

STOCKHOLDERSâ™ EQUITY(Unaudited)Class A Common StockClass ATreasury StockClass B Common StockPaid-In CapitalRetained EarningsAccumulated Other Comprehensive Income (Loss)Total Stockholdersâ™ EquitySharesAmountSharesAmountSharesAmount(Dollars and shares in millions, except per share amounts)Balance at March 31, 2023\$832.0A \$1,138.1A \$1.5A \$854.8A Shares awarded under stock compensation plans0.1A â€“A â€“A â€“A 2.4A â€“A â€“A 2.4A Effect of cash flow hedge instruments, net of tax expense of \$0.3A â€“A â€“A â€“A â€“A â€“A 1.0A 1.0A Stock compensation expenseâ€“A â€“A â€“A â€“A â€“A 5.4A â€“A â€“A 5.4A Net incomeâ€“A â€“A â€“A â€“A â€“A â€“A â€“A â€“A 23.4A â€“A 23.4A Class A dividends declared (\$0.29 per share)â€“A â€“A â€“A â€“A â€“A 6.8A Class B dividends declared (\$0.29 per share)â€“A â€“A â€“A â€“A â€“A 3.5A â€“A 3.5A Balance at June 30, 2023\$876.7A Class A Common StockClass ATreasury StockClass B Common StockPaid-In CapitalRetained EarningsAccumulated Other Comprehensive Income (Loss)Total Stockholdersâ™ EquitySharesAmountSharesAmountSharesAmount(Dollars and shares in millions, except per share amounts)Balance at March 31, 2024\$862.6A \$1,270.4A \$2.1A \$904.4A Shares awarded under stock compensation plans0.3A â€“A â€“A â€“A â€“A 3.2A Purchases of treasury stockâ€“A â€“A â€“A (0.1)â€“A â€“A â€“A â€“A (0.1)Effect of cash flow hedge instruments, net of tax expense of \$0.1A â€“A â€“A â€“A â€“A â€“A 4.0A 0.4A Stock compensation expenseâ€“A â€“A â€“A â€“A â€“A 5.8A â€“A 5.8A Net incomeâ€“A â€“A â€“A â€“A â€“A â€“A 41.2A â€“A 41.2A Class A dividends declared (\$0.30 per share)â€“A â€“A â€“A â€“A â€“A 6.6A â€“A 6.6A Class B dividends declared (\$0.30 per share)â€“A â€“A â€“A â€“A â€“A 3.6A â€“A 3.6A Balance at June 30, 2024\$871.6A \$1,301.4A \$2.5A \$944.7A See notes to unaudited condensed consolidated financial statements.4-Class A Common StockClass ATreasury StockClass B Common StockPaid-In CapitalRetained EarningsAccumulated Other Comprehensive Income (Loss)Total Stockholdersâ™ EquitySharesAmountSharesAmountSharesAmount(Dollars and shares in millions, except per share amounts)Balance at December 31, 2022\$746.6A \$0.7A (43.4)(\$1,026.9)12.0A \$0.1A \$819.4A \$1,100.3A \$1.6A \$895.2A Shares awarded under stock compensation plans0.8A â€“A â€“A â€“A â€“A 10.0A Purchases of treasury stockâ€“A â€“A (1.6)â€“A â€“A â€“A â€“A (90.7)Effect of cash flow hedge instruments, net of tax expense of \$0.3A â€“A â€“A â€“A â€“A 0.9A 0.9A Stock compensation expenseâ€“A â€“A â€“A â€“A â€“A 10.4A â€“A 10.4A Net incomeâ€“A â€“A â€“A â€“A â€“A â€“A 71.1A â€“A 71.1A Class A dividends declared (\$0.57 per share)â€“A â€“A â€“A â€“A â€“A 6.9A â€“A 6.9A Balance at June 30, 2024\$746.6A \$0.7A (47.2)(\$1,231.6)12.0A \$0.1A \$839.8A \$1,151.2A \$2.5A \$876.7A Class A Common StockClass ATreasury StockClass B Common StockPaid-In CapitalRetained EarningsAccumulated Other Comprehensive Income (Loss)Total Stockholdersâ™ EquitySharesAmountSharesAmountSharesAmount(Dollars and shares in millions, except per share amounts)Balance at December 31, 2023\$858.4A \$0.7A (46.7)(\$1,204.5)12.0A \$0.1A \$855.4A \$1,238.6A \$1.6A \$891.9A Shares awarded under stock compensation plans0.7A â€“A â€“A â€“A â€“A 3.7A Purchases of treasury stockâ€“A â€“A (0.5)â€“A â€“A â€“A â€“A (27.1)Effect of cash flow hedge instruments, net of tax expense of \$0.2A â€“A â€“A â€“A â€“A 0.9A 0.9A Stock compensation expenseâ€“A â€“A â€“A â€“A â€“A 12.5A â€“A 12.5A Net incomeâ€“A â€“A â€“A â€“A â€“A â€“A 83.2A â€“A 83.2A Class A dividends declared (\$0.60 per share)â€“A â€“A â€“A â€“A â€“A 13.2A â€“A 13.2A Class B dividends declared (\$0.60 per share)â€“A â€“A â€“A â€“A â€“A 7.2A â€“A 7.2A Balance at June 30, 2024\$876.7A \$1,301.4A \$2.5A \$944.7A See notes to unaudited condensed consolidated financial statements.5-SONIC AUTOMOTIVE, INCCONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS(Unaudited)Six Months Ended June 30, 20242023(Dollars in millions)CASH FLOWS FROM OPERATING ACTIVITIES:Net income\$83.2A \$71.1A Adjustments to reconcile net income to net cash used in operating activities:Depreciation and amortization of property and equipment63.4A 61.3A Debt issuance cost amortization2.9A 3.2A Stock-based compensation expense12.5A 10.4A Deferred income taxes(7.2)(6.7)Asset impairment charges2.4A 62.6A Loss (gain) on disposal of dealerships and property and equipment0.8A (20.2)Other0.9A 0.8A Changes in assets and liabilities that relate to operations:Receivables96.6A 62.4A Inventories(376.9)(245.7)Other assets7.4A (16.2)Notes payable - floor plan â€“ trade12.2A 29.5A Trade accounts payable and other liabilities35.5A (11.4)Total adjustments(149.5)(90.0)Net cash used in operating activities(66.3)(18.9)CASH FLOWS FROM INVESTING ACTIVITIES:Purchases of businesses, net of cash acquiredâ€“A (75.1)Purchases of land, property and equipment27.4A 5.1A Proceeds from sales of dealerships3.4A 52.3A Net cash used in investing activities(61.8)(93.2)CASH FLOWS FROM FINANCING ACTIVITIES:Net borrowings on notes payable - floor plan - non-trade186.3A 172.9A Borrowings on revolving credit facilities62.3A â€“A Repayments on revolving credit facilities(62.3)â€“A Proceeds from issuance of long-term debt78.0A â€“A Debt issuance costs(5.4)(1.6)Principal payments of long-term debt(44.6)(63.1)Principal payments of long-term lease liabilities(4.1)(4.7)Purchases of treasury stock(27.1)(90.7)Issuance of shares under stock compensation plans3.7A 10.0A Dividends paid(20.4)(20.2)Net cash provided by financing activities166.4A 2.6A NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS38.3A (109.5)CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR28.9A 229.2A CASH AND CASH EQUIVALENTS, END OF PERIOD\$67.2A \$119.7A SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:Cash paid (received) during the period for:Interest, including amounts capitalized\$94.9A \$84.2A Income taxes\$40.2A \$46.5A See notes to unaudited condensed consolidated financial statements.6SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS1. Summary of Significant Accounting PoliciesBasis of Presentation â€“ The accompanying unaudited condensed consolidated financial statements of Sonic Automotive, Inc. and its wholly owned subsidiaries (collectively referred to herein as â€œSonic, â€“ the â€œCompany, â€“ â€œewe, â€“ â€œeusâ€“ or â€œeurâ€“) for the three and six months ended June 30, 2024 and 2023 are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States (the â€œU.S.â€“) (â€œGAAPâ€“) for interim financial information and applicable rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect, in the opinion of management, all material normal, recurring adjustments necessary to fairly state the financial position, results of operations and cash flows for the periods presented. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in Sonicâ™s Annual Report on Form 10-K for the year ended December 31, 2023. Due to rounding, segment level financial data may not sum to consolidated results.CDK Outage â€“ On June 19, 2024, CDK Global (â€œCDKâ€“), a third-party provider of certain information systems, notified the Company that CDK had suspended certain systems used by the Company in response to a cybersecurity incident impacting CDK (the â€œCDK outageâ€“). As a result, the Company experienced disruptions to its dealer management system (â€œDMSâ€“), its customer relationship management system (â€œCRMâ€“) and other systems that support sales, inventory and accounting functions (collectively with the DMS and CRM the â€œAffected Systemsâ€“). On June 26, 2024, CDK began restoring access to those systems. The Company performed internal risk assessments and data validation procedures on the Affected Systems, and, beginning on June 30, 2024, the Company resumed processing transactions in the DMS. As of the date of this filing, the Company has regained access to the Affected Systems. Since the onset of the CDK outage, all of the Companyâ™s dealerships have remained open and operating, utilizing workaround solutions to minimize the disruption caused by the CDK outage. However, the lack of access to the DMS disrupted the efficient execution of the Companyâ™s dealership operations and affected its ability to deliver vehicles and complete transactions with customers, resulting in a negative impact to the Companyâ™s business and results from operations during the quarter ended June 30, 2024. Recent Accounting Pronouncements â€“ Please refer to Note 1, â€œDescription of Business and Summary of Significant Accounting Policies,â€“ to the consolidated financial statements in Sonicâ™s Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion of recent accounting pronouncements.In November 2023, the Financial Accounting Standards Board (the â€œFASBâ€“) issued Accounting Standards Update (â€œASUâ€“) 2023-07, â€œSegment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.â€“ The amendments require the disclosure of significant segment expenses as well as expanded interim disclosures, along with other changes to segment disclosure requirements. The standard will be effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024. We are currently evaluating the impact that the adoption of the provisions of the ASU will have on our consolidated financial statements.In December 2023, the FASB issued ASU 2023-09, â€œIncome Taxes (Topic 740): Improvements to Income Tax Disclosures,â€“ which requires greater disaggregation of income tax disclosures. The new standard requires additional information to be disclosed with respect to the income tax rate reconciliation and income taxes paid disaggregated by jurisdiction. This ASU should be applied prospectively for fiscal years beginning after December 15, 2024, with retrospective application permitted. We are currently evaluating the impacts of this guidance on our consolidated financial statements. Principles of Consolidation â€“ All of our dealership and non-dealership subsidiaries are wholly owned and consolidated in the accompanying unaudited condensed consolidated financial statements, except for one 50%-owned dealership that is accounted for under the equity method. All material intercompany balances and transactions have been eliminated in the accompanying unaudited condensed consolidated financial statements. Certain amounts and percentages may not compute due to rounding.Revenue Recognition â€“ Revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. We do not include the cost of obtaining contracts within the related revenue streams since we elected the practical expedient to expense the costs to obtain a contract when incurred.7SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSManagement has evaluated our established business processes, revenue transaction streams and accounting policies, and identified our material revenue streams to be: (1) the sale of new vehicles; (2) the sale of used vehicles to retail customers; (3) the sale of wholesale used vehicles at third-party auctions; (4) the arrangement of third-party vehicle financing and the sale of third-party service, warranty and other insurance contracts; and (5) the performance of vehicle maintenance and repair services and the sale of related parts and accessories. The transaction price for a retail vehicle sale is specified in the contract with the customer and encompasses both cash and non-cash considerations. In the context of a retail vehicle sale, customers frequently trade in their existing vehicles. The value of this trade-in is determined based on its stand-alone selling price as specified in the contract, utilizing various third-party pricing sources. There are no other non-cash forms of consideration associated with retail vehicle sales, and sales are reported net of sales tax and other similar assets. Generally, performance obligations are satisfied when the associated vehicle is delivered to a customer and customer acceptance has occurred, over time as the maintenance and repair services are performed, or at the time of wholesale and retail parts sales. We do not have any revenue streams with significant financing components, as payments are typically received within a short period of time following completion of the performance obligation(s).Retrospective finance and insurance revenues (â€œF&I retro revenuesâ€“) are recognized when the product contract has been executed with the end customer and the transaction price is estimated each reporting period based on the expected value method using historical and projected data. F&I retro revenues can vary based on a variety of factors, including number of contracts and history of cancellations and claims. Accordingly, we utilize this historical and projected data to constrain the consideration to the extent that it is probable that a significant reversal of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.We record revenue when vehicles are delivered to customers, as vehicle service work is performed and when parts are delivered. Conditions for completing a sale include having an agreement with the customer, including pricing, and it being probable that the proceeds from the sale will be collected.The accompanying unaudited condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 include approximately \$2.6 million and \$31.8A million, respectively, related to contract assets from F&I retro revenues recognition, which are recorded in receivables, net. In addition, we recorded approximately \$19.8 million related to contract assets from F&I retro revenues recognition in other assets as of June 30, 2024. Changes in contract assets from December 31, 2023 to June 30, 2024 were primarily due to ordinary business activity, including the receipt of cash for amounts earned and recognized in prior periods. Please refer to Note 1, â€œDescription of Business and Summary of Significant Accounting Policies,â€“ to the consolidated financial statements in Sonicâ™s Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion of our revenue recognition policies and processes.Earnings Per Share â€“ The calculation of diluted earnings per share considers the potential dilutive effect of outstanding restricted stock units, restricted stock and stock options granted under Sonicâ™s stock compensation plans (and any non-forfeitable dividends paid on such awards).2. Business Acquisitions and DispositionsWe did not acquire any businesses during the six months ended June 30, 2024. During the six months ended June 30, 2023, we acquired one business (consisting of five locations) in our Powersports Segment (as defined below) for an aggregate gross purchase price (including inventory acquired and subsequently funded by floor plan notes payable) of approximately \$75.1A million. The allocation of the approximately \$75.1A million aggregate gross purchase price included inventory of approximately \$11.1A million, property and equipment of approximately \$0.7A million, franchise assets of approximately \$22.6A million, goodwill of approximately \$11.9A million, real estate of approximately \$29.0A million, other assets of approximately \$0.1A million, and other liabilities of approximately \$0.3A million. During the six months ended June 30, 2024, we terminated two luxury franchised dealerships and disposed of one mid-line import franchised dealership, in addition to closing the remaining seven Northwest Motorsports stores within the EchoPark Segment (as defined below). The disposal generated net cash of approximately \$3.4A million. During the six months ended June 30, 2023, we disposed of one luxury franchised dealership, one domestic franchised dealership, and one mid-line import franchised dealership that generated net cash of approximately \$52.3A million.Revenues and other activities associated with disposed stores, terminated franchises or closed stores that remain in continuing operations were as follows:8SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSThree Months Ended June 30, Six Months Ended June 30, 202420232022021Income (loss) from operations(\$3.3)(\$14.4)(\$8.3)(\$28.0)Gain (loss) on disposal, termination and closure charges0.3A 20.7A (1.4)20.7A Lease exit accrual adjustments and charges4.2A (2.4)6.5A (4.1)Property impairment chargesâ€“A (46.0)â€“A (46.0)Pre-tax income (loss)1.2A (42.1)(3.2)(57.4)Total Revenues\$0.6A \$161.9A \$16.0A \$367.0A 3. Inventories Inventories consist of the following:June 30, 2024December 31, 2023(In millions)New vehicles\$1,173.9A \$799.6A Used vehicles490.5A 505.7A Service loaners(1)182.1A 172.7A