

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 8, 2021**



**CARPARTS.COM, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

**001-33264**

**68-0623433**

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification Number)

**2050 W. 190th Street, Suite 400  
Torrance, CA**

(Address of principal executive offices)

**90504**

(Zip Code)

Registrant's telephone number, including area code: **(424) 702-1455**

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	PRTS	The NASDAQ Stock Market LLC (NASDAQ Global Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

**Item 7.01. Regulation FD Disclosure**

A copy of an investor presentation for the 2020 fiscal year is being furnished as Exhibit 99.1. The presentation will also be made available on the investor relations section of the Company's website at [www.carparts.com/investor](http://www.carparts.com/investor).

The information in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise stated in such filing.

**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits:**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
<a href="#"><u>99.1</u></a>	2020 Fiscal Year Investor Presentation.

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## SIGNATURES

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.

**CarParts.com, Inc.**

Date: March 8, 2021

By: /s/ David Meniane

Name: David Meniane

Title: Chief Financial Officer and Chief Operating Officer

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# 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<sup>yrs</sup>**

avg. age of cars on road

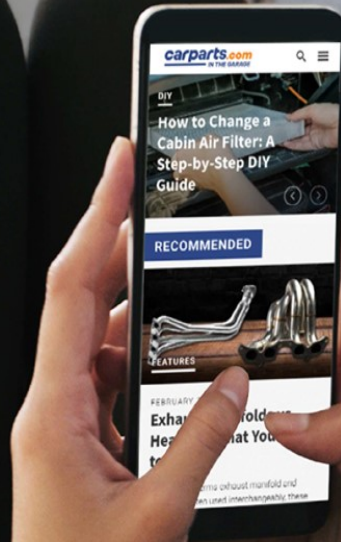
**WE ARE ALIGNING TO THESE DEMANDS**

carparts.com Source: 2021 AutoCare Association Factbook



## 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

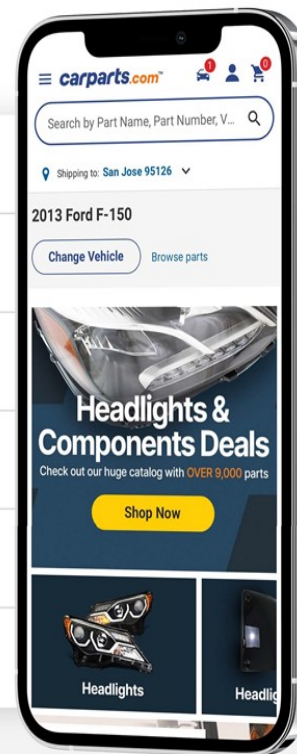
Reducing the paradox of choice for consumers

