

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 4, 2025

☐ 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

Not Applicable

(Former name, former address and former fiscal year, if changed since last report).

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. ☐

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 October 27, 2025, the number of shares of the registrant’s common stock outstanding was 60,022,245 shares.

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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, restructuring and asset optimization plans, financial objectives, including with respect to the Company’s reorganized debt capital structure, operational plans and objectives, statements about the benefits of the Company’s Worldpac sale and use of proceeds therefrom, statements regarding expectations for economic conditions, future business and financial performance, including with respect to tariffs, 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 and challenges with transforming and growing its business. Please refer to “Item 1A. Risk Factors” of the Company’s most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), as updated by the Company’s subsequent filings with the SEC, 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. FINANCIAL INFORMATION
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Advance Auto Parts, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in millions, except par value amounts) (Unaudited)

Assets	October 4, 2025	December 28, 2024
Current assets:		
Cash and cash equivalents	\$ 3,174	\$ 1,869
Receivables, net	483	544
Inventories, net	3,694	3,612
Other current assets	167	118
Total current assets	7,518	6,143
Property and equipment, net	1,269	1,334
Operating lease right-of-use assets	2,184	2,243
Goodwill	599	598
Other intangible assets, net	401	406
Other assets	88	74
Total assets	\$ 12,059	\$ 10,798
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	3,177	3,408
Accrued expenses	761	784
Other current liabilities	411	473
Total current liabilities	4,349	4,665
Long-term debt	3,411	1,789
Operating lease liabilities	1,850	1,897
Deferred income taxes	166	193
Other long-term liabilities	88	84
Total liabilities	9,864	8,628
Commitments and contingencies (Note 10)		
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 October 4, 2025 and 78 million shares issued and 60 million outstanding at December 28, 2024	1,026	994
Treasury stock, at cost	(2,944)	(2,940)
Accumulated other comprehensive loss	(42)	(47)
Retained earnings	4,155	4,163
Total stockholders' equity	2,195	2,170
Total liabilities and stockholders' equity	\$ 12,059	\$ 10,798

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

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

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Net sales	\$ 2,036	\$ 2,148	\$ 6,628	\$ 7,098
Cost of sales	1,155	1,240	3,764	4,037
Gross profit	881	908	2,864	3,061
Selling, general and administrative expenses, exclusive of restructuring and related expenses	826	895	2,771	2,933
Restructuring and related expenses	33	13	180	21
Selling, general and administrative expenses	859	908	2,951	2,954
Operating (loss) income	22	—	(87)	107
Other, net:				
Interest expense	(40)	(19)	(86)	(62)
Other income, net	16	2	61	12
Total other, net	(24)	(17)	(25)	(50)
(Loss) income before income taxes	(2)	(17)	(112)	57
Income tax (benefit) expense	(1)	8	(150)	34
Net income (loss) from continuing operations	(1)	(25)	38	23
Net income from discontinued operations	—	19	—	56
Net income (loss)	<u>\$ (1)</u>	<u>\$ (6)</u>	<u>\$ 38</u>	<u>\$ 79</u>
Basic earnings (loss) per common share from continuing operations	\$ (0.02)	\$ (0.42)	\$ 0.63	\$ 0.38
Basic earnings per common share from discontinued operations	—	0.32	—	0.95
Basic earnings (loss) per common share	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>	<u>\$ 0.63</u>	<u>\$ 1.33</u>
Basic weighted-average common shares outstanding	60.0	59.7	59.9	59.6
Diluted earnings (loss) per common share from continuing operations	\$ (0.02)	\$ (0.42)	\$ 0.63	\$ 0.38
Diluted earnings per common share from discontinued operations	—	0.32	—	0.94
Diluted earnings (loss) per common share	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>	<u>\$ 0.63</u>	<u>\$ 1.32</u>
Diluted weighted-average common shares outstanding	60.0	59.9	60.5	59.9

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

Condensed Consolidated Statements of Comprehensive Income

(in millions) (Unaudited)

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Net income (loss)	\$ (1)	\$ (6)	\$ 38	\$ 79
Other comprehensive income (loss):				
Currency translation adjustments	(1)	1	5	9
Total other comprehensive income (loss)	(1)	1	5	9
Comprehensive income (loss)	<u>\$ (2)</u>	<u>\$ (5)</u>	<u>\$ 43</u>	<u>\$ 88</u>

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

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

Twelve Weeks Ended October 4, 2025						
	Common Stock and Additional Paid-In- Capital		Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at July 12, 2025	60	\$ 1,016	\$ (2,943)	\$ (41)	\$ 4,171	\$ 2,203
Net loss	—	—	—	—	(1)	(1)
Total other comprehensive loss	—	—	—	(1)	—	(1)
Share-based compensation	—	9	—	—	—	9
Common stock issued under employee benefit plans	—	1	—	—	—	1
Repurchases of common stock	—	—	(1)	—	—	(1)
Dividends declared (\$0.25 per common share)	—	—	—	—	(15)	(15)
Balance at October 4, 2025	<u>60</u>	<u>\$ 1,026</u>	<u>\$ (2,944)</u>	<u>\$ (42)</u>	<u>\$ 4,155</u>	<u>\$ 2,195</u>

Twelve Weeks Ended October 5, 2024						
	Common Stock and Additional Paid-In- Capital		Treasury Stock, at Cost	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at July 13, 2024	60	\$ 976	\$ (2,938)	\$ (44)	\$ 4,613	\$ 2,607
Net loss	—	—	—	—	(6)	(6)
Total other comprehensive income	—	—	—	1	—	1
Share-based compensation	—	11	—	—	—	11
Common stock issued under employee benefit plans	—	1	—	—	—	1
Repurchases of common stock	—	—	(1)	—	—	(1)
Dividends declared (\$0.25 per common share)	—	—	—	—	(15)	(15)
Balance at October 5, 2024	<u>60</u>	<u>\$ 988</u>	<u>\$ (2,939)</u>	<u>\$ (43)</u>	<u>\$ 4,592</u>	<u>\$ 2,598</u>

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

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

Forty Weeks Ended October 4, 2025						
	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 28, 2024	60	\$ 994	\$ (2,940)	\$ (47)	\$ 4,163	\$ 2,170
Net income	—	—	—	—	38	38
Total other comprehensive income	—	—	—	5	—	5
Share-based compensation	—	29	—	—	—	29
Common stock issued under employee benefit plans	—	3	—	—	—	3
Repurchases of common stock	—	—	(4)	—	—	(4)
Dividends declared (\$0.75 per common share)	—	—	—	—	(46)	(46)
Balance at October 4, 2025	<u>60</u>	<u>\$ 1,026</u>	<u>\$ (2,944)</u>	<u>\$ (42)</u>	<u>\$ 4,155</u>	<u>\$ 2,195</u>

