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

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 3, 2026

OR

☐ **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: 001-33264

CARPARTS.COM, INC.
(Exact name of registrant as specified in its charter)

Delaware	**68-0623433**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

4910 Airport Plaza Drive, Suite 300, Long Beach CA 90815
(Address of Principal Executive Office) (Zip Code)
(424) 702-1455
(Registrant's telephone number, including area code)

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 (The Nasdaq Capital Market)

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 Regulation 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 26, 2026, the registrant had 8,088,082 shares of common stock outstanding, $0.001 par value.

CARPARTS.COM, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE THIRTEEN AND THIRTY-NINE WEEKS ENDED OCTOBER 3, 2026

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Unless the context requires otherwise, as used in this report, the terms "CarParts.com," the "Company," "we," "us" and "our" refer to CarParts.com, Inc. and its subsidiaries. Unless otherwise stated, all amounts are presented in thousands.

Carparts.com®, Kool-Vue®, JC Whitney®, Evan Fischer®, SureStop®, TrueDrive®, DriveWire™, and DriveMotive™, amongst others, are our current and pending trademarks in the United States. All other trademarks and trade names appearing in this report are the property of their respective owners.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements included in this report, other than statements or characterizations of historical or current fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and we intend that such forward-looking statements be subject to the safe harbors created thereby. Any forward-looking statements included herein are based on management's beliefs and assumptions and on information currently available to management. We have attempted to identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," "will likely continue," "will likely result" and variations of these words or similar expressions. These forward-looking statements include, but are not limited to, statements regarding future events, our future operating and financial results, financial expectations, expected growth and strategies, our ability to acquire additional market share, current business indicators, capital needs, financing plans, capital deployment, liquidity, contracts, litigation, product offerings, customers, acquisitions, competition and the status of our facilities. Forward-looking statements, no matter where they occur in this document or in other statements attributable to the Company 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, performances or achievements expressed or implied by the forward-looking statements. We discuss many of these risks in greater detail under the heading "Risk Factors" in Part II, Item 1A of this report. Given these uncertainties, you should not place undue reliance on these forward-looking statements. You should read this report and the documents that we reference in this report and have filed as exhibits to the report completely and with the understanding that our actual future results may be materially different from what we expect. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this report. 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 these forward-looking statements, even if new information becomes available in the future.

`PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CARPARTS.COM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited, In Thousands, Except Par Value Data)

	October 3, 2026	January 3, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ 33,779	$ 25,821
Accounts receivable, net	9,859	7,061
Inventory, net	76,893	95,180
Other current assets	7,638	6,996
Total current assets	128,169	135,058
Property and equipment, net	17,428	20,191
Right-of-use - assets - operating leases, net	15,504	18,586
Right-of-use - assets - finance leases, net	5,292	7,233
Other non-current assets	5,147	3,788
Total assets	$ 171,540	$ 184,856
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 40,261	$ 44,884
Accrued expenses	23,850	24,642
Right-of-use - obligation - operating, current	4,958	4,858
Right-of-use - obligation - finance, current	2,005	2,767
Other current liabilities	4,422	4,090
Total current liabilities	75,496	81,241
Convertible notes payable	25,545	25,161
Right-of-use - obligation - operating, non-current	12,180	15,771
Right-of-use - obligation - finance, non-current	4,815	6,082
Other non-current liabilities	—	3,125
Total liabilities	118,036	131,380
Commitments and contingencies (Note 6)		
Stockholders’ equity:		
Common stock, $0.001 par value; 100,000 shares authorized; 8,070 and 7,005 shares issued and outstanding as of October 3, 2026 and January 3, 2026 (of which 378 are treasury stock)	8	7
Treasury stock	(11,912)	(11,912)
Additional paid-in capital	354,695	344,176
Accumulated other comprehensive income	—	1,223
Accumulated deficit	(289,287)	(280,018)
Total stockholders’ equity	53,504	53,476
Total liabilities and stockholders' equity	$ 171,540	$ 184,856

See accompanying notes to consolidated financial statements (unaudited).

CARPARTS.COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in Thousands, Except Per Share Data)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net sales	$ 129,331	$ 127,769	$ 396,932	$ 427,096
Cost of sales [1]	86,150	85,494	265,753	287,695
Gross profit	43,181	42,275	131,179	139,401
Operating expense	46,954	52,313	141,227	177,002
Loss from operations	(3,773)	(10,038)	(10,048)	(37,601)
Other income (expense):				
Other income, net	161	(203)	711	238
Interest expense	(421)	(585)	(1,242)	(1,227)
Total other expense, net	(260)	(788)	(531)	(989)
Loss before income taxes	(4,033)	(10,826)	(10,579)	(38,590)
Income tax provision (benefit)	74	59	(1,310)	289
Net loss	(4,107)	(10,885)	$ (9,269)	$ (38,879)
Net loss per share:				
Basic and diluted net loss per share	$ (0.53)	$ (1.87)	$ (1.23)	$ (6.37)
Weighted-average common shares outstanding:				
Shares used in computation of basic and diluted net loss per share	7,697	5,819	7,508	6,107

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

See accompanying notes to consolidated financial statements (unaudited).

CARPARTS.COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited, In Thousands)

	Common Stock		Additional Paid-in-Capital	Treasury Stock	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance, December 28, 2024	5,745	$ 6	$ 325,601	$ (11,912)	$ 1,055	$ (229,575)	$ 85,175
Net loss	—	—	—	—	—	(15,283)	(15,283)
Issuance of shares in connection with restricted stock units vesting	72	—	(396)	—	—	—	(396)
Issuance of shares in connection with BOD fees	1	—	11	—	—	—	11
Issuance of shares in connection with ESPP	11	—	96	—	—	—	96
Share-based compensation	—	—	3,166	—	—	—	3,166
Balance, March 29, 2025	5,829	$ 6	$ 328,479	$ (11,912)	$ 1,055	$ (244,858)	$ 72,770
Net loss	—	—	—	—	—	(12,711)	(12,711)
Issuance of shares in connection with restricted stock units vesting	45	—	(69)	—	—	—	(69)
Issuance of shares in connection with BOD fees	2	—	14	—	—	—	14
Share-based compensation	—	—	2,441	—	—	—	2,441
Balance, June 28, 2025	5,876	$ 6	$ 330,866	$ (11,912)	$ 1,055	$ (257,569)	$ 62,445
Net loss	—	—		—	—	(10,885)	(10,885)
Issuance of shares in connection with restricted stock units vesting	16	—	(53)	—	—	—	(53)
Issuance of shares in connection with BOD fees	2	—	15	—	—	—	15
Issuance of shares in connection with ESPP	9	—	57	—	—	—	57
Issuance of shares in connection with equity purchase agreement	1,032	1	10,732	—	—	—	10,733
Issuance costs in connection with equity purchase agreement		—	(383)	—	—	—	(383)
Share-based compensation	—	—	2,227	—	—	—	2,227
Balance, September 27, 2025	6,935	$ 7	$ 343,461	$ (11,912)	$ 1,055	$ (268,454)	$ 64,156
Balance, January 3, 2026	7,005	$ 7	$ 344,176	$ (11,912)	$ 1,223	$ (280,018)	$ 53,476
Net loss	—	—	—	—	—	(1,940)	(1,940)
Issuance of shares in connection with restricted stock units vesting	41	—	(77)	—	—	—	(77)
Issuance of shares in connection with BOD fees	2	—	12	—	—	—	12
Issuance of shares in connection with equity purchase agreement	1,000	1	7,999	—	—	—	8,000
Issuance costs in connection with equity purchase agreement	—	—	(36)	—	—	—	(36)
Share-based compensation	—	—	1,395	—	—	—	1,395
Deconsolidation from the sale of subsidiary	—	—	—	—	(1,223)	—	(1,223)
Balance, April 4, 2026	8,048	$ 8	$ 353,468	$ (11,912)	$ —	$ (281,958)	$ 59,606
Net loss	—	—	—	—	—	(3,222)	(3,222)
Issuance of shares in connection with restricted stock units vesting	9	—	(51)	—	—	—	(51)
Issuance of shares in connection with BOD fees	1	—	12	—	—	—	12
Issuance costs in connection with equity purchase agreement	—	—	(19)	—	—	—	(19)
Share-based compensation	—	—	466	—	—	—	466
Balance, July 4, 2026	8,058	$ 8	$ 353,876	$ (11,912)	$ —	$ (285,180)	$ 56,792
Net loss	—	—	—	—	—	(4,107)	(4,107)
Issuance of shares in connection with restricted stock units vesting	10	—	(30)	—	—	—	(30)
Issuance of shares in connection with BOD fees	2	—	12	—	—	—	12
Share-based compensation	—	—	837	—	—	—	837
Balance, October 3, 2026	8,070	$ 8	$ 354,695	$ (11,912)	$ —	$ (289,287)	$ 53,504

See accompanying notes to consolidated financial statements (unaudited).

CARPARTS.COM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, In Thousands)

	Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025
Operating activities		
Net loss	$ (9,269)	$ (38,879)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	12,322	15,702
Amortization of intangible assets	25	40
Noncash interest expense	384	24
Share-based compensation expense	3,259	7,434
Stock awards issued for non-employee director service	36	40
Gain on sale of subsidiary	(2,292)	—
Amortization of deferred financing costs	419	84
Loss from disposition of assets	—	4
Loss on early lease termination	—	393
Changes in operating assets and liabilities:		
Accounts receivable	(2,798)	(1,251)
Inventory	18,287	(3,930)
Other current assets	(1,042)	(113)
Other non-current assets	(1,941)	(486)
Accounts payable and accrued expenses	(5,954)	(5,151)
Other current liabilities	331	(509)
Right-of-use obligation - operating leases - current	607	(150)
Right-of-use obligation - operating leases - long-term	(893)	8
Other non-current liabilities	(1,438)	263
Net cash provided by (used in) operating activities	10,043	(26,477)
Investing activities		
Additions to property and equipment	(7,553)	(6,281)
Proceeds from sale of subsidiary	300	—
Net cash used in investing activities	(7,253)	(6,281)
Financing activities		
Borrowings from revolving loan payable	97	20,565
Payments made on revolving loan payable	(97)	(20,565)
Proceeds from convertible notes payable	—	25,000
Payments made on finance leases	(2,028)	(2,615)
Net proceeds from issuance of common stock for ESPP	—	154
Proceeds from issuance of common stock	8,000	10,733
Payment of issuance costs - common stock	(54)	(383)
Statutory tax withholding payment for share-based compensation	(157)	(517)
Net cash provided by financing activities	5,761	32,372
Effect of exchange rate changes on cash	(593)	—
Net change in cash and cash equivalents	7,958	(386)
Cash and cash equivalents, beginning of period	25,821	36,397
Cash and cash equivalents, end of period	$ 33,779	$ 36,011
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use operating asset acquired	$ 2,391	$ —
Accruals for property and equipment	$ 494	$ 396
Share-based compensation expense capitalized in property and equipment	$ 299	$ 685
Accrued issuance costs - purchase agreement	$ —	$ 550
Supplemental disclosure of cash flow information:		
Cash paid during the period for income taxes	$ 8	$ 152
Cash paid during the period for interest	$ 869	$ 1,094
Cash received during the period for interest	$ 587	$ 631

See accompanying notes to consolidated financial statements (unaudited).

CARPARTS.COM, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(In Thousands, Except Per Share Data)

Note 1 – Basis of Presentation and Description of Company

CarParts.com, Inc. (including its subsidiaries) is a leading online provider of aftermarket auto parts and accessories. The Company sells its products primarily to individual consumers through its flagship website located at *www.carparts.com*, our mobile app, online marketplaces and offline to professional installers and wholesale customers through its wholesale platform. Our corporate website is also located at *www.carparts.com/investor*. References to the "Company," "we," "us," or "our" refer to CarParts.com, Inc. and its consolidated subsidiaries.

The Company's house brands and marketplace brands are positioned to serve distinct customer segments and sales channels:

• JC Whitney® serves as the Company's primary private label house brand, offering replacement, maintenance, performance and specialty automotive products.

• Evan Fischer® products are sold primarily through the eBay marketplace channel, with a focus on core replacement and maintenance components.

• Garage-Pro® products are offered primarily through Amazon, serving value-oriented consumers seeking dependable replacement parts.

The Company's product categories consist of:

Replacement Parts. The replacement parts category primarily consists of parts for the exterior of an automobile. These products are typically used to replace original body components damaged in collisions or through general wear and tear. These products include body panels, lighting components, cooling parts and mirrors. Replacement parts serve both everyday vehicle owners and professional repair customers and represent a foundational category within the Company's assortment.

Hard Parts. The hard parts category includes engine, chassis, drivetrain, suspension, braking, electrical and other mechanical components necessary for vehicle operation. This category supports routine maintenance, system replacement and mechanical repair across a broad range of domestic and import vehicles.

Other Parts and Accessories. The other parts category includes products designed to enhance vehicle performance, functionality, comfort or appearance. This includes performance upgrades, specialty components and accessories that allow customers to customize or improve their vehicles beyond standard replacement needs, including suspension kits, towing equipment, lift kits and more. The Company has expanded our assortment in this category to serve enthusiast and specialty vehicle segments, including trucks, off-road and muscle car segments.

The Company is a Delaware C corporation and is headquartered in Long Beach, California. The Company has employees located in the United States.

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to U.S. Securities and Exchange Commission ("SEC") Form 10-Q and Article 10 of SEC Regulation S-X. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the consolidated balance sheets of the Company as of October 3, 2026 and January 3, 2026, the consolidated results of operations for the thirteen and thirty-nine weeks ended October 3, 2026 and September 27, 2025, and the consolidated statements of cash flows for the thirty-nine weeks ended October

3, 2026 and September 27, 2025. The Company's results for the interim periods are not necessarily indicative of the results that may be expected for any other interim period, or for the full year. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended January 3, 2026, which was filed with the SEC on March 5, 2026 and all our other periodic filings, including Current Reports on Form 8-K, filed with the SEC after the end of our 2025 fiscal year, and throughout the date of this report.

Based on our current operating plan, we believe that our existing cash and cash equivalents, investments, cash flows from operations and available debt financing will be sufficient to finance our operational cash needs through at least the next twelve months.

Reverse Stock Split

On May 26, 2026, the Company effected a 1-for-10 reverse stock split of the issued and outstanding common stock (the "Reverse Stock Split"). All share and per share information in the consolidated financial statements and the notes to the consolidated financial statements are presented after giving effect to the Reverse Stock Split retrospectively for all periods presented. For additional information about the Reverse Stock Split, see Note 3, *Stockholders' Equity and Share-based Compensation*.

Sale of Subsidiary

On January 27, 2026, the Company sold 100% of the issued and outstanding shares of its Philippines subsidiary to a third party. The third party integrated the subsidiary into their organization, and the Company still utilizes the teams across customer service, back office, finance and accounting, marketing and technology. As of January 3, 2026, accumulated other comprehensive income ("AOCI") of $1,223 included cumulative foreign currency translation adjustments related to the Philippines subsidiary. As a result of the sale, on January 27, 2026, the Philippines subsidiary was deconsolidated from our consolidated financial statements, including the AOCI balance which was reclassified as a component of the $2,292 gain on sale of subsidiary that was recorded in operating expense in the consolidated statements of operations in the thirty-nine weeks ended October 3, 2026.

Assets and Liabilities Held for Sale

In December 2025, the Company committed to a plan to sell its Philippines subsidiary, which met the criteria for held for sale under ASC 360, and thus the disposal group was measured at the lower of the carrying amount or fair value less costs to sell as of January 3, 2026. The disposal group did not qualify as a discontinued operation under ASC 205, as it did not represent a strategic shift that would have a major effect on our operations or financial results. As of January 3, 2026, the Philippines subsidiary's total assets and total liabilities classified as held for sale, as measured at their carrying values, were $3,434 and $3,884, respectively.

Recent Accounting Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, "*Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*." This ASU requires disclosure, in the notes to the consolidated financial statements, of specified information that disaggregates certain costs and expenses into specified categories. In January 2025, the FASB issued ASU 2025-01, "*Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date."* This update applies to all public business entities and will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of this update on its consolidated financial statements and the notes to the consolidated financial statements.

In September 2025, the FASB issued ASU No. 2025-06, "*Intangibles-Goodwill and Other-Internal-Use Software*," which revises the guidance for capitalizing costs related to internal-use software to better reflect modern, iterative and agile development practices. This ASU plans to remove project stage references and instead will focus on a new capitalization criteria: (i) management has authorized and committed to the software project and (ii) project

completion probability. This ASU requires companies to evaluate whether significant development uncertainty exists before capitalizing costs and also incorporates website development guidance into *Subtopic 350-40*. This ASU is effective for annual and interim periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements and the notes to the consolidated financial statements.

Note 2 – Borrowings

Convertible Notes Payable

The Company maintains a Credit Facility that provides for, among other things, a revolving commitment, which is subject to a borrowing base derived primarily from cash and cash equivalents, certain receivables and inventory. On September 8, 2025, the Company entered into a purchase agreement ("Purchase Agreement") with certain investors, pursuant to which the Company issued convertible notes (the "Convertible Notes") with an aggregate principal amount of $25,000 and issued and sold $10,733 in gross proceeds of common stock (see *"Note 3 - Stockholders' Equity and Share-Based Compensation"*). The Convertible Notes accrue interest quarterly at a rate of two percent (2%) per annum, payable in kind. The maturity date is September 10, 2028. The outstanding Convertible Notes principal balance, plus any unpaid and accrued interest, is convertible at the option of the investors into shares of common stock of the Company at the maturity date, at a conversion price of $12.00 per share ("Conversion Price"). As of October 3, 2026 and January 3, 2026, the Convertible Notes payable balance was $25,545 and $25,161, respectively.

