

## Risk Factors Comparison 2025-02-26 to 2024-03-12 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

~~You~~ **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 ~~our~~, **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". The occurrence of any of the following risks could materially adversely affect ~~our~~ **the Company's** business, financial condition, results of operations, cash flows and future prospects, which could in turn materially affect the price of ~~our~~ **the Company's** common stock. Risks Related to ~~Our~~ **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. ~~We have undertaken~~ **The Company undertook** a **comprehensive** strategic and operational review to improve ~~the~~ **its** performance of ~~our~~ **its** business and create long-term value. ~~We~~ **This review resulted in, among other things, narrowed business priorities and initiatives aimed at improving core performance in key** ~~are~~ **areas**. ~~The Company is~~ **currently making and expect** ~~expects~~ to continue to make significant investments to improve ~~our~~ **its** business. If ~~we are~~ **the Company is** unable to implement ~~our~~ **its** initiatives efficiently and effectively, ~~our~~ **the Company's** business, financial condition, results of operations and cash flows could be adversely affected. ~~We~~ **The Company** could also be adversely affected if ~~we have~~ **it has** not appropriately prioritized and balanced ~~our~~ **its** initiatives or if ~~we are~~ **the Company is** unable to effectively manage change throughout ~~our~~ **the** organization. Implementing strategic initiatives could disrupt or reduce the efficiency of ~~our~~ **the Company's** operations and may not provide the anticipated benefits, or may provide them on a delayed schedule or at a higher cost. 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 a plan to restructure its operations to improve profitability and growth potential and streamline the Company's operations. This plan is supplemental to other ongoing 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 is also pursuing efficiencies in procurement, pricing and professional and outside services, in addition to operational efficiencies. These measures are subject to known and unknown risks and uncertainties, including whether the Company has targeted the appropriate areas for its cost-saving efforts and at the appropriate scale, the Company's ability to successfully execute the restructuring plan and achieve the cost-savings anticipated while minimally disrupting our operations and whether, if required in the future, the Company will be able to appropriately target any additional areas for its cost-saving efforts. The Company expects to incur restructuring charges and undertake other exit-related activities as a result of such initiatives. For example, execution of the Company's plan is expected to result in the termination of certain leases, leading to exits of certain properties over time and the incurrence of expenses, including but not limited to impairment charges and contingent obligations, which could be material. 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. As a result of the restructuring plan, the Company currently expects to incur approximately \$ 875 million to \$ 960 million in total charges, which is estimated to include \$ 275 million to \$ 310 million of cash charges and \$ 600 million to \$ 650 million of non-cash charges, primarily as a result of closure sites and the reduction in workforce. 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. Implementing any restructuring plan, including the one the Company has outlined, presents potential risks that may impair our ability to achieve or sustain anticipated cost reductions or operational improvements. These risks include the potential for management distraction from ongoing business activities, requirement of capital investment that could otherwise be used for the operation and growth of the Company's existing business, inadequate support of important business functions due to staffing changes and other cost reduction efforts, delays or inability to achieve targeted efficiencies as a result of economic, competitive or other factors, failure to maintain adequate controls and procedures while executing our restructuring plans, disruptions to important business relationships, and damage to our reputation and brand. Additionally, as a result of restructuring initiatives, the Company may experience a loss of continuity and accumulated knowledge or increased employee attrition and difficulty attracting and retaining highly skilled employees, which may, among other things, slow the progress of our turnaround initiatives or impair the Company's ability to maintain and enhance the Company's internal controls and procedures. The implementation of the Company's restructuring efforts, including the potential 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 ~~our~~ potential divestitures, which may impact our ability to fully realize the anticipated benefits of those transactions. ~~We~~ **The Company**