Forty Weeks Ended October 5, 2024						
	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 30, 2023	60	\$ 946	\$ (2,933)	\$ (52)	\$ 4,559	\$ 2,520
Net income	—	—	—	—	79	79
Total other comprehensive income	—	—	—	9	—	9
Share-based compensation	—	39	—	—	—	39
Common stock issued under employee benefit plans	—	3	—	—	—	3
Repurchases of common stock	—	—	(6)	—	—	(6)
Dividends declared (\$0.75 per common share)	—	—	—	—	(46)	(46)
Balance at October 5, 2024	<u>60</u>	<u>\$ 988</u>	<u>\$ (2,939)</u>	<u>\$ (43)</u>	<u>\$ 4,592</u>	<u>\$ 2,598</u>

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

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

	Forty Weeks Ended	
	October 4, 2025	October 5, 2024
Cash flows from operating activities:		
Net income	\$ 38	\$ 79
Net income from discontinued operations	—	56
Net income from continuing operations	38	23
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	214	217
Share-based compensation	29	34
Loss (gain) on sale and impairment of long-lived assets, net	23	(14)
Expected future credit losses, net	50	23
Provision for deferred income taxes	(27)	24
Other, net	14	3
Net change in:		
Receivables, net	46	(84)
Inventories, net	(75)	(152)
Operating lease right of use assets	41	(43)
Other assets	(57)	(3)
Accounts payable	(270)	(25)
Accrued expenses	(37)	31
Operating lease liabilities	(108)	47
Other liabilities	1	—
Net cash (used in) provided by operating activities of continuing operations	(118)	81
Net cash provided by operating activities of discontinued operations	—	77
Net cash (used in) provided by operating activities	(118)	158
Cash flows from investing activities:		
Purchases of property and equipment	(159)	(130)
Proceeds from sales of property and equipment	22	14
Net cash used in investing activities of continuing operations	(137)	(116)
Net cash used in investing activities of discontinued operations	—	(8)
Net cash used in investing activities	(137)	(124)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,950	—
Repayment of long-term debt	(300)	—
Debt issuance costs	(42)	—
Dividends paid	(45)	(45)
Proceeds from the issuance of common stock	3	3
Repurchases of common stock	(4)	(6)
Other, net	(3)	(10)
Net cash provided by (used in) financing activities	1,559	(58)
Effect of exchange rate changes on cash	1	12

	Forty Weeks Ended	
	October 4, 2025	October 5, 2024
Net increase (decrease) in cash and cash equivalents	1,305	(12)
Cash and cash equivalents, beginning of period	1,869	503
Cash and cash equivalents, end of period	<u>\$ 3,174</u>	<u>\$ 491</u>
Non-cash transactions of continuing operations:		
Accrued purchases of property and equipment	\$ 23	\$ 9
Transfers of property and equipment from (to) assets related to discontinued operations to (from) continuing operations	—	7
Accrued debt issuance costs	4	—
Summary of cash and cash equivalents:		
Cash and cash equivalents of continuing operations, end of period	3,174	464
Cash and cash equivalents of discontinued operations, end of period	—	27
Cash and cash equivalents, end of period	<u>\$ 3,174</u>	<u>\$ 491</u>

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

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

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 unaudited condensed 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 October 4, 2025, the Company operated a total of 4,297 stores primarily within the United States, with additional locations in Canada, Puerto Rico and the U.S. Virgin Islands. In addition, as of October 4, 2025, the Company served 814 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 fiscal 2025, due to significant restructuring activities, the Company now operates under the single operating segment of “Advance Auto Parts/Carquest”. See Note 11. Segment Reporting and Note 3. Restructuring, of the notes to the condensed consolidated financial statements included herein for additional information on the Company’s segments and restructuring activities.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and unaudited notes to the condensed consolidated financial statements are presented in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), have been condensed or omitted based upon the SEC interim reporting principles.

The accompanying condensed consolidated financial statements, in the opinion of management, reflect all normal recurring adjustments that are necessary to present fairly the results for the interim periods presented. The accounting policies followed in the presentation of these condensed consolidated financial statements are consistent with those followed on an annual basis.

These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for fiscal year 2024 (“2024 Form 10-K”) as filed with the SEC on February 26, 2025. The results of operations for the interim periods are not necessarily indicative of the operating results to be expected for the full year. Consistent with prior years, the Company’s first quarter of the year contained sixteen weeks. The Company’s remaining quarters each consist of twelve weeks, with the exception of the fourth quarter of fiscal 2025 which consists of thirteen weeks.

Change in Presentation

Prior to fiscal 2025, the Company presented its condensed consolidated financial statements and notes to the condensed 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 condensed consolidated statements of cash flows. This change in presentation does not have a material impact on the condensed consolidated financial statements.

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

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 condensed consolidated financial statements. Comparative interim period amounts have been updated to reflect this presentation.

Recently Issued Accounting Pronouncements - Not Yet Adopted

Income Tax Disclosure Improvements

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 is currently evaluating the impact of adopting ASU 2023-09 on the Company's consolidated financial statements and related disclosures and believes that the adoption will result in additional disclosures, but will not have any other impact on its 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 (among other items) the amount of inventory purchases, employee compensation, selling expenses and depreciation and amortization of intangible assets. 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.

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 on the consolidated financial statements and related disclosures.

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

2. Revenues

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

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Percentage of Net Sales:				
Parts and Batteries	65 %	64 %	63 %	63 %
Accessories and Chemicals	20	21	22	22
Engine Maintenance	14	14	14	14
Other	1	1	1	1
Total	100 %	100 %	100 %	100 %

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

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 2025.

Expenses associated with the 2024 Restructuring Plan included: 1) noncash asset impairment and accelerated amortization and depreciation of operating lease Right-of-Use ("ROU") assets and property and equipment, 2) 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 3) 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.

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 assets 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 included certain other items as further detailed in the table below.

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

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

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
2024 Restructuring Plan Expenses:				
Selling, general and administrative expenses:				
Impairment and write-down of long-lived assets	\$ 15	\$ —	\$ 67	\$ —
Severance and other personnel expenses	—	—	15	—
Other location closure related expenses ⁽¹⁾	7	—	63	—
2024 Restructuring Plan Expenses	\$ 22	\$ —	\$ 145	\$ —
Other Restructuring Plan Expenses:				
Cost of sales:				
Distribution network optimization	\$ 4	\$ —	\$ 9	\$ —
Selling, general and administrative expenses:				
Distribution network optimization	6	9	15	14
Impairment and write-down of long-lived assets	3	—	9	—
Worldpac post transaction-related expenses	2	—	7	—
Other restructuring expenses ⁽²⁾	—	4	4	7
Other Restructuring Plan Expenses	\$ 15	\$ 13	\$ 44	\$ 21

⁽¹⁾ Other location closure related activity for the twelve weeks ended October 4, 2025 includes \$2 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan and \$5 million of other related expenses associated with location closures, including the transfer of assets. Other location closure related activity for the forty weeks ended October 4, 2025 includes \$37 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan, \$7 million for reserves on independent loans and \$19 million of other related expenses associated with location closures, including the transfer of assets.