The Company assessed all terms and features of the Convertible Notes in order to identify any potential embedded features that would require bifurcation. The Company determined that the conversion options of the Convertible Notes, including the conversion feature of the $12.00 Conversion Price, was clearly and closely related to the debt host and did not require separate accounting. Additionally, this feature did not meet the definition of a derivative under ASC 815, *Derivatives and Hedging*, and as a result, did not require separate accounting as a derivative.

Credit Facility

On June 15, 2026, the Company and First Business Specialty Finance, LLC ("FBSF") entered into a Loan and Security Agreement (the "Credit Agreement") providing for an asset-based revolving credit facility in an aggregate maximum principal amount of up to $25,000 (the "Credit Facility"), secured by substantially all of the assets of the Company. The Credit Facility matures on March 31, 2028.

As of October 3, 2026 and January 3, 2026, the outstanding revolving loan balance was $0 and $0, respectively. As of October 3, 2026 and January 3, 2026, the outstanding standby letters of credit balance was $0 and $680, respectively, and we had $0 of our trade letters of credit outstanding in accounts payable in our consolidated balance sheets. On September 2, 2026, the Company entered into the First Amendment to the FBSF Loan and Security Agreement. This First Amendment provided for a separate revolving line of credit for capital expenditures ("Capex Revolver") for an aggregated maximum principal amount of up to $1,500, and bears interest at a per annum rate equal to the One-Month Term Secured Overnight Financing Rate ("SOFR") plus an applicable margin of 3.25% per annum. As of October 3, 2026, the outstanding Capex Revolver balance was $0.

Loans drawn under the Credit Facility bear interest at a per annum rate equal to the One-Month SOFR plus an applicable margin of 3.25% per annum. In addition, if the sum of the Company's cash balance and availability under the Credit Facility is less than $15,000, or if the Company's availability under the Credit Facility is less than $7,500, then the Company must maintain a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of not less than 1.1 to 1.0, tested quarterly on a trailing four-quarter basis.

In connection with entering into the Credit Facility with FBSF, the Company and JPMorgan Chase Bank ("JPMC") terminated the Company's revolving credit facility with JPMC. At the time it was terminated, there was no balance outstanding on the JPMC revolving loan and there was no termination fee.

Note 3 – Stockholders' Equity and Share-Based Compensation

Reverse Stock Split

On May 11, 2026, at the 2026 Annual Meeting of Stockholders, the Company's stockholders approved the implementation of a Reverse Stock Split to be effected at such time and date, as determined by the Company's Board of Directors in its sole discretion and a form of certificate of amendment to the Company's Second Amended and Restated Certificate of Incorporation (the "Certificate of Amendment") to effect the Reverse Stock Split. On May 11, 2026, the Company's Board of Directors then approved a 1-for-10 reverse stock split of the Company's issued and outstanding common stock. On May 21, 2026, the Company filed the Certificate of Amendment with the Secretary of State of the State of Delaware to effectuate the Reverse Stock Split on May 26, 2026. As a result of the Reverse Stock Split, every ten shares of common stock outstanding immediately prior to effectiveness were combined and converted into one share of common stock. All share and per share information are presented after giving effect to the Reverse Stock Split retrospectively.

The reverse stock split did not change the authorized number of shares of the Company's common stock.

Common Stock Issuance

On March 21, 2026, the Company entered into a Purchase Agreement with certain investors. The Company issued and sold an aggregate of 1,000 shares of common stock, par value $0.001 per share, at a purchase price of $8.00 per share, resulting in gross proceeds of $8,000.

Options and Restricted Stock Units

The Company had the following common stock option activity during the thirty-nine weeks ended October 3, 2026:

- Granted options to purchase 0 common shares.
- Exercise of 0 options to purchase common shares.
- Forfeiture of 0 options to purchase common shares.
- Cancellation of 66 options to purchase common shares.

The following table summarizes the Company's restricted stock unit ("RSU") and restricted stock award ("RSA") activity for the thirty-nine weeks ended October 3, 2026, and details regarding the awards outstanding and exercisable as of October 3, 2026 (in thousands):

	Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Vested and expected to vest as of January 3, 2026	573		
Awarded	317		
Vested	(86)		
Forfeited	(126)		
Awards outstanding, October 3, 2026	678	$ 13.02	$ 5,848
Vested and expected to vest as of October 3, 2026	583	$ 13.84	$ 5,035

During the thirty-nine weeks ended October 3, 2026, 86 RSUs and RSAs that vested were time-based.

For the thirteen and thirty-nine weeks ended October 3, 2026, we recorded compensation costs related to stock options, RSUs and RSAs of $1,120 and $3,559, respectively. For the thirteen and thirty-nine weeks ended September 27, 2025, we recorded compensation costs related to stock options, RSUs and RSAs of $2,472 and $8,119, respectively. As

of October 3, 2026, there was unrecognized compensation expense related to stock options, RSUs and RSAs of $3,775 that will be expensed through September 2030.

Note 4 – Net Loss Per Share

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share data):

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net loss per share:				
Numerator:				
Net loss allocable to common shares	$ (4,107)	$ (10,885)	$ (9,269)	$ (38,879)
Denominator:				
Weighted-average common shares outstanding (basic and diluted)*	7,697	5,819	7,508	6,107
Basic and diluted net loss per share*	$ (0.53)	$ (1.87)	$ (1.23)	$ (6.37)

*Periods were retroactively adjusted for the effect of the Reverse Stock Split (see *"Note 3 - Stockholders' Equity and Share-Based Compensation"* for further information).

For the thirteen and thirty-nine weeks ended October 3, 2026 and September 27, 2025, all outstanding potentially dilutive securities, including the Convertible Notes, have been excluded from the calculation of diluted net loss per share as the effect of including such securities and Convertible Notes would have been anti-dilutive.

Note 5 – Income Taxes

The Company is subject to U.S. federal income tax as well as income tax of foreign and state tax jurisdictions. The tax years 2021-2025 remain open to examination by the major taxing jurisdictions to which the Company is subject, except the Internal Revenue Service for which the tax years 2022-2025 remain open.

For the thirteen and thirty-nine weeks ended October 3, 2026, the effective tax rate for the Company was (1.8)% and 12.4%, respectively. The effective tax rate differed from the U.S. federal statutory rate primarily due to state income taxes, share-based compensation that is either not deductible for tax purposes or for which the tax deductible amount is different than the financial reporting amount, the write-off of an accrued withholding tax associated with the disposition of the Philippines subsidiary, and a change in the valuation allowance that offset the tax on the current period pre-tax loss.

For the thirteen and thirty-nine weeks ended September 27, 2025, the effective tax rate for the Company was (0.5)% and (0.7)%, respectively. The effective tax rate differed from the U.S. federal statutory rate primarily due to state income taxes, income of our Philippines subsidiary that is subject to different effective tax rates, share-based compensation that is either not deductible for tax purposes or for which the tax deductible amount is different than the financial reporting amount, and a change in the valuation allowance that offset the tax of the current period pre-tax loss.

The Company accounts for income taxes in accordance with ASC Topic 740 - Income Taxes ("ASC 740"). Under the provisions of ASC 740, management is required to evaluate whether a valuation allowance should be established against its deferred tax assets. We currently have a full valuation allowance against our deferred tax assets. As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. For the thirty-nine weeks ended October 3, 2026, there was no material change from the fiscal year ended January 3, 2026 in the amount of the Company's deferred tax assets that are not considered to be more likely than not to be realized in future years.

Note 6 – Commitments and Contingencies

Leases

On February 12, 2026, the Torrance office lease expired. The Company entered into a sublease agreement for a new corporate office headquarters in Long Beach, California. This sublease commenced on March 1, 2026 with a sixty-month lease term set to expire in February of 2031. The Company is obligated to pay approximately $46 in monthly base rent, which shall increase by 3% each year beginning on the second-year anniversary of the lease term. In accordance with ASC 842 – Leases (“ASC 842”), the Company recorded $2,391 in Right-of-use assets – operating, non-current, and $2,020 in Right-of-use obligation – operating, non-current, with $371 recorded in Right-of-use obligation – operating, current, on the consolidated balance sheet at the commencement of the lease.

Legal Matters

Asbestos. A wholly-owned subsidiary of the Company, Automotive Specialty Accessories and Parts, Inc. and its wholly-owned subsidiary Whitney Automotive Group, Inc. ("WAG"), are named defendants in several lawsuits involving claims for damages caused by installation of brakes during the late 1960’s and early 1970’s that contained asbestos. WAG marketed certain brakes, but did not manufacture any brakes. WAG maintains liability insurance coverage to protect its and the Company’s assets from losses arising from the litigation and coverage is provided on an occurrence rather than a claims made basis, and the Company is not expected to incur significant out-of-pocket costs in connection with this matter that would be material to its consolidated financial statements.

Ordinary course litigation. The Company is subject to legal proceedings and claims which arise in the ordinary course of its business, including, for example, claims relating to product liability, workplace injuries, intellectual property rights, and employment matters. For example, a worker, who was directly employed by the Company’s third party labor contracting firm at the Company’s Grand Prairie, TX warehouse has filed a negligence claim in the Superior Court of the State of California, Los Angeles County, Central District relating to a workplace injury from March 2021. In July 2024, the Court granted the Company’s motion for summary judgment. The plaintiff has filed an appeal and the Company intends to continue to defend itself vigorously, although there can be no assurance that there will not be some liability. As of the date hereof, the Company believes that the final disposition of such matters will not have a material adverse effect on the financial position, results of operations or cash flow of the Company. The Company maintains liability insurance coverage to protect the Company’s assets from losses arising out of or involving activities associated with ongoing and normal business operations.

IEEPA Tariffs. On February 20, 2026, the U.S. Supreme Court issued a ruling relating to tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”). In April 2026, the U.S. Customs and Border Protection (“CBP”) released the Consolidated Administration and Processing Entries (“CAPE”) functionality to facilitate a phased approach to process IEEPA tariff refunds. As a result, the Company has been recovering the IEEPA tariffs and has received tariff refunds of approximately $4,900 as of October 3, 2026. For the thirty-nine weeks ended October 3, 2026, the Company recorded a $2,400 benefit for the tariffs associated with inventory already sold in cost of sales and recorded $90 in other income on the consolidated statements of operations, and the remaining refund received reduced the carrying value of inventory by approximately $2,400 on the consolidated balance sheet as of October 3, 2026. These refunds represent the recovery of duties the Company previously paid and recognized in cost of goods sold in prior periods. As tariff costs have been recovered, the Company has adjusted product pricing to reflect its lower landed costs and to remain competitive in the market, and may continue adjusting pricing in future periods as additional refunds are realized. Any remaining estimated tariff refunds to be realized will be recognized when the requirements under ASC 450, *Contingencies*, have been met.

Note 7 – Product Information

As described in Note 1 above, the Company's products consist of replacement parts serving the wear and tear and body repair market, hard parts to serve the maintenance and repair market, and other parts and accessories. The following table summarizes the approximate distribution of the Company's revenue by product type.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
House Brands				
Replacement Parts	58 %	63 %	61 %	62 %
Hard Parts	14 %	19 %	15 %	19 %
Other	1 %	1 %	1 %	1 %
Branded				
Replacement Parts	3 %	2 %	2 %	2 %
Hard Parts	23 %	14 %	20 %	15 %
Other	1 %	1 %	1 %	1 %
Total	100 %	100 %	100 %	100 %

Note 8 – Segment Information

The Company operates as a single reportable segment (referred to as "segment" herein), engaged in the distribution and selling of aftermarket auto part products (SKUs) to customers through the flagship website, *www.carparts.com*, mobile app, online marketplaces and its wholesale platform. No individual operating segments were identified by the Company.

The Company's CODM is the Chief Executive Officer. The CODM assesses performance for the entire Company and decides how to allocate resources based on consolidated net loss that is reported on the consolidated statements of operations. The determination that the Company operates as a single segment is consistent with the nature of the operations and the consolidated financial information regularly reviewed by the CODM, for the purposes of evaluating key operating decisions, allocating resources, and planning and forecasting the consolidated operating budget. The measure of segment assets is reported on the consolidated balance sheets as total assets. The Company sells its products primarily to customers in the United States. The accounting policies of the segment are the same as those described in *"Note 1 – Basis of Presentation and Description of Company."*

The CODM is regularly provided with significant segment expenses. The following table summarizes the Company's segment net sales, significant segment expenses, and segment loss:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net sales	$ 129,331	$ 127,769	$ 396,932	$ 427,096
Product COGS	64,591	61,722	195,675	206,276
Freight and fuel surcharge expense	21,560	23,773	70,079	81,419
Advertising expense	17,640	17,781	53,809	65,097
Employee payroll expense	13,130	17,035	40,658	56,514
Rent and facilities expense	3,150	3,556	9,724	10,466
Depreciation and amortization	3,790	5,242	12,322	15,702
Stock compensation expense	1,016	2,289	3,259	7,434
Other segment items[1]	8,302	6,863	20,021	22,472
Interest (income) expense, net	260	394	655	595
Net loss	$ (4,107)	$ (10,885)	$ (9,269)	$ (38,879)

(1) Other segment items primarily includes technology expense, general and administrative expense, fulfillment expense, marketing expense and the gain on sale of subsidiary.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS *(In Thousands, Except Per Share Data, Or As Otherwise Noted)*

Cautionary Statement

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the related notes thereto contained in Part I, Item 1 of this report. Certain statements in this report, including statements regarding our business strategies, operations, financial condition, and prospects are forward-looking statements. Use of the words "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "should," "will," "would," "will likely continue," "will likely result" and similar expressions that contemplate future events may identify forward-looking statements.

The information contained in this section is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the U.S. Securities and Exchange Commission ("SEC"), which are available on the SEC's website at http://www.sec.gov. The section entitled "*Risk Factors*" set forth in *Part II, Item 1A* of this report, and similar discussions in our other SEC filings, describe some of the important factors, risks and uncertainties that may affect our business, results of operations and financial condition and could cause actual results to differ materially from those expressed or implied by these or any other forward-looking statements made by us or on our behalf. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current expectations and reflect management's opinions only as of the date thereof. We do not assume any obligation to revise or update forward-looking statements, unless required by law. Finally, our historic results should not be viewed as indicative of future performance.

Overview

We are a leading online provider of aftermarket auto parts, including replacement parts, hard parts, and performance parts and accessories. We principally sell our products to individual consumers through our flagship website at *www.carparts.com*, our mobile app, and online marketplaces. Our proprietary product database maps our SKUs to product applications based on vehicle makes, models and years. Our corporate website is located at *www.carparts.com/investor*. The inclusion of our website addresses in this report does not include or incorporate by reference into this report any information on our websites.

With over 30 years of operating history, CarParts.com serves as a one-stop destination for vehicle repair, upgrade, and maintenance needs, delivering a seamless digital shopping experience guided by our mission of "Empowering Drivers Along Their Journey."

We continue to invest in modern technology, data, and design to power our digital platforms and improve ease of use across channels. In the fall of 2025, we launched Spark, our AI-powered shopping assistant, designed to help customers more easily discover products, navigate fitment, and complete purchases with greater confidence. We believe that we have a significant opportunity to become a preferred destination for automotive repair and maintenance by executing on our evolving strategy, which includes investing in technology, expanding product offerings and customer segments, and enhancing supply chain and logistics capabilities.

To support this strategy, we continue to enhance our fulfillment center footprint and productivity. In June 2024, we opened a new state-of-the-art fulfillment center in Las Vegas, Nevada. This semi-automated facility is designed to improve service levels, support faster delivery to the West Coast, reduce last-mile transportation costs, and expand product availability. With this expansion, we operate four distribution centers across the U.S., totaling over 1 million square feet of fulfillment space.

In tandem, we have refined our eCommerce experience and segmentation strategy to prioritize direct customer relationships and long-term engagement. In 2025, we launched the JC Whitney Performance Hub, featuring branded performance and upgrade products. We are also expanding our assortment in the European vehicle segment, having launched the CarParts Euro hub.

In September 2025, we entered into a long-term commercial partnership with A-Premium, a global supplier of automotive mechanical parts, giving our customers access to approximately 150,000 additional SKUs. The partnership operates primarily on a dropship basis, expanding our product assortment without a corresponding increase in owned inventory or working capital.

These strategic initiatives are intended to strengthen brand loyalty and increase customer lifetime value, while positioning CarParts.com as a trusted destination for automotive parts and maintenance support.

Industry-wide trends that support our strategy and future growth include:

1. *Number of SKUs required to serve the market.* The number of automotive SKUs has grown dramatically over the last several years. In today's market, unless the consumer is driving a high volume produced vehicle and needs a simple maintenance item, the part they need is not typically on the shelf at a brick-and-mortar store. We believe our user-friendly flagship website and mobile app provides customers with a favorable alternative to the brick-and-mortar shopping experience by offering a comprehensive selection of approximately 1,738,000 SKUs with detailed product descriptions, attributes and photographs combined with the flexibility of fulfilling orders using both drop-ship and stock-and-ship methods.

2. *U.S. vehicle fleet expanding and aging.* The average age of U.S. light vehicles, an indicator of auto parts demand, reached a new record-high of 12.9 years in 2026, according to the U.S. Auto Care Association. We believe an increasing vehicle base and rising average age of vehicles will have a positive impact on overall aftermarket parts demand because older vehicles generally require more repairs. In many cases we believe these older vehicles are driven by Do-It-Yourself ("DIY") car owners who are more likely to handle any necessary repairs themselves rather than taking their car to the professional repair shop.

3. *Growth of online sales.* The U.S. Auto Care Association estimated that overall revenue from online sales of auto parts and accessories would reach over $27 billion by 2028. Improved product availability, lower prices and consumers' growing comfort with digital platforms are driving the shift to online sales. We believe that we are well positioned for the shift to online sales due to our history of being a leading source for aftermarket automotive parts through our flagship website, app, and online marketplaces.