## Strong unit economics

Profitable after COGS, CAC, and fulfillment

## Early innings

Continued growth expected via market penetration and adjacent services



# Significant Milestones



**New CEO**  
Lev Peker  
Management team  
refresh with new vision

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

**IPO**  
NASDAQ: PRTS

**Launched**  
First eCommerce site



**Founded**  
U.S. Auto Parts<sup>1</sup>  
Umbrella company to more  
than a dozen brands

1995

2000

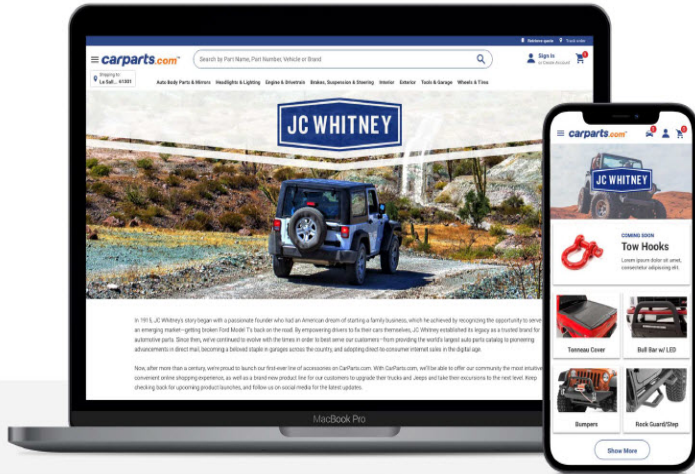
2007

2010

2019

1. Name changed to CarParts.com, Inc in 2020 8

# 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 <sup>1</sup>



**35%**

gross profit margin



**58%**

YoY revenue  
growth



**100M**

visits in 2020



**>30%**

revenue from  
return customers <sup>2</sup>

**THE FASTEST GROWING RETAILER IN THE INDUSTRY<sup>3</sup>**

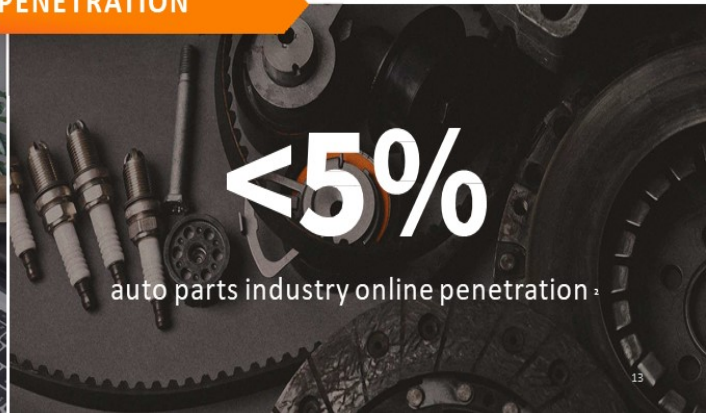


# Industry Landscape

THE AUTO PARTS INDUSTRY IS

# One of the **Last** Industries to be Disrupted by eCommerce

ECOMMERCE PENETRATION







INDUSTRY LANDSCAPE



