



2021 Investor Presentation

Disclaimer

This presentation contains “forward-looking” statements, within the meaning of the federal securities laws, that are based on our management’s belief’s and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed future results of operations, expected growth and business strategies, key operating metrics, financing plans, competitive position, industry environment, potential product offerings, potential market and growth opportunities and the anticipated outcome of any litigation.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. These statements do not guarantee future performance and speak only as of the date hereof and qualify for the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933. We refer all of you to the disclosures contained in the CarParts.com, Inc Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, including the risk factors set forth therein, for more detailed discussion on the factors that can cause actual results to differ materially from those projected in any forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. We have provided a reconciliation of those measures to the most directly comparable GAAP measures in this presentation, where applicable, as well as in the appendix to this presentation. We have not included a reconciliation of Adjusted EBITDA guidance to projected net income (loss) due to the high variability and difficulty in making accurate long-term forecasts and projections of our net operating loss carryforwards, which have a significant impact on future net income (loss). As a result, we are unable to quantify projected net income without unreasonable efforts.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other data about the Company’s industry and estimated total addressable market. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither the Company nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk. All third-party trademarks, including names, logos and brands, referenced by the Company in this presentation are property of their respective owners. All references to third-party trademarks are for identification purposes only and shall be considered nominative fair use under trademark law.

This presentation also includes certain preliminary unaudited financial and operating results of the Company for the year ended January 2, 2021. These preliminary results represent the Company's estimates, which are based only on currently available information and do not present all necessary information for an understanding of the Company's financial condition as of January 2, 2021 or results of operations for the year ended January 2, 2021. Undue reliance should not be placed on these preliminary estimates.



01 BACKGROUND

02 INDUSTRY LANDSCAPE

03 THE CARPARTS.COM SOLUTION

04 FINANCIALS & GROWTH



Background

THE AUTO PARTS INDUSTRY IS EXPANDING

Cars are **Lasting Longer** & **Driving Further**

\$314B

total addressable market

280M

cars on the road

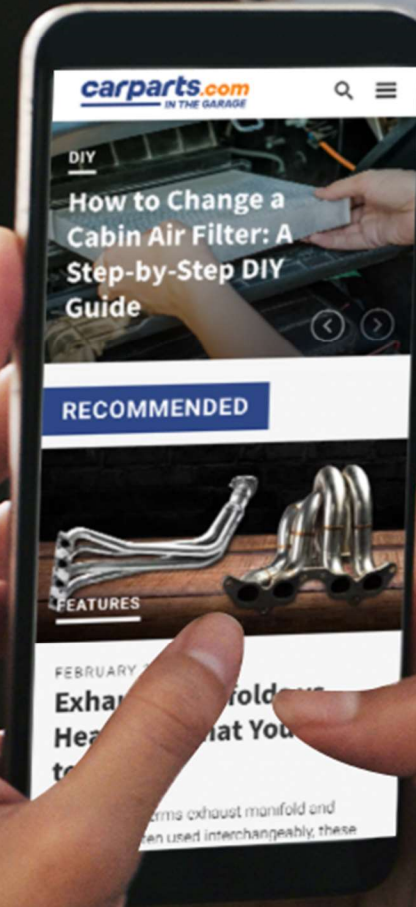
11.9^{yrs}

avg. age of cars on road

WE ARE ALIGNING TO THESE DEMANDS

MISSION

Changing the way
people repair their
cars, and **getting them
back on the road**



Investment Highlights

Large TAM with very low online penetration

Auto parts industry overdue for disruption

Proprietary shoppable catalog

Improved customer experience with guaranteed fit

2-step distribution model

Lower prices than competitors by cutting out the middlemen

Curated experience

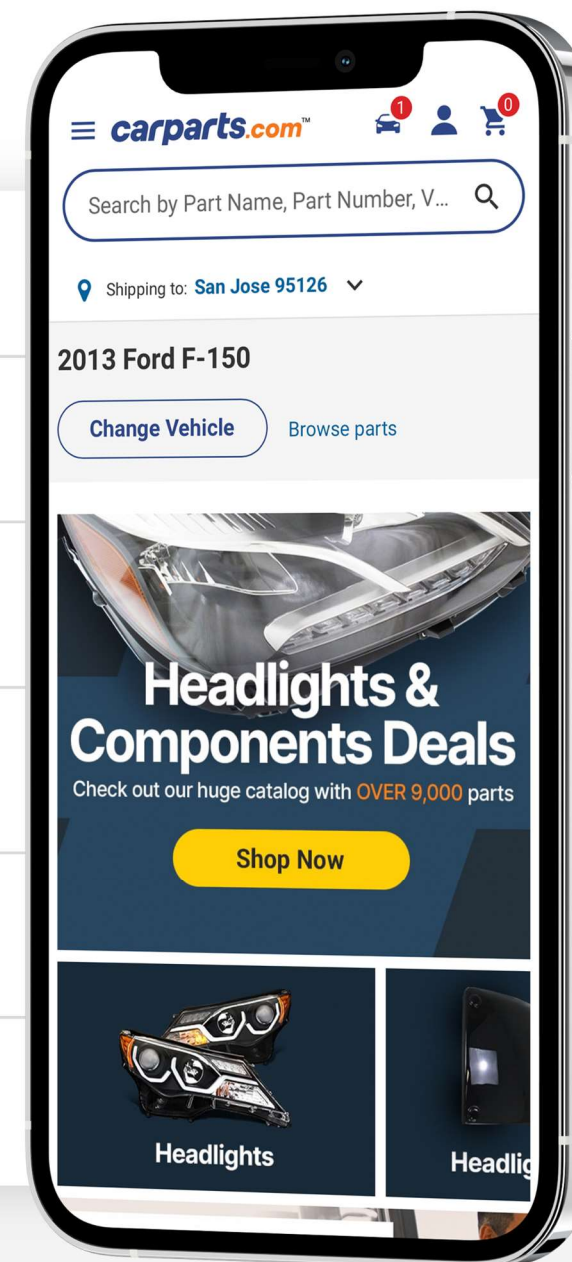
Reducing the paradox of choice for consumers

