

AUTONATION, INC.
NON-GAAP RECONCILIATION
(\$ in millions, except per share data)

The Company may from time to time publicly disclose certain non-GAAP financial measures as defined under SEC rules. As required by SEC rules, the Company has provided reconciliations of these measures to the most directly comparable GAAP measures, which are set forth in the tables below. The Company believes that these non-GAAP financial measures improve the transparency of the Company's disclosure, provide a meaningful presentation of the Company's results excluding the impact of items not related to the Company's ongoing core business operations, and improve the period-to-period comparability of the Company's results from its core business operations. Non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated and presented in accordance with GAAP.

Comparable Basis Reconciliations⁽¹⁾

	Three Months Ended December 31,											
	Operating Income		Income from Before Income Taxes		Income Tax Provision⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share⁽³⁾	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$	%	%	\$	\$	\$	\$
As reported	\$ 313.9	\$ 339.5	\$ 224.5	\$ 241.8	\$ 52.4	\$ 55.7	23.3 %	23.0 %	\$ 172.1	\$ 186.1	\$ 4.70	\$ 4.64
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation obligations ⁽⁴⁾	3.2	(1.3)	—	—	—	—	—	—	—	—	\$ —	\$ —
Asset impairments and other adjustments ⁽⁵⁾	51.4	12.5	51.4	12.5	12.5	3.1	38.9	9.4	\$ 1.06	\$ 0.23	—	—
Cybersecurity insurance recoveries ⁽⁶⁾	(40.0)	—	(40.0)	—	(9.8)	—	(30.2)	—	\$ (0.83)	\$ —	—	—
Severance expenses	6.6	5.5	6.6	5.5	1.3	1.3	5.3	4.2	\$ 0.14	\$ 0.10	—	—
Self-insurance related losses ⁽⁷⁾	—	6.0	—	6.0	—	1.5	—	4.5	\$ —	\$ 0.11	—	—
Income tax adjustments	—	—	—	—	—	5.0	—	(5.0)	\$ —	\$ (0.12)	—	—
Adjusted	<u>\$ 335.1</u>	<u>\$ 362.2</u>	<u>\$ 242.5</u>	<u>\$ 265.8</u>	<u>\$ 56.4</u>	<u>\$ 66.6</u>	23.3 %	25.1 %	<u>\$ 186.1</u>	<u>\$ 199.2</u>	<u>\$ 5.08</u>	<u>\$ 4.97</u>

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	<u>Three Months Ended December 31,</u>			
	SG&A		SG&A as a Percentage of Gross Profit (%)	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
As reported	$\$$ 835.5	$\$$ 833.7	68.8	67.1
Excluding:				
Increase (decrease) in compensation expense related to market valuation changes in deferred compensation obligations	3.2	(1.3)		
Severance expenses	6.6	5.5		
Self-insurance related losses	<u>—</u>	<u>6.0</u>		
Adjusted	<u><u>$\\$ 825.7</u></u>	<u><u>$\\$ 823.5</u></u>	68.0	66.3

⁽¹⁾ Please refer to the “Non-GAAP Financial Measures” section of the Press Release.

⁽²⁾ Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

⁽³⁾ Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

⁽⁴⁾ Increases and decreases in deferred compensation obligations, which are recorded in SG&A, are substantially offset by corresponding gains and losses, respectively, related to changes in the cash surrender value of corporate-owned life insurance (“COLI”) for deferred compensation plan participants as a result of changes in market performance of the underlying investments; therefore, net impact to net income and earnings per share is de minimis. Gains and losses related to the COLI are recorded in non-operating Other Income, Net.

⁽⁵⁾ Primarily comprised of franchise rights impairment of \$22.0 million and other intangible assets impairment of \$28.3 million.

⁽⁶⁾ Insurance recoveries received under our cyber insurance policies for business interruption and related losses caused by the CDK outage.

⁽⁷⁾ Primarily related to losses from hail storms and other natural catastrophes.

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Comparable Basis Reconciliations⁽¹⁾

