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

FORM 10-K

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

For the fiscal year ended December 31, 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: 001-13461

Group 1 Automotive, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**76-0506313**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 Gessner, Suite 500	**77024**
Houston, TX	(Zip code)
(Address of principal executive offices)	

(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
Common stock, par value $0.01 per share	**GPI**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of common stock held by non-affiliates of the registrant was approximately $3.5 billion based on the reported last sale price of common stock on June 30, 2023, which was the last business day of the registrant's most recently completed second quarter.

As of February 5, 2024, there were 13,685,854 shares of our common stock, par value $0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2024 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission within 120 days of December 31, 2023, are incorporated by reference into Part III of this Form 10-K.

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GLOSSARY OF DEFINITIONS

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

Terms	Definitions
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
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPS	Earnings per share
EU	European Union
EV	Electric vehicle
F&I	Finance, insurance and other
FMCC	Ford Motor Credit Company
GBP	British Pound Sterling (£)
NOL	Net operating loss
NYSE	New York Stock Exchange
OEM	Original equipment manufacturer
PII	Personally Identifiable Information
PRU	Per retail unit
PSU	Performance stock unit
ROU	Right-of-use
RSA	Restricted stock award
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
SG&A	Selling, general and administrative
SOFR	Secured Overnight Financing Rate
USD	United States Dollar
U.K.	United Kingdom
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the U.S.
VSC	Vehicle service contract
WACC	Weighted average cost of capital

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

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

This Annual Report on Form 10-K (this “Form 10-K”) includes certain “forward-looking statements” within the meaning of 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 our 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-K, 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 our expectations and beliefs as of the date of this Form 10-K concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable when and as made, there can be no assurance that future developments affecting us will be those that we anticipate. Our 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-K.

Readers are cautioned not to place undue reliance on forward-looking statements. We 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 our forward-looking statements after the date they are made, except to the extent required by law.

PART I

Item 1. Business

General

Group 1 Automotive, Inc. is a leading operator in the automotive retail industry. Through our omnichannel platform, we sell and/or lease 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 retail and wholesale. We have operations in geographically diverse markets that extend across 17 states in the U.S. and 34 towns and cities in the U.K. As of December 31, 2023, our retail network consisted of 144 dealerships and 28 collision centers in the U.S. and 55 dealerships and 13 collision centers in the U.K.

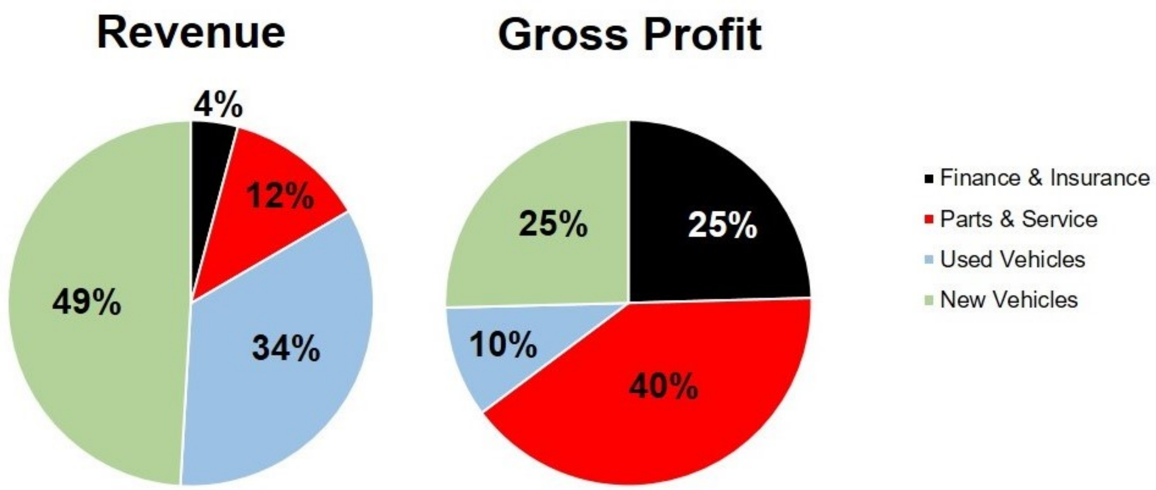
Discontinued Operations

On November 12, 2021, we entered into a Share Purchase Agreement (the "Brazil Agreement") with Original Holdings S.A. ("Buyer") to dispose of our Brazilian operations. Pursuant to the terms and conditions set forth in the Brazil Agreement, Buyer agreed to acquire 100% of the issued and outstanding equity interests of our Brazilian operations (the "Brazil Disposal Group") for approximately BRL 510 million in cash (the "Brazil Disposal"). On July 1, 2022, we completed the Brazil Disposal. The Brazil Disposal Group met the criteria to be reported as 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. Effective as of the fourth quarter of 2021, we have two reportable segments: the U.S. and the U.K. Refer to Note 20. Segment Information within our Notes to Consolidated Financial Statements within this Form 10-K, for further information on our reportable segments. Refer to Note 4. Discontinued Operations and Other Divestitures within the Notes to Consolidated Financial Statements within this Form 10-K, for additional information regarding business dispositions. Unless otherwise specified, disclosures in this Form 10-K reflect continuing operations only.

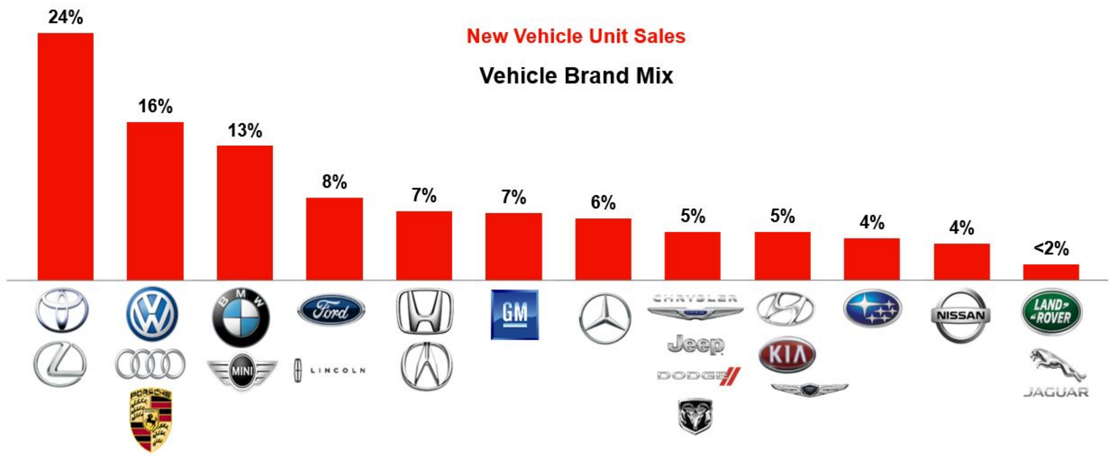
Dealership Operations

Our new vehicle revenues include new vehicle sales and lease transactions, completed at our dealerships or via our digital platform, AcceleRide®. We sell retail used vehicles directly to our customers at our dealerships and via AcceleRide® and wholesale our used vehicles at third party auctions. We sell replacement parts and provide both warranty and non-warranty maintenance and repair services at each of our franchised dealerships, as well as provide collision repair services at the 41 collision centers that we operate. We also sell parts to wholesale customers. Revenues from our F&I operations consist primarily of fees for arranging financing and selling vehicle service and insurance contracts in connection with the retail sale of a new or used vehicle. We offer a wide variety of third-party finance, vehicle service and insurance products in a convenient manner at competitive prices.

The following chart presents total revenues and gross profit contribution from our operations by new vehicles, used vehicles, parts and service and F&I for the year ended December 31, 2023 ("Current Year"):



The following chart presents our diversity of new vehicle unit sales by manufacturer for the Current Year:



The following table shows our new vehicle unit sales geographic mix for the Current Year and our franchise count as of December 31, 2023:

Region	Geographic Market	New vehicle unit sales geographic mix (%)	Franchises
U.S.	Texas	38.4 %	81
	Massachusetts	9.0 %	22
	Oklahoma	5.6 %	19
	California	5.9 %	7
	Georgia	3.6 %	9
	New Mexico	2.9 %	8
	Maine	1.8 %	6
	New Jersey	2.2 %	8
	New Hampshire	2.1 %	6
	Florida	3.0 %	5
	South Carolina	1.6 %	3
	Louisiana	1.7 %	6
	Kansas	1.2 %	3
	New York	1.0 %	2
	Alabama	0.4 %	1
	Maryland	0.5 %	2
	Mississippi	0.4 %	1
		81.3 %	189
U.K.	United Kingdom	18.7 %	78
		100.0 %	267

Business Strategy

Our business strategy is built on our commitment to maximize the return on investment for our stockholders sustainably. We intend to execute our business strategy, underpinned by the following four key components:

- Business growth through portfolio and operations optimization;
- Leading customer experience;
- Employer of choice; and
- OEM Partner of choice.

Business Growth Through Portfolio and Operations Optimization

At Group 1, growing and improving our operations is fundamental to future success, driven by the following key activities:

- Mergers and Acquisitions
- Dispositions
- Operations optimization

In 2021 to 2023, the retail automotive industry experienced multiple merger and acquisition transactions. Despite this increase in merger and acquisition activity, the industry remains fragmented to a significant degree. We believe there will continue to be opportunity for consolidation within the industry. Consistent with our acquisition activity completed in 2021, 2022 and 2023, we intend to pursue opportunities in growth-positioned or economically stable markets, or that are economically accretive to our existing markets in 2024 and beyond, specifically focusing on brands, large dealership operations and/or dealership clusters that will provide attractive returns to our portfolio. Acquisitions completed within our existing markets allow us to better capitalize on economies of scale and provide for cost saving opportunities in key expense areas such as used vehicle sourcing, advertising, purchasing, data processing and personnel utilization. In addition to cost savings opportunities, scale enables us to make the EV, facility, compliance, real estate, and technology investments necessary to thrive in today’s retail automotive industry.

In addition to expanding our portfolio through acquisitions, from time to time, we make decisions to optimize our portfolio by disposing of certain assets or operations. In some instances, we dispose of underperforming dealerships which do not meet our return objectives. We may also dispose of certain dealerships in order to complete strategic acquisition opportunities. Specifically, we may dispose of a less significant dealership to allow us to acquire a more substantial dealership within the same or another geographic area based on the ownership limitations imposed in the various franchise agreements.

Refer to Note 3. Acquisitions and Note 4. Discontinued Operations and Other Divestitures within the Notes to Consolidated Financial Statements within this Form 10-K, for additional information regarding our acquisitions and dispositions.

Operations optimization includes leveraging our dealership’s full potential and local scale advantage to improve operational efficiency. This includes focusing on operational excellence at each dealership and other facilities, including, but not limited to, standardization of key common processes and taking advantage of shareable business resources. We believe our operations optimization efforts will provide a strategic advantage by structurally lowering our operating costs.

Leading Customer Experience

Our customers drive what we do each day, and we seek to provide them with an industry-leading customer experience, both physically in our stores and digitally. With our expansive portfolio of brands and service capabilities across significant geographical areas, we believe we can service the needs of each and every member of our customers’ families. To drive the leading customer experience we endeavor to:

- Adopt new technology
- Drive process improvement
- Improve the customer aftersales journey

As new and innovative tools become available, we seek to quickly adopt those that provide a mutual benefit to our customers and Group 1. Our digital platform, AcceleRide®, allows customers to shop for and purchase and/or lease new and used vehicles, including a full selection of finance and insurance options; receive instant cash offers or trade-in of vehicles; and schedule service appointments at the customers' convenience. A customer can step in and out of the buying process using AcceleRide®, while also working with a sales agent in one of our stores. The digital and in-store experiences do not have to be mutually exclusive. We continuously evaluate our processes to identify opportunities for automation, enabling us to facilitate our customers' vehicle inventory selection on a more expedited basis, process parts inventory and F&I products transactions quicker and price cars more competitively for our customers using the latest and most accurate information available.

With a focus on the aftersales impact on the customer journey, we have and will continue to increase customer retention through more convenient service hours, training of our service advisors, selling service contracts with vehicle sales and customer relationship management software that allows us to provide targeted marketing to our customers.

Employer of Choice Within Automotive Industry

At Group 1, our employees are the cornerstone to our operations and business success. We seek to be the employer of choice within the automotive industry, by focusing on:

- Talent Management and Employee Engagement;
- Providing Training and Development;
- Promoting Employee Safety and Well-Being; and
- Market Competitive Compensation and Benefits.

To help our workforce feel heard and supported, we solicit employee feedback through multiple channels. We leverage our intracompany communication platform, the Meta-based Workplace app, to bring our teams together digitally and provide our leadership team the ability to engage in more frequent, direct communication with our employees. Our management team routinely visits our stores, meeting with and soliciting feedback from employees at all levels. The results of the annual engagement survey and employee discussions inform our overall human capital management methods and other growth strategies.

We routinely create and offer department or job-specific training and professional development opportunities to meet employees' needs. In addition to providing career growth pathways for employees, annually our Board of Directors reviews management's succession planning for key positions throughout the organization. We believe that embracing DEI ("Diversity, Equity, and Inclusion") allows us to attract and develop high-performing employees, which leads to a more engaged workforce and lower turnover.

We maintain policies and procedures to mitigate personnel health and safety risks and to help prevent accidents. Partnering with health and safety expert, KPA, we take measures to ensure our working environments are safe and all employees receive department-specific training on how to avoid injury, report potential hazards and respond to emergencies. In 2023, we hired a Health and Safety Manager for our U.S. operations, to lead our health and safety initiatives.

We recognize the importance of providing support for our employees' physical, mental and financial wellness. Our market competitive pay and benefits packages include paid family leave, flexible work schedules and a comprehensive health and wellness program. We offer medical, dental and vision insurance plans for employees and dependents, 401(k) matching and an employee stock purchase plan. In select locations, Group 1 also offers commuter benefits that save employees commuting costs through subsidized public transportation and parking fees. We continue to modify our benefits to maintain competitiveness and to better suit the needs of our diverse employees.

OEM Partner of Choice

We regard our OEMs as strategic partners and rely on them to deliver high-quality products and services for our customers. Key to the success of our business is the determination to be great partners to our OEMs. We work closely with our OEMs and regularly communicate with them regarding material sourcing, marketing, recalls, safety and other factors that influence our business relationship and the customer experience.

Competition

The automotive retail industry is highly competitive across all our service lines. Consumers have a number of choices when deciding where and how to (i) purchase and/or lease a new or used vehicle as well as select related vehicle financing and insurance products; (ii) purchase related parts and accessories; and (iii) procure vehicle maintenance and repair services. We believe the principal competitive factors in the automotive retailing industry are location, service, price, selection, online capabilities, established customer relationships, and reputation.

New Vehicles Sales

In the new vehicle market, our dealerships compete with other franchised dealerships in their market areas, as well as auto brokers, leasing companies and internet companies that provide referrals to, or broker vehicle sales with, other dealerships or customers. Our principal new vehicle dealer competitors also have franchise agreements with the various vehicle manufacturers and, as such, generally have access to new vehicles on the same terms as we do. We do not have any cost advantage in purchasing new vehicles from vehicle manufacturers, and our current franchise agreements do not grant us the exclusive right to sell a manufacturer's product within a given geographic area. Several companies are currently manufacturing EVs for sale primarily through the internet, under a direct-to-consumer model, without using the traditional dealer-network or are considering such a strategy, including some of our OEM partners. Certain of our vehicle manufacturers in the U.K. recently transitioned or have announced plans to explore an agency model for selling new vehicles. Under an agency model, our franchised dealerships receive a fee for facilitating the sale of a new vehicle to a customer but no longer record the vehicle sales price as revenue, record vehicles in inventory or incur floorplan interest expense, as has been historical practice. The agency model, if adopted by other manufacturers, would reduce revenues.

Used Vehicle Sales

In the used vehicle market, our dealerships compete both in their local market and nationally with other franchised dealers, large multi-location used vehicle retailers, local independent used vehicle dealers, automobile rental agencies and private parties for the supply and resale of used vehicles.

Parts and Service

We believe the principal competitive factors in the parts and service business are the quality of customer service, timeliness of service, the use of factory-approved replacement parts, familiarity with a manufacturer's brands and models, location, price, the availability and competence of technicians, and the availability of training programs to enhance such expertise. In the parts and service market, our dealerships compete with other franchised dealers to perform warranty maintenance and repairs, conduct manufacturer recall services and sell factory replacement parts. Our dealerships also compete with other automobile dealers, franchised and independent service center chains and independent repair shops for non-warranty repair and maintenance business. In addition, our dealerships sell replacement and aftermarket parts both locally and nationally in competition with franchised and independent retail and wholesale parts outlets. A number of regional or national chains offer selected parts and services at prices that may be lower than ours. Our collision centers compete with other large, multi-location companies, as well as local, independent, collision service operations.

F&I

We believe the principal competitive factors in the F&I business are convenience, interest rates, product availability and affordability, product knowledge, flexibility in contract length and ease of consumer understanding. We face competition in arranging financing for our customers' vehicle purchases from a broad range of unaffiliated third-party financial institutions. Many financial institutions now offer their own menu of F&I products, providing an alternative to our product offering, which may reduce our profits from the sale of these products through reduced penetration.