Strong unit economics

Profitable after COGS, CAC, and fulfillment

Early innings

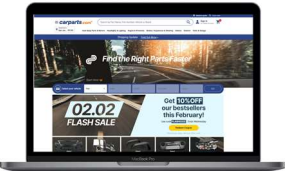
Continued growth expected via market penetration and adjacent services



Significant Milestones



Founded
U.S. Auto Parts¹
Umbrella company to more than a dozen brands



Launched
First eCommerce site



IPO
NASDAQ: PRTS

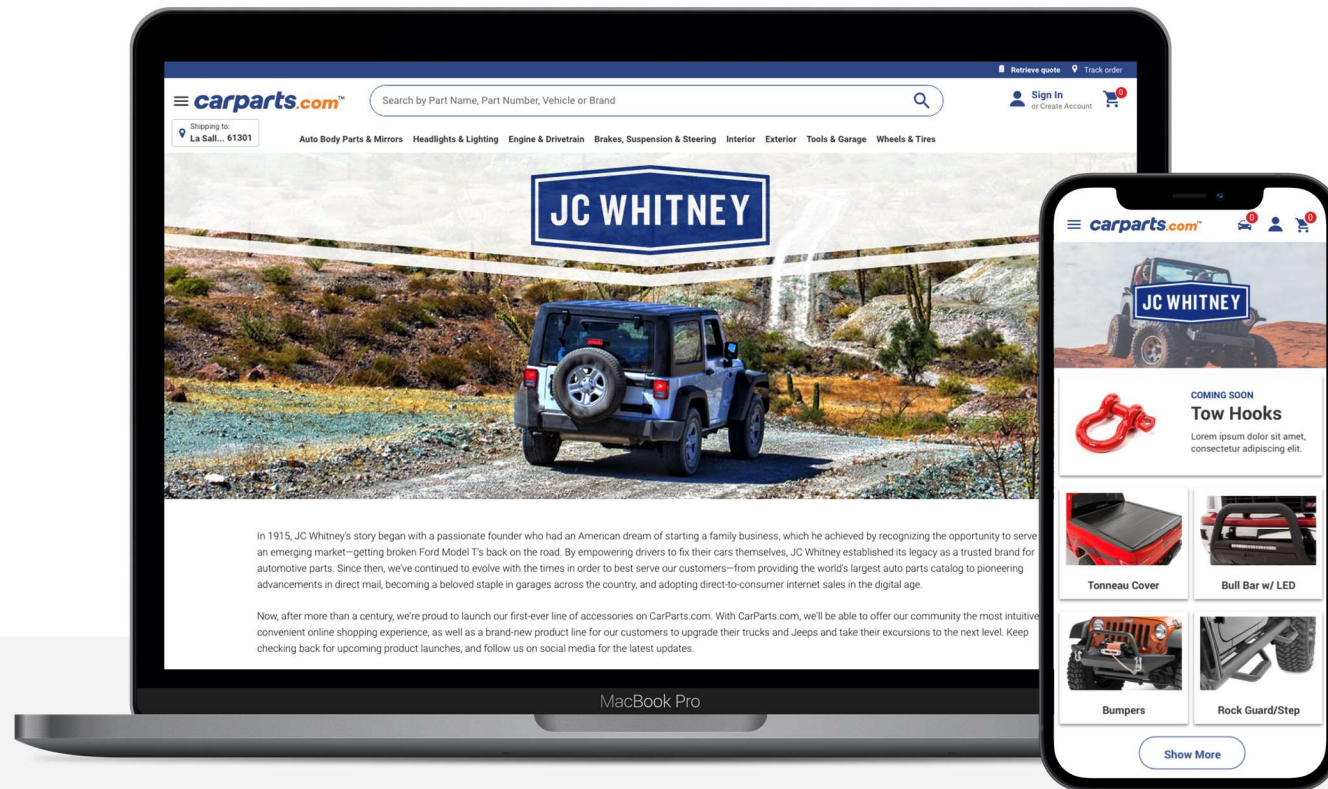


Acquired
JC Whitney
Including their parts catalog, warehouse, etc.

New CEO
Lev Peker
Management team refresh with new vision

1. Name changed to CarParts.com, Inc in 2020

Major Transformation in the Last 24 Months



2019-PRESENT



New executive team with industry veterans and technical experts



Formed marketing, data science, technology, and inventory forecasting teams



Doubled distribution center footprint to nearly 1 million sq ft



Consolidated 17 websites into 1 flagship site and renamed company



Overhauled our website with a new mobile friendly and personalized user experience



Paid off all outstanding debt and trade letters of credit

Trusted & Experienced Team



Lev Peker
CHIEF EXECUTIVE OFFICER



David Meniane
CHIEF OPERATING OFFICER
& CHIEF FINANCIAL OFFICER



Sanjiv Gomes
CHIEF TECHNOLOGY OFFICER



Houman Akhavan
CHIEF MARKETING OFFICER



Dave Morris
CHIEF MERCHANDISING OFFICER



Ryan Lockwood
SENIOR VICE PRESIDENT, FINANCE



David Kear
VICE PRESIDENT, WAREHOUSE OPERATIONS

OUR CULTURE

OPERATIONAL EXCELLENCE

FINANCIAL DISCIPLINE

EXTREME OWNERSHIP



Stable, Growing & Profitable



\$444M

revenue



\$76M

liquidity ¹



35%

gross profit margin



58%

YoY revenue
growth



100M

visits in 2020



>30%

revenue from
return customers ²

THE FASTEST GROWING RETAILER IN THE INDUSTRY³



Industry Landscape

THE AUTO PARTS INDUSTRY IS One of the **Last** Industries to be Disrupted by eCommerce

ECOMMERCE PENETRATION

22%

overall eCommerce online penetration ¹

<5%

auto parts industry online penetration ²



Do-It-Yourself (DIY) Customers

- Work on their own car
- Strained by the paradox of choice.
Will it fit? Is this the best price & quality?
- Hope that parts are exactly what they need
- More price sensitive

Do-It-For-Me (DIFM) Customers

- Professional mechanic installs parts
- Trusts the mechanic to pick the part
- Less brand sensitive
- Less price sensitive

