the facts presently known, it is management's opinion that the final outcome of any pending matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

On October 9, 2023, and October 27, 2023, two putative class actions on behalf of purchasers of the Company's securities who purchased or otherwise acquired their securities between November 16, 2022, and May 30, 2023, inclusive (the "Class Period"), were commenced against the Company and certain of the Company's former officers in the United States District Court for the Eastern District of North Carolina. The plaintiffs allege that the defendants made certain false and materially misleading statements during the alleged Class Period in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. These cases were consolidated on February 9, 2024, and the court-appointed lead plaintiff filed a consolidated and amended complaint on April 22, 2024. The consolidated and amended complaint proposes a Class Period of November 16, 2022 to November 15, 2023, and alleges that defendants made false and misleading statements in connection with (a) the Company's 2023 guidance and (b) certain accounting issues previously disclosed by the Company. On June 21, 2024, defendants filed a motion to dismiss the consolidated and amended complaint. On January 23, 2025, the motion to dismiss was granted by the United States District Court for the Eastern District of North Carolina. On February 21, 2025, plaintiffs filed an appeal to the 4th Circuit Court of Appeals. The Company strongly disputes the allegations and intends to defend the case vigorously.

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On January 17, 2024, February 20, 2024, and February 26, 2024, derivative shareholder complaints were commenced against the Company's directors and certain former officers alleging derivative liability for the allegations made in the securities class action complaints noted above. On April 9, 2024, the court consolidated these actions and appointed co-lead counsel. On June 10, 2024, the court issued a stay order on the consolidated derivative complaint pending resolution of the motion to dismiss for the underlying securities class action complaint.

15. Benefit Plans

401(k) Plan

The Company maintains a defined contribution benefit plan, which covers substantially all team members after one year of service and who have attained the age of 21. The plan allows for team member salary deferrals, which are matched at the Company's discretion. Company contributions to these plans were \$26 million, \$23 million and \$23 million in fiscal 2025, 2024 and 2023, respectively.

Deferred Compensation

The Company maintains a non-qualified deferred compensation plan for certain team members. This plan provides for a minimum and maximum deferral percentage of the team member's base salary and bonus as determined by the Retirement Plan Committee. The Company maintains a deferred compensation liability for this plan. As of January 3, 2026 and December 28, 2024, the deferred compensation plan liability was \$10 million and \$15 million, respectively, and recorded within accrued expenses in the consolidated balance sheets.

16. Share-Based Compensation

Overview

The Company grants share-based compensation awards to its team members and members of the Board of Directors as provided for under the 2023 Omnibus Incentive Compensation Plan ("2023 Plan"), approved on May 24, 2023, which replaced the Company's 2014 Long-Term Incentive Plan. In fiscal 2025, 2024 and 2023, the Company granted share-based compensation primarily in the form of RSUs. The Company's grants have two methods of measuring fair value and are categorized into three types of awards, which include time-based service awards, performance-based or market-based awards, and hybrid awards that include both performance and market conditions.

The Company has historically granted stock options, however, commencing in fiscal 2025, the Company has stopped granting stock options and the associated expense and activity is not material.

At January 3, 2026, there were 2.9 million shares of common stock available for future issuance under the 2023 Plan. Shares forfeited become available for reissuance and are included in availability.

Restricted Stock Units

Time-based RSUs generally vest over a three-year period in equal annual installments beginning on the first anniversary of the grant date. During the vesting period, holders of RSUs are entitled to receive dividend equivalents, which may be forfeited, but are not entitled to voting rights. The grant date fair value of time-based RSUs is calculated utilizing the Company's externally quoted closing stock price on the date of grant.

Performance-based awards generally may vest following a three-year period subject to the achievement of certain financial goals, market conditions, or a hybrid of both, as specified in the grant agreements. Depending on the Company's results during the three-year performance period, the actual number of awards vesting at the end of the period generally ranges from 0% to 300% of the performance award. Performance-based RSUs generally do not have dividend equivalent rights and do not have voting rights until the shares are earned and issued following the applicable performance period. Compensation expense for

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performance-based awards was determined based on management's estimate of the probable vesting outcome. The number of performance-based awards outstanding is based on the number of awards that the Company believes were probable of vesting at January 3, 2026.

For market-based RSUs and performance-based RSUs that include market conditions, the fair value of each award was determined using a Monte Carlo simulation model. The model uses multiple input variables that determined the probability of satisfying the market condition requirements as follows:

	January 3, 2026	December 28, 2024	December 30, 2023
Risk-free interest rate ⁽¹⁾	3.9%	4.4%	4.6%
Expected dividend yield	—%	—%	—%
Expected stock price volatility ⁽²⁾	50.5%	58.4%	37.4%

⁽¹⁾ The risk-free interest rate is based on the U.S. Treasury constant maturity interest rate having a term consistent with the vesting period of the award.

⁽²⁾ Expected volatility is determined based on historical volatility over a matching look-back period and is consistent with the correlation coefficients between the Company's stock prices and the Company's peer group.

Liquidity discounts are calculated using the Chaffe, Cost of Carry or Finnerty models, or a combination of all three, to adjust the fair value for post-vest restrictions. Vesting of market-based RSUs depends on the Company's relative total shareholder return among a designated group of peer companies during a three-year period and will be subject to a one-year holding period after vesting. Vesting of hybrid RSUs depends on the achievement of certain financial goals as well as the Company's relative total shareholder return among a designated group of peer companies during a three-year period and will be subject to a one-year holding period after vesting. The Company estimated a liquidity discount of 12.6% in fiscal 2025 to adjust the fair value for the post-vest restrictions.

The following table summarizes activity for time-based, performance-based, and market-based RSUs in fiscal 2025 (in millions except for fair value):

	Number of Awards	Weighted Average Grant Date Fair Value
Nonvested at December 28, 2024	0.9	\$ 92.72
Granted	1.4	35.41
Vested	(0.3)	99.05
Forfeited	(0.4)	56.77
Nonvested at January 3, 2026	1.6	\$ 49.87

The following table summarizes certain information concerning activity for time-based, performance-based, and market-based RSUs (in millions except for per unit fair value):

	Year Ended			
	January 3, 2026	December 28, 2024	December 30, 2023	
RSUs:				
Weighted average fair value of RSUs granted	\$ 35.41	\$ 80.45	\$ 96.26	
Total grant date fair value of RSUs vested	\$ 30	\$ 45	\$ 52	

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Amounts presented in millions, except per share data, unless otherwise stated)

Other Considerations

Total income tax benefit related to share-based compensation expense for fiscal 2025, 2024 and 2023 was \$9 million, \$10 million and \$10 million, respectively.

As of January 3, 2026, there was \$51 million of unrecognized compensation expense related to all share-based awards that are expected to be recognized over a weighted average period of 1.4 years.

Employee Stock Purchase Plan

The Company also offers an employee stock purchase plan ("ESPP"). Under the ESPP, eligible team members may elect salary deferrals to purchase the Company's common stock at a discount of 10% from its fair market value on the date of purchase. As of January 3, 2026, there were 2.3 million shares available to be issued under the ESPP.

17. Supplier Finance Programs

Certain of the Company's suppliers enter into agreements with third-party financial institutions to obtain enhanced receivables options. These arrangements are commonly referred to and known in the industry as supply chain financing programs. Through these agreements, the Company's suppliers, at their sole discretion, may elect to sell their receivables due from the Company to the third-party financial institution at terms negotiated between the supplier and the third-party financial institution. The Company's obligations to suppliers, including amounts due and scheduled payment terms, are not impacted, and no assets are pledged under the agreements. All outstanding amounts due to third-party financial institutions related to suppliers participating in such financing arrangements are recorded within accounts payable and represent obligations outstanding under these supplier finance programs for invoices that were confirmed as valid and owed to the third-party financial institutions in the Company's consolidated balance sheets. As of January 3, 2026, and December 28, 2024, the confirmed obligations outstanding under these supplier finance programs to third-party financial institutions were \$2.5 billion and \$3.2 billion, respectively. As of January 3, 2026, there were no amounts outstanding for Worldpac. As of December 28, 2024, \$0.4 billion was included in the confirmed obligations outstanding but is excluded from the Company's accounts payable balance on the Company's consolidated balance sheets, as such amounts represent liabilities of Worldpac transferred with the sale of the business in fiscal 2024. Under the provisions of the Worldpac sale, the Company provided certain letters of credit to the buyer to support supply chain financing for the buyer. As of January 3, 2026, there were no remaining letters of credit outstanding to support Worldpac's supply chain financing program. See Note 19. Discontinued Operations, included herein.

The Company's confirmed obligations to suppliers participating in these financing arrangements consist of the following (in billions):

	January 3, 2026
Confirmed obligations outstanding at the beginning of the year	\$ 3.2
Confirmed invoices paid during the year ⁽¹⁾	(3.4)
Invoices confirmed during the year	2.7
Confirmed obligations outstanding at the end of the year	<u>\$ 2.5</u>

⁽¹⁾ Includes \$0.4 billion in payments made related to confirmed obligations outstanding for Worldpac included in the confirmed obligations outstanding at the beginning of the year.

18. Segment Reporting

Advance Auto Parts, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
(Amounts presented in millions, except per share data, unless otherwise stated)

The Company has one operating segment and one reportable segment, effective during the first quarter of fiscal year 2025, resulting from the stabilization of the Company's new organizational structure due to the significant restructuring activities announced in fiscal year 2024 as further described in Note 3. Restructuring, included herein. Following this restructuring, the Company no longer has two operating segments, which were previously aggregated into a single reportable segment. The Company conducts its operations principally in the geographical areas of the U.S. and Canada through its Advance Auto Parts and Carquest trade brands. The products sold by the Company, across all geographic areas, have similar economic characteristics, are sourced from the Company's suppliers in a similar manner, and are available for sale to all of the Company's customers through the Company's stores and self-service e-commerce sites. All of the Company's stores have similar characteristics, including the nature of the products and services, the type and class of customers, and the methods used to distribute products and provide service to its customers. Due to these reasons, the Company has one operating segment, referred to as Advance Auto Parts/Carquest.

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer, who regularly reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance for the Company's single reportable segment. The CODM primarily focuses on net income to evaluate its reportable segment. The CODM also uses net income for evaluating pricing strategy and to assess the performance for determining the compensation of certain employees. Significant segment expenses reviewed, which represent the difference between segment revenue and segment net income, consisted of the following:

	Year ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Net sales	\$ 8,601	\$ 9,094	\$ 9,209
Less:			
Cost of sales	4,868	5,685	5,349
Selling, general and administrative expenses ⁽¹⁾	3,372	3,592	3,592
Restructuring and related expenses	204	309	16
Depreciation and amortization expense ⁽²⁾	200	221	213
Interest expense	139	81	88
Other segment items ⁽³⁾	(91)	(26)	(2)
Income tax benefit	(159)	(181)	(17)
Net income (loss) from continuing operations	\$ 68	\$ (587)	\$ (30)

⁽¹⁾ Selling, general and administrative expenses, excludes restructuring and related expenses and depreciation and amortization.