Manufacturers' Relationships and Agreements

Each of our U.S. dealerships operates under one or more franchise agreements with vehicle manufacturers or authorized distributors. The franchise agreements grant the franchised automobile dealership a non-exclusive right to sell the manufacturer's or distributor's brand of vehicles and offer related parts and service within a specified market area. These franchise agreements also grant franchised dealerships the right to use the manufacturer's or distributor's trademarks in connection with their operations, and impose numerous operational requirements and restrictions relating to, among other things, inventory levels, working capital levels, the sales process, sales performance requirements, customer satisfaction standards, marketing and branding, facility standards and signage, personnel, changes in management, change in control and monthly financial reporting.

Most of our dealerships' franchise agreements continue indefinitely and those with definite terms are renewed or superseded by a new agreement. Each of our franchise agreements may be terminated or not renewed by the manufacturer for a variety of reasons, including unapproved changes of ownership or management and performance deficiencies in such areas as sales volume, sales effectiveness and customer satisfaction. In most cases, manufacturers have renewed the franchises upon expiration so long as the dealership is in compliance with the terms of the agreement. We diligently work with our manufacturers to address any performance issues.

Our dealership service departments perform vehicle repairs and service for customers under manufacturer warranties. We are reimbursed for those repairs and service by the manufacturer. Some manufacturers offer rebates to new vehicle customers, which we are required, under specific program rules, to adequately document, support and collect. In addition, some manufacturers provide us with incentives to order and/or sell certain models and/or volumes of inventory over designated periods of time. Under the terms of our dealership franchise agreements, the respective manufacturers are able to perform warranty, incentive and rebate audits and charge us back for unsupported or non-qualifying warranty repairs, rebates or incentives.

In addition to the individual dealership franchise agreements discussed above, we have entered into framework agreements in the U.S. with most major vehicle manufacturers and distributors. These agreements impose a number of restrictions on our operations, including our ability to make acquisitions and obtain financing, and on our management. These agreements also contain change of control provisions related to the ownership of our common stock. For a discussion of these restrictions and the risks related to our relationships with vehicle manufacturers, please refer to Item 1A. Risk Factors.

Governmental Regulations

Automotive and Other Laws and Regulations

We operate in a highly regulated industry. A number of laws and regulations applicable to automotive companies affect our business and conduct, including, but not limited to our sales, operations, financing, insurance, advertising and employment practices. These laws and regulations include state franchise laws and regulations, consumer protection laws and other extensive laws and regulations applicable to new and used motor vehicle dealers. Additionally, in every jurisdiction in which we operate, we must obtain various permits and licenses in order to conduct our business.

In general, the U.S. jurisdictions in which we operate have automotive dealership franchise laws, which generally provide that it is unlawful for a manufacturer or distributor to terminate or not renew a franchise unless “good cause” exists. As a result, it generally is difficult, outside of bankruptcy, for a manufacturer or distributor to terminate, or not renew, a franchise under these laws, which were designed to protect dealers.

The U.K. generally does not have automotive dealership franchise laws and, as a result, our U.K. dealerships operate without these types of specific protections. However, similar protections may be available as a matter of general U.K. contractual law. In addition, our U.K. dealerships are subject to U.K. antitrust rules prohibiting certain restrictions on the sale of new vehicles and spare parts and on the provision of repairs and maintenance. For instance, authorized dealers are generally able to, subject to manufacturer facility requirements, relocate or add additional facilities, offer multiple brands in the same facility, allow the operation of service facilities independent of new car sales facilities and ease restrictions on cross supplies (including on transfers of dealerships) between existing authorized dealers within the EU. However, under the EU Motor Vehicle Block Exemption Regulation, which was retained in U.K. law following U.K.’s exit from the EU on January 31, 2020, certain restrictions on dealerships are permissible in franchise agreements provided certain conditions are met. In October 2022, the Competition and Markets Authority of the U.K. published recommendations to introduce an updated U.K. equivalent broadly similar to the EU Motor Vehicle Block Exemption Regulations. The U.K. Motor Vehicle Block Exemption Regulation is applicable until May 31, 2029.

Data Privacy

We are subject to numerous laws and regulations designed to protect the information of clients, customers, employees and other third parties that we collect and maintain. Some of the more significant regulations that we are required to comply with include the U.K.’s General Data Protection Regulation (“U.K. GDPR”) and, the California Consumer Privacy Act, as amended and enhanced effective January 1, 2023 by the California Privacy Rights Act (as so amended, the “CCPA”), and the Federal Trade Commission (“FTC”) Safeguards Rule. These regulations provide for various data protection requirements related to protection of customer’s personally identifiable information, notice requirements related to data breaches and obligations to inform a consumer, at or before collection, of the purpose and intended use of the collection, and to delete a consumer’s personal information upon request. If an organization violates the U.K. GDPR, the organization can be fined up to 4% of annual global turnover or 20 million euros, whichever is greater. The CCPA allows the California Attorney General to bring actions against non-compliant businesses with fines of $2,500 per violation or, if intentional, up to $7,500 per violation and permits a private right of action for certain violations of laws. The FTC Safeguards Rule contains procedural, technical and personnel requirements that financial institutions, including dealers, must satisfy to meet their information security obligations.

Environmental and Occupational Health and Safety Laws and Regulations

Our business activities in the U.S. and the U.K. are subject to stringent federal, regional, state and local laws, regulations and other controls governing specific health and safety criteria to address worker protection, the release of materials into the environment or otherwise relating to environmental protection. Our operations involve the use, handling and storage of materials such as motor oil and filters, transmission fluids, antifreeze, refrigerants, paints, thinners, batteries, cleaning products, lubricants, degreasing agents, tires and fuel. We contract for recycling and/or disposal of used fluids, filters and other waste materials generated by our operations.

These laws, regulations and controls may impose numerous obligations on our operations including the acquisition of permits to conduct regulated activities, the imposition of restrictions on where or how to manage or dispose of used products and wastes, the incurring of capital expenditures to limit or prevent releases of such material, and the imposition of substantial liabilities for pollution resulting from our operations or attributable to former operations. For example, in the U.S., most of our dealerships utilize storage tanks that are subject to testing, containment, upgrading and removal regulations under the federal Resource Conservation and Recovery Act, analogous state statutes and their implementing regulations. Failure to comply with these laws, regulations and permits may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory remedial and corrective action obligations or increase of capital expenditures, restrictions, delays and cancellations in permitting or in the performance or expansion of projects and the issuance of injunctions limiting or preventing some or all of our operations in affected areas. Additionally, certain environmental laws may result in imposition of joint and several strict liability, which could cause us to become liable as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. For instance, an accidental release from one of our storage tanks could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage and fines or penalties for related violations of environmental laws or regulations.

Properties that we now or have in the past owned or leased in the U.S. are subject to the federal Comprehensive Environmental Response, Compensation and Liability Act and similar state statutes. These statutes can impose strict and joint and several liability for cleanup costs on those that are considered to have contributed to the release of a hazardous substance, including for historic spills that occurred prior to our ownership of our properties even if we did not know of, or did not cause the release of such hazardous substances. We also are subject to the Clean Water Act, analogous state statutes, and their implementing regulations which, among other things, prohibit discharges of pollutants into regulated waters without permits, require containment of potential discharges of oil or hazardous substances, and require preparation of spill contingency plans. Air emissions from some of our operations, such as vehicle painting, may be subject to the federal Clean Air Act and analogous laws. Laws and regulations protecting the environment are complex and generally become more stringent over time, which may result in increased costs for future environmental compliance and remediation. Comparable laws and regulations have been enacted in the U.K. Certain health and safety standards promulgated by the Occupational Safety and Health Administration of the U.S. Department of Labor and related state agencies also apply to our operations.

The threat of climate change continues to attract considerable attention in the U.S., U.K. and elsewhere globally. As a result, numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government, in locations affecting our business, to monitor and limit existing emissions of greenhouse gas (“GHG”), as well as to restrict or eliminate such future emissions. Gas and diesel-powered automobiles are one source of GHG emissions and in the recent past, the U.S. Environmental Protection Agency (“EPA”), together with the National Highway Traffic Safety Administration (“NHTSA”), implemented GHG emissions limits on vehicles manufactured for operation in the U.S. On January 20, 2021, President Joe Biden issued an executive order recommitting the United States to participation in the Paris Agreement, which is a United Nations-sponsored, non-binding agreement for nations to limit their GHG emissions through individually determined reduction goals every five years after 2020. The U.K. is similarly committed to the Paris Agreement, and the U.K. announced that it plans to ban sales of new gasoline and diesel-powered vehicles after 2035. Similar planned bans have been announced in California, New Mexico, Massachusetts and New York. Additional regulation of GHG emissions from the vehicles could increase the cost of the vehicles sold to us. Government bans or restrictions on certain vehicle types could impact the mix of vehicles that we offer for sale. Consumer concerns regarding climate change could also alter consumer preferences and adversely affect our ability to market and sell vehicles. These developments could increase our costs of operation as well as reduce our volume of business.

Vehicle manufacturers in the U.S. are also subject to regulations by the EPA and the NHTSA that establish corporate average fuel economy ("CAFE") standards applicable to light-duty vehicles. These agencies have finalized more stringent standards for both heavy-duty and light-duty vehicles and for increased fuel economy for vehicles in upcoming model years. California and other states have indicated they would pursue more stringent CAFE and GHG standards than required by current EPA and NHTSA standards. Comparable laws and regulations have been enacted in the U.K, including updated standards for cars, vans and heavy-duty trucks for upcoming model years. Our OEMs require lead time to prepare new vehicle models and more stringent regulations could result in increased costs and time constraints or result in our OEMs deciding to increase production targets of EVs in anticipation of such regulations. These developments could also significantly increase our costs of operation as well as reduce our volume of business. For additional information, see Item 1A. Risk Factors within this Form 10-K.

The EPA proposes higher emissions standards each year and beginning with model year 2027, there is expected to be 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 during 2024.

Insurance and Bonding

Our operations expose us to the risk of various liabilities, including:

- claims by employees, customers or other third parties for personal injury or property damage;
- weather events, such as hail, flood, tornadoes and hurricanes; and
- potential fines and civil and criminal penalties resulting from alleged violations of federal and state laws, regulatory requirements and other local laws in the jurisdictions in which we operate.

The automotive retailing business is also subject to substantial risk of real and personal property loss as a result of significant concentration of real and personal property values at dealership locations. Under self-insurance programs, we retain various levels of risk associated with aggregate loss limits and per claim deductibles. In certain cases, we insure costs in excess of our retained risk under various contracts with third-party insurance carriers. Although we believe our insurance coverage is adequate, we cannot be assured that we will not be exposed to uninsured losses that could have a material adverse effect on our business, results of operations and financial condition. We are also subject to potential premium cost fluctuations and changes in loss retention limits with the annual renewal of these programs.

For further discussion, refer to Item 1A. Risk Factors, within this Form 10-K.

Human Capital

People make up the foundation of everything we do at the Company. Our core values — Integrity, Transparency, Professionalism, Teamwork and Respect — define our culture and help us attract and retain talented employees. As of December 31, 2023, we had 16,011 employees (full-time, part-time and temporary), of which 12,493 were employed in the U.S. and 3,518 in the U.K.

Employee Engagement

We engage in activities aimed at listening to our employees and addressing their concerns. In turn, our employees deliver superior service to our customers, and ultimately achieve exceptional results for our investors. We solicit employee feedback through multiple channels such as employee surveys and town halls. Our annual employee survey provides our management team with valuable insight into employees' perception of workplace culture and progress on our corporate mission. The results inform our overall human capital management methods and other growth strategies.

In 2022, we launched the Meta-based Workplace app, an all-in-one communication platform that keeps our employees across the U.S. and U.K. up to date on the latest company news and brings our teams together digitally. The platform offers our executive team the ability to engage in direct and more frequent, real-time communication with our employees. The features of the platform include targeted announcement capabilities, company documents like policies, guidelines and benefits plans, and quick access to employee and department directories. We believe that working together is critical to prepare for coming opportunities and changes affecting us internally and externally.

Training and Development

We routinely create and offer department or job-specific training and professional development opportunities to meet employees' needs. In addition to job specific courses, we also offer leadership training. Employees have opportunities for various certification levels based on training completed and tenure. We have also developed a management training program and a technician training program to attract talent to the automotive industry. In addition to providing career growth pathways for employees, annually our Board of Directors reviews management's succession planning for key positions throughout the organization.

DEI

We maintain a DEI council that is chaired by our Chief Diversity Officer. The council's mission is to foster a diverse and inclusive culture where employees of all backgrounds are respected, valued and developed. We enhance employee engagement in DEI by offering training, recruitment and career path development where a sense of belonging is apparent throughout the organization. The council has four primary areas of focus: Talent Acquisition, Talent Development, Community Building and Women in the Workplace. The council consists of a diverse group of employees, providing representation across the organization. Each area has an employee chairperson, as well as an executive sponsor. In addition, employees participate in various diversity and inclusion training programs which were specifically developed for the Company.

Environmental, Social and Governance ("ESG")

We are committed towards a more sustainable future by working to improve various aspects of our business in the ESG areas most relevant to us, our stakeholders and our industry. Beginning in 2021 we performed a thorough review of our business operations pertaining to: hiring practices, equal pay, promotional practices, health and safety, health insurance, community impact and environmental impact. Building off this analysis, we performed a second assessment in 2022. This effort included a detailed desktop study reviewing key material topics relevant to the automotive industry, an analysis of survey responses from our internal and external stakeholders, and interviews with executive leaders across our business and our Board members. With oversight from our Board of Directors, management annually reviews the Company's ESG priorities and designates resources for their management and disclosure.

Environmental

Our commitment to sustainability centers on seeking to reduce waste and our collective environmental impact. We look for opportunities to reduce our energy consumption, eliminate waste and accommodate the growing EV market and continue to invest in numerous initiatives to improve our carbon and broader environmental footprint. These opportunities include technological solutions such as: climate control thermostats and LED lighting to improve energy efficiency, solar panels to increase our use of renewable energy and updated waste management systems to improve handling of chemicals and other byproducts from our dealerships' operations. To prevent any adverse impact on the environment and to protect local water supplies, all of our U.S. service centers utilize oil water separators to properly manage wastewater. In addition, all U.S. dealerships that feature car wash services have processes in place to maximize water recycling between uses. At all U.S. and U.K. locations, we manage recycling of waste materials. We also recycle IT hardware, tires, oil, paint and damaged automotive parts.

The widespread adoption of EVs has accelerated in recent years. We are certified in EV service and repair. We have equipped our facilities with EV charging equipment, specialized lifts, EV-specific shop equipment and battery storage to sufficiently cater to the emerging EV market.

Social

We maintain a human capital strategy that supports a talented, diverse and inclusive workforce with equal opportunity. The Company offers programs for training and career advancement, strong benefits, incentives, and health, safety and wellness initiatives as described above within *Human Capital*. In addition, the Company has a history of philanthropy and volunteerism. We actively contribute to our local communities in different and meaningful ways. Our efforts include employee volunteering, donations to local causes, support to educational programs and hosting community gatherings at our dealerships. In 2023, the role of Corporate Communication and Community Engagement Manager was created to align our efforts across the Company. Our focus is centered around helping children, fostering education and addressing the needs of first responders and the homeless.

Governance

Our Board of Directors has four standing committees to assist in fulfilling its responsibilities: the Audit Committee, the Compensation and Human Resources Committee, the Governance and Corporate Responsibility Committee and the Finance/Risk Management Committee.

Our Governance & Corporate Responsibility Committee advises the Board on appropriate corporate governance guidelines and has direct oversight of our ESG policies and practices. Other Board committees also play a role in ESG: our Finance/Risk Management Committee oversees our Enterprise Risk Management processes and cybersecurity matters, our Compensation & Human Resources Committee oversees human capital management and health and safety matters and our Audit Committee oversees financial reporting, legal and regulatory compliance risks. Additionally, our management team and cross-functional subject matter experts are responsible for the implementation of our ESG strategy, initiatives and communications.

To improve business performance, better serve our customers and communities and enhance our competitive advantage, Group 1 is focused on hiring and developing a talented, diverse workforce. This starts with our Board. As Group 1 continues to evolve, so do the perspectives, skills and experiences the Board seeks in its director nominees. We believe the composition of our Board is critical to our success. As such, one-third of our directors are women, all of whom serve as committee chairs.

Much of our Board of Directors' oversight work is delegated to various committees, which meet regularly and report back to the full Board. All committees have significant roles in carrying out the risk oversight function. Each committee is comprised entirely of independent directors (except the Finance/Risk Management Committee) and oversees risks associated with its respective area of responsibility.

At the corporate level, we established a Safety and Risk Steering Committee, which reviews the effectiveness of the Company's risk management system, including a review of policies and profiles of financial and non-financial risks.

We track and identify new and emerging risks, and to the extent they affect or could potentially affect our business, we develop action plans with assigned sponsors to address and mitigate that risk. We use an internal process to help identify if we have enough controls in place to properly manage each risk.

Seasonality

Our operating results are generally subject to seasonal variations, as well as changes in the economic environment. In the U.S., we generally experience higher volumes of vehicle sales and service in the second and third calendar quarters of each year. In addition, in some regions of the U.S., vehicle purchases decline during the winter months due to inclement weather. In the U.K., the first and third quarters tend to be stronger, driven by the vehicle license plate change months of March and September. Other factors unrelated to seasonality, such as changes in economic conditions, manufacturer incentive programs, supply issues, seasonal weather events and/or changes in foreign currency exchange rates may exaggerate seasonal or cause counter-seasonal fluctuations in our revenues and operating income.

A shortage of new vehicle supply in 2022 and much of 2023, led by a global semiconductor and other parts shortage, as well as high inflation and high interest rates led to a deviation from historical seasonal variations. As a result, historical seasonal variation patterns may not be an appropriate indicator of current and future trends in seasonal variations.