Parts, accessories and other105.8A 100.3A Inventories\$1,952.3A \$1,578.3A (1)Service loaner inventory includes approximately \$32.0A million and \$22.7A million as of June 30, 2024 and December 31, 2023, respectively, related to vehicles that are leased directly from the manufacturer on a short-term basis. A corresponding liability is included within notes payable - floor plan - trade on the accompanying unaudited condensed consolidated balance sheets.4. Property and EquipmentProperty and equipment, net consists of the following:June 30, 2024December 31, 2023(In millions)Land\$480.9A \$493.0A Buildings and improvements1,442.9A 1,425.8A Furniture, fixtures and equipment544.9A 563.3A Construction in progress85.7A 61.4A Total, at cost2,554.4A 2,543.5A Less accumulated depreciation(938.6)(927.8)Subtotal 1,615.8A 1,615.7A Less assets held for sale (1)(22.7)(14.7)Property and equipment, net\$1,593.1A \$1,601.0A (1)Classified in other current assets in the accompanying unaudited condensed consolidated balance sheets.In the three and six months ended June 30, 2024, capital expenditures were approximately \$48.8 million and \$92.6 million, respectively, and, in the three and six months ended June 30, 2023, capital expenditures were approximately \$38.3 million and \$75.5 million, respectively. Capital expenditures in all periods were primarily related to construction of new franchised dealerships and powersports stores, and building improvements and equipment purchased for use in our franchised dealerships and EchoPark and powersports stores. Certain capital expenditures are recognized in the Franchised Dealerships Segment (as defined below) to better monitor project development costs prior to transferring the capitalized asset balance to the appropriate entity or operating segment upon project completion. Assets held for sale as of June 30, 2024 and December 31, 2023 consisted of real property not currently used in operations that we expect to dispose of in the next 12 months.9SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSFixed asset impairment charges for the six months ended June 30, 2024 were approximately \$2.4 million, which was related to the sale of real estate and capitalized IT project write-off costs and property associated with our decision to close the remaining Northwest Motorsports stores in January 2024. Fixed asset impairment charges for the six months ended June 30, 2023 were approximately \$32.5 million, the majority of which related to our decision to indefinitely suspend operations at certain locations with our EchoPark Segment and to close certain Northwest Motorsports stores. 5. Goodwill and Intangible AssetsIn accordance with Accounting Standards Codification (â€œASCâ€“) Topic 350, â€œIntangibles - Goodwill and Other,â€“ we test goodwill for impairment at least annually (as of April 30 of each year) or more frequently if indications of impairment exist. The ASC also states that if an entity determines, based on an assessment of certain qualitative factors, that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative goodwill impairment test is unnecessary.In performing a quantitative test for impairment of goodwill, we primarily use the income approach method of valuation that includes the discounted cash flow (â€œDCFâ€“) method that utilizes inputs, including projected revenues, margin, terminal growth rates,

2023.8. Fair Value MeasurementsAssets and liabilities recorded at fair value in the accompanying unaudited condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 were as follows:Fair Value Based on Significant Other Observable Inputs (Level 2)June 30, 2024December 31, 2023(In millions)Assets:Cash surrender value of life insurance policies\$145.3A \$42.9A Interest rate caps designated as hedges\$20.9A 1.0A Total assets\$46.2A \$43.9A (1)Included in other assets in the accompanying unaudited condensed consolidated balance sheets. (2)As of June 30, 2024, approximately \$0.9 million was included in other current assets in the accompanying unaudited condensed consolidated balance sheets. As of December 31, 2023, approximately \$1.0 million was included in other current assets in the accompanying unaudited condensed consolidated balance sheets. 15SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSAs of June 30, 2024 and December 31, 2023, the fair values of Sonicâ™'s financial instruments, including receivables, notes receivable from finance contracts, notes payable â€“ floor plan, trade accounts payable, borrowings under the revolving credit facilities and certain mortgage notes, approximated their carrying values due either to length of maturity or existence of variable interest rates that approximate prevailing market rates.As of June 30, 2024 and December 31, 2023, the fair value and the carrying value of Sonicâ™'s significant fixed rate long-term debt were as follows:June 30, 2024December 31, 2023Fair ValueCarrying ValueFair ValueCarrying Value(In millions)4.875% Notes\$1435.0A \$500.0A \$447.5A \$500.0A 4.625% Notes\$1578.5A \$650.0A \$591.5A \$650.0A Mortgage Notes\$130.2A \$135.1A \$156.6A \$163.0A (1)As determined by market quotations from similar securities as of June 30, 2024 and December 31, 2023, respectively (Level 2). (2)As determined by the DCF method (Level 2). For further discussion of Sonicâ™'s fair value measurements, see Note 11, â€œFair Value Measurements,â€ to the consolidated financial statements in Sonicâ™'s Annual Report on Form 10-K for the year ended December 31, 2023.9. Segment InformationAs of June 30, 2024, Sonic had three operating segments: (1) retail automotive franchises that sell new vehicles and buy and sell used vehicles, sell replacement parts, perform vehicle maintenance, warranty and repair services, and arrange finance and insurance products (the â€œFranchised Dealerships Segmentâ€); (2) pre-owned vehicle specialty retail locations that provide guests an opportunity to search our nationwide inventory, purchase a pre-owned vehicle, select finance and insurance products and sell their current vehicle to us (the â€œEchoPark Segmentâ€); and (3) retail locations that sell new and used powersports vehicles, perform vehicle maintenance, warranty and repair services, and arrange finance and insurance products (the â€œPowersports Segmentâ€). Sonic has determined that its operating segments also represent its reportable segments. Due to rounding, segment level financial data may not sum to consolidated results. The reportable segments identified above are the business activities of Sonic for which discrete financial information is available and for which operating results are regularly reviewed by Sonicâ™'s chief operating decision maker to assess operating performance and allocate resources. Sonicâ™'s chief operating decision maker is a group of three individuals consisting of (1) the Companyâ™'s Chief Executive Officer; (2) the Companyâ™'s President; and (3) the Companyâ™'s Chief Financial Officer. 16SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSReportable segment financial information for the three and six months ended June 30, 2024 and 2023 were as follows:Three Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Revenues:Franchised Dealerships Segment revenues:Retail new vehicles\$1,530.9A \$1,583.3A \$2,970.8A \$3,004.3A Fleet new vehicles\$26.2A 28.3A 45.8A 47.1A Total new vehicles\$1,557.1A 1,611.6A 3,016.6A 3,051.4A Used vehicles\$732.1A 774.5A 1,461.4A 1,542.0A Wholesale vehicles\$48.4A 55.6A 96.9A 114.0A Parts, service and collision repair\$43.4A 433.4A 874.3A 857.2A Finance, insurance and other, net\$124.2A 132.2A 243.8A 249.4A Franchised Dealerships Segment revenues\$2,896.2A \$3,007.3A \$5,693.0A \$5,814.0A EchoPark Segment revenues:Retail new vehicles\$4.1A \$4.6A \$1.0A Used vehicles\$48.9A \$524.0931.7A 1,096.5A Wholesale vehicles\$21.9A 35.5A 50.7A 62.5A Finance, insurance and other, net\$46.5A 41.1A 94.3A 91.1A EchoPark Segment revenues\$517.3A \$600.6A \$1,076.7A \$1,251.1A Powersports Segment revenues:Retail new vehicles\$21.7A \$24.9A \$37.5A \$45.7A Used vehicles\$5.3A 7.4A 8.7A 12.3A Wholesale vehicles\$0.9A 0.4A 1.1A 0.5A Parts, service and collision repair\$9.7A 10.3A 16.5A 17.0A Finance, insurance and other, net\$2.0A 2.0A 3.5A 3.5A Powersports Segment revenues\$39.6A \$45.0A \$67.3A \$79.0A Total consolidated revenues\$3,453.0A \$3,652.9A \$6,837.0A \$7,144.1A Three Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Income (Loss) (1):Franchised Dealerships Segment (2)\$52.7A \$145.9A \$116.4A \$255.8A EchoPark Segment (3)3.9A (52.8)0.9A (99.7)Powersports Segment\$0.5A 2.0A (1.7)2.6A Total segment income\$57.1A \$95.1A \$115.6A \$158.7A Impairment charges (4)(1.4)(62.6)(2.4)(62.6)Income before taxes\$55.7A \$32.5A \$113.2A \$96.1A (1)Segment income (loss) for each segment is defined as income (loss) before taxes and impairment charges. 17SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS(2)For the three months ended June 30, 2024, amount includes approximately \$11.2 million of pre-tax charges related to excess compensation related to the CDK outage and approximately \$3.6 million of pre-tax charges related to hail and storm damage. For the three months ended June 30, 2023, amount includes approximately \$20.9 million of pre-tax gain related to acquisitions and dispositions and approximately \$1.9 million of pre-tax charges related to hail and storm damage. For the six months ended June 30, 2024, amount includes approximately \$11.2 million of pre-tax charges related to excess compensation related to the CDK outage, approximately \$3.6 million of pre-tax charges related to hail and storm damage, approximately \$2.2 million of pre-tax charges related to severance and long-term compensation expense, and approximately \$1.0 million of pre-tax impairment charges related to property and equipment. For the six months ended June 30, 2023, amount includes approximately \$20.9 million of pre-tax gain related to acquisitions and dispositions and approximately \$1.9 million of pre-tax charges related to hail and storm damage. (3)For the three months ended June 30, 2024, amount includes approximately \$3.0 million of pre-tax gain on exit of leased properties, approximately \$1.4 million of pre-tax impairment charges related to property and equipment, approximately \$0.7 million of pre-tax charges for severance and long-term compensation expense, approximately \$0.6 million of pre-tax gain on acquisitions and dispositions, and approximately \$0.4 million of pre-tax charges related to excess compensation related to the CDK outage. For the three months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property, approximately \$10.0 million of pre-tax charges related to used vehicle inventory valuation adjustments, approximately \$2.2 million of pre-tax charges for long-term compensation expense, approximately \$0.4 million of pre-tax lease exit charges, and approximately \$0.2 million of pre-tax loss related to acquisitions and dispositions. For the six months ended June 30, 2024, amount includes approximately \$3.0 million of pre-tax gain on exit of leased properties, approximately \$2.7 million of pre-tax charges for severance and long-term compensation expense, approximately \$2.2 million of pre-tax charges related to closed store accrued expenses related to indefinite suspension of operations at certain EchoPark locations, approximately \$1.4 million of pre-tax impairment charges related to property and equipment, approximately \$0.6 million of pre-tax gain on acquisitions and dispositions and approximately \$0.4 million of pre-tax charges related to excess compensation related to the CDK outage. For the six months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property, approximately \$10.0 million of pre-tax charges related to used vehicle inventory valuation adjustments, approximately \$4.2 million of pre-tax charges for long-term compensation expense, approximately \$0.4 million of pre-tax lease exit charges, and approximately \$0.2 million of pre-tax loss related to acquisitions and dispositions. (4)For the three months ended June 30, 2024, amount includes approximately \$1.4 million of pre-tax property and equipment charges for real estate held for sale in the EchoPark Segment. For the three months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property for the EchoPark Segment. For the six months ended June 30, 2024, amount includes approximately \$1.4 million of pre-tax property and equipment charges for real estate held for sale in the EchoPark Segment and approximately \$1.0 million of pre-tax property and equipment charges for the Franchised Dealerships Segment. For the six months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property for the EchoPark Segment.Three Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Impairment Charges:Franchised Dealerships Segments\$4.1A \$4.6A \$1.0A \$1.0A \$4.6A \$62.6A \$2.4A \$62.6A 18SONIC AUTOMOTIVE, INC.NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTSThree Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Depreciation and Amortization:Franchised Dealerships Segments\$30.4A \$27.9A \$60.2A \$54.5A EchoPark Segment5.6A 7.4A 11.1A 14.4A Powersports Segment1.0A 0.8A 2.0A 1.6A Total depreciation and amortizations\$37.0A \$36.1A \$73.2A \$70.5A Three Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Floor Plan Interest Expense:Franchised Dealerships Segments\$18.0A \$11.9A \$34.0A \$21.8A EchoPark Segment3.8A 4.8A 7.6A 9.3A Powersports Segment0.5A 0.3A 1.0A 0.4A Total floor plan interest expense\$22.2A \$17.0A \$42.5A \$31.5A Three Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Interest Expense, Other, Net:Franchised Dealerships Segments\$27.8A \$27.5A \$55.6A \$54.4A EchoPark Segment0.7A 0.9A 1.3A 1.8A Powersports Segment0.8A 0.5A 1.3A 1.1A Total interest expense, other, net\$29.3A \$28.9A \$58.3A \$57.3A Three Months Ended June 30, Six Months Ended June 30, 2024202320242023(In millions)Segment Capital Expenditures:Franchised Dealerships Segments\$48.0A \$34.4A \$91.1A \$65.4A EchoPark Segment0.2A 2.8A 0.6A 8.5A Powersports Segment0.6A 1.1A 0.9A 1.6A Total capital expenditures\$48.8A \$38.3A \$92.6A \$75.5A June 30, 2024December 31, 2023(In millions)Segment Assets:Franchised Dealerships Segments\$4,499.0A \$4,110.8A EchoPark Segment603.4A 667.9A Powersports Segment234.6A 212.0A Corporate and other:Cash and cash equivalents\$67.2A 28.9A Floor plan deposit balance\$400.0A \$345.0A Total assets\$5,804.2A \$5,364.6A 19SONIC AUTOMOTIVE, INC.MANAGEMENTâ™'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSItemâ™ 2. Managementâ™'s Discussion and Analysis of Financial Condition and Results of Operations.The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes thereto, as well as the consolidated financial statements and related notes thereto, â€œItem 1. Risk Factorsâ€ and â€œItem 7. Managementâ™'s Discussion and Analysis of Financial Condition and Results of Operationsâ€ included in our Annual Report on Form 10-K for the year ended December 31, 2023. Unless otherwise noted, we present the discussion in this Managementâ™'s Discussion and Analysis of Financial Condition and Results of Operations on a consolidated basis. To the extent that we believe a discussion of the differences among reportable segments will enhance a readerâ™'s understanding of our financial condition, cash flows and other changes in financial condition and results of operations, the differences are discussed separately. Certain amounts and percentages may not compute due to rounding. Unless otherwise noted, all discussion of increases or decreases are for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023. The following discussion of Franchised Dealerships Segment new vehicles, used vehicles, wholesale vehicles, parts, service and collision repair, and finance, insurance and other, net is on a same store basis, except where otherwise noted. All currently operating franchised dealership stores are included within the same store group as of the first full month following the first anniversary of the storeâ™'s opening or acquisition. The following discussion of EchoPark Segment used vehicles, wholesale vehicles, and finance, insurance and other, net is on a reported basis, except where otherwise noted. All currently operating EchoPark stores in a local geographic market are included within the same market group as of the first full month following the first anniversary of the marketâ™'s opening or acquisition. The following discussion of Powersports Segment new vehicles, used vehicles, wholesale vehicles, parts, service and collision repair, and finance, insurance and other, net is on a reported basis, except where otherwise noted. All currently operating stores in the Powersports Segment are included within the same store group as of the first full month following the first anniversary of the storeâ™'s opening or acquisition.OverviewWe are one of the largest automotive retailers in the U.S. (as measured by reported total revenue). As a result of the way we manage our business, we had three reportable segments as of June 30, 2024: (1) the Franchised Dealerships Segment; (2) the EchoPark Segment; and (3) the Powersports Segment. For management and operational reporting purposes, we group certain businesses together that share management and inventory (principally used vehicles) into â€œstores.