⁽²⁾ Other restructuring expenses primarily consists of severance and other personnel expenses.

The following table shows the change in the restructuring liability in the period, which excludes operating lease liabilities and associated expenses. The restructuring liabilities are classified within accounts payable, accrued liabilities and other current liabilities in the condensed consolidated balance sheets.

	Professional service fees	Severance and other personnel expenses
Balance at December 28, 2024	\$ 23	\$ 14
Restructuring expenses during the period	45	30
Cash payments	(66)	(40)
Balance at October 4, 2025	<u>\$ 2</u>	<u>\$ 4</u>

As of October 4, 2025, the cumulative amount incurred to date for active restructuring plans totaled \$930 million, consisting of write-down of inventory to net realizable value in the fourth quarter of fiscal 2024, lease termination impacts, other exit-related expenses related to ceased use buildings and certain employee termination benefits. The Company estimates that it will incur additional expenses of approximately \$20 million to \$30 million under the active restructuring plans. These expenses primarily relate to lease terminations, professional services, and other exit costs, substantially all of which the Company expects to be incurred by the end of fiscal year 2025, with certain expenses, primarily related to closed store and distribution center leases, expected to continue into fiscal year 2026.

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4. Inventories, net

The Company used the last in, first out (“LIFO”) method of accounting for approximately 92% of inventories as of October 4, 2025 and December 28, 2024, respectively. An actual valuation of inventory under the LIFO method is performed at the end of each fiscal year based on inventory levels and carrying costs at that time. Accordingly, interim LIFO calculations are based on the Company’s estimates of expected inventory levels and costs at the end of the year. The Company’s LIFO debit/(credit) reserve balance was \$(48) million and \$(11) million as of October 4, 2025 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 (benefit) expense recorded to cost of sales related to the change in the LIFO credit reserve for the periods presented was as follows:

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
LIFO credit reserve (benefit) expense	\$ 33	\$ (35)	\$ 37	\$ (69)

The effect of LIFO liquidations for the forty weeks ended October 4, 2025 was a decrease to cost of sales of \$4 million and an increase to net earnings of \$3 million, or (\$0.05) per diluted share. There was no impact from LIFO liquidations for the twelve weeks ended ended October 4, 2025 and for the twelve and forty weeks ended October 5, 2024.

Purchasing and warehousing costs included in inventories as of October 4, 2025 and December 28, 2024 were \$400 million and \$368 million, respectively.

5. Receivables, net

Receivables, net, consisted of the following:

	October 4, 2025	December 28, 2024
Trade	\$ 428	\$ 417
Vendor	133	157
Other	11	28
Total receivables	572	602
Less: allowance for credit losses	(89)	(58)
Receivables, net	\$ 483	\$ 544

The Company regularly reviews accounts receivable, vendor and other balances and maintains allowances for credit losses estimated whenever events or circumstances indicate the carrying value may not be recoverable and updates its estimate of credit losses each reporting period based on new information that becomes available. 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.

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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, within the condensed 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.

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

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

	October 4, 2025	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 of long-term debt and current maturities of long-term debt	3,450	1,800
Less: Unamortized discounts and debt issuance costs	(39)	(11)
Total debt, net	3,411	1,789
Less: Current portion of long-term debt	—	—
Long-term debt, excluding the current portion	\$ 3,411	\$ 1,789

Fair Value of Financial Assets and Liabilities

As of October 4, 2025 and December 28, 2024, the fair value of the Company's long-term debt, which includes the current portion of 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 amounts of the Company's cash and cash equivalents, receivables, net, accounts payable and accrued expenses approximate their fair values 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 (collectively, the "Senior Unsecured Notes") in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"). Interest on the Senior Unsecured Notes is payable in cash on February 1 and August 1 of each year, commencing on February 1, 2026. The 2030 Notes will mature on August 1, 2030, and the 2033 Notes will mature on August 1, 2033. Net proceeds from the issuance of the Senior Unsecured Notes were \$1.9 billion, net of direct transaction and closing costs. The Senior Unsecured Notes are guaranteed by each of the Company's wholly-owned domestic subsidiaries that also guarantee the Company's new asset-based loan revolving credit facility (the "ABL Facility") as further discussed below.

In accordance with the terms of the Indenture governing the Senior Unsecured Notes, the Company may, at its option and on any one or more occasions, redeem some or all of the Senior Unsecured Notes at the redemption prices described in the

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Indenture. In addition, in the event of a Change of Control Triggering Event (as defined in the Indenture), the Company will be required to offer to repurchase the Senior Unsecured Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. The Indenture also contains customary provisions for events of default and certain covenants limiting the ability of the Company and its subsidiaries to incur debt secured by liens and to enter into certain sale and lease-back transactions.

Following the closing of the issuance of the 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 unsecured notes due 2026 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 are subject to customary “springing” control agreements, as defined in the ABL Facility Agreement.

Future Payments

As of October 4, 2025, 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 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 will 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 October 4, 2025 and December 28, 2024, the Company had no outstanding borrowings under its ABL Facility and 2021 Credit Agreements, respectively. As of October 4, 2025 the Company had \$741 million of borrowing availability and \$259 million letters of credit outstanding under the ABL Facility. As of December 28, 2024, the Company had \$1 billion of borrowing availability and no letters of credit outstanding under the 2021 Credit Agreement.

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

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default and financial, affirmative and negative covenants for facilities of this type, including but not limited to a springing financial covenant relating to a fixed charge coverage ratio, 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 October 4, 2025, \$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 will 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 October 4, 2025.

As of October 4, 2025 and December 28, 2024, the Company had \$89 million and \$91 million, respectively, of bilateral letters of credit issued separately from the ABL Facility and 2021 Credit Agreement, respectively, 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 or, prior to the 2024 Restructuring Plan, were customers of the Company totaling \$76 million and \$98 million as of October 4, 2025 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 \$157 million and \$181 million as of October 4, 2025 and December 28, 2024, respectively. The Company continuously assesses the likelihood of performance under these guarantees and believes that performance is remote as of October 4, 2025.

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7. 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.

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

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Operating lease cost	\$ 107	\$ 121	\$ 391	\$ 396
Variable lease cost	34	34	123	120
Total lease cost	<u>\$ 141</u>	<u>\$ 155</u>	<u>\$ 514</u>	<u>\$ 516</u>

During the twelve and forty weeks ended October 4, 2025, the Company recorded \$12 million and \$52 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 condensed consolidated statements of operations. See Note 3. Restructuring, of the notes to the condensed consolidated financial statements included herein.

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

	Forty Weeks Ended	
	October 4, 2025	October 5, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 458	\$ 401
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 284	\$ 387

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 condensed consolidated statement of operations for the forty weeks ended October 5, 2024.