CUSTOMER NEEDS



**GUARANTEED
FIT**



**HIGH-QUALITY
PARTS**




**FAST
SOLUTIONS**



**COMPETITIVE
PRICING**

A Clear Competitive Advantage

	Pricing	Shipping	Distribution	Quality Guarantee	Customer Service	Tailored for Auto Industry
	Competitive	Fast & reliable	Integrated supply chain	✓	500 agents, live chat, email, phone	✓
Dropship	Unpredictable	Unpredictable	Third party distributors	✗	No help choosing correct parts	✓
Marketplaces	Haggle/bid for pricing	Slow & unpredictable shipping	Third party distributors	✗	No help choosing correct parts	✗
Brick-and-Mortar	Very high due to overhead & channel conflict	Buy online, pick up in-store focus	Retail	✓	Good in-store customer service	✓

2-Step Distribution Advantage



carparts.com 1. For illustrative purposes only, markup varies

Real World Price Advantage

- Less steps
- Less markups
- Lower price

Traditional B&M

The image shows three smartphones displaying the carparts.com website. The left phone shows a product listing for a headlight assembly with a price of \$283.99. The middle phone shows a TYC Headlight Assembly with a price of \$294.99. The right phone shows a replacement headlight assembly with a price of \$134.99, highlighting a savings of \$429.91 (76%) from a list price of \$564.90.

Accelerated **Shifts in Consumer Behavior**

Customers are
**prioritizing
convenience &
price transparency**

Customers are
expecting
**personalized
digital experiences**

An industry shift
from **offline
to online**

Shift to **DIY &
increase in
personal mobility**

CarParts.com
provides a **digital,
convenient way
to buy car parts**





The CarParts.com Solution



The Best of Everything With No Paradox of Choice

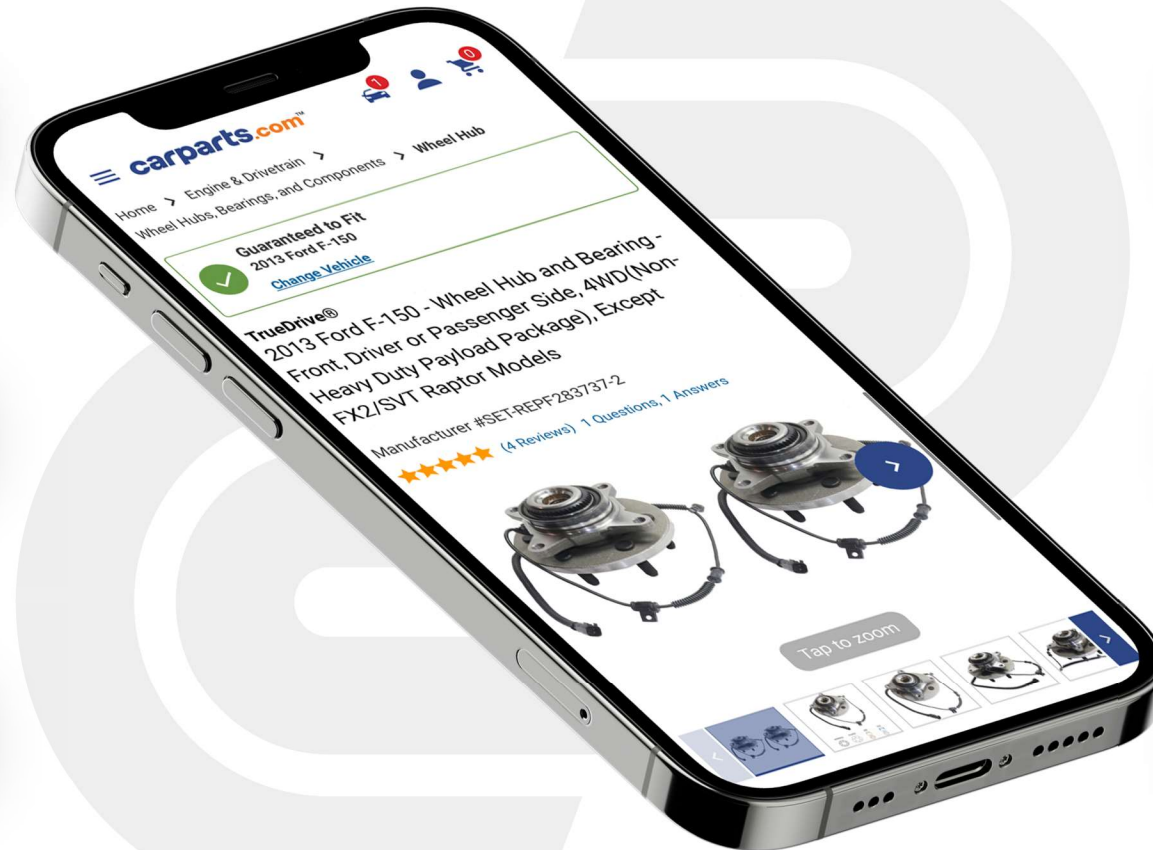
**Guaranteed fit
& low price**



**Fast
shipping**



**Company-
owned brands**



**Curated
selection**



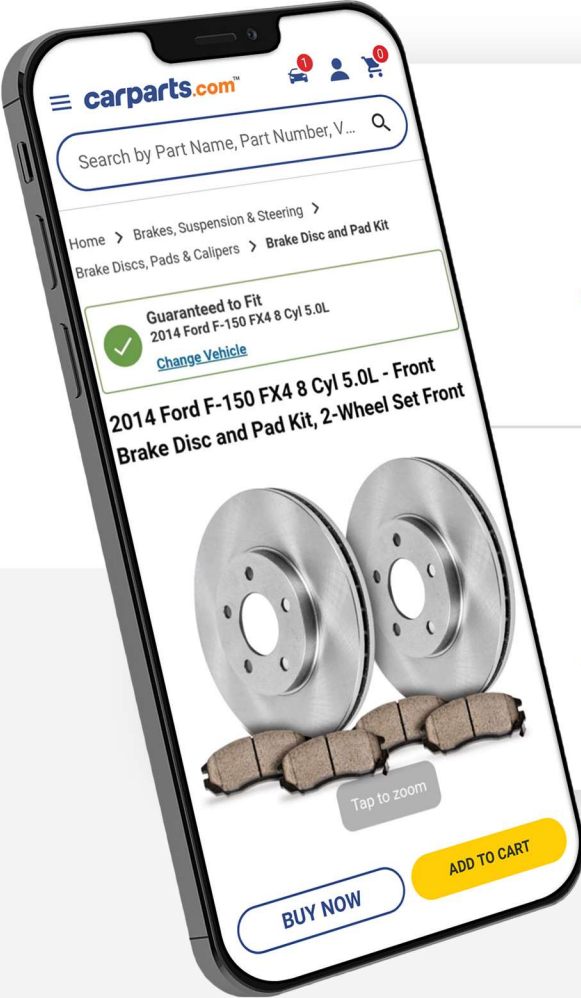
**Ultra fast website
(mobile optimized)**