Factors Affecting our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed in *Part II, Item IA*, of this report, and in *Part I, Item IA,* in our Annual Report on Form 10-K for the fiscal year ended January 3, 2026.

Executive Summary

For the third quarter of 2026, we generated net sales of $129,331, compared with $127,769 for the third quarter of 2025, representing an increase of 1.2%. We incurred a net loss of $4,107 for the third quarter of 2026 compared to a net loss of $10,885 for the third quarter of 2025. Our net loss before interest expense, net, income tax provision (benefit), depreciation and amortization expense, amortization of intangible assets, plus share-based compensation expense, workforce transition costs, gain on sale of subsidiary, strategic alternatives exploration costs and distribution center costs ("Adjusted EBITDA") was $1,042 in the third quarter of 2026 compared to $(2,495) in the third quarter of 2025. Adjusted EBITDA is not a Generally Accepted Accounting Principle ("GAAP") measure. See the section below titled "*Non-GAAP measures*" for information regarding our use of Adjusted EBITDA and a reconciliation from net loss.

Net sales increased by 1.2% to $129,331 in the third quarter of 2026 compared to the third quarter of 2025. The increase in net sales was primarily attributable to an increase in consumer demand, while still maintaining our focus on advertising spend optimization. Gross profit increased by 2.1% to $43,181 and gross margin increased 30 basis points to 33.4% compared to 33.1% in the third quarter of 2025. The increase in gross margin was primarily driven by favorable freight costs. The impact from the tariff refunds was immaterial in the third quarter of 2026. The YTD Q3 2026 impact from tariff refunds resulted in a $2,400 benefit to cost of sales.

In October 2026, we received a letter from one of our large third-party marketplace partners stating that our planned launch of CarParts Connect creates a conflict of interest and that the partner intends to terminate our seller relationship when that launch occurs. We value this relationship and expect to spend the coming weeks and months in discussions with the partner to find a mutually acceptable solution. There can be no assurance that these discussions will lead to a resolution on acceptable terms or at all. If the partner terminates our seller relationship, sales through this channel, could decline or cease, which could adversely affect our business, financial condition and results of operations.

Total expenses, which primarily consisted of cost of sales and operating expense, decreased in the third quarter of 2026 compared to the same period in 2025. The changes in both cost of sales and operating expense are described in further detail under — "*Results of Operations*" below.

Non-GAAP measures

Regulation G, *"Conditions for Use of Non-GAAP Financial Measures*," and other provisions of the Exchange Act, define and prescribe the conditions for use of certain non-GAAP financial information. We provide EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. EBITDA consists of net loss before interest expense, net; income tax provision (benefit); depreciation and amortization expense; amortization of intangible assets; while Adjusted EBITDA consists of EBITDA before share-based compensation expense, workforce transition costs, gain on sale of subsidiary, strategic alternatives exploration costs and distribution center costs.

We believe that these non-GAAP financial measures provide important supplemental information to management and investors. We also believe that these non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with the GAAP results and the accompanying reconciliation to corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business and results of operations.

Management uses Adjusted EBITDA as one measure of our operating performance because it assists in comparing our operating performance on a consistent basis by removing the impact of share-based compensation expense as well as other items that we do not believe are representative of our ongoing operating performance. Internally, this non-GAAP measure is also used by management for planning purposes, including the preparation of internal budgets; for allocating resources to enhance financial performance; and for evaluating the effectiveness of operational strategies. We also believe that analysts and investors use Adjusted EBITDA as a supplemental measure to evaluate the ongoing operations of companies in our industry.

This non-GAAP financial measure is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review our consolidated financial statements in their entirety and to not rely on any single financial measure. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. In addition, we expect to continue to incur expenses similar to the non-GAAP adjustments described above, and exclusion of these items from our non-GAAP measures should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net loss	$ (4,107)	$ (10,885)	$ (9,269)	$ (38,879)
Depreciation & amortization	3,790	5,242	12,322	15,702
Amortization of intangible assets	9	13	25	40
Interest expense, net	260	394	655	595
Income tax provision (benefit)	74	59	(1,310)	289
EBITDA	$ 26	$ (5,177)	$ 2,423	$ (22,253)
Stock compensation expense	$ 1,016	$ 2,289	$ 3,259	$ 7,434
Workforce transition costs[1]	—	—	—	1,657
Gain on sale of subsidiary[2]	—	—	(2,292)	—
Strategic alternatives exploration costs[3]	—	—	—	929
Distribution center costs[4]	—	393	—	393
Adjusted EBITDA	$ 1,042	$ (2,495)	$ 3,390	$ (11,840)

(1) We incurred workforce transition costs, primarily related to severance, mainly as part of our workforce reductions during 2025.
(2) On January 27, 2026, the Philippines subsidiary was deconsolidated from our consolidated financial statements and a gain on sale of subsidiary was recorded in operating expense in the consolidated statements of operations.
(3) We incurred certain costs, primarily legal and advisor costs, attributable to our exploration of strategic alternatives during 2025.
(4) In September 2025, we recorded a $393 loss on early lease termination in connection with a lease termination agreement related to the closure of our Virginia distribution center.

Results of Operations

The following table sets forth selected statements of operations data for the periods indicated, expressed as a percentage of net sales:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	66.6	66.9	67.0	67.4
Gross profit	33.4	33.1	33.0	32.6
Operating expense	36.3	40.9	35.6	41.4
Loss from operations	(2.9)	(7.8)	(2.6)	(8.8)
Other income (expense):				
Other income, net	0.1	(0.2)	0.2	0.1
Interest expense	(0.3)	(0.5)	(0.3)	(0.3)
Total other income (expense), net	(0.2)	(0.6)	(0.1)	(0.2)
Loss before income taxes	(3.1)	(8.4)	(2.7)	(9.0)
Income tax provision (benefit)	0.1	0.1	(0.3)	0.1
Net loss	(3.2)%	(8.5)%	(2.3)%	(9.1)%

Thirteen and Thirty-Nine Weeks Ended October 3, 2026 Compared to the Thirteen and Thirty-Nine Weeks Ended September 27, 2025

Net Sales and Gross Margin

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
	(in thousands)		(in thousands)	
Net sales	$ 129,331	$ 127,769	$ 396,932	$ 427,096
Cost of sales	86,150	85,494	265,753	287,695
Gross profit	$ 43,181	$ 42,275	$ 131,179	$ 139,401
Gross margin	33.4 %	33.1 %	33.0 %	32.6 %

Net sales increased $1,562, or 1.2%, for the third quarter of 2026 compared to the same period in 2025. Net sales decreased $30,164, or 7.1%, for the thirty-nine weeks ended October 3, 2026 ("YTD Q3 2026") compared to the same period in 2025. The net sales increase for the third quarter of 2026 was primarily attributable to an increase in consumer demand, while still maintaining our focus on advertising spend optimization. The net sales decrease for YTD Q3 2026 was attributable to initiatives to improve profitability, including the rationalization of advertising spend through reduced investment in lower-margin customers and customers with lower lifetime values ("LTVs").

Gross profit increased $906, or 2.1%, for the third quarter of 2026 compared to the same period in 2025, and decreased $8,222, or 5.9%, in YTD Q3 2026 compared to the same period in 2025. Gross margin increased 30 basis points to 33.4% in the third quarter of 2026 compared to 33.1% in the third quarter of 2025, and gross margin increased 40 basis points to 33.0% in YTD Q3 2026 compared to the same period of 2025. The increase in gross margin was primarily driven by favorable freight costs, in addition to the impact from the tariff refunds in YTD Q3 2026.

Operating Expense

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
	(in thousands)		(in thousands)	
Operating expense	$ 46,954	$ 52,313	$ 141,227	$ 177,002
Percent of net sales	36.3 %	40.9 %	35.6 %	41.4 %

Operating expense decreased $5,359, or 10.2%, and decreased $35,775 or 20.2%, for the third quarter of 2026 and YTD Q3 2026, respectively, compared to the same periods in 2025. The decrease in operating expense was primarily attributable to lower distribution center costs, favorable advertising spend and favorable payroll costs due to headcount reductions.

Total Other Expense, Net

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
	(in thousands)		(in thousands)	
Total other expense, net	$ (260)	$ (788)	$ (531)	$ (989)
Percent of net sales	(0.2)%	(0.6)%	(0.1)%	(0.2)%

Total other expense, net, decreased $528, or 67.0%, and decreased $458, or 46.3%, for the third quarter of 2026 and YTD Q3 2026, respectively, compared to the same periods in 2025. The third quarter change and YTD Q3 2026 change were primarily driven by interest expense from the Convertible Notes that we issued in September 2025, partially offset by an increase in other income.

Income Tax (Benefit) Provision

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025	October 3, 2026	September 27, 2025
	(in thousands)		(in thousands)	
Income tax provision (benefit)	$ 74	$ 59	$ (1,310)	$ 289
Percent of net sales	0.1 %	0.0 %	(0.3)%	0.1 %

For the thirteen and thirty-nine weeks ended October 3, 2026, our effective tax rate was (1.8)% and 12.4%, respectively. The effective tax rate differed from the U.S. federal statutory rate primarily due to state income taxes, share-based compensation that is either not deductible for tax purposes or for which the tax deductible amount is different than the financial reporting amount, the write-off of an accrued withholding tax associated with the disposition of the Philippines subsidiary, and a change in the valuation allowance that offset the tax of the current period pre-tax loss.

For the thirteen and thirty-nine weeks ended September 27, 2025, our effective tax rate was (0.5)% and (0.7)%, respectively. The effective tax rate differed from the U.S. federal statutory rate primarily due to state income taxes, income of our Philippines subsidiary that is subject to different effective tax rates, share-based compensation that is either not deductible for tax purposes or for which the tax deductible amount is different than the financial reporting amount, and a change in the valuation allowance that offset the tax of the current period pre-tax loss.

We account for income taxes in accordance with ASC Topic 740 – *Income Taxes* ("ASC 740"). Under the provisions of ASC 740, management is required to evaluate whether a valuation allowance should be established against its deferred tax assets. We currently have a full valuation allowance against our deferred tax assets. As of each reporting date, our management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets. For the thirty-nine weeks ended October 3, 2026, there was no material change from the fiscal year ended January 3, 2026 in the amount of our deferred tax assets that are not considered to be more likely than not to be realized in future years.

Foreign Currency

The impact of foreign currency is mainly related to sales of our products in Canada and was not material to our operations. On January 27, 2026, we sold 100% of the issued and outstanding shares of our Philippines subsidiary to a third party. As a result, the Philippines subsidiary was deconsolidated from our consolidated financial statements.

Liquidity and Capital Resources

Sources of Liquidity

During the thirty-nine weeks ended October 3, 2026, we primarily funded our operations with cash and cash equivalents generated from operations and issuance of common stock for $8,000 of gross proceeds (see "*Note 3 - Stockholders' Equity and Share-Based Compensation"*). As of October 3, 2026 and January 3, 2026, our outstanding revolving loan balance under our Credit Facility was $0 and $0, respectively. We had cash and cash equivalents of $33,779 as of October 3, 2026, representing a $7,958 increase from $25,821 of cash as of January 3, 2026. Based on our current operating plan, we believe that our existing cash and cash equivalents, investments, cash flows from operations and available funds under our Credit Facility will be sufficient to finance our operations through at least the next twelve months (see "*Debt and Available Borrowing Resources"* and "*Funding Requirements*" below).

Working Capital

As of October 3, 2026 and January 3, 2026, our working capital was $52,673 and $53,817, respectively. The historical seasonality in our business during the year can cause cash and cash equivalents, inventory and accounts payable to fluctuate, resulting in changes in our working capital.

Cash Flows

The following table summarizes the key cash flow metrics from our consolidated statements of cash flows for the thirty-nine weeks ended October 3, 2026 and September 27, 2025 (in thousands):

	Thirty-Nine Weeks Ended	
	October 3, 2026	September 27, 2025
Net cash provided by (used in) operating activities	$ 10,043	$ (26,477)
Net cash used in investing activities	(7,253)	(6,281)
Net cash provided by financing activities	5,761	32,372
Effect of exchange rate changes on cash	(593)	—
Net change in cash and cash equivalents	$ 7,958	$ (386)

Operating Activities

Net cash provided by (used in) operating activities for the thirty-nine weeks ended October 3, 2026 and September 27, 2025 was $10,043 and ($26,477), respectively. The increase was primarily driven by a lower net loss in the thirty-nine weeks ended October 3, 2026 and a higher net cash inflow from the change in working capital.

Investing Activities

For the thirty-nine weeks ended October 3, 2026, net cash used in investing activities was primarily the result of additions to property and equipment of $7,553, which are mainly related to capitalized website and software development costs. For the thirty-nine weeks ended September 27, 2025, net cash used in investing activities was primarily the result of additions to property and equipment of $6,281, which are mainly related to capitalized website and software development costs.

Financing Activities

Net cash provided by financing activities was $5,761 for the thirty-nine weeks ended October 3, 2026, primarily due to $8,000 of gross proceeds from the issuance of common stock, partially offset by $2,028 of payments made on finance leases. Net cash provided by financing activities was $32,372 for the thirty-nine weeks ended September 27, 2025, primarily due to the issuance of the Convertible Notes with an aggregate principal amount of $25,000 in addition to $10,733 of gross proceeds from the issuance of common stock, partially offset by $2,615 of payments on finance leases.

Debt and Available Borrowing Resources

Total debt was $32,365 as of October 3, 2026 compared to $34,010 as of January 3, 2026 and primarily consists of Convertible Notes payable and right-of-use obligations – finance.

Convertible Notes Payable

On September 8, 2025, we entered into a Purchase Agreement with certain investors, pursuant to which we issued Convertible Notes with an aggregate principal amount of $25,000. The Convertible Notes accrue interest quarterly at a rate of two percent (2%) per annum, payable in kind. The maturity date is September 10, 2028. The outstanding Convertible Notes principal balance, plus any unpaid and accrued interest, is convertible at the option of the investors into shares of our common stock at the maturity date, at a Conversion Price of $12.00 per share. As of October 3, 2026 and January 3, 2026, the Convertible Notes payable balance was $25,545 and $25,161, respectively.

Credit Facility

We maintain a Credit Facility that provides for, among other things, a revolving commitment, which is subject to a borrowing base derived primarily from cash and cash equivalents, certain receivables and inventory. On June 15, 2026, we entered into a Credit Agreement with FBSF providing for an asset-based revolving credit facility in an aggregate

maximum principal amount of up to $25,000, secured by substantially all our assets. The Credit Facility matures on March 31, 2028.

On September 2, 2026, we entered into the First Amendment to the FBSF Loan and Security Agreement. This First Amendment provided for a separate revolving line of credit for capital expenditures ("Capex Revolver") for an aggregated maximum principal amount of up to $1,500, and bears interest at a per annum rate equal to the One-Month Term SOFR plus an applicable margin of 3.25% per annum. As of October 3, 2026, the outstanding Capex Revolver balance was $0. The foregoing description of the First Amendment does not purport to be complete and is qualified in its entirety by reference to the full First Amendment, which is attached to this Quarterly Report on Form 10-Q as Exhibit 10.1 and incorporated herein by reference.

As of October 3, 2026 and January 3, 2026, our outstanding revolving loan balance was $0 and $0, respectively. As of October 3, 2026 and January 3, 2026, the outstanding standby letters of credit balance was $0 and $680, respectively, and we had $0 of our trade letters of credit outstanding in accounts payable in our consolidated balance sheets. Loans drawn under the Credit Facility bear interest at a per annum rate equal to the One-Month Term SOFR plus an applicable margin of 3.25% per annum.

The Credit Agreement contains customary negative covenants restricting our ability to create, incur, assume or become liable for indebtedness; make certain investments; dispose of assets; pay dividends or repurchase our stock; create, incur or assume liens; consummate mergers or acquisitions; enter into affiliate transactions; or amend our organizational documents. The Credit Agreement also contains customary representations and warranties, affirmative financial covenants and events of default, including payment defaults, breach of representations and warranties, covenant defaults, cross-acceleration to other debt, and material adverse changes in our business. If an event of default occurs, FBSF will be entitled to take various actions, including the acceleration of all amounts due under the Credit Facility and all actions permitted to be taken by a secured creditor. In addition, if the sum of our cash balance and availability under the Credit Facility is less than $15,000, or if our availability under the Credit Facility is less than $7,500, then we must maintain a Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of not less than 1.1 to 1.0, tested quarterly on a trailing four-quarter basis.

If we are unable to satisfy the financial covenants and tests at any time, we may as a result cease being able to borrow under the Credit Facility or be required to immediately repay loans under the Credit Facility, and our liquidity and capital resources and ability to operate our business could be severely impacted, which would have a material adverse effect on our financial condition and results of operations. In those events, we may need to sell assets or seek additional equity or additional debt financing or attempt to modify our existing Credit Agreement. There can be no assurance that we would be able to raise such additional financing or engage in such asset sales on acceptable terms, or at all, or that we would be able to modify our existing Credit Agreement.

In connection with entering into the Credit Facility with FBSF, we and JPMC terminated our revolving credit facility with JPMC. At the time it was terminated, there was no balance outstanding on the JPMC revolving loan and there was no termination fee.