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8. Earnings (loss) per Share

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

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Numerator				
Income (loss) from continuing operations	\$ (1)	\$ (25)	\$ 38	\$ 23
Income from discontinued operations	—	19	—	56
Net income (loss) applicable to common shares	<u>\$ (1)</u>	<u>\$ (6)</u>	<u>\$ 38</u>	<u>\$ 79</u>
Denominator				
Basic weighted-average common shares	60.0	59.7	59.9	59.6
Dilutive impact of share-based awards	—	0.2	0.6	0.3
Diluted weighted-average common shares ⁽¹⁾	<u>60.0</u>	<u>59.9</u>	<u>60.5</u>	<u>59.9</u>
Basic earnings (loss) per common share				
Basic earnings (loss) per common share from continuing operations	\$ (0.02)	\$ (0.42)	\$ 0.63	\$ 0.38
Basic earnings per common share from discontinued operations	—	0.32	—	0.95
Basic earnings (loss) per common share	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>	<u>\$ 0.63</u>	<u>\$ 1.33</u>
Diluted earnings (loss) per common share				
Diluted earnings (loss) per common share from continuing operations	\$ (0.02)	\$ (0.42)	\$ 0.63	\$ 0.38
Diluted earnings per common share from discontinued operations	—	0.32	—	0.94
Diluted earnings (loss) per common share	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>	<u>\$ 0.63</u>	<u>\$ 1.32</u>

⁽¹⁾ For the twelve weeks ended October 4, 2025, the number of shares utilized in the computation of diluted weighted earnings per share from continuing operations is equal to the basic weighted-average common shares as the effect of incremental dilutive shares would be anti-dilutive as a result of incurring a net loss. For the twelve weeks ended October 4, 2025 and October 5, 2024, 1.4 million and 0.6 million, respectively, of restricted stock units ("RSUs") were excluded from the diluted weighted-average common share count calculation as their inclusion would have been anti-dilutive. For the forty weeks ended October 4, 2025 and October 5, 2024, 0.8 million and 0.5 million, respectively, of RSUs were excluded from the diluted calculation as their inclusion would have been anti-dilutive.

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9. 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 does not provide any guarantees to any third-party in connection with these financing arrangements. 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 condensed consolidated balance sheets. As of October 4, 2025, and December 28, 2024, the confirmed obligations outstanding under these supplier finance programs to third-party financial institutions were \$2.7 billion and \$3.2 billion, respectively. As of October 4, 2025, and December 28, 2024, \$16 million and \$0.4 billion, respectively, is excluded from the Company's accounts payable balance on the Company's condensed 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 sale, the Company will provide certain letters of credit to the buyer to support supply chain financing for the buyer. See Note 12. Discontinued Operations, of the notes to the condensed consolidated financial statements included herein.

10. Commitments and Contingencies

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.

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.

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11. Segment Reporting

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, of the notes to the condensed consolidated financial statements 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. As geographic information is not a key component of how the chief operating decision maker ("CODM") reviews performance and allocates resources, such entity-wide information is not disclosed on a quarterly basis.

The Company's 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. Discrete information is not regularly provided to and/or reviewed by the Company's CODM at a lower level than the consolidated level, inclusive of segment asset level detail. 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 regularly provided to the CODM, which represent the difference between segment revenue and segment net income, consisted of the following:

	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Net sales	\$ 2,036	\$ 2,148	\$ 6,628	\$ 7,098
Less:				
Cost of sales	\$ 1,155	\$ 1,240	\$ 3,764	\$ 4,037
Selling, general and administrative expenses ⁽¹⁾	774	843	2,616	2,764
Restructuring and related expenses	33	13	180	21
Depreciation and amortization expense ⁽²⁾	52	52	155	169
Interest expense	40	19	86	62
Other segment items ⁽³⁾	(16)	(2)	(61)	(12)
Income tax (benefit) expense	(1)	8	(150)	34
Net income from continuing operations	\$ (1)	\$ (25)	\$ 38	\$ 23

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

⁽²⁾ The twelve weeks ended October 4, 2025 excluded \$11 million and \$5 million of depreciation and amortization expense included within cost of sales and restructuring, respectively, and \$12 million and \$2 million, respectively, for the twelve weeks ended October 5, 2024. The forty weeks ended October 4, 2025 excluded \$38 million and \$21 million of depreciation and amortization expense included within cost of sales and restructuring, respectively, and \$44 million and \$4 million, respectively, for the forty weeks ended October 5, 2024.

⁽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 condensed consolidated statements of operations.

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12. Discontinued Operations

In fiscal 2024, the Company completed the sale of Worldpac for \$1.5 billion, with customary purchase price adjustments for working capital and other items as well as the provision of letters of credit in an aggregate amount of up to \$200 million for up to 12 months following the closing of the transaction, which letter of credit exposure will reduce to zero no later than 24 months after the closing, to support supply chain financing for the buyer. The transaction closed on November 1, 2024. Net proceeds from the transaction after paying expenses and excluding the impact of taxes were approximately \$1.47 billion. The Company's sale of Worldpac was progress towards changing the landscape of the business with increased focus on the Advance blended-box model. As a result, the Company classified the results of operations and cash flows of Worldpac as discontinued operations in its condensed consolidated statements of operations and condensed consolidated statements of cash flows for prior periods presented. There has been no activity, to-date, related to discontinued operations in fiscal 2025.

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

	Twelve Weeks Ended October 5, 2024	Forty Weeks Ended October 5, 2024
Major classes of line items constituting income of discontinued operations before provision for income taxes:		
Net Sales	\$ 497	\$ 1,636
Cost of sales, including purchasing and warehousing costs	330	1,079
Gross profit	167	557
Selling, general and administrative expenses	138	476
Operating income	29	81
Other, net:		
Other income (expense), net	—	(3)
Total other, net	—	(3)
Income from discontinued operations related to major classes before provision for income taxes	29	78
Income tax expense	10	22
Net income from discontinued operations	\$ 19	\$ 56

13. Income Taxes

The Company's effective tax rate benefit for the forty weeks ended October 4, 2025 was higher than the estimated annual effective tax rate benefit, primarily due to a net discrete tax benefit of \$126 million realized in the first quarter of fiscal 2025 related to certain tax benefits associated with capital loss deductions.

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 twelve and forty weeks ended October 4, 2025 and deferred tax balances as of October 4, 2025.

ITEM 2. 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 audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 28, 2024 (filed with the SEC on February 26, 2025) which the Company refers to as the "2024 Form 10-K", and the Company's unaudited condensed consolidated financial statements and the notes to those statements that appear elsewhere in this report. The results of operations for the interim periods are not necessarily indicative of the operating results to be expected for the full year. Consistent with the previous fiscal year, the Company's first quarter of the year contained sixteen weeks. The Company's remaining quarters each consist of twelve weeks, with the exception of the fourth quarter of fiscal 2025 which consists of thirteen weeks.