⁽²⁾ Excluded \$49 million and \$23 million of depreciation and amortization expense included within cost of sales and restructuring, respectively, for fiscal 2025, \$56 million and \$15 million, respectively, for fiscal 2024. Depreciation and amortization expense included within cost of sales for fiscal 2023 was \$56 million. There was no depreciation or amortization included within restructuring for fiscal 2023.

⁽³⁾ Other segment items relates to interest income, loss on extinguishment of debt, and income recognized from the transition services ("TSA Services") agreement with Worldpac that commenced in the fourth quarter of fiscal 2024, included in total other, net, in the accompanying consolidated statements of operations.

The following table presents the Company's net sales disaggregated by geographical area:

	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
United States	\$ 8,309	\$ 8,800	\$ 8,914
Canada	292	294	295
Total	\$ 8,601	\$ 9,094	\$ 9,209

No asset information has been provided for the reportable segment as the CODM does not regularly review asset information by reportable segment.

There were no major customers individually accounting for 10% or more of consolidated net revenues.

19. Discontinued Operations

On August 22, 2024, the Company entered into a definitive purchase agreement to sell Worldpac for \$1.5 billion, with customary purchase price adjustments for working capital and other items. The transaction closed on November 1, 2024. Net proceeds from the transaction after paying expenses, the final working capital true-up adjustment and excluding the impact of taxes were approximately \$1.44 billion. The Company's sale of Worldpac was progress towards the changing landscape of the business with increased focus on the Advance blended-box model. The Company classified the results of operations and cash flows of Worldpac as discontinued operations in its consolidated statements of operations and consolidated statements of cash flows for all periods presented. The related assets and liabilities associated with the discontinued operations are not included in the consolidated balance sheets as of January 3, 2026 and December 28, 2024. Additionally, beginning August 22, 2024, the Company ceased recording depreciation and amortization for Worldpac's finite-lived intangible assets and operating lease ROU assets.

In connection with the Worldpac divestiture, the Company agreed to provide letters of credit in the aggregate amount of up to \$200 million, issued under its unsecured revolving credit facility, for up to twelve months after closing of the transaction as credit support for Worldpac's new supply chain financing program, which letter of credit exposure will reduce to zero no later than 24 months after closing. As of January 3, 2026, there were no remaining letters of credit outstanding to support Worldpac's supply chain financing program.

Additionally, the Company and Worldpac entered into a Transition Services Agreement ("TSA") and Reverse Transition Services Agreement, pursuant to which the two entities will provide certain services to each other during the post-closing period. The minimum terms of the agreements are for twelve months, which may be extended by the Company and Worldpac for up to two three-month extension periods. Services provided under the TSA and Reverse Transition Services Agreement are substantially complete as of January 3, 2026.

The total net loss from discontinued operations in fiscal 2025 relates to an adjustment for customary final working capital amounts, reflected as an adjustment to the original estimated purchase price and a reduction to the initial gain on divestiture recorded in fiscal 2024. The accrual for the final working capital adjustment payment is classified within accrued expenses on the consolidated balance sheets. Refer to Note 10. Accrued Expenses, included herein.

The following table presents the major components of discontinued operations in the Company's consolidated statements of operations:

(in millions)	Year Ended		
	January 3, 2026	December 28, 2024	December 30, 2023
Major classes of line items constituting income of discontinued operations before provision for income taxes:			
Net sales	\$ —	\$ 1,797	\$ 2,078
Cost of sales, including purchasing and warehousing costs	—	1,194	1,415
Gross profit	—	603	663
Selling, general and administrative expenses	—	503	588
Operating income	—	100	75
Other, net:			
Other (expense) income, net	—	(3)	4
Net (loss) gain on divestiture	(31)	349	—
Total other, net	(31)	346	4
(Loss) income from discontinued operations related to major classes before provision for income taxes	(31)	446	79
Income tax benefit (expense)	7	(195)	(19)
Net (loss) income from discontinued operations	\$ (24)	\$ 251	\$ 60

Advance Auto Parts, Inc.
Schedule II - Valuation and Qualifying Accounts

Valuation and qualifying accounts have not been reported in this schedule because they are either not applicable or because the information has been included elsewhere in this report.

EXHIBIT INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
3.1	Fifth Amendment to Restated Certificate of Incorporation, effective August 9, 2024.	10-Q	3.1	8/22/2024	
3.2	Amended and Restated Bylaws of Advance Auto Parts, Inc., effective August 8, 2023.	8-K	3.1	8/14/2023	
4.0	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934, as amended.	10-K	4.0	2/18/2020	
4.1	Indenture, dated as of April 29, 2010, among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.1	4/29/2010	
4.2	Second Supplemental Indenture dated as of May 27, 2011 to the Indenture dated as of April 29, 2010 among Advance Auto Parts, Inc. as Issuer, each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	10.45	6/3/2011	
4.3	Third Supplemental Indenture dated as of January 17, 2012 among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.4	1/17/2012	
4.4	Fourth Supplemental Indenture, dated as of December 21, 2012 among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.5	12/21/2012	
4.5	Fifth Supplemental Indenture, dated as of April 19, 2013 among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.6	4/19/2013	
4.6	Sixth Supplemental Indenture, dated as of December 3, 2013, among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.7	12/9/2013	
4.7	Seventh Supplemental Indenture, dated as of February 28, 2014, among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	10-Q	4.11	5/28/2014	
4.8	Indenture, dated as of April 16, 2020 by and among Advance Auto Parts, Inc., each of the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.1	4/17/2020	
4.9	Eighth Supplemental Indenture, dated as of September 29, 2020, among Advance Auto Parts, Inc. each of the Guarantors from time to time party thereto and Wells Fargo Bank, National Association, as Trustee.	8-K	4.6	9/30/2020	
4.10	Ninth Supplemental Indenture, dated as of March 4, 2022, among Advance Auto Parts, Inc., Advance Stores Company, Incorporated and Computershare Trust Company, N.A., as successor to Wells Fargo, National Association, as Trustee.	8-K	4.1	3/4/2022	
4.11	Tenth Supplemental Indenture, dated as of March 9, 2023, among Advance Auto Parts, Inc., Advance Stores Company, Incorporated and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, National Association, as Trustee.	8-K	4.1	3/9/2023	
4.12	Eleventh Supplemental Indenture dated as of August 4, 2025 among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Computershare Trust Company, N.A., as Trustee.	10-Q	4.5	8/14/2025	
4.13	Indenture, dated as of August 4, 2025, by and among Advance Auto Parts, Inc., each of the subsidiary guarantors party thereto and Computershare Trust Company, N.A., as Trustee	8-K	4.1	8/5/2025	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
4.14	Second Supplemental Indenture dated as of August 4, 2025 among Advance Auto Parts, Inc., each of the Subsidiary Guarantors from time to time party thereto and Computershare Trust Company, N.A., as Trustee.	10-Q	4.4	8/14/2025	
4.15	Form of 1.750% Notes due 2027 (included in Exhibit 4.9).	8-K	4.6	9/30/2020	
4.16	Form of 5.950% Notes due 2028 (included in Exhibit 4.11).	8-K	4.1	3/9/2023	
4.17	Form of 3.900% Notes due 2030 (included in Exhibit 4.8).	8-K	4.1	4/17/2020	
4.18	Form of 3.500% Notes due 2032 (included in Exhibit 4.10).	8-K	4.1	3/4/2022	
4.19	Form of 7.000% Notes due 2030 (included in Exhibit 4.13).	8-K	4.2	8/5/2025	
4.20	Form of 7.350% Notes due 2033 (included in Exhibit 4.13).	8-K	4.3	8/5/2025	
10.1	Form of Indemnification Agreement with Directors and Officers.	10-Q	10.4	11/14/2024	
10.2*	Deferred Stock Unit Plan for Non-Employee Directors and Selected Executives (as amended and restated effective August 7, 2024).	10-Q	10.3	11/14/2024	
10.3*	Advance Auto Parts, Inc. Executive Incentive Award Plan.	10-K	10.8	3/12/2024	
10.4*	Advance Auto Parts, Inc. 2014 Long-Term Incentive Plan (as amended effective August 7, 2018).	10-K	10.57	2/9/2019	
10.5*	Form of 2023 Advance Auto Parts, Inc. Performance-Based Restricted Stock Unit Award Agreement under the 2014 Plan.	10-Q	10.3	6/6/2023	
10.6*	Form of 2023 Advance Auto Parts, Inc. Performance-Based Restricted Stock Unit Award Agreement under the 2014 Plan (CEO).	10-Q	10.4	6/6/2023	
10.7*	Form of 2023 Advance Auto Parts, Inc. Nonqualified Stock Option Award Agreement under the 2014 Plan.	10-Q	10.5	6/6/2023	
10.8*	Advance Auto Parts, Inc. 2023 Omnibus Incentive Compensation Plan.	10-Q	10.1	6/6/2023	
10.9*	Form of 2023 Advance Auto Parts, Inc. Time-Based Restricted Stock Unit Award Agreement under the 2023 Plan.	10-Q	10.6	6/6/2023	
10.10*	Form of 2023 Advance Auto Parts, Inc. Performance-Based Restricted Stock Unit Award Agreement under the 2023 Plan.	10-Q	10.7	6/6/2023	
10.11*	Form of 2023 Advance Auto Parts, Inc. Nonqualified Stock Option Award Agreement under the 2023 Plan.	10-Q	10.8	6/6/2023	
10.12*	Advance Auto Parts, Inc. Deferred Compensation Program, as amended and restated effective January 1, 2021.	10-K	10.45	2/22/2021	
10.13*	Description of Non-Employee Director Compensation.	10-K	10.24	3/12/2024	
10.14*	Form of 2024 Advance Auto Parts, Inc. Performance-Based Restricted Stock Unit Award Agreement.	10-Q	10.3	5/30/2024	
10.15*	Form of 2024 Advance Auto Parts, Inc. Time-Based Restricted Stock Unit Award Agreement.	10-Q	10.4	5/30/2024	
10.16*	Form of 2024 Advance Auto Parts, Inc. Time-Based Nonqualified Option Award Agreement.	10-Q	10.5	5/30/2024	
10.17*	Form of 2025 Advance Auto Parts, Inc. Time-Based Restricted Stock Unit Award Agreement.	10-Q	10.2	5/26/2025	
10.18*	Form of 2025 Advance Auto Parts, Inc. Performance-Based Restricted Stock Unit Award Agreement.	10-Q	10.3	5/26/2025	
10.19	Guarantee Agreement, dated as of November 9, 2021, among Advance Auto Parts, Inc., the guarantors from time to time party thereto and Bank of America, N.A., as administrative agent for the lenders.	8-K	10.2	11/15/2021	
10.20	Credit Agreement, dated August 12, 2025 among Advance Auto Parts, Inc., each of the subsidiary guarantors party thereto and Bank of America, N.A., as Administrative Agent.	8-K	10.1	8/14/2025	
10.21*	Employment Agreement effective June 24, 2024 between Advance Auto Parts, Inc. and Bruce M. Starnes, III.				X
10.22*	Employment Agreement effective August 21, 2023 between Advance Auto Parts, Inc. and Shane M. O'Kelly.	8-K	10.1	8/23/2023	
10.23*	Employment Agreement effective November 13, 2023 between Advance Auto Parts, Inc. and Ryan P. Grimsland.	8-K	10.1	11/15/2023	
19.1	Advance Auto Parts, Inc. Insider Trading Policy.	10-K	10.39	3/12/2024	
21.1	Subsidiaries of Advance Auto Parts, Inc.				X
22.1	List of Issuers and its Guarantor Subsidiaries	10-Q	22.1	10/30/2025	

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Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
23.1	Consent of Deloitte & Touche LLP.				X
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
97.1	Clawback Policy	10-K	97.1	2/26/2025	
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X
104.1	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit).				X

*Indicates a management contract or compensatory plan.