Funding Requirements

Based on our current operating plan, we believe that our existing cash, cash equivalents, investments, cash flows from operations and available debt financing will be sufficient to finance our operational cash needs through at least the next twelve months. Our future capital requirements may, however, vary materially from those now planned or anticipated. Changes in our operating plans, lower than anticipated net sales or gross margins, increased expenses, continued or worsened economic conditions, worsening operating performance by us, or other events, including those described in "*Risk Factors*" included in this report and any other reports we filed with the SEC may force us to sell assets or seek additional debt or equity financings in the future, including the issuance of additional common stock under a registration statement. As such, there can be no assurance that we would be able to raise such additional financing or engage in asset sales on acceptable terms, or at all. If we are not able to raise adequate additional financing or proceeds from asset sales, we will need to defer, reduce or eliminate significant planned expenditures, restructure or significantly curtail our operations.

Seasonality

We believe our business is somewhat seasonal in nature. It includes many categories, geographies, and channels which may experience seasonality from time to time based on various external factors. Additionally, seasonality may affect our product mix. These historical seasonality trends could continue, and such trends may have a material impact on our financial condition and results of operations in subsequent periods.

Critical Accounting Policies and Estimates

Our unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales, costs and expenses, as well as the disclosure of contingent assets and liabilities and other related disclosures. On an ongoing basis, we evaluate our estimates, including, but not limited to, those related to revenue recognition, uncollectible receivables, inventory, valuation of deferred tax assets and liabilities, intangible and other long-lived assets and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of our assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates, and we include any revisions to our estimates in our results for the period in which the actual amounts become known.

There were no significant changes to our critical accounting policies during the thirteen weeks ended October 3, 2026. We believe our critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our historical consolidated financial condition and results of operations (*for further detail, refer to our Annual Report on Form 10-K for the fiscal year ended January 3, 2026 that we filed with the SEC on March 5, 2026)*:

- Valuation of Inventory – Inventory Reserve
- Impairment of Long-Lived Assets

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business, including the effects of interest rate changes and foreign currency fluctuations. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Interest Rate Risk

We are subject to interest rate risk in connection with our revolving loan under our Credit Facility, which bears an interest rate based on SOFR, plus an applicable margin. As of October 3, 2026, we had a balance of $0 outstanding under our revolving loan. A hypothetical 100 basis point change in interest rates would not materially affect our interest expense and cash flows. The Convertible Notes accrue interest quarterly at a fixed rate of two percent (2%) per annum, payable in kind. Therefore, minimal interest rate risk exists for the Convertible Notes.

Foreign Currency Risk

Our purchases of auto parts from our Asian suppliers are denominated in U.S. dollars; however, a change in the foreign currency exchange rates could impact our product costs over time. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our consolidated financial statements. We do not use derivative financial instruments to manage foreign currency risk but could choose to do so in the future.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation required by Rule 13a – 15(b) of the Exchange Act under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this report.

Disclosure controls and procedures provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based on this evaluation, our Chief Executive Officer and Interim Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit 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 our management, including our Chief Executive Officer and Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

During the most recent fiscal quarter, no change has occurred in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Inherent Limitations on Internal Controls

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been or will be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth under the caption *"Legal Matters"* in *"Note 6 – Commitments and Contingencies"* of the Notes to Consolidated Financial Statements (Unaudited), included in *Part I, Item 1* of this report, is incorporated herein by reference. For an additional discussion of certain risks associated with legal proceedings, see the section below entitled "*Risk Factors*" included in *Part II, Item 1A* of this report.

ITEM 1A. RISK FACTORS

Our business is subject to a number of risks which are summarized and then discussed in more detail below. Other risks are presented elsewhere in this report and in our other filings with the SEC. You should consider carefully the following risks in addition to the other information contained in this report and our other filings with the SEC, including our subsequent reports on Forms 10-Q and 8-K, and any amendments thereto, before deciding to buy, sell or hold our common stock. If any of the following known or unknown risks or uncertainties actually occurs with material adverse effects on us, our business, financial condition, results of operations and/or liquidity could be seriously harmed. In that event, the market price for our common stock will likely decline and you may lose all or part of your investment. You should not interpret the disclosure of a risk to imply that such risk has not already materialized.

Risk Factors Summary

Our business and industry are subject to a number of risks that could adversely affect our business, financial condition and operating results. These risks are discussed in more detail below and include, but are not limited to, risks related to the following:

Risks Related To Our Operations

- *We are dependent upon relationships with suppliers in Taiwan and China for the majority of our products.*
- *Increases in delivery fees could adversely affect our financial condition.*
- *Higher wage costs due to changes in federal and state minimum wage laws could adversely affect our business.*
- *If commodity prices such as fuel, plastic and steel increase, our margins may be negatively impacted.*
- *Purchasers of aftermarket auto parts may not choose to shop online.*
- *Shifting online consumer behavior of purchasers of aftermarket auto parts.*
- *If hosts of third-party marketplaces limit our access, we could lose a substantial portion of our revenues.*
- *During the third quarter of 2026, we recorded a net loss, and net losses could continue in the future.*
- *Our operations are restricted by our Credit Agreement, and our ability to borrow funds under our Credit Facility is subject to a borrowing base.*
- *We have recorded impairment of our long-lived assets, and may need to record additional charges in the future.*
- *We are highly dependent upon key suppliers.*
- *If our fulfillment operations are interrupted for any significant period of time, our sales could decline.*
- *We face intense competition and operate in an industry with limited barriers to entry.*
- *Failure to offer a broad selection of products at competitive prices or to maintain sufficient inventory.*
- *We rely on key personnel and may need additional personnel for the success and growth of our business.*
- *Our business could be adversely affected by the effects from a prolonged viral outbreak or pandemic.*
- *As a result of our international operations, we have foreign exchange risk.*
- *Our product catalog database could be stolen, misappropriated or damaged, or a competitor might create a substantially similar catalog without infringing our rights.*
- *Economic conditions have had, and may continue to have, an adverse effect on the demand for aftermarket auto parts and could adversely affect our sales and operating results.*
- *The seasonality of our business places increased strain on our operations.*
- *Vehicle miles driven have fluctuated and may decrease.*
- *We may be required to collect and pay more sales taxes, and possibly for other fees and penalties.*
- *Our ability to use net operating loss carryforwards to offset future income may be limited.*
- *Our estimate of the size of our addressable market may prove to be inaccurate.*

Regulatory And Litigation Risks

- *Tariffs and other restrictions imposed by the United States government.*
- *We face exposure to product liability lawsuits.*
- *Failure to comply with privacy laws and regulations and failure to adequately protect customer data.*

- *The regulatory framework is constantly evolving, and privacy concerns could adversely affect our business.*
- *Challenges by original equipment manufacturers ("OEMs") to the validity of the auto parts industry and claims of intellectual property infringement.*
- *Inability to protect our intellectual property rights.*
- *We could incur substantial liabilities relating to litigation or certain laws and governmental regulations.*
- *Changes in tax laws or regulations that are applied adversely to us or our customers.*
- *Existing or future government regulation could expose us to liabilities and costly changes in our business.*
- *We may be affected by global climate change or by legal, regulatory, or market responses to such change.*
- *Potential impact from future regulation related to environmental, social and governance ("ESG") matters.*

Risks Related To Our Use Of Technology

- *Artificial intelligence presents risk and challenges that could adversely impact our business.*
- *We depend on search engines and other online sources to attract visitors to our websites and marketplace channels, and the ability to attract and convert them into customers in a cost-effective manner.*
- *We rely on bandwidth and data center providers, and any failure or interruption in the services provided could disrupt our business and cause us to lose customers.*
- *Security threats, such as ransomware attacks, to our IT infrastructure could expose us to liability, business interruption and significant damages, and may damage our reputation and business.*
- *Dependence on open-source software could expose us to uncertainty and potential liability.*
- *System failures could prevent access to our websites which could reduce our net sales and harm our reputation.*
- *Problems with our IT systems could interfere with our business and operations.*
- *Inability to respond to technological change causing our websites to become obsolete.*
- *Our business depends on third-party technology infrastructure providers, and any disruption in their services could materially harm our business, financial condition, and results of operations.*
- *Use of social media may adversely impact our reputation or subject us to fines or other penalties.*

Risks Related To Our Capital Stock

- *Our common stock price may continue to be volatile, which may result in losses to our stockholders.*
- *Our future operating results may fluctuate and may fail to meet market expectations.*
- *Conversion of the Convertible Notes would dilute the ownership interest of existing stockholders and may adversely affect the price of our common stock.*
- *If we are not able to issue shares upon conversion of the Convertible Notes, we will be required to pay cash that we might not have on hand nor are able to borrow under our existing Credit Facility.*
- *Failure to maintain an effective system of internal control could adversely affect our stock price.*
- *Our charter documents could deter a takeover effort, which could inhibit your ability to receive an acquisition premium for your shares.*
- *We do not intend to pay dividends on our common stock.*
- *We cannot guarantee that our share repurchase program will enhance shareholder value.*
- *Future capital raises may dilute our existing stockholders' ownership.*

- *We are required to meet Nasdaq's continued listing requirements.*

Risks Related To Our Operations

We are dependent upon relationships with suppliers in Taiwan and China for the majority of our products, which exposes us to complex regulatory regimes and logistical challenges.

We acquire a majority of our products from manufacturers and distributors located in Taiwan and China. We do not have any long-term contracts or exclusive agreements with our foreign suppliers that would ensure our ability to acquire the types and quantities of products we desire at acceptable prices and in a timely manner or that would allow us to rely on customary indemnification protection with respect to any third-party claims similar to some of our U.S. suppliers.

In addition, because many of our suppliers are outside of the United States, additional factors could interrupt our relationships or affect our ability to acquire the necessary products on acceptable terms, including:

- political, social and economic instability, social unrest, and the risk of war or other international incidents in Asia, Europe, or abroad, including, but not limited to, the effects of disputes between China and Taiwan, Russia's invasion of Ukraine and the ongoing conflict in Iran;
- global political changes, including as a result of the change in the U.S. presidential administration;
- deterioration in U.S.-China trade relations, including increased tensions, policy shifts, or regulatory changes, increased tariffs, trade restrictions, or sanctions affecting our supply chain and product imports;
- changes in bilateral agreements between the U.S. and China that could disrupt established supply chains, increase compliance costs, or limit our ability to source products efficiently;
- fluctuations in foreign currency exchange rates that may increase our cost of products;
- imposition of duties, taxes, tariffs or other charges on imports;
- difficulties in complying with import and export laws, regulatory requirements and restrictions;
- natural disasters and public health emergencies, such as the COVID-19 pandemic or other future pandemics, impacting countries from which we purchase product;
- import shipping delays resulting from foreign or domestic labor shortages, slow-downs, or stoppage; and
- the failure of local laws to provide a sufficient degree of protection against infringement of our intellectual property;
- imposition of new legislation relating to import quotas or other restrictions that may limit the quantity of our product that may be imported into the U.S. from countries or regions where we do business;
- financial or political instability in any of the countries in which our product is manufactured;
- potential recalls or cancellations of orders for any product that does not meet our quality standards;
- disruption of imports by labor disputes or strikes and local business practices;

- political or military conflict involving the U.S. or any country in which our suppliers or transportation routes for our products are located, which could cause a delay in the transportation of our products, an increase in transportation costs and additional risk to product being damaged and delivered on time;

- heightened terrorism security concerns, which could subject imported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods;

- inability of our non-U.S. suppliers to obtain adequate credit or access liquidity to finance their operations; and

- our ability to enforce any agreements with our foreign suppliers.

For example, during the first quarter of 2018, the United States Customs and Border Protection ("CBP") imposed an enhanced bonding requirement on us at a level equivalent to three times the commercial invoice value of each shipment. While we have been granted relief removing the bonding requirement, CBP may impose other requirements on us which would make it more difficult or more expensive for us to import products. If we were unable to import products from China and Taiwan or were unable to import products from China and Taiwan in a cost-effective manner, we could suffer irreparable harm to our business and be required to significantly curtail our operations, file for bankruptcy or cease operations.

From time to time, we may also have to resort to administrative and court proceedings to enforce our legal rights with foreign suppliers. However, it may be more difficult to evaluate the level of legal protection we enjoy in Taiwan and China and the corresponding outcome of any administrative or court proceedings than in comparison to our suppliers in the United States.

We depend on third-party delivery services, for both inbound and outbound shipping, to deliver our products to our distribution centers and subsequently to our customers on a timely and consistent basis, and any deterioration in our relationship with any one of these third parties or increases in the fees that they charge could harm our reputation and adversely affect our business and financial condition.

We rely on third parties for the shipment of our products, both inbound and outbound shipping logistics, and we cannot be sure that these relationships will continue on terms favorable to us, or at all. Shipping costs have increased from time to time, and may continue to increase due to inflation or other reasons, and we may not be able to pass these costs directly to our customers. Additionally, the ongoing conflict in Iran has increased volatility in global energy and oil markets, which could significantly increase fuel costs may materially affect our shipping costs in the future. Any increased shipping costs could harm our business, prospects, financial condition and results of operations by increasing our costs of doing business and reducing gross margins which could negatively affect our operating results. In addition, we utilize a variety of shipping methods for both inbound and outbound logistics. For inbound logistics, we rely on trucking and ocean carriers and any increases in fees that they charge could adversely affect our business and financial condition. For outbound logistics, we rely on ‘‘Less-than-Truckload’’ (‘‘LTL’’) and parcel freight based upon the product and quantities being shipped and customer delivery requirements. These outbound freight costs have increased on a year-over-year basis and may continue to increase in the future. We also ship a number of oversized auto parts which may trigger additional shipping costs by third-party delivery services. Any increases in fees or any increased use of LTL would increase our shipping costs which could negatively affect our operating results.

In addition, if our relationships with these third parties are terminated or impaired, or if these third parties are unable to deliver products for us, whether due to labor shortage, slow down or stoppage, deteriorating financial or business condition, responses to terrorist attacks or for any other reason, we would be required to use alternative carriers for the shipment of products to our customers. Changing carriers could have a negative effect on our business and operating results due to reduced visibility of order status and package tracking and delays in order processing and product delivery, and we may be unable to engage alternative carriers on a timely basis, upon terms favorable to us, or at all.

Higher wage costs due to changes in federal and state minimum wage laws, or due to unstable market conditions, could adversely affect our business.

Changes in federal and state minimum wage laws and other laws relating to employee benefits could cause us to incur additional wage and benefit costs. Increased labor costs brought about by changes in minimum wage laws, inflation, other regulations or prevailing market conditions could increase our expenses and have an adverse impact on our profitability.

If commodity prices such as fuel, plastic and steel increase, our margins may be negatively impacted.

Our third-party delivery services have increased fuel surcharges from time to time, and such increases negatively impact our margins, as we are generally unable to pass all of these costs directly to consumers. Increasing prices in the component materials for the parts we sell may impact the availability, the quality and the price of our products, as suppliers search for alternatives to existing materials and increase the prices they charge. We cannot ensure that we can recover all the increased costs through price increases, and our suppliers may not continue to provide the consistent quality of product as they may substitute lower cost materials to maintain pricing levels, all of which may have a negative impact on our business and results of operations.

Purchasers of aftermarket auto parts may not choose to shop online, which would prevent us from acquiring new customers who are necessary to the growth of our business.

The online market for aftermarket auto parts is less developed than the online market for many other business and consumer products, and currently represents only a small part of the overall aftermarket auto parts market. Our success will depend in part on our ability to attract new customers and to convert customers who have historically purchased auto parts through traditional retail and wholesale operations. Specific factors that could discourage or prevent prospective customers from purchasing from us include:

- concerns about buying auto parts without face-to-face interaction with sales personnel;
- increased desire to purchase American-made products;
- the inability to physically handle, examine and compare products;
- delivery time associated with Internet orders;
- concerns about the security of online transactions and the privacy of personal information;
- delayed shipments or shipments of incorrect or damaged products;
- increased shipping costs; and
- the inconvenience associated with returning or exchanging items purchased online.

If the online market for auto parts does not gain widespread acceptance, our sales may decline and our business and financial results may suffer.

Shifting online consumer behavior of purchasers of aftermarket auto parts could adversely impact our financial results and the growth of our business.

Shifting consumer behavior indicates that our customers are becoming more inclined to shop for aftermarket auto parts through their mobile devices. Mobile customers exhibit different behaviors than our more traditional desktop based eCommerce customers. User sophistication and technological advances have increased consumer expectations around the user experience on mobile devices, including speed of response, functionality, product availability, security, and ease of use. If we are unable to continue to adapt our mobile device shopping experience from desktop based online shopping

in ways that improve our customer's mobile experience and increase the engagement of our mobile customers our sales may decline and our business and financial results may suffer.

In addition, recent trends indicate that customers may be more inclined to shop for aftermarket auto parts through marketplace websites such as Amazon and eBay as opposed to purchasing parts through eCommerce channels. Any mix shift in sales to marketplace channels or increase in associated commissions and costs, could result in lower gross margins, and as a result, our business and financial results may suffer.

If the hosts of third-party marketplaces limit our access to such marketplaces, our operations and financial results will be adversely affected.

Third-party marketplaces account for a significant portion of our revenues. Our sales on third-party marketplaces (including eBay and Amazon) represented a combined 30.3% of total sales in the thirty-nine weeks ended October 3, 2026. We anticipate that sales of our products on third-party marketplaces will continue to account for a significant portion of our revenues. In the future, the loss of access to these third-party marketplaces, or any significant cost increases from operating on the marketplaces, could significantly reduce our revenues, and the success of our business depends partly on continued access to these third-party marketplaces. Our relationships with our third-party marketplace providers could deteriorate as a result of a variety of factors, such as if they become concerned about our ability to deliver quality products on a timely basis or to protect a third-party's intellectual property. In addition, third-party marketplace providers could prohibit our access to these marketplaces if we are not able to meet the applicable required terms of use. Loss of access to a marketplace channel could result in lower sales, and as a result, our business and financial results may suffer.