â€ As of June 30, 2024, we operated 107 stores in the Franchised Dealerships Segment, 18 stores in the EchoPark Segment and 13 stores in the Powersports Segment. The Franchised Dealerships Segment consists of 131 new vehicle franchises (representing 25 different brands of cars and light trucks) and 16 collision repair centers in 18 states. The EchoPark Segment consists of 18 stores in 10 states. The Powersports Segment consists of nine franchises and four retail outlets in two states. The Franchised Dealerships Segment provides comprehensive sales and services, including (1) sales of both new and used cars and light trucks; (2) sales of replacement parts and performance of vehicle maintenance, manufacturer warranty repairs, and paint and collision repair services (collectively, â€œFixed Operationsâ€); and (3) arrangement of third-party financing, extended warranties, service contracts, insurance and other aftermarket products (collectively, â€œF&Iâ€) for our guests. The EchoPark Segment sells used cars and light trucks and arranges third-party F&I product sales for our guests in pre-owned vehicle specialty retail locations, and does not offer customer-facing Fixed Operations services. The Powersports Segment offers guests: (1) sales of both new and used powersports vehicles (such as motorcycles, personal watercraft and all-terrain vehicles); (2) Fixed Operations activities; and (3) F&I services. All three segments generally operate independently of one another with the exception of certain shared back-office functions and corporate overhead costs. 20SONIC AUTOMOTIVE, INC.MANAGEMENTâ™'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSExecutive SummaryRetail Automotive Industry PerformanceThe U.S. retail automotive industryâ™'s total new vehicle (retail and fleet combined) seasonally adjusted annual rate of unit sales volume (the â€œtotal new vehicle SAARâ€) increased 1% for both the three and six months ended June 30, 2024, to approximately 15.7A million and 15.6A million vehicles, respectively, compared to approximately 15.6A million and 15.4A million vehicles for the three and six months ended June 30, 2023, respectively, according to the Power Information Network (â€œPINâ€) from J.D. Power. We currently estimate the 2024 new vehicle industry volume will be between 15.5A million vehicles (flat compared to 2023) and 16.0A million vehicles (an increase of 3% compared to 2023). The effects of interest rates, changes in consumer confidence, availability of consumer financing, manufacturer inventory production levels, incentive levels from automotive manufacturers or shifts in such levels, or timing of consumer demand as a result of economic conditions, natural disasters or other unforeseen circumstances could cause the actual 2024 new vehicle industry volume to vary from expectations. Many factors, including brand and geographic concentrations as well as the industry sales mix between retail and fleet new vehicle unit sales volume, have caused our past results to differ from the industryâ™'s overall trend. Our new vehicle sales strategy focuses on our retail new vehicle sales (as opposed to fleet new vehicle sales) and, as a result, we believe it is appropriate to compare our retail new vehicle unit sales volume to the industry retail new vehicle seasonally adjusted annual rate of unit sales volume (the â€œretail new vehicle SAARâ€) (which excludes fleet new vehicle sales). According to PIN from J.D. Power, the retail new vehicle SAAR remained flat at approximately 12.7 million vehicles for both the three and six months ended June 30, 2024 from approximately 12.8A million and 12.7A million vehicles for the three and six months ended June 30, 2023, respectively. CDK Global OutageOn June 19, 2024, CDK Global (â€œCDKâ€), a third-party provider of certain information systems, notified us that CDK had suspended certain systems used by us in response to a cybersecurity incident impacting CDK (the â€œCDK Outageâ€). As a result, we experienced disruptions to our dealer management system (â€œDMSâ€), our customer relationship management system (â€œCRMâ€) and other systems that support sales, inventory and accounting functions (collectively with the DMS and CRM the â€œAffected Systemsâ€). On June 26, 2024, CDK began restoring access to those systems. We performed internal risk assessments and data validation procedures on the Affected Systems, and beginning June 30, 2024, we resumed processing transactions in the DMS. As of the date of this filing, we have regained access to the Affected Systems, including the DMS and CRM. Since the onset of the CDK outage, all of our dealerships have remained open and operating, utilizing workaround solutions to minimize the disruption caused by the CDK outage. However, the lack of access to the DMS disrupted the efficient execution of our dealership operations and affected our ability to deliver vehicles and complete transactions with customers in a typical transaction timeframe. Despite the workarounds employed by the Company, the CDK outage significantly impaired our ability to sell both new and used vehicles within both our Franchised Dealership and EchoPark Segments. The lower volume of vehicles sold as a result of the CDK outage also negatively impacted F&I revenue within both segments. Additionally, our Fixed Operations revenue within the Franchised Dealership Segment was negatively impacted by the lack of access to certain systems used to process services during the affected period. We estimate the disruption from the CDK outage negatively impacted reported income before taxes by approximately \$30.0 million during the quarter ended June 30, 2024, which includes approximately \$11.6 million in additional compensation expenses incurred as a result of the incident. While the CRM remained, and certain CDK applications continue to remain unavailable into the third quarter, we do not anticipate a material impact to our business, including our results of operations or financial condition, beyond those experienced in the quarter ended June 30, 2024. Franchised Dealerships SegmentAs a result of the acquisition, disposition, termination or closure of certain franchised dealership stores in 2023 and 2024, the change in reported amounts from period to period may not be indicative of the current or future operational or financial performance of our current group of operating stores. 21SONIC

remained flat during the three and six months ended June 30, 2024, respectively, driven primarily by a 2% decrease and 1% increase in retail new vehicle unit sales volume, respectively. The CDK outage also had a significant adverse impact on new vehicle unit sales volume during the three and six months ended June 30, 2024. Retail new vehicle gross profit decreased 30% and 29% during the three and six months ended June 30, 2024, respectively, due primarily to increased price competition as a result of higher levels of available inventory and higher inventory invoice cost, which combined to drive lower retail new vehicle gross profit per unit. Retail new vehicle gross profit per unit decreased \$1,443 per unit, or 29%, to \$3,590 per unit during the three months ended June 30, 2024, and decreased \$1,601 per unit, or 30%, to \$3,653 per unit during the six months ended June 30, 2024. On a trailing quarter cost of sales basis, our reported Franchised Dealerships Segment new vehicle inventory days^{â€™} supply was approximately 59 and 31 days as of June 30, 2024 and 2023, respectively, as a result of increased manufacturer production levels and a slower rate of sales in the period ended June 30, 2024 due to the CDK outage. Same store retail used vehicle revenue decreased 5% and 4% during the three and six months ended June 30, 2024, respectively, driven primarily by a 7% decrease in retail used vehicle average selling prices for both the three and six months ended June 30, 2024, partially offset by a 3% increase and 4% increase in retail used vehicle unit sales volume, respectively. Retailed used vehicle unit sales volume during the three and six months ended June 30, 2024 were also significantly adversely affected by the CDK outage. Retail used vehicle gross profit decreased 12% and 6% during the three and six months ended June 30, 2024, respectively, primarily due to lower retail used vehicle gross profit per unit. Retail used vehicle gross profit per unit decreased \$255 per unit, or 14%, to \$1,524 per unit during the three months ended June 30, 2024 and decreased \$150 per unit, or 9%, to \$1,555 per unit during the six months ended June 30, 2024 due primarily to higher inventory acquisition costs and lower selling prices due to increased price competition as a result of ongoing consumer affordability challenges, including the effect of higher interest rates. Same store wholesale vehicle gross profit (loss) remained flat and worsened \$2.0 million during the three and six months ended June 30, 2024, respectively, on flat wholesale vehicle gross profit (loss) per unit during the three months ended June 30, 2024 and a \$191 per unit, or 146%, worsening of wholesale vehicle gross profit (loss) per unit during the six months ended June 30, 2024. We generally focus on maintaining Franchised Dealerships Segment used vehicle inventory days^{â€™} supply in the 25- to 35-day range, which may fluctuate seasonally, in order to limit our exposure to market pricing volatility. On a trailing quarter cost of sales basis, our reported Franchised Dealerships Segment used vehicle inventory days^{â€™} supply was approximately 30 and 31 days as of June 30, 2024 and 2023, respectively. Same store Fixed Operations revenue increased 1% and 3% during the three and six months ended June 30, 2024, respectively, driven primarily by higher parts and labor costs that were passed along to consumers, despite being negatively affected by the CDK outage. Fixed Operations gross profit increased 2% and 4% during the three and six months ended June 30, 2024, respectively, driven primarily by higher warranty gross margin. Fixed Operations gross margin increased 80 basis points, to 50.4%, during the three months ended June 30, 2024, and increased 70 basis points, to 50.2%, during the six months ended June 30, 2024, primarily driven by an increase in warranty revenue contribution and higher warranty gross margin. F&I revenue decreased 5% and 1% during the three and six months ended June 30, 2024, respectively, driven by lower average retail new and used vehicle unit selling prices. F&I revenues were also adversely affected by the CDK outageâ€™s adverse effect on new and used vehicle sales volume. F&I gross profit per retail unit decreased \$146 per unit, or 6%, to \$2,380 per unit during the three months ended June 30, 2024, and decreased \$85 per unit, or 3%, to \$2,366 per unit during the six months ended June 30, 2024. EchoPark SegmentReported total revenues decreased 14% for both the three and six months ended June 30, 2024, driven primarily by a 3% and 7% decrease in retail used vehicle unit sales volume, respectively, and a 12% and 9% decrease in average retail used vehicle unit selling prices, respectively. Retail used vehicle unit sales volume during the three and six months ended June 30, 2024 were also adversely affected by the CDK outage. Reported total gross profit increased 91% and 57% during the three and six months ended June 30, 2024, respectively, primarily due to a 133% and 138% increase in retail used vehicle gross profit, respectively. Same market total revenues increased 11% during both the three and six months ended June 30, 2024, primarily attributable to a 23% and 18% increase in total retail used vehicle unit sales volume, respectively. Same market total gross profit increased 81% and 80% during the three and six months ended June 30, 2024, respectively, driven primarily by a 191% and 163% increase in retail used vehicle gross profit per unit, respectively. 22SONIC AUTOMOTIVE, INC. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSReported retail used vehicle revenue decreased 14% and 15% during the three and six months ended June 30, 2024, respectively, driven primarily by a 12% decrease and 9% decrease, respectively, in average retail used vehicle unit selling prices. F&I revenue increased 13% and 4% during the three and six months ended June 30, 2024, respectively, driven primarily by a 16% and 11% increase in F&I gross profit per unit, respectively, partially offset by the decrease in retail used vehicle unit sales volume. Reported combined retail used vehicle and F&I gross profit per unit increased \$1,509 per unit, or 96%, to \$3,078 per unit during the three months ended June 30, 2024, and increased \$1,264 per unit, or 72%, to \$3,014 per unit during the six months ended June 30, 2024, due primarily to a 134% and 141% increase in retail used vehicle gross profit per unit, respectively. Reported wholesale vehicle gross profit decreased approximately \$0.1 million and \$1.8 million during the three and six months ended June 30, 2024, respectively, primarily due to a 300% and 156% decrease in wholesale vehicle gross profit per unit, respectively. We generally focus on maintaining EchoPark Segment used vehicle inventory days^{â€™} supply in the 30- to 40-day range, which may fluctuate seasonally, in order to limit our exposure to market pricing volatility. On a trailing quarter cost of sales basis, our reported EchoPark Segment used vehicle inventory days^{â€™} supply was approximately 38 and 39 days as of June 30, 2024 and 2023, respectively. Powersports SegmentReported retail new vehicle revenue decreased 13% and 18% during the three and six months ended June 30, 2024, respectively, primarily driven by a 15% and 19% decrease in retail new vehicle unit sales volume, respectively. Retail new vehicle gross profit decreased 36% and 39% during the three and six months ended June 30, 2024, respectively, as a result of a 24% and 25% decrease in retail new vehicle gross profit per unit, respectively, and lower retail new vehicle unit sales volume. Retail new vehicle gross profit per unit decreased \$769 per unit, or 24%, to \$2,466 per unit for the three months ended June 30, 2024, and decreased \$832 per unit, or 25%, to \$2,553 for the six months ended June 30, 2024, primarily due to higher invoice costs. On a trailing quarter cost of sales basis, our reported Powersports Segment new vehicle inventory days^{â€™} supply was approximately 187 and 111 days as of June 30, 2024 and 2023, respectively, varying based on manufacturer production levels and consumer demand. Reported retail used vehicle revenue decreased 28% and 29% during the three and six months ended June 30, 2024, respectively, primarily driven by a 24% and 18% decrease in retail used vehicle unit sales volume, respectively. Retail used vehicle gross profit remained flat and decreased 8% during the three and six months ended June 30, 2024, respectively, as a result of lower retail used vehicle unit sales volume. Retail used vehicle gross profit per unit increased \$481 per unit, or 25%, to \$2,423 per unit for the three months ended June 30, 2024, and increased \$225 per unit, or 11%, to \$2,318 for the six months ended June 30, 2024, primarily due to lower invoice costs. On a trailing quarter cost of sales basis, our reported Powersports Segment used vehicle inventory days^{â€™} supply was approximately 96 and 50 days as of June 30, 2024 and 2023, respectively. Reported Fixed Operations revenue decreased 6% and 3% during the three and six months ended June 30, 2024, respectively, and Fixed Operations gross profit decreased 8% and 7% during the three and six months ended June 30, 2024, respectively, driven primarily by lower repair order volume. Fixed Operations gross margin decreased 110 basis points to 47% and decreased 170 basis points to 47% during the three and six months ended June 30, 2024, respectively, driven primarily by a decrease in customer pay revenue contribution and lower customer pay gross margin. Reported F&I revenue remained flat during both the three and six months ended June 30, 2024, offset by a 22% increase in F&I gross profit per retail unit in both the three and six months ended June 30, 2024. F&I gross profit per retail unit increased \$201 per unit, or 21%, to \$1,153 per unit and increased \$208 per unit, or 22%, to \$1,172 per unit during the three and six months ended June 30, 2024, respectively. Same store total revenues decreased 12% and 16% during the three and six months ended June 30, 2024, respectively, driven primarily by a 19% and 20% decrease in total vehicle unit sales volume for the three and six months ended June 30, 2024, respectively. Same store total gross profit decreased 17% and 21% during the three and six months ended June 30, 2024, respectively, driven primarily by a 24% and 26% decrease in retail new vehicle gross profit per unit, respectively. Results of Operations â€™ Consolidated As a result of the acquisition, disposition, termination or closure of certain franchised dealership stores in 2023 and 2024, the change in consolidated reported amounts from period to period may not be indicative of the current or future operational or financial performance of our current group of operating stores. 