Item 16. Form 10-K Summary.

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 13, 2026

ADVANCE AUTO PARTS, INC.

/s/ Ryan P. Grimsland

Ryan P. Grimsland

Executive Vice President, Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Shane M. O’Kelly Shane M. O’Kelly	President and Chief Executive Officer and Director (Principal Executive Officer)	February 13, 2026
/s/ Ryan P. Grimsland Ryan P. Grimsland	Executive Vice President, Chief Financial Officer (Principal Financial Officer)	February 13, 2026
/s/ Michael P. Beland Michael P. Beland	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 13, 2026
/s/ Eugene I. Lee, Jr. Eugene I. Lee, Jr.	Chairman and Director	February 13, 2026
/s/ Carla J. Bailo Carla J. Bailo	Director	February 13, 2026
/s/ John F. Ferraro John F. Ferraro	Director	February 13, 2026
/s/ Joan M. Hilson Joan M. Hilson	Director	February 13, 2026
/s/ Richard A. Johnson Richard A. Johnson	Director	February 13, 2026
/s/ Gregory L. Smith Gregory L. Smith	Director	February 13, 2026
/s/ Thomas W. Seboldt Thomas W. Seboldt	Director	February 13, 2026
/s/ A. Brent Windom A. Brent Windom	Director	February 13, 2026

EMPLOYMENT AGREEMENT

This AGREEMENT (the “Agreement”) dated as of **June 24, 2024**, is between Advance Auto Parts, Inc. (“Advance” or the “Company”), a Delaware corporation, its subsidiaries, predecessors, successors, affiliated corporations, companies and partnerships, and its current and former officers, directors, and agents (collectively, the “Company”) and **Bruce Starnes** (the “Executive”).

The Company and the Executive agree as follows:

1. **Position; Term of Employment.** Subject to the terms and conditions of this Agreement, the Company agrees to employ the Executive, and the Executive agrees to serve the Company, as its **Executive Vice President, Chief Merchandising Officer** (“Executive’s Position”). The parties intend that the Executive shall continue to serve in this capacity throughout the Employment Term (as such term is defined below).

The term of Executive’s employment by the Company pursuant to this Agreement shall commence on **June 24, 2024** (“Commencement Date”) and shall end on the day prior to the second anniversary of the Commencement Date, unless sooner terminated under the provisions of Paragraph 4 below (“Employment Term”); provided, however, that commencing on the second anniversary of the Commencement Date (“Anniversary Date”) the Employment Term shall be automatically extended for an additional period of one year unless, not later than 90 days prior to the Anniversary Date, either party shall have given notice to the other that it does not wish to extend the Employment Term (a “Non-Renewal”), in which case the Employment Term shall end on the day prior to the Anniversary Date; and on each anniversary of the Commencement Date thereafter the Employment Term shall be automatically extended for an additional period of one year unless, not later than 90 days prior to such anniversary, either party shall have given notice of a Non-Renewal to the other, in which case the Employment Term shall end 90 days following such notice. For purposes of clarification, the provision of an Employment Term does not change Executive’s at will status as stated in Subsection 4(l) below nor does it entitle Executive to payment of any compensation if Executive’s employment is terminated during the Employment Term, other than as specifically provided for below.

2. **Duties.**

(a) **Duties and Responsibilities; Location.** The Executive shall have such duties and responsibilities of the Executive’s Position and such other duties and responsibilities that are reasonably consistent with the Executive’s Position as the Company may request from time to time and Executive shall perform such duties and carry out such responsibilities to the best of the Executive’s ability for the purpose of advancing the business of the Company and its subsidiaries, if any (jointly and severally, “Related Entities”). The Executive shall observe and conform to the applicable policies and directives promulgated from time to time by the Company and the Board of Directors of the Company (the “Board”) or by any superior officer(s) of the Company. Subject to the provisions of Subsection 2(b) below, the Executive shall devote the Executive’s full time, skill and attention during normal business hours to the business and affairs of the Company and its Related Entities, except for holidays and vacations consistent with applicable Company policy and except for illness or incapacity. The services to be performed by the Executive hereunder may be changed from time to time at the discretion of the Company. The Company shall retain full direction and control of the means and methods by which the Executive performs the Executive’s services and of the place or places at which such services are to be rendered. The Executive’s principal office location shall be the Company’s offices located in Raleigh, North Carolina. The Executive shall provide his full time services from the Company’s offices and purchase a personal residence in, and establish his residency for tax purposes in the Raleigh, North Carolina area as soon as practicable after the Commencement Date but in no event later than the first anniversary of the Commencement Date. Executive understands that, while Executive’s principal office is located in North Carolina, the Executive’s Position will entail involvement with the entire range of the Company’s operations across the United States, Puerto Rico, the Virgin Islands and Canada and may from time to time require travel throughout the United States, Puerto Rico, the Virgin Islands and Canada.

(b) **Other Activities.** During the Term of this Agreement, it shall not be a violation of this Agreement for the Executive to, and the Executive shall be entitled to (i) serve on corporate, civic, charitable, retail industry association or professional association boards or committees within the limitations of the Company's Guidelines on Significant Governance Issues, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions and (iii) manage personal investments, so long as the activities set forth in (i), (ii), and (iii) above (x) do not significantly interfere with the performance of the Executive's duties and responsibilities as required by this Agreement and do not involve a conflict of interest with the Executive's duties or responsibilities hereunder, (y) are in compliance with the Company's policies and procedures in effect from time to time, including the Code of Ethics & Business Conduct and the Guidelines on Significant Governance Issues, in each case as may be amended periodically, and (z) do not violate Paragraph 18 of this Agreement.

3. Compensation.

(a) **Base Salary.** During the Employment Term, the Company shall pay to the Executive a salary of \$600,000 per annum, payable consistent with the Company's standard payroll practices then in effect ("Base Salary"). Such Base Salary shall be reviewed by the Compensation Committee of the Board (hereinafter the "Compensation Committee") at least annually, with any changes taking into account, among other factors, Company and individual performance.

(b) **Bonus.** With respect to each fiscal year that ends during the Employment Term, commencing with fiscal year 2024, the Executive shall be eligible to receive a prorated bonus in such amounts and based upon achievement of such corporate and/or individual performance and other criteria as shall be approved by the Compensation Committee from time to time, with a target amount, if such performance and other criteria are achieved, of eighty-five percent (85%) of the Base Salary (the "Target Bonus Amount"), which bonus shall be paid in a manner consistent with the Company's bonus practices then in effect. The Target Bonus Amount and the maximum payout for any subsequent renewal Term of the Agreement shall be determined by the Compensation Committee. To be eligible to receive a bonus, the Executive must be employed by the Company on the date the bonus is paid.

(c) **Long-Term Incentive Awards.** With respect to each fiscal year that ends during the Employment Term, commencing with fiscal year 2025, the Executive shall be granted a long-term incentive award in an amount determined by the Compensation Committee. Notwithstanding the foregoing, for fiscal year 2025, the grant date fair value of the Executive's long-term incentive award shall be \$1,000,000. The grant-type mix that shall comprise such annual long-term incentive award shall be determined by the Compensation Committee each fiscal year and shall be consistent with grant-type mix used for other senior executives of the Company. The Executive's long-term incentive awards shall be issued under the Advance Auto Parts Inc. 2023 Omnibus Incentive Compensation Plan or any successor plan thereto (the "2023 Omnibus Plan") and shall be subject to the terms and conditions of the 2023 Omnibus Plan and the award agreement evidencing the grant of each such award.

(d) **Sign-on Compensation.** The compensation set forth in this Subsection 3(d) is intended to incentivize the Executive and replace certain compensation payable to the Executive by the company that employed the Executive immediately prior to the Company (the "Prior Employer"), which the Executive shall forfeit as a result of leaving the employ of the Prior Employer (the "Prior Awards").

(i) **Sign-on Bonus.** As soon as practicable after the Commencement Date, the Company shall pay to the Executive a cash bonus in the amount of **\$300,000** (the "Sign-On Bonus") to replace the 2024 annual cash incentive the Executive was expected to earn from the Prior Employer; provided, that the Executive shall repay to the Company (A) one-hundred percent (100%) of the Sign-On Bonus if the Executive resigns from the Company without Good Reason (as defined below) or is terminated by the Company for Due Cause (as defined below) prior to the first anniversary of the Commencement Date, and (B) fifty percent (50%) of the Sign-On Bonus if the Executive resigns from the Company without Good

Reason or is terminated by the Company for Due Cause on or after the first anniversary of Commencement Date but prior to the second anniversary of the Commencement Date.

(ii) **Sign-on RSUs**. As soon as practicable after the Commencement Date, the Executive shall be granted **\$1,300,000** in restricted stock units (the “Sign-On RSUs”) to replace certain outstanding unvested equity-based Prior Awards. The Sign-On RSUs shall be an award of time-based RSUs, which shall vest in three (3) equal annual installments on the first, second and third anniversaries of the grant date, subject to the Executive’s continued employment with the Company through the applicable vesting date. The Sign-On RSUs shall be issued under the 2023 Omnibus Plan and, except as otherwise provided herein, shall be subject to the terms and conditions of the 2023 Omnibus Plan and the award agreement evidencing the grant of such Sign-On RSUs.

(iii) **Sign-On Stock Options**. As soon as practicable after the Commencement Date, the Executive shall be granted **\$250,000** in non-qualified stock options (the “Sign-On Options”) to replace certain outstanding unvested equity-based Prior Awards. The Sign-On Options shall have an exercise price per share equal to the closing price of a share of the common stock on the date of the grant as listed on the New York Stock Exchange, and shall vest in three (3) equal annual installments on the first, second and third anniversaries of the grant date, subject to the Executive’s continued employment with the Company through the applicable vesting date. The Sign-On Options shall be issued under the 2023 Omnibus Plan and shall be subject to the terms and conditions of the 2023 Omnibus Plan and the award agreement evidencing the grant of such Sign-On Options.

(e) **Incentive Compensation Clawback**. Any compensation provided by the Company to the Executive, excepting only compensation pursuant to Subsection 3(a) above, shall be subject to the Company’s Incentive Compensation Clawback Policy as such policy shall be adopted, and from time to time amended, by the Board or the Compensation Committee.