Third Quarter Fiscal 2025 Management Overview

The Company's financial results from continuing operations for the third quarter of 2025 includes:

- Net sales during the third quarter of fiscal 2025 were \$2.0 billion, a decrease of 5.2% compared with the third quarter of fiscal 2024. Comparable store sales increased by 3.0%.
- Gross profit margin for the third quarter of 2025 was 43.3% of net sales, an increase of 100 basis points compared with the third quarter of fiscal 2024. Gross profit margin for the third quarter of 2025 was unfavorably impacted by a non-cash charge of \$28 million reflecting expected future credit losses on vendor receivables due from a vendor that filed for Chapter 11 bankruptcy protection in the third quarter of 2025.
- Selling, general and administrative expenses, exclusive of restructuring and related expenses for the third quarter of fiscal 2025 were 40.6% of net sales, a decrease of (110) basis points compared with the third quarter of fiscal 2024.
- The Company generated a diluted loss per share of \$0.02 during the third quarter of fiscal 2025, compared with a diluted loss per share of \$0.42 for the comparable period of 2024.

Business and Risks 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. In the first quarter of fiscal 2025, the Company completed all store location closures under the 2024 Restructuring Plan designed to improve the Company's profitability and growth potential, and streamline its operations. For further information related to restructuring and related activities, see Note 3. Restructuring of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

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, within the condensed 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. The Company currently continues to source products from the vendor, but is not a material supplier of the Company.

In August 2025, the Company completed various financing-related transactions, including 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 March 9, 2026 with the proceeds and direct transaction and closing costs. The Company also terminated its existing 2021 Credit Agreement which has been replaced by a new asset-based loan revolving credit facility (the "ABL Facility"). For further information related to these financing-related transactions, see Note 6. Long-term Debt and Fair Value of Financial Instruments of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 and Part I, Item 2, "Liquidity and Capital Resources" of this Quarterly Report.

During fiscal 2025, new global trade tariffs were announced 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. The ultimate impact of tariffs on the Company's business remains uncertain. See Part II, Item 1A, "Risk Factors" of this Quarterly Report.

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:

- Significant changes in U.S trade policies, including the recently enacted and/or proposed new global trade tariffs
- Inflationary pressures, including logistics and labor
- Global supply chain disruptions
- Cost of fuel
- Changes in the number of miles driven
- Unemployment rates
- Interest rates
- Consumer confidence and purchasing power
- Competition
- Changes in new car sales
- Economic and geopolitical uncertainty
- 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.

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 the forty weeks ended October 4, 2025, 26 stores were opened and 517 were closed, resulting in a total of 4,297 stores as of the end of the third fiscal quarter compared with a total of 4,788 stores as of December 28, 2024. The significant reduction in stores during fiscal 2025 relates to actions taken under the Company's restructuring and related activities. See Note 3. Restructuring, of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

Results of Operations

	Twelve Weeks Ended					Basis
(\$ in millions)	October 4, 2025		October 5, 2024		Change ⁽¹⁾	Points
Net sales	\$ 2,036	100.0 %	\$ 2,148	100.0 %	\$ (112)	—
Cost of sales	1,155	56.7	1,240	57.7	85	(100)
Gross profit	881	43.3	908	42.3	(27)	100
Selling, general and administrative expenses, exclusive of restructuring and related expenses	826	40.6	895	41.7	69	(110)
Restructuring and related expenses	33	1.6	13	0.6	(20)	102
Selling, general and administrative expenses	859	42.2	908	42.3	49	(8)
Operating income	22	1.1	—	—	22	108
Interest expense	(40)	(2.0)	(19)	(0.9)	(21)	(108)
Other income, net	16	0.8	2	0.1	14	69
Income tax (benefit) expense	(1)	—	8	0.4	9	(42)
Net loss	\$ (1)	— %	\$ (25)	(1.2)%	\$ 24	111

	Forty Weeks Ended					Basis Points
(\$ in millions)	October 4, 2025		October 5, 2024		Change ⁽¹⁾	
Net sales	\$ 6,628	100.0 %	\$ 7,098	100.0 %	\$ (470)	—
Cost of sales	3,764	56.8	4,037	56.9	273	(9)
Gross profit	2,864	43.2	3,061	43.1	(197)	9
Selling, general and administrative expenses, exclusive of restructuring and related expenses	2,771	41.8	2,933	41.3	162	49
Restructuring and related expenses	180	2.7	21	0.3	(159)	242
Selling, general and administrative expenses	2,951	44.5	2,954	41.6	3	291
Operating (loss) income	(87)	(1.3)	107	1.5	(194)	(282)
Interest expense	(86)	(1.3)	(62)	(0.9)	(24)	(42)
Other income, net	61	0.9	12	0.2	49	75
Income tax (benefit) expense	(150)	(2.3)	34	0.5	184	(274)
Net income	\$ 38	0.6 %	\$ 23	0.3 %	\$ 15	25

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

Note: Sums may not equal totals due to rounding.

Net Sales

For the twelve weeks ended October 4, 2025, net sales decreased 5.2% and comparable store sales increased 3.0% compared with the twelve weeks ended October 5, 2024. For the forty weeks ended October 4, 2025, net sales declined 6.6% and comparable store sales increased 0.7% compared with the same period in 2024. The decline in net sales for both the twelve and forty weeks ended October 4, 2025 as compared to the prior periods, was due to lower sales as a result of store closures executed under the 2024 Restructuring Plan.

The Company calculates comparable store sales based on the change in store or branch 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. 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 twelve weeks ended October 4, 2025, gross profit was \$881 million, or 43.3% of net sales, compared with \$908 million, or 42.3% of net sales, for the twelve weeks ended October 5, 2024. For the forty weeks ended October 4, 2025 and October 5, 2024, gross profit was \$2,864 million, or 43.2% of net sales, and \$3,061 million, or 43.1% of net sales, respectively. The increase in gross profit as a percentage of net sales compared to both the twelve week and forty week prior comparative periods was due to more favorable product margins, driven by strategic sourcing initiatives and pricing and lower supply chain and other related costs, offset by the \$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. Gross profit as a percentage of net sales for the forty weeks ended October 4, 2025 was also adversely impacted by lower-margin liquidation sales associated with the 2024 Restructuring Plan. Total gross profit dollars decreased as a result of lower net sales stemming from store closures executed under the 2024 Restructuring Plan.

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

For the twelve weeks ended October 4, 2025, selling, general and administrative (SG&A) expenses, exclusive of restructuring and related expenses, were \$826 million, or 40.6% of net sales, compared with \$895 million, or 41.7% of net sales, for the twelve weeks ended October 5, 2024. For the forty weeks ended October 4, 2025, SG&A expenses, exclusive of restructuring and related expenses, were \$2,771 million, or 41.8% of net sales, compared with \$2,933 million, or 41.3% of net sales, for the forty weeks ended October 5, 2024. Overall SG&A expenses decreased in both the twelve week and forty weeks ended October 4, 2025, as compared to prior comparative periods, as a result of store closures executed under the 2024 Restructuring Plan reducing overhead and operating costs. SG&A expenses as a percentage of net sales for the forty weeks ended October 5, 2024, benefited from a net gain on asset sales, see Note 7. Leases, of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1.