In October 2026, we received a letter from one of our large third-party marketplace partners stating that our planned launch of CarParts Connect creates a conflict of interest and that the partner intends to terminate our seller relationship when that launch occurs. We value this relationship and expect to spend the coming weeks and months in discussions with the partner to find a mutually acceptable solution. There can be no assurance that these discussions will lead to a resolution on acceptable terms or at all. If the partner terminates our seller relationship, sales through this channel, could decline or cease, which could adversely affect our business, financial condition and results of operations.

During the third quarter of 2026, we recorded a net loss, and our net losses may continue in the future.

If our net losses continue in the future, they could severely impact our liquidity, as we may not be able to provide positive cash flows from operations in order to meet our working capital requirements. We may need to borrow additional funds from our Credit Facility, which under certain circumstances may not be available, sell additional assets or seek additional equity or additional debt financing in the future. In such case, there can be no assurance that we would be able to raise such additional financing or engage in such asset sales on acceptable terms, or at all. If our net losses were to continue, and if we are not able to raise adequate additional financing or proceeds from asset sales to continue to fund our ongoing operations, we will need to defer, reduce or eliminate significant planned expenditures, restructure or significantly curtail our operations, file for bankruptcy or cease operations.

Our operations are restricted by our Credit Agreement, and our ability to borrow funds under our Credit Facility is subject to a borrowing base.

We maintain a Credit Facility that provides for, among other things, a revolving commitment in an aggregate principal amount of up to $25,000 subject to a borrowing base primarily derived from cash and cash equivalents, certain receivables and inventory. The Credit Facility matures on March 31, 2028.

Our Credit Agreement includes a number of restrictive covenants. These covenants could impair our financing and operational flexibility and make it difficult for us to react to market conditions and satisfy our ongoing capital needs and unanticipated cash requirements. Specifically, such covenants restrict our ability and, if applicable, the ability of our subsidiaries to, among other things:

- incur additional debt;

- make certain investments and acquisitions;
- enter into certain types of transactions with affiliates;
- use assets as security in other transactions;
- pay dividends on our capital stock or repurchase our equity interests;
- sell certain assets or merge with or into other companies;
- guarantee the debts of others;
- enter into new lines of business;
- pay or amend our subordinated debt; and
- form any subsidiary investments.

In addition, our Credit Facility is subject to a borrowing base derived primarily from cash and cash equivalents, certain receivables and inventory. In the event that components of the borrowing base are adversely affected for any reason, including adverse market conditions or downturns in general economic conditions, we could be restricted in the amount of funds we can borrow under the Credit Facility. Furthermore, in the event that components of the borrowing base decrease to a level below the amount of loans then-outstanding under the Credit Facility, we could be required to immediately repay loans to the extent of such shortfall. If any of these events were to occur, it could severely impact our liquidity and capital resources, limit our ability to operate our business and could have a material adverse effect on our financial condition and results of operations.

Under certain circumstances, our Credit Agreement may also require us to satisfy a financial covenant, which could limit our ability to react to market conditions or satisfy extraordinary capital needs and could otherwise impact our liquidity and capital resources, restrict our financing and have a material adverse effect on our results of operations.

Our ability to comply with the covenants and other terms of our debt obligations will depend on our future operating performance. If we are unable to satisfy the financial covenants and tests at any time and unable to obtain waivers from our lenders with respect to such requirements, we may not be able to borrow under the Credit Facility or may be required to immediately repay loans under the Credit Facility, and our liquidity and capital resources and ability to operate our business could be severely impacted, which would have a material adverse effect on our financial condition and results of operations. In those events, we may need to sell assets or seek additional equity or additional debt financing or attempt to modify our existing Credit Agreement. There can be no assurance that we would be able to raise such additional financing or engage in such asset sales on acceptable terms, or at all, or that we would be able to modify our existing Credit Agreement.

While we did not have any outstanding revolver loan debt under our Credit Agreement, as of October 3, 2026, we may have outstanding revolver loan debt in the future. Any outstanding indebtedness would have important consequences, including the following:

- we would have to dedicate a portion of our cash flow to making payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions or other general corporate purposes;
- certain levels of indebtedness may make us less attractive to potential acquirers or acquisition targets;
- certain levels of indebtedness may limit our flexibility to adjust to changing business and market conditions, and make us more vulnerable to downturns in general economic conditions as compared to competitors that may be less leveraged; and

- as described in more detail above, the documents providing for our indebtedness contain restrictive covenants that may limit our financing and operational flexibility.

Furthermore, our ability to satisfy our debt service obligations depends, among other things, upon fluctuations in interest rates, our future operating performance and ability to refinance indebtedness when and if necessary. These factors depend partly on economic, financial, competitive and other factors beyond our control. In addition, borrowings under our revolver use a SOFR as one benchmark for establishing the interest rate.

We may not be able to generate sufficient cash from operations to meet our debt service obligations as well as fund necessary capital expenditures and general operating expenses. In addition, if we need to refinance our debt, or obtain additional debt financing or sell assets or equity to satisfy our debt service obligations, we may not be able to do so on commercially reasonable terms, if at all. If this were to occur, we may need to defer, reduce or eliminate significant planned expenditures, restructure or significantly curtail our operations, file for bankruptcy or cease operations. Our outstanding letters of credit balance as of October 3, 2026 was $0, and we had $0 of our trade letters of credit outstanding in accounts payable in our consolidated balance sheet.

We have recorded impairment of our long-lived assets, and may be required to record significant additional charges if our long-lived assets become further impaired in the future.

We review our long-lived assets for impairment annually, or when events or changes in circumstances indicate the carrying value may not be recoverable. Factors that may be considered are changes in circumstances indicating that the carrying value of our assets may not be fully recoverable, including a decrease in future cash flows. Events and circumstances that may affect the fair value of long-lived assets may include, among other things, external factors such as macroeconomic, industry, and market conditions, as well as cost factors, overall financial performance including cash flow losses, and sustained decline in our stock price and market capitalization compared to the net book value. During the year ended January 3, 2026, we recognized an impairment loss on long-lived assets of $3,690. We will continue to assess whether our long-lived assets are impaired in future periods. For additional information regarding these impairment charges, refer to *Note 3 –* "*Property and Equipment, Net"* under the section *"Impairment of Long-lived Assets"* in the accompanying notes to the Consolidated Financial Statements included in Part II, Item 8 of our Annual Report on Form 10-K.

It is possible that changes in circumstances, many of which are outside of our control, or in the numerous variables associated with the assumptions and estimates used in assessing the appropriate valuation of our long-lived assets, could in the future result in significant additional impairment charges to our long-lived assets, which could adversely affect our consolidated results of operations.

We are highly dependent upon key suppliers and an interruption in such relationships or our ability to obtain parts from such suppliers could adversely affect our business and results of operations.

Our top ten suppliers represented approximately 55% of our total product purchases during the thirty-nine weeks ended October 3, 2026. Our ability to acquire products from our suppliers in amounts and on terms acceptable to us is dependent upon a number of factors that could affect our suppliers and which are beyond our control. For example, financial or operational difficulties that some of our suppliers may face could result in an increase in the cost of the products we purchase from them. If we do not maintain our relationships with our existing suppliers or develop relationships with new suppliers on acceptable commercial terms, we may not be able to continue to offer a broad selection of merchandise at competitive prices and, as a result, we could lose customers and our sales could decline.

For a number of the products that we sell, we outsource the distribution and fulfillment operation and are dependent on certain drop-ship suppliers to manage inventory, process orders and distribute those products to our customers in a timely manner. For the thirty-nine weeks ended October 3, 2026, our product purchases from three drop-ship suppliers represented approximately 23% of our total product purchases. Because we outsource to suppliers a number of these traditional retail functions relating to those products, we have limited control over how and when orders are fulfilled. We also have limited control over the products that our suppliers purchase or keep in stock. Our suppliers may not accurately forecast the products that will be in high demand or they may allocate popular products to other resellers, resulting in the unavailability of certain products for delivery to our customers. Any inability to offer a broad

array of products at competitive prices and any failure to deliver those products to our customers in a timely and accurate manner may damage our reputation and brand and could cause us to lose customers and our sales could decline.

In addition, the increasing consolidation among auto parts suppliers may disrupt or end our relationship with some suppliers, result in product shortages and/or lead to less competition and, consequently, higher prices. Furthermore, as part of our routine business, suppliers extend credit to us in connection with our purchase of their products. In the future, our suppliers may limit the amount of credit they are willing to extend to us in connection with our purchase of their products. If this were to occur, it could impair our ability to acquire the types and quantities of products that we desire from the applicable suppliers on acceptable terms, severely impact our liquidity and capital resources, limit our ability to operate our business and could have a material adverse effect on our financial condition and results of operations.

If our fulfillment operations are interrupted for any significant period of time or are not sufficient to accommodate increased demand, our sales could decline and our reputation could be harmed.

Our success depends on our ability to successfully receive and fulfill orders and to promptly deliver our products to our customers. The majority of orders for our auto parts products are filled from our inventory in our distribution centers, where all our inventory management, packaging, labeling and product return processes are performed. Increased demand and other considerations may require us to expand our distribution centers or transfer our fulfillment operations to larger or other facilities in the future. If we do not successfully expand our fulfillment capabilities in response to increases in demand, our sales could decline.

In addition, our distribution centers are susceptible to damage or interruption from human error, sickness related to a pandemic, fire, flood, power loss, telecommunications failures, terrorist attacks, acts of war, break-ins, earthquakes and similar events. We do not currently maintain back-up power systems at our fulfillment centers. While we maintain disaster recovery and business continuity measures, we cannot guarantee these will be sufficient to avoid material harm during a significant interruption in the operations at our fulfillment centers. In addition, alternative arrangements may not be available, or if they are available, may increase the cost of fulfillment. Any interruptions in our fulfillment operations for any significant period of time, including interruptions resulting from the expansion of our existing facilities or the transfer of operations to a new facility, could damage our reputation and brand and substantially harm our business and results of operations.

We face intense competition and operate in an industry with limited barriers to entry, and some of our competitors may have greater resources than us and may be better positioned to capitalize on the growing eCommerce auto parts market.

The auto parts industry is competitive and highly fragmented, with products distributed through multi-tiered and overlapping channels. We compete with both online and offline retailers who offer OEM and aftermarket auto parts to either the DIY or Do-It-For-Me (“DIFM”) customer segments. Current or potential competitors include the following:

- national auto parts retailers such as Advance Auto Parts, AutoZone, Napa Auto Parts, CarQuest, O’Reilly Automotive and Pep Boys;
- large online marketplaces such as Amazon and eBay;
- other online retailers of automotive products websites;
- local independent retailers or niche auto parts online retailers;
- wholesale aftermarket auto parts distributors such as LKQ Corporation; and
- manufacturers, brand suppliers and other distributors selling online directly to customers.

Barriers to entry are low, and current and new competitors can launch websites at a relatively low cost. Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing, technical, management and other resources than we do. For example, in

the event that online marketplace companies such as Amazon or eBay, who have larger customer bases, greater brand recognition and significantly greater resources than we do, focus more of their resources on competing in the aftermarket auto parts market, it could have a material adverse effect on our business and results of operations. In addition, some of our competitors have used and may continue to use aggressive pricing tactics and devote substantially more financial resources to website and system development than we do. We expect that competition will further intensify in the future as Internet use and online commerce continue to grow worldwide. Increased competition may result in reduced sales, lower operating margins, reduced profitability, loss of market share and diminished brand recognition.

Additionally, we have experienced significant competitive pressure from certain of our suppliers who are now selling their products directly to customers. Since our suppliers have access to merchandise at very low costs, they can sell products at lower prices and maintain higher gross margins on their product sales than we can. Our financial results have been negatively impacted by direct sales from our suppliers to our current and potential customers, and our total number of orders and average order value may decline due to increased competition. Continued competition from our suppliers may also continue to negatively impact our business and results of operations, including through reduced sales, lower operating margins, reduced profitability, loss of market share and diminished brand recognition. We have implemented and will continue to implement several strategies to attempt to overcome the challenges created by our suppliers selling directly to our customers and potential customers, including optimizing our pricing, selling kits and the complete job, continuing to increase our mix of house brands products and improving our websites, which may not be successful. If these strategies are not successful, our operating results and financial conditions could be materially and adversely affected.

If we fail to offer a broad selection of products at competitive prices or fail to maintain sufficient inventory to meet customer demands, our revenue could decline.

In order to expand our business, we must successfully offer, on a continuous basis, a broad selection of auto parts that meet the needs of our customers, including by being the first to market with new SKUs. Our auto parts are used by consumers for a variety of purposes, including repair, performance, improved aesthetics and functionality. In addition, to be successful, our product offerings must be broad and deep in scope, competitively priced, well-made, innovative and attractive to a wide range of consumers. We cannot predict with certainty that we will be successful in offering products that meet all of these requirements. Moreover, even if we offer a broad selection of products at competitive prices, we must maintain sufficient in-stock inventory to meet consumer demand. If our product offerings fail to satisfy our customers' requirements or respond to changes in customer preferences or we otherwise fail to maintain sufficient in-stock inventory, our revenue could decline.

We rely on key personnel and may need additional personnel for the success and growth of our business.

Our business is largely dependent on the personal efforts and abilities of highly skilled executive, technical, managerial, merchandising, marketing, and call center personnel. Competition for such personnel is intense, and we cannot assure that we will be successful in attracting and retaining such personnel. The loss of any key employee or our inability to attract or retain other qualified employees could harm our business and results of operations.

A public health pandemic, such as the COVID-19 pandemic, or another pandemic and its effects, potentially could adversely affect future years.

A public health pandemic, such as the COVID-19 pandemic, may negatively impact our business, distribution centers, customers, suppliers, employees and third-party shipping providers. We have incurred in the past, and may in the future incur, additional freight and container costs and may also continue to incur increased costs relating to workforce shortages, overtime charges, and detention costs at one or more of our distribution centers. Prolonged effects of COVID-19, or a future pandemic, could also potentially disrupt our operations through, but not limited to, shipping container shortages, transportation delays, and changes in our operating procedures, including the need for additional cleaning and safety protocols.

As a result of our international operations, we have foreign exchange risk.

Our purchases of auto parts from our Asian suppliers are denominated in U.S. dollars; however, a change in the foreign currency exchange rates could impact our product costs over time. Our financial reporting currency is the U.S. dollar and changes in exchange rates significantly affect our reported results and consolidated trends. For example, if the U.S. dollar weakens year-over-year relative to currencies in our international locations, our consolidated gross profit and operating expenses would be higher than if currencies had remained constant.

If our product catalog database is stolen, misappropriated or damaged, or if a competitor is able to create a substantially similar catalog without infringing our rights, then we may lose an important competitive advantage.

We have invested significant resources and time to build and maintain our product catalog, which is maintained in the form of an electronic database, which maps SKUs to relevant product applications based on vehicle makes, models and years. We believe that our product catalog provides us with an important competitive advantage in both driving traffic to our websites and converting that traffic to revenue by enabling customers to quickly locate the products they require. We cannot assure you that we will be able to protect our product catalog from unauthorized copying or theft or that our product catalog will continue to operate adequately, without any technological challenges. In addition, it is possible that a competitor could develop a catalog or database that is similar to or more comprehensive than ours, without infringing our rights. In the event our product catalog is damaged or is stolen, copied or otherwise replicated to compete with us, whether lawfully or not, we may lose an important competitive advantage and our business could be harmed.

Economic conditions have had, and may continue to have, an adverse effect on the demand for aftermarket auto parts and could adversely affect our sales and operating results.

We sell aftermarket auto parts consisting of replacement parts, hard parts, and other parts and accessories. Demand for our products has been and may continue to be adversely affected by general economic conditions, consumer sentiment, unemployment levels, inflation, rising interest rates from the U.S. Federal Reserve as a response to inflation, or other heightened cost pressures on consumers. In declining economies, consumers often defer regular vehicle maintenance and may forego purchases of nonessential performance and accessories products, which can result in a decrease in demand for auto parts in general. Consumers also defer purchases of new vehicles, which immediately impacts other parts and accessories, which are generally purchased in the first six months of a vehicle's lifespan. In addition, during economic downturns some competitors may become more aggressive in their pricing practices, which would adversely impact our gross margin and could cause large fluctuations in our stock price. Certain suppliers may exit the industry which may impact our ability to procure parts and may adversely impact gross margin as the remaining suppliers increase prices to take advantage of limited competition.

The seasonality of our business places increased strain on our operations.

Our business is somewhat seasonal in nature. It includes many categories, geographies, and channels which may experience seasonality from time to time based on various external factors. Additionally, seasonality may affect our product mix. We also have experienced increased demand following the issuance of tax rebates by the government. These historical seasonality trends could continue, and such trends may have a material impact on our financial condition and results of operations in subsequent periods. If we do not stock or restock popular products in sufficient amounts such that we fail to meet increased customer demand, it could significantly affect our revenue and our future growth. Likewise, if we overstock products in anticipation of increased demand, we may be required to take significant inventory markdowns or write-offs and incur commitment costs, which could reduce profitability.

Vehicle miles driven, vehicle accident rates and insurance companies' willingness to accept a variety of types of replacement parts in the repair process have fluctuated and may decrease, which could result in a decline of our revenues and negatively affect our results of operations.

We and our industry depend on the number of vehicle miles driven, vehicle accident rates and insurance companies' willingness to accept a variety of types of replacement parts in the repair process. Decreased miles driven reduce the number of accidents and corresponding demand for crash parts, and reduce the wear and tear on vehicles with

a corresponding reduction in demand for vehicle repairs and replacement or hard parts. If consumers were to drive less in the future and/or accident rates were to decline, as a result of higher gas prices, increased use of ride-shares, the advancement of driver assistance technologies, or otherwise, our sales may decline and our business and financial results may suffer.

We may be required to collect and pay more sales taxes, and could become liable for other fees and penalties, which could have an adverse effect on our business.