(f) **Benefit Plans**. During the Employment Term, the Executive shall be eligible to participate in the retirement and employment benefit plans and programs of the Company that are generally available to senior executives of the Company. The Executive may also receive long term incentive grants pursuant to the Company’s long-term incentive program(s). Such participation shall be pursuant to the terms and conditions of such plans and programs, as the same shall be amended from time to time. Except as otherwise provided herein, the Executive shall be entitled to receive relocation benefits consistent with the Company’s policy in effect from time to time.

(g) **Business Expenses**. During the Employment Term, the Company shall, in accordance with policies then in effect with respect to payments of business expenses, pay or reimburse the Executive for all reasonable out-of-pocket travel and other expenses (other than ordinary commuting expenses) incurred by the Executive in performing services hereunder; provided, however, that, with respect to reimbursements, if any, not otherwise excludible from the Executive’s gross income, to the extent required to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), no reimbursement of expenses incurred by the Executive during any taxable year shall be made after the last day of the following taxable year, and the right to reimbursement of such expenses shall not be subject to liquidation or exchange for another benefit. All such expenses shall be accounted for in such reasonable detail as the Company may require.

4. Termination of Employment.

(a) **Death**. In the event of the death of the Executive during the Employment Term, the Executive’s employment shall be automatically terminated as of the date of death and a lump sum amount, equivalent to the Executive’s annual Base Salary and Target Bonus Amount then in effect, shall be paid, within 60 days after the date of the Executive’s death, to the Executive’s designated beneficiary, or to the Executive’s estate or other legal representative if no beneficiary was designated at the time of the Executive’s death. In the event of the death of the Executive during the Employment Term, the restrictions and deferral limitations applicable to any Option, Stock

Appreciation Right ("SAR"), Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Deferred Stock Unit, Dividend Equivalent or any Stock Grant Awards (collectively "Awards"), as such Awards are defined in the 2023 Omnibus Plan, granted to the Executive shall be subject to the provisions regarding vesting and transferability in those circumstances as are set forth in the applicable award agreement or grant, *provided* that both the Sign-On RSUs and the Sign-On Options shall become fully vested as of the Executive's date of termination. The foregoing benefit will be provided in addition to any death, disability or other benefits provided under the Company's benefit plans and programs in which the Executive was participating at the time of Executive's death. Except in accordance with the terms of the Company's benefit programs and other plans and programs then in effect, after the date of the Executive's death, the Executive shall not be entitled to any other compensation or benefits from the Company or hereunder. In the event of the death of the Executive as described in this Subsection 4(a), to the extent previously paid, the Executive's obligation to pay back the Sign-On Bonus, pursuant to Subsection 3(d)(i) shall be waived.

(b) Disability. In the event of the Executive's Disability as hereinafter defined, the employment of the Executive may be terminated by the Company, effective upon the Disability Termination Date (as defined below). In such event, the Company shall pay the Executive an amount equivalent to thirty percent (30%) of the Executive's Base Salary for a one year period, which amount shall be paid in one lump sum within 45 days following the Executive's "separation from service," as that term is defined in Section 409A of the Code and regulations promulgated thereunder, from the Company (his "Separation From Service"), provided that the Executive or an individual duly authorized to execute legal documents on the Executive's behalf executes and does not revoke within any applicable revocation period the release described in Subsection 4(j)(ii). The foregoing benefit will be provided in addition to any disability or other benefits provided under the Company's benefit plans in which the Executive participates. For the avoidance of doubt, participation by the Executive in the Company's long-term and/or short-term disability insurance benefit plans is voluntary on the part of the Executive and is made available by the Company at the sole cost of the Executive. The purpose and intent of the preceding three sentences is to ensure that the Executive receives a combination of insurance benefits and Company payments following the Disability Termination Date equal to 100% of Executive's then-applicable Base Salary for such one-year period. In the event that Executive does not elect to participate in the Company's long-term and/or short-term disability insurance benefit plans, the Company shall not be obligated to pay the Executive any amount in excess of thirty percent (30%) of the Executive's Base Salary. In the event of the Disability of the Executive during the Employment Term, the restrictions and deferral limitations applicable to Awards, as such Awards are defined in the 2023 Omnibus Plan, granted to the Executive shall be subject to the provisions regarding vesting and transferability in those circumstances as are set forth in the applicable award agreement or grant, *provided* that both the Sign-On RSUs and the Sign-On Options shall become fully vested as of the Executive's date of termination. The Company shall also pay to the Executive a lump sum amount equivalent to the Executive's Target Bonus Amount then in effect, which amount shall be paid in one lump sum within 45 days following the Executive's Separation from Service, provided that the Executive or an individual duly authorized to execute legal documents on the Executive's behalf executes and does not revoke within any applicable revocation period the release described in Subsection 4(j)(ii). Otherwise, after the Disability Termination Date, except in accordance with the Company's benefit programs and other plans then in effect, the Executive shall not be entitled to any compensation or benefits from the Company or hereunder. Upon the Disability Termination Date, to the extent previously paid, the Executive's obligation to pay back the Sign-On Bonus, pursuant to Subsection 3(d)(i) shall be waived.

"Disability," for purposes of this Agreement, shall mean the Executive's incapacity due to physical or mental illness causing the Executive's complete and full-time absence from the Executive's duties, as defined in Paragraph 2, for either a consecutive period of more than six months or at least 180 days within any 270-day period. The "Disability Termination Date" shall be the date on which the Company makes such determination of the Executive's Disability.

(c) Termination by the Company for Due Cause. Nothing herein shall prevent the Company from terminating the Executive's employment at any time for "Due Cause" (as hereinafter defined). The Executive shall continue to receive the Base Salary provided for in this Agreement only through the period ending with the date of such termination. Any rights and benefits the Executive may have under employee benefit plans and programs of the

Company shall be determined in accordance with the terms of such plans and programs. Except as provided in the two immediately preceding sentences, after termination of employment for Due Cause, the Executive shall not be entitled to any compensation or benefits from the Company or hereunder.

For purposes of this Agreement, “Due Cause” shall mean:

- (i) a breach by the Executive of the Executive’s duties and obligations under this Agreement or violation of any code or standard of conduct generally applicable to the officers of the Company, including, but not limited to, the Company’s Code of Ethics and Business Conduct, which, if curable, has not been cured by the Executive within 15 business days after the Executive’s receipt of notice to the Executive specifying the nature of such breach or violations;
- (ii) a violation by the Executive of the Executive’s Loyalty Obligations as provided in Paragraph 18;
- (iii) the commission by the Executive or indictment for a crime of moral turpitude or a felony involving fraud, breach of trust, or misappropriation;
- (iv) the Executive’s engaging in bad faith conduct that is demonstrably and materially injurious to the Company, monetarily or otherwise; or
- (v) a determination by the Company that the Executive is in violation of the Company’s Substance Abuse Policy.

(d) **Termination by the Company Other than for Due Cause, Death or Disability.** The foregoing notwithstanding, the Company may terminate the Executive’s employment for any or no reason, as it may deem appropriate in its sole discretion and judgment; provided, however, that in the event such termination is not due to Death, Disability or Due Cause, the Executive shall (i) be entitled to a Termination Payment as hereinafter defined and (ii) be sent written notice stating the termination is not due to Death, Disability or Due Cause. In the event of such termination by the Company, the Executive shall receive certain payments and benefits as set forth in this Subsection 4(d).

(i) **Termination Payment.** If the Company terminates the Executive’s employment for other than Death, Disability or Due Cause prior to the expiration of the Employment Term, the term “Termination Payment” shall mean a cash payment equal to the sum of:

(A) an amount equal to the Executive’s annual Base Salary, as in effect immediately prior to such termination (unless the termination is in connection with an action that would have enabled the Executive to terminate Executive’s employment for Good Reason pursuant to Subsection 4(e)(i)(A), in which case, it shall be the Base Salary in effect prior to any such material diminution of the Base Salary) (the “Termination Salary Payment”), and

(B) an amount equal to the average value of the annual bonuses pursuant to Subsection 3(b) paid to Executive for the three completed fiscal years immediately prior to the date of such termination; provided, however, that if Executive has been employed by the Company for fewer than three complete fiscal years prior to the date of such termination, Executive shall receive an amount equal to the average value of the annual bonuses pursuant to Subsection 3(b) that the Executive has received during the period of the Executive’s employment.

(ii) **Outplacement Services.** The Company shall make outplacement services available to the Executive, at a cost to the Company not to exceed \$25,000, for a period of time not to exceed 12 months

following the date of termination pursuant to the Company's Executive outplacement program with the Company's selected vendor, to include consulting, search support and administrative services.

(iii) **Medical Coverage.** In addition, the Company shall provide the Executive with medical, dental and vision insurance benefits (which may also cover, if applicable, the Executive's spouse and eligible dependents) for three hundred sixty-five (365) days from the date of the Executive's termination of employment or until such time as the Executive is eligible for group health coverage under another employer's plan, whichever occurs first. In order to trigger the Company's obligation to provide health care continuation benefits, the Executive must elect continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), upon such eligibility. The Company's obligation shall be satisfied solely through the payment of the Executive's COBRA premiums during the 365-day period, but only to the extent that such premiums exceed the amount that would otherwise have been payable by the Executive for coverage of the Executive and the Executive's eligible dependents that were covered by the Company's medical, dental, and vision insurance programs at the time of the Executive's termination of employment had the Executive continued to be employed by the Company.

(iv) **Other.** (A) To the extent previously paid, the Executive's obligation to pay back the Sign-On Bonus, pursuant to Subsection 3(d)(i) shall be waived, (B) the Sign-On RSUs shall become fully vested as of the Executive's date of termination and (C) the Sign-On Options all become fully vested as of the Executive's date of termination.

(v) **Timing of Payments.** The Termination Salary Payment and Termination Bonus Payment shall be paid in one lump sum within 45 days following the date of the Executive's Separation From Service, provided that the Executive executes and does not revoke within any applicable revocation period the release described in Subsection 4(j)(ii) below.

(vi) **Entire Obligation.** Except as provided in Subsection 4(j) of this Agreement, following the Executive's termination of employment under this Subsection 4(d), the Executive will have no further obligation to the Company pursuant to this Agreement (other than under Subsection 4(i) and Paragraph 18 (to the extent such policies, guidelines and codes by their terms apply post-employment)). Except for the Termination Payment and as otherwise provided in accordance with the terms of the Company's benefit programs and plans then in effect or as expressly required under applicable law, after termination by the Company of employment for other than Death, Disability or Due Cause, the Executive shall not be entitled to any other compensation or benefits from the Company or hereunder.

(e) **Resignation from Employment by the Executive for Good Reason.** Termination by the Company without Due Cause under Subsection 4(d) shall be deemed to have occurred if the Executive elects to resign from employment for Good Reason.

(i) **Good Reason.** For purposes of this Agreement, "Good Reason" shall mean:

(A) a material diminution in the Executive's "Total Direct Compensation," which shall mean the value of the total of the Executive's Base Salary, Target Bonus opportunity, and annual equity award taken together;

(B) a material diminution in the Executive's authority, duties, or responsibilities,

(C) the Company's requiring the Executive to be based more than 60 miles from the Company's office in Raleigh, North Carolina;

(D) delivery by the Company of a notice of Non-Renewal; or

(E) any other action or inaction that constitutes a material breach by the Company of the terms of this Agreement.