## 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**

**carparts.com**



**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



Manufacturer  
to CarParts.com



+40% Cost \$100

CarParts.com  
to customer



+50% Price \$150

Other  
companies<sup>1</sup>

Manufacturer  
to brand



+40% Cost \$100

Brand  
to distributor



+50% Cost \$150

Distributor  
to retailer



+25% Cost \$188

Retailer  
to customer



+50% Price \$281

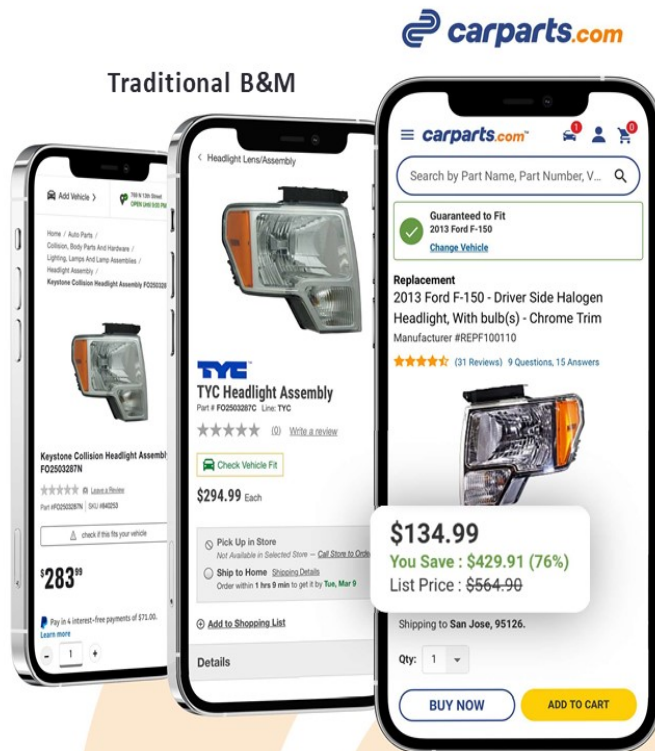
# Real World Price Advantage

Less steps

Less markups

Lower price

Traditional B&M





## Accelerated **Shifts in Consumer Behavior**





# The CarParts.com Solution

# The Best of Everything With No Paradox of Choice

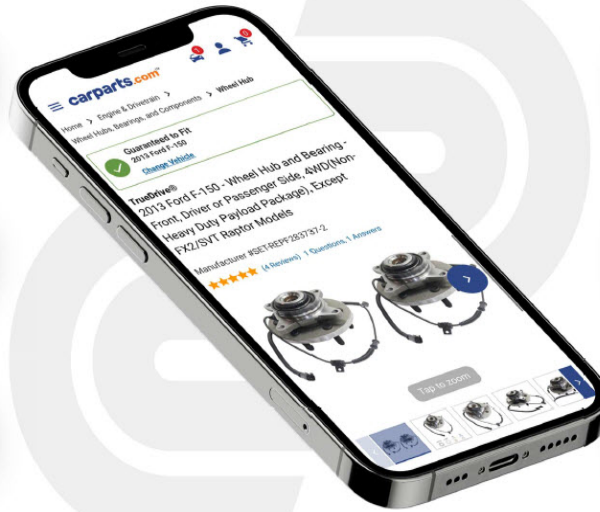
**Guaranteed fit  
& low price**



**Fast  
shipping**



**Company-  
owned brands**



**Curated  
selection**

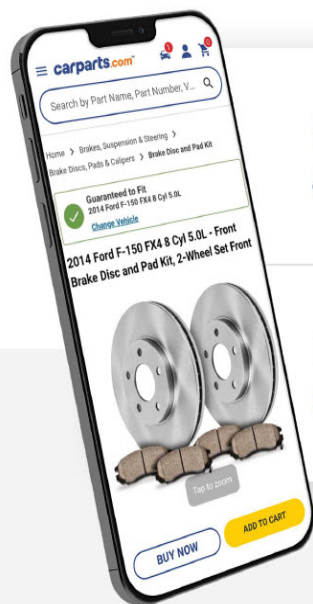


**Ultra fast website  
(mobile optimized)**



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

# CarParts.com Core Competencies



**Marketing  
& Data Science**

**Technology  
Stack**

**Proprietary  
Catalog**

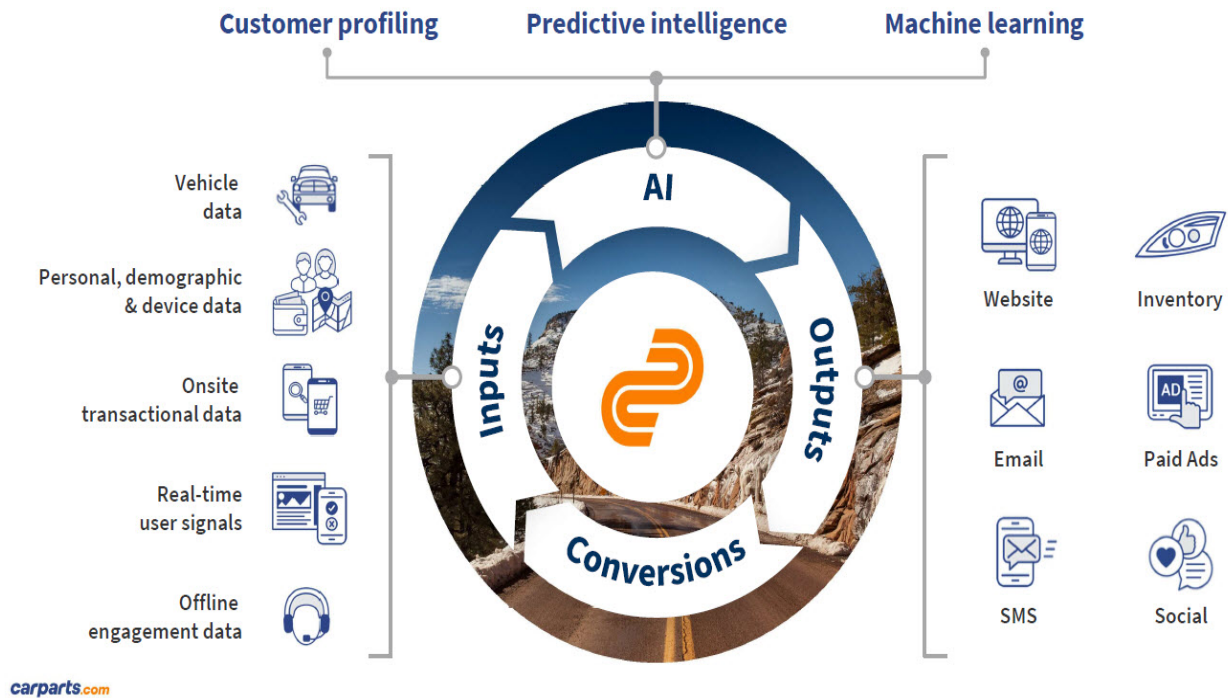