Following the Supreme Court decision in South Dakota v. Wayfair ("Wayfair"), online sellers can be required to collect sales tax in any state which passes legislation requiring out of state retailers to collect sales tax even where they have no physical nexus. In response to Wayfair, or otherwise, state or local governments and taxing authorities may adopt, or begin to enforce, laws requiring us to calculate, collect and remit taxes on sales in their jurisdictions, which could harm our business and results of operations.

Moreover, if we fail to collect and remit or pay required sales or other taxes in a jurisdiction, or qualify or register to do business in a jurisdiction that requires us to do so or if we have failed to do so in the past, we could face material liabilities for taxes, fees, interest and penalties.

If we are unable to substantially utilize our net operating loss ("NOLs") carry-forwards, our financial results may be adversely affected.

As of October 3, 2026, our NOL carryforwards for federal and state were $147,891 and $103,039, respectively.

Limitations imposed on our ability to utilize NOLs could cause U.S. federal and state income taxes to be paid earlier than they would be paid if such limitations were not in effect and could cause such NOLs to expire unused, in each case reducing or eliminating the benefit of such NOLs. For example, if and when we seek to apply our NOL carry-forwards to reduce our tax liability, we will have the burden of proof with respect to the losses we incurred —in some cases up to 20 years ago. We may not meet our burden of proof if these records are difficult to locate or otherwise are unavailable, which could diminish the value of the available NOL carry-forwards. Furthermore, we may not be able to generate sufficient taxable income to utilize our NOLs before they expire. If any of these events occur, we may not derive some or all of the expected benefits from our NOLs. In addition, at the state level there may be periods during which the use of NOLs is suspended or otherwise limited, which would accelerate or may permanently increase state taxes owed.

Our estimate of the size of our addressable market may prove to be inaccurate.

Data for retail sales of auto products is collected for most, but not all channels, and as a result, it is difficult to estimate the size of the market and predict the rate at which the market for our products will grow, if at all. While our market size estimate was made in good faith and is based on assumptions and estimates we believe to be reasonable, this estimate may not be accurate. If our estimates of the size of our addressable market are not accurate, our potential for future growth may be less than we currently anticipate, which could have a material adverse effect on our business, financial condition, and results of operations.

Regulatory and Litigation Risks

The imposition of tariffs by the United States government could have a material adverse effect on our results of operations.

Changes in U.S. and foreign governments' trade policies have resulted in, and may continue to result in, tariffs on imports into and exports from the U.S., among other restrictions. Throughout 2018 and 2019, and just recently in 2025, the U.S. imposed tariffs on imports from several countries, including China. In February 2025, the U.S. administration announced increased tariffs on imports from China, where generally around 20% of our private label products are sourced, and our remaining private label products are imported from Taiwan and other countries. Following the U.S. administration's announcements, China also announced corresponding retaliatory tariff measures. On February 20, 2026,

the United States Supreme Court issued a ruling relating to tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") and held that IEEPA does not authorize the President to impose tariffs, which invalidated tariffs imposed pursuant to that authority. However, tariffs imposed under other legal authorities (including, for example, Sections 301 and 232) may remain in effect, and the U.S. administration has announced new tariff measures under other authorities, including a temporary import surcharge under Section 122 (which is subject to statutory duration limits and may be extended only by an Act of Congress).We are closely monitoring this evolving situation and evaluating our responses, which may include price adjustments or other cost-mitigation measures. However, there can be no assurance that we will be able to fully mitigate the impact of such tariffs or trade restrictions. If tariffs are imposed on imports of our products, or retaliatory trade measures are taken by China or other countries in response to existing or future tariffs, we could be forced to raise prices on all of our imported products or make changes to our operations, any of which could materially harm our revenue or operating results. Any additional future tariffs or quotas imposed on our products or related materials may impact our sales, gross margin and profitability if we are unable to pass increased prices onto our customers. Currently, we cannot fully determine how these tariffs will affect our business operations. The overall impact on our business will be influenced by several variables, including the duration and potential expansion of current tariffs, future changes to tariff rates, scope, or enforcement, retaliatory measures by impacted trade partners, inflationary effects and broader macroeconomic responses, changes to consumer purchasing behavior, ability to pass-through cost increases to the customer, and the effectiveness of our responses in managing these challenges.

We face exposure to product liability lawsuits.

The automotive industry in general has been subject to a large number of product liability claims due to the nature of personal injuries that result from car accidents or malfunctions. As a distributor of auto parts, including parts obtained overseas, we could be held liable for the injury or damage caused if the products we sell are defective or malfunction regardless of whether the product manufacturer is the party at fault. While we carry insurance against product liability claims, if the damages in any given action were high or we were subject to multiple lawsuits, the damages and costs could exceed the limits of our insurance coverage or prevent us from obtaining coverage in the future. If we were required to pay substantial damages as a result of these lawsuits, it may seriously harm our business and financial condition. Even defending against unsuccessful claims could cause us to incur significant expenses and result in a diversion of management's attention. In addition, even if the money damages themselves did not cause substantial harm to our business, the damage to our reputation and the brands offered on our websites could adversely affect our future reputation and our brand, and could result in a decline in our net sales and profitability.

Failure to comply with privacy laws and regulations and failure to adequately protect customer data could harm our business, damage our reputation and result in a loss of customers.

Federal and state and regulations may govern the collection, use, sharing and security of data that we receive from our customers. In addition, we have and post on our websites our own privacy policies and practices concerning the collection, use and disclosure of customer data. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any data-related consent orders, U.S. Federal Trade Commission requirements or other federal, state or international privacy-related laws and regulations could result in proceedings or actions against us by governmental entities or others, which could potentially harm our business. Further, failure or perceived failure to comply with our policies or applicable requirements related to the collection, use or security of personal information or other privacy-related matters could damage our reputation and result in a loss of customers.

The regulatory framework for data privacy is constantly evolving, and privacy concerns could adversely affect our operating results.

The regulatory framework for privacy issues is currently evolving and is likely to remain uncertain for the foreseeable future. The occurrence of unanticipated events often rapidly drives the adoption of legislation or regulation affecting the use of data and the way we conduct our business; in fact, there are active discussions among U.S. legislators around adoption of a new U.S. federal privacy law. Restrictions could be placed upon the collection, management, aggregation and use of information, which could result in a material increase in the cost of collecting and maintaining certain kinds of data. In June of 2018, California enacted the California Consumer Privacy Act (the "CCPA"), which took effect on January 1, 2020. The CCPA gives consumers the right to request disclosure of information collected about them, and whether that information has been sold or shared with others, the right to request deletion of personal information (subject

to certain exceptions), the right to opt out of the sale of the consumer's personal information, and the right not to be discriminated against for exercising these rights. We are required to comply with the CCPA. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. The CCPA could mark the beginning of a trend toward more stringent privacy legislation in the U.S., which could increase our potential liability and adversely affect our business.

Challenges by OEMs to the validity of the aftermarket auto parts industry and claims of intellectual property infringement could adversely affect our business and the viability of the aftermarket auto parts industry.

OEMs have attempted to use claims of intellectual property infringement against manufacturers and distributors of aftermarket products to restrict or eliminate the sale of aftermarket products that are the subject of the claims. The OEMs have brought such claims in federal court and with the United States International Trade Commission. We have received in the past, and we anticipate we may in the future receive, communications alleging that certain products we sell infringe the patents, copyrights, trademarks and trade names or other intellectual property rights of OEMs or other third parties. For instance, after approximately three and a half years of litigation and related costs and expenses, on April 16, 2009, we entered into a settlement agreement with Ford Motor Company and Ford Global Technologies, LLC that ended the two legal actions that were initiated by Ford against us related to claims of patent infringement.

The United States Patent and Trademark Office records indicate that OEMs are seeking and obtaining more design patents and trademarks than they have in the past. In some cases, we have entered into license agreements that allow us to sell aftermarket parts that replicate OEM patented parts in exchange for a royalty. In the event that our license agreements, or other similar license arrangements are terminated or we are unable to agree upon renewal terms, we may be subject to restrictions on our ability to sell aftermarket parts that replicate parts covered by design patents or trademarks, which could have an adverse effect on our business.

In 2018, for example, the CBP alleged that certain repair grilles we imported were counterfeit and infringed on trademarks registered by OEMs. While we subsequently settled with CBP, to the extent that the OEMs are successful in obtaining and enforcing other intellectual property rights, we could be restricted or prohibited from selling certain aftermarket products which could have an adverse effect on our business. Infringement claims could also result in increased costs of doing business arising from new importing requirements, increased port and carrier fees and legal expenses, adverse judgments or settlements or changes to our business practices required to settle such claims or satisfy any judgments. Litigation or regulatory enforcement could also result in interpretations of the law that require us to change our business practices or otherwise increase our costs and harm our business. We may not maintain sufficient, or any, insurance coverage to cover the types of claims that could be asserted. If a successful claim were brought against us, it could expose us to significant liability.

If we are unable to protect our intellectual property rights, our reputation and brand could be impaired and we could lose customers.

We regard our trademarks, trade secrets and similar intellectual property such as our proprietary back-end order processing and fulfillment code and process as important to our success. We rely on trademark and copyright law, and trade secret protection, and confidentiality and/or license agreements with employees, customers, partners and others to protect our proprietary rights. We cannot be certain that we have taken adequate steps to protect our proprietary rights, especially in countries where the laws may not protect our rights as fully as in the United States. In addition, our proprietary rights may be infringed or misappropriated, and we could be required to incur significant expenses to preserve them. In the past we have filed litigation to protect our intellectual property rights. The outcome of such litigation can be uncertain, and the cost of prosecuting such litigation may have an adverse impact on our earnings. We have common law trademarks, as well as pending federal trademark registrations for several marks and several registered marks. However, any registrations may not adequately cover our intellectual property or protect us against infringement by others. Effective trademark, service mark, copyright, patent and trade secret protection may not be available in every country in which our products and services may be made available online. We also currently own or control a number of Internet domain names, including *www.carparts.com*, *www.jcwhitney.com*, *www.autopartswarehouse.com* and *www.usautoparts.com*, and have invested time and money in the purchase of domain names and other intellectual property, including the development of our app, which may be impaired if we cannot

protect such intellectual property. We may be unable to protect these domain names or acquire or maintain relevant domain names in the United States and in other countries. If we are not able to protect our trademarks, domain names or other intellectual property, we may experience difficulties in achieving and maintaining brand recognition and customer loyalty.

Because we are involved in litigation from time to time and are subject to numerous laws and governmental regulations, we could incur substantial judgments, fines, legal fees and other costs as well as reputational harm.

We are sometimes the subject of complaints or litigation from customers, employees or other third parties for various reasons. The damages sought against us in some of these litigation proceedings could be substantial. Although we maintain liability insurance for some litigation claims, if one or more of the claims were to greatly exceed our insurance coverage limits or if our insurance policies do not cover a claim, this could have a material adverse effect on our business, financial condition, results of operations and cash flows. For more information on our ongoing litigation, see the information set forth under the caption "*Legal Matters*" in "*Note 6 - Commitments and Contingencies*" of the Notes to Consolidated Financial Statements, included in *Part I, Item 1* of this report.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, legislation enacted in 2017, informally titled the Tax Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to the Tax Act or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Existing or future government regulation could expose us to liabilities and costly changes in our business operations and could reduce customer demand for our products and services.

We are subject to federal and state consumer protection laws and regulations, including laws protecting the privacy of customer non-public information and regulations prohibiting unfair and deceptive trade practices, as well as laws and regulations governing businesses in general and the Internet and eCommerce and certain environmental laws. Additional laws and regulations may be adopted with respect to the Internet, the effect of which on eCommerce is uncertain. These laws may cover issues such as user privacy, spyware and the tracking of consumer activities, marketing e-mails and communications, other advertising and promotional practices, money transfers, pricing, content and quality of products and services, taxation, electronic contracts and other communications, intellectual property rights, and information security. Furthermore, it is not clear how existing laws such as those governing issues such as property ownership, sales and other taxes, trespass, data mining and collection, and personal privacy apply to the Internet and eCommerce. To the extent we expand into international markets, we will be faced with complying with local laws and regulations, some of which may be materially different than U.S. laws and regulations. Any such foreign law or regulation, any new U.S. law or regulation, or the interpretation or application of existing laws and regulations to the Internet or other online services or our business in general, may have a material adverse effect on our business, prospects, financial condition and results of operations by, among other things, impeding the growth of the Internet, subjecting us to fines, penalties, damages or other liabilities, requiring costly changes in our business operations and practices, and reducing customer demand for our products and services. We may not maintain sufficient, or any, insurance coverage to cover the types of claims or liabilities that could arise as a result of such regulation.

We may be affected by global climate change or by legal, regulatory, or market responses to such change.

The growing political and scientific sentiment is that global weather patterns are being influenced by increased levels of greenhouse gases in the earth's atmosphere. This growing sentiment and the concern over climate change have

led to legislative and regulatory initiatives aimed at reducing greenhouse gas emissions which warm the earth's atmosphere. These warmer weather conditions could result in a decrease in demand for auto parts in general. Moreover, proposals that would impose mandatory requirements on greenhouse gas emissions continue to be considered by policy makers in the United States. Laws enacted that directly or indirectly affect our suppliers (through an increase in the cost of production or their ability to produce satisfactory products) or our business (through an impact on our inventory availability, cost of sales, operations or demand for the products we sell) could adversely affect our business, financial condition, results of operations and cash flows. Significant increases in fuel economy requirements or new federal or state restrictions on emissions of carbon dioxide that may be imposed on vehicles and automobile fuels could adversely affect demand for vehicles, annual miles driven or the products we sell or lead to changes in automotive technology. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers. Our inability to respond to such changes could adversely impact the demand for our products and our business, financial condition, results of operations or cash flows.

Increased public attention related to ESG matters may expose us to negative public perception and could result in additional costs on our business.

Recently, more attention is being directed towards publicly traded companies regarding ESG matters. A failure, or perceived failure, to respond to investor, employee or customer expectations related to ESG concerns could impact the value of our brand, the cost of our operations or relationships with investors, all of which could adversely affect our business and results of operations. Additionally, new regulatory initiatives related to ESG matters could adversely affect our business.

Risks Related To Our Use Of Technology

Artificial intelligence presents risks and challenges that could adversely impact our business, including by posing security risks to our confidential information, proprietary information and personal data, as well as potential technology failures.

Our use of artificial intelligence ("AI"), including our recently launched AI-powered shopping assistant, and our AI-enabled call center technology, may expose us to operational, legal, regulatory, cybersecurity, competitive, and reputational risks that could adversely affect our business, financial condition, and results of operations. AI-enabled tools—particularly those that interact directly with customers—can produce inaccurate, incomplete, misleading, biased, offensive, or otherwise inappropriate outputs, including incorrect product recommendations, comparisons, compatibility guidance, promotional or pricing-related information, or other statements that customers may rely upon when making purchasing decisions. We have implemented a responsible AI usage policy. However, even if we employ testing, monitoring, and human oversight, AI systems are probabilistic and may perform inconsistently, may be vulnerable to manipulation (including prompt-based attacks), and may create elevated customer service burdens, increased returns, chargebacks, or disputes, any of which could harm conversion, retention, and brand trust. Similar to other e-commerce and commerce-technology companies, our AI efforts also depend on data quality and model performance; training data or inputs may be incomplete or biased, and outputs may give rise to claims of unfairness, discrimination, or deceptive practices, as well as diminished customer confidence in our platform.

The legal and regulatory environment governing AI is rapidly evolving in the United States and internationally, and regulators have indicated that existing disclosure and other regulatory regimes may require companies to describe their AI use and related risks in a tailored way and to avoid overstating AI capabilities or benefits. New or changing requirements (including those addressing transparency, automated decision-making, consumer protection, privacy, cybersecurity, and the labeling or disclosure of AI-generated content) could increase compliance costs, restrict or delay deployments, require us to modify or discontinue features (including our shopping assistant), or expose us to investigations, enforcement actions, private litigation, fines, or reputational harm. We also face intellectual property and content-related risks, including the risk that AI-generated outputs, training data, or third-party model components may be alleged to infringe, misappropriate, or improperly use third-party content or rights, and the risk that the scope of ownership or protectability of AI-generated materials remains uncertain and may evolve in ways that adversely affect us.

Our AI capabilities may also rely on third-party models, cloud infrastructure, or vendors, which can limit our visibility into training data provenance, model updates, safety controls, and performance characteristics, and can subject

us to outages, degradations, pricing changes, contractual limitations, or discontinuation of services. The rapid pace of AI development may require us to make significant ongoing investments in technology, data governance, and specialized personnel, and we may not realize anticipated benefits (such as improved customer experience, higher conversion, or operational efficiencies) on the timeline we expect or at all.

In addition, our AI-powered shopping assistant processes customer inputs, which may include personal data. The use of such data for model training, fine-tuning, or improvement purposes could raise privacy, data protection, or consent issues under applicable laws, including state, federal, and international regulations. Additionally, AI systems may introduce new cybersecurity risks, including prompt injection attacks, data leakage, model inversion, or other exploitation techniques. Any actual or perceived failure to adequately safeguard personal information or to comply with privacy laws could result in reputational damage, regulatory enforcement, or litigation.

Advances in artificial intelligence are expected to reshape the automotive aftermarket by enabling predictive maintenance, automated sourcing, and AI-mediated customer interactions. These dynamics may reduce traditional search-based traffic, increase price transparency, compress margins, and shift demand toward integrated repair ecosystems. At the same time, we believe our data assets, supply chain capabilities, and investments in AI-driven fitment, pricing, and inventory optimization position us to capture opportunities in emerging AI-enabled channels, including fleet, insurer, and repair network integrations.