recently **sold its** announced our intention to explore divestitures of our Worldpac business and Carquest Canada business in separate sales processes as part of our strategic review. There can be no assurance that we will complete these transactions. 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. **We have not yet set a timetable for the sale processes, but transactions** **Transactions** of this nature carry risks associated to variation from expectations, **including** with respect to timing, expense **provision of transition services** and post-closing claims for liability. If any of these risks materialize, the benefits of such divestitures may not be fully realized, if at all. If we are unable to **adequately** design, implement, and properly operate and maintain various information **and technology** systems, our ability to conduct our business could be negatively impacted. **We are** **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. **We are** **The company is** in the process of designing, implementing and updating various information systems. These initiatives will require significant investment of human and financial resources, and **we** **the Company** may experience significant delays, increased costs and other difficulties with these projects. **Deficiencies** We are currently focusing on projects to improve our merchandising, assortment and inventory systems to enable us to efficiently move product through our supply chain network. Any deficiency in the design or implementation or maintenance of these systems could lead to inaccuracy of data and disruption to **the Company's business operations. 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. The operations, such as demand and fulfillment data, which would lower the accuracy and efficacy of **the Company's** our demand and inventory forecasting. Such deficiencies may also result in lost sales from failure to buy product demanded by our customers, excess inventory from buying product not demanded by our customers, higher costs from buying products in an inefficient manner, disruption in sending invoices and tracking payments, and otherwise negative impacts to our business operations. The effectiveness of our supply chain is important to **our its** business operations and ability to grow **our the Company's** business, and if **we are** **the Company is** unable to maintain adequate supply chain capacity or improve supply chain efficiency, it could adversely affect **our its** business, financial condition, and results of operations and cash flows. **Our** **The Company's** store inventories are primarily replenished by shipments from **our its** network of distribution centers. **We are working** **The Company's strategy** to **optimize improve supply chain efficiency includes developing a network of market hubs to create economies of scale and enhance service levels for** our customers distribution network to support sales growth. If **we are** **the Company is** unable to maintain adequate capacity in **our its** supply chain network, either as **we expand our** or business or work to optimize our existing network, or if **we are** unable to improve the efficiency of **our its** supply chain, **we through the implementation of its market hub strategy or otherwise, the Company** may experience higher inventory costs, lower availability, slower delivery speed and ultimately a lower ability to meet consumer product needs and channel preferences. **We** **The Company plan plans** to further invest in **its** distribution center infrastructure to help ensure safety, reliability and efficiency across **our its** operations, which will require capital investments. **We are** **The Company is** also working to improve product lifecycle management and address slower-moving inventory in **its** our network --- **network**. **Our** **The Company's** investments in our supply chain may not provide the anticipated benefits, and experiencing sub-optimal inventory levels, inventory availability or increases in **our 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. The United States has recently enacted and proposed to enact significant new tariffs. 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. Some of the Company's merchandise is imported from various countries, including Canada, China and Mexico, and newly proposed tariffs and any additional tariffs on products sourced from these or other countries could materially increase our costs. There continues to exist significant uncertainty about the future economic and political relationship between the U. S. and other countries. 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, which may in turn impact product cost, disrupt supply chains or otherwise negatively impact our business, financial condition, and results of operations --- **operation** and cash flows. **Our** **The Company's** reliance on suppliers, including freight carriers and other third parties in **our the Company's** global supply chain, subjects **us it** to various risks and uncertainties which could adversely affect **our its** financial results. **We** **The Company source sources** the products **we it sell sells** from a wide variety of domestic and international suppliers, and **place places** significant reliance upon various third parties to transport, store and distribute those products to **our the Company's** distribution centers, stores and customers. **Our** **The Company's** financial results depend on **us it** securing acceptable terms with **our its** suppliers for, among other things, the price of merchandise **we the Company purchase purchases** from them, funding for various forms of promotional programs, payment terms and provisions covering returns and factory warranties. To varying degrees, **our 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 **our the Company's** commercial disadvantage. Generally, **our the Company's** ability to negotiate favorable terms with **our its** suppliers is more difficult with suppliers for whom **our the Company** purchases represent a smaller proportion of their total revenues, consequently impacting **our the Company's** profitability from such vendor relationships. If **we the Company encounter encounters** any of these issues with **our its** suppliers, **our its** business, financial condition, results of operations and cash flows could be adversely impacted. In addition, **our the Company's** suppliers, including those within **our its** global supply chain, are impacted by global conditions that in turn may impact **our the Company's**