**2-step distribution
(factory to car)**



CarParts.com Core Competencies



**Marketing
& Data Science**

**Technology
Stack**

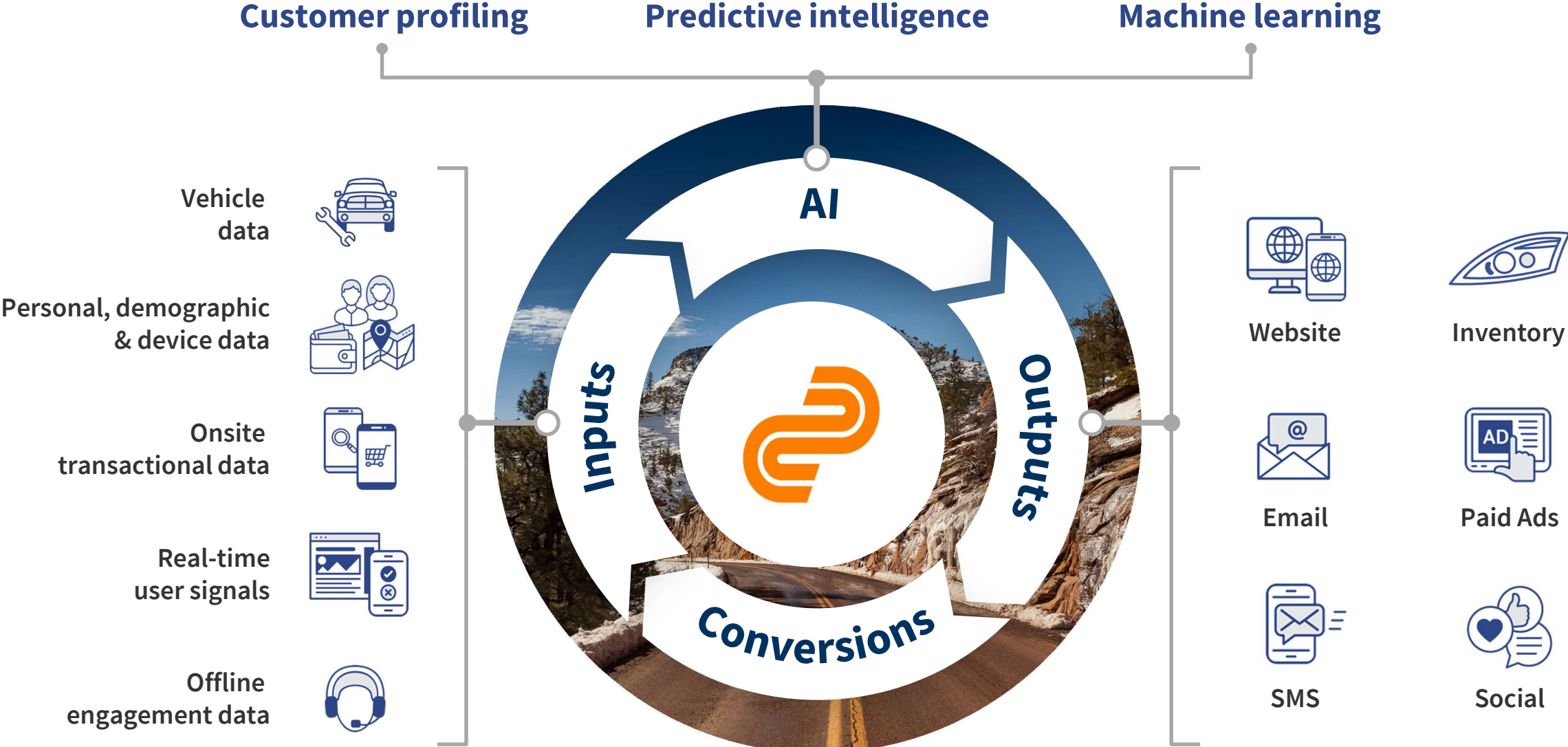
**Proprietary
Catalog**

**Integrated
Supply Chain**

**Customer
Service Team**

**Customer
Experience**

Marketing & Data Science



Custom-Built Technology Stack

- Order management system
- Vending logic optimization

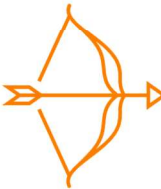
Manager

- Assortment
- Geographic demand

Inventory Forecasting

- Warehouse management
- Resource scheduling

HighJump



LongBow

- Proprietary catalog
- 2 Million man-hours



GAIA

- Container consolidation
- Inbound logistics

Machine Learning

- Labor planning
- Dynamic pricing
- Freight optimization

Data Lake

- Multi-source database
- Real-time analytics



Proprietary Catalog



Replacement Parts



Headlights

Tail lights

Side mirrors

Bumpers

Hard Parts



Brake discs & pads

Wheel hubs

Shocks & struts

Control arms

Performance & Accessories



Tonneau cover

Off-road bumper

Fender flare

Receiver hitch

ASSORTMENT BASED ON FAILURE RATES AND VEHICLES IN OPERATION

Our House Brands



Est. 2021

**Brakes
& Rotors**



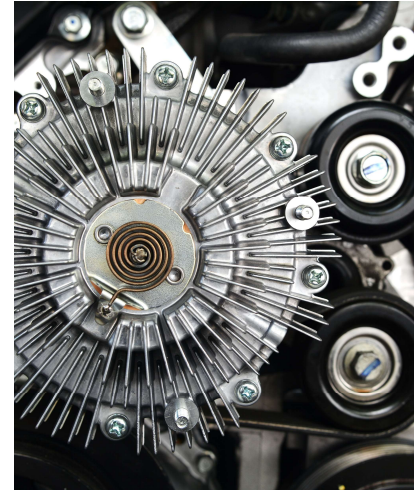
Est. 2020

**Suspension
& Ride Control**



Est. 2020

**Automotive
Electronics**



Est. 2020

**Pumps,
Compressors, &
Mechanical Parts**



Est. 2009

Mirrors



Est. 1915

**Performance
& Accessories**

Integrated Supply Chain

COMPANY-OPERATED DISTRIBUTION NETWORK



1,600+
global employees

~1M
warehouse square footage

5
distribution centers

NETWORK OPTIMIZED
for multi-order shipments in one consolidated package

DATA ANALYTICS
to reduce shipping costs

BOX ON DEMAND
to make a box the exact size of the part being shipped

OPTIMIZATION
ability to pick, pack, and ship odd-shaped / bulky / oversized items and sheet metals