Internet Website and Availability of Public Filings

Our internet address is www.group1auto.com. We make the following information available free of charge on our website:

- Annual Report on Form 10-K;
- Quarterly Reports on Form 10-Q;
- Current Reports on Form 8-K;
- Amendments to the reports filed or furnished electronically with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act;
- Our Corporate Governance Guidelines;
- The charters for our Audit, Compensation & Human Resources, Finance/Risk Management and Governance & Corporate Responsibility Committees;
- Our Code of Conduct for Directors, Officers and Employees ("Code of Conduct");
- Our Code of Ethics for our Chief Executive Officer, Chief Financial Officer and Controller ("Code of Ethics"); and
- Our Sustainability Report.

Within the time period required by the SEC and the NYSE, as applicable, we will post on our website any modifications to the Code of Conduct and Code of Ethics and any waivers applicable to senior officers as defined in the Code of Conduct or Code of Ethics, as applicable, as required by the Sarbanes-Oxley Act of 2002. We make our filings with the SEC available on our website as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC. The SEC also maintains a website at http://sec.gov that contains reports, proxy and information statements, and other information regarding our company that we file and furnish electronically with the SEC.

References to the Company's website in this Form 10-K are provided as a convenience and do not constitute, and should not be deemed, an incorporation by reference of the information contained on, or available through, the website, and such information should not be considered part of this Form 10-K.

Item 1A. Risk Factors

The following risks have had or in the future could have a material adverse effect on our business and results of operations.

Market and Industry Risks

Availability and demand for and pricing of our products and services may be adversely impacted by economic conditions, financial developments including rising inflation, high energy prices, increasing interest rates, a potential recessionary environment, and other factors.

The automotive retail industry, and especially new vehicle unit sales, is influenced by general economic conditions, particularly consumer confidence, the level of personal discretionary spending, interest rates, exchange rates, fuel prices, technology and business model changes, supply conditions, consumer transportation preferences, unemployment rates and credit availability. Consumer spending can be materially and adversely impacted by periods of economic uncertainty or by consumer concern about manufacturer viability.

During the Current Year, the global economy experienced elevated inflation and increased volatility in gasoline and energy prices. In response to inflationary pressures and macroeconomic conditions, the U.S. Federal Reserve, along with other central banks, including in the U.K., maintained interest rates at heightened levels throughout 2023, which could lower demand for new and used vehicles in future periods. In Europe, rising energy costs as a result of supply disruptions and increased winter demand for heating could place additional strain on our suppliers' ability to maintain current production levels of vehicles and vehicle parts. Across the EU, these energy constraints could result in nations or regions enacting emergency energy related policies, limiting energy availability for manufacturers. Any such production constraints could further exacerbate an already ailing supply chain. The impact of these macroeconomic developments on our operations cannot be predicted with certainty.

Sustained inflation, increased energy costs and a prolonged recession could adversely impact our operations, the operations of our suppliers and customer demand for our vehicles and services. Continued interest rate increases or the maintenance of interest rates at current levels could have a material adverse impact on our interest expense and ability to obtain financing through the debt markets, as well as consumers' ability to obtain financing for the purchase of new and used vehicles. Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk for additional analysis regarding our interest rate sensitivity.

Increased demand for personal electronics, coupled with the impact of the COVID-19 pandemic on manufacturers, created a shortfall of semiconductor chips. This adversely impacted production of new vehicles, parts and other supplies in 2022 and much of 2023, thereby reducing new vehicle inventories, increasing new vehicle prices and limiting the availability of replacement parts. Under these conditions, automotive dealer profits have increased sharply as new vehicle prices and margins have more than offset the effects of lower new vehicle volume. While semi-conductor chip and other parts shortages were substantially resolved by the end of 2023 and vehicle production has increased, inventory levels remain below pre-COVID-19 pandemic levels for certain OEMs. If vehicle inventory is restored to pre-COVID-19 pandemic levels, new vehicle prices could decrease thereby resulting in reduced profitability at our dealerships.

A significant portion of our vehicles purchased by customers are financed. Tightening of the credit markets, increases in interest rates and credit conditions have and may continue to decrease the availability or increase the costs of automotive loans and leases and adversely impact our new and used vehicle sales and margins. In particular, if sub-prime finance companies apply further higher credit standards or if there is a further decline in the overall availability of credit in the sub-prime lending market, the ability of selected consumers to purchase vehicles could be even more limited, which could have a material adverse effect on our business and results of operations.

In addition, local economic, competitive and other conditions affect the performance of our dealerships. Our results of operations depend substantially on general economic conditions and spending habits in those regions of the U.S. and U.K. where we maintain our operations.

EV inventory has been building in 2023 for certain brands, outpacing the buildup of non-EV inventory, as EV sales volume has lagged OEM deliveries in recent quarters. While EV sales continued to increase in 2023, the growth trend has not continued at the pace experienced in the two years prior. Challenges with EV technologies continue to make headlines within the U.S. media market, raising concerns around consumer demand and interest in the products. Should EV demand decline at the same time as more OEMs transition to EV models, this could have a material adverse effect on our business and results of operations.

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. 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.

Deterioration in market conditions or changes in our credit profile could adversely affect our operations and financial condition.

We rely on the positive cash flow we generate from our operations and our access to the credit and capital markets to fund our operations, growth strategy, and return of cash to our shareholders through share repurchases and dividends. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to these potential sources of future liquidity. Our continued access to liquidity sources on favorable terms depends on multiple factors, including our operating performance and credit ratings. Our debt securities currently are rated just below investment-grade and a downgrade of this rating likely would negatively impact our access to the debt markets and increase our cost of borrowing. Disruptions in the debt markets or any downgrade of our credit ratings could adversely affect our operations and financial condition and our ability to finance acquisitions or return cash to our shareholders. We can make no assurances that our ability to obtain additional financing through the debt markets will not be adversely affected by economic conditions or that we will be able to maintain or improve our current credit ratings.

Our floorplan notes payable, mortgages and other debt are benchmarked to SOFR, which can be highly volatile as a result of changing economic conditions. Although we utilize derivative instruments to partially mitigate our exposure to interest rate fluctuations, significant increases in SOFR or other variable interest rates could have a material adverse impact on our interest expense due to the significance of our debt and floorplan balances. Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk for additional analysis regarding our interest rate sensitivity.

We may fail to meet analyst and investor expectations, which could cause the price of our stock to decline.

Our common stock is traded publicly, and various securities analysts follow our financial results and frequently issue reports on the Company which include information about our historical financial results as well as their estimates of our future performance. These estimates are based on their own opinions and are often different from management's estimates or expectations of our business. If our operating results are below the estimates or expectations of public market analysts and the expectations of our investors, our stock price could decline, adversely affecting, among other things, our access to capital and investor confidence in management and those charged with governance.

We are subject to risks associated with our dependence on manufacturer business relationships and agreements.

The success of our dealerships is dependent on vehicle manufacturers whom we rely exclusively on for our new vehicle inventory. Our ability to sell new vehicles is dependent on a vehicle manufacturer's ability to produce and allocate to our dealerships an attractive, high quality and desirable product mix at the right time in order to satisfy customer demand.

Manufacturers generally support their franchisees by providing direct financial assistance in various areas, including, among others, incentives, floorplan assistance and advertising assistance. A discontinuation or change in our manufacturers' warranty and incentive programs could adversely affect our business. Manufacturers also provide product warranties and, in some cases, service contracts to customers. Our dealerships perform warranty and service contract work for vehicles under manufacturer product warranties and service contracts and we bill the manufacturer directly as opposed to invoicing the customer. In addition, we rely on manufacturers for various financing programs, OEM replacement parts, training, up-to-date product design, development of advertising materials and programs and other items necessary for the success of our dealerships.

Vehicle manufacturers may be adversely impacted by economic downturns or recessions, significant declines in the sales of their new vehicles, increases in interest rates, adverse fluctuations in currency exchange rates, declines in their credit ratings, reductions in access to capital or credit, labor strikes or similar disruptions (including within their major suppliers), supply shortages, rising raw material costs, rising employee benefit costs, adverse publicity that may reduce consumer demand for their products, including due to bankruptcy, product defects, litigation, ability to keep up with technology and business model changes, poor product mix or unappealing vehicle design, governmental laws and regulations, natural disasters or other adverse events. In particular, all of our OEMs are investing material amounts to develop electric and autonomous vehicles. These investments could cause financial strain on our OEMs or fail to deliver attractive vehicles for customers which could lead to adverse impacts on our business. The OEMs have been and could continue to be impacted by disruptions to the economy, lower than anticipated EV adoption, delays in increasing factory production, labor negotiations, parts shortages, including semiconductor chips, and other disruptions. These and other risks could materially adversely affect the financial condition of any manufacturer and impact its ability to profitably design, market, produce or distribute new vehicles, which in turn could have a material adverse effect on our business, results of operations and financial condition.

During the Current Year, the majority of our manufacturers' production continued at reduced levels as a result of global semiconductor and other parts shortages. Despite recent improvements in production by certain manufacturers driving an improvement in vehicles days' supply, our new vehicle inventory continues to be impacted compared to historical levels. Our new vehicle days' supply of inventory was approximately 37 days as of December 31, 2023, as compared to 24 days and 12 days for the years ended December 31, 2022 and 2021, respectively. It is impossible to predict with certainty the duration of the production issues or when normalized production will resume at these manufacturers. If our manufacturers' production remains at current reduced levels or in some cases continues to decline, diminishing our ability to meet the immediate needs of our customers, the production shortage could have a material adverse impact on our financial and operating results.

Additionally, many U.S. manufacturers of vehicles, parts and supplies are dependent on imported products and raw materials in their production. Any significant increase in existing tariffs on such goods and raw materials, or implementation of new tariffs, could adversely affect our profits on the vehicles we sell.

If we are unable to enter into new franchise agreements with manufacturers in connection with dealership acquisitions or maintain or renew our existing franchise agreements on favorable terms, our operations may be significantly impaired.

We are dependent on our relationships with manufacturers, which exercise a great degree of influence over our operations through the franchise agreements. Our franchise agreements may be terminated or not renewed by the manufacturer for a variety of reasons, including any unapproved changes of ownership or management, sales and customer satisfaction performance deficiencies and other material breaches of the franchise agreements. Manufacturers may also have a right of first refusal if we seek to sell dealerships. Additionally, we cannot guarantee that the terms of any renewals will be as favorable to us as our current agreements. Although we are generally protected by automotive dealership franchise laws requiring "good cause" be shown for such termination, if such an instance occurs, we cannot guarantee that the termination of the franchise will not be successful.

A manufacturer may also limit the number of its dealerships that we may own overall or in a particular geographic area. From time to time, we have not met all of the manufacturers' requirements to make acquisitions and have received requests from manufacturers to dispose of certain of our dealerships. In the event one or more of our manufacturers sought to prohibit future acquisitions or imposed requirements to dispose of one or more of our dealerships, our acquisition and growth strategy could be adversely affected. Furthermore, if current manufacturers or future manufacturers are not required to conduct their business in accordance with state franchise laws and thereby circumvent the current dealer-network to sell directly to the customer, our results of operations may be materially and adversely affected.

Substantial competition in automotive sales, F&I and services could adversely impact our sales and our margins.

The automotive retail industry is highly competitive. Within our markets we are subject to competition from franchised automotive dealerships and other businesses as it relates to new and used vehicles, F&I, and parts and service. The internet has become a significant part of the advertising and sales process in our industry. Customers are using the internet to compare prices for new and used vehicles, automotive repair and maintenance services, finance and insurance products and other automotive products. If we are unable to effectively use the internet to attract customers to our own online channels, such as our AcceleRide® platform, and mobile applications, and, in turn, to our stores, our business, financial condition, results of operations and cash flows could be materially adversely affected. The use of social media by consumers increases the speed and extent that information and opinions can be shared, and negative posts or comments on social media about the Company or any of our dealerships could damage our reputation and brand names, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We also face competition in arranging financing for our customers' vehicle purchases from a broad range of financial institutions. Additionally, we do not have any cost advantage in purchasing new vehicles from vehicle manufacturers, and our franchise agreements do not grant us the exclusive right to sell a manufacturer's product within a given geographic area. Subject to state laws in the U.S. that are generally designed to protect dealers, a manufacturer may grant another dealer a franchise to start a new dealership near one of our locations, or an existing dealership may move its dealership to a location that would more directly compete against us. The location of new dealerships near our existing dealerships could have a material and adverse effect on our operations and reduce the profitability of our existing dealerships. Increased competition can adversely impact our sales volumes and margins as well as our ability to acquire dealerships.

Please see Item 1. Business — Competition for further discussion of competition in our industry.

Regulatory requirements to reduce emissions in response to climate change, as well as changes in consumer demand towards fuel-efficient vehicles, and shifts in product offerings by manufacturers to meet such demand, could adversely affect our new and used vehicle sales volumes, parts and service revenues and our results of operations.

Volatile fuel prices have affected and may continue to affect consumer preferences in connection with the purchase of our vehicles. Rising fuel prices result in consumers being less likely to purchase larger, more expensive vehicles, such as sports utility vehicles or luxury automobiles, and more likely to purchase smaller, less expensive and more fuel-efficient vehicles. Conversely, lower fuel prices could have the opposite effect. Sudden changes in customer preferences make maintenance of an optimal mix of large and small vehicle inventory a challenge. Further increases or sharp declines in fuel prices could have a material adverse effect on our business and results of operations.

Changes in fuel prices, changes in customer preferences, government support, improvements in EVs and more EV options have increased the customer demand for more fuel-efficient vehicles and EVs. Significant increases in fuel economy requirements, new federal or state restrictions on emissions of carbon dioxide or new federal or state incentive programs that have or may be imposed on vehicles and automobile fuels could adversely affect demand for certain vehicles, annual miles driven or the products we sell. For example, on April 12, 2023, the 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. Representatives of the U.K. government have proposed a ban on the sale of gasoline engines in new cars and new vans that would take effect as early as 2035. These and similar proposals 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.

With a potential increase in demand by consumers for EVs, and government support for such actions, certain manufacturers have also announced plans to increase production of fuel-efficient vehicles and EVs. As more EVs potentially enter the market, and internal combustion or diesel engine vehicle production is reduced, it will be necessary to adapt to such changes by selling and servicing these units effectively in order to meet consumer demands and support the profitability of our dealerships. We may not be able to accurately predict, prepare for and respond to new kinds of technological innovations with respect to EV and other technologies that minimize emissions. If maintenance costs of EVs were to substantially decrease, this could have a material adverse effect on our parts and service revenues. If consumer demand increases for fuel efficient vehicles or EVs and our manufacturers are not able to adapt and produce vehicles that meet the customer demands or we are unable to align with the manufacturers of these vehicles, such events could adversely affect our new and used vehicle sales volumes, parts and service revenues and our results of operations.

Additionally, in October 2023, the Governor of California signed the Climate Corporate Data Accountability Act (“CCDAA”) and Climate-Related Financial Risk Act (“CRFRA”) into law. The CCDAA requires both public and private U.S. companies that are “doing business in California” and that have a total annual revenue of $1 billion to publicly disclose and verify, on an annual basis, Scope 1, 2 and 3 GHG emissions. The CRFRA requires the disclosure of a climate-related financial risk report (in line with the Task Force on the Climate-related Financial Disclosures (“TCFD”) recommendations or equivalent disclosure requirements under the International Sustainability Standards Board’s (“ISSB”) climate-relate disclosure standards) every other year for public and private companies that are “doing business in California” and have total annual revenue of $500 million. Reporting under both laws would begin in 2026. Currently, the ultimate impact of these laws on our business is uncertain—the Governor of California has directed further consideration of the implementation deadlines for each of the laws, and there is potential for legal challenges to be filed with respect to the scope of the law—but, absent clarification or revisions to the law, alongside the SEC proposed rule, finalization and implementation may result in additional costs to comply with these disclosure requirements as well as increased costs of and restrictions on access to capital for us or our customers. Separately, these and other enhanced climate related disclosure requirements could lead to reputational or other harm with customers, regulators, investors or other stakeholders and could also increase our litigation risks relating to alleged climate-related damages resulting from our operations, statements alleged to have been made by us or others in our industry regarding climate change risks, or in connection with any future disclosures we may make regarding reported emissions.

If we are unable to acquire and successfully integrate new dealerships into our business, the growth of our revenues and earnings could be adversely affected.

Growth in our revenues and earnings partially depends on our ability to acquire new dealerships and successfully integrate those dealerships into our existing operations. We cannot guarantee that we will be able to identify and acquire dealerships in the future. In addition, we cannot guarantee that any acquisitions will be successful or on terms and conditions consistent with past acquisitions. Restrictions imposed by our manufacturers, as well as covenants contained in our debt instruments, may directly or indirectly limit our ability to acquire additional dealerships. As competition for acquisitions increases that may result in fewer acquisition opportunities available to us and/or higher acquisition prices, and some of our competitors may have greater financial resources than us.

In addition, acquisitions involve a number of special risks, including, among other things:

- incurring significantly higher capital expenditures and operating expenses;
- failing to integrate the operations and personnel of the acquired dealerships;
- entering new markets with which we are not familiar;
- incurring undiscovered liabilities at acquired dealerships, generally, in the case of stock acquisitions;
- disrupting our ongoing business;
- failing to retain key personnel of the acquired dealerships;
- impairing relationships with employees, manufacturers and customers; and
- incorrectly valuing acquired entities.