**Integrated  
Supply Chain**

**Customer  
Service Team**

**Customer  
Experience**



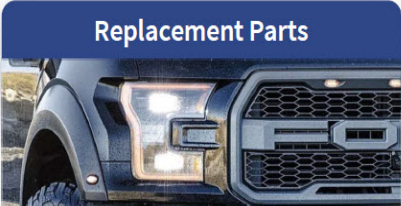
# Marketing & Data Science



# Custom-Built Technology Stack



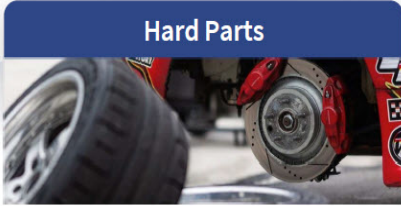
# Proprietary Catalog



## Replacement Parts

Headlights  
Side mirrors

Tail lights  
Bumpers



## Hard Parts

Brake discs & pads  
Shocks & struts

Wheel hubs  
Control arms



## Performance & Accessories

Tonneau cover  
Fender flare

Off-road bumper  
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**



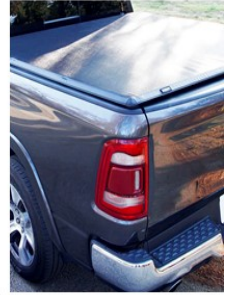
Est. 2020

**Pumps,  
Compressors, &  
Mechanical Parts**



Est. 2009

**Mirrors**

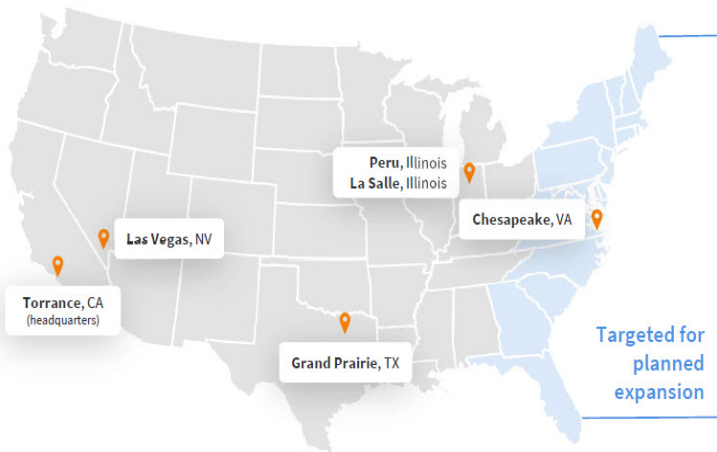


Est. 1915

**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 & communication<sup>1</sup>

## 113%

increase to customer  
service employee team



### 17s

chat response time



### 2.7hr

email response time



### 8s

sales phone 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...**

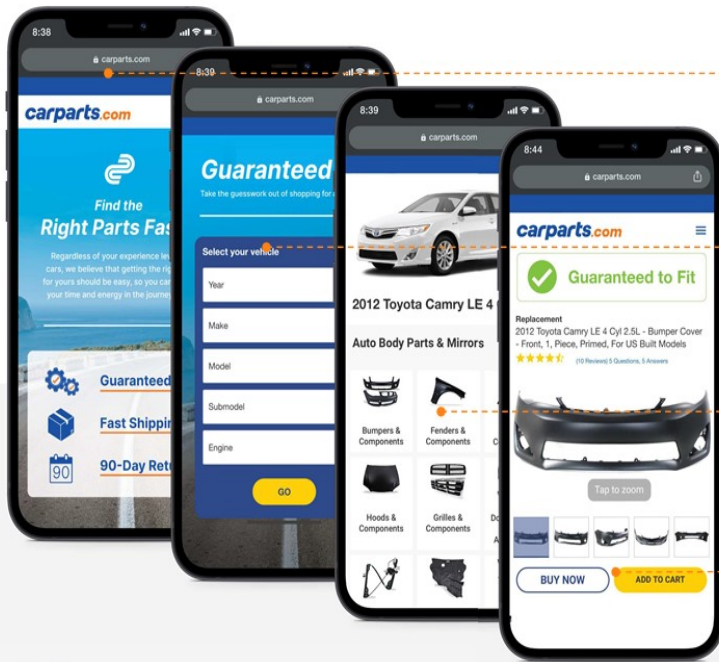
“

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...