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 **us 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 **our the Company's** results. If **we the Company** experience **experiences** transitions or changeover with any of **our its** significant vendors, or if **they its vendors** experience financial difficulties or **are** otherwise **are** unable to deliver merchandise to **us the Company** on a timely basis, or at all, **we the Company** could have product shortages in **our its** stores that could adversely affect customers' perceptions of **us the Company** and cause **us the Company** to lose customers and sales. If **we are the Company is** unable to keep **its desired** existing store locations or open new locations in desirable places on favorable terms, it could adversely affect **our its** business, financial condition, results of operations and cash flows. **We The Company began undertaking a restructuring and asset optimization plan in late 2024, whereby it targeted closing approximately 500 stores and 200 independent locations during 2025. However, it does** intend to continue to **open** expand the markets we serve as part of our strategy, which may include opening new stores or branches, **in attractive markets** as **it improves its** well as expansion of our online business. We may also grow our business through strategic acquisitions. As we expand our market presence, it becomes more critical that we have consistent and effective execution across all of our locations and brands. There is uncertainty about the profitability of newly opened locations, including whether newly opened stores will harm the profitability or comparable store sales of existing locations. The **profitability of** newly opened and existing locations' **profitability** will depend on the competition **we the Company** face **faces** as well as **our its** ability to properly stock, market and price the products desired by customers in **these their** markets. The actual number and format of any new locations to be opened and the success of **our 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; • **our the Company's** ability to expand **our its** online offerings and sales; and • **our the Company's** ability to manage the expansion and to hire, train and retain qualified team members. **We The Company compete competes** with other retailers and businesses for suitable locations for **our its** stores. Local land use and zoning regulations, environmental regulations and other regulatory requirements may impact **our its** ability to find suitable locations and influence the cost of constructing, renovating and operating **our its** stores. In addition, real estate, zoning, construction and other delays may adversely affect store openings and renovations and increase **our the Company's** costs. **For example, during 2021 through 2022 we experienced significant delays associated with our planned opening of new locations in California, primarily as a result of permitting challenges, and such delays increased our costs and resulted in significant lost sales opportunities.** 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 **us the Company** if the renewal terms of those leases are unacceptable to **us it** and **we are the Company is** forced to close or relocate stores. If **we the Company** determine **determines** to close or relocate a store subject to a lease, **we 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, **we the Company** may also incur employee- related severance or other facility closure costs for stores that are closed or relocated. Omnichannel growth in **our the Company's** business is complex and if **we are the Company is** unable to successfully maintain a relevant omnichannel experience for **our its** customers, **our 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 **us the Company** to risks and difficulties frequently experienced by internet- based businesses, including risks related to **our the Company's** ability to attract and retain customers on a cost- effective basis and **our its** ability to operate, support, expand and develop **our 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 **our the Company's** inventory management processes and systems, the effectiveness of **our its** merchandising strategy and mix, **our its** supply chain and distribution capabilities, and the timing and effectiveness of **our its** marketing activities, particularly **our its** promotions. Website or catalog downtime and other technology disruptions in **our 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 **our the Company's** operations. If **we are the Company is** not able to successfully operate or improve **our its** e- commerce platform and omnichannel business, **we the Company** may not be able to provide a relevant shopping experience or improve customer traffic, sales or margins, and **our the Company's** reputation, operations, financial condition, results of operations and cash flows could be materially adversely affected. **We The Company depend depends** on the services of many qualified executives and other team members, whom **we the Company** may not be able to attract, develop and retain. **Our The Company's** success, to a significant extent, depends on the continued engagement, services and experience of **our its** executives and other team members. **Our The Company's** ability to attract, develop and retain an adequate number of qualified team members depends on factors such as employee morale, **our the Company's** reputation, competition from other employers, availability of qualified personnel, **our its** ability to offer competitive compensation and benefit packages and **our its** ability to maintain a safe working environment. Failure to recruit or retain qualified team members may impact **our the Company's** ability to serve **our its** customers, increase **our its** costs and impair **our 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 **our the Company's** ability to execute, distract other team members