(ii) **Notice of Good Reason Condition.** In order to be considered a resignation for Good Reason for purposes of this Agreement, the Executive must provide the Company with written notice and description of the existence of the Good Reason condition within 60 days of the initial discovery by the Executive of the existence of said Good Reason condition and the Company shall have 30 business days to cure such Good Reason condition.

(iii) **Effective Date of Resignation.** The effective date of the Executive's resignation for Good Reason must occur no longer than six (6) months following the expiration of the cure period set forth in Subsection 4(e)(ii), above. If Executive has not resigned for Good Reason effective within six (6) months following the expiration of the cure period set forth in Subsection 4(e)(ii), above, the Executive shall be deemed to have waived said Good Reason condition.

(f) Termination by the Company Other Than For Due Cause, Death or Disability or Resignation from Employment for Good Reason Within Twelve Months After a Change in Control. If the Company terminates the Executive's employment for other than Death, Disability or Due Cause prior to the expiration of the Employment Term and within twelve (12) months after a Change In Control (as defined below), or if the Executive elects to terminate the Executive's employment for Good Reason prior to the expiration of the Employment Term and within twelve (12) months after a Change In Control, then (i) the Executive shall be entitled to a Change In Control Termination Payment as hereinafter defined in lieu of the Termination Payment set forth in Subsection 4(d)(i) above, (ii) the Executive shall receive benefits as defined in Subsections 4(d)(ii), (iii) and (iv) above (except that for purposes of Subsection 4(d)(iii), such benefit shall be provided for a maximum of eighteen (18) months rather than three hundred sixty-five (365) days), and (iii) either the Company or the Executive, as the case may be, shall provide Notice of Termination pursuant to Subsection 4(j)(i) other than in the case of a Non-Renewal, which shall be communicated in accordance with Paragraph 1.

(i) **Change In Control Termination Payment.** The term "Change In Control Termination Payment" shall mean a cash payment equal to the sum of:

(A) an amount equal to two times the Executive's annual Base Salary, as in effect immediately prior to such termination (unless the termination is due to Subsection 4(e)(i)(A), in which case, it shall be two times the Executive's annual Base Salary in effect prior to any such material diminution of the Base Salary) (the "Change In Control Termination Salary Payment"), and

(B) an amount equal to two times the Executive's Target Bonus Amount, as in effect immediately prior to such termination (unless the termination is due to Subsections 4(e)(i)(A) or (E), in which case, it shall be two times the Executive's Target Bonus Amount in effect prior to any such material diminution of the Target Bonus Amount or termination of the bonus plan, respectively) (the "Change In Control Termination Bonus Payment").

(ii) **Timing of Payments.** The Change In Control Termination Salary Payment and the Change In Control Termination Bonus Payment shall be paid in lump sum payments within 45 days following the date of the Executive's Separation From Service, provided that the Executive executes and does not revoke within any applicable revocation period the release described in Subsection 4(j)(ii) below.

(iii) **Entire Obligation.** Except as provided in Subsection 4(i) of this Agreement, following the Executive's termination of employment under this Subsection 4(f), the Executive will have no further obligation to the Company pursuant to this Agreement (other than under Subsection 4(i) and Paragraph 18

(to the extent such policies, guidelines and codes by their terms apply post-employment)). Except for the Change In Control Termination Payment and as otherwise provided in accordance with the terms of the Company's benefit programs and plans then in effect or as expressly required under applicable law, within twelve (12) months after a Change In Control, after termination by the Company of employment for other than Death, Disability or Due Cause or after termination by the Executive for Good Reason, the Executive shall not be entitled to any other compensation or benefits from the Company or hereunder.

(iv) **Change In Control.** For purposes of this Agreement, "Change In Control" shall mean the occurrence of any of the following events:

(A) a Transaction, as defined below, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquiror's outstanding securities (or the securities of any parent thereof) are held by a person or persons who held securities possessing more than 50% of the total combined voting power of the Company's outstanding securities immediately prior to that transaction, or

(B) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires, including but not limited to by means of a merger or consolidation, beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act) of securities possessing more than 25% of the total combined voting power of the Company's outstanding securities unless pursuant to a tender or exchange offer made directly to the Company's stockholders that the Board recommends such stockholders accept, other than (i) the Company or any of its Affiliates, (ii) an employee benefit plan of the Company or any of its Affiliates, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, or (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, or

(C) over a period of thirty-six (36) consecutive months or less, there is a change in the composition of the Board such that a majority of the Board members (rounded up to the next whole number, if a fraction) ceases, by reason of one or more proxy contests for the election of Board members, to be composed of individuals who either (i) have been Board members continuously since the beginning of that period, or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in the preceding clause (i) who were still in office at the time that election or nomination was approved by the Board.

For purposes of Subsection 4(f)(iv)(A), "Transaction" means (1) consummation of any merger or consolidation of the Company with or into another entity as a result of which the Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (2) any sale or exchange of all of the Stock of the Company for cash, securities or other property, (3) any sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions or (4) any liquidation or dissolution of the Company.

(v) **IRC 280G "Net-Best"**. Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that (A) any payment, award, benefit or distribution (or any acceleration of any payment, award, benefit or distribution) by the Company (or any of its affiliated entities) or any entity which effectuates a Change in Control (or any of its affiliated entities) to or for the benefit of Executive (whether pursuant to the terms of this Agreement or otherwise) (the "Payments") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (the "Excise Tax"), and (B) the reduction of the amounts payable to Executive to the maximum amount that could be paid to Executive without giving rise to the Excise Tax (the "Safe Harbor Cap") would provide Executive with a greater after tax amount than if

such amounts were not reduced, then the amounts payable to Executive shall be reduced (but not below zero) to the Safe Harbor Cap. If the reduction of the amounts payable would not result in a greater after tax result to Executive, no amounts payable under this Agreement shall be reduced pursuant to this provision.

(A) Reduction of Payments. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing first cash amounts payable under this Agreement (in contrast to benefit amounts), and applying any reduction to amounts payable in the following order: (A) first, any cash amounts payable to Executive as a Termination Payment or Change in Control Termination Payment under this Agreement, as applicable; (B) second, any cash amounts payable by Company for Outplacement Services on behalf of Executive under the terms of this Agreement; (C) third, any amounts payable by Company on behalf of Executive under the terms of this Agreement for continued Medical Coverage; (D) fourth, any other cash amounts payable by Company to or on behalf of Executive under the terms of this Agreement; (E) fifth, outstanding performance-based equity grants to the extent that any such grants would be subject to the Excise Tax; and (F) finally, any time-vesting equity grants to the extent that any such grants would be subject to the Excise Tax.

(B) Determinations by Accounting Firm. All determinations required to be made under this Subsection 4(f)(v) shall be made by the public accounting firm that is retained by the Company as of the date immediately prior to the Change in Control (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from the Company or Executive that there has been a Payment, or such earlier time as is requested by the Company. Notwithstanding the foregoing, in the event (A) the Board shall determine prior to the Change in Control that the Accounting Firm is precluded from performing such services under applicable auditor independence rules or (B) the Audit Committee of the Board determines that it does not want the Accounting Firm to perform such services because of auditor independence concerns or (C) the Accounting Firm is serving as accountant or auditor for the person(s) effecting the Change in Control, the Board shall appoint another nationally recognized public accounting firm reasonably acceptable to Executive to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees, costs and expenses (including, but not limited to, the costs of retaining experts) of the Accounting Firm shall be borne by the Company. If Payments are reduced to the Safe Harbor Cap or the Accounting Firm determines that no Excise Tax is payable by Executive without a reduction in Payments, the Accounting Firm shall provide a written opinion to Executive to the effect that the Executive is not required to report any Excise Tax on the Executive’s federal income tax return, and that the failure to report the Excise Tax, if any, on Executive’s applicable federal income tax return will not result in the imposition of a negligence or similar penalty. The determination by the Accounting Firm shall be binding upon the Company and Executive (except as provided in Subsection 4(f)(v)(C) below).

(C) Excess Payment/Underpayment. If it is established pursuant to a final determination of a court or an Internal Revenue Service (the “IRS”) proceeding which has been finally and conclusively resolved, that Payments have been made to, or provided for the benefit of, Executive, which are in excess of the limitations provided in this Subsection (referred to hereinafter as an “Excess Payment”), Executive shall repay the Excess Payment to the Company on demand, together with interest on the Excess Payment at the applicable federal rate (as defined in Section 1274(d) of the Code) from the date of Executive’s receipt of such Excess Payment until the date of such repayment. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the determination, it is possible that Payments which will not have been made by the Company should have been made (an “Underpayment”), consistent with the calculations required to be made under this Subsection. In the event that it is determined (i) by the Accounting Firm, the Company (which shall include the position taken by the Company, or together with its consolidated group, on its federal income tax return) or the IRS or (ii) pursuant to a determination by a court, that

an Underpayment has occurred, the Company shall pay an amount equal to such Underpayment to Executive within ten (10) days of such determination together with interest on such amount at the applicable federal rate from the date such amount would have been paid to Executive until the date of payment. Executive shall cooperate, to the extent the Executive's reasonable expenses are reimbursed by the Company, with any reasonable requests by the Company in connection with any contests or disputes with the IRS in connection with the Excise Tax or the determination of the Excess Payment. Notwithstanding the foregoing, in the event that amounts payable under this Agreement were reduced pursuant to Subsection 4(f)(v)(A) and the value of stock options is subsequently re-determined by the Accounting Firm within the context of Treasury Regulation §1.280G-1 Q/A 33 that reduces the value of the Payments attributable to such options, the Company shall promptly pay to Executive any amounts payable under this Agreement that were not previously paid solely as a result of Paragraph 4(f)(v)(A) up to the Safe Harbor Cap.

(g) Voluntary Termination Without Good Reason. In the event that the Executive terminates the Executive's employment at the Executive's own volition prior to the expiration of the Employment Term (except as provided in Subsection 4(e) above), such termination shall constitute a "Voluntary Termination" and in such event the Executive shall be limited to the same rights and benefits as provided in connection with a termination for Due Cause under Subsection 4(c) above.