First Class Customer Service

OVER 500 TEAM MEMBERS



for agent knowledge & communication¹

113%

increase to customer
service employee team



17s

chat response time



8s

sales phone response time



2.7hr

email response time



19s

service phone response time

CRM INVESTMENTS TO CREATE BETTER CUSTOMER ENGAGEMENT

Delivering Superior Customer Experience



overall rating

261,735

reviews

“

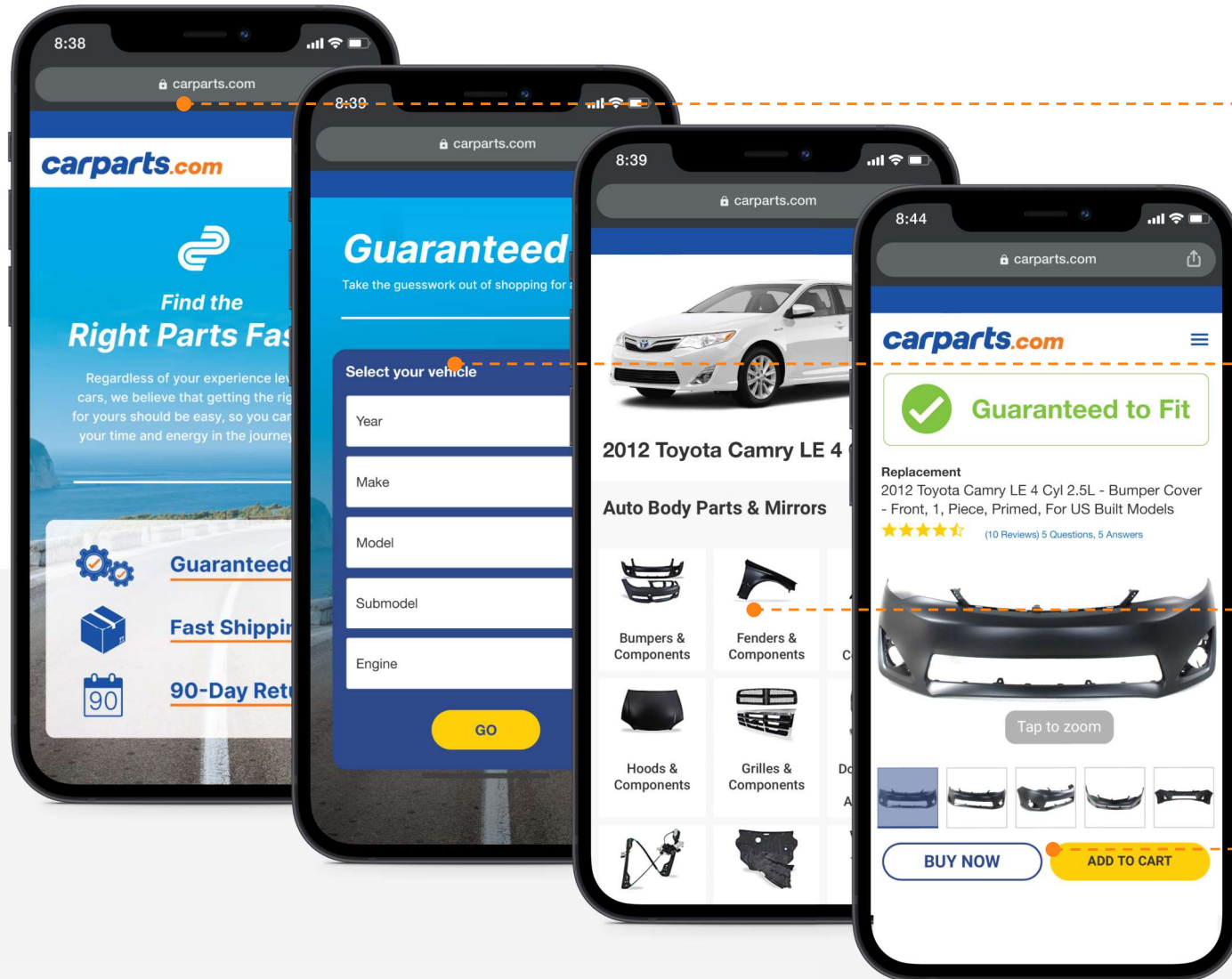
All I had to do was type in what vehicle I have, and I **found the part I was looking for in less than 30 seconds...**

“

I was looking for a part for my car and **could only find it on CarParts.com**. It only took about 2 minutes to complete the order...



Simple & Seamless Online Experience



Solving the customer's problem from any device

Intuitive platform with over 800,000+ SKUs available online

Value propositions that count

Quality, speed, convenience and competitive pricing

Real-time personalized experience

Removing the paradox of choice by providing a proprietary and highly curated catalog