from their key areas of focus or otherwise negatively impact our 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, For or higher likelihood of control deficiencies** example, we experienced turnover in senior leadership positions in our or future accounting function during 2023 that led to our having a material weakness weaknesses in our internal control over financial reporting. **The Company** If we are unable to attract and retain personnel with expertise in the required areas, there may be disruptions in our financial processes and reporting, delays to full remediation of the material weakness in our internal controls or higher likelihood of additional control deficiencies or future material weaknesses in internal control over financial reporting. We operate operates in a competitive labor market and are has been investing in key roles in our its frontline organization, and there is a risk that increases in compensation could have an adverse effect on our the Company's profitability. Additionally, government regulated increases to employee hourly wage rates, along with our the Company's ability to implement corresponding adjustments within our its labor model and wage rates, could have a negative impact on our its profitability. Approximately 1.3-5 % of our 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, we the Company could experience a disruption in our its operations and higher ongoing labor costs. **We work diligently The Company has established policies and procedures to help maintain the privacy and security of our its customers, suppliers, and team members, as well as the security and functioning of its technology (** business information, and the functioning of our computer systems, website and other online offerings ). In the event of a security breach or other cyber security incident event, we the Company could experience adverse operational effects or interruptions and / or become subject to legal or regulatory proceedings, any of which could result lead to damage to our reputation in the marketplace and 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 our the Company's business requires us it to receive, retain and transmit certain personally -- personal identifiable information (PI) about our its customers, suppliers and team members, some Some of which this PI is entrusted to managed by or shared with third- party service providers. **The Company uses** We have taken and continue to undertake significant steps, including contractual provisions and certain third- party risk management processes, to protect such PI personally identifiable information and other confidential information and to protect the help ensure that technology functioning functions remain operational of our computer systems, website and other online offerings. Despite these efforts, a compromise of our the Company's data security systems or those of businesses we it interact interacts with is possible. This could result in information related to our customers, suppliers, team members or business being obtained by unauthorized persons or, adverse operational effects or, interruptions, which or other failures that could have a material adverse effect on our the Company's business, financial condition, results of operations and cash flows. **We The Company develop develops, maintain maintains and update updates processes and systems in to help reduce the likelihood of an occurrence. Information Security controls** effort to try to prevent this from occurring, but these actions 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, which grants expanded rights to access and delete personal information and opt out of certain personal information sharing), data collection and information security laws and standards could is also be significant to us the Company. Such laws and standards may also increase our the Company's responsibility and liability in relation to personal data that we it process processes, and we the Company may be required to put in place additional mechanisms ensuring compliance with privacy laws and regulations. Additionally, since we do the Company does not control our its third- party service providers and our its ability to monitor their data security is limited, we the Company cannot ensure the security measures they take will be sufficient to protect our the Company's data. A weakness or failure or a breach of a third- party provider's software or systems or controls could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third- party solutions. Despite our the Company's efforts, our its security measures may be breached in the future 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 Company** While we have experienced threats to our data and systems, including phishing attacks, to date we are not aware that