

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023  
or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 1-13461

**Group 1 Automotive, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State of other jurisdiction of incorporation or organization)

**800 Gessner, Suite 500**

**Houston, TX**

(Address of principal executive offices)

**76-0506313**

(I.R.S. Employer Identification No.)

**77024**

(Zip code)

**(713) 647-5700**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Ticker symbol(s)	Name of exchange on which registered
<b>Common stock, par value \$0.01 per share</b>	<b>GPI</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if that registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 24, 2023, the registrant had 13,822,743 shares of common stock outstanding.

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## GLOSSARY OF DEFINITIONS

The following are abbreviations and definitions of terms used within this report:

<b>Terms</b>	<b>Definitions</b>
AOCI	Accumulated other comprehensive income (loss)
Brexit	Withdrawal of the U.K. from the European Union
BRL	Brazilian Real (R\$)
COVID-19 pandemic	Coronavirus disease first emerging in December 2019 and resulting in the global pandemic in 2020, 2021 and 2022
EPS	Earnings per share
EV	Electric vehicle
F&I	Finance, insurance and other
FMCC	Ford Motor Credit Company
GBP	British Pound Sterling (£)
LIBOR	London Interbank Offered Rate
PRU	Per retail unit
RSA	Restricted stock award
SEC	Securities and Exchange Commission
SG&A	Selling, general and administrative
SOFR	Secured Overnight Financing Rate
U.K.	United Kingdom
U.S.	United States of America
USD	United States Dollar (\$)
U.S. GAAP	Accounting principles generally accepted in the U.S.

### **Forward-Looking Statements**

Unless the context requires otherwise, references to “we,” “us,” “our” or the “Company” are intended to mean the business and operations of Group 1 Automotive, Inc. and its subsidiaries.

This Quarterly Report on Form 10-Q (this “Form 10-Q”) includes certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (“Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). These forward-looking statements include, but are not limited to, statements concerning the Company’s strategy, future operating performance, future liquidity and availability of financing, capital allocation, the completion of future acquisitions and divestitures, business trends in the retail automotive industry and changes in regulations. When used in this Form 10-Q, the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may” and similar expressions are intended to identify forward-looking statements.

These forward-looking statements are based on the Company’s expectations and beliefs as of the date of this Form 10-Q concerning future developments and their potential effect on the Company. While management believes that these forward-looking statements are reasonable when and as made, there can be no assurance that future developments affecting the Company will be those that are anticipated. The Company’s forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, the risks set forth in Item 1A. Risk Factors of this Form 10-Q.

For additional information regarding known material factors that could cause actual results to differ from projected results, refer to Part II, Item 1A. Risk Factors herein and Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 (the “2022 Form 10-K”), as well as Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk of this Form 10-Q.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. The Company undertake no responsibility and expressly disclaim any duty, to update any such statements, whether as a result of new information, new developments or otherwise, or to publicly release the result of any revision of the forward-looking statements after the date they are made, except to the extent required by law.

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**GROUP 1 AUTOMOTIVE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(In millions, except share data)

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 52.9	\$ 47.9
Contracts-in-transit and vehicle receivables, net	299.7	278.5
Accounts and notes receivable, net	223.5	199.2
Inventories	1,722.3	1,356.6
Prepaid expenses	24.6	30.5
Other current assets	15.4	19.1
Current assets classified as held for sale	36.5	53.6
<b>TOTAL CURRENT ASSETS</b>	<b>2,375.1</b>	<b>1,985.3</b>
Property and equipment, net of accumulated depreciation of \$579.5 and \$554.4, respectively	2,224.9	2,128.2
Operating lease assets	226.7	249.1
Goodwill	1,695.9	1,661.8
Intangible franchise rights	719.8	516.3
Other long-term assets	197.2	176.8
<b>TOTAL ASSETS</b>	<b>\$ 7,439.6</b>	<b>\$ 6,717.5</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Floorplan notes payable — credit facility and other, net of offset account of \$191.7 and \$140.2, respectively	\$ 889.0	\$ 762.1
Floorplan notes payable — manufacturer affiliates, net of offset account of \$19.0 and \$13.4, respectively	353.3	243.1
Current maturities of long-term debt	75.7	130.3
Current operating lease liabilities	21.4	21.8
Accounts payable	533.4	488.0
Accrued expenses and other current liabilities	301.8	271.5
Current liabilities classified as held for sale	—	4.8
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,174.6</b>	<b>1,921.4</b>
Long-term debt	2,042.5	1,952.2
Long-term operating lease liabilities	218.5	238.4
Deferred income taxes	254.9	238.1
Other long-term liabilities	137.7	129.8
Commitments and Contingencies (Note 12)		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, \$0.01 par value, 50,000,000 shares authorized; 25,149,866 and 25,232,620 shares issued, respectively	0.3	0.3
Additional paid-in capital	345.8	338.7
Retained earnings	3,547.2	3,073.6
Accumulated other comprehensive income	31.6	22.5
Treasury stock, at cost; 11,326,664 and 10,940,298 shares, respectively	(1,313.5)	(1,197.5)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>2,611.4</b>	<b>2,237.5</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 7,439.6</b>	<b>\$ 6,717.5</b>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**GROUP 1 AUTOMOTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>REVENUES:</b>				
New vehicle retail sales	\$ 2,264.5	\$ 1,883.3	\$ 6,463.4	\$ 5,479.8
Used vehicle retail sales	1,559.6	1,488.6	4,359.0	4,353.9
Used vehicle wholesale sales	114.7	89.6	339.2	278.9
Parts and service sales	566.9	515.6	1,677.3	1,491.1
Finance, insurance and other, net	199.4	186.3	554.8	549.5
Total revenues	4,705.1	4,163.4	13,393.7	12,153.1
<b>COST OF SALES:</b>				
New vehicle retail sales	2,070.2	1,676.7	5,880.9	4,861.6
Used vehicle retail sales	1,478.2	1,412.6	4,122.2	4,100.6
Used vehicle wholesale sales	117.1	91.1	338.6	276.8
Parts and service sales	253.4	230.5	762.3	668.5
Total cost of sales	3,918.9	3,410.8	11,104.0	9,907.4
<b>GROSS PROFIT</b>	786.2	752.6	2,289.7	2,245.8
Selling, general and administrative expenses	496.7	450.9	1,439.4	1,329.6
Depreciation and amortization expense	23.1	21.8	68.6	65.9
Asset impairments	4.8	—	7.7	0.8
<b>INCOME FROM OPERATIONS</b>	261.6	279.9	773.9	849.4
Floorplan interest expense	16.5	6.5	44.7	17.7
Other interest expense, net	26.5	19.6	72.1	55.5
Other (income) expense, net	(1.9)	(3.4)	2.3	(3.4)
<b>INCOME BEFORE INCOME TAXES</b>	220.5	257.2	654.8	779.6
Provision for income taxes	56.4	60.2	161.6	182.1
Net income from continuing operations	164.1	197.1	493.2	597.5
Net loss from discontinued operations	(0.2)	(1.3)	(0.3)	(2.9)
<b>NET INCOME</b>	\$ 163.9	\$ 195.7	\$ 492.9	\$ 594.6
<b>BASIC EARNINGS PER SHARE:</b>				
Continuing operations	\$ 11.72	\$ 12.61	\$ 34.93	\$ 36.55
Discontinued operations	(0.02)	(0.09)	(0.02)	(0.18)
Total	\$ 11.70	\$ 12.53	\$ 34.91	\$ 36.38
<b>DILUTED EARNINGS PER SHARE:</b>				
Continuing operations	\$ 11.67	\$ 12.57	\$ 34.81	\$ 36.43
Discontinued operations	(0.02)	(0.09)	(0.02)	(0.18)
Total	\$ 11.65	\$ 12.48	\$ 34.79	\$ 36.25
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>				
Basic	13.7	15.2	13.8	15.9
Diluted	13.7	15.2	13.8	15.9

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**GROUP 1 AUTOMOTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)  
(In millions)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>NET INCOME</b>	\$ 163.9	\$ 195.7	\$ 492.9	\$ 594.6
Other comprehensive income (loss), net of taxes:				
Net foreign currency translation adjustments:				
Unrealized foreign currency translation adjustments	(17.5)	(31.2)	3.5	(59.3)
Reclassification of cumulative foreign currency translation adjustments associated with the Brazil Disposal	—	122.8	—	122.8
Reclassification of other cumulative foreign currency translation adjustments	—	1.5	—	1.5
Foreign currency translation adjustments, net of reclassifications	(17.5)	93.1	3.5	65.1
Net unrealized gain (loss) on interest rate risk management activities, net of tax:				
Unrealized gain arising during the period, net of tax provision of \$(4.7), \$(9.8), \$(8.5) and \$(26.1), respectively	15.1	31.9	27.3	84.8
Reclassification adjustment for (gain) loss included in interest expense, net of tax (provision) benefit of \$(2.1), \$(0.4), \$(5.8) and \$0.5, respectively	(6.7)	(1.4)	(18.6)	1.6
Reclassification related to de-designated interest rate swaps, net of tax provision of \$—, \$—, \$(1.0) and \$—, respectively	—	—	(3.1)	—
Unrealized gain on interest rate risk management activities, net of tax	8.5	30.4	5.6	86.4
<b>OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX</b>	<b>(9.0)</b>	<b>123.5</b>	<b>9.1</b>	<b>151.5</b>
<b>COMPREHENSIVE INCOME</b>	<b>\$ 154.9</b>	<b>\$ 319.3</b>	<b>\$ 502.0</b>	<b>\$ 746.1</b>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**GROUP 1 AUTOMOTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)  
(In millions, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
<b>BALANCE, JUNE 30, 2023</b>	25,164,166	\$ 0.3	\$ 339.8	\$ 3,389.7	\$ 40.6	\$ (1,251.5)	\$ 2,518.9
Net income	—	—	—	163.9	—	—	163.9
Other comprehensive loss, net of taxes	—	—	—	—	(9.0)	—	(9.0)
Purchases of treasury stock, including excise tax	—	—	—	—	—	(65.2)	(65.2)
Net issuance of treasury shares to stock compensation plans	(14,300)	—	1.0	—	—	3.2	4.2
Stock-based compensation	—	—	5.0	—	—	—	5.0
Dividends declared (\$0.45 per share)	—	—	—	(6.4)	—	—	(6.4)
<b>BALANCE, SEPTEMBER 30, 2023</b>	<u>25,149,866</u>	<u>\$ 0.3</u>	<u>\$ 345.8</u>	<u>\$ 3,547.2</u>	<u>\$ 31.6</u>	<u>\$ (1,313.5)</u>	<u>\$ 2,611.4</u>

  

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
<b>BALANCE, DECEMBER 31, 2022</b>	25,232,620	\$ 0.3	\$ 338.7	\$ 3,073.6	\$ 22.5	\$ (1,197.5)	\$ 2,237.5
Net income	—	—	—	492.9	—	—	492.9
Other comprehensive income, net of taxes	—	—	—	—	9.1	—	9.1
Purchases of treasury stock, including excise tax	—	—	—	—	—	(131.6)	(131.6)
Net issuance of treasury shares to stock compensation plans	(82,754)	—	(8.4)	—	—	15.6	7.2
Stock-based compensation	—	—	15.5	—	—	—	15.5
Dividends declared (\$1.35 per share)	—	—	—	(19.2)	—	—	(19.2)
<b>BALANCE, SEPTEMBER 30, 2023</b>	<u>25,149,866</u>	<u>\$ 0.3</u>	<u>\$ 345.8</u>	<u>\$ 3,547.2</u>	<u>\$ 31.6</u>	<u>\$ (1,313.5)</u>	<u>\$ 2,611.4</u>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**GROUP 1 AUTOMOTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)  
(In millions, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
<b>BALANCE, JUNE 30, 2022</b>	25,258,744	\$ 0.3	\$ 331.8	\$ 2,732.5	\$ (128.3)	\$ (931.8)	\$ 2,004.5
Net income	—	—	—	195.7	—	—	195.7
Other comprehensive income, net of taxes	—	—	—	—	123.5	—	123.5
Purchases of treasury stock	—	—	—	—	—	(105.4)	(105.4)
Net issuance of treasury shares to stock compensation plans	(19,237)	—	(1.2)	—	—	(3.3)	(4.5)
Stock-based compensation	—	—	6.2	—	—	—	6.2
Dividends declared (\$0.38 per share)	—	—	—	(6.0)	—	—	(6.0)
<b>BALANCE, SEPTEMBER 30, 2022</b>	<u>25,239,507</u>	<u>\$ 0.3</u>	<u>\$ 336.8</u>	<u>\$ 2,922.3</u>	<u>\$ (4.7)</u>	<u>\$ (1,040.5)</u>	<u>\$ 2,214.1</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
<b>BALANCE, DECEMBER 31, 2021</b>	25,336,054	\$ 0.3	\$ 325.8	\$ 2,345.9	\$ (156.2)	\$ (690.4)	\$ 1,825.2
Net income	—	—	—	594.6	—	—	594.6
Other comprehensive income, net of taxes	—	—	—	—	151.5	—	151.5
Purchases of treasury stock	—	—	—	—	—	(359.5)	(359.5)
Net issuance of treasury shares to stock compensation plans	(96,547)	—	(10.2)	—	—	9.4	(0.8)
Stock-based compensation	—	—	21.2	—	—	—	21.2
Dividends declared (\$1.11 per share)	—	—	—	(18.2)	—	—	(18.2)
<b>BALANCE, SEPTEMBER 30, 2022</b>	<u>25,239,507</u>	<u>\$ 0.3</u>	<u>\$ 336.8</u>	<u>\$ 2,922.3</u>	<u>\$ (4.7)</u>	<u>\$ (1,040.5)</u>	<u>\$ 2,214.1</u>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**GROUP 1 AUTOMOTIVE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 492.9	\$ 594.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	68.6	66.9
Change in operating lease assets	19.1	22.6
Deferred income taxes	8.2	17.4
Asset impairments	7.7	7.1
Stock-based compensation	15.5	21.2
Amortization of debt discount and issuance costs	2.2	2.3
Gain on disposition of assets	(20.1)	(40.8)
Unrealized gain on derivative instruments	(4.9)	—
Other	(1.8)	1.3
Changes in assets and liabilities, net of acquisitions and dispositions:		
Accounts payable and accrued expenses	79.3	51.0
Accounts and notes receivable	(23.5)	(7.3)
Inventories	(314.3)	(156.6)
Contracts-in-transit and vehicle receivables	(20.6)	(6.6)
Prepaid expenses and other assets	(7.2)	6.4
Floorplan notes payable — manufacturer affiliates	110.3	(23.9)
Deferred revenues	(0.6)	(0.3)
Operating lease liabilities	(18.3)	(21.9)
Net cash provided by operating activities	392.5	533.4
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid for acquisitions, net, including repayment of sellers' floorplan notes payable of \$64.9 and \$7.7, respectively	(363.7)	(424.2)
Proceeds from disposition of franchises, property and equipment	153.9	132.6
Purchases of property and equipment	(137.4)	(93.3)
Proceeds from sale of discontinued operations, net	—	59.4
Other	1.3	(0.5)
Net cash used in investing activities	(345.8)	(325.9)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on credit facility — floorplan line and other	8,235.6	7,548.3
Repayments on credit facility — floorplan line and other	(8,109.7)	(7,294.2)
Borrowings on credit facility — acquisition line	200.0	286.0
Repayments on credit facility — acquisition line	(178.2)	(411.3)
Debt issuance costs	(0.3)	(4.6)
Borrowings on other debt	136.4	296.0
Principal payments on other debt	(183.2)	(246.5)
Proceeds from employee stock purchase plan	16.6	15.9
Payments of tax withholding for stock-based compensation	(9.4)	(9.1)
Repurchases of common stock, amounts based on settlement date	(130.5)	(359.5)
Dividends paid	(19.0)	(18.1)
Other	—	(1.2)
Net cash used in financing activities	(41.7)	(198.4)
Effect of exchange rate changes on cash	0.1	(7.2)
Net increase in cash and cash equivalents	5.1	1.9
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>47.9</b>	<b>18.7</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 52.9</b>	<b>\$ 20.5</b>

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

## **1. BASIS OF PRESENTATION AND CONSOLIDATION AND ACCOUNTING POLICIES**

### ***Basis of Presentation and Consolidation***

The accompanying Condensed Consolidated Financial Statements and notes thereto, have been prepared in accordance with U.S. GAAP for interim financial information and in accordance with the rules and regulations of the SEC. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. Results for interim periods are not necessarily indicative of the results that can be expected for a full year and therefore should be read in conjunction with the Company's audited Financial Statements and notes thereto included within the Company's 2022 Form 10-K. All intercompany balances and transactions have been eliminated in consolidation. The accompanying Condensed Consolidated Financial Statements reflect the consolidated accounts of the parent company, Group 1 Automotive, Inc. and its subsidiaries, all of which are wholly owned.