The integration process for acquisitions requires us to expand the scope of our operations and financial and other systems. Our management devotes a substantial amount of time and attention to the process of integrating the operations of acquired dealerships into our business.

If any of these factors limits our ability to integrate acquired dealerships into our operations successfully or on a timely basis, our expectations regarding future results of operations, including certain run-rate revenue and expense synergies expected to result from acquisitions, might not be met. As a result, we may not be able to realize the expected benefits that we seek to achieve from the acquisitions. In addition, we may be required to spend additional time or money on integration that otherwise would be spent on the development and expansion of our business, including efforts to further expand our product portfolio.

Vehicle manufacturers may alter their distribution models.

On January 1, 2023, Mercedes Benz transitioned to an agency model for distribution of vehicles in the U.K. after collaborating with various automotive retailers and conducting pilot programs. In addition to the transition by Mercedes Benz in the U.K., certain of our other vehicle manufacturers serving the U.K. and U.S. markets recently announced plans to explore an agency model for selling new vehicles. These announcements include, among others, a transition to agency model in the U.K. for Mini and Jaguar Land Rover in 2025 and BMW in 2026. Under an agency model, our franchised dealerships receive a fee for facilitating the sale of a new vehicle to a customer but no longer record the vehicle sales price as revenue, record vehicles in inventory or incur floorplan interest expense, as has been historical practice. The agency model, as adopted by Mercedes Benz, resulted in reduced revenues, as we act as an agent of Mercedes Benz, receiving a commission for each sale and other expense fee support. We did not experience a material negative or positive impact to the U.K. region gross margin and consolidated results of operations as a result of the change to the Mercedes Benz agency model. Notwithstanding this fact, we cannot predict the actions of other manufacturers and whether the agency models proposed by them will have the same terms and conditions as those contracted by Mercedes Benz. The agency model, if adopted by other manufacturers, would reduce revenues. The other impacts to our U.K. and the U.S. regions and consolidated results of operations remain uncertain until such time as the other vehicle manufacturers provide additional details regarding their specific agency model plans. We are uncertain if agency models will be widely adopted in the U.K. or U.S.

Vehicle technology advancements and changes in consumer vehicle ownership preferences could adversely affect our new and used vehicle sales volumes, parts and service revenues and results of operations.

Vehicle technology advancements are occurring at an accelerating pace. These include driver assist functionality, autonomous vehicle development and rideshare and vehicle co-ownership business models. Many in the automotive industry believe that in the near future vehicles will be available to the automotive consumer at low usage costs, which may entice many vehicle owners, particularly in larger, highly populated areas, to abandon individual car ownership in favor of multiple co-ownership ride-sharing opportunities. Increased popularity in the ride-sharing subscription business model could adversely affect our new and used vehicle sales volumes, parts and service revenues and results of operations.

Operational Risks

A cybersecurity breach, including loss of confidential information or a breach of personally identifiable information ("PII") about our customers or employees, could negatively affect operations and result in high costs.

In the ordinary course of business, we receive significant PII about our customers and our employees. A security incident to obtain such information could be caused by malicious insiders and third parties using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery, or other forms of deception. Although many companies across many industries are affected by malicious efforts to obtain access to PII, the automotive dealership industry has been a particular target of identity thieves. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. We have implemented security measures that are designed to detect and protect against cyberattacks.

Despite these measures and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third-party service providers, have been and are vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, ransomware, burglary, human errors, acts of vandalism, misdirected wire transfers or other events. If an unauthorized party is successful in obtaining trade secrets, PII, confidential, or otherwise protected information of our dealerships or our customers or in disrupting our operations through a cyberattack, the attack could result in loss of revenue, increase costs of doing business, negatively affect customer satisfaction and loyalty, and expose us to negative publicity. In addition, security breaches and other security incidents could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, penalties for violation of applicable laws or regulations, costs related to remediation or the payment of ransom, and litigation including individual claims or consumer class actions, administrative, and civil or criminal investigations or actions, any of which could have a material adverse effect on our business, results of operations or financial condition.

Further, advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security or other developments may result in a compromise or breach of the technology we use to safeguard confidential, personal, or otherwise protected information. As the breadth and complexity of the technologies we use continue to grow, including as a result of the use of mobile devices, cloud services, open-source software, social media and the increased reliance on devices connected to the internet, the potential risk of security breaches and cybersecurity attacks also increases. Despite ongoing efforts to improve our ability to protect data from compromise, we may not be able to protect all of our data across our diverse systems and third-party vendors. Our efforts to improve security and protect data result in increased capital and operating costs.

In addition, we are subject to numerous laws and regulations designed to protect the information of clients, customers, employees and other third parties that we collect and maintain. See Item 1. Business — Governmental Regulations for information on our risks related to compliance with such laws and regulations.

Our insurance does not fully cover all of our operational risks, and changes in the cost of insurance or the availability of insurance could materially increase our insurance costs or result in a decrease in our insurance coverage.

The operation of automobile dealerships is subject to a broad variety of risks. While we have insurance on our real property, comprehensive coverage for our vehicle inventory, general liability insurance, workers' compensation insurance, employee dishonesty coverage, cybersecurity breach insurance, employment practices liability insurance, pollution coverage and errors and omissions insurance in connection with vehicle sales and financing activities, we are self-insured for a portion of our potential liabilities. We purchase insurance policies for worker's compensation, liability, auto physical damage, property, pollution, employee medical benefits and other risks consisting of large deductibles and/or self-insured retentions.

In certain instances, our insurance may not fully cover an insured loss depending on the magnitude and nature of the claim. Additionally, changes in the cost of insurance or the availability of insurance in the future could substantially increase our costs to maintain our current level of coverage or could cause us to reduce our insurance coverage and increase the portion of our risks that we self-insure.

The insurance companies that underwrite our insurance require that we secure certain of our obligations for self-insured exposures with collateral. Our collateral requirements are set by the insurance companies and, to date, have been satisfied by posting surety bonds, letters of credit and/or cash deposits. Our collateral requirements may change from time to time based on, among other things, our total insured exposure and the related self-insured retention assumed under the policies. We are subject to potential premium cost fluctuations with the annual renewal of these programs.

Natural disasters and adverse weather events can disrupt our business and may adversely impact our results of operations, financial condition and cash flows.

Some of our dealerships are concentrated in states and regions in the U.S. and U.K., in which actual or threatened natural disasters and severe weather events (such as hurricanes, earthquakes, snowstorms, flooding, tornados, and hailstorms) have in the past, and may in the future, disrupt our dealership operations. A disruption in our operations can adversely impact our business, results of operations, financial condition and cash flows. In addition to business interruption, the automotive retailing business is subject to substantial risk of property loss due to the significant concentration of property value at dealership locations. Natural disasters and severe weather events have in the past, and may in the future, impair the value of our dealership property and other assets. Although we have, subject to certain limitations and exclusions, substantial insurance, including business interruption insurance, we may be exposed to uninsured losses that could have a material adverse effect on our business, results of operations and financial condition. Additionally, should we suffer significant losses in a short period of time, we run the risk that our premiums and/or deductibles could increase, which could adversely affect our business.

Risks associated with our international operations could have a material adverse effect on our business, results of operations and financial condition.

We have operations in the U.K. and as a result, we face political and economic risks and uncertainties with respect to our international operations. These risks may include, but are not limited to:

- legal uncertainties, timing delays and expenses associated with tariffs, labor matters, import or export licenses and other trade barriers;
- transparency issues in general and, more specifically, the U.S. Foreign Corrupt Practices Act of 1974, as amended, the U.K. Bribery Act and other anti-corruption compliance laws and issues;
- inability to obtain or preserve franchise rights in the foreign countries in which we operate; and
- fluctuations in foreign currency translations within our financial statements driven by exchange rate volatility.

Legal, Regulatory and Compliance Risks

Changes to laws and regulations could adversely impact our operations and financial condition.

New laws and regulations at the state and federal level may be enacted which could materially adversely impact our business. For example, in December 2023, the FTC adopted new regulations for automotive dealers that would prohibit a wide range of current industry-accepted sales practices with regard to sales and advertising of our vehicles and products, require an extensive series of both oral and written disclosures to be made at the initial contact in regard to the sale price of vehicles, financial terms and voluntary protection products, mandate the posting of certain pricing and other information on dealer websites, and impose burdensome recordkeeping requirements (the "CARS Rule"). While litigation has stayed the implementation of the CARS Rule, if implemented our failure to adhere to these new policies could subject the Company to significant monetary and other penalties or require us to make adjustments to our products and services, any or all of which could result in lost revenues, increased expenses and substantial adverse publicity. These changes, if adopted as proposed, may lead to additional transaction times for the sale of vehicles, complicate the transaction process, decrease customer satisfaction, and impose recordkeeping burdens on our employees, among other effects. If these regulations were to be enacted, it could have an adverse effect on our business and profitability. Future legislation and regulations and changes in existing legislation and regulations, or interpretations thereof, could cause additional expenditures, tax liabilities, restrictions and delays in connection with our current business as well as future projects, the extent of which cannot be predicted.

We are subject to automotive and other laws and regulations, which, if we are found to have violated, may adversely affect our business and results of operations.

A number of laws and regulations applicable to automotive companies affect our business and conduct, including, but not limited to, our sales, operations, financing, insurance, advertising and employment practices. Other rules such as franchise laws and regulations, consumer protection laws and other extensive laws and regulations apply to new and used motor vehicle dealers. Additionally, in every jurisdiction in which we operate, we must obtain various permits and licenses in order to conduct our business. From time to time, various regulatory agencies conduct reviews of business practices that impact our industry, like the Financial Conduct Authority's ongoing industry investigation into customer complaints related to financing transactions, which was extended on January 11, 2024. Any failure to comply with these laws and regulations may result in the assessment of administrative, civil or criminal penalties, the imposition of investigatory remedial obligations or the issuance of injunctions limiting or prohibiting our operations.

Refer to Item 1. Business — Governmental Regulations for further discussion of automotive and other laws and regulations impacting our business.

Operational risks associated with environmental laws and regulations may expose us to significant costs and liabilities.

Our business activities in the U.S. and U.K. are subject to stringent federal, regional, state and local laws, regulations and other controls governing specific health and safety criteria to address worker protection, the release of materials into the environment or otherwise relating to environmental protection. These laws, regulations and controls may impose numerous obligations upon our operations including the acquisition of permits to conduct regulated activities, the imposition of restrictions on where or how to manage or dispose of used products and wastes, the occurrence of capital expenditures to limit or prevent releases of such material and the imposition of substantial liabilities for pollution resulting from our operations or attributable to former operations. Our compliance with these regulations may expose us to significant costs and liabilities.

With a potential increase in demand by consumers for EVs, and government support for such actions, we will incur costs and liabilities to sell and service EVs, including, but not limited to, personal protective equipment for employees, capital expenditures for specialized tools and equipment, service shop space and battery storage costs.

Additionally, vehicle manufacturers in the U.S. and U.K. are subject to varying guidelines, laws and regulations adopted by their applicable governmental and administrative agencies, which include GHG emissions and CAFE standards in the U.S. Such standards may affect our manufacturers' ability to produce cost effective vehicles, which may have a material adverse effect on our sales.

Refer to Item 1. Business — Governmental Regulations for further discussion of environmental and regulations impacting our business.

Risks Related to Accounting Matters

The impairment of our goodwill and/or indefinite-lived intangibles could have a material adverse effect on our results of operations.

We assess goodwill and other indefinite-lived intangibles for impairment on an annual basis, or more frequently when events or circumstances indicate that an impairment may have occurred. Performance issues at individual dealerships, as well as adverse retail automotive industry and economic trends, increase the risk of an impairment charge, which could have a material adverse impact on our results of operations. No goodwill impairments were recorded during the years ended December 31, 2023, 2022 and 2021. During the years ended December 31, 2023 and 2022, we recognized $25.1 million and $1.3 million, respectively, of intangible franchise rights impairment. We did not recognize any intangible franchise rights impairment during the year ended December 31, 2021. We may be required to record impairment charges if market and industry conditions deteriorate to such a level whereby the fair value of our reporting units, individually, is less than the carrying value of the corresponding reporting unit. We are subject to several market and industry risks as outlined elsewhere herein this Item 1A. Risk Factors, which could have a material adverse impact on our cash flows. We cannot accurately predict the amount and timing of any additional impairment charge at this time; however, any such impairment charge could have an adverse effect on our results of operations. Refer to Note 12. Intangible Franchise Rights and Goodwill within our Notes to Consolidated Financial Statements for further discussion of impairment.

New accounting guidance or changes in the interpretation or application of existing accounting guidance could adversely affect our financial performance.

The implementation of new SEC rules and regulations and accounting standards could require certain systems, internal processes and controls and other changes that could increase our operating costs, and result in changes to our financial statements.

U.S. GAAP and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or in underlying management assumptions, estimates or judgments could significantly change our reported or expected financial performance. The outcome of such changes could include litigation or regulatory actions which could adversely affect our financial condition and results of operations.

Our internal controls and procedures may fail or be circumvented.

Management has designed and implemented, and periodically reviews and updates, our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. While we have not experienced a material failure of our internal controls, any system of controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Any failure or circumvention of our controls and procedures, or failure to comply with regulations related to controls and procedures, could have a material adverse effect on our business, results of operations and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Description of Processes for Assessing, Identifying, and Managing Cybersecurity Risks

In the ordinary course of business, our information systems on which we run our business operations and store confidential or proprietary data, such as PII about our customers and our employees, are subject to potential cyber-attack. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. See “Risk Factors” for additional information about the risks to our business associated with a breach or compromise to our information technology (“IT”) systems. We have implemented security measures that are designed to detect and protect against cyberattacks. In particular, we seek to assess, identify and manage cybersecurity risks through the processes described below:

- ***Risk Assessment:***

A multi-layered system designed to protect and monitor data and cybersecurity risk has been implemented. Regular assessments and testing of our cybersecurity safeguards are conducted by independent third-party cybersecurity experts. Our internal audit department additionally conducts regular audits to assess management’s processes and controls employed to identify and manage material cybersecurity risks. We use a variety of layered applications to alert us to suspicious activity.

- ***Incident Identification and Response:***

A security information and event management process (“SIEM”) has been implemented to help promptly identify cybersecurity incidents. In the event of any breach or cybersecurity incident, we have an incident response plan within our SIEM that is designed to provide for action to contain the incident, mitigate the impact, and restore normal operations efficiently. We conduct annual reviews of our cyber incident response plan.

- ***Cybersecurity Training and Awareness:***

Cybersecurity awareness among our employees is promoted with regular training and awareness programs. Employees who access our systems are required to undergo annual cybersecurity training and, each year, employees are required to test their understanding of our cybersecurity policies. Further, our employees that handle personally identifiable information are required to undergo training, including phishing exercises and awareness programs on the appropriate management, use and protection of that information.

- ***Access Controls:***

We have endeavored to implement physical access controls to prevent access to endpoints that may leave Company data vulnerable to attack. We have also sought to implement systems to prevent encrypted information from bypassing certain Company-defined information control mechanisms and have also sought to purge or wipe information from certain Company-defined endpoints after consecutive, unsuccessful logon attempts or other indicators of unauthorized access.

Finally, we have implemented encrypted virtual private networks in an effort to enhance the integrity of remote connections and have endeavored to protect wireless access points to our systems using authentication of users and/or devices. Segmented networks and user access controls are used to limit unauthorized access to sensitive information and systems. Employees are required to use multi factor authentication and regularly update their passwords.

- ***Encryption and Data Protection:***

Encryption methods are used to protect sensitive data in transit and at rest. This includes the encryption of customer data, financial information, and other confidential data. We also have a program in place to monitor our retained data by identifying PII and ensuring it is not stored outside of approved locations and systems. We have endeavored to use strong, up-to-date encryption algorithms and to regularly update and patch systems in an effort to guard against vulnerabilities. Similarly, we have sought to manage encryption keys with use of a secure key management system and rotation of keys after use. We have implemented secure protocols, including, e.g., HTTPS for web traffic and SFTP for file transfers.

Processes designed to monitor for cybersecurity incidents are also intended to protect our data. Our cybersecurity safeguards, including those provided by third parties, are designed to monitor for unauthorized access. These services are designed to monitor for both internal and external threats.

Finally, we have implemented encrypted virtual private networks for remote connections. The above cybersecurity risk management processes are integrated into the Company’s overall enterprise risk management program. Cybersecurity risks are understood to be significant business risks, and as such, are considered as an important component of our enterprise-wide risk management approach.

Impact of Risks from Cybersecurity Threats

As of the date of this Report, we are not aware of any cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company. However, we acknowledge that cybersecurity threats are continually evolving, and the possibility of future cybersecurity incidents remains. Processes designed to monitor for cybersecurity incidents are also intended to protect our data. Our cybersecurity safeguards, including those provided by third parties, are designed to monitor for unauthorized access, extraction, and deletion of certain sensitive data, large quantities of data, and other anomalous network traffic. These services are designed to monitor for both internal and external threats. Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that a significant cyberattack will not occur. A successful attack on our IT systems could have significant consequences to our business. While we devote resources to our security measures to protect our systems and information, these measures cannot provide absolute security. See “Risk Factors” for additional information about the risks to our business associated with a breach or compromise to our IT systems.

Board of Directors’ Oversight of Risks from Cybersecurity Threats

The Board of Directors oversees risks from cybersecurity threats. The Board of Directors delegates oversight of our operations risk, including quarterly reviews of cybersecurity and data protection, to the Finance/Risk Management Committee, and delegates compliance with cybersecurity policies to the Audit Committee. Both the Finance/Risk Management Committee and the Audit Committee report to the full Board of Directors on cybersecurity matters. Additionally, on an annual basis, management reviews results from tests of key cybersecurity systems with the full Board of Directors and the steps taken to mitigate new cybersecurity risks which have been identified.