23SONIC AUTOMOTIVE, INC. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSNew Vehicles â€™ ConsolidatedNew vehicle revenues include the sale of new vehicles, including new powersports vehicles, to retail customers, as well as the sale of fleet vehicles to businesses for use in their operations. New vehicle revenues and gross profit can be influenced by vehicle manufacturer incentives to consumers (which vary from cash-back incentives to low interest rate financing, among other things), the availability of consumer credit and the level and type of manufacturer-to-dealer incentives, as well as manufacturers providing adequate inventory allocations to our dealerships to meet consumer demand. The automobile manufacturing industry is cyclical and historically has experienced periodic downturns characterized by oversupply and weak demand, both within specific brands and in the industry as a whole. As an automotive retailer, we seek to mitigate the effects of this sales cycle by maintaining a diverse brand mix of dealerships. Our brand diversity allows us to offer a broad range of products at a wide range of prices from lower-priced economy automobiles to luxury automobiles and powersports vehicles. The following table depicts the breakdown of our Franchised Dealerships Segment new vehicle revenues by brand for the three and six months ended June 30, 2024 and 2023:Three Months Ended June 30, Six Months Ended June 30, New Vehicle Brand2024202320242023Luxury:BMW25Â%24Â%25Â%25Â%Mercedes13Â%15Â%13Â%14Â%Lexus6Â%5Â%6Â%5Â%Audi5Â%6Â%5Â%6Â%Land Rover5Â%3Â%5Â%4Â%Porsche5Â%4Â%4Â%4Â%Cadillac2Â%2Â%2Â%2Â%Volvo1Â%1Â%1Â%1Â%1Â%MINIâ€™1Â%1Â%1Â%1Â%Other Luxury(1)â€™Â%â€™Â%â€™Â%â€™Â%Total Luxury62Â%61Â%62Â%62Â%Mid-line Import:Honda1Â%11Â%11Â%11Â%Toyota10Â%9Â%9Â%Volkswagen24Â%1Â%2Â%2Â%Hyundai1Â%1Â%1Â%1Â%Other Mid-line Import(2)â€™1Â%2Â%1Â%1Â%Total Mid-line Import24Â%24Â%24Â%23Â%Domestic:General Motors(3)6Â%6Â%6Â%6Â%Ford5Â%4Â%4Â%5Â%Chrysler3Â%5Â%4Â%4Â%Total Domestic14Â%15Â%14Â%15Â%15Â%Total100Â%100Â%100Â%100Â%100Â%(1)Includes Infiniti, Jaguar and Polestar.(2)Includes Mazda, Nissan and Subaru.(3)Includes Buick, Chevrolet and GMC. The U.S. retail automotive industryâ€™s new vehicle unit sales volume below reflects all brands marketed or sold in the U.S. This industry sales volume includes brands we do not sell and markets in which we do not operate, therefore, changes in our new vehicle unit sales volume may not trend directly in line with changes in the industry new vehicle unit sales volume. We believe that the industry retail new vehicle unit sales volume is a more meaningful metric for comparing our new vehicle unit sales volume to the industry due to our minimal fleet vehicle business. 24SONIC AUTOMOTIVE, INC. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSU.S. retail new vehicle SAAR, fleet new vehicle seasonally adjusted annual rate of unit sales volume (the â€œfleet new vehicle SAARâ€) and total new vehicle SAAR were as follows:Three Months Ended June 30, Better / (Worse)Six Months Ended June 30, 2024, Better / (Worse)20242023% Change(20242023% Change)(In millions of vehicles)U.S. Retail new vehicle SAAR(1)12.7A12.7A12.7A12.7A â€™%U.S. Fleet new vehicle SAAR3.0A2.8Â%2.9Â%2.7Â%7Â%U.S. Total new vehicle SAAR(1)15.7A15.6Â%15.4Â%1Â%1Â%Source: PIN from J.D. PowerOur consolidated reported new vehicle results (combined retail and fleet data) were as follows:Three Months Ended June 30, Better / (Worse)20242023% Change(20242023% Change)(In millions, except unit and per unit data)Reported new vehicle:Retail new vehicle revenue\$1,552.6Â\$1,608.2Â\$(55.6%)(3)%Fleet new vehicle revenue26.2Â\$28.3A(2.1)%Total new vehicle revenue\$1,578.8A\$1,636.5A(\$57.7%)(4)%Retail new vehicle gross profit\$97.8A\$141.4A(43.6%)(3)%Fleet new vehicle gross profit1.0A1.3A(0.3)(23)%Total new vehicle gross profit\$98.8A\$142.7A(\$43.9%)(31)%Retail new vehicle unit sales27,705Â\$28,754A(1,049%)(4)%Fleet new vehicle unit sales514Â\$590A(76)(13)%Total new vehicle unit sales28,219Â\$29,344A(1,125%)(4)%Revenue per new retail unit\$56,039Â\$55,929Â\$110Â%â€™%Revenue per new fleet unit\$51,006Â\$48,038Â\$2,968A6Â%Total revenue per new retail unit\$55,947A\$55,771Â\$176Â%â€™%Gross profit per new retail unit\$3,513A\$4,918A(1,387%)(28)%Gross profit per new fleet unit\$1,885A\$2,099A(\$214)(10)%Total gross profit per new unit\$3,501Â\$4,861A(1,360%)(28)%Retail gross profit as a % of revenue6.3Â%68.8Â%(\$250)bpsFleet gross profit as a % of revenue3.7Â%44.4%(\$70)bpsTotal new vehicle gross profit as a % of revenue6.3Â%68.7Â%(\$240)bps25SONIC AUTOMOTIVE, INC. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSSix Months Ended June 30, 2024, Better / (Worse)20242023% Change(20242023% Change)(In millions, except unit and per unit data)Reported new vehicle:Retail new vehicle revenue\$3,008.4Â\$3,051.0Â\$(42.6%)(1)%Fleet new vehicle revenue45.8Â\$47.1Â(1.3)%Total new vehicle revenue\$3,054.2Â\$3,098.1Â\$(43.9%)(1)%Retail new vehicle gross profit\$194.2Â\$279.5Â\$(85.3%)(31)%Fleet new vehicle gross profit1.7Â\$2.1Â(0.4)(19)%Total new vehicle gross profit\$195.9Â\$281.6Â\$(85.7%)(30)%Retail new vehicle unit sales53,847Â\$54,411A(564)(1)%Fleet new vehicle unit sales893A1.031Â\$138(13)%Total new vehicle unit sales54,740Â\$55,442A(702)(1)%Revenue per new retail unit\$55,869Â\$56,073Â\$(204)%A%Revenue per new fleet unit\$51,304Â\$45,746Â\$5,558A12Â%Total revenue per new unit\$55,794Â\$55,881Â\$(87)%â€™%Gross profit per new retail unit\$3,607Â\$5,137A\$1,530(30)%Gross profit per new fleet unit\$1,809Â\$2,065Â\$(256)(12)%Total gross profit per new unit\$3,578Â\$5,080Â\$(1,502)(30)%Retail gross profit as a % of revenue6.5Â%9.2Â%(\$270)bpsFleet gross profit as a % of revenue3.5Â%4.5Â%(\$100)bpsTotal new vehicle gross profit as a % of revenue6.4Â%9.1Â%(\$270)bpsFor further analysis of new vehicle results on a segment basis, see the tables and discussion under the headings â€œNew Vehicles - Franchised Dealerships Segmentâ€ and â€œNew Vehicles - Powersports Segmentâ€ in the Franchised Dealerships Segment and Powersports Segment sections, respectively, below.Used Vehicles â€™ ConsolidatedUsed vehicle revenues include the sale of used vehicles, including used powersports vehicles, to retail customers and at wholesale. Used vehicle revenues are directly affected by a number of factors, including consumer demand for used vehicles, the pricing and level of manufacturer incentives on new vehicles, the number and quality of trade-ins and lease turn-ins available to our dealerships, the availability and pricing of used vehicles acquired at wholesale auction, and the availability of consumer credit. Depending on the mix of inventory sourcing (trade-ins or purchases from customers versus wholesale auction), the days^{â€™} supply of used vehicle inventory, and the pricing strategy employed by the dealership, retail used vehicle gross profit per unit and retail used vehicle gross profit as a percentage of revenue may vary significantly from historical levels given recent trends in the used vehicle environment. 26SONIC AUTOMOTIVE, INC. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSOur consolidated reported retail used vehicle results were as follows:Three Months Ended June 30, Better / (Worse)20242023% Change(20242023% Change)(In millions, except unit and per unit data)Reported retail used vehicle:Revenue\$1,186.2Â\$1,305.9Â\$(119.7%)(9)%Gross profit\$44.7A\$31.5Â\$13.2Â42Â%Unit sales42,831Â\$42,972Â\$(141)%â€™%Revenue per unit\$27,695Â\$30,390Â\$(2,695)(9)%Gross profit per unit\$1,044Â\$732Â\$312Â43Â%Gross profit as a % of revenue3.8Â%2.4Â%140Â%bpsSix Months Ended June 30, 2024, Better / (Worse)20242023% Change(20242023% Change)(In millions, except unit and per unit data)Reported retail used vehicle:Revenue\$2,401.8Â\$2,650.8Â\$(249.0%)(9)%Gross profit\$91.7Â\$61.5Â\$30.2Â49Â%Unit sales86,887Â\$88,503Â\$(1,616)(2)%Revenue per unit\$27,643Â\$29,952Â\$(2,309)(8)%Gross profit per unit\$1,056Â\$695Â\$361Â52Â%Gross profit as a % of revenue3.8Â%2.3Â%150Â%bpsFor further analysis of used vehicle results on a segment basis, see the tables and discussion under the headings â€œUsed Vehicles - Franchised Dealerships Segmentâ€, â€œUsed Vehicles - Powersports Segmentâ€ in the Franchised Dealerships Segment and Powersports Segment sections, respectively, below. Wholesale Vehicles â€™ ConsolidatedWholesale vehicle revenues are affected by retail new and used vehicle unit sales volume and the associated trade-in volume, as well as short-term, temporary and seasonal fluctuations in wholesale auction pricing. In recent years, wholesale vehicle prices and supply at auction have experienced periods of volatility, impacting our wholesale vehicle revenues and related gross profit (loss), as well as our retail used vehicle revenues and related gross profit. We believe that wholesale vehicle pricing and volatility has begun to normalize in the first half of 2024 and expect that this trend will continue through the remainder of 2024. Wholesale vehicle revenues are also significantly affected by our corporate inventory management strategy and policies, which are designed to optimize our total used vehicle inventory and expected gross profit levels and minimize inventory carrying risks. 27SONIC AUTOMOTIVE, INC. MANAGEMENTâ€™S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSOur consolidated reported wholesale vehicle results were as follows:Three Months Ended June 30, Better / (Worse)20242023% Change(20242023% Change)(In millions, except unit and per unit data)Reported wholesale vehicle:Revenue\$71.3A\$91.5Â\$(20.2)%Gross profit(\$0.6)\$1.0Â\$40.4Â%Unit sales7,859Â\$8,801Â\$(942)(11)%Revenue per unit\$0.73A\$10,386Â\$(1,313)(13)%Gross profit (loss) per unit\$(78)(111)\$33Â\$30Â%Gross profit (loss) as a % of revenue(0.9%)(1.1%)(20)Â%bpsSix Months Ended June 30, 2024, Better / (Worse)20242023% Change(20242023% Change)(In millions, except unit and per unit data)Reported wholesale vehicle:Revenue\$148.6Â\$177.0Â\$(28.4)(16)%Gross profit (loss)\$1.3Â\$2.1Â\$(3.4)(162)%Unit sales15,971Â\$17,207Â\$(1,236)(7)%Revenue per unit\$9,305Â\$10,280Â\$(975)(9)%Gross profit (loss) per unit\$(84)\$119Â\$(203)(171)%Gross profit (loss) as a % of revenue(0.9%)(1.2%)(210)bpsFor further analysis of wholesale vehicle results on a segment basis, see the tables and discussion under the headings â€œWholesale Vehicles - Franchised Dealerships Segmentâ€, â€œWholesale Vehicles - Powersports Segmentâ€, respectively, below. Wholesale Vehicles â€™ Powersports

vehicle unit sales volume. Retail used vehicle gross profit per unit increased \$481 per unit, or 25%, to \$2,423 per unit. Same Store Powersports Segment Retail Used Vehicles â€“ Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023 Retail used vehicle revenue decreased 32%, due primarily to a 21% decrease in retail used vehicle unit sales volume and a 13% decrease in retail used vehicle average selling prices. Retail used vehicle gross profit decreased approximately \$0.3 million, or 13%, as a result of lower retail used vehicle unit sales volume. Retail used vehicle gross profit per unit increased \$272 per unit, or 13%, to \$2,336 per unit. Wholesale Vehicles â€“ Powersports Segment The following tables provide a reconciliation of Powersports Segment reported basis and same store basis for wholesale vehicles: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit data) Total wholesale vehicle revenue: Same store \$0.9A \$0.4A \$0.5A 125A %Acquisitionsâ€“A â€“A â€“A NMTotal as reported \$0.9A \$0.4A \$0.5A 125A %Total wholesale vehicle gross profit (loss): Same store \$0.1A \$â€“A \$0.1A (100)%Acquisitionsâ€“A â€“A â€“A NMTotal as reported \$0.1A \$â€“A \$0.1A (100)%Total wholesale vehicle unit sales: Same store 18A 50A (32) (64)%Acquisitionsâ€“A â€“A â€“A NMTotal as reported 18A 50A (32) (64)%NM = Not Meaningful 58SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit data) Total wholesale vehicle revenue: Same store \$1.2A \$0.5A \$0.7A 140A %Acquisitions(0.1)â€“A (0.1)(100.0)%Total as reported \$1.1A \$0.5A \$0.6A 120A %Total wholesale vehicle gross profit (loss): Same store \$0.1A \$0.1A \$â€“A â€“A %Acquisitionsâ€“A â€“A â€“A %Total as reported \$0.1A \$0.1A \$â€“A â€“A %Total wholesale vehicle unit sales: Same store 2856(28) (50)%Acquisitions 312A NMTotal as reported 3157(26)(46)%NM = Not Meaningful Our Powersports Segment reported wholesale vehicle results were as follows: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Reported wholesale vehicle: Revenue \$0.9A \$0.4A \$0.5A 125A %Gross profit (loss): \$0.1A \$â€“A \$0.1A (100)%Unit sales 18A 50A (32) (64)%Revenue per unit \$52,531A \$7,947A \$44,584A 561A %Gross profit (loss) per unit \$2,976A (\$665)A (2,311)A (348)%Gross profit (loss) as a % of revenue (5.7%) (8.4)% 270A bps Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Reported wholesale vehicle: Revenue \$1.1A \$0.5A \$0.6A 120A %Gross profit (loss): \$0.1A \$0.1A \$â€“A â€“A %Unit sales 31A 57A (26) (46)%Revenue per unit \$37,802A \$8,689A \$29,113A 335A %Gross profit (loss) per unit \$2,901A (\$598)A (2,303) (385)%Gross profit (loss) as a % of revenue (7.7%) (6.9%) 80bps 59SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Our Powersports Segment same store wholesale vehicle results were as follows: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Same store wholesale vehicle: Revenue \$0.9A \$0.4A \$0.5A 125A %Gross profit (loss): \$0.1A \$â€“A \$0.1A (100)%Unit sales 18A 50A (32) (64)%Revenue per unit \$52,531A \$7,947A \$44,584A 561A %Gross profit (loss) per unit \$2,976A (\$665)A (2,311)A (348)%Gross profit (loss) as a % of revenue (5.7%) (8.4)% 270A bps Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Same store wholesale vehicle: Revenue \$1.2A \$0.5A \$0.7A 140A %Gross profit (loss): \$0.1A \$0.1A \$â€“A â€“A %Unit sales 28A 56A (28) (50)%Revenue per unit \$41,540A \$8,818A \$32,722A 371A %Gross profit (loss) per unit \$3,212A (\$609)A (\$2,603) (427)%Gross profit (loss) as a % of revenue (7.7%) (6.9%) 80bps Same Store Powersports Segment Wholesale Vehicles â€“ Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023 Same store wholesale vehicle revenue increased approximately \$0.5 million, due to higher wholesale vehicle average selling prices. Same store wholesale vehicle gross profit (loss) worsened approximately \$0.1 million. Same Store Powersports Segment Wholesale Vehicles â€“ Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023 Same store wholesale vehicle revenue increased approximately \$0.7 million, due to higher wholesale vehicle average selling prices. Same store wholesale vehicle gross profit (loss) remained flat. 60SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Fixed Operations â€“ Powersports Segment The following tables provide a reconciliation of Powersports Segment reported basis and same store basis for Fixed