On July 1, 2022, the Company completed the disposal of 100% of the issued and outstanding equity interests of the Company's Brazilian operations (the "Brazil Disposal Group"). The Brazil Disposal Group met the criteria to be reported as held for sale and discontinued operations. Therefore, the related assets, liabilities and operating results of the Brazil Disposal Group are reported as discontinued operations (the "Brazil Discontinued Operations") for all periods presented. Refer to Note 4. Discontinued Operations and Other Divestitures for additional information. Unless otherwise specified, disclosures in these Condensed Consolidated Financial Statements reflect continuing operations only.

Certain amounts in the Condensed Consolidated Financial Statements and the accompanying notes may not compute due to rounding. All computations have been calculated using unrounded amounts for all periods presented. These Condensed Consolidated Financial Statements reflect, in the opinion of management, all normal recurring adjustments necessary to fairly state, in all material respects, the Company's financial position and results of operations for the periods presented.

### ***Use of Estimates***

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. Management analyzes the Company's estimates based on historical experience and other assumptions that are believed to be reasonable under the circumstances; however, actual results could differ materially from such estimates. The significant estimates made by management in the accompanying Condensed Consolidated Financial Statements including, but not limited to, inventory valuation adjustments, reserves for future chargebacks on finance, insurance and vehicle service contract fees, self-insured property and casualty insurance exposure, the fair value of assets acquired and liabilities assumed in business combinations, the valuation of goodwill and intangible franchise rights and reserves for potential litigation.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

## 2. REVENUES

The following tables present the Company's revenues disaggregated by its geographical segments (in millions):

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	U.S.	U.K.	Total	U.S.	U.K.	Total
New vehicle retail sales	\$ 1,920.2	\$ 344.4	\$ 2,264.5	\$ 5,444.3	\$ 1,019.1	\$ 6,463.4
Used vehicle retail sales	1,223.5	336.1	1,559.6	3,393.5	965.6	4,359.0
Used vehicle wholesale sales	80.1	34.6	114.7	242.2	96.9	339.2
Total new and used vehicle sales	3,223.8	715.0	3,938.8	9,080.0	2,081.7	11,161.6
Parts and service sales <sup>(1)</sup>	494.4	72.5	566.9	1,459.4	217.9	1,677.3
Finance, insurance and other, net <sup>(2)</sup>	181.5	17.9	199.4	502.3	52.5	554.8
Total revenues	\$ 3,899.7	\$ 805.5	\$ 4,705.1	\$ 11,041.7	\$ 2,352.0	\$ 13,393.7

  

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	U.S.	U.K.	Total	U.S.	U.K.	Total
New vehicle retail sales	\$ 1,586.9	\$ 296.4	\$ 1,883.3	\$ 4,581.8	\$ 898.0	\$ 5,479.8
Used vehicle retail sales	1,212.1	276.5	1,488.6	3,447.6	906.3	4,353.9
Used vehicle wholesale sales	61.3	28.3	89.6	177.6	101.2	278.9
Total new and used vehicle sales	2,860.3	601.2	3,461.5	8,207.0	1,905.5	10,112.5
Parts and service sales <sup>(1)</sup>	453.8	61.8	515.6	1,307.7	183.4	1,491.1
Finance, insurance and other, net <sup>(2)</sup>	170.2	16.1	186.3	498.1	51.4	549.5
Total revenues	\$ 3,484.3	\$ 679.1	\$ 4,163.4	\$ 10,012.8	\$ 2,140.3	\$ 12,153.1

<sup>(1)</sup> The Company has elected not to disclose revenues related to remaining performance obligations on its maintenance and repair services as the duration of these contracts is less than one year.

<sup>(2)</sup> Includes variable consideration recognized of \$7.2 million and \$5.3 million during the three months ended September 30, 2023 and 2022, respectively, and \$19.7 million and \$22.2 million during the nine months ended September 30, 2023 and 2022, respectively, relating to performance obligations satisfied in previous periods on the Company's retrospective commission income contracts. Refer to Note 8. Receivables, Net and Contract Assets for the balance of the Company's contract assets associated with revenues from the arrangement of financing and sale of service and insurance contracts.

## 3. ACQUISITIONS

The Company accounts for business combinations under the acquisition method of accounting, under which the Company allocates the purchase price to the assets acquired and liabilities assumed based on an estimate of fair value.

During the nine months ended September 30, 2023, the Company acquired one Chevrolet dealership, one Kia dealership and three Buick-GMC dealerships in the U.S. Aggregate consideration paid for these dealerships, which were accounted for as business combinations, was \$363.4 million. Goodwill associated with the acquisitions totaled \$58.8 million. The accounting for the acquisition of the three Buick-GMC dealerships and one Kia dealership is considered to be preliminary and subject to change as the Company's fair value assessments are finalized. The Company is continuing to analyze and assess relevant information related to the valuation of property, equipment and intangible assets. The Company will reflect any required fair value adjustments in subsequent periods.

During the nine months ended September 30, 2022, the Company acquired five dealerships and a collision center in the U.S. Aggregate consideration paid for these dealerships, which were accounted for as business combinations, was \$393.0 million, net of cash acquired. Goodwill associated with these acquisitions totaled \$194.0 million.

During the nine months ended September 30, 2022, the Company acquired a dealership and related collision center in the U.K. Consideration paid, which was accounted for as a business combination, was \$32.8 million, net of cash acquired. Goodwill associated with the acquisition totaled \$9.2 million.

The Company previously recorded a \$33.4 million payment for the purchase of an additional dealership as part of the acquisition of the Prime Automotive Group in 2021. As of September 30, 2023, the purchase of the additional dealership had not yet closed. The amount previously paid has been classified as goodwill on the Condensed Consolidated Balance Sheets. In October 2023, the Company closed on the acquisition of the dealership after settlement of legal action with the distributor which had opposed the acquisition. The previously recorded goodwill of \$33.4 million will be allocated to the identifiable assets and liabilities of the acquired dealership in the period of acquisition.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

#### 4. DISCONTINUED OPERATIONS AND OTHER DIVESTITURES

##### *Brazil Discontinued Operations*

On July 1, 2022, the Company closed on the disposition of the Brazil Disposal Group. The sale price of approximately BRL 510.0 million included a holdback amount of BRL 115.0 million, for general representations and warranties, to be held in escrow for a period of five years from the close of the transaction (the “Brazil Disposal Escrow”). At the conclusion of the five-year period, the remaining funds held in the Brazil Disposal Escrow will be released to the Company.

As of September 30, 2023, the Company had a remaining receivable balance of \$19.8 million associated with the Brazil Disposal Escrow recorded in *Other long-term assets* on the Condensed Consolidated Balance Sheet, of which \$3.9 million is expected to be paid to settle the Company’s portion of accrued liabilities retained subsequent to the date of disposal.

Results of the Brazil Discontinued Operations were as follows (in millions):

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>REVENUES:</b>				
New vehicle retail sales	\$ —	\$ —	\$ —	\$ 109.0
Used vehicle retail sales	—	—	—	44.0
Used vehicle wholesale sales	—	—	—	10.1
Parts and service sales	—	—	—	23.8
Finance, insurance and other, net	—	—	—	3.3
Total revenues	—	—	—	190.2
<b>COST OF SALES:</b>				
New vehicle retail sales	—	—	—	98.5
Used vehicle retail sales	—	—	—	41.2
Used vehicle wholesale sales	—	—	—	10.0
Parts and service sales	—	—	—	14.5
Total cost of sales	—	—	—	164.2
<b>GROSS PROFIT</b>	—	—	—	26.1
Selling, general and administrative expenses	0.7	(4.6)	1.6	14.8
Depreciation and amortization expense	—	—	—	0.9
Asset impairments	—	0.1	—	6.3
<b>(LOSS) INCOME FROM OPERATIONS — DISCONTINUED OPERATIONS</b>	<b>(0.7)</b>	<b>4.5</b>	<b>(1.6)</b>	<b>4.0</b>
Floorplan interest expense	—	—	—	1.4
Other interest income, net	(0.7)	(0.7)	(2.0)	(1.1)
Other expenses	—	1.5	—	1.5
<b>(LOSS) INCOME BEFORE INCOME TAXES — DISCONTINUED OPERATIONS</b>	<b>—</b>	<b>3.7</b>	<b>0.4</b>	<b>2.2</b>
Provision for income taxes	0.2	5.0	0.7	5.1
<b>NET LOSS — DISCONTINUED OPERATIONS</b>	<b>\$ (0.2)</b>	<b>\$ (1.3)</b>	<b>\$ (0.3)</b>	<b>\$ (2.9)</b>

Cash flows from operating and investing activities for the Brazil Discontinued Operations were immaterial for the nine months ended September 30, 2023. Cash flows from operating and investing activities for the Brazil Discontinued Operations in the prior period were as follows (in millions):

	<b>Nine Months Ended September 30, 2022</b>
Net cash provided by operating activities — discontinued operations	\$ 26.6
Net cash provided by investing activities — discontinued operations	\$ 59.1

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

Assets and liabilities of the Brazil Discontinued Operations were as follows (in millions):

	September 30, 2023	December 31, 2022
Prepaid expenses	\$ 0.9	\$ —
Other current assets	—	1.3
Other long-term assets	19.8	22.8
Total assets of discontinued operations	\$ 20.7	\$ 24.1
Accrued expenses and other current liabilities	\$ 3.9	\$ 7.8
Total liabilities of discontinued operations	\$ 3.9	\$ 7.8

### Other Divestitures

The Company's divestitures generally consist of dealership assets and related real estate. Gains and losses on divestitures are recorded in *Selling, general and administrative expenses* in the Condensed Consolidated Statements of Operations.

During the nine months ended September 30, 2023, the Company recorded a net pre-tax gain totaling \$18.1 million related to the disposition of nine dealerships in the U.S. The dispositions reduced goodwill by \$44.7 million. The Company also terminated two franchises in the U.S.

During the nine months ended September 30, 2022, the Company recorded a net pre-tax gain totaling \$31.3 million related to the disposition of five dealerships in the U.S. The dispositions reduced goodwill by \$36.9 million. The Company also terminated one dealership in the U.K.

Assets held for sale in the Condensed Consolidated Balance Sheets includes \$8.3 million and \$13.4 million of goodwill that has been reclassified to assets held for sale as of September 30, 2023 and December 31, 2022, respectively.

### 5. SEGMENT INFORMATION

As of September 30, 2023, the Company had two reportable segments: the U.S. and the U.K. The Company defines its reportable segments as those operations whose results the Company's Chief Executive Officer, who is the chief operating decision maker, regularly reviews to analyze performance and allocate resources. Each reportable segment is comprised of retail automotive franchises that sell new and used cars and light trucks; arrange related vehicle financing; sell service and insurance contracts; provide automotive maintenance and repair services; and sell vehicle parts.

Selected reportable segment data is as follows (in millions):

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	U.S.	U.K.	Total	U.S.	U.K.	Total
Total revenues	\$ 3,899.7	\$ 805.5	\$ 4,705.1	\$ 11,041.7	\$ 2,352.0	\$ 13,393.7
Income before income taxes	\$ 203.1	\$ 17.4	\$ 220.5	\$ 591.6	\$ 63.2	\$ 654.8
	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	U.S.	U.K.	Total	U.S.	U.K.	Total
Total revenues	\$ 3,484.3	\$ 679.1	\$ 4,163.4	\$ 10,012.8	\$ 2,140.3	\$ 12,153.1
Income before income taxes	\$ 231.5	\$ 25.7	\$ 257.2	\$ 703.8	\$ 75.9	\$ 779.6

### 6. EARNINGS PER SHARE

The two-class method is utilized for the computation of the Company's EPS. The two-class method requires a portion of net income to be allocated to participating securities, which are unvested awards of share-based payments with non-forfeitable rights to receive dividends that are paid in cash. The Company's RSAs are participating securities. Income allocated to these participating securities is excluded from net earnings available to common shares, as shown in the table below. Basic EPS is computed by dividing net income available to basic common shares by the weighted average number of basic common shares outstanding during the period. Diluted EPS is computed by dividing net income available to diluted common shares by the weighted average number of dilutive common shares outstanding during the period.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

The following table sets forth the calculation of EPS (in millions, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Weighted average basic common shares outstanding	13,661,059	15,189,333	13,765,791	15,886,739
Dilutive effect of stock-based awards and employee stock purchases	57,669	59,115	50,404	57,145
Weighted average dilutive common shares outstanding	13,718,728	15,248,448	13,816,194	15,943,883
<b>Basic:</b>				
Net income	\$ 163.9	\$ 195.7	\$ 492.9	\$ 594.6
Less: Earnings allocated to participating securities from continuing operations	4.0	5.5	12.3	16.8
Less: Loss allocated to participating securities to discontinued operations	—	—	—	(0.1)
Net income available to basic common shares	\$ 159.9	\$ 190.3	\$ 480.6	\$ 577.9
Basic earnings per common share	\$ 11.70	\$ 12.53	\$ 34.91	\$ 36.38
<b>Diluted:</b>				
Net income	\$ 163.9	\$ 195.7	\$ 492.9	\$ 594.6
Less: Earnings allocated to participating securities from continuing operations	4.0	5.4	12.2	16.7
Less: Loss allocated to participating securities to discontinued operations	—	—	—	(0.1)
Net income available to diluted common shares	\$ 159.9	\$ 190.3	\$ 480.6	\$ 578.0
Diluted earnings per common share	\$ 11.65	\$ 12.48	\$ 34.79	\$ 36.25

## 7. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the price that would be received from selling an asset or paid to transfer a liability in the most advantageous market in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and establishes the following three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices for identical assets or liabilities in active markets.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or model-derived valuations or other inputs that are observable or that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

### ***Cash and Cash Equivalents, Contracts-In-Transit and Vehicle Receivables, Accounts and Notes Receivable, Accounts Payable, Variable Rate Long-Term Debt and Floorplan Notes Payable***

The fair values of these financial instruments approximate their carrying values due to the short-term nature of the instruments and/or the existence of variable interest rates.

### ***Fixed Rate Long-Term Debt***

The Company estimates the fair value of its \$750.0 million 4.00% Senior Notes due August 2028 (“4.00% Senior Notes”) using quoted prices for the identical liability (Level 1) and estimates the fair value of its fixed-rate mortgage facilities using a present value technique based on current market interest rates for similar types of financial instruments (Level 2). Refer to Note 9. Debt for further discussion of the Company’s long-term debt arrangements.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

The carrying value and fair value of the Company’s 4.00% Senior Notes and fixed rate mortgages were as follows (in millions):

	September 30, 2023		December 31, 2022	
	Carrying Value <sup>(1)</sup>	Fair Value	Carrying Value <sup>(1)</sup>	Fair Value
4.00% Senior Notes	\$ 750.0	\$ 651.5	\$ 750.0	\$ 633.9
Real estate related	93.0	82.7	99.2	90.5
Total	<u>\$ 843.0</u>	<u>\$ 734.2</u>	<u>\$ 849.2</u>	<u>\$ 724.4</u>

<sup>(1)</sup> Carrying value excludes unamortized debt issuance costs.

### **Derivative Financial Instruments**

The Company holds interest rate swaps to hedge against variability of interest payments indexed to SOFR. The Company’s interest rate swaps are measured at fair value utilizing a SOFR forward yield curve matched to the identical maturity term of the instrument being measured. Observable inputs utilized in the income approach valuation technique incorporate identical contractual notional amounts, fixed coupon rates, periodic terms for interest payments and contract maturity. The fair value of the interest rate swaps also considers the credit risk of the Company for instruments in a liability position or the counterparty for instruments in an asset position. The credit risk is calculated using the spread between the SOFR yield curve and the relevant interest rate according to rating agencies. The inputs to the fair value measurements reflect Level 2 of the hierarchy framework.

Assets and liabilities associated with the Company’s interest rate swaps, as reflected gross in the Condensed Consolidated Balance Sheets, were as follows (in millions):

	September 30, 2023	December 31, 2022
<b>Assets:</b>		
Other current assets	\$ 0.4	\$ 0.1
Other long-term assets <sup>(1)</sup>	121.2	109.2
Total assets	<u>\$ 121.6</u>	<u>\$ 109.3</u>
<b>Liabilities:</b>		
Accrued expenses and other current liabilities	\$ —	\$ —
Other long-term liabilities	—	—
Total liabilities	<u>\$ —</u>	<u>\$ —</u>

<sup>(1)</sup> As of September 30, 2023, the balance included gross fair value of \$4.9 million related to the de-designated swap as described below.

### **Interest Rate Swaps De-designated as Cash Flow Hedges**

During the three months ended March 31, 2023, the Company de-designated one mortgage interest rate swap due to the Company settling the underlying mortgages associated with the swap during the same period. As of September 30, 2023, the de-designated swap had an aggregate notional value of \$30.3 million that fixed its underlying one-month SOFR at an annual interest rate of 0.60% and will mature on March 1, 2030. No interest rate swaps were de-designated by the Company during the three months ended September 30, 2023.