The Finance/Risk Management Committee oversees the formal process to identify risks company-wide, allocate them to the appropriate committee of the Board of Directors, and ensure that risk mitigation activities are being followed. At each of its meetings, the Finance/Risk Management Committee receives presentations from our Chief Information Officer (the “CIO”) on cybersecurity and information security risk, as well as our cybersecurity initiatives.

The Audit Committee oversees compliance with cybersecurity policies with guidance from members of management, including the Vice President of Internal Audit, who informs the Audit Committee on the audit results of cybersecurity controls.

Management’s Role in Assessing and Managing Cybersecurity Threats

Our IT and Security team, which is headed by our CIO, is responsible for our efforts to comply with cybersecurity standards, establish industry-recognized protocols and protect the integrity, confidentiality and availability of our IT infrastructure. Our CIO and various members of the IT and Security team, meet regularly with members of management to address key security and privacy issues. Our CIO has more than 24 years of infrastructure and cybersecurity experience and holds various relevant certifications. We also have formed a cyber event incident team, composed of our CIO, Chief Financial Officer, Corporate Controller, Chief Legal Officer and vice president of Internal Audit, who upon the occurrence of a cybersecurity incident, would convene to assess the materiality of the event as well as the appropriate remediation and escalation procedures, including escalation to our Chief Executive Officer and the Board of Directors. Our internal audit department additionally conducts regular audits to assess management’s processes and controls employed to identify and manage material cybersecurity risks.

Item 2. Properties

We lease our corporate headquarters, located at 800 Gessner, Suite 500, Houston, Texas. We own our regional headquarters in the U.K. As of December 31, 2023, we had 199 dealerships as shown below by region and by whether the associated real estate is leased or owned:

	Dealerships	
Region	**Owned**	**Leased**
United States	108	36
United Kingdom	26	29
Total	134	65

Item 3. Legal Proceedings

For discussion of our legal proceedings, refer to Note 17. Commitments and Contingencies within our Notes to Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NYSE under the symbol "GPI." There were 34 holders of record of our common stock as of February 5, 2024. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares are held of record by banks, brokers and other financial institutions.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to shares of common stock repurchased by us during the three months ended December 31, 2023:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(1)]		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [(1)] (in millions)
October 1, 2023 — October 31, 2023	87,043	$	249.12	87,043	$	163.9
November 1, 2023 — November 30, 2023	57,262	$	276.35	57,262	$	148.0
December 1, 2023 — December 31, 2023	16,663	$	282.42	16,663	$	143.3
Total	160,968			160,968		

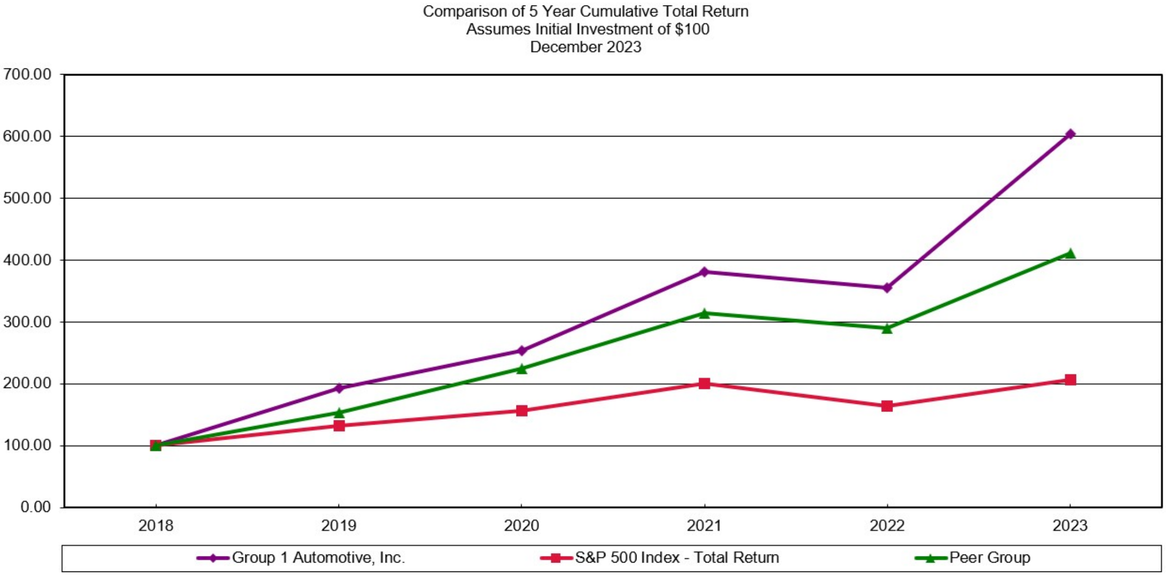
[(1)] Our Board of Directors from time to time authorizes the repurchase of shares of our common stock up to a certain monetary limit. On August 2, 2023, our Board of Directors increased the Company's share repurchase authorization to $250.0 million. Our share repurchase authorization does not have an expiration date.

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 December 31, 2023, we had $143.3 million available under our current stock repurchase authorization. Refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations within this Form 10-K for additional information on share repurchases and authorization.

Performance Graph

The following graph and table compares the performance of our common stock to the S&P 500 Index and to an industry peer group for our last five fiscal years. The members of the peer group are Asbury Automotive Group, Inc., AutoNation, Inc., Lithia Motors, Inc., Penske Automotive Group, Inc. and Sonic Automotive, Inc. The information contained in the table below was provided by Zack's Investment Research, Inc.

The returns of each member of the peer group are weighted according to each member's stock market capitalization. The graph assumes that the value of the investment in our common stock, the S&P 500 Index and the peer group was $100 on the last trading day of December 2018, and that all dividends were reinvested.



Company /Index	Base Period 12/31/2018	Indexed Returns for the Years Ended 12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Group 1 Automotive, Inc.	$ 100.00	$ 192.39	$ 253.80	$ 380.78	$ 354.66	$ 603.54
S&P 500 Index — Total Return	$ 100.00	$ 131.49	$ 155.68	$ 200.37	$ 164.08	$ 207.21
Peer Group	$ 100.00	$ 153.07	$ 224.48	$ 314.05	$ 290.01	$ 411.17

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Part I, including the matters set forth in Item 1A. Risk Factors, and our Consolidated Financial Statements and notes thereto included elsewhere in this Form 10-K. Refer to Item 1. Business — General for an overview of our operations. Additionally, refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2022 Annual Report on Form 10-K for management's discussion and analysis of financial condition and results of operations for the fiscal year 2022 compared to fiscal year 2021.

Overview

Our operating results reflect the combined performance of each of our interrelated business activities. Historically, various facets of our business have been directly or indirectly impacted by a variety of supply/demand factors, including vehicle inventories, consumer confidence, consumer transportation preferences, discretionary spending levels, availability and affordability of consumer credit, new vehicle introductions and innovations, manufacturer incentives, the COVID-19 pandemic, weather patterns, fuel prices, inflation and interest rates. For example, during periods of sustained economic downturn or significant supply/demand imbalances, new vehicle sales may be negatively impacted as consumers tend to shift their purchases to used vehicles. Some consumers may delay their purchasing decisions altogether, electing instead to continue to maintain and repair their existing vehicles. In such cases, however, we believe the new vehicle sales impact on our overall business is mitigated by our ability to offer other products and services, such as used vehicles and parts, as well as maintenance, repair and collision services. In addition, our ability to expediently adjust our cost structure in response to changes in new vehicle sales volumes also tempers any negative impact of such sales volume changes.

Recent Events

On October 7, 2023, Hamas, an internationally 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. In tandem with such conflict, the Houthi movement, which controls parts of Yemen, has targeted and launched numerous attacks on Israeli, American and international commercial marine vessels in the Red Sea as the ships approach the Suez Canal, resulting in many shipping companies re-routing to avoid the region altogether and worsening existing supply chain issues, including delays in supplier deliveries, extended lead times and increased cost of freight and materials, including certain parts required for EU vehicle production. It is not known at this time what impact, if any, this war and regional instability 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 ended at different dates for each of the Big 3 however all ended prior to December 31, 2023. The strike was limited in its scope and we did not experience a significant impact on our domestic vehicle and parts inventory.

Our manufacturers' production continued at historically reduced levels in the Current Year, despite recent production improvements over that same period 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 all manufacturers in the Current Year drove a higher volume of new units sold and lack of new vehicle availability in prior years also helped maintain elevated new vehicle retail sales prices and margins relative to pre-COVID-19 pandemic levels. EV inventory has been building over the Current Year for certain brands, outpacing the buildup of non-EV inventory, as EV sales volume has lagged OEM deliveries in recent quarters. While EV sales continued to increase in 2023, the growth trend has not continued at the pace experienced in the two years prior. Challenges with EV technologies continue to make headlines within the U.S. media market, raising concerns around consumer demand and interest in the products. Our new vehicle days' supply of inventory was approximately 37 days at December 31, 2023, as compared to 24 and 12, at December 31, 2022 and 2021, respectively. In the Current Year, we noted increases of new vehicle days' supply of inventory for most manufacturers. As new vehicle days' supply of inventory normalizes, we expect further pressure on sales prices and margins.

On April 12, 2023, the 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. These proposed standards include 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-EVs. 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 in 2024. The regulations, as proposed in their current form, may have a significant impact on the future mix of vehicles provided by our manufacturers. Although the future impact of these regulations on our operations cannot be predicted with certainty, we will continue to monitor and evaluate any proposed or issued regulations.

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 maintained rates at elevated levels throughout 2023. As a consequence, the cost of financing vehicles for our consumers has increased and created affordability challenges in addition to higher vehicle prices over the past three years. 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 Current Year.

Recent Accounting Pronouncements

Refer to Note 1. Basis of Presentation, Consolidation and Summary of Accounting Policies within our Notes to Consolidated Financial Statements.

Critical Accounting Policies and Accounting Estimates

The preparation of our 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. Below are the accounting policies and estimates that have been determined to be critical to our business operations and the understanding of our results of operations.

Goodwill and Intangible Franchise Rights

We are organized into two geographic regions, the U.S. region and the U.K. region; each region represents a reporting unit for the purpose of assessing goodwill for impairment. In addition to goodwill, we have identifiable intangibles in the form of rights under our franchise agreements with manufacturers, which are recorded at an individual dealership level.

We evaluate goodwill and intangible franchise rights for impairment annually as of October 31, or more frequently if events or circumstances indicate possible impairment has occurred. We have the option of performing a qualitative assessment of impairment to determine whether any further quantitative assessment for impairment is necessary. The option of whether or not to perform a qualitative assessment is made annually and may vary by reporting unit. If we elect to bypass the qualitative assessment or if we determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, a quantitative test would be required.

In 2023, we elected to perform a quantitative test. Based on the quantitative goodwill test performed for the U.S. and U.K. reporting units in the fourth quarter of 2023, no impairments of goodwill were recorded during the Current Year. No goodwill impairments were recorded on any reporting units during the year ended December 31, 2022 (the “Prior Year”). The quantitative goodwill impairment test is dependent on management estimates and assumptions used to determine the fair value of our reporting units. Refer to Note 12. Intangible Franchise Rights and Goodwill within our Notes to Consolidated Financial Statements for further discussion of goodwill, including management’s use of estimates and assumptions.

During the Current Year, $25.1 million of impairment was recorded for intangible franchise rights. In the Prior Year, impairment charges of $1.3 million were recorded for intangible franchise rights. As our intangible franchise rights are tested for impairment at the dealership level, any impairments are specific to the performance and outlook of the respective dealership.

Refer to Note 12. Intangible Franchise Rights and Goodwill within our Notes to Consolidated Financial Statements for further discussion of our intangibles, including fair value assumptions.

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 for the Current Year, as compared to the Prior Year.

Reported Operating Data — Consolidated

(In millions, except unit data)

	For the Years Ended December 31,					
	2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 8,774.6	$ 7,452.5	$ 1,322.0	17.7 %	$ 13.9	17.6 %
Used vehicle retail sales	5,693.5	5,673.3	20.2	0.4 %	3.7	0.3 %
Used vehicle wholesale sales	441.4	364.6	76.9	21.1 %	0.1	21.1 %
Total used	6,135.0	6,037.9	97.1	1.6 %	3.8	1.5 %
Parts and service sales	2,222.3	2,009.5	212.7	10.6 %	2.5	10.5 %
F&I, net	741.9	722.2	19.7	2.7 %	0.4	2.7 %
Total revenues	$ 17,873.7	$ 16,222.1	$ 1,651.6	10.2 %	$ 20.4	10.1 %
Gross profit:						
New vehicle retail sales	$ 767.0	$ 825.6	$ (58.6)	(7.1)%	$ 1.5	(7.3)%
Used vehicle retail sales	300.9	313.8	(12.8)	(4.1)%	0.1	(4.1)%
Used vehicle wholesale sales	(3.8)	—	(3.8)	NM	—	NM
Total used	297.2	313.8	(16.6)	(5.3)%	—	(5.3)%
Parts and service sales	1,214.2	1,103.7	110.5	10.0 %	1.3	9.9 %
F&I, net	741.9	722.2	19.7	2.7 %	0.4	2.7 %
Total gross profit	$ 3,020.3	$ 2,965.2	$ 55.1	1.9 %	$ 3.1	1.8 %
Gross margin:						
New vehicle retail sales	8.7 %	11.1 %	(2.3)%			
Used vehicle retail sales	5.3 %	5.5 %	(0.2)%			
Used vehicle wholesale sales	(0.9)%	— %	(0.9)%			
Total used	4.8 %	5.2 %	(0.4)%			
Parts and service sales	54.6 %	54.9 %	(0.3)%			
Total gross margin	16.9 %	18.3 %	(1.4)%			
Units sold:						
Retail new vehicles sold	175,566	154,714	20,852	13.5 %		
Retail used vehicles sold	187,656	184,700	2,956	1.6 %		
Wholesale used vehicles sold	43,763	37,072	6,691	18.0 %		
Total used	231,419	221,772	9,647	4.3 %		
Average sales price per unit sold:						
New vehicle retail	$ 50,325	$ 48,170	$ 2,156	4.5 %	$ 426	3.6 %
Used vehicle retail	$ 30,340	$ 30,716	$ (376)	(1.2)%	$ 20	(1.3)%
Gross profit per unit sold:						
New vehicle retail sales	$ 4,369	$ 5,336	$ (967)	(18.1)%	$ 9	(18.3)%
Used vehicle retail sales	$ 1,604	$ 1,699	$ (95)	(5.6)%	$ —	(5.6)%
Used vehicle wholesale sales	$ (86)	$ —	$ (86)	NM	$ (1)	NM
Total used	$ 1,284	$ 1,415	$ (131)	(9.2)%	$ —	(9.2)%
F&I PRU	$ 2,043	$ 2,128	$ (85)	(4.0)%	$ 1	(4.1)%
Other:						
SG&A expenses	$ 1,926.8	$ 1,783.3	$ 143.4	8.0 %	$ 2.7	7.9 %
SG&A as % gross profit	63.8 %	60.1 %	3.7 %			
Floorplan expense:						
Floorplan interest expense	$ 64.1	$ 27.3	$ 36.8	134.9 %	$ 0.1	134.5 %
Less: floorplan assistance [1]	71.2	56.0	15.2	27.2 %	—	27.2 %
Net floorplan expense	$ (7.1)	$ (28.7)	$ 21.6		$ 0.1	

[1] Floorplan assistance is included within Gross profit — New vehicle retail sales above and Cost of sales — New vehicle retail sales in our Consolidated Statements of Operations.
NM - not meaningful

Same Store Operating Data — Consolidated

(In millions, except unit data)

	For the Years Ended December 31, 2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 8,191.2	$ 7,277.5	$ 913.7	12.6 %	$ 13.7	12.4 %
Used vehicle retail sales	5,378.4	5,553.7	(175.3)	(3.2)%	3.7	(3.2)%
Used vehicle wholesale sales	411.9	355.5	56.5	15.9 %	0.1	15.9 %
Total used	5,790.3	5,909.1	(118.8)	(2.0)%	3.8	(2.1)%
Parts and service sales	2,128.9	1,952.6	176.3	9.0 %	2.4	8.9 %
F&I, net	700.4	705.4	(5.1)	(0.7)%	0.4	(0.8)%
Total revenues	$ 16,810.8	$ 15,844.6	$ 966.2	6.1 %	$ 20.1	6.0 %
Gross profit:						
New vehicle retail sales	$ 714.3	$ 806.1	$ (91.7)	(11.4)%	$ 1.5	(11.6)%
Used vehicle retail sales	285.4	307.6	(22.2)	(7.2)%	0.1	(7.2)%
Used vehicle wholesale sales	(3.7)	0.2	(4.0)	NM	—	NM
Total used	281.7	307.8	(26.2)	(8.5)%	—	(8.5)%
Parts and service sales	1,159.8	1,072.4	87.4	8.1 %	1.2	8.0 %
F&I, net	700.4	705.4	(5.1)	(0.7)%	0.4	(0.8)%
Total gross profit	$ 2,856.2	$ 2,891.7	$ (35.5)	(1.2)%	$ 3.0	(1.3)%
Gross margin:						
New vehicle retail sales	8.7 %	11.1 %	(2.4)%			
Used vehicle retail sales	5.3 %	5.5 %	(0.2)%			
Used vehicle wholesale sales	(0.9)%	0.1 %	(1.0)%			
Total used	4.9 %	5.2 %	(0.3)%			
Parts and service sales	54.5 %	54.9 %	(0.4)%			
Total gross margin	17.0 %	18.3 %	(1.3)%			
Units sold:						
Retail new vehicles sold	165,659	150,652	15,007	10.0 %		
Retail used vehicles sold	178,782	180,164	(1,382)	(0.8)%		
Wholesale used vehicles sold	41,458	35,934	5,524	15.4 %		
Total used	220,240	216,098	4,142	1.9 %		
Average sales price per unit sold:						
New vehicle retail	$ 49,810	$ 48,307	$ 1,503	3.1 %	$ 446	2.2 %
Used vehicle retail	$ 30,083	$ 30,826	$ (742)	(2.4)%	$ 21	(2.5)%
Gross profit per unit sold:						
New vehicle retail sales	$ 4,312	$ 5,350	$ (1,038)	(19.4)%	$ 9	(19.6)%
Used vehicle retail sales	$ 1,596	$ 1,707	$ (111)	(6.5)%	$ —	(6.5)%
Used vehicle wholesale sales	$ (89)	$ 7	$ (96)	NM	$ (1)	NM
Total used	$ 1,279	$ 1,424	$ (146)	(10.2)%	$ —	(10.2)%
F&I PRU	$ 2,033	$ 2,132	$ (99)	(4.6)%	$ 1	(4.7)%
Other:						
SG&A expenses	$ 1,845.4	$ 1,771.1	$ 74.3	4.2 %	$ 2.5	4.1 %
SG&A as % gross profit	64.6 %	61.2 %	3.4 %			

NM - not meaningful

Reported Operating Data — U.S.