Operations: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions) Total Fixed Operations revenue: Same store \$9.7A \$10.3A \$0.6A (6)%Acquisitionsâ€“A â€“A â€“A NMTotal as reported \$9.7A \$10.3A \$0.6A (6)%Total Fixed Operations gross profit: Same store \$4.6A \$5.0A \$0.4A (8)%Acquisitionsâ€“A â€“A â€“A NMTotal as reported \$4.6A \$5.0A \$0.4A (8)%NM = Not Meaningful Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions) Total Fixed Operations revenue: Same store \$15.8A \$16.7A \$0.9A (5.4)%Acquisitions 7A 0.3A 0.4A 133.3A %Total as reported \$16.5A \$17.0A \$0.5A (2.9)%Total Fixed Operations gross profit: Same store \$7.4A \$8.2A \$0.8A (9.8)%Acquisitions 0.3A 0.1A 0.2A 200A %Total as reported \$7.7A \$8.3A \$0.6A (7.2)% 61SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Our Powersports Segment reported Fixed Operations results were as follows: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions) Reported Fixed Operations: Revenue Customer pay \$1.7A \$3.5A \$1.8A 0.1A 0.2A 200A %Wholesale parts 0.2A 0.2A \$â€“A â€“A %Internal, sublet and other 6.6A 6.2A 0.4A 6A %Total revenue \$9.7A \$10.3A \$0.6A (6)%Gross profit Customer pay \$0.2A \$1.9A \$1.1A (89)%Warranty 1.1A 0.3A 0.8A 267A %Wholesale parts 0.1A â€“A 0.1A 100A %Internal, sublet and other 3.2A 2.8A 0.4A 144A %Total gross profits \$4.6A \$5.0A \$0.4A (8)%Gross profit as a % of revenue Customer pay \$11.1A \$53.7A \$4.260bps Warranty 85.6A %61.6A %2,400A bps Wholesale parts 24.5A %18.3A %620A bps Internal, sublet and other 50.2A %45.2A %500A bps Total gross profit as a % of revenue 47.4A %48.5A % (110)bps Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions) Reported Fixed Operations: Revenue Customer pay \$3.5A \$6.0A \$0.2A (5.2)%Warranty 1.7A 0.8A 0.9A 113A %Wholesale parts 0.4A 0.3A 0.1A 33A %Internal, sublet and other 10.9A 9.9A 1.0A 10A %Total revenue \$16.5A \$17.0A \$0.5A (3)%Gross profit Customer pay \$1.0A \$3.3A \$0.2A (2.3)%Warranty 1.4A 0.4A 1.0A 250A %Wholesale parts 0.1A 0.1A \$â€“A â€“A %Internal, sublet and other 5.2A 4.5A 0.7A 16A %Total gross profit \$7.7A \$8.3A \$0.6A (7)%Gross profit as a % of revenue Customer pay \$28.2A %54.3A % (2,610)bps Warranty 81.7A %59.4A %2,230A bps Wholesale parts 25.0A %19.3A %570A bps Internal, sublet and other 48.6A %45.5A %310A bps Total gross profit as a % of revenue 47.0A %48.7A % (170)bps 62SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Our Powersports Segment same store Fixed Operations results were as follows: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions) Same store Fixed Operations: Revenue Customer pay \$1.7A \$3.5A \$1.8A 0.1A 0.2A 200A %Wholesale parts 0.2A 0.2A \$â€“A â€“A %Internal, sublet and other 6.6A 6.2A 0.4A 6A %Total revenue \$9.7A \$10.3A \$0.6A (6)%Gross profit Customer pay \$0.2A \$1.9A \$1.1A (89)%Warranty 1.1A 0.3A 0.8A 267A %Wholesale parts 0.1A â€“A 0.1A 100A %Internal, sublet and other 3.2A 2.8A 0.4A 144A %Total gross profits \$4.6A \$5.0A \$0.4A (8)%Gross profit as a % of revenue Customer pay \$11.1A \$53.7A \$4.260bps Warranty 85.6A %61.6A %2,400A bps Wholesale parts 24.5A %18.3A %620A bps Internal, sublet and other 48.5A %45.9A %260A bps Total gross profit as a % of revenue 47.4A %48.5A % (110)bps 63SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Our Powersports Segment same store Fixed Operations results were as follows: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions) Same store Fixed Operations: Revenue Customer pay \$3.4A \$5.9A \$0.2A (2.5)%Gross profit Customer pay \$1.0A \$3.2A \$0.2A (2.3)%Warranty 1.7A 0.8A 0.9A 113A %Wholesale parts 0.4A 0.3A 0.1A 33A %Internal, sublet and other 10.9A 9.9A 1.0A 10A %Total revenue \$16.5A \$17.0A \$0.5A (3)%Gross profit Customer pay \$1.0A \$3.3A \$0.2A (2.3)%Warranty 1.4A 0.4A 1.0A 250A %Wholesale parts 0.1A 0.1A \$â€“A â€“A %Internal, sublet and other 5.2A 4.5A 0.7A 16A %Total gross profit \$7.7A \$8.3A \$0.6A (7)%Gross profit as a % of revenue Customer pay \$28.2A %54.3A % (2,610)bps Warranty 81.7A %59.4A %2,230A bps Wholesale parts 25.0A %19.3A %570A bps Internal, sublet and other 48.6A %45.5A %310A bps Total gross profit as a % of revenue 47.0A %48.7A % (170)bps Same Store Powersports Segment Fixed Operations â€“ Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023 Same store Fixed Operations revenue decreased approximately \$0.6 million, or 6%, and same store Fixed Operations gross profit decreased approximately \$0.4 million, or 8%, primarily due to lower parts and accessories volume and higher inventory costs of parts and accessories. Customer pay revenue decreased approximately \$1.8 million, or 51%, and customer pay gross profit decreased approximately \$1.7 million, or 89%. Warranty revenue increased approximately \$0.8 million, or 200%, and warranty gross profit increased approximately \$0.8 million, or 267%. Wholesale parts revenue remained flat and wholesale parts gross profit increased approximately \$0.1 million, or 100%. Internal, sublet and other revenue increased approximately \$0.4 million, or 6%, and internal, sublet and other gross profit increased approximately \$0.4 million, or 14%. Same Store Powersports Segment Fixed Operations â€“ Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023 Same Store Fixed Operations revenue decreased approximately \$0.9 million, or 5%, and same store Fixed Operations gross profit decreased approximately \$0.8 million, or 10%, primarily due to lower parts and accessories volume and higher inventory costs of parts and accessories. Customer pay revenue decreased approximately \$2.5 million or 42%, and customer pay gross profit decreased approximately \$2.3 million, or 72%. Warranty revenue increased approximately \$1.0 million, or 143%, and warranty gross profit increased approximately \$1.0 million, or 250%. Wholesale parts revenue increased approximately \$0.1 million, or 33%, and wholesale parts gross profit remained flat. Internal, sublet and other revenue increased approximately \$0.5 million, or 5%, and internal, sublet and other gross profit increased approximately \$0.5 million, or 11%. 64SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023 Same Store Fixed Operations: Revenue Customer pay \$3.4A \$5.9A \$0.2A (2.5)%Gross profit Customer pay \$0.9A \$3.2A \$0.2A (2.3)%Warranty 1.7A 0.8A 0.9A 113A %Wholesale parts 0.4A 0.3A 0.1A 33A %Internal, sublet and other 10.9A 9.9A 1.0A 10A %Total revenue \$16.5A \$17.0A \$0.5A (3)%Gross profit Customer pay \$1.0A \$3.3A \$0.2A (2.3)%Warranty 1.4A 0.4A 1.0A 250A %Wholesale parts 0.1A 0.1A \$â€“A â€“A %Internal, sublet and other 5.2A 4.5A 0.7A 16A %Total gross profit \$7.7A \$8.3A \$0.6A (7)%Gross profit as a % of revenue Customer pay \$28.2A %54.3A % (2,610)bps Warranty 81.7A %59.4A %2,230A bps Wholesale parts 25.0A %19.3A %570A bps Internal, sublet and other 48.6A %45.5A %310A bps Total gross profit as a % of revenue 47.0A %48.7A % (170)bps Same Store Powersports Segment Fixed Operations â€“ Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023 Same store F&I revenue: Same store \$2.0A \$2.0A \$â€“A â€“A %Acquisitionsâ€“A â€“A â€“A NMTotal as reported \$2.0A \$2.0A \$â€“A â€“A %Total F&I gross profit per retail unit (excludes fleet): Same store \$1,153A \$952A \$201A 21A %Reported \$1,153A \$952A \$201A 21A %Total combined retail new and used vehicle unit sales: A Same store 1,715A 2,087A (372) (18)%Acquisitionsâ€“A â€“A â€“A NMTotal as reported \$1,715A 2,087A (372) (18)%NM = Not Meaningful Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Total F&I revenue: Same store \$3.4A \$3.5A \$0.1A (3)%Acquisitions 0.1A â€“A 0.1A NMTotal as reported \$3.5A \$3.5A \$â€“A â€“A %Total F&I gross profit per retail unit (excludes fleet): Same store \$1,182A \$964A \$218A 23A %Reported \$1,172A \$964A \$208A 22A %Total combined retail new and used vehicle unit sales: A Same store 2,879A 3,588A (709) (20)%Acquisitions 90A 50A 40A NMTotal as reported \$2,969A 3,638A (669) (18)%NM = Not Meaningful Our Powersports Segment reported F&I results were as follows: Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Reported F&I: Revenue \$2.0A \$2.0A \$â€“A â€“A %Total combined retail new and used vehicle unit sales 1,715A 2,087A (372) (18)%Gross profit per retail unit (excludes fleet): \$1,153A \$952A \$201A 21A %65SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Six Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit and per unit data) Reported F&I: Revenue \$3.4A \$5.9A \$0.2A (2.5)%Gross profit Customer pay \$1.0A \$3.2A \$0.2A (2.3)%Warranty 1.7A 0.8A 0.9A 113A %Wholesale parts 0.4A 0.3A 0.1A 33A %Internal, sublet and other 10.9A 9.9A 1.0A 10A %Total gross profit \$7.4A \$8.2A \$0.8A (0.8)%Gross profit as a % of revenue Customer pay \$1.0A \$3.3A \$0.2A (2.3)%Warranty 1.4A 0.4A 1.0A 250A %Wholesale parts 0.1A 0.1A \$â€“A â€“A %Internal, sublet and other 5.2A 4.5A 0.7A 16A %Total gross profit \$7.7A \$8.3A \$0.6A (7)%Gross profit as a % of revenue Customer pay \$28.2A %54.3A % (2,610)bps Warranty 81.7A %59.4A %2,230A bps Wholesale parts 25.0A %19.3A %570A bps Internal, sublet and other 48.6A %45.5A %310A bps Total gross profit as a % of revenue 47.0A %48.7A % (170)bps Same Store Powersports Segment Fixed Operations â€“ Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023 Same store F&I revenue was flat, due primarily to an increase in F&I gross profit per retail unit offset by a decrease in total combined retail new and used vehicle unit sales. F&I gross profit per retail unit increased \$201 per unit, or 21%, to \$1,153 per unit, due primarily to an increase in finance, service and other aftermarket contract penetration rates. Same store finance contract revenue decreased 23%, due primarily to a 14% decrease in gross profit per finance contract and a 10% decrease in combined new and used vehicle finance contract volume, slightly offset by a 400-basis point increase in the finance contract penetration rate. Service contract revenue increased 8%, due primarily to a 320-basis point increase in the service contract penetration rate and a 17% increase in gross profit per service contract, offset partially by an 8% decrease in gross profit per service contract. Other aftermarket contract revenue increased 6%, due primarily to a 32% increase in gross profit per other aftermarket contract and a 100-basis point increase in the other aftermarket contract penetration rate, offset partially by a 20% decrease in other aftermarket contract volume. Same Store Powersports Segment F&I â€“ Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023 Same store F&I revenue decreased approximately \$0.1 million, or 3%, primarily due to a 20% decrease in retail new and used vehicle unit sales volume, offset by a 23% increase in F&I gross profit per retail unit. F&I gross profit per retail unit increased \$218 per unit, or 23%, to \$1,182 per unit, primarily due to an increase in finance and service contract penetration rates. Same store finance contract revenue decreased 19%, primarily due to a 13% decrease in retail new and used vehicle unit sales volume and a 7% decrease in combined new and used vehicle finance contract volume, offset partially by a 370-basis point increase in the combined new and used vehicle finance contract penetration rate. Service contract revenue increased 1%, primarily due to a 12% increase in gross profit per service contract and a 340-basis point increase in the service contract penetration rate, offset partially by a 10% decrease in retail new and used vehicle service contract unit sales volume. Other aftermarket contract revenue increased 9%, driven primarily by a 39% increase in gross profit per other aftermarket contract, offset partially by a 118-basis point decrease in the other aftermarket contract penetration rate and a 22% decrease in retail new and used vehicle unit sales volume. 66SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Segment Results Summary In the following table of financial data, total segment income (loss) (defined as income (loss) before taxes and impairment charges for each reportable segment) of the reportable segments is reconciled to consolidated income (loss) before taxes and impairment charges. See above for tables and discussion of results by reportable segment. Due to rounding, segment level financial data may not sum to consolidated results. Three Months Ended June 30, Better / (Worse) 2024 2023 Change% Change (In millions, except unit data) Segment Revenues: Franchised Dealerships Segment revenues: Retail new vehicles \$1,530A \$9A 1,583A \$3A (\$52.4) (3)%Fleet new vehicles 26.2A 28.3A (2.1) (7)%Total new vehicles \$1,557.1A \$1,611.6A \$54.5A (3)%Used vehicles 732.1A 774.5A (42.4) (5)%Wholesale vehicles 48.4A 55.6A (7.2) (13)%Parts, service and collision repair 434.4A 433.4A 1.0A \$â€“A %Finance, insurance and other, net 124.2A 132.2A (8.0) (6)%Franchised Dealerships Segment revenues: \$2,896.2A \$3,007.3A (\$111.1) (4)%EchoPark Segment revenues: Retail new vehicles \$â€“A \$â€“A \$â€“A %Used vehicles 448.9A 524.0A (75.1) (14)%Wholesale vehicles 21.9A 35.5A (13.6) (38)%Finance, insurance and other, net 46.5A 41.1A 5.4A 13A %EchoPark Segment revenues \$517.3A \$600.6A (\$83.3) (14)%Powersports Segment revenues: Retail new vehicles \$21.7A \$24.9A (\$3.2) (13)%Used vehicles 5.3A 7.4A (2.1) (28)%Wholesale vehicles 0.9A 0.4A 0.5A 125A %Parts, service and collision repair 9.7A 10.3A (0.6) (6)%Finance, insurance and other, net 2.0A 2.0A \$â€“A %Powersports Segment revenues \$39.6A \$45.0A (\$5.4) (12)%Total consolidated revenues \$3,453.0A \$3,652.9A (\$199.9) (5)%Segment Income (Loss): (1) Franchised Dealerships Segment (\$2) \$52.7A \$145.9A (\$93.2) (64)%EchoPark Segment (\$3.9A (\$5.2) \$56.7A 107A %Powersports Segment 0.5A 2.0A (1.5) (75)%Total segment income \$57.1A \$95.1A (\$38.0) (40)%Impairment charges (4) (1.4) (62.6) 1.2A 98A %Income before taxes \$55.7A \$32.5A \$23.2A 71A %Segment Retail New and Used Vehicle Unit Sales Volume: Franchised Dealerships Segment 52,180A 52,555A (375) (1)%EchoPark Segment 16,641A 17,084A (443) (3)%Powersports Segment 1,715A 2,087A (372) (18)%Total retail new and used vehicle unit sales volume 70,536A 71,726A (1,190) (2) 67SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (1) Segment income (loss) for each segment is defined as income (loss) before taxes and impairment charges. (2) For the three months ended June 30, 2024, amount includes approximately \$11.2 million of pre-tax charges related to excess compensation related to the CDK outage and approximately \$3.6 million of pre-tax charges related to hail and storm damage. For the three months ended June 30, 2023, amount includes approximately \$20.9 million of pre-tax gain related to acquisitions and dispositions and approximately \$1.9 million of pre-tax charges related to hail and storm damage. (3) For the three months ended June 30, 2024, amount includes approximately \$3.0 million of pre-tax gain on exit of leased properties, approximately \$1.4 million of pre-tax impairment charges related to property and equipment, approximately \$0.7 million of pre-tax charges for severance and long-term compensation expense, approximately \$0.6 million of pre-tax gain on acquisitions and dispositions, and approximately \$0.4 million of pre-tax charges related to excess compensation related to the CDK outage. For the three months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property, approximately \$10.0 million of pre-tax charges related to used vehicle inventory valuation adjustments, approximately \$2.2 million of pre-tax charges for long-term compensation expense, approximately \$0.4 million of pre-tax lease exit charges, and approximately \$0.2 million of pre-tax loss related to acquisitions and dispositions. (4) For the three months ended June 30, 2024, amount includes approximately \$1.4 million of pre-tax property and equipment charges for real estate held for sale in the EchoPark Segment. For the three months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property for the EchoPark Segment. 68SONIC AUTOMOTIVE, INC. MANAGEMENTâ€“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (5) Management's Discussion and Analysis of Financial Condition and Results of Operations for the EchoPark Segment. For the three months ended June 30, 2024, amount includes approximately \$1.4 million of pre-tax property and equipment charges for real estate held for sale in the EchoPark Segment. For the three months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property for the EchoPark Segment.