If any of these risks materialize—individually or in the aggregate—our business, financial condition, results of operations, and reputation could be materially adversely affected.

We depend on search engines and other online sources to attract visitors to our websites and marketplace channels, and if we are unable to attract these visitors and convert them into customers in a cost-effective manner, our business and results of operations will be harmed.

Our success depends on our ability to attract customers in a cost-effective manner. Our investments in marketing may not effectively reach potential consumers or those consumers may not decide to buy from us or the volume of consumers that purchase from us may not yield the intended return on investment. With respect to our marketing channels, we rely on relationships with providers of online services, search engines, shopping comparison sites and eCommerce businesses to provide content, advertising banners and other links that direct customers to our websites. We rely on these relationships as significant sources of traffic to our websites. In particular, we rely on Google as an important marketing channel, and if Google changes its algorithms or if competition increases for advertisements on Google or on our marketplace channels, we may be unable to cost-effectively attract customers to our products.

Our agreements with our marketing providers generally have terms of one year or less. If we are unable to develop or maintain these relationships on acceptable terms, our ability to attract new customers would be harmed. In addition, many of the parties with whom we have online-advertising arrangements could provide advertising services to other companies, including retailers with whom we compete. As competition for online advertising has increased, the cost for these services has also increased. A significant increase in the cost of the marketing vehicles upon which we rely could adversely impact our ability to attract customers in a cost-effective manner and harm our business and results of operations. Further, we use promotions as a way to drive sales, these promotional activities may not drive sales and may adversely affect our gross margins.

Similarly, if any free search engine, shopping comparison site, or marketplace site on which we rely begins charging fees for listing or placement, or if one or more of the search engines, shopping comparison sites, marketplace sites and other online sources on which we rely for purchased listings, increases their fees, or modifies or terminates its relationship with us, our expenses could rise, we could lose customers and traffic to our websites could decrease.

We rely on bandwidth and data center providers and other third parties to provide products to our customers, and any failure or interruption in the services provided by these third parties could disrupt our business and cause us to lose customers.

We rely on third-party vendors, including data center and bandwidth providers. Any disruption in the network access or co-location services, which are the services that house and provide Internet access to our servers, provided by

these third-party providers or any failure of these third-party providers to handle current or higher volumes of use could significantly harm our business. Any financial or other difficulties our providers face may have negative effects on our business, the nature and extent of which we cannot predict. We exercise little control over these third-party vendors, which increases our vulnerability to problems with the services they provide. We also license technology and related databases from third parties to facilitate elements of our eCommerce platform. We have experienced and expect to continue to experience interruptions and delays in service and availability for these elements. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies could negatively impact our relationship with our customers and adversely affect our business. Our systems also heavily depend on the availability of electricity, which also comes from third-party providers. If we were to experience a major power outage, we would have to rely on back-up generators. These back-up generators may not operate properly through a major power outage, and their fuel supply could also be inadequate during a major power outage. Information systems such as ours may be disrupted by even brief power outages, or by the fluctuations in power resulting from switches to and from backup generators. This could disrupt our business and cause us to lose customers.

Security threats, such as ransomware attacks, to our IT infrastructure could expose us to liability, and damage our reputation and business.

It is essential to our business strategy that our technology and network infrastructure remain secure and is perceived by our customers to be secure. Despite security measures, however, any network infrastructure may be vulnerable to cyber-attacks. Information security risks have significantly increased in recent years in part due to the proliferation of new technologies and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign private parties and state actors. As a leading online source for automotive aftermarket parts, we have in the past experienced and we could continue to face cyber-attacks that attempt to penetrate our network security, including our data centers, to sabotage or otherwise disable our network of websites and online marketplaces, misappropriate our or our customers' proprietary information, which may include personally identifiable information, or cause interruptions of our internal systems and services. For example, we have, in the past, experienced cybersecurity incidents, including a ransomware attack. While such incidents did not materially affect our business, operations, or financial condition, if future incidents are successful, any of these attacks could negatively affect our reputation, damage our network infrastructure and our ability to sell our products, harm our relationship with customers that are affected and expose us to financial liability.

Given the rapidly evolving nature and proliferation of cyber threats, our internal controls relating to cybersecurity may not prevent or identify all such attacks in a timely manner or otherwise prevent unauthorized access to, damage to, or interruption of our systems and operations, and we cannot eliminate the risk of human error or employee or vendor malfeasance.

In addition, any failure by us to comply with applicable privacy and information security laws and regulations could cause us to incur significant costs to protect any customers whose personal data was compromised and to restore customer confidence in us and to make changes to our information systems and administrative processes to address security issues and compliance with applicable laws and regulations. In addition, our customers could lose confidence in our ability to protect their personal information, which could cause them to stop shopping on our sites altogether. Such events could lead to lost sales and adversely affect our results of operations. We also could be exposed to government enforcement actions and private litigation.

Moreover, we are subject to the Payment Card Industry Data Security Standard ("PCI DSS"), issued by the PCI Council. PCI DSS contains compliance guidelines and standards with regard to our security surrounding the physical and electronic storage, processing and transmission of individual cardholder data. We cannot be certain that all of our information technology systems are able to prevent, contain or detect any cyber-attacks, cyber terrorism, or security breaches from known malware or malware that may be developed in the future. To the extent that any disruption results in the loss, damage or misappropriation of information, we may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card associations and others. In addition, the cost of complying with stricter privacy and information security laws and standards could be significant to us. We currently are deemed to be PCI compliant by PCI DSS 4.0.1, the new security standards as issued by the PCI Council. In the future, there could be additional new standards and there is no guarantee that we will be able to conform to these new standards, and if we fail to meet these standards, we could become subject to fines and other penalties and experience a significant

increase in payment card transaction costs. In addition, such failure could damage our reputation, inhibit sales, and adversely affect our business.

Our eCommerce system is dependent on open-source software, which exposes us to uncertainty and potential liability.

We utilize open-source software such as Linux, Apache, MySQL, PHP, Fedora and Perl throughout our web properties and supporting infrastructure although we have created proprietary programs. Open-source software is maintained and upgraded by a general community of software developers under various open-source licenses, including the GNU General Public License ("GPL"). These developers are under no obligation to maintain, enhance or provide any fixes or updates to this software in the future. Additionally, under the terms of the GPL and other open-source licenses, we may be forced to release to the public source-code internally developed by us pursuant to such licenses. Furthermore, if any of these developers contribute any code of others to any of the software that we use, we may be exposed to claims and liability for intellectual property infringement and may also be forced to implement changes to the code-base for this software or replace this software with internally developed or commercially licensed software.

System failures, including failures due to natural disasters or other catastrophic events, could prevent access to our websites, which could reduce our net sales and harm our reputation.

Our sales would decline and we could lose existing or potential customers if they are not able to access our websites or if our websites, transactions processing systems or network infrastructure do not perform to our customers' satisfaction. Any Internet network interruptions or problems with our websites could:

- prevent customers from accessing our websites;
- reduce our ability to fulfill orders or bill customers;
- reduce the number of products that we sell;
- cause customer dissatisfaction; or
- damage our brand and reputation.

We have experienced brief computer system interruptions in the past, and we believe they may continue to occur from time to time in the future. Our systems and operations are also vulnerable to damage or interruption from a number of sources, including a natural disaster or other catastrophic event such as an earthquake, typhoon, volcanic eruption, fire, flood, terrorist attack, computer viruses, power loss, telecommunications failure, physical and electronic break-ins and other similar events. For example, our headquarters and the majority of our infrastructure, including some of our servers, are located in Southern California, a seismically active region. In addition, California has in the past experienced power outages as a result of limited electrical power supplies and due to recent fires in the southern part of the state. Such outages, natural disasters and similar events may recur in the future and could disrupt the operation of our business. Our technology infrastructure is also vulnerable to computer viruses, physical or electronic break-ins and similar disruptions. Although the critical portions of our systems are redundant and backup copies are maintained offsite, not all of our systems and data are fully redundant. While we maintain disaster recovery and business continuity measures, we cannot guarantee these will be sufficient to avoid material harm during a significant service disruption. Any substantial disruption of our technology infrastructure could cause interruptions or delays in our business and loss of data or render us unable to accept and fulfill customer orders or operate our websites in a timely manner, or at all.

We maintain an enterprise resource planning system that was implemented in fiscal year 2022, and we may occasionally update or integrate other IT systems. Problems with the design, integration or implementation of these systems could interfere with our business and operations.

We recently completed a multi-year implementation of a new global enterprise resource planning system (ERP) that was implemented in fiscal year 2022. The ERP is designed to accurately maintain our books and records and provide important information to our management team for use in the operation of the business. Our ERP required the investment

of significant human and financial resources. If the ERP system does not continue to operate as intended, or requires significant updates, it could adversely affect our financial reporting systems and our ability to produce financial reports and process transactions. Additionally, if we are unable to successfully maintain or implement any new IT system, remediate, update or integrate our existing systems at times when necessary, our financial position, results of operations and cash flows could be negatively impacted.

If we do not respond to technological change, our websites could become obsolete and our financial results and conditions could be adversely affected.

We maintain a network of websites which requires substantial development and maintenance efforts, and entails significant technical and business risks. To remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our websites. The Internet and the eCommerce industry are characterized by rapid technological change, the emergence of new industry standards and practices and changes in customer requirements and preferences. Therefore, we may be required to license emerging technologies, enhance our existing websites, develop new services and technology that address the increasingly sophisticated and varied needs of our current and prospective customers, and adapt to technological advances and emerging industry and regulatory standards and practices in a cost-effective and timely manner. Our ability to remain technologically competitive may require substantial expenditures and lead time and our failure to take necessary action in a timely manner to improve our websites and other technology applications may harm our business and results of operations.

Our business depends on third-party technology infrastructure providers, and any disruption in their services could materially harm our business, financial condition, and results of operations.

Our business is substantially dependent on third-party technology infrastructure and cloud computing services that host our website and critical business applications. Our customers access our platform and place orders through our website, and any significant interruption in website availability directly impacts our ability to generate revenue. We also rely on third-party providers for essential functions such as email services, data analytics, payment processing, and customer communications.

These providers have experienced service outages in the past and may experience similar or more severe interruptions in the future due to infrastructure failures, cyberattacks, natural disasters, power outages, telecommunications failures, or human error. Any prolonged disruption could prevent customers from accessing our website, completing purchases, or receiving order confirmations, resulting in lost sales and harm to our reputation.

While we maintain disaster recovery and business continuity measures, we cannot guarantee these will be sufficient to avoid material harm during a significant service disruption. We do not control the operations of these third-party providers, and even temporary outages could cause us to lose customers and damage our brand. Transitioning to alternative providers would be expensive, time-consuming, and disruptive, and we may not be able to do so quickly enough to avoid significant harm.

Our dependence on these providers also exposes us to risks related to their financial stability and business decisions. If any provider were to discontinue services, significantly increase pricing, or change service terms unfavorably, we could face substantial costs and operational challenges. Any of these events could materially and adversely affect our business, financial condition, and results of operations.

Use of social media may adversely impact our reputation or subject us to fines or other penalties.

The use of social media platforms, including blogs, social media websites and other forms of internet-based communication, which allow individuals access to a broad audience of consumers and other interested persons, has become commonplace. Negative commentary regarding us or the brands that we sell may be posted on social media platforms or similar devices at any time and may harm our reputation or business. Consumers value readily available information concerning retailers and their goods and services and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for

redress or correction. In addition, social media platforms provide users with access to such a broad audience that collective action against our website and marketplace stores, such as boycotts, can be more easily organized. If such actions were organized, we could suffer reputational damage as well as physical damage to our stores and merchandise.

We also use social media platforms as marketing tools or as channels to disseminate information. For example, we and our executive officers maintain Facebook, Instagram, Twitter, LinkedIn, and other social media accounts, where marketing and other information relevant to customers and investors is disseminated. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our business, financial condition and results of operations or subject us to fines or other penalties.

Risks Related To Our Capital Stock

Our common stock price has been and may continue to be volatile, which may result in losses to our stockholders.

The market prices of technology and eCommerce companies generally have been extremely volatile and have recently experienced sharp share price and trading volume changes. The trading price of our common stock is likely to be volatile and could fluctuate widely in response to, among other things, the risk factors described in this report and other factors beyond our control such as fluctuations in the operations or valuations of companies perceived by investors to be comparable to us, our ability to meet analysts' expectations, our trading volume, activities of activist investors, the impact of any stock repurchase program or conditions or trends in the Internet or auto parts industries.

Since the completion of our initial public offering in February 2007 through October 3, 2026, the trading price of our common stock has been volatile. We have also experienced significant fluctuations in the trading volume of our common stock. General economic and political conditions unrelated to our performance may also adversely affect the price of our common stock. In the past, following periods of volatility in the market price of a public company's securities, securities class action litigation has often been initiated. Due to the inherent uncertainties of litigation, we cannot predict the ultimate outcome of any such litigation if it were initiated. The initiation of any such litigation or an unfavorable result could have a material adverse effect on our financial condition and results of operations.

Our future operating results may fluctuate and may fail to meet market expectations.

We expect that our revenue and operating results will continue to fluctuate from quarter to quarter due to various factors, many of which are beyond our control. The factors that could cause our operating results to continue to fluctuate include, but are not limited to:

- fluctuations in the demand for aftermarket auto parts;
- fluctuations in the availability of products for resale;
- price competition on the Internet or among offline retailers for auto parts;
- our ability to attract visitors to our websites and convert those visitors into customers, including to the extent based on our ability to successfully work with different search engines to drive visitors to our websites;
- our ability to successfully sell our products through third-party online marketplaces or the effects of any price increases in those marketplaces;
- competition from companies that have longer operating histories, larger customer bases, greater brand recognition, access to merchandise at lower costs and significantly greater resources than we do, like third-party online market places and our suppliers;

- our ability to maintain and expand our supplier and distribution relationships without significant price increases or reduced service levels;
- our ability to borrow funds under our Credit Facility;
- the effects of seasonality on the demand for our products;
- our ability to accurately forecast demand for our products, price our products at market rates and maintain appropriate inventory levels;
- our ability to build and maintain customer loyalty;
- our ability to successfully integrate our acquisitions;
- infringement actions that could impact the viability of the auto parts aftermarket or portions thereof;
- the success of our brand-building and marketing campaigns;
- our ability to accurately project our future revenues, earnings, and results of operations;
- government regulations related to use of the Internet for commerce, including the application of existing tax regulations to Internet commerce and changes in tax regulations;
- technical difficulties, system downtime or Internet brownouts;
- the amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure; and
- macroeconomic conditions that adversely impact the general and automotive retail sales environment.

Conversion of the Convertible Notes would dilute the ownership interest of existing stockholders and may adversely affect the price of our common stock.

The conversion of some or all of the Convertible Notes that we issued on September 8, 2025 would dilute the ownership interests of our existing stockholders. The Convertible Notes mature on September 10, 2028, and upon conversion, we will be required to deliver shares of our common stock to the noteholders. The number of shares issuable upon conversion could be substantial depending on the conversion price and the amount of notes converted at any given time.

The issuance of shares upon conversion may create downward pressure on the trading price of our common stock. Additionally, the existence of the Convertible Notes may encourage short selling or other market activities by investors who anticipate profiting from any decrease in the market price of our common stock. Market participants may also take into account the potential dilution from conversion when valuing our common stock, which could depress our stock price even before any actual conversion occurs. Any actual or anticipated sales in the public market of shares issuable upon conversion could adversely affect the prevailing market price of our common stock and make it more difficult for us to raise equity capital in the future.

The potential dilution and resulting impact on our stock price could be material to our stockholders and could affect our ability to access the capital markets on favorable terms.

If we are not able to issue shares upon the conversion of our outstanding Convertible Notes, we will be required to repay the Convertible Notes with cash, which could adversely affect our liquidity and financial condition, or result in an event of default if we are not able to repay the Convertible Notes as required.

The outstanding Convertible Notes are payable at their maturity in September 2028, or upon an earlier change of control of the Company, at the election of the holders. Even if the holders desire to convert the Convertible Notes, we may be restricted from issuing shares of common stock upon such conversion due to, among other things, CFIUS restrictions, Nasdaq limitations, or insufficient authorized shares of common stock. If we are not able to issue shares of common stock upon a conversion of the Convertible Notes, or if the holders do not elect to convert the Convertible Notes when due upon their maturity or an earlier change of control or event of default, we will need to repay the Convertible Notes and accrued interest with cash.

The cash repayment obligation could require us to expend significant amounts of cash that may otherwise be needed to fund our operations, capital expenditures, or other strategic initiatives. Our ability to repay the Convertible Notes in cash, if needed, will depend on our financial condition and liquidity at the relevant time, which are subject to numerous risks and uncertainties, many of which are beyond our control. If we do not have sufficient cash on hand or available under sources of liquidity, such as the Credit Facility, to repay the Notes in cash, we may need to seek additional debt or equity financing, sell assets, or take other actions that may not be available on acceptable terms or at all. Any failure to repay amounts due under the Convertible Notes when required would constitute an Event of Default, which would entitle the Purchasers to declare all outstanding obligations immediately due and payable at an increased default rate of interest, pursue arbitration or other remedies, and could have a material adverse effect on our business, financial condition, results of operations, and the market price of our common stock.

If we fail to maintain an effective system of internal control over financial reporting or comply with Section 404 of the Sarbanes-Oxley Act of 2002, we may not be able to accurately report our financial results or prevent fraud, and our stock price could decline.