The Company reclassified the entire previously deferred gain associated with the de-designated interest rate swap of \$3.1 million, net of tax of \$1.0 million, from AOCI into income as an adjustment to *Other interest expense, net*, as the remaining forecasted hedged transactions associated with the interest rate swap were probable of not occurring due to the settlement of the mortgages described above. Additionally, the Company recorded unrealized mark-to-market gains of \$0.4 million and \$0.8 million and realized gains of \$0.4 million and \$0.7 million associated with the interest rate swap within *Other interest expense, net*, for the three and nine months ended September 30, 2023, respectively.

### **Interest Rate Swaps Designated as Cash Flow Hedges**

Interest rate swaps designated as cash flow hedges and the related gains or losses are deferred in stockholders’ equity as a component of AOCI in the Company’s Condensed Consolidated Balance Sheets. The deferred gains or losses are recognized in income in the period in which the related items being hedged are recognized in expense. Monthly contractual settlements of the positions are recognized as *Floorplan interest expense* or *Other interest expense, net*, in the Company’s Condensed Consolidated Statements of Operations. Gains or losses for periods where future forecasted hedged transactions are deemed probable of not occurring are reclassified from AOCI into income as *Floorplan interest expense* or *Other interest expense, net*.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

As of September 30, 2023, the Company held 35 interest rate swaps designated as cash flow hedges with a total notional value of \$866.2 million that fixed its underlying SOFR at a weighted average rate of 1.25%. The Company also held two additional interest rate swaps designated as cash flow hedges with forward start dates beginning in December 2023, that had an aggregate notional value of \$100.0 million and a weighted average interest rate of 0.94% as of September 30, 2023. The maturity dates of the Company's designated interest rate swaps with forward start dates range between December 2027 and December 2028. As of September 30, 2022, the Company held 41 interest rate swaps designated as cash flow hedges with a total notional value of \$949.1 million that fixed its underlying SOFR at a weighted average rate of 1.23%. The Company completed the transition of interest rate swaps from LIBOR to SOFR during 2022.

The following tables present the impact of the Company's interest rate swaps designated as cash flow hedges (in millions):

<b>Derivatives in Cash Flow Hedging Relationship</b>	<b>Amount of Unrealized Income (Loss), Net of Tax, Recognized in Other Comprehensive Income (Loss)</b>			
	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest rate swaps	\$ 15.1	\$ 31.9	\$ 27.3	\$ 84.8

<b>Statement of Operations Classification</b>	<b>Amount Reclassified from Other Comprehensive Income (Loss) into Statements of Operations</b>			
	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Floorplan interest expense	\$ 4.1	\$ 0.7	\$ 11.2	\$ (1.4)
Other interest expense, net	\$ 4.7	\$ 1.2	\$ 13.2	\$ (0.7)

The amount of gain expected to be reclassified out of AOCI into earnings as an offset to *Floorplan interest expense* or *Other interest expense, net* in the next twelve months is \$25.3 million.

## 8. RECEIVABLES, NET AND CONTRACT ASSETS

The Company's receivables, net and contract assets consisted of the following (in millions):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Contracts-in-transit and vehicle receivables, net:</b>		
Contracts-in-transit	\$ 196.5	\$ 188.2
Vehicle receivables	103.5	90.9
Total contracts-in-transit and vehicle receivables	300.0	279.0
Less: allowance for doubtful accounts	0.3	0.6
Total contracts-in-transit and vehicle receivables, net	\$ 299.7	\$ 278.5
<b>Accounts and notes receivable, net:</b>		
Manufacturer receivables	\$ 119.4	\$ 94.6
Parts and service receivables	69.7	68.0
F&I receivables	28.7	30.0
Other	10.8	12.1
Total accounts and notes receivable	228.6	204.7
Less: allowance for doubtful accounts	5.1	5.5
Total accounts and notes receivable, net	\$ 223.5	\$ 199.2
<b>Within Other current assets and Other long-term assets:</b>		
Total contract assets <sup>(1)</sup>	\$ 55.2	\$ 47.9

<sup>(1)</sup> No allowance for doubtful accounts was recorded for contract assets as of September 30, 2023 or December 31, 2022.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

**9. DEBT**

Long-term debt consisted of the following (in millions):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
4.00% Senior Notes due August 15, 2028	\$ 750.0	\$ 750.0
Acquisition Line	325.0	303.2
<b>Other Debt:</b>		
Real estate related	769.8	796.9
Finance leases	273.7	220.4
Other	8.9	22.3
<b>Total other debt</b>	<b>1,052.3</b>	<b>1,039.6</b>
<b>Total debt</b>	<b>2,127.3</b>	<b>2,092.7</b>
Less: unamortized debt issuance costs	9.1	10.2
Less: current maturities	75.7	130.3
<b>Total long-term debt</b>	<b>\$ 2,042.5</b>	<b>\$ 1,952.2</b>

**Acquisition Line**

The proceeds of the Acquisition Line (as defined in Note 10. Floorplan Notes Payable) are used for working capital, general corporate and acquisition purposes. As of September 30, 2023, borrowings under the Acquisition Line, a component of the Revolving Credit Facility (as defined in Note 10. Floorplan Notes Payable), totaled \$325.0 million. The average interest rate on this facility was 6.27% during the three months ended September 30, 2023.

**Real Estate Related**

The Company has mortgage loans in the U.S. and the U.K. that are paid in installments. As of September 30, 2023, borrowings outstanding under these facilities totaled \$769.8 million, gross of debt issuance costs, comprised of \$640.4 million in the U.S. and \$129.4 million in the U.K., respectively.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

**10. FLOORPLAN NOTES PAYABLE**

The Company's floorplan notes payable consisted of the following (in millions):

	September 30, 2023	December 31, 2022
Revolving Credit Facility — floorplan notes payable	\$ 1,022.3	\$ 833.5
Revolving Credit Facility — floorplan notes payable offset account	(191.7)	(140.2)
Revolving Credit Facility — floorplan notes payable, net	830.6	693.3
Other non-manufacturer facilities	58.4	68.8
Floorplan notes payable — credit facility and other, net	<u>\$ 889.0</u>	<u>\$ 762.1</u>
FMCC Facility	\$ 95.4	\$ 55.1
FMCC Facility offset account	(19.0)	(13.4)
FMCC Facility, net	76.4	41.8
Other manufacturer affiliate facilities	276.9	201.3
Floorplan notes payable — manufacturer affiliates, net	<u>\$ 353.3</u>	<u>\$ 243.1</u>

**Floorplan Notes Payable — Credit Facility***Revolving Credit Facility*

In the U.S., the Company has a \$2.0 billion revolving syndicated credit arrangement with 20 participating financial institutions that matures on March 9, 2027 (“Revolving Credit Facility”). The Company has the option to increase the availability to \$2.4 billion, under certain conditions. The Revolving Credit Facility consists of two tranches: (i) a \$1.2 billion maximum capacity tranche for U.S. vehicle inventory floorplan financing (“U.S. Floorplan Line”) which the outstanding balance, net of offset account discussed below, is reported in *Floorplan notes payable — credit facility and other, net*; and (ii) an \$800.0 million maximum capacity tranche (“Acquisition Line”), which is not due until maturity of the Revolving Credit Facility and is therefore classified in *Long-term debt* on the Condensed Consolidated Balance Sheets — refer to Note 9. Debt for additional discussion. The capacity under these two tranches can be re-designated within the overall \$2.0 billion commitment. The Acquisition Line includes a \$100.0 million sub-limit for letters of credit and \$50.0 million minimum capacity tranche. The Company had \$12.2 million in letters of credit outstanding as of September 30, 2023 and December 31, 2022.

The U.S. Floorplan Line bears interest at rates equal to SOFR plus 120 basis points for new vehicle inventory and SOFR plus 150 basis points for used vehicle inventory. The weighted average interest rate on the U.S. Floorplan Line was 6.54% as of September 30, 2023, excluding the impact of the Company's interest rate swap derivative instruments. The Acquisition Line bears interest at SOFR or a SOFR equivalent plus 110 to 210 basis points, depending on the Company's total adjusted leverage ratio, on borrowings in USD, Euros or GBP. The U.S. Floorplan Line requires a commitment fee of 0.15% per annum on the unused portion. Amounts borrowed by the Company under the U.S. Floorplan Line for specific vehicle inventory are to be repaid upon the sale of the vehicle financed and in no case is a borrowing for a vehicle to remain outstanding for greater than one year. The Acquisition Line requires a commitment fee ranging from 0.15% to 0.40% per annum, depending on the Company's total adjusted leverage ratio, based on a minimum commitment of \$50.0 million less outstanding borrowings.

In conjunction with the Revolving Credit Facility, the Company had \$4.1 million and \$5.0 million of unamortized debt issuance costs as of September 30, 2023 and December 31, 2022, respectively, which are included in *Prepaid expenses* and *Other long-term assets* in the Company's Condensed Consolidated Balance Sheets and amortized over the term of the facility.

**Floorplan Notes Payable — Manufacturer Affiliates***FMCC Facility*

The Company has a \$300.0 million floorplan arrangement with FMCC for financing of new Ford vehicles in the U.S. (the “FMCC Facility”). The FMCC Facility bears interest at the U.S. prime rate which was 8.50% as of September 30, 2023.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

### *Other Manufacturer Facilities*

The Company has other credit facilities in the U.S. and the U.K. with financial institutions affiliated with manufacturers for financing of new, used and rental vehicle inventories. As of September 30, 2023, borrowings outstanding under these facilities totaled \$276.9 million, comprised of \$162.2 million in the U.S., with annual interest rates ranging from less than 1% to approximately 9%, and \$114.7 million in the U.K., with annual interest rates ranging from approximately 5% to 9%.

### *Offset Accounts*

Offset accounts consist of immediately available cash used to pay down the U.S. Floorplan Line and FMCC Facility, and therefore offset the respective outstanding balances in the Company's Condensed Consolidated Balance Sheets. The offset accounts are the Company's primary options for the short-term investment of excess cash.

## **11. CASH FLOW INFORMATION**

### *Non-Cash Activities*

The accrual for capital expenditures increased \$0.3 million and \$0.4 million during the nine months ended September 30, 2023 and 2022, respectively.

### *Interest and Income Taxes Paid*

Cash paid for interest, including the monthly settlement of the Company's interest rate swaps, was \$120.0 million and \$73.8 million for the nine months ended September 30, 2023 and 2022, respectively. Refer to Note 7. Financial Instruments and Fair Value Measurements for further discussion of the Company's interest rate swaps.

Cash paid for income taxes, net of refunds, was \$131.9 million and \$155.9 million for the nine months ended September 30, 2023 and 2022, respectively.

## **12. COMMITMENTS AND CONTINGENCIES**

From time to time, the Company or its dealerships are named in various types of litigation involving customer claims, employment matters, class action claims, purported class action claims, claims involving the manufacturers of automobiles, contractual disputes, vehicle related incidents and other matters arising in the ordinary course of business. The Company may be involved in legal proceedings or suffer losses that could have a material adverse effect on the Company's results of operations, financial condition or cash flows. In the normal course of business, the Company is required to respond to customer, employee and other third-party complaints. In addition, the manufacturers of the vehicles that the Company sells and services have audit rights allowing them to review the validity of amounts claimed for incentive, rebate or warranty-related items and charge the Company back for amounts determined to be invalid payments under the manufacturers' programs, subject to the Company's right to appeal any such decision.

### *Legal Proceedings*

As of September 30, 2023, the Company was not party to any legal proceedings that, individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's results of operations, financial condition or cash flows. However, the results of current or future matters cannot be predicted with certainty; an unfavorable resolution of one or more of such matters could have a material adverse effect on the Company's results of operations, financial condition or cash flows.

### *Other Matters*

In connection with dealership dispositions where the Company did not own the real estate and was a tenant, it assigned the lease to the purchaser but remained liable as a guarantor for the remaining lease payments in the event of non-payment by the purchaser. Although the Company has no reason to believe that it will be called upon to perform under any such assigned leases, the Company estimates that lessee remaining rental obligations were \$36.3 million as of September 30, 2023.

**GROUP 1 AUTOMOTIVE, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) – (Continued)**

**13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

Changes in the balances of each component of AOCI were as follows (in millions):

	Nine Months Ended September 30, 2023		
	Accumulated Income (Loss) On Foreign Currency Translation	Accumulated Income (Loss) On Interest Rate Swaps	Total
Balance, December 31, 2022	\$ (61.1)	\$ 83.6	\$ 22.5
Other comprehensive income (loss) before reclassifications:			
Pre-tax	3.5	35.8	39.2
Tax effect	—	(8.5)	(8.5)
Amount reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	(11.2)	(11.2)
Other interest expense, net (pre-tax)	—	(13.2)	(13.2)
Reclassification related to de-designated interest rate swaps (pre-tax)	—	(4.0)	(4.0)
Provision for income taxes	—	6.8	6.8
Net current period other comprehensive income	3.5	5.6	9.1
Balance, September 30, 2023	<u>\$ (57.6)</u>	<u>\$ 89.3</u>	<u>\$ 31.6</u>

	Nine Months Ended September 30, 2022		
	Accumulated Income (Loss) On Foreign Currency Translation	Accumulated Income (Loss) On Interest Rate Swaps	Total
Balance, December 31, 2021	\$ (158.2)	\$ 2.0	\$ (156.2)
Other comprehensive income (loss) before reclassifications:			
Pre-tax	(59.3)	110.9	51.6
Tax effect	—	(26.1)	(26.1)
Amount reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	1.4	1.4
Other interest expense (pre-tax)	—	0.7	0.7
Cumulative foreign currency translation adjustments associated with the Brazil Disposal	122.8	—	122.8
Other cumulative foreign currency translation adjustments	1.5	—	1.5
Benefit for income taxes	—	(0.5)	(0.5)
Net current period other comprehensive income	65.1	86.4	151.5
Balance, September 30, 2022	<u>\$ (93.1)</u>	<u>\$ 88.4</u>	<u>\$ (4.7)</u>

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Management’s Discussion and Analysis of Financial Condition and Results of Operations, should be read in conjunction with the accompanying unaudited Condensed Consolidated Financial Statements and the notes thereto, as well as our 2022 Form 10-K.

### Overview

We are a leading operator in the automotive retail industry. Through our omni-channel platform, we sell new and used cars and light trucks; arrange related vehicle financing; sell service and insurance contracts; provide automotive maintenance and repair services; and sell vehicle parts. We operate in geographically diverse markets that extend across 17 states in the U.S. and 34 towns and cities in the U.K. As of September 30, 2023, our retail network consisted of 145 dealerships in the U.S. and 55 dealerships in the U.K.

### Recent Events

On October 7, 2023, Hamas, a U.S., U.K., and European Union designated terrorist organization and ruling party of the Gaza strip in Palestine, launched an attack on Israel. On October 8, 2023, Israel declared war on Hamas with the armed conflict ongoing as of the date of this filing. It is not known at this time what impact, if any, this war will have on the global economy, our operations or the operations of our suppliers.

On September 15, 2023, the United Auto Workers (“UAW”) announced a labor strike at certain facilities of Ford Motor Company, General Motors Company and Stellantis N.V. (collectively the “Big 3” domestic automakers). The strike is currently limited in its scope and we have yet to experience any material domestic vehicle or parts inventory shortages as a result of the ongoing strike. However, the future impact of a prolonged UAW strike on our operations cannot be predicted with certainty. We will continue to monitor and assess the progress of negotiations between the UAW and the Big 3 domestic automakers and manage, as necessary, the impact of the strike on our domestic vehicle and parts inventory.

Our manufacturers’ production continued at historically reduced levels in the quarter ended September 30, 2023 (“Current Quarter”), despite recent production improvements over the trailing twelve months ended September 30, 2023 for some of those manufacturers. Prior to the UAW labor strike, production and related inventory constraints were primarily a result of sustained global semiconductor and other parts shortages, as well as armed conflicts impacting the global supply chain, including the ongoing conflict in Ukraine. Increased deliveries from certain manufacturers in the Current Quarter drove a higher volume of new units sold while also maintaining elevated new vehicle retail sales prices relative to pre-COVID levels. EV inventory has been building over the Current Quarter for certain brands, outpacing the build up of non-EV inventory, as EV sales volume has lagged OEM deliveries in recent quarters. Our new vehicle days’ supply of inventory was approximately 28 days as of the Current Quarter, as compared to 16 days as of the quarter ended September 30, 2022 (“Prior Year Quarter”).

On April 12, 2023, the U.S. Environmental Protection Agency (“EPA”) proposed regulations establishing more stringent air emissions limits for light and medium-duty vehicles, which include passenger cars, vans, pickups, sedans and SUVs for model years 2027 through 2032. The EPA proposes higher emissions stringency each year, beginning with model year 2027, new battery durability requirements and changes to certain existing air emissions credit programs. These regulations could increase or accelerate the adoption of certain emissions reducing technologies, and further market penetration for hybrid, plug-in and battery-electric vehicles. For example, should the proposed regulations be enacted, the EPA projects that at least 60% of new light-duty passenger vehicles sold in the U.S. would be battery-electric by 2030. The EPA also estimates that the regulations, if finalized, would increase costs for auto manufacturers and reduce consumer repair costs for covered vehicles. The EPA projects the regulations to become final by 2024. The regulations, as proposed in their current form, may have a significant impact on the future mix of vehicles provided by our manufacturers. Any future impact of these regulations on our operations cannot be predicted with certainty. We will continue to monitor the regulatory process and will further evaluate the regulations upon issuance by the EPA.

