Quarterly Letter from Bryan DeBoer

SPRING 2024

Hello,

As we turn the corner into spring, I'm excited to report we're growing our footprint into new markets, outpacing competitors, and gaining ground as one of the largest global auto-retailers. Thank You! We couldn't stitch together a strategy without your continued commitment to innovate paths that *Earn Customers for Life*.

With a focus on customer convenience, operational excellence, and network development, we're accelerating into 2024 with purpose—leveraging our growth and scale to attain $2 earnings per share for every $1 billion in revenue. Indeed, with all our strategic components in place, this is the "Year of Execution."

Customer Convenience

In our 2024 LAD Plan, we detailed our shift to executing a Customer Experience that exceeds expectations and builds loyalty throughout the vehicle-ownership lifecycle. Our "omnichannel ecosystem" evidenced by our international network of hundreds of locations and digital platforms—such as Driveway, a now-profitable DFC, and GreenCars—is key to an exceptional Customer Experience designed to meet consumers wherever, whenever, and however they desire.

The combined forces of our physical stores and e-commerce tools increase optionality and allow us to reach new customers. Please take some time to visualize this unique omnichannel ecosystem and assess how you can contribute to the Customer Experience:

Explore the LAD Experience Visual →

Operational Excellence

Regardless of your role, you can help us *Improve Constantly* to execute our 2024 LAD Plan and increase market share and productivity while managing expenses across our network. Here are some goals to focus on as we move forward together:

- **Vehicle Sales**—While our new- and used-vehicle sales are tracking with the industry, we can boost performance towards store potential by:
  - Leveraging DFC, our #1 finance lender, to increase profit on purchases
  - Driving expanded and personalized customer experiences
  - Managing the lead funnel effectively to maximize and simplify the customer experience
- **GreenCars Education**—We're accelerating the adoption of electric vehicles (EVs) as more consumers look for a more sustainable ride. GreenCars continues to be a valuable online resource, and the GreenCars Team is taking EV education on the road. Last month in Michigan, for example, they partnered with the Suburban Group to host an EV ride-and-drive for nearly 70 salespeople.
- **Operate Sustainably**—We reduce costs when we save energy, upgrade facilities, and eliminate waste, as showcased in the 2023 Corporate Sustainability Report. It's truly inspiring how leaders and associates are cultivating grassroot efforts that are good for business and good for you, the environment, and the communities we serve.

View the 2023 Corporate Sustainability Report →

Retail Network Development

As part of our growth roadmap, we also pursue a disciplined acquisitions strategy that is generating strong returns and increasing market reach. With each acquisition, we gain talented teams and leaders, additional inventory, and a density of our infrastructure—all of which strengthen *Growth Powered by People*!

Last quarter, in the United Kingdom (UK), we entered a strategic partnership with Pinewood Technology and acquired Pendragon's UK motor and fleet management divisions, generating over $4.5 billion in revenue. In the United States, we added nine new stores and over $900 million in annualized revenue when we purchased Carousel Motor Group in the North Central Region. A warm welcome to everyone at Pendragon and Carousel!

Today, we're now within 235 miles of reaching 95% of the U.S. population with over 300 locations. In the UK, we are one of the largest auto retailers with 170 stores, and in Canada, we have 14 locations in three provinces.

Together, we're profitably modernizing an industry with our omnichannel ecosystem, commitment to operational excellence, and vast store network. Let's focus on the future and remain steady in our efforts to execute best practices that will increase performance, potential, and productivity.

Chase the Possibilities!



Bryan DeBoer
President & CEO