Seamless transaction

Get the parts, tools and resources you need without leaving your device

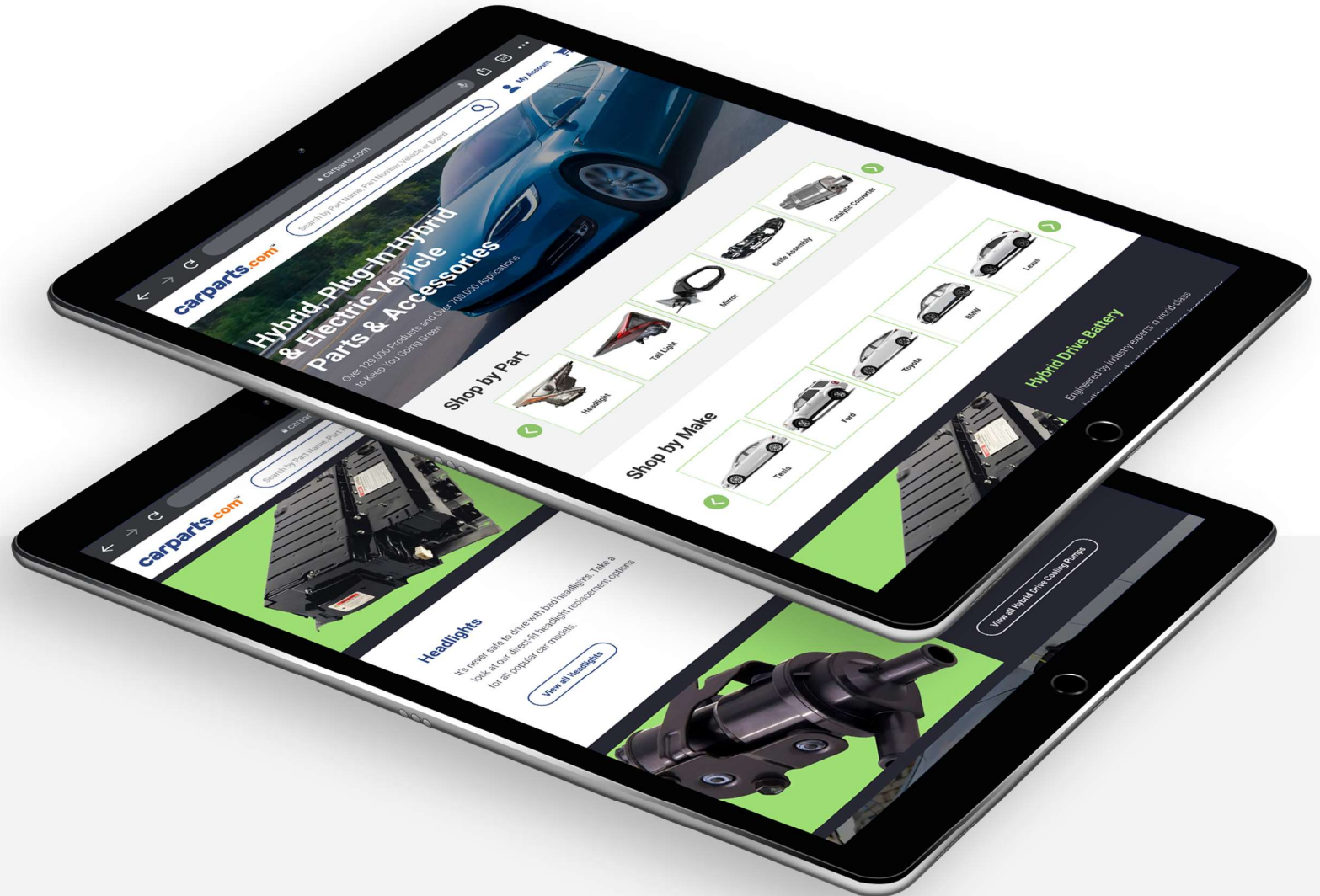


Financials & Growth

The Shift to EV Today

>90%

of our current sales
are agnostic to the
powertrain

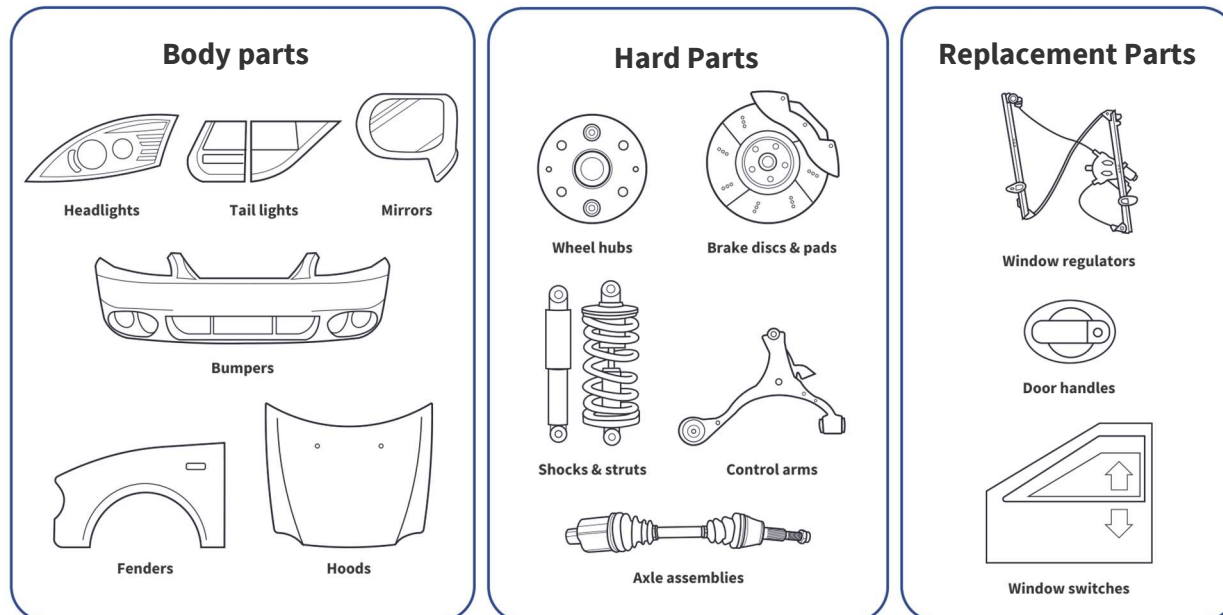


Electric **vs.** Gas-Powered Vehicles

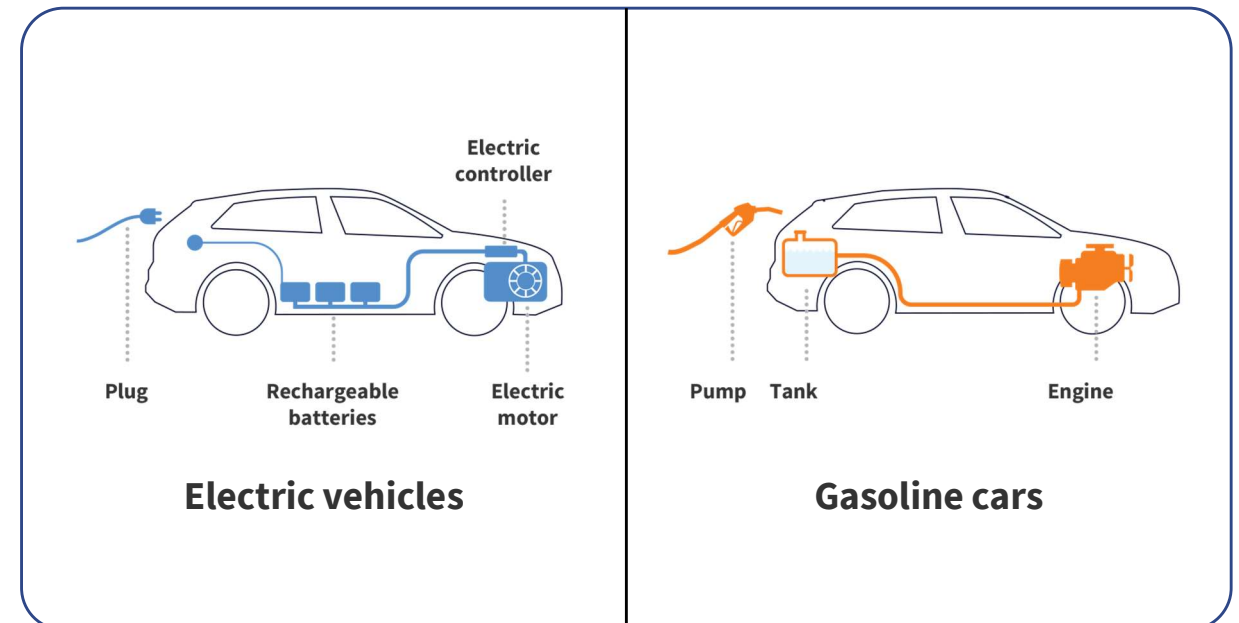
NOT AS DIFFERENT AS YOU MIGHT THINK



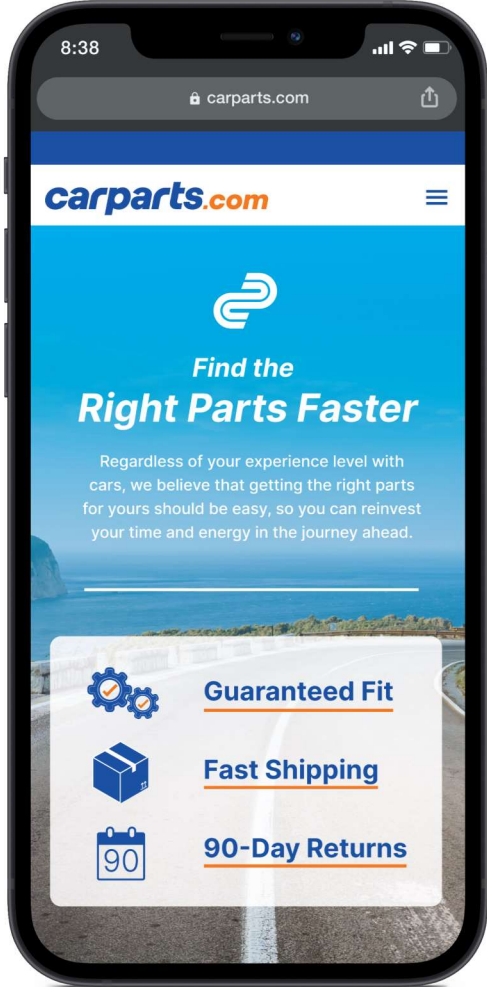
Similarities



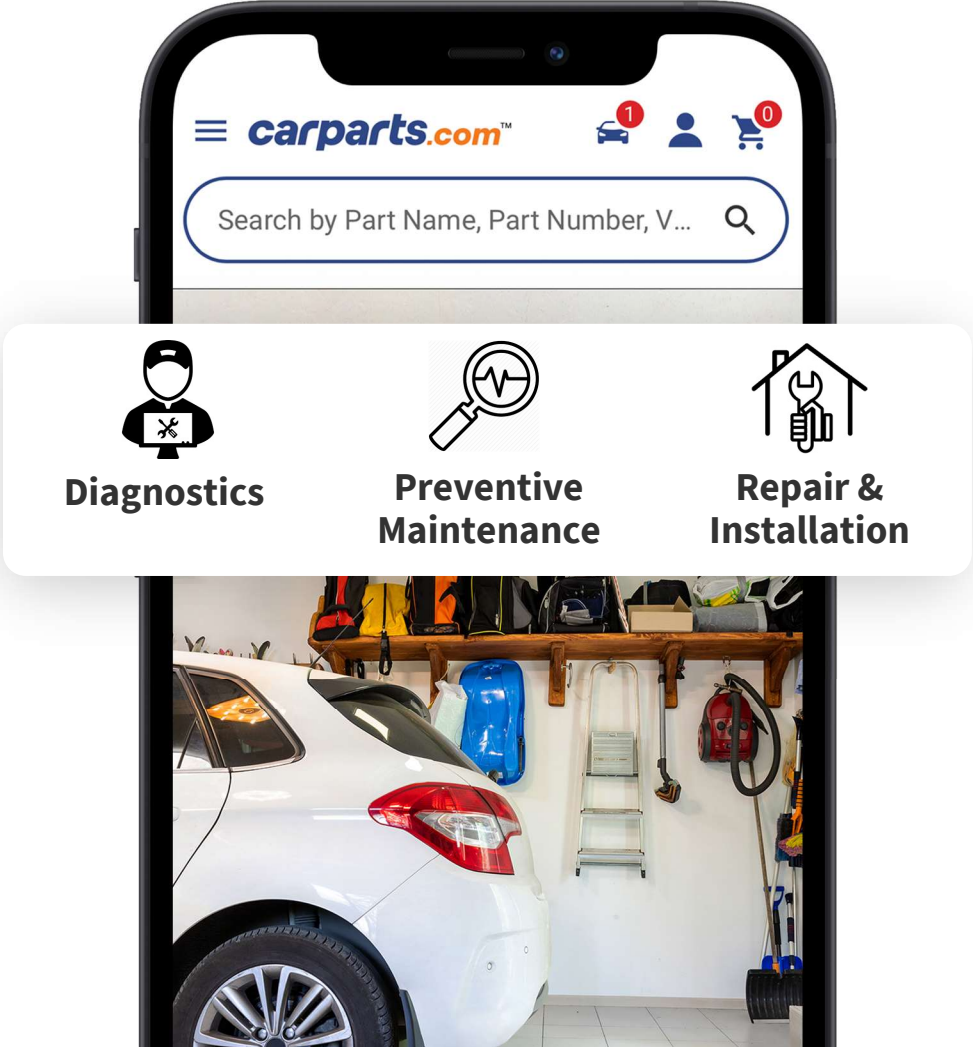
Differences



TODAY



TOMORROW



Stable Balance Sheet

\$36M

cash

\$89M

inventory

\$40M

asset-based
lending availability¹

\$0

revolver debt



Long Term Financial Targets

	2019	2020	Long Term Target	Source
Gross Margin After Freight	30.0%	35%	36 - 37%	Product mix, channel mix, closer to customer
Marketing & Customer Service ¹	14.8%	15 - 17%	13 - 15%	Retention marketing, direct to site, brand awareness
Other Operating Expenses ²	13.7%	15 - 16%	12 - 13%	Operating leverage, efficiencies, scale in headcount
Adjusted EBITDA Margin	1.6%	3.6%	8 - 10%	Above combined



IR@CARPARTS.COM

CARPARTS.COM/INVESTOR



Appendix

Consolidated Income Statement

(Unaudited, in Thousands, Except Per Share Data)

	Fiscal Year Ended	
	January 2, 2021	December 28, 2019
Net sales	\$ 443,884	\$ 280,657
Cost of sales ⁽¹⁾	288,518	196,434
Gross profit	155,366	84,223
Operating expense	155,071	92,473
Income (loss) from operations	295	(8,250)
Other income (expense):		
Other, net	213	36
Interest expense	(1,714)	(1,897)
Total other expense, net	(1,501)	(1,861)
Loss before income taxes	(1,206)	(10,111)
Income tax provision	307	21,437
Net loss	(1,513)	(31,548)
Other comprehensive (loss) gain:		