	Twelve Months Ended December 31,											
	Operating Income		Income Before Income Taxes		Income Tax Provision ⁽²⁾		Effective Tax Rate		Net Income		Diluted Earnings Per Share ⁽³⁾	
	2025	2024	2025	2024	2025	2024	26.6 %	24.5 %	2025	2024	2025	2024
As reported	\$ 1,239.9	\$ 1,305.5	\$ 884.5	\$ 916.7	\$ 235.4	\$ 224.5	26.6 %	24.5 %	\$ 649.1	\$ 692.2	\$ 17.04	\$ 16.92
Increase in compensation expense related to market valuation changes in deferred compensation obligations ⁽⁴⁾	19.7	15.0	—	—	—	—	—	—	—	—	\$ —	\$ —
Asset impairments and other adjustments ⁽⁵⁾	192.7	12.5	192.7	12.5	31.0	3.1	—	—	161.7	9.4	\$ 4.24	\$ 0.23
Cybersecurity insurance recoveries ⁽⁶⁾	(80.0)	—	(80.0)	—	(19.5)	—	—	—	(60.5)	—	\$ (1.59)	\$ —
One-time costs associated with CDK outage ⁽⁷⁾	—	42.8	—	42.8	—	10.5	—	—	32.3	\$ —	\$ 0.79	\$ —
Acquisition-related expenses	8.0	—	8.0	—	2.0	—	—	6.0	—	\$ 0.16	\$ —	\$ —
Severance expenses	6.6	5.5	6.6	5.5	1.3	1.3	—	5.3	4.2	\$ 0.14	\$ 0.10	\$ —
Net loss on equity investments	—	—	11.5	6.7	2.8	1.6	—	8.7	5.1	\$ 0.23	\$ 0.12	\$ —
Self-insurance related losses ⁽⁸⁾	—	11.7	—	11.7	—	2.9	—	—	8.8	\$ —	\$ 0.22	\$ —
Income tax adjustments	—	—	—	—	—	5.0	—	—	(5.0)	\$ —	\$ (0.12)	\$ —
Business/property-related items:	—	—	—	—	—	—	—	—	(35.3)	\$ —	\$ (0.86)	\$ —
Net gains on dispositions, net of asset impairments	—	(46.7)	—	(46.7)	—	(11.4)	—	—	—	\$ —	\$ —	\$ 0.06
Loss from operations resulting from dispositions	—	2.4	—	3.0	—	0.7	—	—	2.3	\$ —	\$ —	\$ 0.06
Adjusted	<u><u>\$ 1,386.9</u></u>	<u><u>\$ 1,348.7</u></u>	<u><u>\$ 1,023.3</u></u>	<u><u>\$ 952.2</u></u>	<u><u>\$ 253.0</u></u>	<u><u>\$ 238.2</u></u>	24.7 %	25.0 %	<u><u>\$ 770.3</u></u>	<u><u>\$ 714.0</u></u>	\$ 20.22	\$ 17.46

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	<u>Twelve Months Ended December 31,</u>			
	<u>SG&A</u>		<u>SG&A as a Percentage of Gross Profit (%)</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
As reported	\$ 3,362.2	\$ 3,263.9	67.9	68.2
Excluding:				
Increase in compensation expense related to market valuation changes in deferred compensation obligations	19.7	15.0		
Acquisition-related expenses	8.0	—		
Severance expenses	6.6	5.5		
One-time costs associated with CDK outage	—	42.8		
Self-insurance related losses	—	11.7		
Adjusted	<u><u>\$ 3,327.9</u></u>	<u><u>\$ 3,188.9</u></u>	67.3	66.6

⁽¹⁾ Please refer to the “Non-GAAP Financial Measures” section of the Press Release.

⁽²⁾ Tax expense is determined based on the amount of additional taxes or tax benefits associated with each individual item.

⁽³⁾ Diluted earnings per share amounts are calculated discretely and therefore may not add up to the total due to rounding.

⁽⁴⁾ Increases in deferred compensation obligations, which are recorded in SG&A, are substantially offset by corresponding gains related to changes in the cash surrender value of corporate-owned life insurance (“COLI”) for deferred compensation plan participants as a result of changes in market performance of the underlying investments; therefore, net impact to net income and earnings per share is de minimis. Gains related to the COLI are recorded in non-operating Other Income, Net.

⁽⁵⁾ Primarily comprised of franchise rights impairment of \$93.7 million, goodwill impairment of \$65.3 million and other intangible asset impairments of \$28.3 million.

⁽⁶⁾ Insurance recoveries received under our cyber insurance policies for business interruption and related losses caused by the CDK outage.

⁽⁷⁾ Represents certain one-time costs incurred associated with the CDK outage, principally consisting of compensation paid to commission-based associates to ensure business continuity.

⁽⁸⁾ Primarily related to losses from hail storms and other natural catastrophes.

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<u>Free Cash Flow</u>	<u>Twelve Months Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Net cash provided by (used in) operating activities	\$ 111.9	\$ 314.7
Net proceeds from (payments of) vehicle floorplan - non-trade	61.1	(113.5)
Increase in auto loans receivable, net	1,181.6	877.1
Adjusted cash provided by operating activities	1,354.6	1,078.3
Purchases of property and equipment	(309.4)	(328.5)
Adjusted free cash flow	\$ 1,045.2	\$ 749.8
Adjusted net income	\$ 770.3	\$ 714.0
Adjusted free cash flow conversion % ⁽¹⁾	125	105

⁽¹⁾ Excludes cybersecurity insurance recoveries of \$80 million received in 2025.