vehicles\$2,970.8Å \$3,004.3Å (33.5)(1)%Fleet new vehicles45.8Å 47.1Å (1.3)(3)%Total new vehicles3,016.6Å 3,051.4Å (34.8)(1)%Used vehicles1,461.4Å 1,542.0Å (80.6)(5)%Wholesale vehicles96.9Å 114.0Å (17.1)(15)%Parts, service and collision repair874.3Å 857.2Å 17.1Å 2Å %Finance, insurance and other, net243.8Å 249.4Å (5.6)(2)%Franchised Dealerships Segment revenues\$5,693.0Å \$5,814.0Å (\$121.0)(2)%EchoPark Segment revenues:Retail new vehicles\$å“Å \$1.0Å \$1.0Å (1.0)(100)%Used vehicles931.7Å 1,096.5Å (164.8)(15)%Wholesale vehicles50.7Å 62.5Å (11.8)(19)%Finance, insurance and other, net94.3Å 91.1Å 3.2Å 4Å EchoPark Segment revenues\$1,076.7Å \$1,251.1Å (\$174.4)(14)%Powersports Segment revenues:Retail new vehicles\$37.5Å \$45.7Å (8.2)(18)%Used vehicles8.7Å 12.3Å (3.6)(29)%Wholesale vehicles1.1Å 0.5Å 0.6Å 120Å %Parts, service and collision repair16.5Å 17.0Å (0.5)(3)%Finance, insurance and other, net3.5Å 3.5Å \$å“Å \$å“Å %Powersports Segment revenues\$67.3Å \$79.0Å (\$11.7)(15)%Total consolidated revenues\$6,837.0Å \$7,144.1Å (\$307.1)(4)%Segment Income (Loss) (1):Franchised Dealerships Segment (2)\$16.4Å \$25.8Å (\$139.4)(54)%EchoPark Segment (3)0.9Å \$99.7Å 100.6Å 101Å %Powersports Segment(1)7.2Å 6.4Å (4.3)(165)%Total segment income 115.6Å 158.7Å (43.1)(27)%Impairment charges(4)(2)4.6Å 6.0Å 60.2Å 96.9Å %Income before taxes\$113.2Å \$96.1Å \$17.1Å 18Å %Segment Retail New and Used Vehicle Unit Sales Volume:Franchised Dealerships Segment103,143Å 102,201Å 942Å 1Å %EchoPark Segment34,622Å 37,075Å (2,453)(7)%Powersports Segment2,969Å 3,638Å (669)(18)%Total retail new and used vehicle unit sales140,734Å 142,914Å (2,180)(2)(1)%Segment income (loss) for each segment is defined as income (loss) before taxes and impairment charges. (2)For the six months ended June 30, 2024, amount includes approximately \$11.2 million of pre-tax charges related to excess compensation related to the CDK outage, approximately \$3.6 million of pre-tax charges related to hail and storm damage, approximately \$2.2 million of pre-tax charges related to severance and long-term compensation expense, and approximately \$1.0 million of pretax impairment charges related to property and equipment. For the six months ended June 30, 2023, amount includes approximately \$20.9 million of pre-tax gain related to acquisitions and dispositions and approximately \$1.9 million of pre-tax charges related to hail and storm damage. 69SONIC AUTOMOTIVE, INC.MANAGEMENTå“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS(3)For the six months ended June 30, 2024, amount includes approximately \$3.0 million of pre-tax gain on exit of leased properties, approximately \$2.7 million of pre-tax charges for severance and long-term compensation expense, approximately \$2.2 million of pre-tax charges related to closed store accrued expenses related to indefinite suspension of operations at certain EchoPark locations, approximately \$1.4 million of pre-tax impairment charges related to property and equipment, approximately \$0.6 million of pre-tax gain on acquisitions and dispositions, and approximately \$0.4 million of pre-tax charges related to excess compensation related to the CDK outage. For the six months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property, approximately \$10.0 million of pre-tax charges related to used vehicle inventory valuation adjustments, approximately \$4.2 million of pre-tax charges for long-term compensation expense, approximately \$0.4 million of pre-tax lease exit charges, and approximately \$0.2 million of pre-tax loss related to acquisitions and dispositions.(4)For the six months ended June 30, 2024, amount includes approximately \$1.4 million of pre-tax property and equipment charges for real estate held for sale in the EchoPark Segment and approximately \$1.0 million of pre-tax property and equipment charges for the Franchised Dealerships Segment. For the six months ended June 30, 2023, amount includes approximately \$62.6 million of pre-tax impairment charges related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property for the EchoPark Segment.Selling, General and Administrative (å“ceSG&Aå“) Expenses å“ ConsolidatedSG&A expenses are comprised of four major groups: compensation expense, advertising expense, rent expense and other expense. Compensation expense primarily relates to store personnel who are paid a commission or a salary plus commission and support personnel who are generally paid a fixed salary. Commissions paid to store personnel typically vary depending on gross profits realized and sales volume objectives. Due to the salary component for certain store and corporate personnel, gross profits and compensation expense do not change in direct proportion to one another. Advertising expense and other expense vary based on the level of actual or anticipated business activity and the number of dealerships in operation. Rent expense typically varies with the number of store locations owned, investments made for facility improvements and interest rates. Other expense includes various fixed and variable expenses, including gain on the disposal of franchises, certain customer-related costs such as gasoline and service loaners, and insurance, training, legal and information technology expenses, which may not change in proportion to gross profit levels. Typically, SG&A expenses as a percentage of gross profit are highest in the first quarter of the year, due to the seasonal nature of our business and the effects of certain payroll taxes and fringe benefits that occur early in the year.70SONIC AUTOMOTIVE, INC.MANAGEMENTå“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSThe following tables set forth information related to our consolidated reported SG&A expenses:Three Months Ended June 30,Better / (Worse)20242023Change% Change(In millions)SG&A expenses:Compensation\$250.9Å \$261.0Å \$10.1Å 4Å %Advertising21.6Å 22.8Å 1.2Å 5Å %Rent7.7Å 11.5Å 3.8Å 33Å %Other112.8Å 96.6Å (16.2)(17)%Total SG&A expenses\$393.0Å \$391.9Å \$1.1Å 4Å %SG&A expenses as a % of gross profit:Compensation46.5Å %45.9Å % (60)bpsAdvertising4.0Å %4.0Å %å“Å bpsRent1.4Å %2.0Å %60Å bpsOther21.0Å %17.0Å %400)bpsTotal SG&A expenses as a % of gross profit72.9Å %68.9Å % (400)bpsSix Months Ended June 30,Better / (Worse)20242023Change% Change(In millions)SG&A expenses:Compensation\$498.1Å \$519.7Å \$21.6Å 4Å %Advertising43.9Å 48.9Å 5.0Å 10Å %Rent17.1Å 22.8Å 5.7Å 25Å %Other226.2Å 213.3Å (12.9)(6)%Total SG&A expenses\$785.3Å \$804.7Å \$19.4Å 2Å %SG&A expenses as a % of gross profit:Compensation46.3Å %46.4Å %30Å bpsRent1.6Å %2.0Å %40Å bpsOther21.0Å %19.0Å % (200)bpsTotal SG&A expenses as a % of gross profit73.0Å %71.7Å % (130)bpsThree Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023Overall SG&A expenses increased in both dollar amount and as a percentage of gross profit, primarily due to the gain on disposal of franchise assets during the three months ended June 30, 2023 and excess compensation charges related to the CDK outage in the three months ended June 30, 2024, in addition to lower gross profit as a result of decreases in new vehicle gross profit per unit. Compensation expense decreased in dollar amount and increased as a percentage of gross profit, primarily due to the closure of stores in the EchoPark segment. Advertising expense decreased in dollar amount and was flat as a percentage of gross profit, as a result of adapting our advertising spending to current retail automotive market conditions, including higher inventory availability and lower new vehicle gross profit levels. Rent expense decreased in both dollar amount and as a percentage of gross profit, primarily due to the purchase of several properties that were previously leased and the closure of stores in the EchoPark Segment. Other SG&A expenses increased in both dollar amount and as a percentage of gross profit, primarily due to the \$20.9 million gain on franchise disposals during the three months ended June 30, 2023. 71SONIC AUTOMOTIVE, INC.MANAGEMENTå“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSFor the Franchised Dealerships Segment, SG&A expenses for the three months ended June 30, 2024 included approximately \$9.2 million of pre-tax charges related to excess compensation as a result of the CDK outage and approximately \$3.6 million of pre-tax charges related to hail and storm damage. For the three months ended June 30, 2023, SG&A expenses included approximately \$20.9 million of pre-tax gain related to acquisitions and dispositions and approximately \$1.9 million of pre-tax charges related to hail and storm damage. For the EchoPark Segment, SG&A expenses for the three months ended June 30, 2024 included approximately \$3.0 million of pre-tax gain on exit of leased properties, approximately \$0.7 million of pre-tax charges for severance and long-term compensation expense, approximately \$0.6 million of pre-tax gain on real estate dispositions, and approximately \$0.4 million of pre-tax charges related to excess compensation as a result of the CDK outage. For the three months ended June 30, 2023, SG&A expenses included approximately \$2.2 million of pre-tax charges for long-term compensation expense, approximately \$0.4 million of pre-tax lease exit charges, and approximately \$0.2 million of pre-tax loss related to acquisitions and dispositions.Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023Overall SG&A expenses decreased in dollar amount and increased as a percentage of gross profit, primarily due to lower compensation expenses and lower gross profit as a result of decreases in new vehicle gross profit per unit. Compensation expense decreased in dollar amount and remained flat as a percentage of gross profit, primarily due to the closure of stores in the EchoPark Segment. Advertising expense decreased in both dollar amount and as a percentage of gross profit, as a result of adapting our advertising spending to the current retail automotive environment and the closure of stores in the EchoPark Segment. Rent expense decreased in both dollar amount and as a percentage of gross profit, primarily due to the purchase of several properties that were previously leased and the closure of stores in the EchoPark Segment. Other SG&A expenses increased in both dollar amount and as a percentage of gross profit, primarily due to the \$20.9 million gain on franchise disposals during the three months ended June 30, 2023. For the Franchised Dealerships Segment, SG&A expenses for the six months ended June 30, 2024 included approximately \$9.2 million of pre-tax charges related to excess compensation as a result of the CDK outage, approximately \$3.6 million of pre-tax charges related to hail and storm damage, and approximately \$2.2 million of pre-tax charges related to severance and long-term compensation expense. For the six months ended June 30, 2023, SG&A expenses included approximately \$20.9 million of pre-tax gain related to acquisitions and dispositions and approximately \$1.9 million of pre-tax charges related to hail and storm damage. For the EchoPark Segment, SG&A expenses for the six months ended June 30, 2024 included approximately \$3.0 million of pre-tax gain on exit of leased properties, approximately \$0.7 million of pre-tax charges for severance and long-term compensation expense, approximately \$0.6 million of pre-tax gain on real estate dispositions, and approximately \$0.4 million of pre-tax charges related to excess compensation as a result of the CDK outage. For the three months ended June 30, 2023, SG&A expenses included approximately \$2.2 million of pre-tax charges for long-term compensation expense, approximately \$0.4 million of pre-tax lease exit charges, and approximately \$0.2 million of pre-tax loss related to acquisitions and dispositions.Impairment Charges å“ ConsolidatedImpairment charges were approximately \$1.4Å million and \$2.4Å million for the three and six months ended June 30, 2024, respectively, and were related to pre-tax property and equipment charges for the EchoPark and Franchised Dealerships Segments. There were approximately \$62.6 million of impairment charges for the three and six months ended June 30, 2023 related to fixed assets, lease right-of-use assets, and other contractual obligations related to abandoned property as a result of our decision to close 22 EchoPark locations during the second quarter of 2023.Depreciation and Amortization å“ ConsolidatedDepreciation and amortization expense increased approximately \$0.9 million, or 2%, and \$2.7 million, or 4%, during the three and six months ended June 30, 2024, respectively, due primarily to acquisitions and completed construction projects and purchases of fixed assets for use in our franchised dealerships and EchoPark and powersports stores.Interest Expense, Floor Plan å“ ConsolidatedWe typically maintain a floor plan deposit balance (as shown in the table below under the heading å“ceLiquidity and Capital Resourceså“) that earns interest income based on the floor plan interest rate, effectively reducing the net used vehicle floor plan interest expense. The below discussion of interest expense, floor plan includes the effect of interest income earned on the floor plan deposit balance, unless otherwise noted. Our interest expense, floor plan fluctuates with changes in our outstanding borrowing and associated interest rates, which are variable based on SOFR or the U.S. prime rate, plus a credit spread. 72SONIC AUTOMOTIVE, INC.MANAGEMENTå“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSThree Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023Interest expense, floor plan for new vehicles increased approximately \$8.3 million. The average interest rate applied to the new vehicle floor plan increased in the three months ended June 30, 2024, which increased the interest expense, floor plan for new vehicles by approximately \$1.3 million. The average new vehicle floor plan notes payable balance increased approximately \$488.5 million, which resulted in \$7.0 million of the overall increase.Interest expense, floor plan for used vehicles decreased approximately \$3.0 million, including the effect of interest income earned on the floor plan deposit balance, which contributed to approximately \$1.6 million of this decrease. Excluding the effect of interest income earned on the floor plan deposit balance, interest expense, floor plan for used vehicles decreased approximately \$1.4 million. Excluding the effect of interest income earned on the floor plan deposit balance, the average interest rate applied to the used vehicle floor plan increased in the three months ended June 30, 2024, offsetting \$0.3 million of the overall decrease. The average used vehicle floor plan notes payable balance decreased approximately \$94.7 million, which reduced used vehicle floor plan interest expense by approximately \$1.7 million.Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023Interest expense, floor plan for new vehicles increased approximately \$15.1 million. The average interest rate applied to the new vehicle floor plan increased in the six months ended June 30, 2024, resulting in \$14.3 million of the overall increase. The average new vehicle floor plan notes payable balance increased approximately \$32.4 million, which resulted in \$0.8 million of the overall increase.Interest expense, floor plan for used vehicles decreased approximately \$4.1 million, including the effect of interest income earned on the floor plan deposit balance, which contributed to approximately \$2.1 million of this decrease. Excluding the effect of interest income earned on the floor plan deposit balance, interest expense, floor plan for used vehicles decreased approximately \$2.0 million. Excluding the effect of interest income earned on the floor plan deposit balance, the average interest rate applied to the used vehicle floor plan decreased in the six months ended June 30, 2024, resulting in \$2.0 million of the overall decrease. The average used vehicle floor plan notes payable balance decreased approximately \$0.8 million, which had no significant effect on the used vehicle floor plan interest expense.Interest Expense, Other, Net å“ ConsolidatedInterest expense, other, net is summarized in the tables below:Three Months Ended June 30, 2024 Better / (Worse)20242023Change% Change(In millions)Stated/coupon interest\$22.7Å \$22.6Å \$0.1Å 4Å %Deferred loan cost amortization1.3Å 1.6Å 0.3Å 19Å %Interest rate hedge expense (benefit)0.1Å 0.3Å 0.2Å 67Å %Capitalized interest(0.8)(0.5)0.3Å 60Å %Interest on finance lease liabilities5.7Å 4.8Å (0.9)(19)%Other interest0.3Å 0.1Å (0.2)(200)%Total interest expense, other, net\$29.3Å \$28.9Å \$0.4(1)Å %Six Months Ended June 30, 2024 Better / (Worse)20242023Change% Change(In millions)Stated/coupon interest\$45.2Å \$45.4Å \$0.2Å 4Å %Discount/premium amortizationå“Å 4Å %å“Å %Deferred loan cost amortization2.9Å 3.2Å 0.3Å 9Å %Interest rate hedge expense (benefit)0.2Å 0.7Å 0.5Å 71Å %Capitalized interest(1.5)(1.1)0.4Å 36Å %Interest on finance lease liabilities11.0Å 9.0Å (2.0)(22)%Other interest0.5Å 0.1Å (0.4)(400)%Total interest expense, other, net\$58.3Å \$57.3Å \$1.0(2)Å %73SONIC AUTOMOTIVE, INC.MANAGEMENTå“S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONSInterest expense, other, net increased approximately \$0.4 million, or 1%, during the three months ended June 30, 2024 and increased approximately \$1.0 million, or 2% during the six months ended June 30, 2024. These increases were primarily related to higher interest on finance lease liabilities as a result of a rising interest rate environment.Income TaxesThe overall effective income tax rate was 26.0% and 26.5% for the three and six months ended June 30, 2024 and 28.0% and 26.0% for the three and six months ended June 30, 2023. Sonicå“s effective income tax rate varies from year to year based on the level of taxable income, the distribution of taxable income between states in which the Company operates and other tax adjustments. Liquidity and Capital ResourcesWe require cash to service debt, meet lease obligations, manage working capital requirements, make facility and