(In millions, except unit data)

	For the Years Ended December 31,			
	2023	2022	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 7,433.6	$ 6,238.5	$ 1,195.0	19.2 %
Used vehicle retail sales	4,458.7	4,531.5	(72.8)	(1.6)%
Used vehicle wholesale sales	314.4	238.8	75.6	31.7 %
Total used	4,773.1	4,770.2	2.8	0.1 %
Parts and service sales	1,933.3	1,761.4	171.9	9.8 %
F&I, net	674.3	656.9	17.3	2.6 %
Total revenues	$ 14,814.2	$ 13,427.1	$ 1,387.1	10.3 %
Gross profit:				
New vehicle retail sales	$ 646.1	$ 713.5	$ (67.4)	(9.4)%
Used vehicle retail sales	240.8	250.3	(9.5)	(3.8)%
Used vehicle wholesale sales	2.6	2.6	—	(1.9)%
Total used	243.3	252.9	(9.6)	(3.8)%
Parts and service sales	1,046.4	959.0	87.5	9.1 %
F&I, net	674.3	656.9	17.3	2.6 %
Total gross profit	$ 2,610.1	$ 2,582.3	$ 27.8	1.1 %
Gross margin:				
New vehicle retail sales	8.7 %	11.4 %	(2.7)%	
Used vehicle retail sales	5.4 %	5.5 %	(0.1)%	
Used vehicle wholesale sales	0.8 %	1.1 %	(0.3)%	
Total used	5.1 %	5.3 %	(0.2)%	
Parts and service sales	54.1 %	54.4 %	(0.3)%	
Total gross margin	17.6 %	19.2 %	(1.6)%	
Units sold:				
Retail new vehicles sold	142,809	124,934	17,875	14.3 %
Retail used vehicles sold	145,617	145,632	(15)	— %
Wholesale used vehicles sold	31,456	25,076	6,380	25.4 %
Total used	177,073	170,708	6,365	3.7 %
Average sales price per unit sold:				
New vehicle retail	$ 52,052	$ 49,934	$ 2,118	4.2 %
Used vehicle retail	$ 30,619	$ 31,116	$ (497)	(1.6)%
Gross profit per unit sold:				
New vehicle retail sales	$ 4,524	$ 5,711	$ (1,187)	(20.8)%
Used vehicle retail sales	$ 1,653	$ 1,719	$ (65)	(3.8)%
Used vehicle wholesale sales	$ 81	$ 104	$ (23)	(21.8)%
Total used	$ 1,374	$ 1,481	$ (107)	(7.3)%
F&I PRU	$ 2,338	$ 2,428	$ (90)	(3.7)%
Other:				
SG&A expenses	$ 1,622.9	$ 1,516.9	$ 106.0	7.0 %
SG&A as % gross profit	62.2 %	58.7 %	3.4 %	

Same Store Operating Data — U.S.

(In millions, except unit data)

	For the Years Ended December 31,			
	2023	2022	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 6,869.4	$ 6,065.6	$ 803.8	13.3 %
Used vehicle retail sales	4,167.2	4,416.8	(249.5)	(5.6)%
Used vehicle wholesale sales	287.0	230.1	56.8	24.7 %
Total used	4,454.2	4,646.9	(192.7)	(4.1)%
Parts and service sales	1,858.5	1,715.4	143.1	8.3 %
F&I, net	633.8	640.5	(6.7)	(1.0)%
Total revenues	$ 13,815.9	$ 13,068.4	$ 747.5	5.7 %
Gross profit:				
New vehicle retail sales	$ 595.5	$ 694.2	$ (98.7)	(14.2)%
Used vehicle retail sales	227.0	244.5	(17.5)	(7.1)%
Used vehicle wholesale sales	2.7	2.8	(0.2)	(5.6)%
Total used	229.7	247.3	(17.6)	(7.1)%
Parts and service sales	1,000.4	932.9	67.5	7.2 %
F&I, net	633.8	640.5	(6.7)	(1.0)%
Total gross profit	$ 2,459.4	$ 2,514.9	$ (55.5)	(2.2)%
Gross margin:				
New vehicle retail sales	8.7 %	11.4 %	(2.8)%	
Used vehicle retail sales	5.4 %	5.5 %	(0.1)%	
Used vehicle wholesale sales	0.9 %	1.2 %	(0.3)%	
Total used	5.2 %	5.3 %	(0.2)%	
Parts and service sales	53.8 %	54.4 %	(0.6)%	
Total gross margin	17.8 %	19.2 %	(1.4)%	
Units sold:				
Retail new vehicles sold	133,330	120,958	12,372	10.2 %
Retail used vehicles sold	137,605	141,355	(3,750)	(2.7)%
Wholesale used vehicles sold	29,312	24,023	5,289	22.0 %
Total used	166,917	165,378	1,539	0.9 %
Average sales price per unit sold:				
New vehicle retail	$ 51,522	$ 50,146	$ 1,375	2.7 %
Used vehicle retail	$ 30,284	$ 31,246	$ (962)	(3.1)%
Gross profit per unit sold:				
New vehicle retail sales	$ 4,466	$ 5,739	$ (1,273)	(22.2)%
Used vehicle retail sales	$ 1,650	$ 1,729	$ (80)	(4.6)%
Used vehicle wholesale sales	$ 91	$ 118	$ (27)	(22.6)%
Total used	$ 1,376	$ 1,495	$ (119)	(8.0)%
F&I PRU	$ 2,339	$ 2,442	$ (102)	(4.2)%
Other:				
SG&A expenses	$ 1,548.8	$ 1,507.6	$ 41.2	2.7 %
SG&A as % gross profit	63.0 %	59.9 %	3.0 %	

U.S. Region — Year Ended December 31, 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 $1,387.1 million, or 10.3%, as compared to the 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 $747.5 million, or 5.7%, as compared to the Prior Year. This increase was driven by higher revenues from new vehicle retail, parts and service and used vehicle wholesale, partially offset by lower used vehicle retail and F&I, net.

New and used vehicle retail revenues benefited from the sale of approximately 45,000 units from our online digital platform, AcceleRide®, during the Current Year, a 47.7% 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-19 pandemic levels, despite recent manufacturers' production improvements, drove strong pricing. While new vehicle inventory levels remain depressed compared to pre-COVID-19 pandemic levels, 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. We ended the Current Year with a U.S. new vehicle inventory supply of 36 days, 15 days higher than the Prior Year, but below pre-COVID-19 pandemic levels.

Used vehicle retail same store revenues underperformed the Prior Year, driven by lower pricing, coupled with fewer units sold, 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 higher 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 pricing.

Parts and service same store revenues outperformed the Prior Year, driven by increases across all parts and service 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. Customer pay saw the largest increase of the parts and service business lines.

F&I, net same store revenues underperformed the Prior Year, primarily driven by lower used vehicle finance penetration 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, used VSC penetration has also declined as a result of vehicle affordability challenges for consumers with higher interest rates. New vehicle finance and VSC penetration increased in the Current Year, partially offsetting the used vehicle impact.

Gross Profit

Total gross profit in the U.S. during the Current Year increased $27.8 million, or 1.1%, as compared to the Prior Year, driven by the acquisition of stores.

Total same store gross profit in the U.S. during the Current Year decreased $55.5 million, or 2.2%, as compared to the Prior Year, primarily driven by downward pressures on new vehicle margins and lower F&I PRU.

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 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 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 144 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 344 basis points and 303 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 $106.0 million, or 7.0%, 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 $41.2 million or 2.7% as compared to the Prior Year, primarily driven by increased activity related to outside services and professional fees, loaner car and related expenses, insurance and taxes, advertising expenses, and rent and facilities expenses, including related taxes, insurance and utilities. 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)

	For the Years Ended December 31,					
	2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 1,341.0	$ 1,214.0	$ 127.0	10.5 %	$ 13.9	9.3 %
Used vehicle retail sales	1,234.8	1,141.8	93.0	8.1 %	3.7	7.8 %
Used vehicle wholesale sales	127.1	125.8	1.3	1.0 %	0.1	0.9 %
Total used	1,361.9	1,267.6	94.3	7.4 %	3.8	7.1 %
Parts and service sales	289.0	248.2	40.8	16.4 %	2.5	15.4 %
F&I, net	67.6	65.2	2.4	3.7 %	0.4	3.1 %
Total revenues	$ 3,059.5	$ 2,795.1	$ 264.4	9.5 %	$ 20.4	8.7 %
Gross profit:						
New vehicle retail sales	$ 120.8	$ 112.0	$ 8.8	7.9 %	$ 1.5	6.5 %
Used vehicle retail sales	60.2	63.5	(3.3)	(5.1)%	0.1	(5.2)%
Used vehicle wholesale sales	(6.3)	(2.6)	(3.7)	(142.5)%	—	(141.2)%
Total used	53.9	60.9	(7.0)	(11.5)%	—	(11.5)%
Parts and service sales	167.8	144.7	23.1	15.9 %	1.3	15.1 %
F&I, net	67.6	65.2	2.4	3.7 %	0.4	3.1 %
Total gross profit	$ 410.1	$ 382.9	$ 27.3	7.1 %	$ 3.1	6.3 %
Gross margin:						
New vehicle retail sales	9.0 %	9.2 %	(0.2)%			
Used vehicle retail sales	4.9 %	5.6 %	(0.7)%			
Used vehicle wholesale sales	(5.0)%	(2.1)%	(2.9)%			
Total used	4.0 %	4.8 %	(0.8)%			
Parts and service sales	58.1 %	58.3 %	(0.2)%			
Total gross margin	13.4 %	13.7 %	(0.3)%			
Units sold:						
Retail new vehicles sold	32,757	29,780	2,977	10.0 %		
Retail used vehicles sold	42,039	39,068	2,971	7.6 %		
Wholesale used vehicles sold	12,307	11,996	311	2.6 %		
Total used	54,346	51,064	3,282	6.4 %		
Average sales price per unit sold:						
New vehicle retail	$ 42,488	$ 40,766	$ 1,722	4.2 %	$ 439	3.1 %
Used vehicle retail	$ 29,373	$ 29,227	$ 147	0.5 %	$ 88	0.2 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,689	$ 3,762	$ (73)	(1.9)%	$ 47	(3.2)%
Used vehicle retail sales	$ 1,432	$ 1,624	$ (193)	(11.9)%	$ 1	(11.9)%
Used vehicle wholesale sales	$ (514)	$ (217)	$ (297)	(136.4)%	$ (3)	(135.1)%
Total used	$ 991	$ 1,192	$ (201)	(16.8)%	$ —	(16.9)%
F&I PRU	$ 904	$ 948	$ (44)	(4.6)%	$ 5	(5.1)%
Other:						
SG&A expenses	$ 303.9	$ 266.5	$ 37.4	14.0 %	$ 2.7	13.0 %
SG&A as % gross profit	74.1 %	69.6 %	4.5 %			

Same Store Operating Data — U.K.

(In millions, except unit data)

	For the Years Ended December 31,					
	2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 1,321.9	$ 1,211.9	$ 109.9	9.1 %	$ 13.7	7.9 %
Used vehicle retail sales	1,211.2	1,136.9	74.3	6.5 %	3.7	6.2 %
Used vehicle wholesale sales	125.0	125.3	(0.4)	(0.3)%	0.1	(0.3)%
Total used	1,336.1	1,262.2	73.9	5.9 %	3.8	5.6 %
Parts and service sales	270.4	237.2	33.2	14.0 %	2.4	13.0 %
F&I, net	66.5	64.9	1.6	2.5 %	0.4	1.9 %
Total revenues	$ 2,995.0	$ 2,776.3	$ 218.7	7.9 %	$ 20.1	7.2 %
Gross profit:						
New vehicle retail sales	$ 118.9	$ 111.9	$ 7.0	6.2 %	$ 1.5	4.9 %
Used vehicle retail sales	58.4	63.1	(4.7)	(7.5)%	0.1	(7.6)%
Used vehicle wholesale sales	(6.4)	(2.6)	(3.8)	(147.2)%	—	(145.7)%
Total used	52.0	60.5	(8.5)	(14.1)%	—	(14.1)%
Parts and service sales	159.4	139.5	19.9	14.3 %	1.2	13.4 %
F&I, net	66.5	64.9	1.6	2.5 %	0.4	1.9 %
Total gross profit	$ 396.8	$ 376.8	$ 20.0	5.3 %	$ 3.0	4.5 %
Gross margin:						
New vehicle retail sales	9.0 %	9.2 %	(0.2)%			
Used vehicle retail sales	4.8 %	5.6 %	(0.7)%			
Used vehicle wholesale sales	(5.1)%	(2.1)%	(3.0)%			
Total used	3.9 %	4.8 %	(0.9)%			
Parts and service sales	59.0 %	58.8 %	0.1 %			
Total gross margin	13.2 %	13.6 %	(0.3)%			
Units sold:						
Retail new vehicles sold	32,329	29,694	2,635	8.9 %		
Retail used vehicles sold	41,177	38,809	2,368	6.1 %		
Wholesale used vehicles sold	12,146	11,911	235	2.0 %		
Total used	53,323	50,720	2,603	5.1 %		
Average sales price per unit sold:						
New vehicle retail	$ 42,458	$ 40,814	$ 1,644	4.0 %	$ 440	3.0 %
Used vehicle retail	$ 29,413	$ 29,294	$ 119	0.4 %	$ 90	0.1 %
Gross profit per unit sold:						
New vehicle retail sales	$ 3,676	$ 3,767	$ (91)	(2.4)%	$ 47	(3.6)%
Used vehicle retail sales	$ 1,418	$ 1,626	$ (209)	(12.8)%	$ 1	(12.9)%
Used vehicle wholesale sales	$ (525)	$ (216)	$ (308)	(142.4)%	$ (3)	(140.9)%
Total used	$ 975	$ 1,194	$ (218)	(18.3)%	$ —	(18.3)%
F&I PRU	$ 905	$ 948	$ (42)	(4.5)%	$ 5	(5.0)%
Other:						
SG&A expenses	$ 296.6	$ 263.6	$ 33.0	12.5 %	$ 2.5	11.6 %
SG&A as % gross profit	74.7 %	69.9 %	4.8 %			

U.K. Region — Year Ended December 31, 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 the as reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. Retail new vehicle units sold for 2023 include new vehicle agency units. 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. The agency units and related net revenues are included in the calculation of gross profit per unit sold. The GBP to USD foreign currency exchange rate has fluctuated from £1 to $1.21 at December 31, 2022, to £1 to $1.27 at December 31, 2023, or an increase in the value of the GBP of 5.2%.

Revenues

Total revenues in the U.K. during the Current Year increased $264.4 million, or 9.5%, as compared to the Prior Year, driven by higher same store results and the acquisition of stores.

Total same store revenues in the U.K. during the Current Year increased $218.7 million, or 7.9%, as compared to the Prior Year. On a constant currency basis, total same store revenues increased 7.2%, driven by outperformances across all of our business lines except used vehicle wholesale sales.

New vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year, driven by more units sold, coupled with higher new vehicle retail pricing. The shortage of new vehicle inventory, compared to pre-COVID-19 pandemic levels, despite recent manufacturers' production improvements, drove strong pricing. Vehicle demand was and continues to be pent-up from past years due to the withdrawal of the U.K. from the EU ("Brexit") and the COVID-19 pandemic. In addition, despite the increase in same store new vehicle units sold, we experienced vehicle delivery shortages at various times throughout the Current Year from certain OEMs, limiting our revenue potential. We ended the Current Year with a U.K. new vehicle inventory supply of 48 days, twelve days higher than the Prior Year, but below pre-COVID-19 pandemic levels.

Used vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year, primarily 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, driven by increases in all business lines, reflecting increased business activity. 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 decreases in income per contract for retail finance fees and service contracts.