we have experienced a material cyber- security incident. Unauthorized parties may in the future obtain access to our data or the data of our customers, suppliers or team members or may otherwise cause damage to or interfere with our equipment, our data and / or our network including our supply chain. While we maintain 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 our the Company's equipment or our, its network, third- party providers, or unauthorized access in the future could result in significant operational difficulties including legal and financial exposure and damage to our the Company's reputation that could potentially have an adverse effect on our its business. **If** While we also seek to obtain assurances that others we interact with will protect confidential information, there -- the Company is always the risk that the confidentiality or accessibility of data held or utilized by others may be compromised. If a compromise of our data security or function of our computer systems or website were to occur, it could have a material adverse effect on our operating results and financial condition and possibly subject us to additional legal, regulatory and operating costs and damage our reputation in the marketplace. If we are unable to successfully integrate future acquisitions into our its existing operations or implement joint ventures or other strategic relationships, it could adversely affect our the Company's business, financial condition, results of operations and cash flows. **We The Company** may continue to make strategic acquisitions and enter into strategic relationships as an element of our its strategy. Acquisitions, joint

ventures and other strategic relationships involve certain risks that could cause ~~our~~ **the Company's** growth and profitability to differ from ~~our~~ **its** expectations. The success of these acquisitions and relationships depends on a number of factors, including but not limited to: • ~~our~~ **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; • ~~our~~ **the Company's** ability to obtain the full benefits envisioned by strategic transactions or relationships; • the risk that management's attention may be distracted; • ~~our~~ **the Company's** ability to attract and retain key personnel; • ~~our~~ **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 ~~our~~ **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 ~~us~~ **the Company**; and • loss contingencies that ~~we~~ **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. ~~We are~~ **The Company is** dependent on ~~our~~ **its** suppliers to supply ~~us~~ **it** with products that comply with safety and quality standards at competitive prices. ~~We are~~ **The Company is** dependent on ~~our~~ **its** vendors continuing to supply ~~us~~ **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 ~~our~~ **the Company's** merchandise offerings do not meet ~~our~~ **its** customers' expectations regarding safety, innovation and quality, ~~we~~ **the Company** could experience lost sales, increased costs and exposure to legal and reputational risk. ~~Our~~ **The Company's** suppliers are subject to applicable product safety laws, and ~~we are~~ **the Company is** dependent on them to ensure that the products ~~we~~ **the Company** ~~buy~~ **buys** comply with all safety and quality standards. ~~We have~~ **The Company** also ~~has~~ established standards for product safety and quality and workplace standards that ~~we~~ **it** ~~require~~ **requires** all ~~our~~ **its** suppliers to meet. ~~We do~~ **The Company does** not condone human trafficking, forced labor, child labor, harassment or abuse of any kind, and ~~we~~ **it** ~~expect~~ **expects** ~~our~~ **its** suppliers to operate within these same principles **and legal requirements**. ~~Our~~ **The Company's** ability to find qualified suppliers who can supply products in a timely and efficient manner that meet ~~our~~ **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 ~~us~~ **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 ~~our~~ **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 ~~we~~ **the Company** ~~purchase~~ **purchases** may rise. In addition, negative customer perceptions regarding the safety or quality of the products ~~we~~ **the Company** ~~sell~~ **sells** could cause ~~our~~ **its** customers to seek alternative sources for their needs, resulting in lost sales. In those circumstances, it may be difficult and costly for ~~us~~ **the Company** to regain the confidence of ~~our~~ **the Company's** customers. Because ~~we are~~ **the Company is** involved in litigation from time to time, and ~~are~~ **is** subject to numerous laws and governmental regulations, ~~we~~ **the Company** could incur substantial judgments, fines, legal fees and other costs. ~~We are~~ **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, ~~we are~~ **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 ~~product~~ **products**, real estate and product defects. The damages sought against ~~us~~ **the Company** in some of these litigation proceedings are substantial. Although ~~we~~ **the company** ~~maintain~~ **maintains** liability insurance for some litigation claims, if one or more of the claims were to greatly exceed ~~our~~ **the Company's** insurance coverage limits or if ~~our~~ **the Company's** insurance policies do not cover a claim, this could have a material adverse effect on ~~our~~ **the Company's** business, financial condition, results of operations and cash flows. For instance, ~~we are~~ **the company is** subject to a potential securities class action regarding past public