(h) Compliance With Code Section 409A. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and operated so that the payment of the benefits set forth herein shall either be exempt from the requirements of Section 409A of the Code or shall comply with the requirements of such provision; provided however that in no event shall the Company be liable to the Executive for or with respect to any taxes, penalties or interest which may be imposed upon the Executive pursuant to Section 409A. To the extent that any amount payable pursuant to Subsections 4(b), 4(d)(i), 4(d)(iii) or 4(f) constitutes a "deferral of compensation" subject to Section 409A (a "409A Payment"), then, if on the date of the Executive's "separation from service," as such term is defined in Treas. Reg. Section 1.409A-1(h)(1), from the Company (his "Separation from Service"), the Executive is a "specified employee," as such term is defined in Treas. Reg. Section 1.409-1(i), as determined from time to time by the Company, then such 409A Payment shall not be made to the Executive earlier than the earlier of (i) six (6) months after the Executive's Separation from Service; or (ii) the date of Executive's death. The 409A Payments under this Agreement that would otherwise be made during such period shall be aggregated and paid in one lump sum, without interest, on the first business day following the end of the six (6) month period or following the date of the Executive's death, whichever is earlier, and the balance of the 409A Payments, if any, shall be paid in accordance with the applicable payment schedule provided in this Paragraph 4. To the extent any 409A Payment is conditioned on the Executive (or Executive's legal representative) executing a release of claims, which 409A Payment would be made in a later taxable year of the Executive than the taxable year in which Executive's Separation from Service occurs if such release were executed and delivered and became irrevocable at the last possible date allowed under this Agreement, such 409A Payment will be paid no earlier than such later taxable year. In applying Section 409A to compensation paid pursuant to this Agreement, any right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments. The Executive hereby acknowledges that Executive has been advised to seek and has sought the advice of a tax advisor with respect to the tax consequences to the Executive of all payments pursuant to this Agreement, including any adverse tax consequences or penalty taxes under Code Section 409A and applicable State tax law. Executive hereby agrees to bear the entire risk of any such adverse federal and State tax consequences and penalty taxes in the event any payment pursuant to this Agreement is deemed to be subject to Code Section 409A, and that no representations have been made to the Executive relating to the tax treatment of any payment pursuant to this Agreement under Code Section 409A and the corresponding provisions of any applicable State income tax laws.

(i) Cooperation. During the term of the Executive's employment by the Company and following the termination of the Executive's employment with the Company, the Executive agrees to be reasonably available to assist the Company and its representatives and agents with any business, investigation and/or litigation (or potential

litigation) matters affecting or involving the Company. The Company will reimburse the Executive for all associated reasonable costs of travel.

(j) **Notice of Termination, Resignation and Release.** Any termination under Subsection 4(b) by the Company for Disability or Subsection 4(c) for Due Cause or by the Executive for Good Reason under Subsection 4(e) or by the Company or the Executive within twelve (12) months after a Change in Control under Subsection 4(f) or by the Executive by Voluntary Termination under Subsection 4(g) shall be communicated by Notice of Termination to the other party thereto given in accordance with Paragraph 10.

(i) **Notice of Termination.** For purposes of this Agreement, a “Notice of Termination” means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such Notice, specifies the termination date (which date shall not be prior to the date of such notice or more than 15 days after the giving of such Notice).

(ii) **Resignation and Release.** Notwithstanding anything in this Agreement to the contrary, unless the Company provides otherwise, upon termination of employment for any reason, Executive shall be deemed to have resigned as a member of the Board of Directors of the Company, if applicable, and as an officer, director, manager and employee of the Company and its Related Entities and shall execute any documents and take any actions to effect the foregoing as requested by the Company. In order to be eligible to receive any payments or benefits hereunder as a result of the termination of the Executive’s employment, in addition to fulfilling all other conditions precedent to such receipt, the Executive or the Executive’s legal representative must within 21 days (or such other period as required under applicable law) after presentation of a release in form and substance reasonably satisfactory to the Company and its legal counsel, execute said release, and within 7 days (or such other period as required under applicable law) after such execution not revoke said release, on behalf of the Executive and the Executive’s estate, heirs and representatives, releasing the Company, its Related Entities and each of the Company’s and such Related Entities’ respective officers, directors, employees, members, managers, agents, independent contractors, representatives, shareholders, successors and assigns (all of which persons and entities shall be third party beneficiaries of such release with full power to enforce the provisions thereof) from any and all claims related to the Executive’s employment with the Company; termination of the Executive’s employment; all matters alleged or which could have been alleged in a charge or complaint against the Company; any and all injuries, losses or damages to Executive, including any claims for attorney’s fees; any and all claims relating to the conduct of any employee, servant, officer, director or agent of the Company; and any and all matters, transactions or things occurring prior to the date of said release, including any and all possible claims, known or unknown, which could have been asserted against the Company or the Company’s employees, agents, servants, officers or directors. Notwithstanding the foregoing, the form of release shall except out therefrom, and acknowledge the Executive’s continuing rights with respect to, the following: (i) all vested rights that the Executive may have under all welfare, retirement and other plans and programs of the Company in which the Executive was participating at the time of Executive’s employment termination, including all equity plans and programs of the Company with respect to which equity awards were made to the Executive, (ii) all continuing rights that the Executive may have under this Agreement, (iii) all rights that the Executive may have following the termination of Executive’s employment under the Company’s Certificate of Incorporation and Bylaws, any applicable Company insurance and any indemnity agreements to which the Executive is a party which provide for indemnification, insurance or other, similar coverage for the Executive with respect to Executive’s actions or inactions as an officer, employee and/or member of the Board, and (iv) claims which by law cannot be waived by signing this Agreement. For clarification, unless and until the Executive executes and does not, within any applicable revocation period, revoke the release, the Company shall have no obligation to make any Termination Payment to the Executive, and, even if the Executive does not execute the release, the Executive shall be bound by the post-termination provisions of this Agreement, including without limitation Paragraph 18.

(k) **Earned and Accrued Payments.** The foregoing notwithstanding, upon the termination of the Executive's employment at any time, for any reason, the Executive shall be paid all amounts that had already been earned and accrued as of the time of termination, including but not limited to (i) any bonus that had been earned but not yet paid; and (ii) reimbursement for any business expenses accrued in accordance with Subsection 3(e).

(l) **Employment at Will.** The Company and Executive expressly understand and agree that nothing herein shall be construed as a guarantee of employment for any specific time, nor does it change the at will employment relationship. Either the Company or Executive may terminate the Executive's employment under this Paragraph 4 at will, for any or no reason, subject to compliance with the applicable post-termination obligations of each contained herein.

5. **Treatment of Equity Awards Upon Change In Control.** In the event of a Change in Control as defined hereinabove, the restrictions and deferral limitations applicable to any Option, Stock Appreciation Right ("SAR"), Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Deferred Stock Unit, Dividend Equivalent or any Stock Grant Awards (collectively "Awards") as such Awards are defined in the 2023 Omnibus Plan, granted to the Executive shall be subject to such provisions regarding vesting and transferability in those circumstances as are set forth in the applicable award agreement or grant.

6. **Successors and Assigns.**

(a) **Assignment by the Company.** This Agreement shall be binding upon and inure to the benefit of the Company or any corporation or other entity to which the Company may transfer all or substantially all of its assets and business and to which the Company may assign this Agreement, in which case the term "Company," as used herein, shall mean such corporation or other entity, provided that no such assignment shall relieve the Company from any obligations hereunder, whether arising prior to or after such assignment.

(b) **Assignment by the Executive.** The Executive may not assign this Agreement or any part hereof without the prior written consent of the Company; provided, however, that nothing herein shall preclude the Executive from designating one or more beneficiaries to receive any amount that may be payable following occurrence of the Executive's legal incompetency or Death and shall not preclude the legal representative of the Executive's estate from assigning any right hereunder to the person or persons entitled thereto under the Executive's will or, in the case of intestacy, to the person or persons entitled thereto under the laws of intestacy applicable to the Executive's estate. The term "beneficiaries," as used in this Agreement, shall mean a beneficiary or beneficiaries so designated to receive any such amount or, if no beneficiary has been so designated, the legal representative of the Executive (in the event of the Executive's incompetency) or the Executive's estate.

7. **Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina.

8. **Entire Agreement.** This Agreement, which shall include the Exhibits hereto, contains all of the understandings and representations between the parties hereto pertaining to the matters referred to herein, and supersedes all undertakings and agreements, whether oral or in writing, previously entered into by them with respect thereto, including without limitation any previous employment, severance or separation agreements (including any severance or change in control benefits contained therein); provided that the obligations set forth in Paragraph 18 of this Agreement are in addition to any similar obligations Executive has to the Company or its affiliates. This Agreement may only be modified by an instrument in writing signed by both parties hereto.

9. **Waiver of Breach.** The waiver by any party of a breach of any condition or provision of this Agreement to be performed by such other party shall not operate or be construed to be a waiver of a similar or dissimilar provision or condition at the same or any prior or subsequent time.

10. **Notices.** Any notice to be given hereunder shall be in writing and delivered personally, or sent by certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below or to such other address as such party may subsequently give notice of hereunder in writing:

If to the Company:

Advance Auto Parts, Inc.
4200 Six Forks Road
Raleigh, NC 27609
Attn: General Counsel

With a copy to:

Advance Auto Parts, Inc.
4200 Six Forks Road
Raleigh, NC 27609
Attn:

Chief Executive Officer

If to the Executive:

To the last address for Executive in the Company's records.

11. **Waiver of Jury Trial.** THE EXECUTIVE AND THE COMPANY AGREE TO WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, OR RELATED TO, ANY LOYALTY OBLIGATIONS. THIS WAIVER IS KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY MADE BY THE EXECUTIVE AND THE COMPANY, AND THE EXECUTIVE AND THE COMPANY EACH ACKNOWLEDGE THAT, EXCEPT FOR THE COMPANY'S AGREEMENT TO LIKewise WAIVE ITS RIGHTS TO A TRIAL BY JURY, THE COMPANY HAS NOT MADE ANY REPRESENTATIONS OF FACTS TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT THE EXECUTIVE HAS BEEN REPRESENTED (OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED) IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THE EXECUTIVE'S OWN FREE WILL, AND THAT THE EXECUTIVE HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT THE EXECUTIVE HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER AND AS EVIDENCE OF THIS FACT SIGNS THIS AGREEMENT BELOW.

12. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, in whole or in part, the Company may, in its sole discretion, accept other provisions for payment of taxes and withholdings as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold have been satisfied.

13. **Severability.** In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions or portions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

14. **Titles.** Titles to the paragraphs and subsections in this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the title of any paragraph or subsection.

15. **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Amendment.** Except as provided in Paragraph 13 above, this Agreement may not be modified or amended except by written instrument signed by all parties hereto.

17. **Independent Counsel.** The Executive acknowledges that Executive has been represented (or has had the opportunity to be represented) in the signing of this Agreement and in the making of its terms by independent legal counsel, selected of the Executive's own free will, and that the Executive has had the opportunity to discuss this Agreement with counsel. Executive further acknowledges that Executive has read and understands the meaning and ramifications of this Agreement and as evidence of this fact signs this Agreement below. The Executive further acknowledges that the Company has not made any representations or given any advice with respect to the tax or other consequences of this Agreement, or any transactions contemplated by this Agreement to Executive and that the Executive has been advised of the importance of seeking independent counsel with respect to such consequences. By executing this Agreement, the Executive represents that the Executive has, after being advised of the potential conflicts between Executive and the Company with respect to the future consequences of this Agreement, either consulted independent legal counsel or elected, notwithstanding the advisability of seeking such independent legal counsel, not to consult with such independent legal counsel.

18. **Loyalty Obligations.** The Executive agrees that, immediately upon execution of this Agreement, the following obligations ("Loyalty Obligations") shall apply in consideration of the Executive's employment by or continued employment with the Company:

(a) Confidential Information.