Foreign currency translation adjustments	(86)	(52)
Actuarial loss on defined benefit plan	(400)	(313)
Unrealized gain on deferred compensation trust assets	57	—
Total other comprehensive loss	(429)	(365)
Comprehensive loss	\$ (1,942)	\$ (31,913)
Net loss per share:		
Basic and diluted net loss per share	\$ (0.04)	\$ (0.89)
Weighted-average common shares outstanding:		
Shares used in computation of basis and diluted net loss per share	42,333	35,720

(1) Excludes depreciation and amortization expense which is included in operating expense.

Consolidated Balance Sheets

(Unaudited, In Thousands, Except Par and Liquidation Value)

	January 2, 2021	December 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,802	\$ 2,273
Accounts receivable, net	6,318	2,669
Inventory	89,316	52,500
Other current assets	7,939	4,931
Total current assets	139,375	62,373
Property and equipment, net	14,742	9,650
Right-of-use - assets - operating leases, net	17,507	4,544
Right-of-use - assets - finance leases, net	12,457	9,011
Other non-current assets	2,892	2,368
Total assets	\$ 186,973	\$ 87,946
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 45,302	\$ 44,433
Accrued expenses	18,190	9,519
Customer deposits	630	652
Notes payable, current	—	729
Right-of-use - obligation - operating, current	2,527	1,368
Right-of-use - obligation - finance, current	1,583	640
Other current liabilities	3,747	2,605
Total current liabilities	71,979	59,946
Notes payable, non-current	—	1,060
Right-of-use - obligation - operating, non-current	16,046	3,419
Right-of-use - obligation - finance, non-current	11,428	8,627
Other non-current liabilities	4,031	2,514
Total liabilities	103,484	75,566
Commitments and contingencies		
Stockholders' equity:		