The global economy continues to experience inflation. In response to higher than historical average inflationary pressures and challenging macroeconomic conditions, the U.S. Federal Reserve, along with other central banks, including in the U.K., increased interest rates throughout 2022 and 2023. Continued inflation reducing the disposable income of our customers, volatility in new vehicle availability and higher interest rates increasing the monthly cost of financing vehicles, contributed to used vehicle prices declining in the latter part of 2022 and during the nine months ended September 30, 2023 (“Current Year”). Additionally, during the Current Year, Silicon Valley Bank, Signature Bank and First Republic Bank were placed into receivership with the Federal Deposit Insurance Corporation (“FDIC”), indicating potential instability within the financial sector. Although we are not a party to any transactions with Silicon Valley Bank, Signature Bank, First Republic Bank or any other financial institution currently in receivership, continued instability could impact our financial counterparties. Finally, one financial institution that participated in our Revolving Credit Facility (as defined in 10. Floorplan Notes Payable in the Notes to Condensed Consolidated Financial Statements), during the first quarter of 2023, announced plans to terminate its auto floorplan lending. This lender’s capacity has since been replaced by an existing lender within our Revolving Credit Facility. In recent months, certain lenders have implemented more restrictive lending standards, resulting in reduced loan-to-value ratios, leading to larger required down payments by consumers. The impact of these higher down payments is a reduction to the income we earn on those loans. Although there is no current material impact on the Company, future impact, if any, of these macroeconomic developments on our operations cannot be predicted with certainty.

### **Critical Accounting Policies and Accounting Estimates**

For discussion of our critical accounting policies and accounting estimates, refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations of our 2022 Form 10-K. There have been no material changes to our critical accounting policies or accounting estimates since December 31, 2022.

### **Results of Operations**

The “same store” amounts presented below include the results of dealerships and corporate headquarters for the identical months in each comparative period, commencing with the first full month in which we owned the dealership. Amounts related to divestitures are excluded from each comparative period, ending with the last full month in which we owned the dealership. Same store results provide a measurement of our ability to grow revenues and profitability of our existing stores and also provide a metric for peer group comparisons. For these reasons, same store results allow management to manage and monitor the performance of the business and is also useful to investors.

We evaluate our results of operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our underlying business and results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our current period reported results for entities reporting in currencies other than USD using comparative period exchange rates rather than the actual exchange rates in effect during the respective periods. The constant currency performance measures should not be considered a substitute for, or superior to, the measures of financial performance prepared in accordance with U.S. GAAP. Additionally, we caution investors not to place undue reliance on non-GAAP measures, but also to consider them with the most directly comparable U.S. GAAP measures. Our management also uses constant currency and adjusted cash flows from operating, investing and financing activities in conjunction with U.S. GAAP financial measures to assess our business, including communication with our Board of Directors, investors and industry analysts concerning financial performance. We disclose these non-GAAP measures and the related reconciliations because we believe investors use these metrics in evaluating longer-term period-over-period performance. These metrics also allow investors to better understand and evaluate the information used by management to assess operating performance.

Certain amounts in the financial statements may not compute due to rounding. All computations have been calculated using unrounded amounts for all periods presented.

Retail new vehicle units sold for 2023 include new vehicle agency units sold under agency arrangements with certain manufacturers in the U.K. The agency units and related revenues are excluded from the calculation of the average sales price per unit sold for new vehicles due to their net presentation within revenues as only the sales commission is reported in revenues for dealerships operating under an agency arrangement. The agency units and related net revenues are included in the calculation of gross profit per unit sold.

The following tables summarize our operating results on a reported basis and on a same store basis:

**Reported Operating Data — Consolidated**

(In millions, except unit data)

	Three Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 2,264.5	\$ 1,883.3	\$ 381.2	20.2 %	\$ 25.6	18.9 %
Used vehicle retail sales	1,559.6	1,488.6	70.9	4.8 %	23.6	3.2 %
Used vehicle wholesale sales	114.7	89.6	25.2	28.1 %	2.4	25.4 %
Total used	1,674.3	1,578.2	96.1	6.1 %	26.0	4.4 %
Parts and service sales	566.9	515.6	51.4	10.0 %	5.2	8.9 %
F&I, net	199.4	186.3	13.0	7.0 %	1.3	6.3 %
Total revenues	\$ 4,705.1	\$ 4,163.4	\$ 541.7	13.0 %	\$ 58.2	11.6 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 194.3	\$ 206.7	\$ (12.3)	(6.0)%	\$ 2.3	(7.1)%
Used vehicle retail sales	81.4	76.1	5.3	7.0 %	1.1	5.5 %
Used vehicle wholesale sales	(2.3)	(1.5)	(0.8)	(52.2)%	(0.1)	(44.3)%
Total used	79.0	74.5	4.5	6.1 %	1.0	4.7 %
Parts and service sales	313.5	285.1	28.4	10.0 %	3.1	8.9 %
F&I, net	199.4	186.3	13.0	7.0 %	1.3	6.3 %
Total gross profit	\$ 786.2	\$ 752.6	\$ 33.6	4.5 %	\$ 7.7	3.4 %
<b>Gross margin:</b>						
New vehicle retail sales	8.6 %	11.0 %	(2.4)%			
Used vehicle retail sales	5.2 %	5.1 %	0.1 %			
Used vehicle wholesale sales	(2.0)%	(1.7)%	(0.3)%			
Total used	4.7 %	4.7 %	— %			
Parts and service sales	55.3 %	55.3 %	— %			
Total gross margin	16.7 %	18.1 %	(1.4)%			
<b>Units sold:</b>						
Retail new vehicles sold	45,350	39,237	6,113	15.6 %		
Retail used vehicles sold	50,799	48,427	2,372	4.9 %		
Wholesale used vehicles sold	11,740	9,456	2,284	24.2 %		
Total used	62,539	57,883	4,656	8.0 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 50,300	\$ 47,999	\$ 2,301	4.8 %	\$ 930	2.9 %
Used vehicle retail	\$ 30,701	\$ 30,740	\$ (39)	(0.1)%	\$ 464	(1.6)%
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 4,285	\$ 5,267	\$ (982)	(18.6)%	\$ 51	(19.6)%
Used vehicle retail sales	\$ 1,602	\$ 1,571	\$ 31	2.0 %	\$ 22	0.6 %
Used vehicle wholesale sales	\$ (199)	\$ (162)	\$ (37)	(22.6)%	\$ (10)	(16.2)%
Total used	\$ 1,264	\$ 1,288	\$ (24)	(1.8)%	\$ 16	(3.1)%
F&I PRU	\$ 2,073	\$ 2,125	\$ (52)	(2.4)%	\$ 13	(3.1)%
<b>Other:</b>						
SG&A expenses	\$ 496.7	\$ 450.9	\$ 45.7	10.1 %	\$ 5.7	8.9 %
SG&A as % gross profit	63.2 %	59.9 %	3.3 %			
<b>Floorplan expense:</b>						
Floorplan interest expense	\$ 16.5	\$ 6.5	\$ 10.0	153.1 %	\$ 0.2	149.9 %
Less: floorplan assistance <sup>(1)</sup>	18.8	13.9	4.9	35.1 %	—	35.1 %
Net floorplan expense	\$ (2.3)	\$ (7.4)	\$ 5.1		\$ 0.2	

<sup>(1)</sup> Floorplan assistance is included within Gross profit — New vehicle retail sales above and Cost of sales — New vehicle retail sales in our Condensed Consolidated Statements of Operations.

**Same Store Operating Data — Consolidated**

(In millions, except unit data)

	Three Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 2,095.3	\$ 1,838.6	\$ 256.7	14.0 %	\$ 25.3	12.6 %
Used vehicle retail sales	1,462.9	1,451.6	11.3	0.8 %	23.1	(0.8)%
Used vehicle wholesale sales	105.9	86.9	19.0	21.8 %	2.4	19.1 %
Total used	1,568.8	1,538.5	30.3	2.0 %	25.4	0.3 %
Parts and service sales	543.9	498.6	45.4	9.1 %	4.9	8.1 %
F&I, net	187.3	181.9	5.4	3.0 %	1.3	2.3 %
Total revenues	\$ 4,395.3	\$ 4,057.6	\$ 337.7	8.3 %	\$ 57.0	6.9 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 179.3	\$ 202.1	\$ (22.8)	(11.3)%	\$ 2.3	(12.4)%
Used vehicle retail sales	77.4	74.3	3.0	4.1 %	1.1	2.6 %
Used vehicle wholesale sales	(2.1)	(1.4)	(0.7)	(50.4)%	(0.1)	(41.3)%
Total used	75.3	73.0	2.4	3.2 %	1.0	1.9 %
Parts and service sales	299.0	275.8	23.2	8.4 %	2.9	7.4 %
F&I, net	187.3	181.9	5.4	3.0 %	1.3	2.3 %
Total gross profit	\$ 740.9	\$ 732.8	\$ 8.2	1.1 %	\$ 7.4	0.1 %
<b>Gross margin:</b>						
New vehicle retail sales	8.6 %	11.0 %	(2.4)%			
Used vehicle retail sales	5.3 %	5.1 %	0.2 %			
Used vehicle wholesale sales	(2.0)%	(1.6)%	(0.4)%			
Total used	4.8 %	4.7 %	0.1 %			
Parts and service sales	55.0 %	55.3 %	(0.3)%			
Total gross margin	16.9 %	18.1 %	(1.2)%			
<b>Units sold:</b>						
Retail new vehicles sold	42,550	38,252	4,298	11.2 %		
Retail used vehicles sold	48,240	47,050	1,190	2.5 %		
Wholesale used vehicles sold	11,028	9,141	1,887	20.6 %		
Total used	59,268	56,191	3,077	5.5 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 49,626	\$ 48,065	\$ 1,561	3.2 %	\$ 979	1.2 %
Used vehicle retail	\$ 30,325	\$ 30,852	\$ (527)	(1.7)%	\$ 478	(3.3)%
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 4,213	\$ 5,282	\$ (1,069)	(20.2)%	\$ 54	(21.3)%
Used vehicle retail sales	\$ 1,604	\$ 1,580	\$ 24	1.5 %	\$ 23	0.1 %
Used vehicle wholesale sales	\$ (188)	\$ (151)	\$ (37)	(24.7)%	\$ (11)	(17.2)%
Total used	\$ 1,271	\$ 1,299	\$ (28)	(2.1)%	\$ 16	(3.4)%
F&I PRU	\$ 2,063	\$ 2,133	\$ (69)	(3.3)%	\$ 14	(3.9)%
<b>Other:</b>						
SG&A expenses	\$ 477.3	\$ 452.2	\$ 25.1	5.5 %	\$ 5.5	4.3 %
SG&A as % gross profit	64.4 %	61.7 %	2.7 %			

**Reported Operating Data — Consolidated**

(In millions, except unit data)

	Nine Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 6,463.4	\$ 5,479.8	\$ 983.6	18.0 %	\$ (6.6)	18.1 %
Used vehicle retail sales	4,359.0	4,353.9	5.1	0.1 %	(11.4)	0.4 %
Used vehicle wholesale sales	339.2	278.9	60.3	21.6 %	(1.3)	22.1 %
Total used	4,698.2	4,632.8	65.4	1.4 %	(12.7)	1.7 %
Parts and service sales	1,677.3	1,491.1	186.2	12.5 %	(1.9)	12.6 %
F&I, net	554.8	549.5	5.3	1.0 %	(0.5)	1.0 %
Total revenues	\$ 13,393.7	\$ 12,153.1	\$ 1,240.5	10.2 %	\$ (22.0)	10.4 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 582.5	\$ 618.2	\$ (35.7)	(5.8)%	\$ (0.2)	(5.7)%
Used vehicle retail sales	236.9	253.4	(16.5)	(6.5)%	(0.7)	(6.2)%
Used vehicle wholesale sales	0.5	2.1	(1.5)	(74.3)%	—	(74.5)%
Total used	237.4	255.5	(18.0)	(7.1)%	(0.7)	(6.8)%
Parts and service sales	915.0	822.6	92.4	11.2 %	(1.1)	11.4 %
F&I, net	554.8	549.5	5.3	1.0 %	(0.5)	1.0 %
Total gross profit	\$ 2,289.7	\$ 2,245.8	\$ 43.9	2.0 %	\$ (2.7)	2.1 %
<b>Gross margin:</b>						
New vehicle retail sales	9.0 %	11.3 %	(2.3)%			
Used vehicle retail sales	5.4 %	5.8 %	(0.4)%			
Used vehicle wholesale sales	0.2 %	0.7 %	(0.6)%			
Total used	5.1 %	5.5 %	(0.5)%			
Parts and service sales	54.6 %	55.2 %	(0.6)%			
Total gross margin	17.1 %	18.5 %	(1.4)%			
<b>Units sold:</b>						
Retail new vehicles sold	129,739	114,792	14,947	13.0 %		
Retail used vehicles sold	143,000	141,140	1,860	1.3 %		
Wholesale used vehicles sold	32,607	28,069	4,538	16.2 %		
Total used	175,607	169,209	6,398	3.8 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 50,172	\$ 47,736	\$ 2,436	5.1 %	\$ 303	4.5 %
Used vehicle retail	\$ 30,483	\$ 30,848	\$ (366)	(1.2)%	\$ (80)	(0.9)%
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 4,490	\$ 5,385	\$ (895)	(16.6)%	\$ (2)	(16.6)%
Used vehicle retail sales	\$ 1,657	\$ 1,795	\$ (139)	(7.7)%	\$ (5)	(7.5)%
Used vehicle wholesale sales	\$ 16	\$ 73	\$ (57)	(77.9)%	\$ —	(78.1)%
Total used	\$ 1,352	\$ 1,510	\$ (158)	(10.4)%	\$ (4)	(10.2)%
F&I PRU	\$ 2,034	\$ 2,147	\$ (113)	(5.3)%	\$ (2)	(5.2)%
<b>Other:</b>						
SG&A expenses	\$ 1,439.4	\$ 1,329.6	\$ 109.8	8.3 %	\$ (1.8)	8.4 %
SG&A as % gross profit	62.9 %	59.2 %	3.7 %			
<b>Floorplan expense:</b>						
Floorplan interest expense	\$ 44.7	\$ 17.7	\$ 27.1	153.1 %	\$ (0.1)	153.5 %
Less: floorplan assistance <sup>(1)</sup>	51.9	42.1	9.8	23.2 %	—	23.2 %
Net floorplan expense	\$ (7.1)	\$ (24.4)	\$ 17.3		\$ (0.1)	

<sup>(1)</sup> Floorplan assistance is included within Gross Profit — New vehicle retail sales above and Cost of Sales — New vehicle retail sales in our Condensed Consolidated Statements of Operations.