disclosures (See Item 3. Legal Proceedings of this Annual Report on Form 10- K) and to numerous lawsuits alleging injury as a result of exposure to asbestos- containing products (see Note ~~13-14~~ **13-14**). Contingencies, of the Notes to the Consolidated Financial Statements included herein). ~~We are~~ **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 ~~our~~ **the Company's** results of operations. If ~~we~~ **the company** ~~fail~~ **fails** to comply with existing or future laws or regulations, ~~we~~ **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, ~~our~~ **the Company's** capital and operating expenses could increase due to remediation measures that may be required if ~~we are~~ **the Company is** found to be noncompliant with any existing or future laws or regulations. Business interruptions may negatively impact ~~our~~ **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. Hurricanes, tornadoes, earthquakes, **wildfires** or other natural disasters, war or acts of terrorism, civil or geopolitical unrest, public health issues, **epidemics** or pandemics or the threat of any of these incidents or others, may have a negative impact on ~~our~~ **the Company's** ability to obtain merchandise to sell in ~~our~~ **the Company's** stores, result in certain of ~~our~~ **stores** being closed for an extended period of time, negatively affect the lives of ~~our~~ **the Company's** customers or team members, or otherwise negatively impact ~~our~~ **the Company's** operations. Some of ~~our~~ **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 we ~~we~~ **the company** cannot obtain such merchandise from other sources at similar costs and without an adverse delay, ~~our~~ sales and profit margins may be negatively affected. In the event that commercial transportation, including the global shipping industry, is curtailed or substantially delayed, ~~our~~ **the** business may be adversely impacted ~~due to as we may have~~ difficulty receiving merchandise from ~~our~~ **the Company's** suppliers and / or transporting it to ~~our~~ **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 ~~us~~ **the Company** and ~~our~~ **the Company's** suppliers, and also negatively impact ~~our~~ customers' disposable income, causing an adverse impact on ~~our~~ **the Company's** business, sales, profit margins and results of operations. ~~We rely~~ **The Company has** extensively ~~extensive reliance~~ on ~~our~~ computer systems and the systems of ~~our~~ 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 ~~our~~ computer systems ~~or of those~~ ~~the of~~ **Company** ~~our~~ ~~or its~~ business partners fail, ~~we~~ **the company** may experience loss of critical data and interruptions or delays in ~~our~~ **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 ~~we~~ **the Company** may employ may not suffice in any particular situation to avoid a significant adverse impact to ~~our~~ **the** business, financial condition and ~~our~~ results of operations. Risks Related to ~~Our~~ **the Company's** Industry and the Business Environment If overall demand for the products ~~we~~ **that the Company sell-sells** declines, ~~our~~ **the Company's** business, financial condition, results of operations and cash flows will suffer. Decreased demand could also negatively impact ~~our~~ **the Company's** stock price. Overall demand for products ~~we~~ **the Company sell-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 ~~our~~ **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 ~~our~~ **the Company's** business, or lead to other significant weather conditions that could impact ~~our~~ **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 ~~our~~ **the Company's** physical stores and may cause fewer customers to order aftermarket parts on ~~our~~ **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 ~~our~~ **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. ~~We~~ **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 ~~our~~ **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 ~~we~~ **the Company sell-sells** to new vehicles coming into production. ~~We~~ **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 ~~us or~~ **the Company** ~~our~~ ~~or its~~ suppliers. ~~Our~~ **The Company's** inability to appropriately respond to such changes, adapt ~~our~~ **the Company's** business to meet evolving demands or innovate to remain competitive could adversely impact ~~our~~ **the Company's** business, financial condition, results of operations or cash flows. If ~~we are~~ **the Company is** unable to compete successfully against other companies in the automotive aftermarket industry, ~~we~~ **the Company** may lose customers and market share and ~~our~~ **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 service. ~~We~~ **The Company** ~~competes~~ **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 ~~our~~ **the Company's** competitors may possess advantages over ~~us~~ **the Company** in certain markets ~~we~~ **the Company** ~~share~~ **shares**, including with respect to the level of marketing activities, number of stores, store locations, store layouts, operating histories, name recognition, established customer bases, vendor relationships, **distribution network, product availability, employee staffing**, prices and product warranties. Internet-based retailers may possess cost advantages over ~~us~~ **the Company** due to lower overhead costs, time and travel savings and ability to price competitively. In order to compete favorably, ~~we~~ **the Company** may need to increase availability, change inventory assortment, increase delivery