While management has concluded that our internal controls over financial reporting were effective as of October 3, 2026, we have in the past identified, and could in the future identify, a significant deficiency or material weakness in internal control over financial reporting or fail to comply with Section 404 of the Sarbanes-Oxley Act of 2002. If we fail to properly maintain an effective system of internal control over financial reporting, it could impact our ability to prevent fraud or to issue our financial statements in a timely manner that presents fairly our financial condition and results of operations. The existence of any such deficiencies or weaknesses, even if remediated, may also lead to the loss of investor confidence in the reliability of our financial statements, could harm our business and negatively impact the trading price of our common stock. Such deficiencies or material weaknesses may also subject us to lawsuits, regulatory investigations and other penalties.

Our charter documents could deter a takeover effort, which could inhibit your ability to receive an acquisition premium for your shares.

Provisions in our certificate of incorporation and bylaws could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. Such provisions include the following:

- our Board of Directors are authorized, without prior stockholder approval, to create and issue preferred stock which could be used to implement anti-takeover devices;
- advance notice is required for director nominations or for proposals that can be acted upon at stockholder meetings;
- stockholder and stockholder nominees for director are required to provide detailed information, regarding both the relevant stockholder and nominee, in connection with stockholder nominations for director;
- our Board of Directors is classified such that not all members of our board are elected at one time, which may make it more difficult for a person who acquires control of a majority of our outstanding voting stock to replace all or a majority of our directors;
- stockholder action by written consent is prohibited except with regards to an action that has been approved by the Board of Directors;

- special meetings of the stockholders are permitted to be called only by the chairman of our Board of Directors or by a majority of our Board of Directors;
- stockholders are not permitted to cumulate their votes for the election of directors; and
- stockholders are permitted to amend certain provisions of our bylaws only upon receiving at least 66 2/3% of the votes entitled to be cast by holders of all outstanding shares then entitled to vote generally in the election of directors, voting together as a single class.

We do not intend to pay dividends on our common stock.

We currently do not expect to pay any cash dividends on our common stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, our stockholders are not likely to receive any dividends on our common stock for the foreseeable future.

We cannot guarantee that our share repurchase program, if any, will enhance shareholder value, and share repurchases could affect the price of our common stock.

Our Board of Directors has periodically authorized share repurchases in the past. Although our previous share repurchase program expired on July 26, 2026, the Company may evaluate or adopt new share repurchase programs in the future. However, any such share repurchase program will not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. Share repurchases could affect the price of our common stock, increase volatility, and diminish our cash reserves, and there can be no guarantee that repurchases made under our previous share repurchase program or any future share repurchase program, if any, will enhance shareholder value.

Future capital raises may dilute our existing stockholders' ownership.

If we raise additional capital by issuing equity securities, our existing stockholders' percentage ownership may decrease, and these stockholders may experience substantial dilution.

We are required to meet The Nasdaq Capital Market's continued listing requirements and other Nasdaq rules, or we may risk delisting. Delisting could negatively affect the price of our common stock which, could make it more difficult for us to sell securities in a future financing or for you to sell our common stock.

Our common stock is currently listed on The Nasdaq Capital Market of The Nasdaq Stock Market, LLC ("Nasdaq"), which has qualitative and quantitative continued listing criteria. However, we cannot assure you that our common stock will continue to be listed on Nasdaq in the future. In order to continue listing our common stock on Nasdaq, we are required to meet the continued listing requirements of Nasdaq and other Nasdaq rules, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price and certain other corporate governance requirements. In particular, we are required to maintain a minimum bid price for our listed common stock of $1.00 per share. If we do not meet these continued listing requirements, our common stock could be delisted.

Even though we have been able to regain compliance with applicable Nasdaq continued listing requirements, there can be no assurance that we will be able to maintain such compliance in the future or that our securities, if delisted from Nasdaq in the future, would be listed on a national securities exchange, a national quotation service, the over-the-counter markets or the pink sheets. Delisting from Nasdaq, or even the issuance of a notice of potential delisting, would also result in negative publicity, make it more difficult for us to raise additional capital, adversely affect the market liquidity of our securities, decrease securities analysts' coverage of us or diminish investor, supplier and employee confidence, any or all of which could materially adversely affect our business and results of operations.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

During the thirteen weeks ended October 3, 2026, none of our directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

First Amendment to Credit Agreement

On June 15, 2026, the Company and FBSF entered into the Credit Agreement, providing for an asset-based revolving credit facility in an aggregate maximum principal amount of up to $25,000, secured by substantially all of the assets of the Company. The Credit Facility matures on March 31, 2028.

On September 2, 2026, the Company entered into the First Amendment to the FBSF Loan and Security Agreement. This First Amendment provided for a separate revolving line of credit for capital expenditures for an aggregated maximum principal amount of up to $1,500, and bears interest at a rate of 3.00% per annum. As of October 3, 2026, the outstanding Capex Revolver balance was $0. The foregoing description of the First Amendment does not purport to be complete and is qualified in its entirety by reference to the full First Amendment, which is attached to this Quarterly Report on Form 10-Q as Exhibit 10.1 and incorporated herein by reference.

ITEM 6. EXHIBITS

The following exhibits are filed herewith or incorporated by reference to the location indicated below:

Exhibit No.	Description
10.1	First Amendment to Loan and Security Agreement dated September 2, 2026 between the Company and First Business Specialty Finance, LLC
31.1*	Certification of the Principal Executive Officer required by Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2*	Certification of the Principal Financial Officer required by Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1**	Certification of the Chief Executive Officer required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of the Interim Chief Financial Officer required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	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.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 29, 2026

CARPARTS.COM, INC.

By: /s/ David Meniane
David Meniane
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Mark DiSiena
Mark DiSiena
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

Execution Version

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

This First Amendment to Loan and Security Agreement ("Amendment"), dated as of September 2, 2026, is made by and between CARPARTS.COM, INC., a Delaware corporation ("Debtor"), and FIRST BUSINESS SPECIALTY FINANCE, LLC, a Wisconsin limited liability company (the "Lender").

R E C I T A L S:

Debtor and Lender are parties to a Loan and Security Agreement dated as of June 15, 2026 (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement").

Debtor has requested that Lender provide a new capital expenditure facility to Debtor, which Lender is willing to do pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, it is agreed as follows:

1. Defined Terms. Capitalized terms used in this Amendment which are defined in the Loan Agreement shall have the same meanings as defined therein, unless otherwise defined herein. In addition, the following terms shall be added or amended, as applicable, to read as follows:

"Credit Facility B" shall mean the line of credit facility provided by Lender to Debtor pursuant to the terms and conditions of and in the maximum amount set forth in Section 2.2 hereof.

"First Amendment" shall mean that certain First Amendment to Loan and Security Agreement between Debtor and Lender dated as of the First Amendment Effective Date.

"First Amendment Effective Date" shall mean September 2, 2026.

"Maximum Loan Amount" shall mean the sum of the maximum principal amounts of Credit Facility A and Credit Facility B.

"Note B" shall mean Debtor's promissory note, substantially in the form attached as **Exhibit A** to the First Amendment.

"Note" shall mean, collectively, Note A and Note B, and any other promissory note issued hereunder from time to time, each as amended, restated, supplemented, modified or extended from time to time.

"Qualified Equipment" shall mean equipment to be purchased by Debtor, valued at the cost to Debtor, less freight, taxes and installation charges, which Lender has, in its reasonable discretion, deemed eligible for purchase out of the proceeds of a loan made under Credit Facility B and with respect to which Lender

has received reasonable supporting documentation evidencing the purchase price and delivery to Debtor. Lender shall not unreasonably withhold, condition or delay its determination that such equipment constitutes Qualified Equipment.

2. Amendment of Section 2.2. Section 2.2 of the Loan Agreement is amended in its entirety to read as follows:

2.2. Credit Facility B. Subject to the terms, conditions and limitations hereof, and provided that no Event of Default has occurred and is continuing hereunder, Lender agrees to make up to three (3) advances to Debtor in such amounts as Debtor requests on or prior to June 30, 2027, up to an aggregate maximum amount of One Million Five Hundred Thousand Dollars ($1,500,000.00), for the purpose of purchasing Qualified Equipment. The advances made hereunder shall each be in an amount not to exceed eighty percent (80%) of the cost to Debtor of the Qualified Equipment (exclusive of freight, taxes and installation charges unless otherwise approved by Lender). Each advance so made shall be evidenced by Debtor's Note B. Debtor promises to pay to Lender the outstanding principal of each advance evidenced by Note B and made hereunder as follows: (1) commencing on the first day of the first calendar month following the funding of such loan, equal monthly payments of principal in an amount sufficient to fully amortize the original principal amount of such loan over a forty-eight (48) month period; and (2) a final payment of all outstanding principal on the earlier of the stated maturity date of Note B or the date of termination of this Agreement. Commencing on the first day of the calendar month following funding of any advance hereunder, Debtor promises to pay to Lender interest in accordance with Section 2.3 hereof and to pay all accrued but unpaid interest under Note B in full on the earlier of the stated maturity date of Note B or the date of the termination of this Agreement. At Lender's option, all payments due under Note B shall be debited to Debtor's loan account ledger for Credit Facility A. Repaid loans under this Section 2.2 may not be reborrowed.

3. No Other Changes. Except as explicitly amended by this Amendment, all of the terms and conditions of the Loan Agreement shall remain in full force and effect.

4. Conditions Precedent. This Amendment shall be effective when the Lender shall have received an executed counterpart hereof, together with each of the following, each in substance and form reasonably acceptable to the Lender, provided the same are received by Lender no later than September 2, 2026 or such later date as Lender may agree in writing:

(a) The Note B, in the form attached as **Exhibit A**, duly executed by Debtor.

(b) A Certificate of the Secretary of Debtor certifying as to (i) the resolutions of the Board of Directors of Debtor approving the execution, delivery and performance of this Amendment and Note B, copies of which resolutions are attached to the Certificate, (ii) the fact that the certificate of incorporation, including all amendments thereto, and the bylaws, including all amendments thereto, of Debtor, which were both previously certified to Lender, continue in full force and effect and have not been further amended or

otherwise modified, and (iii) setting forth the sample signatures of each of the officers and agents of Debtor authorized to execute and deliver this Amendment and Note B and all other documents, agreements and certificates on behalf of Debtor.

(c) Beneficial Ownership Certification for Debtor.

(d) The fully executed Acknowledgment and Agreement of Guarantors in the form attached hereto.

(e) Such other documents, instruments and information as Lender may reasonably require in connection with the transactions contemplated by this Amendment.

Original copies of the foregoing documents shall be delivered to Lender as soon as reasonably practicable and in any case promptly upon reasonable request by Lender.

5. Representations and Warranties. Debtor hereby represents and warrants to the Lender as follows:

(a) Debtor has all requisite power and authority to execute this Amendment and Note B and to perform all of its obligations hereunder and thereunder, and this Amendment and Note B have been duly executed and delivered by Debtor and constitute the legal, valid and binding obligations of Debtor, enforceable in accordance with their respective terms.

(b) The execution, delivery and performance by Debtor of this Amendment and Note B have been duly authorized by all necessary action and do not (i) require any further authorization, consents or approvals, except for such authorizations, consents or approvals that have been obtained and remain in full force and effect, (ii) violate any provision of any law, rule or regulation or of any order, writ, injunction or decree presently in effect, having applicability to Debtor, or the governing documents of Debtor, or (iii) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which Debtor is a party or by which it or its properties may be bound or affected.

(c) The representations and warranties contained in Section 6 of the Loan Agreement, as amended hereby, are correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof) on and as of the date hereof as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects as of such earlier date (except that such materiality qualifier shall not be applicable to any representations and warranties that are already qualified or modified by materiality in the text thereof).

6. References. All references in the Loan Agreement to “this Agreement” shall be deemed to refer to the Loan Agreement as amended hereby; and any and all references in the

Collateral Agreements to the Loan Agreement shall be deemed to refer to the Loan Agreement, as amended hereby.

7. No Waiver. The execution of this Amendment and acceptance of any documents related hereto shall not be deemed to be a waiver of any Event of Default under the Loan Agreement or breach, default or event of default under any Collateral Agreement or other document held by the Lender, whether or not known to the Lender and whether or not existing on the date of this Amendment.

8. Costs and Expenses. Debtor hereby agrees to pay or reimburse the Lender for all reasonable and documented out-of-pocket costs and expenses incurred by the Lender in connection with this Amendment, including reasonable and documented fees and disbursements of one primary counsel to the Lender for the services performed by such counsel in connection with the preparation of this Amendment and the documents and instruments incidental hereto. All amounts owing under this Section 8 may be debited to Debtor's loan account ledger for Credit Facility A.

9. Miscellaneous.

(a) Debtor acknowledges and agrees that as of the date of this Amendment, to Debtor's knowledge, it has no existing offset or defense with respect to any amount owed by it to Lender under the Loan Agreement. Debtor waives and releases all claims which it may have, whether known or unknown, against Lender arising on or prior to the date of this Amendment in connection with the Loan Agreement, the Note, the Collateral Agreements, or any other evidence of or document relating to any of the foregoing. This Amendment shall not establish a course of dealing or evidence any obligation on Lender's part to grant other or future amendments, should any be requested.

(b) This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same instrument.

(c) This Amendment shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Wisconsin, excluding choice-of-law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Loan and Security Agreement to be duly executed as of the date first written above.

CARPARTS.COM, INC.	FIRST BUSINESS SPECIALTY FINANCE, LLC
By: _____	By: _____
Its: _____	Ryan Jahns, Vice President – Account Executive II – Asset Based Lending

ACKNOWLEDGMENT AND AGREEMENT
OF GUARANTORS

Each of the undersigned, each a guarantor of the indebtedness of CARPARTS.COM, INC., a Delaware corporation ("Debtor"), to FIRST BUSINESS SPECIALTY FINANCE, LLC, (the "Lender"), pursuant to a Continuing Guaranty (Unlimited) by each of WHITNEY AUTOMOTIVE GROUP, INC., a Delaware corporation, GO FIDO, INC., a Delaware corporation, and AUTOMOTIVE SPECIALTY ACCESSORIES AND PARTS, INC., a Delaware corporation, each executed as of June 15, 2026, hereby (i) acknowledges receipt of the foregoing Amendment; (ii) consents to the terms and execution thereof; (iii) reaffirms its obligations to Lender pursuant to the terms of its guaranty; and (iv) acknowledges that Lender may amend, restate, extend, renew or otherwise modify the Loan Agreement and any indebtedness or agreement of Debtor, or enter into any agreement or extend additional or other credit accommodations, without notifying or obtaining the consent of the undersigned and without impairing the liability of the undersigned under its guaranty for Debtor's present and future indebtedness to Lender. This Acknowledgment and Agreement may be executed in counterparts.

WHITNEY AUTOMOTIVE GROUP, INC.

By: _____
Name:
Title:

GO FIDO, INC.

By: _____
Name:
Title:

AUTOMOTIVE SPECIALTY ACCESSORIES
AND PARTS, INC.

By: _____
Name:
Title:

EXHIBIT A
to First Amendment to Loan and Security Agreement

NOTE B

Stated Principal: $1,500,000.00 Dated: September 2, 2026

FOR VALUE RECEIVED, the undersigned, CARPARTS.COM, INC., a Delaware corporation ("Borrower"), hereby promises to pay to the order of FIRST BUSINESS SPECIALTY FINANCE, LLC, a Wisconsin limited liability company, its successors and assigns ("Lender"), at its office located at 401 Charmany Drive, Madison, Wisconsin 53719, or such other location as is designated by Lender, the principal sum of One Million Five Hundred Thousand Dollars ($1,500,000.00) or the aggregate unpaid principal amount of all advances made by Lender pursuant to Section 2.2 of the Loan Agreement hereinafter referred to, and to pay interest on the unpaid balance hereof at the rate per annum from time to time in effect, in accordance with the terms of the Loan Agreement hereinafter referred to. Borrower shall pay interest at a rate equal to three percent (3.0%) per annum above the rate which would otherwise be in effect after default or maturity in accordance with the terms of Section 2.3.1 of the Loan Agreement. Interest (computed on a basis of actual days elapsed and a year of three hundred sixty (360) days) for each calendar month shall be due and payable as of the first day of the next succeeding month, commencing on the first such date after the date hereof.

Borrower shall repay the outstanding principal and accrued and unpaid interest due under this Note in accordance with the terms of Section 2.2 of the Loan Agreement. All principal and accrued but unpaid interest shall be due and payable upon termination of the Loan Agreement. At Lender's sole option, payments may be debited to Borrower's loan account ledger relating to Credit Facility A (as such term is defined in the Loan Agreement).

No deferral of time of payment shall be valid unless the holder consents in writing and if such deferral is granted, the deferred balance including interest thereon at the rate applicable hereunder after default or maturity shall be an additional obligation under this Note. The undersigned and each endorser and guarantor hereby waive presentment, protest, and notice of dishonor and give consent to holder to extend time, accept partial payments, and to compound, release or delay enforcement of rights against any party liable on this Note or against the security.

This Note is the Note B referred to in the Loan and Security Agreement dated June 15, 2026, between Borrower and Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"). This Note may be prepaid only upon payment of the prepayment premium, if any, called for in the Loan Agreement.

This Note is secured by certain collateral referred to in the Loan Agreement as well as certain guarantees and other Collateral Agreements entered into by the Guarantors (as defined in the Loan Agreement).

CARPARTS.COM, INC.,
a Delaware corporation

By: *[Do not execute; exhibit only]*
Its: _____

Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Meniane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CarParts.com, 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 29, 2026

/s/ David Meniane
David Meniane
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark DiSiena, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CarParts.com, 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 29, 2026

/s/ Mark DiSiena
Mark DiSiena
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CarParts.com, Inc. (the "Company") on Form 10-Q for the quarter ended October 3, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Meniane, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2026

/s/ David Meniane
David Meniane
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CarParts.com, Inc. (the "Company") on Form 10-Q for the quarter ended October 3, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark DiSiena, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2026

/s/ Mark DiSiena
Mark DiSiena
Interim Chief Financial Officer