Restructuring and Related Expenses

For the twelve weeks ended October 4, 2025, restructuring and related expenses were \$33 million, or 1.6% of net sales, compared to \$13 million, or 0.6% of net sales, in the prior year comparable period. For the forty weeks ended October 4, 2025, restructuring and related expenses were \$180 million, or 2.7% of net sales, compared to \$21 million, or 0.3% of net sales, in the prior year comparable period. The increase in expenses as compared to the same period in fiscal 2024, relates to the Company's 2024 Restructuring Plan which was announced during the fourth quarter of fiscal 2024. The Company estimates that it will incur additional expenses of approximately \$20 million to \$30 million through the remainder of fiscal 2025 related to the active restructuring plans. The expenses for both the twelve and forty weeks ended October 4, 2025, relate to lease terminations, professional services, severance and termination costs and other exit costs. We expect that the Company's 2024 Restructuring Plan will be substantially completed by the end of fiscal 2025 with certain expenses, primarily related to closed store and distribution center leases, expected to continue into fiscal year 2026. See Note 3. Restructuring, of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1.

Interest Expense

For the twelve weeks and the forty weeks ended October 4, 2025, interest expense increased as compared to the same periods in fiscal 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 6. Long-term Debt and Fair Value of Financial Instruments of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 and Part I, Item 2, "Liquidity and Capital Resources" of this Quarterly Report.

Other Income, Net

For the twelve weeks and the forty weeks ended October 4, 2025, other income, net increased as compared to the same periods in fiscal 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 Senior Unsecured Notes with net proceeds of \$1.6 billion,, after the redemption of the Company's 5.90% Senior Notes due March 2026 with the proceeds and direct transaction and closing costs in the third quarter of fiscal 2025. Other income, net also includes income recognized from the transition services ("TSA Services") agreement with Worldpac that commenced in the fourth quarter of fiscal 2024.

Income Tax (Benefit) Expense

For the twelve weeks ended October 4, 2025 the Company's provision for income taxes was negligible. The Company's provision for income taxes for the twelve weeks ended October 5, 2024 was an expense of \$8 million, largely attributable to a \$10 million tax expense related to a book to tax difference in the stock basis of Worldpac Canada as a result of the sale of Worldpac. The Company's provision for income taxes for the forty weeks ended October 4, 2025, was a benefit of \$150 million compared with an expense of \$34 million for the same period in 2024. The decrease in tax expense for the forty weeks ended October 4, 2025 was a result of a net discrete tax benefit in the first quarter of fiscal 2025 of \$126 million related to certain tax benefits associated with capital loss deductions and lower income before taxes.

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act ("OBBBA"). The Company has determined the OBBBA has an immaterial impact to the Company's provision for income taxes and deferred tax balances.

Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures described below to supplement the Company's unaudited condensed consolidated financial statements prepared and presented in accordance with GAAP and to understand and evaluate the Company's core operating performance. These non-GAAP financial measures, which may be different than similarly titled measures used by other companies, are presented as the Company believes that such non-GAAP financial measures provide useful information about the Company's financial performance, enhance the overall understanding of the Company's past performance and future prospects, and allow for greater transparency with respect to important metrics used by the Company's management for financial and operational decision-making. The Company is presenting these non-GAAP metrics to provide investors insight to the information used by the Company's management to evaluate its business and financial performance. The Company believes that these measures provide investors increased comparability of the Company's core financial performance over multiple periods and with other companies in the same industry. The Company may make reference to certain financial measures not derived in accordance with GAAP within Item 2. Management's Discussion and Analysis of Financial Condition

and Results of Operations of this Quarterly Report. The Company's Non-GAAP financial measures reflect results from continuing operations, including Adjusted Net Income (loss), Adjusted Diluted Earnings (loss) Per Share ("Adjusted Diluted EPS"), Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted Sales, General and Administrative expense ("Adjusted SG&A"), Adjusted SG&A Margin, Adjusted Operating Income (loss) and Adjusted Operating Income (loss) Margin, and should not be used as a substitute for GAAP financial measures, or considered in isolation, for the purpose of analyzing the Company's 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 plan, inclusive of the Worldpac divestiture and (2) other significant expenses, 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 also 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 third-party professionals assisting in the development and execution of the strategic initiatives.
- *Impairment and write-down of long-lived assets:* Expenses relating to the impairment of operating lease ROU assets and property and equipment, incremental depreciation as a result of accelerating long-lived assets over a shorter useful life, depreciation of long-lived assets and 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.

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

	Classification	Twelve Weeks Ended		Forty Weeks Ended	
		October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Net income (loss) from continuing operations (GAAP)		\$ (1)	\$ (25)	\$ 38	\$ 23
Cost of sales adjustments:					
Transformation expenses:					
Distribution network optimization	Restructuring	4	—	9	—
Expected future credit loss related to vendor receivables ⁽¹⁾	Non-restructuring	28	—	28	—
Selling, general and administrative adjustments:					
Transformation expenses:					
Restructuring and other related expenses ⁽²⁾	Restructuring	7	4	78	5
Impairment and write-down of long-lived assets ⁽³⁾	Restructuring	18	—	76	—
Distribution network optimization	Restructuring	6	9	15	14
Other expenses:					
Other professional service fees	Non-restructuring ⁽⁶⁾	3	—	12	—
Worldpac post transaction-related expenses	Restructuring	2	—	7	—
Executive turnover	Restructuring	—	—	4	2
Material weakness remediation	Non-restructuring	—	1	1	4
Cybersecurity incident	Non-restructuring	—	2	—	3
Other income adjustments:					
TSA services		(1)	—	(8)	—
Losses on extinguishment of debt		9	—	9	—
Provision for income taxes on adjustments ⁽⁴⁾		(19)	(4)	(58)	(7)
Other tax (benefit) expense adjustments ⁽⁵⁾		—	10	(126)	10
Adjusted net income (loss) (Non-GAAP)		<u>\$ 56</u>	<u>\$ (3)</u>	<u>\$ 85</u>	<u>\$ 54</u>
Diluted earnings (loss) per share from continuing operations (GAAP)		\$ (0.02)	\$ (0.42)	\$ 0.63	\$ 0.38
Adjustments, net of tax		<u>0.94</u>	<u>0.37</u>	<u>0.77</u>	<u>0.52</u>
Adjusted diluted earnings (loss) per share (Non-GAAP) ⁽⁷⁾		<u>\$ 0.92</u>	<u>\$ (0.05)</u>	<u>\$ 1.40</u>	<u>\$ 0.90</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 twelve weeks ended October 4, 2025 includes \$2 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan and \$5 million of other related expenses associated with location closures, including the transfer of assets. Restructuring and other related expenses for the forty weeks ended October 4, 2025 includes \$37 million of nonrecurring services rendered by third-party vendors assisting with the 2024 Restructuring Plan, \$15 million of severance and other labor related costs, \$7 million for reserves on independent loans and \$19 million of other related expenses associated with location closures, including the transfer of assets.