**Same Store Operating Data — Consolidated**

(In millions, except unit data)

	Nine Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 6,042.6	\$ 5,353.4	\$ 689.3	12.9 %	\$ (6.5)	13.0 %
Used vehicle retail sales	4,117.3	4,267.1	(149.8)	(3.5)%	(11.1)	(3.2)%
Used vehicle wholesale sales	315.7	272.4	43.3	15.9 %	(1.2)	16.4 %
Total used	4,433.0	4,539.5	(106.5)	(2.3)%	(12.4)	(2.1)%
Parts and service sales	1,603.4	1,451.8	151.6	10.4 %	(1.8)	10.6 %
F&I, net	524.8	536.8	(12.0)	(2.2)%	(0.5)	(2.2)%
Total revenues	\$ 12,603.9	\$ 11,881.5	\$ 722.4	6.1 %	\$ (21.4)	6.3 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 542.6	\$ 603.4	\$ (60.9)	(10.1)%	\$ (0.2)	(10.0)%
Used vehicle retail sales	225.3	248.4	(23.1)	(9.3)%	(0.7)	(9.0)%
Used vehicle wholesale sales	0.8	2.2	(1.5)	(65.7)%	—	(65.8)%
Total used	226.0	250.6	(24.6)	(9.8)%	(0.7)	(9.5)%
Parts and service sales	872.8	800.5	72.3	9.0 %	(1.1)	9.2 %
F&I, net	524.8	536.8	(12.0)	(2.2)%	(0.5)	(2.2)%
Total gross profit	\$ 2,166.2	\$ 2,191.4	\$ (25.2)	(1.1)%	\$ (2.5)	(1.0)%
<b>Gross margin:</b>						
New vehicle retail sales	9.0 %	11.3 %	(2.3)%			
Used vehicle retail sales	5.5 %	5.8 %	(0.4)%			
Used vehicle wholesale sales	0.2 %	0.8 %	(0.6)%			
Total used	5.1 %	5.5 %	(0.4)%			
Parts and service sales	54.4 %	55.1 %	(0.7)%			
Total gross margin	17.2 %	18.4 %	(1.3)%			
<b>Units sold:</b>						
Retail new vehicles sold	122,572	111,677	10,895	9.8 %		
Retail used vehicles sold	136,248	137,797	(1,549)	(1.1)%		
Wholesale used vehicles sold	30,863	27,210	3,653	13.4 %		
Total used	167,111	165,007	2,104	1.3 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 49,669	\$ 47,936	\$ 1,733	3.6 %	\$ 317	3.0 %
Used vehicle retail	\$ 30,219	\$ 30,967	\$ (747)	(2.4)%	\$ (82)	(2.1)%
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 4,427	\$ 5,403	\$ (977)	(18.1)%	\$ (2)	(18.0)%
Used vehicle retail sales	\$ 1,653	\$ 1,803	\$ (149)	(8.3)%	\$ (5)	(8.0)%
Used vehicle wholesale sales	\$ 25	\$ 81	\$ (57)	(69.7)%	\$ —	(69.8)%
Total used	\$ 1,353	\$ 1,519	\$ (166)	(10.9)%	\$ (4)	(10.7)%
F&I PRU	\$ 2,028	\$ 2,152	\$ (124)	(5.8)%	\$ (2)	(5.7)%
<b>Other:</b>						
SG&A expenses	\$ 1,380.3	\$ 1,330.9	\$ 49.4	3.7 %	\$ (1.9)	3.9 %
SG&A as % gross profit	63.7 %	60.7 %	3.0 %			

**Reported Operating Data — U.S.**

(In millions, except unit data)

	Three Months Ended September 30,			
	2023	2022	Increase/(Decrease)	% Change
<b>Revenues:</b>				
New vehicle retail sales	\$ 1,920.2	\$ 1,586.9	\$ 333.3	21.0 %
Used vehicle retail sales	1,223.5	1,212.1	11.4	0.9 %
Used vehicle wholesale sales	80.1	61.3	18.8	30.7 %
Total used	1,303.6	1,273.4	30.2	2.4 %
Parts and service sales	494.4	453.8	40.7	9.0 %
F&I, net	181.5	170.2	11.2	6.6 %
Total revenues	<u>\$ 3,899.7</u>	<u>\$ 3,484.3</u>	<u>\$ 415.4</u>	11.9 %
<b>Gross profit:</b>				
New vehicle retail sales	\$ 164.9	\$ 180.7	\$ (15.8)	(8.7)%
Used vehicle retail sales	65.7	60.6	5.1	8.4 %
Used vehicle wholesale sales	(0.4)	(1.3)	0.8	66.2 %
Total used	65.3	59.3	5.9	10.0 %
Parts and service sales	271.0	249.0	22.0	8.9 %
F&I, net	181.5	170.2	11.2	6.6 %
Total gross profit	<u>\$ 682.7</u>	<u>\$ 659.3</u>	<u>\$ 23.4</u>	3.6 %
<b>Gross margin:</b>				
New vehicle retail sales	8.6 %	11.4 %	(2.8)%	
Used vehicle retail sales	5.4 %	5.0 %	0.4 %	
Used vehicle wholesale sales	(0.5)%	(2.1)%	1.5 %	
Total used	5.0 %	4.7 %	0.3 %	
Parts and service sales	54.8 %	54.9 %	(0.1)%	
Total gross margin	17.5 %	18.9 %	(1.4)%	
<b>Units sold:</b>				
Retail new vehicles sold	37,079	31,745	5,334	16.8 %
Retail used vehicles sold	39,676	38,172	1,504	3.9 %
Wholesale used vehicles sold	8,380	6,453	1,927	29.9 %
Total used	<u>48,056</u>	<u>44,625</u>	<u>3,431</u>	7.7 %
<b>Average sales price per unit sold:</b>				
New vehicle retail	\$ 51,786	\$ 49,990	\$ 1,796	3.6 %
Used vehicle retail	\$ 30,838	\$ 31,754	\$ (916)	(2.9)%
<b>Gross profit per unit sold:</b>				
New vehicle retail sales	\$ 4,449	\$ 5,693	\$ (1,244)	(21.9)%
Used vehicle retail sales	\$ 1,656	\$ 1,588	\$ 68	4.3 %
Used vehicle wholesale sales	\$ (51)	\$ (197)	\$ 146	74.0 %
Total used	\$ 1,359	\$ 1,330	\$ 29	2.2 %
F&I PRU	\$ 2,364	\$ 2,435	\$ (71)	(2.9)%
<b>Other:</b>				
SG&A expenses	\$ 417.4	\$ 385.8	\$ 31.6	8.2 %
SG&A as % gross profit	61.1 %	58.5 %	2.6 %	

**Same Store Operating Data — U.S.**

(In millions, except unit data)

	Three Months Ended September 30,			
	2023	2022	Increase/(Decrease)	% Change
<b>Revenues:</b>				
New vehicle retail sales	\$ 1,754.3	\$ 1,542.8	\$ 211.5	13.7 %
Used vehicle retail sales	1,133.4	1,176.4	(43.0)	(3.7)%
Used vehicle wholesale sales	71.8	58.8	13.0	22.1 %
Total used	1,205.2	1,235.2	(30.0)	(2.4)%
Parts and service sales	475.8	439.5	36.3	8.2 %
F&I, net	169.7	165.9	3.8	2.3 %
Total revenues	<u>\$ 3,605.1</u>	<u>\$ 3,383.5</u>	<u>\$ 221.6</u>	6.5 %
<b>Gross profit:</b>				
New vehicle retail sales	\$ 150.1	\$ 176.2	\$ (26.0)	(14.8)%
Used vehicle retail sales	62.2	59.0	3.2	5.4 %
Used vehicle wholesale sales	(0.1)	(1.1)	1.0	87.7 %
Total used	62.0	57.9	4.2	7.2 %
Parts and service sales	258.6	241.0	17.5	7.3 %
F&I, net	169.7	165.9	3.8	2.3 %
Total gross profit	<u>\$ 640.5</u>	<u>\$ 641.0</u>	<u>\$ (0.5)</u>	(0.1)%
<b>Gross margin:</b>				
New vehicle retail sales	8.6 %	11.4 %	(2.9)%	
Used vehicle retail sales	5.5 %	5.0 %	0.5 %	
Used vehicle wholesale sales	(0.2)%	(1.9)%	1.7 %	
Total used	5.1 %	4.7 %	0.5 %	
Parts and service sales	54.3 %	54.8 %	(0.5)%	
Total gross margin	17.8 %	18.9 %	(1.2)%	
<b>Units sold:</b>				
Retail new vehicles sold	34,348	30,790	3,558	11.6 %
Retail used vehicles sold	37,345	36,875	470	1.3 %
Wholesale used vehicles sold	7,722	6,163	1,559	25.3 %
Total used	<u>45,067</u>	<u>43,038</u>	<u>2,029</u>	4.7 %
<b>Average sales price per unit sold:</b>				
New vehicle retail	\$ 51,076	\$ 50,108	\$ 967	1.9 %
Used vehicle retail	\$ 30,350	\$ 31,902	\$ (1,552)	(4.9)%
<b>Gross profit per unit sold:</b>				
New vehicle retail sales	\$ 4,371	\$ 5,721	\$ (1,350)	(23.6)%
Used vehicle retail sales	\$ 1,665	\$ 1,600	\$ 66	4.1 %
Used vehicle wholesale sales	\$ (18)	\$ (180)	\$ 163	90.2 %
Total used	\$ 1,377	\$ 1,345	\$ 32	2.4 %
F&I PRU	\$ 2,367	\$ 2,452	\$ (85)	(3.5)%
<b>Other:</b>				
SG&A expenses	\$ 400.7	\$ 388.5	\$ 12.2	3.1 %
SG&A as % gross profit	62.6 %	60.6 %	2.0 %	

## **U.S. Region — Three Months Ended September 30, 2023 Compared to 2022**

The following discussion of our U.S. operating results is on an as reported and same store basis. The difference between as reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings.

### *Revenues*

Total revenues in the U.S. during the Current Quarter increased \$415.4 million, or 11.9%, as compared to the Prior Year Quarter, driven by higher same store revenues and the acquisition of stores.

Total same store revenues in the U.S. during the Current Quarter increased \$221.6 million, or 6.5%, as compared to the Prior Year Quarter. This increase was driven by higher revenues from new vehicle retail sales, parts and service sales, F&I, net and used vehicle wholesale sales, partially offset by lower used vehicle retail sales.

New and used vehicle retail revenues benefited from the sale of approximately 11,300 units from our online digital platform, AcceleRide®, during the Current Quarter, a 47.8% increase as compared to the Prior Year Quarter.

New vehicle retail same store revenues outperformed the Prior Year Quarter, driven by strong new vehicle retail pricing coupled with more units sold. The shortage of new vehicle inventory, compared to pre-COVID levels, despite recent manufacturers' production improvements, drove strong pricing. Certain manufacturer vehicle deliveries were higher in the Current Quarter and as a result, our inventory levels were higher than the Prior Year Quarter, providing for the increase in units sold. We ended the Current Quarter with a U.S. new vehicle inventory supply of 30 days, 15 days higher than the Prior Year Quarter, but below pre-COVID levels.

Used vehicle retail same store revenues underperformed the Prior Year Quarter, driven by lower used vehicle retail sales prices, partially offset by more units sold, due to impacts from inflation reducing the disposable income of our customers and rising interest rates increasing the monthly cost of financing vehicles. Used vehicle wholesale same store revenues increased due to more wholesale units sold, partially offset by lower wholesale revenues per unit.

Parts and service same store revenues outperformed the Prior Year Quarter, driven by increases in customer pay, warranty and wholesale revenues, reflecting increased business activity and increased same store technician headcount through our technician recruiting and retention efforts, providing greater capacity to meet increased demand. In addition to technician recruitment efforts, we have invested in improving the operations of our U.S. customer contact center, online scheduling, one-to-one marketing initiatives and by using artificial intelligence, making it easier for our customers to schedule appointments.

F&I, net same store revenues outperformed the Prior Year Quarter, primarily driven by higher same store new vehicle unit sales. The outperformance was partially offset by lower penetration rates as a result of customers seeking alternative providers of financing in this higher interest rate environment and tighter lending requirements requiring larger down payments. In addition, service contract penetration has also declined as a result of vehicle affordability challenges for consumers with the higher interest rates.

### *Gross Profit*

Total gross profit in the U.S. during the Current Quarter increased \$23.4 million, or 3.6%, as compared to the Prior Year Quarter, driven by the acquisition of stores, partially offset by a decline in same store total gross profit.

Total same store gross profit in the U.S. during the Current Quarter decreased \$0.5 million, or 0.1%, as compared to the Prior Year Quarter, driven by downward pressures on new vehicle margins, partially offset by higher same store parts and service, total used and F&I, net, gross profit.

New vehicle retail same store gross profit underperformed the Prior Year Quarter, driven by a decrease in new vehicle retail same store gross profit per unit sold, partially offset by an increase in same store new vehicle retail units sold. The decrease in new vehicle retail same store gross profit per unit is due to modestly higher production and inventory levels of new vehicles for certain manufacturers as described above.

Used vehicle retail same store gross profit outperformed the Prior Year Quarter, driven by an increase in used vehicle retail same store gross profit per unit sold, coupled with higher same store used vehicle retail units sold. The increase in used vehicle retail same store gross profit per unit sold benefited from the ongoing new vehicle supply shortage impacting the supply of used vehicles.

Our used vehicle wholesale same store gross profit outperformed the Prior Year Quarter, driven by an increase in used vehicle wholesale same store gross profit per unit sold, coupled with an increase in same store wholesale used vehicle units sold. The increase in used vehicle wholesale same store gross profit per unit sold was driven by lower wholesale vehicle acquisition costs.

Parts and service same store gross profit outperformed the Prior Year Quarter, as described above for parts and service same store revenues.

F&I, net same store gross profit outperformed the Prior Year Quarter, as described above for F&I, net same store revenues.

Total same store gross margin in the U.S. decreased 118 basis points, primarily driven by the reasons described above for same store gross profit per unit sold for new vehicle retail. In addition, same store parts and service gross margin declined slightly, largely due to increased labor costs.

*SG&A Expenses*

SG&A as a percentage of gross profit increased 262 basis points and 196 basis points on an as reported and same store basis, respectively, compared to the Prior Year Quarter.

Total SG&A expenses in the U.S. during the Current Quarter increased \$31.6 million, or 8.2%, as compared to the Prior Year Quarter, primarily driven by the acquisition of stores and higher same store SG&A expenses. Total same store SG&A expenses in the U.S. during the Current Quarter, increased \$12.2 million, or 3.1%, as compared to the Prior Year Quarter, primarily driven by increased activity related to loaner car related expenses, legal settlements, outside services and professional fees, advertising expenses, employee related costs and freight tools and supplies costs. In addition, higher than historical average inflation has contributed to the increase in these same store SG&A expense categories. These increases were partially offset by lower facilities related expenses.

**Reported Operating Data — U.S.**

(In millions, except unit data)

	Nine Months Ended September 30,			
	2023	2022	Increase/(Decrease)	% Change
<b>Revenues:</b>				
New vehicle retail sales	\$ 5,444.3	\$ 4,581.8	\$ 862.5	18.8 %
Used vehicle retail sales	3,393.5	3,447.6	(54.1)	(1.6)%
Used vehicle wholesale sales	242.2	177.6	64.6	36.3 %
Total used	3,635.7	3,625.3	10.4	0.3 %
Parts and service sales	1,459.4	1,307.7	151.7	11.6 %
F&I, net	502.3	498.1	4.2	0.8 %
Total revenues	<u>\$ 11,041.7</u>	<u>\$ 10,012.8</u>	<u>\$ 1,028.8</u>	10.3 %
<b>Gross profit:</b>				
New vehicle retail sales	\$ 489.7	\$ 538.5	\$ (48.8)	(9.1)%
Used vehicle retail sales	187.5	203.0	(15.5)	(7.6)%
Used vehicle wholesale sales	3.0	3.8	(0.8)	(21.2)%
Total used	190.5	206.8	(16.3)	(7.9)%
Parts and service sales	787.4	713.1	74.3	10.4 %
F&I, net	502.3	498.1	4.2	0.8 %
Total gross profit	<u>\$ 1,970.0</u>	<u>\$ 1,956.5</u>	<u>\$ 13.5</u>	0.7 %
<b>Gross margin:</b>				
New vehicle retail sales	9.0 %	11.8 %	(2.8)%	
Used vehicle retail sales	5.5 %	5.9 %	(0.4)%	
Used vehicle wholesale sales	1.2 %	2.2 %	(0.9)%	
Total used	5.2 %	5.7 %	(0.5)%	
Parts and service sales	54.0 %	54.5 %	(0.6)%	
Total gross margin	17.8 %	19.5 %	(1.7)%	
<b>Units sold:</b>				
Retail new vehicles sold	104,657	92,870	11,787	12.7 %
Retail used vehicles sold	110,422	110,635	(213)	(0.2)%
Wholesale used vehicles sold	23,296	18,513	4,783	25.8 %
Total used	<u>133,718</u>	<u>129,148</u>	<u>4,570</u>	3.5 %
<b>Average sales price per unit sold:</b>				
New vehicle retail	\$ 52,020	\$ 49,335	\$ 2,685	5.4 %
Used vehicle retail	\$ 30,732	\$ 31,162	\$ (430)	(1.4)%
<b>Gross profit per unit sold:</b>				
New vehicle retail sales	\$ 4,679	\$ 5,799	\$ (1,119)	(19.3)%
Used vehicle retail sales	\$ 1,698	\$ 1,834	\$ (137)	(7.4)%
Used vehicle wholesale sales	\$ 130	\$ 207	\$ (77)	(37.4)%
Total used	\$ 1,425	\$ 1,601	\$ (176)	(11.0)%
F&I PRU	\$ 2,335	\$ 2,448	\$ (112)	(4.6)%
<b>Other:</b>				
SG&A expenses	\$ 1,209.8	\$ 1,133.0	\$ 76.8	6.8 %
SG&A as % gross profit	61.4 %	57.9 %	3.5 %	

**Same Store Operating Data — U.S.**

(In millions, except unit data)

	Nine Months Ended September 30,			
	2023	2022	Increase/(Decrease)	% Change
<b>Revenues:</b>				
New vehicle retail sales	\$ 5,042.6	\$ 4,457.5	\$ 585.1	13.1 %
Used vehicle retail sales	3,175.4	3,365.7	(190.3)	(5.7)%
Used vehicle wholesale sales	220.9	171.7	49.2	28.7 %
Total used	3,396.3	3,537.4	(141.1)	(4.0)%
Parts and service sales	1,401.5	1,276.9	124.6	9.8 %
F&I, net	473.4	485.7	(12.3)	(2.5)%
Total revenues	\$ 10,313.9	\$ 9,757.5	\$ 556.4	5.7 %
<b>Gross profit:</b>				
New vehicle retail sales	\$ 451.8	\$ 524.0	\$ (72.2)	(13.8)%
Used vehicle retail sales	177.7	198.3	(20.6)	(10.4)%
Used vehicle wholesale sales	3.3	3.9	(0.7)	(16.6)%
Total used	181.0	202.3	(21.3)	(10.5)%
Parts and service sales	752.5	695.1	57.3	8.2 %
F&I, net	473.4	485.7	(12.3)	(2.5)%
Total gross profit	\$ 1,858.7	\$ 1,907.1	\$ (48.4)	(2.5)%
<b>Gross margin:</b>				
New vehicle retail sales	9.0 %	11.8 %	(2.8)%	
Used vehicle retail sales	5.6 %	5.9 %	(0.3)%	
Used vehicle wholesale sales	1.5 %	2.3 %	(0.8)%	
Total used	5.3 %	5.7 %	(0.4)%	
Parts and service sales	53.7 %	54.4 %	(0.7)%	
Total gross margin	18.0 %	19.5 %	(1.5)%	
<b>Units sold:</b>				
Retail new vehicles sold	97,918	89,841	8,077	9.0 %
Retail used vehicles sold	104,532	107,551	(3,019)	(2.8)%
Wholesale used vehicles sold	21,713	17,739	3,974	22.4 %
Total used	126,245	125,290	955	0.8 %
<b>Average sales price per unit sold:</b>				
New vehicle retail	\$ 51,498	\$ 49,615	\$ 1,883	3.8 %
Used vehicle retail	\$ 30,378	\$ 31,294	\$ (916)	(2.9)%
<b>Gross profit per unit sold:</b>				
New vehicle retail sales	\$ 4,614	\$ 5,832	\$ (1,218)	(20.9)%
Used vehicle retail sales	\$ 1,700	\$ 1,844	\$ (144)	(7.8)%
Used vehicle wholesale sales	\$ 152	\$ 223	\$ (71)	(31.9)%
Total used	\$ 1,434	\$ 1,615	\$ (181)	(11.2)%
F&I PRU	\$ 2,338	\$ 2,461	\$ (122)	(5.0)%
<b>Other:</b>				
SG&A expenses	\$ 1,159.4	\$ 1,136.1	\$ 23.3	2.0 %
SG&A as % gross profit	62.4 %	59.6 %	2.8 %	

## **U.S. Region — Nine Months Ended September 30, 2023 Compared to 2022**

The following discussion of our U.S. operating results is on an as reported and same store basis. The difference between as reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings.