Gross Profit

Total gross profit in the U.K. during the Current Year increased $27.3 million, or 7.1%, as compared to the Prior Year, driven by higher same store results and the acquisition of stores.

Total same store gross profit in the U.K. during the Current Year increased $20.0 million, or 5.3%, as compared to the Prior Year. On a constant currency basis, total same store gross profit increased 4.5% driven by improvements in new vehicle retail, parts and service and F&I, net gross profit, partially offset by a decline in total used vehicle gross profit.

New vehicle retail same store gross profit, on a constant currency basis, outperformed the Prior Year, due to an increase in new vehicle retail units sold, partially offset by a decrease in new vehicle retail gross profit per unit sold as a result of the increase in vehicle inventory supply as described above generating downward pressure on new vehicle margins.

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 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, driven by increases in parts and service same store revenues, as discussed above, while maintaining gross margin relatively flat compared to the prior year.

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

Total same store gross margin in the U.K. decreased 32 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 450 and 480 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 $37.4 million, or 14.0%, as compared to the Prior Year, primarily driven by increases in same store SG&A and the full year impact of prior period acquisitions. Total same store SG&A expenses in the U.K. during the Current Year increased $33.0 million, or 12.5%, as compared to the Prior Year. 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, coupled with increased demonstration and loaner car expenses compared to the Prior Year. The vehicle delivery shortages 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 delivery and sale of these vehicles in the Current Year.

Consolidated Selected Comparisons — Year Ended December 31, 2023 compared to 2022

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

	For the Years Ended December 31,			
	2023	**2022**	**Increase/ (Decrease)**	**% Change**
Depreciation and amortization expense	$ 92.0	$ 88.4	$ 3.7	4.1 %
Asset impairments	$ 32.9	$ 2.1	$ 30.7	NM
Floorplan interest expense	$ 64.1	$ 27.3	$ 36.8	134.9 %
Other interest expense, net	$ 99.8	$ 77.5	$ 22.3	28.7 %
Provision for income taxes	$ 198.2	$ 231.1	$ (32.9)	(14.2)%

NM - not meaningful

Depreciation and Amortization Expense

Depreciation and amortization expense for the Current Year increased compared to the 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 improve the overall customer experience.

Impairment of Assets

No goodwill impairments were recorded during the Current Year and the Prior Year. During the Current Year and Prior Year we recorded impairment of franchise rights of $25.1 million and $1.3 million for franchise agreements in the U.S. region, respectively.

We review long-lived assets including property and equipment and ROU assets for impairment at the lowest level of identifiable cash flows whenever there is evidence that the carrying value of these assets may not be recoverable (i.e., triggering events). During the Current Year and Prior Year, we recorded total property and equipment and ROU asset impairment charges of $6.8 million and $0.8 million in the U.S. region, respectively.

See Note 12. Intangible Franchise Rights and Goodwill, Note 10. Property and Equipment, Net and Note 11. Leases within our Notes to Consolidated Financial Statements for further discussion of our assessment for impairments.

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.

For the Current Year, floorplan interest expense increased $36.8 million, or 134.9%, as compared to the Prior Year, driven primarily by an increase in inventories due to improvements in manufacturer production 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 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 $750.0 million 4.00% Senior Notes due August 2028 ("4.00% Senior Notes"), real estate related debt and other debt, partially offset by interest income.

For the Current Year, other interest expense, net, increased $22.3 million, or 28.7%, as compared to the Prior Year. The increase in other interest expense, net during the 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 a mortgage interest rate swap of $4.0 million. Refer to Note 14. Debt within our Notes to Consolidated Financial Statements for additional discussion of our debt. Refer to Note 7. Financial Instruments and Fair Value Measurements within our Notes to the Consolidated Financial Statements for additional discussion of the de-designation of the mortgage interest rate swap.

Provision for Income Taxes

Provision for income taxes from continuing operations during the Current Year decreased $32.9 million, or 14.2%, as compared to the Prior Year. During the Current Year and Prior Year, we recorded a tax provision from continuing operations of $198.2 million and $231.1 million, respectively. The year-over-year tax expense decrease was primarily due to lower pre-tax book income.

The 2023 effective tax rate of 24.8% was higher than the 2022 effective tax rate of 23.5%. The tax rate increase was primarily due to taxable gains from asset dispositions and the higher U.K. statutory tax rate in the Current Year compared to the Prior Year.

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.

For further discussion, please see Note 15. Income Taxes within our Notes to Consolidated Financial Statements.

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 (see Note 13. Floorplan Notes Payable in our Notes to the 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):

	December 31, 2023
Cash and cash equivalents	$ 57.2
Floorplan offset accounts	275.2
Available capacity under Acquisition Line	462.8
Total liquidity	$ 795.2

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 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 Consolidated Statements of Cash Flows. Refer to Note 13. Floorplan Notes Payable within our Notes to the 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):

	Years Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net cash provided by operating activities:	$ 190.2	$ 585.9
Change in Floorplan notes payable — credit facility and other, excluding floorplan offset and net acquisitions and dispositions	504.6	319.7
Change in Floorplan notes payable — manufacturer affiliates associated with net acquisitions and dispositions and floorplan offset activity	25.2	10.1
Adjusted net cash provided by operating activities	$ 720.0	$ 915.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash used in investing activities:	$ (366.1)	$ (484.6)
Change in cash paid for acquisitions, associated with Floorplan notes payable	66.3	25.3
Change in proceeds from disposition of franchises, property and equipment, associated with Floorplan notes payable	(48.8)	(3.9)
Adjusted net cash used in investing activities	$ (348.6)	$ (463.2)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net cash provided by (used in) financing activities:	$ 185.2	$ (67.3)
Change in Floorplan notes payable, excluding floorplan offset	(547.3)	(351.2)
Adjusted net cash used in financing activities	$ (362.1)	$ (418.6)

Sources and Uses of Liquidity from Operating Activities — Year Ended December 31, 2023 compared to 2022

For the Current Year, net cash provided by operating activities decreased by $395.8 million as compared to the Prior Year. On an adjusted basis for the same period, adjusted net cash provided by operating activities decreased by $195.8 million. The decrease on an adjusted basis was primarily driven by a $285.6 million increase in inventory levels, a $149.9 million decrease in net income, a $32.7 million increase in contracts-in-transit and vehicle receivables and a $27.3 million decrease in accounts payable and accrued expenses, partially offset by a $319.1 million increase in Floorplan notes payable — manufacturer affiliates.

Sources and Uses of Liquidity from Investing Activities — Year Ended December 31, 2023 compared to 2022

For the Current Year, net cash used in investing activities decreased by $118.5 million, as compared to the Prior Year. On an adjusted basis for the same period, adjusted net cash used in investing activities decreased by $114.7 million, driven by a $203.6 million decrease in acquisition activity, offset by 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 and a $30.0 million increase in purchases of property and equipment.

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, $185.4 million was used to purchase property and equipment.

Sources and Uses of Liquidity from Financing Activities — Year Ended December 31, 2023 compared to 2022

For the Current Year, net cash provided by financing activities increased by $252.5 million, as compared to the Prior Year. On an adjusted basis for the same period, adjusted net cash used in financing activities decreased by $56.4 million. The decrease in net cash used in financing activities on an adjusted basis was primarily driven by a decrease of $348.5 million in cash paid for share repurchases from $521.2 million in the Prior Year to $172.8 million in the Current Year, an increase in acquisition line net borrowings of $44.8 million and a decrease in debt issuance costs paid of $4.3 million, offset by net repayments in credit facilities of $239.9 million and net repayments of other debt of $102.5 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, acquisitions and working capital for general corporate purposes.

The following table summarizes the commitment of our credit facilities as of December 31, 2023 (in millions):

	As of December 31, 2023		
	Total Commitment	Outstanding	Available
U.S. Floorplan Line [1]	$ 1,200.0	$ 1,121.6	$ 78.4
Acquisition Line [2]	800.0	337.2	462.8
Total Revolving Credit Facility	2,000.0	1,458.7	541.3
FMCC facility [3]	300.0	118.1	181.9
GM Financial Facility[4]	84.5	37.9	46.6
Total U.S. credit facilities [5]	$ 2,384.5	$ 1,614.8	$ 769.7

(1) The available balance at December 31, 2023, includes $236.7 million of immediately available funds. The remaining available balance can be used for vehicle inventory financing.

(2) The outstanding balance of $337.2 million is related to outstanding letters of credit of $12.2 million and $325.0 million in borrowings. The borrowings outstanding under the Acquisition Line included $325.0 million USD borrowings. The available borrowings may be limited from time to time, based on certain debt covenants.

(3) The available balance as of December 31, 2023, includes $38.5 million of immediately available funds. The remaining available balance can be used for Ford new vehicle inventory financing.

(4) The remaining available balance as of December 31, 2023, can be used for General Motors new and rental vehicle inventory financing.

(5) The outstanding balance excludes $287.8 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 14. Debt in our Notes to 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 December 31, 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 December 31, 2023	
	Required	Actual
Total adjusted leverage ratio	< 5.75	2.06
Fixed charge coverage ratio	> 1.20	4.63

Based on our position as of December 31, 2023, and our outlook as discussed within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations to this Form 10-K, 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 13. Floorplan Notes Payable and Note 14. Debt in our Notes to Consolidated Financial Statements for further discussion of our credit facilities, debt instruments and other financing arrangements existing as of December 31, 2023.

Stock 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. During the Current Year, 729,582 shares were repurchased at an average price of $236.78 per share, for a total of $172.8 million. As of December 31, 2023, we had $143.3 million available under our current stock repurchase authorization.

During the Current Year, our Board of Directors approved quarterly cash dividends per share on all shares of our common stock totaling $1.80 per share, which resulted in $24.6 million paid to common shareholders and $0.6 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 and predicted economic environment and other factors considered relevant.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market risks, including interest rate risk and foreign currency exchange rate risk. We address interest rate risks primarily through the use of interest rate swaps. We do not currently hedge foreign currency exchange risk, as discussed further below. The following quantitative and qualitative information is provided regarding our foreign currency exchange rates and financial instruments to which we are a party at December 31, 2023, and from which we may incur future gains or losses from changes in market interest rates and/or foreign currency exchange rates. We do not enter into derivative or other financial instruments for speculative or trading purposes.

Interest Rates

We have interest rate risk on our variable-rate debt obligations. Based on variable-rate borrowings outstanding of $2.4 billion and $1.9 billion during the Current Year and Prior Year, respectively, a 100 basis-point change in interest rates would have resulted in an approximate $14.4 million and a $9.8 million change to our annual interest expense, respectively, after consideration of the average interest rate swaps in effect during the periods.

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. In addition, our exposure to changes in interest rates with respect to our variable-rate floorplan borrowings is partially mitigated by manufacturers' interest assistance, which in some cases is influenced by changes in market-based variable interest rates. We reflect interest assistance as a reduction of new vehicle inventory cost until the associated vehicle is sold. During the Current Year and Prior Year, we recognized $71.2 million and $56.0 million, respectively, of interest assistance as a reduction of new vehicle cost of sales.

Foreign Currency Exchange Rates

The functional currency of our U.K. subsidiaries is the GBP. Our exposure to fluctuating foreign currency exchange rates relates to the effects of translating financial statements of those subsidiaries into our reporting currency, which we do not hedge against based on our investment strategy in these foreign operations. A 10% devaluation in average foreign currency exchange rates for GBP to USD would have resulted in a $278.1 million and $254.1 million decrease to our revenues for the Current Year and Prior Year, respectively.

For additional information about our market sensitive financial instruments, see Note 7. Financial Instruments and Fair Value Measurements within our Notes to Consolidated Financial Statements.

Item 8. Financial Statements and Supplementary Data

Refer to our Consolidated Financial Statements beginning on page F-1 for the information required by this Item and incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 Form 10-K. 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 December 31, 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 December 31, 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, except as otherwise described below.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed by management, under the supervision of our principal executive officer and principal financial officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP, and includes those policies and procedures that:

(i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. Accordingly, even effective internal control over financial reporting can only provide reasonable assurance of achieving their control objectives.

Our management, under the supervision and with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, management used the 2013 framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework*.

As permitted by guidelines established by the SEC for newly acquired businesses, we excluded one of our recently acquired businesses in 2023, (the "Excluded Acquisition"), from the scope of our annual report on internal controls over financial reporting for the year ended December 31, 2023. The Excluded Acquisition comprised approximately $51.3 million of our consolidated total assets as of December 31, 2023, and $15.8 million of our consolidated revenues for the year then ended. We are in the process of integrating this business into our overall internal controls over financial reporting and plan to include it in our scope for the year ended December 31, 2024.

Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that, as of December 31, 2023, our internal control over financial reporting was effective.

Deloitte & Touche LLP, the independent registered accounting firm who audited the Consolidated Financial Statements included in this Form 10-K, has issued an attestation report on our internal control over financial reporting. This report, dated February 14, 2024, appears on the following page.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Group 1 Automotive, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Group 1 Automotive, Inc. and subsidiaries (the "Company") as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Company and our report dated February 14, 2024, expressed an unqualified opinion on those financial statements.

As described in Management's Annual Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at one dealership (the "Excluded Acquisition"). The Excluded Acquisition constitutes $51.3 million of consolidated total assets as of December 31, 2023, and $15.8 million of consolidated revenues for the year then ended. Accordingly, our audit did not include the internal control over financial reporting at the Excluded Acquisition.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Houston, Texas
February 14, 2024

Item 9B. Other Information

Trading Plans

During the year ended December 31, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Pursuant to Instruction G to Form 10-K, we incorporate by reference into this Item 10 the information to be disclosed in our definitive proxy statement prepared in connection with the 2024 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of December 31, 2023.

Item 11. Executive Compensation

Pursuant to Instruction G to Form 10-K, we incorporate by reference into this Item 11 the information to be disclosed in our definitive proxy statement prepared in connection with the 2024 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of December 31, 2023.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Pursuant to Instruction G to Form 10-K, we incorporate by reference into this Item 12 the information to be disclosed in our definitive proxy statement prepared in connection with the 2024 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of December 31, 2023.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Pursuant to Instruction G to Form 10-K, we incorporate by reference into this Item 13 the information to be disclosed in our definitive proxy statement prepared in connection with the 2024 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of December 31, 2023.

Item 14. Principal Accounting Fees and Services

Pursuant to Instruction G to Form 10-K, we incorporate by reference into this Item 14 the information to be disclosed in our definitive proxy statement prepared in connection with the 2024 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days of December 31, 2023.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) List of documents filed as part of this Form 10-K:

(1) Financial Statements

The financial statements listed in the accompanying Index to Financial Statements are filed as part of this Form 10-K.

(2) Financial Statement Schedules

All schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements and notes thereto.

(3) Index to Exhibits

Those exhibits required to be filed by Item 601 of Regulation S-K are listed in the Exhibit Index immediately preceding the exhibits filed herewith and such listing is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number		Description
2.1#	—	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)
2.2+	—	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 November 15, 2021)
3.1	—	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) for the quarter ended June 30, 2023)
3.2	—	Certificate of Designation of Series A Junior Participating Preferred Stock (incorporated by reference to Exhibit 3.2 of Group 1's Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended March 31, 2007)
3.3	—	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 July 28, 2023)
4.1	—	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Group 1 Automotive, Inc.'s Registration Statement on Form S-1 (Registration No. 333-29893))
4.2	—	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.8 to Group 1 Automotive, Inc.'s Annual Report on Form 10-K (File No. 001-13461) for the year ended December 31, 2020)
4.3	—	Indenture, dated as of August 17, 2020, by and among Group 1 Automotive, Inc., the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed August 17, 2020)
4.4	—	Form of 4.000% Senior Notes due 2028 (incorporated by reference to Exhibit 4.1, Exhibit A, of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed August 17, 2020)
10.1	—	Master Assignment and Acceptance Agreement, dated effective December 11, 2012, between JPMorgan Chase Bank, N.A., Comerica Bank, and Bank of America, N.A., each, an Assignor, and VW Credit, Inc., as Assignee, pursuant to the terms of the Eighth Amended and Restated Revolving Credit Agreement, dated effective as of July 1, 2011, as amended (incorporated by reference to Exhibit 10.3 of Group 1 Automotive, Inc.'s Annual Report on Form 10-K (File No. 001-13461) for the year ended December 31, 2012)
10.2	—	Loan Facility dated as of October 3, 2008 by and between Chandlers Garage Holdings Limited and BMW Financial Services (GB) Limited. (incorporated by reference to Exhibit 10.2 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2008)
10.3	—	Form of Ford Motor Credit Company Automotive Wholesale Plan Application for Wholesale Financing and Security Agreement (incorporated by reference to Exhibit 10.2 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended June 30, 2003)
10.4	—	Supplemental Terms and Conditions dated September 4, 1997 between Ford Motor Company and Group 1 Automotive, Inc. (incorporated by reference to Exhibit 10.16 of Group 1 Automotive, Inc.'s Registration Statement on Form S-1 Registration No. 333-29893)
10.5*	—	Form of Indemnification Agreement of Group 1 Automotive, Inc. (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed November 13, 2007)
10.6	—	Purchase Agreement, dated October 6, 2021, by and among Group 1 Automotive, Inc., BofA Securities, Inc., as representative of the Initial Purchasers listed in Schedule 1 thereto, and the guarantors listed in Schedule 2 thereto (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed October 7, 2021)
10.7*	—	Group 1 Automotive, Inc. Deferred Compensation Plan, as Amended and Restated, effective January 1, 2021 (incorporated by reference to Exhibit 10.3 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2020)
10.8*		Group 1 Automotive, Inc. 2014 Long Term Incentive Plan (incorporated by reference to Appendix A to Group 1 Automotive, Inc.'s definitive proxy statement on Schedule 14A filed April 10, 2014)
10.9*	—	First Amendment to the Group 1 Automotive, Inc. 2014 Long Term Incentive Plan, effective May 13, 2020 (incorporated by reference to Exhibit 10.4 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2020)