(3) The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$7 million and impairment charges for ROU assets and property and equipment of \$11 million, net of gains on sales, for the twelve weeks ended October 4, 2025. The Company recorded incremental accelerated depreciation and amortization for property and equipment and ROU assets of \$55 million and impairment charges for ROU assets and property and equipment of \$21 million, net of gains on sale, for the forty weeks ended October 4, 2025.

(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 related.

(7) Refer to the reconciliation of diluted weighted-average common shares outstanding (GAAP) to adjusted diluted weighted-average common shares outstanding (Non-GAAP) which is the denominator utilized to calculate adjusted diluted earnings (loss) per share (Non-GAAP). Adjusted diluted weighted-average common shares outstanding (Non-GAAP) includes the dilutive impact of share-based awards as such shares are considered dilutive in consideration of the Company's Non-GAAP earnings for the period.

Reconciliation of Adjusted Diluted Weighted-Average Common Shares Outstanding

(shares in millions)	Twelve Weeks Ended		Forty Weeks Ended	
	October 4, 2025	October 5, 2024	October 4, 2025	October 5, 2024
Diluted Weighted-Average Common Shares Outstanding (GAAP)	60.0	59.9	60.5	59.9
Dilutive impact of share-based awards ⁽¹⁾	0.9	—	—	—
Adjusted Diluted Weighted-Average Common Shares Outstanding (Non-GAAP)	60.9	59.9	60.5	59.9

⁽¹⁾ For the twelve weeks ended October 4, 2025, 0.5 million shares of restricted stock units (“RSUs”) were excluded from the diluted weighted-average common share count calculation as their inclusion would have been anti-dilutive.

Liquidity and Capital Resources

Overview

The Company’s principal sources of liquidity are cash and cash equivalents and borrowing availability under a revolving credit 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 dividend and to pay interest and principle on the Company’s long-term debt when due. The following tables present selected financial information related to the Company’s liquidity (in millions):

	October 4, 2025	December 28, 2024	Change
Cash and cash equivalents	\$ 3,174	\$ 1,869	\$ 1,305

The increase in cash and cash equivalents 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 \$118 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, \$137 million used for purchases of property and equipment, net of proceeds from sales, and the payment of \$45 million in dividends.

In addition to cash and cash equivalents presented above, as of October 4, 2025, the Company also maintained access to \$741 million in undrawn capacity through the Company’s \$1.0 billion asset-based revolving credit facility (the “ABL Facility”). As of October 4, 2025 approximately \$2.3 billion was designated as Qualified Cash as defined in the ABL Facility.

The Company believes that its cash and cash equivalents and sources of liquidity will satisfy its working and other capital requirements for at least the next 12 months and thereafter for the foreseeable future.

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 condensed consolidated statements of operations and condensed 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):

<i>(in millions)</i>	Forty Weeks Ended	
	October 4, 2025	October 5, 2024
Net cash (used in) provided by operating activities of continuing operations	\$ (118)	\$ 81
Net cash provided by operating activities of discontinued operations	—	77
Net cash used in investing activities of continuing operations	(137)	(116)
Net cash used in investing activities of discontinued operations	—	(8)
Net cash provided by (used in) financing activities	1,559	(58)
Effect of exchange rate changes on cash	1	12
Net increase (decrease) in cash and cash equivalents	<u>\$ 1,305</u>	<u>\$ (12)</u>

Operating Activities

For the forty weeks ended October 4, 2025, cash used in operating activities changed unfavorably by \$199 million compared with the same period of prior year. The decrease as compared to the comparative period was due to changes in net working capital, inclusive of cash payments made in the period related to the Company's 2024 Restructuring Plan.

Investing Activities

For the forty weeks ended October 4, 2025, cash flows used in investing activities increased by \$21 million compared with the forty weeks ended October 5, 2024, with higher spend on property and equipment in the current period, partially offset by higher proceeds from the sale of property and equipment.

Financing Activities

For the forty weeks ended October 4, 2025, cash flows provided by financing activities was \$1,559 million, an increase of \$1,617 million as compared with the forty weeks ended October 5, 2024. The increase in cash generated from financing activities was 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.

The Company's Board of Directors has declared a cash dividend every quarter 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 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 was designed to improve the Company's profitability and growth potential and streamline its operations. In fiscal 2023, the Company also announced a strategic and operational plan to streamline 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. The Company estimates that it will incur additional expenses of approximately \$20 million to \$30 million through the remainder of fiscal 2025, of which approximately \$10 million to \$20 million is expected to be cash expenses, primarily composed of lease terminations and other exit expenses and professional services, by the end of fiscal year 2025 with certain expenses, primarily related to closed store and distribution center leases, expected to continue into fiscal year 2026. For further information, see Note 3. Restructuring, of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

Long-Term Debt

As of October 4, 2025 and December 28, 2024, the Company had outstanding long-term debt totaling \$3.4 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 "Senior Unsecured Notes") in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"). Interest on the Senior Unsecured Notes is payable in cash on February 1 and August 1 of each year, commencing on February 1, 2026. The 2030 Notes will mature on August 1, 2030, and the 2033 Notes will mature on August 1, 2033. Net proceeds from the issuance of the Senior Unsecured Notes were approximately \$1.9 billion, net of direct transaction and closing costs. The Senior Unsecured Notes are guaranteed by each of the Company's wholly-owned domestic subsidiaries that also guarantee the ABL Facility.

In accordance with the terms of the Indenture governing the Senior Unsecured Notes, the Company may, at its option and on any one or more occasions, redeem some or all of the Senior Unsecured Notes at the redemption prices described in the Indenture. In addition, in the event of a Change of Control Triggering Event (as defined in the Indenture), the Company will be required to offer to repurchase the Senior Unsecured Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date. The Indenture also contains customary provisions for events of default and certain covenants limiting the ability of the Company and its subsidiaries to incur debt secured by liens and to enter into certain sale and lease-back transactions.

Following the closing of the issuance of the 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 of October 4, 2025, approximately \$2.3 billion of cash and cash equivalents, was designated as qualified cash and are subject to customary "springing" control agreements, as described in the ABL Facility Agreement.

For further details, see Note 6. Long-term Debt and Fair Value of Financial Instruments of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

Credit Facilities

On August 12, 2025, the Company's \$1 billion revolving credit facility (the "2021 Credit Agreement") was terminated and replaced by 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 will 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.

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 relating to a fixed charge coverage ratio, 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 ABL Facility. 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 will become restricted in the event of default or a breach of such covenants.

As of October 4, 2025, the Company had no outstanding borrowings, \$741 million of borrowing availability and \$259 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 October 4, 2025.

As of October 4, 2025 and December 28, 2024, the Company also had \$89 million and \$91 million, respectively, of bilateral letters of credit issued separately from the ABL Facility and 2021 Credit Agreement, respectively, 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.

For further details, see Note 6. Long-term Debt and Fair Value of Financial Instruments of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1., respectively.