(i) **Company Information.** Except as otherwise provided in Subsection 18(a)(iii) of this Agreement, the Executive agrees at all times during the term of the Executive's employment and thereafter, to hold any Confidential Information of the Company or its Related Entities in strictest confidence, and not to use (except for the benefit of the Company to fulfill the Executive's employment obligations) or to disclose to any person, firm or corporation other than the Company or those designated by it said Confidential Information without the prior authorization of the Company, except as may otherwise be required by law or legal process. The Executive agrees that "Confidential Information" means any proprietary information prepared or maintained in any format, including technical data, trade secrets or know-how in which the Company or Related Entities have an interest, including, but not limited to, business records, contracts, research, product or service plans, products, services, customer lists and customers (including, but not limited to, vendors to the Company or Related Entities on whom the Executive called, with whom the Executive dealt or with whom the Executive became acquainted during the term of the Executive's employment), pricing data, costs, markets, expansion plans, summaries, marketing and other business strategies, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration or marketing, financial or other business information obtained by the Executive or disclosed to the Executive by the Company or Related Entities or any other person or entity during the term of the Executive's employment with the Company either directly or indirectly electronically, in writing, orally, by drawings, by observation of services, systems or other aspects of the business of the Company or Related Entities or otherwise. Confidential Information does not include information that: (A) was available to the public prior to the time of disclosure, whether through press releases, SEC filings or otherwise; or (B) otherwise becomes available to the public through no act or omission of the Executive or through the wrongful act of a third party.

(ii) **Third Party Information.** The Executive recognizes that the Company and Related Entities have received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the part of the Company or Related Entities to maintain the confidentiality

of such information and to use it only for certain limited purposes. Except as otherwise provided in Subsection 18(a)(iii) of this Agreement, the Executive agrees at all times during the Executive's employment and thereafter to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm or corporation or to use it except as necessary in carrying out the Executive's work for the Company consistent with the obligations of the Company or Related Entities with such third party.

(iii) **Permitted Disclosure.** Nothing in this Agreement shall prohibit or restrict the Executive from lawfully (A) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by the Securities and Exchange Commission ("SEC"), the Department of Justice, the Equal Employment Opportunity Commission ("EEOC"), the Congress, or any other governmental or regulatory agency, entity, or official(s) or self-regulatory organization (collectively, "Governmental Authorities") regarding a possible violation of any law, rule, or regulation; (B) responding to any inquiry or legal process directed to you individually (and not directed to the Company and/or its subsidiaries) from any such Governmental Authorities, including an inquiry about the existence of this Agreement or its underlying facts or circumstances; (C) testifying, participating or otherwise assisting in an action or proceeding by any such Governmental Authorities relating to a possible violation of law; or (D) making any other disclosures that are protected under the whistleblower provisions of any applicable law, rule, or regulation. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made to Executive's attorney in relation to a lawsuit for retaliation against Executive for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nor does this Agreement require Executive to obtain prior authorization from the Company before engaging in any conduct described in this paragraph, or to notify the Company that Executive has engaged in any such conduct.

(b) **Conflicting Employment.** The Executive agrees that, during the term of the Executive's employment with the Company, the Executive will not engage in any other employment, occupation, consulting or other business activity directly related to the business in which the Company or Related Entities are now involved or become involved during the term of the Executive's employment. Nor will the Executive engage in any other activities that conflict with the business of the Company or Related Entities. Furthermore, the Executive agrees to devote such time as may be necessary to fulfill the Executive's obligations to the Company and during the term of the Executive's employment with the Company to refrain from any other occupation, consulting or other business activity without the prior approval or consent of the Company.

(c) **Returning Company Property.** The Executive agrees that any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by the Executive or others pursuant to or during the Executive's employment with the Company or otherwise shall be the property of the Company or its Related Entities and their respective successors or assigns. Upon separation of employment for any reason, or at any time during employment at the request of the Company, the Executive will deliver all material Company property to the Company or to the Company's designee and will not keep in the Executive's possession, recreate or deliver said property to anyone else. Upon separation of employment for any reason and upon request by the Company, the Executive agrees to sign and deliver the "Termination Certification" attached hereto as Exhibit A. Executive further agrees that at any time during employment or upon separation of employment for any reason, at the request of the Company, to reasonably cooperate with the Company to ensure that Executive does not possess any Company property or information within any mobile device, tablet, PDA, personal laptop, hard drive or thumb drive, personal cloud or email account, or any other personal electronic or data storage device, including providing access to any such devices to a third party forensic vendor for purposes of removing any such property and information, at the cost of the Company and through measures designed to protect Executive's personal information.

(d) **Notification of New Employer.** In the event that the Executive leaves the employ of the Company, the Executive agrees to notify the Executive's new employer and hereby grants consent to notification by the Company to the Executive's new employer (whether the Executive is employed as an employee, consultant, independent contractor, director, partner, officer, advisor, Executive, volunteer or manager) about the Executive's Loyalty Obligations specified under this Agreement.

(e) **Non-Interference.** The Executive covenants and agrees that while the Executive is employed by the Company and for a period of one (1) year immediately following the termination of the Executive's employment with the Company for any reason, the Executive shall not, without the prior written approval of the Company, directly or indirectly, either on behalf of the Executive or any other person or entity, Interfere with the Company or any of its Related Entities.

(i) For purposes of this Agreement, "Interfere" shall mean, except in the performance of the Executive's duties and responsibilities on behalf of and for the benefit of the Company, (A) to solicit, entice, persuade, induce, influence or attempt to influence, directly or indirectly, Customers, suppliers, Employees or Independent Contractors of the Company or any of its Related Entities to restrict, reduce, sever or otherwise alter their relationship with the Company or any of its Related Entities; or (B) to hire or recruit on the Executive's own behalf or on behalf of any other person or entity, directly or indirectly, any Employee or Independent Contractor of the Company who at any time was supervised (1) directly by the Executive, (2) directly by the supervisor of the Executive or (3) by another person who was supervised directly by the Executive; or (C) whether as a direct solicitor or provider of such services, or in a direct management or direct supervisory capacity over others who solicit or provide such services, to solicit or provide services that fall within the definition of Restricted Activities as defined in Subsection 18(f)(ii) below to any Customer of the Company or its Related Entities. Nothing in this section shall be construed to prohibit the Executive from engaging in non-targeted solicitation of Employees and Independent Contractors of the Company such as advertisements to the general public.

(ii) For purposes of this Agreement, a "Customer" shall mean any person or entity: (a) with which the Executive has engaged in material discussions regarding Restricted Activities at any time within 12 months prior to the end of the Executive's employment; (b) whose business dealings with the Company are or were managed or supervised by the Executive as part of Executive's duties for the Company; or (c) about which the Executive obtained Confidential Information solely as a result of the Executive's employment with the Company. "Customer" also includes a prospective customer with which the Executive has engaged in material discussions regarding Restricted Activities at any time within 12 months prior to the end of the Executive's employment or about which Executive obtained Confidential Information solely as a result of the Executive's employment with the Company. "Employee or Independent Contractor" shall mean any employee or independent contractor who, at the time of the recruitment or hire by the Executive or by anyone the Executive is overseeing, is currently employed or engaged with the Company or who was employed or engaged with the Company at any time during the twelve (12) month period preceding the date of the recruitment or hire by the Executive or by anyone the Executive is overseeing.

(f) **Covenants Not to Compete**

(i) **Non-Competition.** The Executive understands that the Company operates across the United States and Canada. The Executive acknowledges that the Executive's duties as **Executive Vice President, Chief Merchandising Officer**, will entail involvement with the entire range of the Company's operations across the United States, Puerto Rico, the Virgin Islands and Canada, and that the Executive's extensive familiarity with the Company's business and Confidential Information justifies a restriction applicable across the entire geographic footprint in which the Company provides services and does business. To the fullest extent permitted by any applicable law, the Executive covenants and agrees that during employment, and for the period of one (1) year immediately following the termination, for any reason, of the Executive's employment with the Company (the "Non-Compete Period"), the Executive will not:

(A) own or hold, directly or beneficially, as a shareholder, option holder, warrant holder, partner, member or other equity or security owner or holder of any company or business that derives more than 15% of its revenue from the Restricted Activities (as defined below) within the Restricted Area (as defined below), or any company or business controlling, controlled by or under common control with any company, business or division directly engaged in such Restricted Activities within the Restricted Area (any of the foregoing, a “Restricted Company”); or

(B) engage or participate with any Restricted Company in the Restricted Activities within the Restricted Area in any capacity in which the Executive will use or disclose or could reasonably be expected to use or disclose any Confidential Information for the purpose of providing, or attempting to provide, such Restricted Company with a competitive advantage in the industry; or

(C) engage or participate in the same or similar capacity that the Executive worked for with the Company during the last twelve (12) months of Executive’s employment with any Restricted Company in the Restricted Activities within the Restricted Area.

(ii) **Restricted Activities/Restricted Area.** For purposes of this Agreement, the term “Restricted Activities” means (1) the retail, commercial and/or wholesale sale, rental, and/or distribution of parts, accessories, supplies (including, but not limited to, paint), equipment and/or maintenance items for automobiles, light and heavy duty trucks (both commercial and non-commercial), off-road equipment, buses, recreational vehicles, and/or agricultural equipment, and/or (2) the provision of any automotive-related service (including, but not limited to, shop management, inventory control, and/or vehicle repair software or marketing) to auto repair shops, garages, specialty-service providers (e.g. any business that specializes in automotive oil changes, painting, tires, mufflers, brakes, transmission, and/or body work) and/or service centers, including, but not limited to painting, collision or body service centers. The term “Restricted Area” means: (1) the United States of America and Canada, including their territories and possessions; (2) the United States of America; (3) in any location where a Customer is located if that Customer is purchasing products or services from the Company from that location as of the end of the Executive’s employment; (4) the area within which Executive was assigned during the last 6 months of Executive’s employment with the Company. In the event it is determined by judicial action that any portion of the Restricted Area is unenforceable, the geographic scope of the restriction shall be limited to any/all of the preceding as a court of competent jurisdiction shall deem reasonable and enforceable.

(iii) **Association with Restricted Company.** In the event that the Executive intends to associate (whether as an employee, consultant, independent contractor, officer, manager, advisor, partner, Executive, volunteer or director) with any Restricted Company during the Non-Compete Period, the Executive must provide information in writing to the Company relating to the activities proposed to be engaged in by the Executive for such Restricted Company. All such current associations are set forth on Exhibit B to this Agreement. In the event that the Company consents in writing to the Executive’s engagement in such activity, the engaging in such activity by the Executive shall be conclusively deemed not to be a violation of this Subsection 18(f). Such consent is not intended and shall not be deemed to be a waiver or nullification of the covenant of non-competition of the Executive or other similarly bound Executives.

(iv) **Limitations.** Nothing in this section shall be construed to limit Executive’s ability to own a de minimis share of stock (defined as less than 5% of the outstanding common stock) of a publicly traded corporation, regardless of whether such entity is competitive with the Company. Nothing in this section shall be construed to limit the Executive’s ability after separation to take a position with a company that competes with the Company which has multiple divisions or business units, so long as the Executive’s employment with the competitor is not within the division or business unit that engages in Restricted Activities, and so long as the confidentiality and other provisions of this Agreement are adhered to in all respects.