other capital improvements, pay dividends on our common stock, finance acquisitions and otherwise invest in our business. We rely on cash flows from operations, borrowings under our revolving credit and floor plan borrowing arrangements, real estate mortgage financing, asset sales and offerings of debt and equity securities to meet these requirements. However, our liquidity could be negatively affected by business performance and could result in failure to comply with the financial covenants in our existing debt obligations or lease arrangements. After giving effect to the applicable restrictions on the payment of dividends under our debt agreements, as of June 30, 2024, we had approximately \$284.5 million of net income and retained earnings free of such restrictions. Cash flows provided by our dealerships are derived from various sources. The primary sources include individual consumers, automobile manufacturers, automobile manufacturerså“ captive finance subsidiaries and other financial institutions. Disruptions in these cash flows could have a material adverse impact on our operations and overall liquidity.Because the majority of our consolidated assets are held by our dealership subsidiaries, the majority of our cash flows from operations are generated by these subsidiaries. As a result, our cash flows and our ability to service our obligations depend to a substantial degree on the results of operations of these subsidiaries, their contractual obligations and capital requirements, and their ability to provide us with cash.We had the following liquidity resources available as of June 30, 2024 and December 31, 2023:June 30, 2024December 31, 2023(In millions)Cash and cash equivalents\$67.2Å \$28.9Å Floor plan deposit balance400.0Å 345.0Å Availability under the Revolving Credit Facility322.8Å 298.6Å Availability under the Mortgage Facility95.0Å 173.0Å Total available liquidity resources\$885.0Å \$845.5Å We maintain a floor plan deposit balance (as shown in the table above) that offsets interest based on the agreed upon floor plan interest rate, effectively reducing the net used vehicle floor plan interest expense with the lender. This deposit balance is not designated as a prepayment of notes payable - floor plan, nor is it our intent to use this amount to offset principal amounts owed under notes payable - floor plan in the future, although we have the right and ability to do so. The deposit balances of \$400.0 million as of June 30, 2024 and \$345.0 million as of December 31, 2023 are classified as other current assets in the accompanying unaudited condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023.Floor Plan FacilitiesWe finance all of our new and certain of our used vehicle inventory through standardized floor plan facilities with: (1) certain manufacturer captive finance companies (classified as notes payable - floor plan - trade in the accompanying unaudited condensed consolidated balance sheets) and (2)

a syndicate of manufacturer-affiliated captive finance companies and commercial banks (classified as notes payable - floor plan - non-trade in the accompanying unaudited condensed consolidated balance sheets). These floor plan facilities are due on demand and currently bear interest at variable rates based on either one-month Term SOFR or prime plus an additional spread, as applicable. The weighted-average interest rate for our combined new and used vehicle floor plan facilities was 5.03% and 4.93% for the three months ended June 30, 2024 and 2023, respectively, and 6.31% and 4.79% for the six months ended June 30, 2024 and 2023, respectively. Excluding the effect of interest income earned on the floor plan deposit balance, the weighted-average interest rate for our combined new and used vehicle floor plan facilities was 6.44% and 6.28% for the three months ended June 30, 2024 and 2023, respectively, and 7.91% and 6.11% for the six months ended June 30, 2024 and 2023, respectively. **78SONIC AUTOMOTIVE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** We receive floor plan assistance in the form of direct payments or credits from certain manufacturers. Floor plan assistance received is capitalized in inventory and recorded as a reduction of cost of sales when the associated inventory is sold. We received approximately \$14.6 million and \$15.1 million in manufacturer assistance in the three months ended June 30, 2024 and 2023, respectively, and approximately \$29.0 million and \$28.2 million in manufacturer assistance in the six months ended June 30, 2024 and 2023, respectively. We recognized in cost of sales approximately \$15.5 million and \$15.0 million in manufacturer assistance in the three months ended June 30, 2024 and 2023, respectively, and approximately \$30.4 million and \$28.1 million in manufacturer assistance in the six months ended June 30, 2024 and 2023, respectively. Interest payments under each of our floor plan facilities are due monthly and we are generally not required to make principal repayments prior to the sale of the associated vehicles. **Long-Term Debt and Credit Facilities** See Note 6, "Long-Term Debt," to the accompanying unaudited condensed consolidated financial statements for a discussion of our long-term debt, mortgage notes and credit facilities and compliance with debt covenants. **Capital Expenditures** Our capital expenditures include the purchase of land and buildings, the construction of new franchised dealerships, EchoPark and powersports stores and collision repair centers, building improvements and equipment purchased for use in our franchised dealerships and EchoPark and powersports stores. We selectively construct new or improve existing franchised dealership facilities to maintain compliance with manufacturers' image requirements. We typically finance these projects through cash flows from operations, new mortgages or our credit facilities. Capital expenditures in the six months ended June 30, 2024 were approximately \$92.6 million, including approximately \$91.1 million related to our Franchised Dealerships Segment, approximately \$0.6 million related to our EchoPark Segment and approximately \$0.9 million related to our Powersports Segment. Of the total capital expenditures, approximately \$62.8 million was related to facility construction projects, approximately \$7.1 million was related to acquisitions of real estate (land and buildings) and approximately \$22.3 million was for other fixed assets utilized in our operations. All of the \$92.6 million in gross capital expenditures in the six months ended June 30, 2024 was funded through existing cash balances. As of June 30, 2024, commitments for facility construction projects totaled approximately \$26.9 million, nearly all of which is expected to be completed in the next 12 months. **Share Repurchase Program** Our Board of Directors has authorized us to repurchase shares of our Class A Common Stock. Historically, we have used our share repurchase authorization to offset dilution caused by the exercise of stock options or the vesting of equity compensation awards and to maintain our desired capital structure. During the three months ended June 30, 2024, we did not repurchase any shares of our Class A Common Stock. During the six months ended June 30, 2024, we repurchased approximately 0.5A million shares of our Class A Common Stock for approximately \$27.1A million in open-market transactions at prevailing market prices and in connection with tax withholding on the vesting of equity compensation awards. As of June 30, 2024, our total remaining share repurchase authorization was approximately \$259.6 million. Under the Credit Facilities, share repurchases are permitted to the extent that no Event of Default exists and we do not exceed the restrictions set forth in our debt agreements. After giving effect to the applicable restrictions on share repurchases and certain other transactions under our debt agreements, as of June 30, 2024, we had approximately \$284.5 million of net income and retained earnings free of such restrictions. Our share repurchase activity is subject to the business judgment of our Board of Directors and management, taking into consideration our historical and projected results of operations, financial condition, cash flows, capital requirements and covenant compliance, the current economic environment and other factors considered by our Board of Directors and management to be relevant. These factors are considered each quarter and will be scrutinized as our Board of Directors and management determine our share repurchase policy in the future. **Dividends** During the three months ended June 30, 2024, our Board of Directors approved a cash dividend of \$0.30 per share on all outstanding shares of ClassA A and Class B Common Stock as of June 14, 2024, which was paid on July 15, 2024. Subsequent to June 30, 2024, our Board of Directors approved a cash dividend of \$0.30 per share on all outstanding shares of ClassA A and Class B Common Stock as of September 13, 2024 to be paid on October 15, 2024. The Credit Facilities permits quarterly cash dividends on our Class A and Class B Common Stock up to \$0.18 per share so long as no Event of Default has occurred and is continuing and provided that we remain in compliance with all financial covenants under the Credit Facilities. Additional dividends are permitted subject to the limitations on restricted payments set forth in the Credit Facilities. The 2029 Indenture **78SONIC AUTOMOTIVE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** and the 2031 Indenture also contain restrictions on our ability to pay dividends. After giving effect to the applicable restrictions on share repurchases and certain other transactions under our debt agreements, as of June 30, 2024, we had approximately \$284.5 million of net income and retained earnings free of such restrictions. The declaration and payment of any future dividend is subject to the business judgment of our Board of Directors, taking into consideration our historical and projected results of operations, financial condition, cash flows, capital requirements and covenant compliance, the current economic environment and other factors considered by our Board of Directors to be relevant. These factors are considered each quarter and will be scrutinized as our Board of Directors determines our dividend policy in the future. There is no guarantee that additional dividends will be declared and paid at any time in the future. See Note 6, "Long-Term Debt," to the accompanying unaudited condensed consolidated financial statements for a description of restrictions on the payment of dividends. **Cash Flows** **Cash Flows from Operating Activities** Net cash used in operating activities in the six months ended June 30, 2024 was approximately \$66.3 million. This use of cash was comprised primarily of an increase in inventories and other assets, partially offset by net income less non-cash items, a decrease in receivables and an increase in trade accounts payable and other liabilities. Net cash used in operating activities in the six months ended June 30, 2023 was approximately \$18.9 million. This use of cash was comprised primarily of an increase in inventories, offset partially by net income less non-cash items, a decrease in receivables and an increase in trade accounts payable and other liabilities. We arrange our inventory floor plan financing through both manufacturer captive finance companies and a syndicate of manufacturer-affiliated finance companies and commercial banks. Our floor plan financed with manufacturer captives is recorded in the accompanying unaudited condensed consolidated balance sheets as notes payable - floor plan - trade (with the change in balance being reflected in operating cash flows). Our dealerships that obtain floor plan financing from a syndicate of manufacturer-affiliated finance companies and commercial banks record their obligation in the accompanying unaudited condensed consolidated balance sheets as notes payable - floor plan - non-trade (with the change in balance being reflected in financing cash flows). Due to the presentation differences for changes in trade floor plan financing and non-trade floor plan financing in the accompanying unaudited condensed statements of cash flows, decisions made by us to move dealership floor plan financing arrangements from one finance source to another may cause significant variations in operating and financing cash flows without affecting our overall liquidity, working capital or cash flows. Upon entering into the Floor Plan Facilities in April 2021, the majority of our outstanding floor plan liabilities were reclassified from trade floor plan liabilities to non-trade floor plan liabilities, resulting in a significant reclassification of related floor plan liability cash flows from operating activities to financing activities. Net cash provided by combined trade and non-trade floor plan financing was approximately \$198.5 million in the six months ended June 30, 2024. Net cash provided by combined trade and non-trade floor plan financing was approximately \$182.4 million in the six months ended June 30, 2023. Accordingly, if all changes in floor plan notes payable were classified as an operating activity (to align changes in floor plan liability balances with the associated changes in inventory balances for cash flow classification), the result would have been net cash provided by operating activities of approximately \$120.0 million and \$154.0A million in the six months ended June 30, 2024 and 2023, respectively. **Cash Flows from Investing Activities** Net cash used in investing activities in the six months ended June 30, 2024 was approximately \$61.8 million. This use of cash was comprised primarily of the purchase of land, property and equipment, partially offset by the proceeds from the sale of land, property and equipment and the proceeds from the sales of dealerships. Net cash used in investing activities in the six months ended June 30, 2023 was approximately \$93.2 million. This use of cash was comprised primarily of the purchase of a powersports business (including real property), net of cash acquired, and the purchases of land, property and equipment, partially offset by the proceeds from the sale of four franchised dealerships. **Cash Flows from Financing Activities** Net cash provided by financing activities in the six months ended June 30, 2024 was approximately \$166.4 million. This provision of cash was comprised primarily of net borrowings on notes payable "floor plan" non-trade. Net cash provided by financing activities in the six months ended June 30, 2023 was approximately \$2.6 million. This provision of cash was comprised primarily of net borrowings on notes payable "floor plan" non-trade, offset partially by purchases of treasury stock and payments on long-term debt. **78SONIC AUTOMOTIVE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** One metric that management uses to measure operating performance is Adjusted EBITDA (a non-GAAP financial measure) for each of the Company's reportable segments and on a consolidated basis. We believe Adjusted EBITDA enables our operating performance to be compared across reporting periods on a consistent basis by excluding non-floor plan financing costs, non-cash items such as depreciation and amortization, stock-based compensation expense, and impairment charges, and other items that may affect the comparability of reporting periods, including, but not limited to, gains or losses from acquisitions or dispositions, facility exit costs, severance and long-term compensation charges, and storm damage charges. This non-GAAP financial measure is reconciled to net income (the most directly comparable GAAP financial measure) in the tables below. **Three Months Ended June 30, 2024** **Three Months Ended June 30, 2023** **Franchised Dealerships Segment** **EchoPark Segment** **Powersports Segment** **Total Franchised Dealerships Segment** **EchoPark Segment** **Powersports Segment** **Total** **(In millions)** **Net income** \$41.2A \$23.4A **Provision for income taxes** 14.5A 9.1A **Income (loss) before taxes** \$52.7A \$2.5A \$0.5A \$55.7A \$145.9A \$115.4A \$2.0A \$32.5A **Non-floor plan interest** (1)26.5A 0.7A 0.8A 28.0A 25.8A 0.8A 0.6A 27.2A **Depreciation & amortization** (2)31.6A 5.4A 1.0A 38.0A 29.5A 7.4A 0.8A 37.7A **Stock-based compensation expense** 9.9A 0.4A 0.5A 5.6A 0.4A 0.5A 5.6A 0.4A **Loss (gain) on exit of leased dealerships** (3)0.0A 0.4A 0.4A 0.4A **Impairment charges** (4)1.4A 0.4A 0.6A 2.6A 0.4A 0.6A 2.6A **Loss on debt extinguishment** 0.6A 0.6A 0.6A 0.6A 0.6A 0.6A 0.6A **Severance and long-term compensation charges** (5)0.8A 0.8A 0.8A 0.8A 0.8A 0.8A 0.8A **Excess compensation related to CDK outage** 11.2A 0.4A 0.4A 11.6A 0.4A 0.4A 11.6A **Acquisition and disposition related (gain) loss** (0.3)(1.0) 0.2A 0.2A 0.2A 0.2A 0.2A **Hail and storm damage charges** 3.6A 0.4A 0.4A 3.6A 1.9A 0.4A 3.6A 1.9A **Used vehicle inventory valuation adjustment** (6)0.4A 0.4A 0.4A 0.4A 0.4A 0.4A 0.4A **Adjusted EBITDA** (3)\$131.8A \$7.2A \$2.3A \$141.3A \$187.8A \$31.8A \$3.4A \$159.4A (1) Includes the following line items from the accompanying unaudited condensed consolidated statements of operations, net of any amortization of debt issuance costs or net debt discount/premium included in footnote (2) below: interest expense, other, net. (2) Includes the following line items from the accompanying unaudited condensed statements of cash flows: depreciation and amortization of property and equipment; debt issuance cost amortization; and debt discount amortization, net of premium and other amortization. (3) Adjusted EBITDA is a non-GAAP financial measure. **78SONIC AUTOMOTIVE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** **Six Months Ended June 30, 2024** **Six Months Ended June 30, 2023** **Franchised Dealerships Segment** **EchoPark Segment** **Powersports Segment** **Total** **(In millions)** **Net income** \$83.2A \$71.1A **Provision for income taxes** 30.0A 25.0A **Income (loss) before taxes** \$115.4A \$(0.5)(\$1.7) \$113.2A \$255.8A \$(162.3) \$2.6A \$96.1A **Non-floor plan interest** (1)52.8A 1.3A 1.3A 55.4A 51.2A 1.7A 1.2A 54.1A **Depreciation & amortization** (2)63.1A 10.8A 2.0A 75.9A 57.7A 14.4A 1.5A 73.6A **Stock-based compensation expense** 10.3A 0.4A 0.4A 10.3A 10.6A 0.4A 0.4A 10.6A **Loss (gain) on exit of leased dealerships** (3)0.0A 0.4A 0.4A 0.4A **Impairment charges** 1.0A 1.4A 0.4A 2.2A 0.4A 2.2A 0.4A **Loss on debt extinguishment** 0.6A 0.6A 0.6A 0.6A 0.6A 0.6A 0.6A **Severance and long-term compensation charges** 2.2A 2.9A 0.4A 5.1A 0.4A 4.2A 0.4A **Excess compensation related to CDK outage** 11.2A 0.4A 0.4A 11.6A 0.4A 0.4A 11.6A **Acquisition and disposition related (gain) loss** (0.3)(1.0) 0.2A 0.2A 0.2A 0.2A 0.2A **Hail and storm damage charges** 3.6A 0.4A 0.4A 3.6A 1.9A 0.4A 3.6A 1.9A **Used vehicle inventory valuation adjustment** (6)0.4A 0.4A 0.4A 0.4A 0.4A 0.4A 0.4A **Closed store accrued expenses** (7)2.1A 0.4A 2.1A 0.4A 0.4A 0.4A 0.4A **Adjusted EBITDA** (3)\$259.9A \$14.4A \$1.6A \$275.9A \$356.3A \$(68.8) \$5.3A \$292.8A (1) Includes the following line items from the accompanying unaudited condensed consolidated statements of operations, net of any amortization of debt issuance costs or net debt discount/premium included in footnote (2) below: interest expense, other, net. (2) Includes the following line items from the accompanying unaudited condensed statements of cash flows: depreciation and amortization of property and equipment; debt issuance cost amortization; and debt discount amortization, net of premium and other amortization. (3) Adjusted EBITDA is a non-GAAP financial measure. **Seasonality** Our operations are subject to seasonal variations. Due in part to our franchised dealerships brand mix and the seasonal nature of automotive retail, the first quarter historically has contributed less operating profit than the second and third quarters, while the fourth quarter historically has contributed the highest operating profit of any quarter. Weather conditions and the timing of manufacturer incentive programs and model changeovers cause seasonality and may adversely affect vehicle demand and, consequently, our profitability. Comparatively, parts and service demand has historically remained stable throughout the year. **Future Liquidity Outlook** We believe our best sources of liquidity for operations and debt service remain cash flows generated from operations combined with the availability of borrowings under our floor plan facilities (or any replacements thereof), the Credit Facilities (or any replacements thereof), the Mortgage Facility (or any replacements thereof) and real estate mortgage financing, selected dealership and other asset sales and our ability to raise funds in the capital markets through offerings of debt or equity securities. Because the majority of our consolidated assets are held by our dealership subsidiaries, the majority of our cash flows from operations are generated by these subsidiaries. As a result, our cash flows and our ability to service our obligations depend to a substantial degree on the results of operations of these subsidiaries, their contractual obligations and capital requirements, and their ability to provide us with cash. We do not currently anticipate any materially negative changes to our cost of, or access to, capital over the next 12 months. **78SONIC AUTOMOTIVE, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** **Off-Balance Sheet Arrangements** **Guarantees and Indemnification Obligations** In connection with the operation and disposition of our dealerships, we have entered into various guarantees and indemnification obligations. When we sell dealerships, we attempt to assign any related lease to the buyer of the dealership to eliminate any future liability. However, if we are unable to assign the related leases to the buyer, we will attempt to sublease the leased properties to the buyer at a rate equal to the terms of the original leases. In the event we are unable to sublease the properties to the buyer with terms at least equal to our leases, we may be required to record lease exit accruals. As of June 30, 2024, our future gross minimum lease payments related to properties subleased to buyers of sold dealerships totaled approximately \$5.6 million. Future sublease payments expected to be received related to these lease payments were approximately \$5.4 million at June 30, 2024. In accordance with the terms of agreements entered into for the sale of our dealerships, we generally agree to indemnify the buyer from certain liabilities and costs arising subsequent to the date of sale, including environmental exposure and exposure resulting from the breach of representations or warranties made in accordance with the agreements. While our exposure with respect to environmental remediation is difficult to quantify, our maximum exposure associated with these general indemnifications was approximately \$8.7 million as of both June 30, 2024 and December 31, 2023. These indemnifications typically expire within a period of one to three years following the date of sale. The estimated fair value of these indemnifications was not material and the amount recorded for this contingency was not significant at June 30, 2024. We also guarantee the floor plan commitments of our 50%-owned joint venture, and the amount of such guarantee at both June 30, 2024 and December 31, 2023 was approximately \$4.3 million. We expect the aggregate amount of the obligations we guarantee to fluctuate based on dealership disposition activity. Although we seek to mitigate our exposure in connection with these matters, these guarantees and indemnification obligations, including environmental exposures and the financial performance of lease assignees and sublessees, cannot be predicted with certainty. An unfavorable resolution of one or more of these matters could have a material adverse effect on our liquidity and capital resources. See Note 7, "Commitments and Contingencies," to the accompanying unaudited condensed consolidated financial statements and Note 12, "Commitments and Contingencies," to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion regarding these guarantees and indemnification obligations. **78SONIC AUTOMOTIVE, INC. Item A. 3. Quantitative and Qualitative Disclosures About Market Risk** **Interest Rate Risk** Our variable rate floor plan facilities are subject to interest rate risk. The interest rates on our variable rate floor plan facilities are based on the prime rate, which is subject to change. If the prime rate were to increase, the interest rates on our variable rate floor plan facilities would increase, which could result in higher interest expense and lower net income. We do not currently anticipate any materially negative changes to our cost of, or access to, capital over the next 12 months. **78SONIC AUTOMOTIVE, INC. Item A. 3. Quantitative and Qualitative Disclosures About Market Risk** **Interest Rate Risk** Our variable rate floor plan facilities are subject to interest rate risk. The interest rates on our variable rate floor plan facilities are based on the prime rate, which is subject to change. If the prime rate were to increase, the interest rates on our variable rate floor plan facilities would increase, which could result in higher interest expense and lower net income. We do not currently anticipate any materially negative changes to our cost of, or access to, capital over the next 12 months.

outstanding balance of such variable instruments, after considering the effect of outstanding cash flow hedge instruments, was approximately \$2.0 billion at June 30, 2024. Based on that amount along with the notional value of interest rate caps in place on that date, a decrease of 100 basis points in the underlying interest rates would have reduced interest expense by approximately \$8.9 million while a 100-basis point increase in rates would have resulted in approximately \$6.8 million of additional interest expense for the six months ended June 30, 2024. Of those changes, approximately \$6.7 million of the decrease and approximately \$4.6 million of the increase would have resulted from the floor plan, net of offset. The difference between the increases and decreases results from the mitigating effect of the interest rate caps.80SONIC AUTOMOTIVE, INC.Item 4. Controls and Procedures.Disclosure Controls and Procedures â€” Under the supervision and with the participation of our management, including our Chief Executive Officer (â€œCEOâ€) and our Chief Financial Officer (â€œCFOâ€), we evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€)) as of June 30, 2024. Based upon that evaluation, our CEO and our CFO concluded that our disclosure controls and procedures were effective as of June 30, 2024. Changes in Internal Control Over Financial Reporting â€” There were no changes in our internal control over financial reporting during the quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance that the objectives of the control system are met and may not prevent or detect misstatements. In addition, any evaluation of the effectiveness of internal control over financial reporting in future periods is subject to risk that those internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.81SONIC AUTOMOTIVE, INC.PART II â€” OTHER INFORMATIONItem 1. Legal Proceedings. For information regarding legal proceedings, see the discussion under the heading â€œLegal Mattersâ€ in Note 7, â€œCommitments and Contingencies,â€ to the accompanying unaudited condensed consolidated financial statements.82SONIC AUTOMOTIVE, INC.Item 1A. Risk Factors. There have been no material changes in our risk factors from those included in â€œItem 1A. Risk Factorsâ€ in our Annual Report on Form 10-K for the year ended December 31, 2023, except as noted below, which replaces in its entirety, the risk factor â€œSecurity breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.â€ Security breaches and other disruptions to our information systems could compromise our confidential, competitive or otherwise sensitive information and expose us to liability, disrupt our business operations and otherwise negatively affect our business, including our reputation, results from operations and financial condition. We have invested in internal and external business applications to execute our strategy of employing technology to benefit our business. In the ordinary course of business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees. Moreover, we utilize third-party software, systems and services to support critical dealership operations. The frequency and severity of cybersecurity incidents has increased in recent years and adversely impacted organizations of varying sizes. Although we have attempted to mitigate the cybersecurity risk of both our internal and outsourced functions by implementing various cybersecurity controls, an internal framework for the oversight of cybersecurity risks and other security measures, specifically as described in â€œItem 1C. Cybersecurityâ€ of our Annual Report on Form 10-K for the year ended December 31, 2023, our information technology and infrastructure, including the systems that are provided to us by third-parties, have been, and may in the future be, vulnerable to attacks by hackers or breaches due to employee error, malfeasance or other disruptions. We have, and may again in the future, experienced material negative impacts on our business and results of operations as a result of a cybersecurity incident. Specifically, on June 19, 2024, CDK, a third-party provider of certain information systems, notified us that CDK had suspended certain of our systems in response to a cybersecurity incident impacting CDK. As a result, we experienced disruptions to the Affected Systems, which negatively impacted our ability to conduct sales, track inventory, coordinate business functions and otherwise efficiently execute our business operations. As a result of the CDK outage, we experienced a material negative impact on our business and results of operations during the second fiscal quarter of 2024. Although we are working with CDK and taking steps to strengthen our systems infrastructure, there can be no assurance that we will not be affected by another cyberattack or other cybersecurity incident affecting our information systems, including those provided to us by third-parties. We remain exposed to the risk of additional interruptions of service or loss of access to systems (including our internal or externally hosted business applications) supporting our critical business functions and processes, which may negatively affect our ability to deliver vehicles or complete transactions with customers; unauthorized access or theft of customer or employee personal confidential information, including financial information, or strategically sensitive data; disruption of communications (both internally and externally) that may affect the quality of information used to make informed business decisions; additional costs and expenses; and damage to our reputation. Any cybersecurity breach or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, lost sales or damage to our reputation, and otherwise cause a loss of confidence in our services, which could materially adversely affect our competitive position, results of operations and financial condition.83SONIC AUTOMOTIVE, INC.Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. See Note 6, â€œLong-Term Debt,â€ to the accompanying unaudited condensed consolidated financial statements for a description of restrictions on the payment of dividends.84SONIC AUTOMOTIVE, INC.Item 5. Other Information. Insider Trading Arrangements. During the quarter ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a â€œRule 10b5-1 trading arrangementâ€ or a â€œNon-Rule 10b5-1 trading arrangementâ€ (as each term is defined in Item 408 of Regulation S-K).85SONIC AUTOMOTIVE, INC.Item 6. Exhibits. Exhibitâ No. Description.3.1Amended and Restated Certificate of Incorporation of Sonic Automotive, Inc., dated August 7, 1997 (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-13395)).3.2Certificate of Designation, Preferences and Rights of Class A Convertible Preferred Stock, dated March 20, 1998 (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-13395)).3.3Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Sonic Automotive, Inc., dated June 16, 1999 (incorporated by reference to Exhibit 3.3 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-13395)).3.4Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Sonic Automotive, Inc., dated April 18, 2017 (incorporated by reference to Exhibit 3.4 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 001-13395)).3.5Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Sonic Automotive, Inc., dated May 3, 2021 (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 filed June 8, 2021 (File No. 333-256891)).3.6Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Sonic Automotive, Inc., dated May 16, 2023 (incorporated by reference to Exhibit 3.6 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (File No. 001-13395)).3.7Amended and Restated Bylaws of Sonic Automotive, Inc., dated February 10, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed February 12, 2021 (File No. 001-13395)).31.1*Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.31.2*Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.32.1**Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.32.2**Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.101.INS*Inline XBRL Instance 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 (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith.**Furnished herewith86SONIC AUTOMOTIVE, INC.SIGNATURESPursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.86SONIC AUTOMOTIVE, INC.August 8, 2024By-/s/ DAVID BRUTON SMITHDavid Bruton SmithChairman and Chief Executive OfficerAugust 8, 2024By-/s/ HEATH R. BYRDHeath R. ByrdExecutive Vice President and Chief Financial Officer87DocumentExhibit 31.1CERTIFICATION, Heath R. Byrd, certify that:1.I have reviewed this Quarterly Report on Form 10-Q of Sonic Automotive, 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 registrantâ€™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 registrantâ€™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; andd.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.August 8, 2024By-/s/ HEATH R. BYRDHeath R. ByrdExecutive Vice President and Chief Financial Officer88DocumentExhibit 31.2CERTIFICATION, David Bruton Smith, certify that:1.I have reviewed this Quarterly Report on Form 10-Q of Sonic Automotive, 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 registrantâ€™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 registrantâ€™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; andd.Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™s ability to record, process, summarize and report financial information; andb.Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.August 8, 2024By-/s/ DAVID BRUTON SMITHDavid Bruton SmithChairman and Chief Executive Officer89DocumentExhibit 32.1CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of Sonic Automotive, Inc. (the Company) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Heath R. Byrd, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Â§ 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:1.The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/ HEATH R. BYRDHeath R. ByrdExecutive Vice President and Chief Financial OfficerAugust 8, 2024DocumentExhibit 32.2CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350,AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of Sonic Automotive, Inc. (the Company) on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David Bruton Smith, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Â§ 1350, as adopted pursuant to Â§ 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:1.The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company./s/ DAVID BRUTON SMITHDavid Bruton SmithChairman and Chief Executive OfficerAugust 8, 2024