Additional Capital Requirements

Expected working and other capital requirements, including Contractual and Off-Balance Sheet Obligations are described in the Company's 2024 Annual Report on Form 10-K in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." As of October 4, 2025, other than for the changes disclosed in the "Notes to Condensed Consolidated Financial Statements", and "Liquidity and Capital Resources" in this Quarterly Report, there have been no other material changes to the Company's expected working and other capital requirements described in the Company's 2024 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rates on all of the Company's long-term debt, inclusive of the August 2025 Senior Unsecured Notes, are fixed and not subject to interest rate risk. The Company's new ABL Facility may be exposed to interest rate risk as interest on 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, however, as of October 4, 2025, 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 and interest rate risk. 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 new 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 \$32 million based on our balance of cash and cash equivalents as of October 4, 2025.

There have been no other significant changes in the Company's exposure to market risk since December 28, 2024. See "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in the Company's 2024 Form 10-K.

ITEM 4. 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.

Management evaluated, with the participation of the Company's principal executive officer and principal financial officer, the effectiveness of the Company's disclosure controls and procedures as of October 4, 2025. Based on this evaluation, the principal executive officer and the 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.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the third quarter ended October 4, 2025, 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.

PART II. OTHER INFORMATION

None.

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain legal proceedings is provided in this Quarterly Report. See Note 10. Commitments and Contingencies, of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1.

ITEM 1A. RISK FACTORS

The Company's future business, operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 28, 2024, which could 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. Except for the risk factor set forth below, there have been no material changes to the Company's risk factors since the 2024 Form 10-K.

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 announced 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. In response, several countries have 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.

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 governing our indebtedness contain certain financial and other 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.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth the information with respect to repurchases of the Company's common stock for the quarter ended October 4, 2025:

	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 13, 2025 to August 9, 2025	87	\$ 48.21	—	\$ 947
August 10, 2025 to September 6, 2025	5,038	\$ 60.32	—	\$ 947
September 7, 2025 to October 4, 2025	11,511	\$ 60.12	—	\$ 947
Total	<u>16,636</u>	<u>\$ 60.12</u>	<u>—</u>	

⁽¹⁾ 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 \$1 million, or an average price of \$60.12 per share, during the third quarter of 2025.

Dividend Restrictions

The ABL Facility has certain restrictions that may limit the Company’s ability to increase the amount of the Company’s cash dividends above its current levels. See “Liquidity and Capital Resources” within Part II, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 5. OTHER INFORMATION

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

EXHIBIT INDEX		Incorporated by Reference			Filed
Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date	Herewith
3.1	Fifth Amendment to Restated Certificate of Incorporation, effective August 9, 2024.	10-Q	3.2	8/22/2024	
3.2	Amended and Restated Bylaws of Advance Auto Parts, Inc., effective August 8, 2023.	10-Q	3.1	8/18/2020	
22.1	List of the Issuer and its Guarantor Subsidiaries.				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	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104.1	Cover Page Interactive Data file (Embedded within the Inline XBRL Documents and Included in Exhibit).				X

SIGNATURE

Pursuant to the requirements 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.

ADVANCE AUTO PARTS, INC.

Date: October 30, 2025

/s/ Ryan P. Grimsland
Ryan P. Grimsland
Executive Vice President, Chief Financial Officer

List of the Issuer and its Guarantor Subsidiaries

As of October 4, 2025, the following subsidiaries of Advance Auto Parts, Inc. (the "Issuer") guarantee the 1.75% senior unsecured notes due October 1, 2027 (the "2027 Notes"), 5.95% senior unsecured notes due March 9, 2028 (the "2028 Notes"), the 3.90% senior unsecured notes due April 15, 2030 (the "3.90% 2030 Notes"), the 7.000% senior unsecured notes due August 1, 2030 (the "7.000% 2030 Notes"), the 3.50% senior unsecured notes due March 15, 2032 (the "2032 Notes") and the 7.375% senior unsecured notes due August 1, 2033 (the "2033 Notes") (collectively, the "Senior Unsecured Notes") each issued by the Issuer:

Entity	Jurisdiction of Incorporation or Organization	2027 Notes	2028 Notes	3.90% 2030 Notes	7.000% 2030 Notes	2032 Notes	2033 Notes
Advance Auto Parts, Inc.	Delaware	Issuer	Issuer	Issuer	Issuer	Issuer	Issuer
AAP Financial Services, Inc.	Virginia	Guarantor	Guarantor	Guarantor	N/A	Guarantor	N/A
Advance Auto Business Support, LLC	Virginia	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Advance Stores Company, Incorporated	Virginia	N/A	N/A	N/A	Guarantor	N/A	Guarantor
B.W.P. Distributors, Inc.	New York	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Carquest Canada Ltd. Carquest Canada Ltée	Ontario	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Carquest Canada Holdings Inc. Gestion Carquest Canada Inc.	Ontario	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Discount Auto Parts, LLC	Virginia	N/A	N/A	N/A	Guarantor	N/A	Guarantor
E-Advance, LLC	Virginia	N/A	N/A	N/A	Guarantor	N/A	Guarantor
General Parts Distribution LLC	North Carolina	N/A	N/A	N/A	Guarantor	N/A	Guarantor
General Parts International, LLC	North Carolina	N/A	N/A	N/A	Guarantor	N/A	Guarantor
General Parts, Inc.	North Carolina	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Golden State Supply LLC	Nevada	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Straus-Frank Enterprises, LLC	Texas	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Western Auto Supply Company	Delaware	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Western Auto of Puerto Rico, Inc.	Delaware	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Western Auto of St. Thomas, Inc.	Delaware	N/A	N/A	N/A	Guarantor	N/A	Guarantor
Worldwide Auto Parts, Inc.	California	N/A	N/A	N/A	Guarantor	N/A	Guarantor

**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 quarterly report on Form 10-Q 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 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 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: October 30, 2025

/s/ Shane M. O'Kelly

Shane M. O'Kelly

President and Chief Executive Officer

**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 quarterly report on Form 10-Q 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 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 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: October 30, 2025

/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 Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and 18 U.S.C. Section 1350, that, to my knowledge, the Quarterly Report on Form 10-Q of Advance Auto Parts, Inc. for the quarterly period ended October 4, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Report fairly presents in all material respects the financial condition and results of operations of the Company. The foregoing certification is being furnished to the Securities and Exchange Commission as part of the accompanying Report.

Date: October 30, 2025

/s/ Shane M. O'Kelly

Shane M. O'Kelly

President and Chief Executive Officer

I, Ryan P. Grimsland, certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and 18 U.S.C. Section 1350, that, to my knowledge, the Quarterly Report on Form 10-Q of Advance Auto Parts, Inc. for the quarterly period ended October 4, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that the information contained in such Report fairly presents in all material respects the financial condition and results of operations of the Company. The foregoing certification is being furnished to the Securities and Exchange Commission as part of the accompanying Report.

Date: October 30, 2025

/s/ Ryan P. Grimsland

Ryan P. Grimsland

Executive Vice President, Chief Financial Officer