(g) Non-Disparagement. Except as otherwise provided in Subsection 18(a)(iii) of this Agreement, the Executive agrees that while the Executive is employed by the Company and at all times following the termination of the Executive's employment with the Company for any reason, the Executive will not take any action or make any statement which disparages the Company or its practices or which disrupts or impairs its normal operations, such that it causes a material adverse impact to the Company.

(h) Effect of Non-Payment of Benefits; Clawback. The Executive's post-termination of employment obligations under this Paragraph 18 shall cease upon the Company's failure to make any payments or benefits hereunder as a result of the termination of the Executive's employment when due if within 15 days after written notice from the Executive to the Company of such failure, the Company does not make the required payment. In the event that the Executive materially violates Subsection 18(e) or 18(f), and does not cure such violation (if it can be cured) within five (5) days after written notice of such failure, the Executive agrees that calculation of the harm to the Company from such violation would be uncertain and not capable of being readily ascertained, and that as a reasonable estimation of the harm to the Company from such violation the Executive shall repay to the Company a portion of the Termination Payment paid to the Executive pursuant to Subsection 4(d)(i) equal to a fraction, the numerator of which is the number of days left in the applicable period under Subsection 18(e) or 18(f), and the denominator of which is the total number of days in the applicable period under such Subsection. In the event that the Executive materially violates Subsection 18(a), 18(c) or 18(g), and does not cure such violation (if it can be cured) within five days after written notice of such failure, the Executive agrees that calculation of the harm to the Company from such violation would be uncertain and not capable of being readily ascertained, and that as a reasonable estimation of the harm to the Company from such violation the Executive shall repay to the Company a portion of the Termination Payment paid to the Executive pursuant to Subsection 4(d)(i) equal to a fraction, the numerator of which is the number of days left in the one (1) year period immediately following the termination and the denominator of which is 365. The Executive further agrees that in addition to Executive's repayment obligations with respect to breaches of Subsection 18(a), 18(c), 18(e), 18(f), or 18(g), the Company shall have the right to seek equitable relief pursuant to Subsection 18(i) hereunder.

(i) Specific Enforcement; Remedies Cumulative. The Executive acknowledges that the Company and Related Entities, as the case may be, will be irreparably injured if the provisions of Subsections 18(a), 18(b), 18(c), 18(e), 18(f) and 18(g) hereof are not specifically enforced and the Executive agrees that the terms of such provisions (including without limitation the periods set forth in Subsections 18(e), 18(f) and 18(g)) are reasonable and appropriate. If the Executive commits, or the Company has evidence based on which it reasonably believes the Executive threatens to commit, a material breach of any of the provisions of Subsections 18(a), 18(b), 18(c), 18(e), 18(f) or 18(g) hereof, the Company and/or Related Entities, as the case may be, shall have the right and remedy, in addition to and not in limitation of any other remedy that may be available at law or in equity, to have the provisions of Subsections 18(a), 18(b), 18(c), 18(e), 18(f) or 18(g) hereof specifically enforced by any court having jurisdiction through immediate injunctive and other equitable relief, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and/or Related Entities and that money damages will not provide an adequate remedy therefore. Such injunction shall be available without the posting of any bond or other security, and the Executive hereby consents to the issuance of such injunction.

(j) Re-Set of Period for Non-Competition and Non-Interference. In the event that a legal or equitable action is commenced with respect to any of the provisions of Subsections 18(e) or 18(f) hereof and the Executive has not complied, in all material respects, with the provisions in such subsections with respect to which such action has been commenced, then the one-year period, as described in such subsections not so complied with by the Executive, shall be extended from its original expiration date, day-for-day, for each day that the Executive is found to have not complied, in all material respects, with such subsections.

(k) Jurisdiction and Venue. WITH RESPECT TO THE ENFORCEMENT OF ANY AND ALL LOYALTY OBLIGATIONS ARISING UNDER PARAGRAPH 18, THE SUBSECTIONS 18(k) AND 18(l) OF THIS AGREEMENT SHALL APPLY. THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY CONSENT TO THE EXCLUSIVE JURISDICTION OF THE FOLLOWING COURTS IN MATTERS RELATED

TO THIS PARAGRAPH 18 AND AGREE NOT TO COMMENCE ANY SUIT, ACTION OR PROCEEDING RELATING THERETO EXCEPT IN ANY OF SUCH COURTS: THE STATE COURTS OF THE STATE OF NORTH CAROLINA, THE COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE CITY OF RALEIGH, NORTH CAROLINA.

(l) **Executive Acknowledgments.** The Executive acknowledges and agrees that (i) any and all loyalty obligations arising under Paragraph 18 were discussed with, and accepted by, the Executive prior to the commencement of the Executive's employment as **Executive Vice President, Chief Merchandising Officer**; (ii) the loyalty obligations arising under Paragraph 18 constitute a material inducement to the Company to enter into this Agreement and to agree to employ the Executive on the terms and conditions stated herein; (iii) the loyalty obligations arising under Paragraph 18 are reasonable in time, territory, and scope, and in all other respects; (iv) should any part or provision of any covenant be held invalid, void, or unenforceable in any court of competent jurisdiction, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement; and (v) if any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, territory, definition of activities, or definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable terms shall be redefined to carry out the Executive's and the Company's intent in agreeing to these restrictive covenants. These restrictive covenants shall be construed as agreements independent of any other provision in this Agreement and the existence of any claim or cause of action of the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the loyalty obligations arising under Paragraph 18.

19. **Adherence to Company Policies.** The Executive agrees to adhere diligently to all established Company policies and procedures, including but not limited to the Company's Guidelines on Significant Governance Issues, Code of Ethics and Business Conduct and, if applicable, the Code of Ethics for Financial Professionals. The Executive agrees that if the Executive does not adhere to any of the provisions of such Guidelines and Codes, the Executive will be in breach of the provisions hereof.

20. **Representations.** The Executive agrees to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. The Executive represents that Executive's performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by the Executive in confidence or in trust prior to the Executive's employment by the Company. The Executive has not entered into, and the Executive agrees the Executive will not enter into, any oral or written agreement in conflict herewith and the Executive's employment by the Company and the Executive's services to the Company will not violate the terms of any oral or written agreement to which the Executive is a party.

21. **Binding Effect of Execution.** The Company and the Executive agree that this Agreement shall not bind or be enforceable by or against either party until this Agreement has been duly executed by both the Executive and the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Executive have executed this Agreement as of the date first written above.

Advance Auto Parts, Inc.

By: /s/Shane O’Kelly (SEAL)

Name: **Shane O’Kelly**

Title: President and Chief Executive Officer

Address: 4200 Six Forks Road, Raleigh, NC 27609

Executive

Name: **Bruce Starnes**

Signature: /s/Bruce Starnes

EXHIBIT A

TERMINATION CERTIFICATION

This is to certify that I do not have in my possession, nor have I failed to return, any Confidential Information, including but not limited to, material devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company.

I further certify that I have, to the best of my knowledge, complied in all material respects with all the terms of my Employment Agreement with the Company.

Date: _____

Executive's Signature

Executive's Name (Print)

EXHIBIT B

LIST OF ASSOCIATIONS WITH RESTRICTED COMPANIES

 x None
 Additional Sheets Attached

Signature of the Executive: /s/Bruce Starnes
Print Name of the Executive: _____
Date: May 23, 2024 _____

Advance Auto Parts, Inc.
Subsidiaries of the Registrant
As of January 3, 2026

Company Name	State or Sovereign Power of Incorporation
Advance Stores Company, Incorporated	Virginia
Advance Trucking Corporation	Virginia
Western Auto Supply Company	Delaware
Western Auto of St. Thomas, Inc.	Delaware
Western Auto of Puerto Rico, Inc.	Delaware
Discount Auto Parts, LLC	Virginia
Advance Auto Innovations, LLC	Virginia
Advance Patriot, Inc.	Delaware
Advance Auto Business Support, LLC	Virginia
E-Advance, LLC	Virginia
Crossroads Global Trading Corp.	Virginia
Advance e-Service Solutions, Inc.	Virginia
Driverside, Inc.	Delaware
Motologic, Inc.	Delaware
AAP Financial Services, Inc.	Virginia
B.W.P. Distributors, Inc.	New York
General Parts International, LLC	North Carolina
General Parts, Inc.	North Carolina
Golden State Supply, LLC	Nevada
Worldwide Auto Parts, Inc.	California
Straus-Frank Enterprises, LLC	Texas
General Parts Distribution, LLC	North Carolina
GPI Technologies, LLC	Delaware
Carquest Canada LTD	Canada
Neuse River Insurance Company, Inc.	Utah

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-274224 on Form S-3, Post-Effective Amendment on Registration Statement Nos. 333-196240, and 333-115772 on Form S-8, Registration Statement Nos. 333-272497 and 333-272495 on Form S-8, and Post-Effective Amendment No. 1 on Registration Statement No. 333-291142 of our reports dated February 13, 2026, relating to the consolidated financial statements and financial statement schedule of Advance Auto Parts, Inc. and subsidiaries (the “Company”), and the effectiveness of the Company's internal control over financial reporting, appearing in the Annual Report on Form 10-K of the Company for the year ended January 3, 2026.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
February 13, 2026

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shane M. O'Kelly, certify that:

1. I have reviewed this annual report on Form 10-K of Advance Auto Parts, Inc.;
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.

Date: February 13, 2026

/s/ Shane M. O'Kelly

Shane M. O'Kelly

President and Chief Executive Officer and Director

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ryan P. Grimsland, certify that:

1. I have reviewed this annual report on Form 10-K of Advance Auto Parts, Inc.;
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.

Date: February 13, 2026

/s/ Ryan P. Grimsland

Ryan P. Grimsland

Executive Vice President, Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Shane M. O'Kelly, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report on Form 10-K of Advance Auto Parts, Inc. for the year ended January 3, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Advance Auto Parts, Inc. The foregoing certification is being furnished to the Securities and Exchange Commission as part of the accompanying report on Form 10-K. A signed original of this statement has been provided to Advance Auto Parts, Inc. and will be retained by Advance Auto Parts, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: February 13, 2026

By: /s/ Shane M. O'Kelly

Name: Shane M. O'Kelly

Title: President and Chief Executive Officer and Director

I, Ryan P. Grimsland, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Annual Report on Form 10-K of Advance Auto Parts, Inc. for the year ended January 3, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Annual Report on Form 10-K fairly presents in all material respects the financial condition and results of operations of Advance Auto Parts, Inc. The foregoing certification is being furnished to the Securities and Exchange Commission as part of the accompanying report on Form 10-K. A signed original of this statement has been provided to Advance Auto Parts, Inc. and will be retained by Advance Auto Parts, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: February 13, 2026

By: /s/ Ryan P. Grimsland

Name: Ryan P. Grimsland

Title: Executive Vice President, Chief Financial Officer