### *Revenues*

Total revenues in the U.S. during the Current Year increased \$1.0 billion, or 10.3%, as compared to the same period in 2022 (“Prior Year”), driven by higher same store revenues and the acquisition of stores.

Total same store revenues in the U.S. during the Current Year increased \$556.4 million, or 5.7%, as compared to the Prior Year. This increase was driven by higher revenues from new vehicle retail sales, parts and service sales and used vehicle wholesale sales, partially offset by lower used vehicle retail sales and F&I, net.

New and used vehicle retail revenues benefited from the sale of approximately 36,000 units from our online digital platform, AcceleRide®, during the Current Year, a 77.7% increase as compared to the Prior Year.

New vehicle retail same store revenues outperformed the Prior Year, driven by strong new vehicle retail pricing coupled with more units sold. The shortage of new vehicle inventory, compared to pre-COVID levels, despite recent manufacturers’ production improvements, drove strong pricing. While new vehicle inventory levels remain depressed compared to pre-COVID levels, certain manufacturer vehicle deliveries were higher in the Current Year and as a result, our inventory levels were higher than the Prior Year, providing for the increase in units sold.

Used vehicle retail same store revenues underperformed the Prior Year, driven by fewer units sold, coupled with lower pricing, due to the ongoing new vehicle supply shortage impacting the supply of used vehicles, as well as impacts from inflation reducing the disposable income of our customers and rising interest rates increasing the monthly cost of financing vehicles. Used vehicle wholesale same store revenues increased primarily due to more wholesale units sold coupled with higher wholesale revenues per unit.

Parts and service same store revenues outperformed the Prior Year, driven by increases across all business lines, reflecting increased business activity and increased same store technician headcount through our technician recruiting and retention efforts, providing greater capacity to meet increased demand. In addition to technician recruitment efforts, we have invested in improving the operations of our U.S. customer contact center, online scheduling, one-to-one marketing initiatives and by using artificial intelligence, making it easier for our customers to schedule appointments.

F&I, net same store revenues underperformed the Prior Year, primarily driven by lower penetration rates as a result of customers seeking alternative providers of financing in this higher interest rate environment and tighter lending requirements requiring larger down payments. In addition, service contract penetration has also declined as a result of vehicle affordability challenges for consumers with the higher interest rates.

### *Gross Profit*

Total gross profit in the U.S. during the Current Year increased \$13.5 million, or 0.7%, as compared to the Prior Year, primarily driven by the acquisition of stores, partially offset by lower same store results.

Total same store gross profit in the U.S. during the Current Year decreased \$48.4 million, or 2.5%, as compared to the Prior Year, primarily driven by downward pressures on new and used vehicle margins and lower F&I PRU, partially offset by higher same store parts and service gross profit.

New vehicle retail same store gross profit underperformed the Prior Year, driven by a decrease in new vehicle retail same store gross profit per unit sold, partially offset by an increase in same store new vehicle retail units sold. The decrease in new vehicle retail same store gross profit per unit is due to modestly higher production and inventory levels of new vehicles for certain manufacturers as described above.

Used vehicle retail same store gross profit underperformed the Prior Year, driven by a decrease in used vehicle retail same store gross profit per unit sold, coupled with lower same store used vehicle retail units sold. These decreases were driven by the ongoing new vehicle supply shortage impacting the supply of used vehicles, as well as impacts from inflation reducing the disposable income of our customers and rising interest rates increasing the monthly cost of financing vehicles.

Our used vehicle wholesale same store gross profit underperformed the Prior Year, driven by a decrease in used vehicle wholesale same store gross profit per unit sold, partially offset by an increase in same store wholesale used vehicle units sold. The decrease in used vehicle wholesale same store gross profit per unit sold was driven by higher wholesale vehicle acquisition costs.

Parts and service same store gross profit outperformed the Prior Year, as described above for parts and service same store revenues.

F&I, net same store gross profit underperformed the Prior Year, as described above for F&I, net same store revenues.

Total same store gross margin decreased 152 basis points, primarily driven by the reasons described above for same store gross profit per unit sold for new vehicle retail, used vehicle retail, used vehicle wholesale and F&I, net. In addition, same store parts and service gross margin declined slightly, largely due to increased labor costs.

*SG&A Expenses*

SG&A as a percentage of gross profit increased 350 basis points and 280 basis points on an as reported and same store basis, respectively, compared to the Prior Year.

Total SG&A expenses in the U.S. during the Current Year increased \$76.8 million, or 6.8%, as compared to the Prior Year, primarily driven by the acquisition of stores and higher same store SG&A expenses. Total same store SG&A expenses in the U.S. during the Current Year increased \$23.3 million, or 2.0%, as compared to the Prior Year, primarily driven by increased activity related to outside services and professional fees, loaner car related expenses, advertising expenses, freight tools and supplies costs and legal settlements compared to the Prior Year. In addition, higher than historical average inflation has contributed to the increase in these same store SG&A expense categories. These increases were partially offset by lower employee related costs.

**Reported Operating Data — U.K.**

(In millions, except unit data)

	Three Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 344.4	\$ 296.4	\$ 47.9	16.2 %	\$ 25.6	7.5 %
Used vehicle retail sales	336.1	276.5	59.5	21.5 %	23.6	13.0 %
Used vehicle wholesale sales	34.6	28.3	6.4	22.5 %	2.4	14.0 %
Total used	370.7	304.8	65.9	21.6 %	26.0	13.1 %
Parts and service sales	72.5	61.8	10.7	17.3 %	5.2	8.9 %
F&I, net	17.9	16.1	1.8	11.3 %	1.3	3.3 %
Total revenues	\$ 805.5	\$ 679.1	\$ 126.4	18.6 %	\$ 58.2	10.0 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 29.4	\$ 25.9	\$ 3.4	13.2 %	\$ 2.3	4.2 %
Used vehicle retail sales	15.7	15.5	0.2	1.4 %	1.1	(5.9)%
Used vehicle wholesale sales	(1.9)	(0.3)	(1.6)	NM	(0.1)	NM
Total used	13.8	15.2	(1.4)	(9.4)%	1.0	(16.0)%
Parts and service sales	42.5	36.1	6.4	17.6 %	3.1	9.1 %
F&I, net	17.9	16.1	1.8	11.3 %	1.3	3.3 %
Total gross profit	\$ 103.5	\$ 93.3	\$ 10.2	10.9 %	\$ 7.7	2.7 %
<b>Gross margin:</b>						
New vehicle retail sales	8.5 %	8.8 %	(0.2)%			
Used vehicle retail sales	4.7 %	5.6 %	(0.9)%			
Used vehicle wholesale sales	(5.5)%	(0.9)%	(4.6)%			
Total used	3.7 %	5.0 %	(1.3)%			
Parts and service sales	58.6 %	58.4 %	0.1 %			
Total gross margin	12.9 %	13.7 %	(0.9)%			
<b>Units sold:</b>						
Retail new vehicles sold	8,271	7,492	779	10.4 %		
Retail used vehicles sold	11,123	10,255	868	8.5 %		
Wholesale used vehicles sold	3,360	3,003	357	11.9 %		
Total used	14,483	13,258	1,225	9.2 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 43,342	\$ 39,563	\$ 3,779	9.6 %	\$ 3,225	1.4 %
Used vehicle retail	\$ 30,213	\$ 26,967	\$ 3,246	12.0 %	\$ 2,121	4.2 %
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 3,551	\$ 3,464	\$ 88	2.5 %	\$ 281	(5.6)%
Used vehicle retail sales	\$ 1,408	\$ 1,507	\$ (99)	(6.5)%	\$ 101	(13.3)%
Used vehicle wholesale sales	\$ (566)	\$ (87)	\$ (479)	NM	\$ (36)	NM
Total used	\$ 950	\$ 1,146	\$ (196)	(17.1)%	\$ 69	(23.1)%
F&I PRU	\$ 922	\$ 905	\$ 17	1.9 %	\$ 66	(5.4)%
<b>Other:</b>						
SG&A expenses	\$ 79.3	\$ 65.1	\$ 14.1	21.7 %	\$ 5.7	13.0 %
SG&A as % gross profit	76.6 %	69.8 %	6.8 %			

NM — Not Meaningful

**Same Store Operating Data — U.K.**

(In millions, except unit data)

	Three Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 340.9	\$ 295.7	\$ 45.2	15.3 %	\$ 25.3	6.7 %
Used vehicle retail sales	329.5	275.2	54.3	19.7 %	23.1	11.3 %
Used vehicle wholesale sales	34.1	28.1	6.0	21.3 %	2.4	12.9 %
Total used	363.6	303.3	60.3	19.9 %	25.4	11.5 %
Parts and service sales	68.1	59.0	9.1	15.4 %	4.9	7.1 %
F&I, net	17.6	16.0	1.6	10.1 %	1.3	2.2 %
Total revenues	\$ 790.2	\$ 674.1	\$ 116.2	17.2 %	\$ 57.0	8.8 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 29.1	\$ 25.9	\$ 3.2	12.4 %	\$ 2.3	3.6 %
Used vehicle retail sales	15.2	15.4	(0.2)	(1.0)%	1.1	(8.1)%
Used vehicle wholesale sales	(1.9)	(0.3)	(1.7)	NM	(0.1)	NM
Total used	13.3	15.1	(1.8)	(12.1)%	1.0	(18.5)%
Parts and service sales	40.4	34.8	5.7	16.3 %	2.9	7.9 %
F&I, net	17.6	16.0	1.6	10.1 %	1.3	2.2 %
Total gross profit	\$ 100.4	\$ 91.8	\$ 8.7	9.5 %	\$ 7.4	1.4 %
<b>Gross margin:</b>						
New vehicle retail sales	8.5 %	8.8 %	(0.2)%			
Used vehicle retail sales	4.6 %	5.6 %	(1.0)%			
Used vehicle wholesale sales	(5.7)%	(0.9)%	(4.7)%			
Total used	3.7 %	5.0 %	(1.3)%			
Parts and service sales	59.3 %	58.9 %	0.4 %			
Total gross margin	12.7 %	13.6 %	(0.9)%			
<b>Units sold:</b>						
Retail new vehicles sold	8,202	7,462	740	9.9 %		
Retail used vehicles sold	10,895	10,175	720	7.1 %		
Wholesale used vehicles sold	3,306	2,978	328	11.0 %		
Total used	14,201	13,153	1,048	8.0 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 43,284	\$ 39,632	\$ 3,652	9.2 %	\$ 3,213	1.1 %
Used vehicle retail	\$ 30,241	\$ 27,047	\$ 3,194	11.8 %	\$ 2,117	4.0 %
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 3,551	\$ 3,471	\$ 80	2.3 %	\$ 280	(5.8)%
Used vehicle retail sales	\$ 1,396	\$ 1,510	\$ (114)	(7.5)%	\$ 100	(14.2)%
Used vehicle wholesale sales	\$ (585)	\$ (89)	\$ (496)	NM	\$ (38)	NM
Total used	\$ 935	\$ 1,148	\$ (213)	(18.6)%	\$ 68	(24.5)%
F&I PRU	\$ 922	\$ 906	\$ 15	1.7 %	\$ 66	(5.6)%
<b>Other:</b>						
SG&A expenses	\$ 76.5	\$ 63.7	\$ 12.9	20.2 %	\$ 5.5	11.6 %
SG&A as % gross profit	76.2 %	69.4 %	6.8 %			

NM — Not Meaningful

### **U.K. Region — Three Months Ended September 30, 2023 Compared to 2022**

The following discussion of our U.K. operating results is on an as reported and same store basis. The difference between as reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. The GBP to USD foreign currency exchange rate has fluctuated from £1 to \$1.11 at September 30, 2022, to £1 to \$1.22 at September 30, 2023, or an increase in the value of the GBP of 9.6%.

#### *Revenues*

Total revenues in the U.K. during the Current Quarter increased \$126.4 million, or 18.6%, as compared to the Prior Year Quarter, driven by higher same store results and the acquisition of stores.

Total same store revenues in the U.K. during the Current Quarter increased \$116.2 million, or 17.2%, as compared to the Prior Year Quarter. On a constant currency basis, total same store revenues increased 8.8%, driven by outperformances across all of our business lines.

New vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, driven by more units sold, coupled with higher new vehicle retail pricing. The shortage of new vehicle inventory, compared to pre-COVID levels, despite recent manufacturers' production improvements, drove strong pricing. Vehicle demand was and continues to be pent-up from past years due to Brexit and the COVID-19 pandemic. In addition, despite the increase in same store new vehicle units sold, we experienced vehicle delivery shortages from BMW, MINI and Volkswagen in the Current Quarter, limiting our revenue potential for the Current Quarter. We ended the Current Quarter with a U.K. new vehicle inventory supply of 22 days, two days higher than the Prior Year Quarter, but below pre-COVID levels.

Used vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, driven by more units sold, coupled with higher used vehicle retail pricing.

Parts and service same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, driven by increases in customer pay, warranty and wholesale revenues, reflecting increased business activity and increased same store technician headcount, providing greater capacity to meet increased demand. We have invested in improvements to our U.K. customer contact center, streamlining operations to make scheduling appointments easier for customers, resulting in an increase in parts and service activity driving an increase in revenues as compared to the Prior Year Quarter.

F&I, net same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, driven by an increase in retail units sold, partially offset by a decrease in income per contract for retail finance fees.

#### *Gross Profit*

Total gross profit in the U.K. during the Current Quarter increased \$10.2 million, or 10.9%, as compared to the Prior Year Quarter, driven by higher same store results and the acquisition of stores.

Total same store gross profit in the U.K. during the Current Quarter increased \$8.7 million, or 9.5%, as compared to the Prior Year Quarter. On a constant currency basis, total same store gross profit increased 1.4% driven by improvements in new vehicle retail, parts and service sales and F&I, net gross profit, partially offset by the decline in total used vehicle gross profit.

New vehicle retail same store gross profit, on a constant currency basis, outperformed the Prior Year Quarter, due to an increase in new vehicle retail units sold, partially offset by a decrease in new vehicle retail gross profit per unit sold, on a constant currency basis.

Used vehicle retail same store gross profit, on a constant currency basis, underperformed the Prior Year Quarter, driven by a decrease in used vehicle retail same store gross profit per unit sold, partially offset by an increase in used vehicle retail units sold. This decrease in gross profit per unit sold was driven by increases in used vehicle acquisition costs, outpacing the increase in used vehicle retail average sales price per unit sold as a result of continued inflationary pressures.

Parts and service same store gross profit, on a constant currency basis, outperformed the Prior Year Quarter, driven by increases in parts and service same store revenues, as discussed above.

F&I, net same store gross profit, on a constant currency basis, outperformed the Prior Year Quarter as described above in F&I, net same store revenues.

Total same store gross margin in the U.K. decreased 90 basis points, primarily driven by lower same store total used gross margin caused by inflationary impacts on our used vehicle customers and higher used vehicle acquisition prices.