speeds, incur higher shipping costs or lower prices, any of which could adversely impact ~~our~~ **the Company's** financial results. Consolidation among ~~our~~ **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 ~~we~~ **the Company** ~~compete~~ **competes**. In addition, ~~our~~ **the Company's** reputation is critical to ~~our~~ **the Company's** continued success. Customers are increasingly shopping, reading reviews and comparing products and prices online. If ~~we~~ **the Company** ~~fail~~ **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 ~~our~~ **the Company's** integrity and reputation, ~~we~~ **the Company** could lose customers **due** to ~~our~~ competition. The products ~~we~~ **the Company** ~~sell~~ **sells** are **both third-party vendor** brands of ~~our~~ **vendors** and ~~our~~ **the Company's** owned brands. If the perceived quality or value of the brands ~~we~~ **the Company** ~~sell~~ **sells** declines in the perception of ~~our~~ **its** customers, ~~our~~ **the Company's** results of operations could be negatively affected. Competition may require ~~us~~ **the Company** to reduce ~~our~~ **its** prices below ~~our~~ **the Company's** normal selling prices or increase ~~our~~ **the Company's** promotional spending, which could lower ~~our~~ **the Company's** revenue and profitability. Competitive disadvantages may also prevent ~~us~~ **the Company** from introducing new product lines, require ~~us~~ **the Company** to discontinue current product offerings, or change some of ~~our~~ **the Company's** current operating strategies. If ~~we~~ **do** ~~the Company does~~ **not** have the resources, expertise and consistent execution, or otherwise fail to develop successful strategies, to address these potential competitive disadvantages, ~~we~~ **the Company** may lose customers and market share, ~~our~~ **the Company's** revenues and profit margins may decline and ~~we~~ **the Company** may be less profitable or potentially unprofitable. ~~Our~~ **The Company's** inventory and ability to meet customer expectations may be adversely impacted by factors out of ~~our~~ **the Company's** control. For the portion of ~~our~~ **the Company's** inventory manufactured and / or sourced outside the United States, geopolitical 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 ~~our~~ **the Company's** control may increase the cost of items ~~we~~ **the Company** ~~purchase~~ **purchases**, **lead to lengthy delays in acquiring products** or create shortages that could have a material adverse effect on ~~our~~ **the Company's** sales and profitability. In addition, unanticipated changes in consumer preferences or any unforeseen hurdles in meeting ~~our~~ **the Company's** customers' needs for automotive products (particularly parts availability) in a timely manner could undermine ~~our~~ **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 ~~our~~ **the Company's** business, financial condition, results of operations and cash flows due to impacts on ~~our~~ **the Company's** suppliers, customers and operating results. ~~Our~~ **The Company's** business depends on developing and maintaining close relationships with ~~our~~ **the Company's** suppliers and on ~~our~~ **the Company's** suppliers' ability and willingness to sell quality products to ~~us~~ **the Company** at favorable prices and terms. Many factors outside ~~our~~ **the Company's** control may harm these relationships and the ability or willingness of these suppliers to sell ~~us~~ **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 ~~our~~ **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 ~~our~~ **the Company's** product requirements. Financial or operational difficulties that some of ~~our~~ **the Company's** suppliers may face could also increase the cost of the products ~~we~~ **the Company** ~~purchase~~ **purchases** from them or ~~our~~ **the Company's** ability to source products from them. ~~We~~ **The Company** might not be able to pass ~~our~~ **its** increased costs ~~onto~~ **on to its** customers. If ~~our~~ **the Company's** suppliers fail to develop new products, ~~we~~ **the Company** may not be able to meet the demands of ~~our~~ **the Company's** customers and ~~our~~ 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 ~~our~~ **the Company's** relationship with certain suppliers, and could lead to less competition and result in higher prices. ~~We~~ **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 or an increase in fuel costs or proposed or additional tariffs may have a negative impact on ~~our~~ **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 ~~our~~ **the Company's** customers, **resulting in fewer parts failures and a reduced need for elective** maintenance. Rising energy prices also directly impact ~~our~~ **the Company's** operating and product costs, including ~~our~~ **the Company's** store, supply chain, professional delivery, utility and product acquisition costs. Risks Related to ~~Our~~ **the Company's** Common Stock and Financial Condition ~~Our~~ **The Company's** level of indebtedness, a downgrade in ~~our~~ **the Company's** credit ratings or a deterioration in global credit markets could limit the cash flow available for operations and could adversely affect ~~our~~ **the Company's** ability to service ~~our~~ **its** debt or obtain additional financing. ~~Our~~ **The Company's** level of indebtedness could restrict ~~our~~ **the Company's** operations and make it more difficult for ~~us~~ **it** to satisfy ~~our~~ **its** debt obligations. For example, ~~our~~ **the Company's** level of indebtedness could, among other things: • affect ~~our~~ **the Company's** liquidity by limiting ~~our~~ **the Company's** ability to obtain additional financing for working capital; • limit ~~our~~ **the Company's**