Series A convertible preferred stock, \$0.001 par value; \$1.45 per share liquidation value or aggregate of \$6,017; 4,150 shares authorized; 0 and 2,771 shares issued and outstanding as of January 2, 2021 and December 28, 2019	0	3
Common stock, \$0.001 par value; 100,000 shares authorized; 48,091 and 36,167 shares issued and outstanding as of January 2, 2021 and December 28, 2019 (of which 2,525 are treasury stock)	51	38
Treasury stock	(7,146)	(7,146)
Additional paid-in capital	260,260	187,147
Accumulated other comprehensive (loss) income	(215)	214
Accumulated deficit	(169,461)	(167,876)
Total stockholders' equity	83,489	12,380
Total liabilities and stockholders' equity	\$ 186,973	\$ 87,946

Adjusted EBITDA Reconciliation

The table below reconciles net loss to Adjusted EBITDA for the periods presented (in thousands):

	Fourteen Weeks Ended	Thirteen Weeks Ended	Fifty-Three Weeks Ended	Fifty-Two Weeks Ended
	January 2, 2021	December 28, 2019	January 2, 2021	December 28, 2019
Net loss	(3,488)	(25,086)	(1,513)	(31,548)
Depreciation & amortization	2,359	1,681	7,657	6,252
Amortization of intangible assets	27	25	102	100
Interest expense, net	241	487	1,694	1,897
Taxes	108	22,455	307	21,437
EBITDA	<u>\$ (753)</u>	<u>\$ (438)</u>	<u>\$ 8,247</u>	<u>\$ (1,862)</u>
Stock comp expense	1,787	1,701	7,778	3,656
Employee transition costs ⁽¹⁾	—	384	—	2,274
Customs costs ⁽²⁾	—	46	—	464
Adjusted EBITDA	<u>\$ 1,034</u>	<u>\$ 1,693</u>	<u>\$ 16,025</u>	<u>\$ 4,532</u>

(1) We incurred costs related to the transition of executive management related to severance, recruiting, hiring bonuses, and relocation costs.

(2) We incurred port and carrier fees and legal costs associated with our customs related issues.