*SG&A Expenses*

SG&A as a percentage of gross profit increased by 681 basis points on both an as reported and same store basis compared to the Prior Year Quarter.

Total SG&A expenses in the U.K. during the Current Quarter increased \$14.1 million, or 21.7%, as compared to the Prior Year Quarter, primarily driven by increases in same store SG&A and the acquisition of stores. Total same store SG&A expenses in the U.K. during the Current Quarter increased \$12.9 million, or 20.2%, as compared to the Prior Year Quarter. On a constant currency basis, total same store SG&A expenses increased 11.6%. These increases were primarily driven by increased employee-related expenses and facilities-related expenses as a result of higher activity and continued inflationary pressures compared to the Prior Year Quarter. The lack of vehicle deliveries from certain manufacturers discussed above, resulted in higher than anticipated SG&A as a percentage of gross profit given our staffing levels assumed the sale of these vehicles.

**Reported Operating Data — U.K.**

(In millions, except unit data)

	Nine Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 1,019.1	\$ 898.0	\$ 121.2	13.5 %	\$ (6.6)	14.2 %
Used vehicle retail sales	965.6	906.3	59.2	6.5 %	(11.4)	7.8 %
Used vehicle wholesale sales	96.9	101.2	(4.3)	(4.2)%	(1.3)	(3.0)%
Total used	1,062.5	1,007.5	55.0	5.5 %	(12.7)	6.7 %
Parts and service sales	217.9	183.4	34.5	18.8 %	(1.9)	19.9 %
F&I, net	52.5	51.4	1.0	2.0 %	(0.5)	3.0 %
Total revenues	\$ 2,352.0	\$ 2,140.3	\$ 211.7	9.9 %	\$ (22.0)	10.9 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 92.8	\$ 79.6	\$ 13.1	16.5 %	\$ (0.2)	16.8 %
Used vehicle retail sales	49.4	50.4	(1.0)	(2.1)%	(0.7)	(0.6)%
Used vehicle wholesale sales	(2.5)	(1.8)	(0.7)	(40.6)%	—	(40.9)%
Total used	46.9	48.7	(1.8)	(3.6)%	(0.7)	(2.2)%
Parts and service sales	127.5	109.5	18.0	16.5 %	(1.1)	17.5 %
F&I, net	52.5	51.4	1.0	2.0 %	(0.5)	3.0 %
Total gross profit	\$ 319.7	\$ 289.2	\$ 30.4	10.5 %	\$ (2.7)	11.4 %
<b>Gross margin:</b>						
New vehicle retail sales	9.1 %	8.9 %	0.2 %			
Used vehicle retail sales	5.1 %	5.6 %	(0.4)%			
Used vehicle wholesale sales	(2.6)%	(1.7)%	(0.8)%			
Total used	4.4 %	4.8 %	(0.4)%			
Parts and service sales	58.5 %	59.7 %	(1.2)%			
Total gross margin	13.6 %	13.5 %	0.1 %			
<b>Units sold:</b>						
Retail new vehicles sold	25,082	21,922	3,160	14.4 %		
Retail used vehicles sold	32,578	30,505	2,073	6.8 %		
Wholesale used vehicles sold	9,311	9,556	(245)	(2.6)%		
Total used	41,889	40,061	1,828	4.6 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 42,149	\$ 40,962	\$ 1,187	2.9 %	\$ (272)	3.6 %
Used vehicle retail	\$ 29,639	\$ 29,711	\$ (73)	(0.2)%	\$ (351)	0.9 %
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 3,699	\$ 3,633	\$ 66	1.8 %	\$ (10)	2.1 %
Used vehicle retail sales	\$ 1,516	\$ 1,653	\$ (137)	(8.3)%	\$ (22)	(7.0)%
Used vehicle wholesale sales	\$ (267)	\$ (185)	\$ (82)	(44.3)%	\$ 1	(44.6)%
Total used	\$ 1,120	\$ 1,215	\$ (95)	(7.8)%	\$ (17)	(6.4)%
F&I PRU	\$ 910	\$ 981	\$ (71)	(7.2)%	\$ (8)	(6.4)%
<b>Other:</b>						
SG&A expenses	\$ 229.6	\$ 196.6	\$ 33.0	16.8 %	\$ (1.8)	17.7 %
SG&A as % gross profit	71.8 %	68.0 %	3.9 %			

**Same Store Operating Data — U.K.**

(In millions, except unit data)

	Nine Months Ended September 30,				Currency Impact on Current Period Results	Constant Currency % Change
	2023	2022	Increase/ (Decrease)	% Change		
<b>Revenues:</b>						
New vehicle retail sales	\$ 1,000.0	\$ 895.9	\$ 104.1	11.6 %	\$ (6.5)	12.3 %
Used vehicle retail sales	941.9	901.4	40.5	4.5 %	(11.1)	5.7 %
Used vehicle wholesale sales	94.9	100.7	(5.9)	(5.8)%	(1.2)	(4.6)%
Total used	1,036.7	1,002.1	34.6	3.5 %	(12.4)	4.7 %
Parts and service sales	201.8	174.9	26.9	15.4 %	(1.8)	16.4 %
F&I, net	51.4	51.1	0.3	0.6 %	(0.5)	1.5 %
Total revenues	\$ 2,290.0	\$ 2,124.0	\$ 166.0	7.8 %	\$ (21.4)	8.8 %
<b>Gross profit:</b>						
New vehicle retail sales	\$ 90.8	\$ 79.5	\$ 11.3	14.2 %	\$ (0.2)	14.5 %
Used vehicle retail sales	47.6	50.1	(2.5)	(5.0)%	(0.7)	(3.6)%
Used vehicle wholesale sales	(2.5)	(1.7)	(0.8)	(45.7)%	—	(45.9)%
Total used	45.0	48.3	(3.3)	(6.8)%	(0.7)	(5.4)%
Parts and service sales	120.3	105.4	14.9	14.2 %	(1.1)	15.2 %
F&I, net	51.4	51.1	0.3	0.6 %	(0.5)	1.5 %
Total gross profit	\$ 307.5	\$ 284.3	\$ 23.2	8.2 %	\$ (2.5)	9.1 %
<b>Gross margin:</b>						
New vehicle retail sales	9.1 %	8.9 %	0.2 %			
Used vehicle retail sales	5.1 %	5.6 %	(0.5)%			
Used vehicle wholesale sales	(2.7)%	(1.7)%	(0.9)%			
Total used	4.3 %	4.8 %	(0.5)%			
Parts and service sales	59.6 %	60.2 %	(0.6)%			
Total gross margin	13.4 %	13.4 %	— %			
<b>Units sold:</b>						
Retail new vehicles sold	24,654	21,836	2,818	12.9 %		
Retail used vehicles sold	31,716	30,246	1,470	4.9 %		
Wholesale used vehicles sold	9,150	9,471	(321)	(3.4)%		
Total used	40,866	39,717	1,149	2.9 %		
<b>Average sales price per unit sold:</b>						
New vehicle retail	\$ 42,103	\$ 41,027	\$ 1,076	2.6 %	\$ (272)	3.3 %
Used vehicle retail	\$ 29,697	\$ 29,802	\$ (105)	(0.4)%	\$ (351)	0.8 %
<b>Gross profit per unit sold:</b>						
New vehicle retail sales	\$ 3,683	\$ 3,640	\$ 43	1.2 %	\$ (10)	1.4 %
Used vehicle retail sales	\$ 1,500	\$ 1,656	\$ (156)	(9.4)%	\$ (22)	(8.1)%
Used vehicle wholesale sales	\$ (277)	\$ (184)	\$ (93)	(50.9)%	\$ —	(51.0)%
Total used	\$ 1,102	\$ 1,217	\$ (115)	(9.5)%	\$ (17)	(8.1)%
F&I PRU	\$ 912	\$ 981	\$ (70)	(7.1)%	\$ (8)	(6.2)%
<b>Other:</b>						
SG&A expenses	\$ 221.0	\$ 194.8	\$ 26.1	13.4 %	\$ (1.9)	14.4 %
SG&A as % gross profit	71.9 %	68.5 %	3.3 %			

### **U.K. Region — Nine Months Ended September 30, 2023 Compared to 2022**

The following discussion of our U.K. operating results is on an as reported and same store basis. The difference between as reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. The GBP to USD foreign currency exchange rate has fluctuated from £1 to \$1.11 at September 30, 2022, to £1 to \$1.22 at September 30, 2023, or an increase in the value of the GBP of 9.6%. Although the exchange rate has shown recent improvement, rate fluctuations during the period still negatively impact our U.K. results when translated from GBP to USD in the Current Year when compared to the Prior Year.

#### *Revenues*

Total revenues in the U.K. during the Current Year increased \$211.7 million, or 9.9%, as compared to the Prior Year, driven by higher same store results and the acquisition of stores, partially offset by the negative impact of foreign currency exchange rates.

Total same store revenues in the U.K. during the Current Year increased \$166.0 million, or 7.8%, as compared to the Prior Year. On a constant currency basis, total same store revenues increased 8.8%, primarily driven by outperformances across all same store revenue streams except used vehicle wholesale sales.

New vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year, primarily driven by more units sold, coupled with improved new vehicle retail pricing. The shortage of new vehicle inventory, compared to pre-COVID levels, despite recent manufacturer production improvements, continued to drive strong pricing. Vehicle demand was and continues to be pent-up from past years due to Brexit and the COVID-19 pandemic. In addition, despite the increase in same store new vehicle units sold, we experienced vehicle delivery shortages from BMW, MINI and Volkswagen in the Current Quarter, limiting our revenue potential in the Current Quarter.

Used vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year, primarily driven by an increase in units sold, coupled with higher used vehicle retail pricing, on a constant currency basis.

Parts and service same store revenues, on a constant currency basis, outperformed the Prior Year, driven by increases across all business lines, reflecting increased business activity and increased same store technician headcount. We have invested in improvements to our U.K. customer contact center, streamlining operations to make scheduling appointments easier for customers, resulting in an increase in parts and service activity driving an increase in revenues as compared to the Prior Year.

F&I, net same store revenues, on a constant currency basis, outperformed the Prior Year, driven by an increase in retail units sold, partially offset by a decline in income per contract for retail finance fees.

#### *Gross Profit*

Total gross profit in the U.K. during the Current Year increased \$30.4 million, or 10.5%, as compared to the Prior Year, primarily driven by higher same store results and the acquisition of stores, partially offset by the negative impact of foreign currency exchange rates.

Total same store gross profit in the U.K. during the Current Year increased \$23.2 million, or 8.2%, as compared to the Prior Year. On a constant currency basis, total same store gross profit increased 9.1%, driven by improvements in new vehicle retail sales, parts and service sales and F&I, net, partially offset by downward pressures on total used vehicle margin.

New vehicle retail same store gross profit, on a constant currency basis, outperformed the Prior Year, driven by an increase in new vehicle retail units sold, coupled with an increase in new vehicle retail same store gross profit per unit sold from increased prices as described above.

Used vehicle retail same store gross profit, on a constant currency basis, underperformed the Prior Year, driven by a decrease in used vehicle retail same store gross profit per unit sold, partially offset by an increase in used vehicle retail units sold. This decrease was driven by increases in used vehicle acquisition costs outpacing the increase in used vehicle retail average sales price per unit sold as a result of continued inflationary pressures.

Parts and service same store gross profit, on a constant currency basis, outperformed the Prior Year, driven by increases in parts and service same store revenues and the streamlining of operations, as discussed above.

F&I, net same store gross profit, on a constant currency basis, outperformed the Prior Year as described above in F&I, net same store revenues.

Total same store gross margin in the U.K. was flat period over period driven by improvements in new vehicle retail gross margin due to higher prices from increased customer demand and vehicle supply constraints, described above.

### SG&A Expenses

SG&A as a percentage of gross profit increased 386 and 332 basis points on an as reported and same store basis, respectively, compared to the Prior Year.

Total SG&A expenses in the U.K. during the Current Year increased \$33.0 million, or 16.8%, as compared to the Prior Year, primarily driven by increases in same store SG&A and the acquisition of stores. Total same store SG&A expenses in the U.K. during the Current Year increased \$26.1 million, or 13.4%, as compared to the Prior Year. On a constant currency basis, total same store SG&A expenses increased 14.4%. These increases were primarily driven by increased employee-related expenses and facilities-related expenses as a result of higher activity and continued inflationary pressures, coupled with increased demo and vehicle-related expenses compared to the Prior Year. The lack of vehicle deliveries from certain manufacturers as discussed above, resulted in higher than anticipated SG&A as a percentage of gross profit given our staffing levels assumed the sale of these vehicles in the Current Quarter.

### Consolidated Selected Comparisons — Three and Nine Months Ended September 30, 2023 Compared to 2022

The following tables (in millions) and discussion of our results of operations are on a consolidated basis, unless otherwise noted.

	Three Months Ended September 30,			
	2023	2022	Increase/ (Decrease)	% Change
Depreciation and amortization expense	\$ 23.1	\$ 21.8	\$ 1.3	6.2 %
Floorplan interest expense	\$ 16.5	\$ 6.5	\$ 10.0	153.1 %
Other interest expense, net	\$ 26.5	\$ 19.6	\$ 6.9	35.3 %
Provision for income taxes	\$ 56.4	\$ 60.2	\$ (3.8)	(6.2)%

  

	Nine Months Ended September 30,			
	2023	2022	Increase/ (Decrease)	% Change
Depreciation and amortization expense	\$ 68.6	\$ 65.9	\$ 2.7	4.1 %
Floorplan interest expense	\$ 44.7	\$ 17.7	\$ 27.1	153.1 %
Other interest expense, net	\$ 72.1	\$ 55.5	\$ 16.6	29.9 %
Provision for income taxes	\$ 161.6	\$ 182.1	\$ (20.6)	(11.3)%

### Depreciation and Amortization Expense

Depreciation and amortization expense for the Current Quarter and Current Year was higher compared to the Prior Year Quarter and Prior Year, primarily driven by acquired property and equipment in our U.S. region, as we continue to strategically add dealership related real estate and facilities to our investment portfolio and make improvements to our existing facilities intended to enhance the profitability of our dealerships and the overall customer experience.

### Floorplan Interest Expense

Our floorplan interest expense fluctuates with changes in our outstanding borrowings and associated interest rates, which are based on SOFR, the U.S. prime rate or other benchmark rates. Outstanding borrowings largely fluctuate based on our levels of new and used vehicle inventory. To mitigate the impact of interest rate fluctuations, we employ an interest rate hedging strategy, whereby we swap variable interest rate exposure on a portion of our borrowings for a fixed interest rate.

Total floorplan interest expense during the Current Quarter, increased \$10.0 million, or 153.1%, as compared to the Prior Year Quarter. For the Current Year, floorplan interest expense increased \$27.1 million, or 153.1%, as compared to the Prior Year. The increase in floorplan interest expense during the Current Quarter and Current Year was driven primarily by an increase in inventories due to improvements in manufacturer inventory as well as acquisitions, partially offset by realized gains on our interest rate swap portfolio due to increases in corresponding interest rates.

Refer to Note 7. Financial Instruments and Fair Value Measurements within our Notes to Condensed Consolidated Financial Statements for additional discussion of interest rate swaps.

**Other Interest Expense, Net**

Other interest expense, net consists of interest charges primarily on our 4.00% Senior Notes, real estate related debt and other debt, partially offset by interest income.

Other interest expense, net during the Current Quarter, increased \$6.9 million, or 35.3%, as compared to the Prior Year Quarter. For the Current Year, other interest expense, net, increased \$16.6 million, or 29.9%, as compared to the Prior Year. The increase in other interest expense, net during the Current Quarter and Current Year was primarily attributable to the additional borrowings used to acquire property in our U.S. region. The increase in the Current Year was partially offset by the gain on the de-designation of the mortgage interest rate swap of \$4.0 million. Refer to Note 9. Debt within our Notes to Condensed Consolidated Financial Statements for additional discussion of our debt. Refer to Note 7. Financial Instruments and Fair Value Measurements within our Notes to Condensed Consolidated Financial Statements for additional discussion of the de-designation of the mortgage interest rate swap.

**Provision for Income Taxes**

Provision for income taxes of \$56.4 million during the Current Quarter decreased by \$3.8 million, or 6.2%, as compared to the Prior Year Quarter. For the Current Year, our provision for income taxes of \$161.6 million decreased by \$20.6 million, or 11.3%, as compared to the Prior Year. The tax expense decrease in the Current Quarter and Current Year, as compared to the Prior Year, was primarily due to lower pre-tax book income. Our Current Quarter effective tax rate of 25.6% was higher than our Prior Year Quarter effective tax rate of 23.4%. The tax rate increase was primarily due to taxable gains from asset dispositions and the higher U.K. statutory tax rate in the Current Quarter compared to the Prior Year Quarter.

We believe that it is more-likely-than-not that our deferred tax assets, net of valuation allowances provided, will be realized, based primarily on assumptions of our future taxable income, considering future reversals of existing taxable temporary differences.