ability to obtain financing for capital expenditures and acquisitions or make any available financing more costly; • require ~~us the~~ **Company** to dedicate all or a substantial portion of ~~our the Company's~~ cash flow to service ~~our the Company's~~ debt, which would reduce funds available for other business purposes, such as capital expenditures, dividends or acquisitions; • limit ~~our the~~ **Company's** flexibility in planning for or reacting to changes in the markets in which ~~we the Company~~ **compete** ~~competes~~; • place ~~us the~~ **Company** at a competitive disadvantage relative to ~~our the Company's~~ competitors who may have less indebtedness; • render ~~us the~~ **Company** more vulnerable to general adverse economic and industry conditions; and • make it more difficult for ~~us the~~ **Company** to satisfy ~~our the Company's~~ financial obligations. The indentures governing ~~our the~~ **Company's** senior unsecured notes and credit agreement governing ~~our the~~ **Company's** credit facilities contain financial and other restrictive covenants. ~~Our~~ **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 ~~our its~~ debt, including such notes. In addition, ~~our the~~ **Company's** overall credit rating may be negatively impacted by ~~our the Company's~~ performance, deteriorating and uncertain credit markets or other factors that may or may not be within ~~our the Company's~~ control. The interest rates on ~~our the~~ **Company's** revolving credit facility are linked directly to ~~our the Company's~~ credit ratings and the interest rates on future debt ~~we the Company~~ **issue** ~~issues~~ or ~~incur~~ **incurs** likely would be affected by ~~our the Company's~~ credit ratings in effect at the time such debt is issued or incurred. Accordingly, ~~any further~~ negative impact on ~~our the Company's~~ credit ratings **may** ~~would likely~~ result in higher interest rates and interest expense on any borrowings under ~~our the Company's~~ revolving credit facility and less favorable terms on ~~our the Company's~~ other operating and financing arrangements, including additional debt ~~we 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 finance arrangements to ~~our the Company's~~ vendors based on ~~our the Company's~~ credit rating, which could result in increased working capital requirements. **Furthermore, the Company's revolving credit facility contemplates securitization of the facility in the event of further downgrade in credit ratings. Securitization of the Company's assets may make it more difficult for the Company to access financing on favorable terms.** Conditions and events in the global credit market could have a material adverse effect on ~~our the Company's~~ access to short- and long- term borrowings to finance ~~our the Company's~~ operations and the terms and cost of that debt. It is possible that one or more of the banks that provide ~~us the~~ **Company** with financing under ~~our its~~ revolving credit facility may fail to honor the terms of ~~our the~~ **Company's** existing credit 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 ~~our the Company's~~ business, financial condition, results of operations and cash flows. The market price of ~~our the~~ **Company's** common stock may be volatile and could expose us to securities class action litigation. The stock market and the price of ~~our 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 ~~our the Company's~~ common stock to decline. The market price of ~~our the Company's~~ stock may also be affected by ~~our the Company's~~ ability to meet analysts' expectations or financial guidance that ~~we the Company~~ **provide** ~~provides~~ to the investment community. Inability to accurately forecast ~~our the Company's~~ operational and financial performance could increase volatility in ~~our the Company's~~ stock. Failure to meet expectations set by ~~us or the Company~~ ~~our~~ **or its** analysts, even slightly, could have an adverse effect on the price of ~~our 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 ~~our the Company's~~ attention and resources, which could have an adverse effect on ~~our 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 ~~us the~~ **Company** following a period of significant decline in ~~our the Company's~~ stock price (See Item 3. Legal Proceedings of this Annual Report on Form 10- K ). The amount and frequency of ~~our the Company's~~ share repurchases and dividend payments may fluctuate. The amount, timing and execution of ~~our the Company's~~ share repurchase program may fluctuate based on ~~our 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 ~~our the Company's~~ share price could also impact ~~our the Company's~~ share repurchase program and other capital activities. **The Company's revolving credit facility contains restrictions on the Company's ability to increase its dividend to shareholders and generally prohibits open market repurchases of the Company's stock.** Additionally, decisions to return capital to stockholders, including through ~~our the Company's~~ repurchase program or the issuance of dividends on ~~our the Company's~~ common stock, remain subject to determination of ~~our the~~ **Company's** Board of Directors that any such activity is in the best interests of ~~our the Company's~~ stockholders and is in compliance with all applicable laws and contractual obligations. **Item 1B. Unresolved Staff Comments.**