carparts.com Source: Bizrate.com as of 03/06/21



# 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

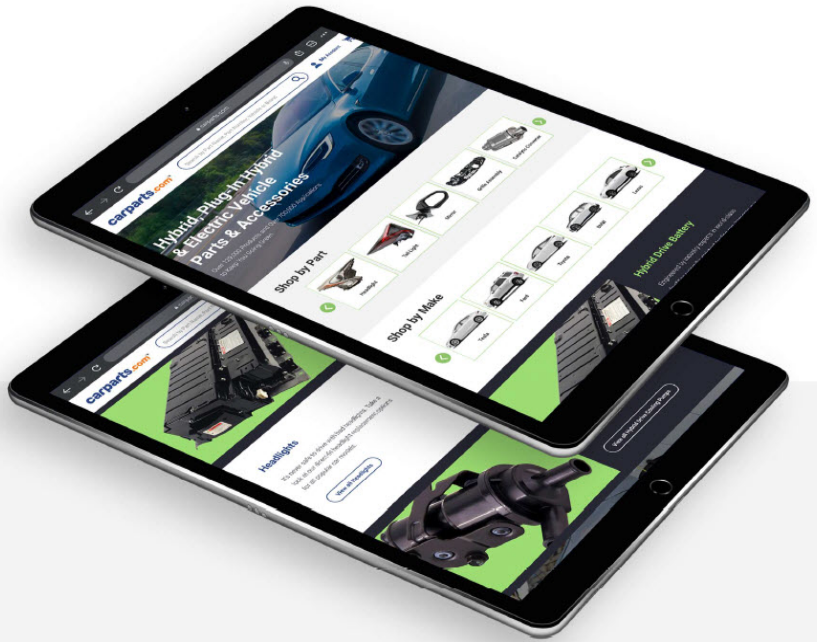


# Financials & Growth

# The Shift to EV Today

**>90%**

of our current sales  
are agnostic to the  
powertrain



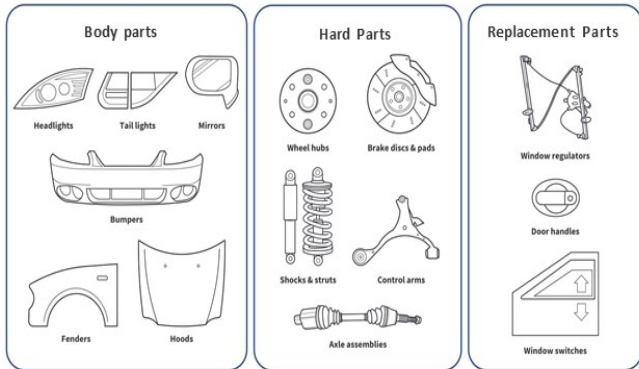


# Electric **vs.** Gas-Powered Vehicles

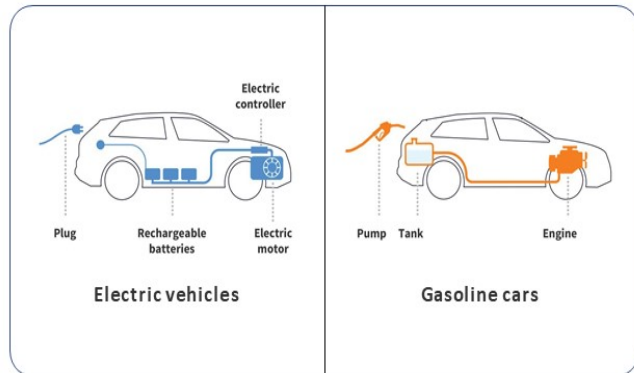
NOT AS DIFFERENT AS YOU MIGHT THINK



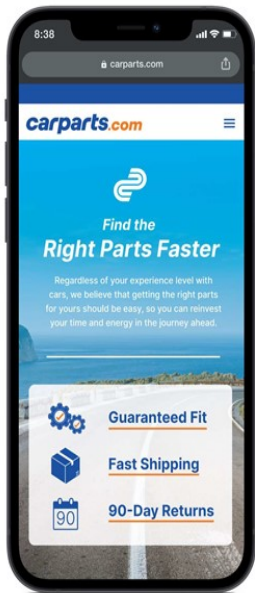
## Similarities



## Differences

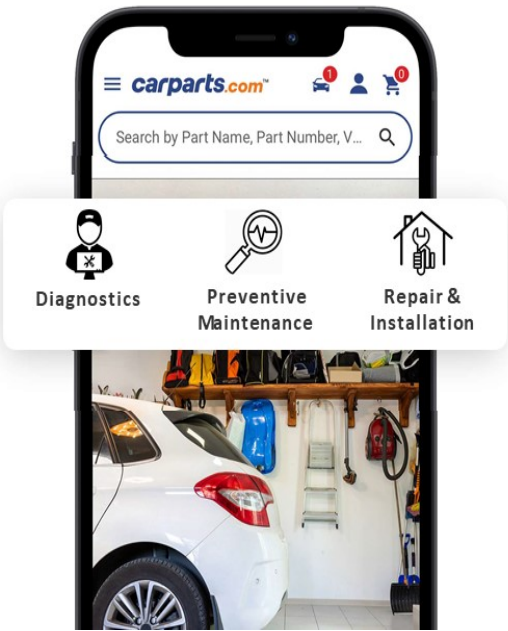


TODAY



carparts.com

TOMORROW



## Stable Balance Sheet

**\$36M**

cash

**\$89M**

inventory

**\$40M**

asset-based  
lending availability<sup>1</sup>

**\$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 <sup>1</sup>	14.8%	15 - 17%	13 - 15%	Retention marketing, direct to site, brand awareness
Other Operating Expenses <sup>2</sup>	13.7%	15 - 16%	12 - 13%	Operating leverage, efficiencies, scale in headcount
Adjusted EBITDA Margin	1.6%	3.6%	8 - 10%	Above combined

**carparts.com**
<sup>1</sup> Excludes certain other items including stock-based compensation, depreciation, and amortization  
<sup>2</sup> Technology, fulfillment and other SG&A

35




IR@CARPARTS.COM

CARPARTS.COM/INVESTOR

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# Appendix

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# 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 <sup>(1)</sup>	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
<b>ASSETS</b>		
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
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
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 January 2, 2021	Thirteen Weeks Ended December 28, 2019	Fifty-Three Weeks Ended January 2, 2021	Fifty-Two Weeks Ended 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	\$ (753)	\$ (438)	\$ 8,247	\$ (1,862)
Stock comp expense	1,787	1,701	7,778	3,656
Employee transition costs <sup>(1)</sup>	—	384	—	2,274
Customs costs <sup>(2)</sup>	—	46	—	464
Adjusted EBITDA	\$ 1,034	\$ 1,693	\$ 16,025	\$ 4,532

(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.