**Liquidity and Capital Resources**

Our liquidity and capital resources are primarily derived from cash on hand, cash temporarily invested as a pay down of our U.S. Floorplan Line and FMCC Facility levels (refer to Note 10. Floorplan Notes Payable in our Notes to Condensed Consolidated Financial Statements for additional information), cash from operations, borrowings under our credit facilities, working capital, dealership and real estate acquisition financing and proceeds from debt and equity offerings. We anticipate we will generate sufficient cash flows from operations, coupled with cash on hand and available borrowing capacity under our credit facilities, to fund our working capital requirements, service our debt and meet any other recurring operating expenditures.

**Available Liquidity Resources**

We had the following sources of liquidity available (in millions):

	<b>September 30, 2023</b>	
Cash and cash equivalents	\$	52.9
Floorplan offset accounts		210.7
Available capacity under Acquisition Line		462.8
Total liquidity	\$	<u>726.4</u>

**Cash Flows**

We arrange our new and used vehicle inventory floorplan financing through lenders affiliated with our vehicle manufacturers and our Revolving Credit Facility. In accordance with U.S. GAAP, we report floorplan financed with lenders affiliated with our vehicle manufacturers (excluding the cash flows from or to manufacturer-affiliated lenders participating in our syndicated lending group) within *Cash Flows from Operating Activities* in the Condensed Consolidated Statements of Cash Flows. We report floorplan financed with the Revolving Credit Facility (including the cash flows from or to manufacturer-affiliated lenders participating in the facility) and other credit facilities in the U.K. unaffiliated with our manufacturer partners, within *Cash Flows from Financing Activities* in the Condensed Consolidated Statements of Cash Flows. Refer to Note 10. Floorplan Notes Payable within our Notes to Condensed Consolidated Financial Statements for additional discussion of our Revolving Credit Facility.

However, we believe that all floorplan financing of inventory purchases in the normal course of business should correspond with the related inventory activity and be classified as an operating activity. As a result, we use the non-GAAP measure “Adjusted net cash provided by/used in operating activities” and “Adjusted net cash provided by/used in financing activities” to further evaluate our cash flows. We believe that this classification eliminates excess volatility in our operating cash flows prepared in accordance with U.S. GAAP. In addition, floorplan financing associated with dealership acquisitions and dispositions are classified as investing activities on an adjusted basis to eliminate excess volatility in our operating cash flows prepared in accordance with U.S. GAAP.

The following table reconciles cash flows on a U.S. GAAP basis to the corresponding adjusted amounts (in millions):

	Nine Months Ended September 30,		
	2023	2022	% Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net cash provided by operating activities:	\$ 392.5	\$ 533.4	(26.4)%
Change in Floorplan notes payable — credit facilities and other, excluding floorplan offset and net acquisitions and dispositions	156.5	187.8	
Change in Floorplan notes payable — manufacturer affiliates associated with net acquisitions and dispositions and floorplan offset activity	5.7	9.1	
Adjusted net cash provided by operating activities	<u>\$ 554.7</u>	<u>\$ 730.3</u>	(24.0)%
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash used in investing activities:	\$ (345.8)	\$ (325.9)	(6.1)%
Change in cash paid for acquisitions, associated with Floorplan notes payable	64.9	7.7	
Change in proceeds from disposition of franchises, property and equipment, associated with Floorplan notes payable	(44.1)	(3.9)	
Adjusted net cash used in investing activities	<u>\$ (325.0)</u>	<u>\$ (322.1)</u>	(0.9)%
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net cash used in financing activities:	\$ (41.7)	\$ (198.4)	79.0 %
Change in Floorplan notes payable, excluding floorplan offset	(183.0)	(200.7)	
Adjusted net cash used in financing activities	<u>\$ (224.7)</u>	<u>\$ (399.1)</u>	43.7 %

*Sources and Uses of Liquidity from Operating Activities — Nine Months Ended September 30, 2023 Compared to 2022*

For the Current Year, net cash provided by operating activities decreased by \$140.9 million, as compared to the Prior Year. On an adjusted basis for the same period, adjusted net cash provided by operating activities decreased by \$175.6 million. The decrease on an adjusted basis was primarily driven by a \$157.8 million increase in inventory levels and a \$101.7 million decrease in net income, partially offset by a \$99.4 million increase in floorplan notes payable — manufacturer affiliates.

*Sources and Uses of Liquidity from Investing Activities — Nine Months Ended September 30, 2023 Compared to 2022*

For the Current Year, net cash used in investing activities increased by \$20.0 million, as compared to the Prior Year. On an adjusted basis for the same period, adjusted net cash used in investing activities increased by \$2.9 million, due to a \$59.4 million decrease in sales proceeds due to the sale of the Brazil Disposal Group in the Prior Year, which did not reoccur in the Current Year, a \$44.1 million increase in purchases of property and equipment, including real estate and a \$18.9 million decrease in proceeds from disposition of franchises and property and equipment. These increases to adjusted net cash used in investing activities were partially offset by a \$117.8 million decrease in acquisition activity compared to the Prior Year.

*Capital Expenditures*

Our capital expenditures include costs to extend the useful lives of current dealership facilities, as well as to start or expand operations. In general, expenditures relating to the construction or expansion of dealership facilities are driven by dealership acquisition activity, new franchises being granted to us by a manufacturer, significant growth in sales at an existing facility, relocation opportunities or manufacturer imaging programs. We critically evaluate all planned future capital spending, working closely with our manufacturer partners to maximize the return on our investments.

For the Current Year, \$137.4 million was used to purchase property and equipment.

*Sources and Uses of Liquidity from Financing Activities — Nine Months Ended September 30, 2023 Compared to 2022*

For the Current Year, net cash used in financing activities decreased by \$156.7 million, as compared to the Prior Year. On an adjusted basis for the same period, adjusted net cash used in financing activities decreased by \$174.4 million. The decrease in net cash used in financing activities on an adjusted basis was primarily driven by decreases in share repurchases of \$229.0 million compared to the Prior Year, net repayments on the Acquisition Line of \$147.2 million and debt issuance costs of \$4.3 million, partially offset by decreases in net borrowings on our U.S. Floorplan line of \$110.4 million (representing the net cash activity in our floorplan offset account) and decreases in net borrowings of other debt of \$96.3 million.

### Credit Facilities, Debt Instruments and Other Financing Arrangements

Our various credit facilities, debt instruments and other financing arrangements are used to finance the purchase of inventory and real estate, provide acquisition funding and provide working capital for general corporate purposes.

The following table summarizes the commitment of our credit facilities as of September 30, 2023 (in millions):

	Total Commitment	Outstanding	Available
U.S. Floorplan Line <sup>(1)</sup>	\$ 1,200.0	\$ 830.6	\$ 369.4
Acquisition Line <sup>(2)</sup>	800.0	337.2	462.8
Total revolving credit facility	2,000.0	1,167.8	832.2
FMCC Facility <sup>(3)</sup>	300.0	76.4	223.6
Total U.S. credit facilities <sup>(4)</sup>	<u>\$ 2,300.0</u>	<u>\$ 1,244.2</u>	<u>\$ 1,055.8</u>

<sup>(1)</sup> The available balance at September 30, 2023, includes \$191.7 million of immediately available funds. The remaining available balance can be used for vehicle inventory financing.

<sup>(2)</sup> The outstanding balance of \$337.2 million is related to outstanding letters of credit of \$12.2 million and \$325.0 million in USD borrowings. The available borrowings may be limited from time to time, based on certain debt covenants.

<sup>(3)</sup> The available balance at September 30, 2023, includes \$19.0 million of immediately available funds. The remaining available balance can be used for Ford new vehicle inventory financing.

<sup>(4)</sup> The outstanding balance excludes \$335.3 million of borrowings with manufacturer-affiliates and third-party financial institutions for foreign and rental vehicle financing not associated with any of our U.S. credit facilities.

We have other credit facilities in the U.S. and the U.K. with third-party financial institutions, most of which are affiliated with the automobile manufacturers that provide financing for portions of our new, used and rental vehicle inventories. In addition, we have outstanding debt instruments, including our 4.00% Senior Notes, as well as real estate related and other debt instruments. Refer to Note 9. Debt in our Notes to Condensed Consolidated Financial Statements for further information.

#### Covenants

Our Revolving Credit Facility, indentures governing our 4.00% Senior Notes and certain mortgage term loans contain customary financial and operating covenants that place restrictions on us, including our ability to incur additional indebtedness, create liens or to sell or otherwise dispose of assets and to merge or consolidate with other entities. Certain of our mortgage agreements contain cross-default provisions that, in the event of a default of certain mortgage agreements and of our Revolving Credit Facility, could trigger an uncured default.

As of September 30, 2023, we were in compliance with the requirements of the financial covenants under our debt agreements. We are required to maintain the ratios detailed in the following table:

	As of September 30, 2023	
	Required	Actual
Total adjusted leverage ratio	< 5.75	2.03
Fixed charge coverage ratio	> 1.20	4.88

Based on our position as of September 30, 2023, and our outlook as discussed within Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, we believe we have sufficient liquidity and do not anticipate any material liquidity constraints or issues with our ability to remain in compliance with our debt covenants.

Refer to Note 9. Debt and Note 10. Floorplan Notes Payable in our Notes to Condensed Consolidated Financial Statements for further discussion of our debt instruments, credit facilities and other financing arrangements existing as of September 30, 2023.

### *Share Repurchases and Dividends*

From time to time, our Board of Directors authorizes the repurchase of shares of our common stock up to a certain monetary limit. On August 2, 2023, our Board of Directors increased the share repurchase authorization to \$250.0 million. For the Current Year, 568,614 shares were repurchased at an average price of \$229.57 per share, for a total of \$130.5 million, excluding excise taxes of \$1.1 million. As of September 30, 2023, we had \$184.9 million available under our current stock repurchase authorization.

During the Current Quarter, our Board of Directors approved a quarterly cash dividend of \$0.45 per share on all shares of our common stock, which resulted in \$6.1 million paid to common shareholders and \$0.2 million to unvested RSA holders.

Future share repurchases and the payment of any future dividends are 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, covenant compliance, changes in laws and regulations, current economic environment and other factors considered relevant.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For quantitative and qualitative disclosures about market risk affecting us, refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our 2022 Form 10-K. Our exposure to market risk has not changed materially since December 31, 2022.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2023, at the reasonable assurance level.

Our management, including our principal executive officer and our principal financial officer, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that objectives of the control system are met. There are inherent limitations in all control systems, including the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the intentional acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events and while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.

#### **Changes in Internal Control over Financial Reporting**

During the three months ended September 30, 2023, there were no changes in our system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

We are not party to any legal proceedings, including class action lawsuits that, individually or in the aggregate, are reasonably expected to have a material adverse effect on our results of operations, financial condition or cash flows. For a discussion of our legal proceedings, refer to Note 12. Commitments and Contingencies within our Notes to Condensed Consolidated Financial Statements.

### Item 1A. Risk Factors

Except as set forth below, during the nine months ended September 30, 2023, there were no changes to the Risk Factors disclosed in Item 1A. Risk Factors of our 2022 Form 10-K.

***Recent negative developments affecting the financial services industry, such as insolvency, defaults, or non-performance by financial institutions, could adversely affect our access to capital, liquidity, financial condition and results of operations.***

During the Current Year, closures of Silicon Valley Bank, Signature Bank and First Republic Bank and their placement into receivership with the FDIC created bank-specific and broader financial institution liquidity risk concerns. The FDIC, the U.S. Federal Reserve and the U.S. Department of the Treasury jointly announced that depositors at Silicon Valley Bank, Signature Bank and First Republic Bank would have access to their funds, even those in excess of the standard FDIC insurance limits.

Although we are not a party to any transactions with Silicon Valley Bank, Signature Bank, First Republic Bank or any other financial institution currently in receivership, we maintain cash and floorplan offset balances at banks and third-party financial institutions in excess of FDIC insurance limits. If any of our lenders or counterparties to any of our financial instruments were to be placed into receivership or become insolvent, our ability to access our capital and liquidity and process transactions could be impaired and could have a material adverse effect on our business, operations and financial condition. In addition, if any of our suppliers, customers or other parties with whom we conduct business are unable to access funds or lending arrangements with relevant financial institutions, such parties' ability to pay their obligations to us or to enter into new arrangements with us could be adversely affected. In the event of any future closure of other banks or financial institutions, there is no guarantee that the FDIC, the U.S. Federal Reserve and the U.S. Department of the Treasury will provide access, on a timely basis or at all, to uninsured funds. Finally, one financial institution that participated in our Revolving Credit Facility announced plans to terminate its auto floorplan lending during the first quarter of 2023. Although this lender's capacity has been replaced by an existing lender within our Revolving Credit Facility, we cannot predict the effects of future disruptions in the financial services industry on our financial condition and operations, nor that of our suppliers, vendors or customers.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Recent Sales of Unregistered Securities

None.

#### Use of Proceeds

None.

**Issuer Purchases of Equity Securities**

The following table sets forth information with respect to shares of common stock repurchased by us during the Current Quarter:

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup></b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) <sup>(1)</sup></b>
July 1, 2023 — July 31, 2023	311	\$ 249.99	311	\$ 96.8
August 1, 2023 — August 31, 2023	71,465	\$ 259.53	71,465	\$ 231.5
September 1, 2023 — September 30, 2023	174,657	\$ 262.87	174,657	\$ 184.9
Total	246,433		246,433	

<sup>(1)</sup> Our Board of Directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. On August 2, 2023, our Board of Directors increased the share repurchase authorization to \$250.0 million. Our share repurchase authorization does not have an expiration date and is reduced by the amount of excise taxes incurred.

Future share repurchases are 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, covenant compliance, changes in laws and regulations, current economic environment and other factors considered relevant. As of September 30, 2023, we had \$184.9 million available under our current share repurchase authorization. Refer to Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information on share repurchases and authorization.

**Item 6. Exhibits**

The exhibits required to be filed or furnished by Item 601 of Regulation S-K are listed below.

**EXHIBIT INDEX**

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
<a href="#">2.1#</a>	— Purchase Agreement, dated as of September 12, 2021, by and among Group 1 Automotive, Inc., GPB Portfolio Automotive, LLC, Capstone Automotive Group, LLC, Capstone Automotive Group II, LLC, Automile Parent Holdings, LLC, Automile TY Holdings, LLC and Prime Real Estate Holdings, LLC (incorporated by reference to Exhibit 2.1 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2021)
<a href="#">2.2</a>	— Share Purchase Agreement, dated November 12, 2021, by and between Group 1 Automotive, Inc., Buyer and UAB as intervening party (English translation) (incorporated by reference to Exhibit 2.1 of Group 1 Automotive Inc.'s Current Report on Form 8-K (File No. 001-13461) filed on November 15, 2021)
<a href="#">3.1</a>	— Third Amended and Restated Certificate of Incorporation of Group 1 Automotive, Inc. effective May 18, 2023 (incorporated by reference to Exhibit 3.1 of Group 1 Automotive Inc's Quarterly Report on Form 10-Q (File No. 001-13461) filed July 28, 2023)
<a href="#">3.2</a>	— Fourth Amended and Restated Bylaws of Group 1 Automotive, Inc. effective February 15, 2023 (incorporated by reference to Exhibit 3.1 of Group 1 Automotive Inc.'s Current Report on Form 8-K (File No. 001-13461) filed on July 28, 2023)
<a href="#">31.1*</a>	— Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2*</a>	— Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1*</a>	— Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<a href="#">32.2*</a>	— Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	— XBRL Instance Document
101.SCH*	— XBRL Taxonomy Extension Schema Document
101.CAL*	— XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	— XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	— XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	— XBRL Taxonomy Extension Presentation Linkbase Document
104*	— Cover Page Interactive Data File (formatted in Inline XBRL and contained in exhibit 101)

\* Filed or furnished herewith

# The exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be provided to the SEC upon request.



**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daryl A. Kenningham, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Group 1 Automotive, Inc. (“registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Daryl A. Kenningham

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Daryl A. Kenningham  
Chief Executive Officer

Date: October 27, 2023

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel J. McHenry, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Group 1 Automotive, Inc. (“registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Daniel J. McHenry

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Daniel J. McHenry  
Chief Financial Officer

Date: October 27, 2023

**CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER  
OF GROUP 1 AUTOMOTIVE, INC.  
PURSUANT TO 18 U.S.C. § 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2023 filed with the Securities and Exchange Commission on the date hereof (“Report”), I, Daryl A. Kenningham, Chief Executive Officer of Group 1 Automotive, Inc. (“Company”), hereby certify 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; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daryl A. Kenningham

Daryl A. Kenningham

Chief Executive Officer

Date: October 27, 2023

**CERTIFICATION OF  
CHIEF FINANCIAL OFFICER  
OF GROUP 1 AUTOMOTIVE, INC.  
PURSUANT TO 18 U.S.C. § 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2023 filed with the Securities and Exchange Commission on the date hereof (“Report”), I, Daniel J. McHenry, Chief Financial Officer of Group 1 Automotive, Inc. (“Company”), hereby certify 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; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel J. McHenry

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Daniel J. McHenry  
Chief Financial Officer

Date: October 27, 2023