10.10*	—	Form of Restricted Stock Agreement with Qualified Retirement Provisions (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended June 30, 2021)
10.11*	—	Form of Phantom Stock Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.7 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2014)
10.12*	—	Form of Restricted Stock Agreement for Employees (incorporated by reference to Exhibit 10.5 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2014)
10.13*	—	Form of Restricted Stock Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.34 of Group 1 Automotive, Inc.'s Annual Report on Form 10-K (File No. 001-13461) for the year ended December 31, 2018)
10.14*	—	Form of Phantom Stock Agreement (Cash Settlement) for Non-Employee Directors (incorporated by reference to Exhibit 10.33 of Group 1 Automotive, Inc.'s Annual Report on Form 10-K (File No. 001-13461 for the year ended December 31, 2018)
10.15*	—	Form of Performance Share Unit Agreement (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended March 31, 2019)
10.16*	—	Incentive Compensation, Confidentiality, Non-Disclosure and Non-Compete Agreement dated June 6, 2011, between Group 1 Automotive, Inc. and Daryl Kenningham (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended June 30, 2020)
10.17*	—	First Amendment to Incentive, Compensation, Confidentiality, Non-Disclosure and Non-Compete Agreement, effective as of August 24, 2022, between Group 1 Automotive, Inc. and Daryl A. Kenningham (incorporated by reference to Exhibit 10.2 of Group 1 Automotive Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2022).
10.18*	—	Employment Agreement dated effective as of December 1, 2009 between Group 1 Automotive, Inc. and Darryl M. Burman (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed November 16, 2009)
10.19*	—	Incentive Compensation and Non-Compete Agreement dated December 1, 2006 between Group 1 Automotive, Inc. and Darryl M. Burman (incorporated by reference to Exhibit 10.2 of Group 1 Automotive, Inc.'s Current Report on Form 8-K/A (File No. 001-13461) filed December 1, 2006)
10.20*	—	Offer Letter, dated June 1, 2020, between Group 1 Automotive, Inc. and Daniel McHenry (incorporated by reference to Exhibit 10.3 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended June 30, 2020)
10.21*	—	Retention, Confidentiality and Non-Compete Agreement dated August 20, 2020 between Group 1 Automotive, Inc. and Daniel McHenry (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended September 30, 2020)
10.22*	—	Group 1 Automotive, Inc. Aircraft Usage Policy (incorporated by reference to Exhibit 10.49 of Group 1 Automotive, Inc.'s Annual Report on Form 10-K (File No. 001-13461) for the year ended December 31, 2020)
10.23	—	Twelfth Amended and Restated Revolving Credit Agreement dated as of March 9, 2022, among Group 1 Automotive, Inc., the Subsidiary Borrowers listed therein, the Lenders listed therein and U.S. Bank National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed on March 10, 2022).
10.24	—	First Amendment to the Twelfth Amended and Restated Revolving Credit Agreement dated effective as of August 18, 2022 (incorporated by reference to Exhibit 10.1 of Group 1 Automotive Inc.'s Current Report on Form 8-K (File No. 001-13461) filed August 23, 2022).
10.25*	—	Transition and Separation Agreement, effective as of March 31, 2023, between Group 1 Automotive, Inc. and Darryl Burman (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Quarterly Report on Form 10-Q (File No. 001-13461) for the quarter ended March 31, 2023)
10.26	—	Master Loan Agreement dated effective December 8, 2023 (incorporated by reference to Exhibit 10.1 of Group 1 Automotive Inc.'s Current Report on Form 8-K (File No. 001-13461) filed December 11, 2023)
10.27*†	—	Form of Restricted Stock Agreement (2024 Form).
10.28*†	—	Form of Performance Share Unit Agreement (2024 Form).
10.29	—	Master Credit Agreement, dated February 12, 2024, by and among Group 1 Realty, Inc., AMR Real Estate Holdings, LLC, Group 1 Realty NE, LLC, G1R Clear Lake, LLC and LHM ATO, LLC, as Borrowers, and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed on February 14, 2024).

21.1†	—	Group 1 Automotive, Inc. Subsidiary List
23.1†	—	Consent of Deloitte & Touche LLP
31.1†	—	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	—	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	—	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	—	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97.1†		Group 1 Automotive Inc. Incentive-Based Compensation Recoupment Policy
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 as inline XBRL and contained in Exhibits 101)

† Filed herewith

* Management contract or compensatory plan or arrangement

** 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 Securities and Exchange Commission upon request.

+ Exhibits marked with a (+) exclude certain immaterial schedules and exhibits pursuant to the provisions of Regulation S-K, Item 601(a)(5). A copy of any of the omitted schedules and exhibits will be furnished to the Securities and Exchange Commission upon request.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on February 14, 2024.

Group 1 Automotive, Inc.

By: /s/ Daryl A. Kenningham
Daryl A. Kenningham
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on February 14, 2024.

Signature	Title
/s/ Daryl A. Kenningham Daryl A. Kenningham	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Daniel J. McHenry Daniel J. McHenry	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Charles L. Szews Charles L. Szews	Chairman and Director
/s/ Carin M. Barth Carin M. Barth	Director
/s/ Lincoln da Cunha Pereira Filho Lincoln da Cunha Pereira Filho	Director
/s/ Steven C. Mizell Steven C. Mizell	Director
/s/ Stephen D. Quinn Stephen D. Quinn	Director
/s/ Steven Stanbrook Steven Stanbrook	Director
/s/ Anne Taylor Anne Taylor	Director
/s/ MaryAnn Wright MaryAnn Wright	Director

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Group 1 Automotive, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Group 1 Automotive, Inc. and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Intangible Franchise Rights in Acquisitions and Impairment Assessments — *Refer to Notes 1, 3 and 12 to the consolidated financial statements*

Critical Audit Matter Description

During the year ended December 31, 2023, the Company acquired six dealerships for a total of $365.8 million, net of cash acquired (“the acquisitions”). The acquisitions were accounted for as business combinations. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values, including indefinite-lived intangible assets, related to rights under franchise agreements with manufacturers. The fair value of acquired intangible franchise rights is estimated using the income approach.

The Company’s annual impairment assessment for intangible franchise rights is performed in the fourth quarter, or more frequently if events or circumstances indicate possible impairment. In evaluating intangible franchise rights for impairment, a qualitative assessment is initially performed to determine whether it is more-likely-than-not that an impairment exists. If it is concluded that it is more-likely-than-not that an impairment exists, a quantitative test is performed. The fair value is estimated using a discounted cash flow model, or income approach. The Company’s impairment analyses performed in fiscal year 2023 resulted in an impairment of $25.1 million of intangible franchise rights.

We identified the fair value of acquired intangible franchise rights for the acquisitions, as well as the fair value estimates used in the quantitative impairment test of intangible franchise rights as a critical audit matter because of the significant estimates and assumptions management makes related to forecasts of revenue growth rates, future EBITDA margins, weighted average cost of capital, and terminal growth rates. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's assumptions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures for the acquisitions and the impairment analyses related to the forecasts of revenue growth rates, future EBITDA margins, weighted average cost of capital and terminal growth rates included the following, among others:

- We tested the effectiveness of internal controls over the intangible franchise rights fair value estimates, including those over the inputs, assumptions, and calculations.
- We evaluated the reasonableness of management's forecasts of revenue growth rates and future EBITDA margins by comparing the forecasts to:
    - The Company's historical revenue and EBITDA margins.
    - Internal communications to management and the Board of Directors.
    - Current industry, market and economic trends.
- We performed a sensitivity analysis of certain assumptions such as revenue growth rates, future EBITDA margins, weighted average cost of capital, and terminal growth rates to evaluate the potential change in the fair value resulting from changes in underlying assumptions.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the weighted average cost of capital and terminal growth rates by:
    - Developing a range of independent estimates and comparing those to the weighted average cost of capital selected by management.
    - Testing the source information underlying the determination of the terminal growth rates and testing the mathematical accuracy of the calculations.

Goodwill Impairment Assessments — *Refer to Notes 1 and 12 to the consolidated financial statements*

Critical Audit Matter Description

The Company's annual impairment assessment for goodwill is performed in the fourth quarter, or more frequently if events or circumstances indicate possible impairment. The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The fair value is estimated using the income approach and market approach, weighted equally. The goodwill balance was $1,651.9 million as of December 31, 2023, of which $1,532.1 million and $119.8 million was allocated to the US and UK reporting units, respectively. The fair values of the US and UK reporting units exceeded their carrying values as of the measurement date and, therefore, no impairment was recognized.

We identified the fair value estimates used in the goodwill impairment analyses as a critical audit matter because of the significant estimates and assumptions management makes related to forecasts of revenue growth rates, future EBITDA margins, weighted average cost of capital, and terminal growth rates. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's assumptions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures for the impairment analyses related to the forecasts of revenue growth rates, future EBITDA margins, weighted average cost of capital and terminal growth rates included the following, among others:

- We tested the effectiveness of internal controls over the goodwill fair value estimates, including those over the inputs, assumptions, and calculations.
- We evaluated the reasonableness of management's forecasts of revenue growth rates and future EBITDA margins by comparing the forecasts to:
    - The Company's historical revenue and EBITDA margins.
    - Internal communications to management and the Board of Directors.
    - Current industry, market and economic trends.

- We performed a sensitivity analysis of certain assumptions such as revenue growth rates, future EBITDA margins, weighted average cost of capital, and terminal growth rates to evaluate the potential change in the fair value resulting from changes in underlying assumptions.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the weighted average cost of capital and terminal growth rates by:
    - Developing a range of independent estimates and comparing those to the weighted average cost of capital selected by management.
    - Testing the source information underlying the determination of the terminal growth rates and testing the mathematical accuracy of the calculations.

/s/ Deloitte & Touche LLP

Houston, Texas
February 14, 2024

We have served as the Company's auditor since 2020.

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

	As of December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 57.2	$ 47.9
Contracts-in-transit and vehicle receivables, net	369.2	278.5
Accounts and notes receivables, net	238.4	199.2
Inventories	1,963.4	1,356.6
Prepaid expenses	38.9	30.5
Other current assets	25.1	19.1
Current assets classified as held for sale	99.1	53.6
TOTAL CURRENT ASSETS	2,791.3	1,985.3
Property and equipment, net	2,248.7	2,128.2
Operating lease assets	216.5	249.1
Goodwill	1,651.9	1,661.8
Intangible franchise rights	701.2	516.3
Other long-term assets	164.6	176.8
TOTAL ASSETS	$ 7,774.1	$ 6,717.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable — credit facility and other, net of offset account of $236.7 and $140.2, respectively	$ 1,153.0	$ 762.1
Floorplan notes payable — manufacturer affiliates, net of offset account of $38.5 and $13.4, respectively	412.4	243.1
Current maturities of long-term debt	109.4	130.3
Current operating lease liabilities	20.9	21.8
Accounts payable	499.3	488.0
Accrued expenses and other current liabilities	303.4	271.5
Current liabilities classified as held for sale	7.2	4.8
TOTAL CURRENT LIABILITIES	2,505.7	1,921.4
Long-term debt	1,989.4	1,952.2
Long-term operating lease liabilities	209.4	238.4
Deferred income taxes	256.6	238.1
Other long-term liabilities	138.6	129.8
Commitments and Contingencies (Note 17)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value, 1,000,000 shares authorized; none issued or outstanding	—	—
Common stock, $0.01 par value, 50,000,000 shares authorized; 25,131,460 and 25,232,620 issued, respectively	0.3	0.3
Additional paid-in capital	349.1	338.7
Retained earnings	3,649.8	3,073.6
Accumulated other comprehensive income (loss)	28.1	22.5
Treasury stock, at cost; 11,447,422 and 10,940,298 shares, respectively	(1,352.8)	(1,197.5)
TOTAL STOCKHOLDERS' EQUITY	2,674.4	2,237.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,774.1	$ 6,717.5

The accompanying notes are an integral part of these consolidated financial statements.

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

	Years Ended December 31, 2023	2022	2021
REVENUES:			
New vehicle retail sales	$ 8,774.6	$ 7,452.5	$ 6,504.8
Used vehicle retail sales	5,693.5	5,673.3	4,438.8
Used vehicle wholesale sales	441.4	364.6	365.7
Parts and service sales	2,222.3	2,009.5	1,591.2
Finance, insurance and other, net	741.9	722.2	581.4
Total revenues	17,873.7	16,222.1	13,481.9
COST OF SALES:			
New vehicle retail sales	8,007.6	6,627.0	5,894.0
Used vehicle retail sales	5,392.6	5,359.6	4,084.6
Used vehicle wholesale sales	445.2	364.6	340.9
Parts and service sales	1,008.0	905.8	721.8
Total cost of sales	14,853.4	13,256.9	11,041.2
GROSS PROFIT	3,020.3	2,965.2	2,440.7
Selling, general and administrative expenses	1,926.8	1,783.3	1,477.2
Depreciation and amortization expense	92.0	88.4	77.4
Asset impairments	32.9	2.1	1.7
INCOME FROM OPERATIONS	968.6	1,091.4	884.4
INTEREST EXPENSE:			
Floorplan interest expense	64.1	27.3	27.6
Other interest expense, net	99.8	77.5	55.8
Other expense	4.5	1.2	—
INCOME BEFORE INCOME TAXES	800.2	985.3	800.9
Provision for income taxes	198.2	231.1	175.5
Net income from continuing operations	602.0	754.2	625.4
Net loss from discontinued operations	(0.4)	(2.7)	(73.3)
NET INCOME	$ 601.6	$ 751.5	$ 552.1
BASIC EARNINGS PER SHARE:			
Continuing operations	$ 42.92	$ 47.46	$ 34.23
Discontinued operations	(0.03)	(0.17)	(4.01)
Total	$ 42.89	$ 47.29	$ 30.22
DILUTED EARNINGS PER SHARE:			
Continuing operations	$ 42.75	$ 47.31	$ 34.11
Discontinued operations	(0.03)	(0.17)	(4.00)
Total	$ 42.73	$ 47.14	$ 30.11
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	13.7	15.4	17.7
Diluted	13.7	15.5	17.7

The accompanying notes are an integral part of these consolidated financial statements.

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

	Years Ended December 31,		
	2023	**2022**	**2021**
NET INCOME	$ 601.6	$ 751.5	$ 552.1
Other comprehensive income (loss), net of taxes:			
Net foreign currency translation adjustments:			
Unrealized foreign currency translation adjustments	23.7	(27.2)	(6.7)
Reclassification of cumulative foreign currency translation adjustments associated with the Brazil Disposal	—	122.8	—
Reclassification of other cumulative foreign currency translation adjustments	—	1.5	—
Foreign currency translation adjustments, net of reclassifications	23.7	97.1	(6.7)
Net unrealized gain (loss) on interest rate risk management activities, net of tax:			
Unrealized gain arising during the period, net of tax provision of $(3.3), $(25.8) and $(6.9), respectively	10.4	84.1	22.6
Reclassification adjustment for (gain) loss included in interest expense, net of tax (provision) benefit of $(7.9), $(0.8) and $1.8, respectively	(25.4)	(2.5)	5.8
Reclassification related to de-designated interest rate swaps, net of tax (provision) benefit of $(1.0), $— and $1.9, respectively	(3.1)	—	6.1
Unrealized (loss) gain on interest rate risk management activities, net of tax	(18.0)	81.6	34.5
OTHER COMPREHENSIVE INCOME, NET OF TAX	5.7	178.7	27.8
COMPREHENSIVE INCOME	$ 607.3	$ 930.2	$ 579.9

The accompanying notes are an integral part of these consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
BALANCE, DECEMBER 31, 2020	25,433,048	$ 0.3	$ 308.3	$ 1,817.9	$ (184.0)	$ (492.8)	$ 1,449.6
Net income	—	—	—	552.1	—	—	552.1
Other comprehensive income, net of taxes	—	—	—	—	27.8	—	27.8
Purchases of treasury stock	—	—	—	—	—	(210.6)	(210.6)
Net issuance of treasury shares to stock compensation plans	(96,994)	—	(10.8)	—	—	13.0	2.2
Stock-based compensation	—	—	28.3	—	—	—	28.3
Dividends declared ($1.33 per share)	—	—	—	(24.1)	—	—	(24.1)
BALANCE, DECEMBER 31, 2021	25,336,054	$ 0.3	$ 325.8	$ 2,345.9	$ (156.2)	$ (690.4)	$ 1,825.2
Net income	—	—	—	751.5	—	—	751.5
Other comprehensive income, net of taxes	—	—	—	—	178.7	—	178.7
Purchases of treasury stock	—	—	—	—	—	(521.2)	(521.2)
Net issuance of treasury shares to stock compensation plans	(103,434)	—	(14.1)	—	—	14.2	0.1
Stock-based compensation	—	—	27.0	—	—	—	27.0
Dividends declared ($1.50 per share)	—	—	—	(23.9)	—	—	(23.9)
BALANCE, DECEMBER 31, 2022	25,232,620	$ 0.3	$ 338.7	$ 3,073.6	$ 22.5	$ (1,197.5)	$ 2,237.5
Net income	—	—	—	601.6	—	—	601.6
Other comprehensive income, net of taxes	—	—	—	—	5.7	—	5.7
Purchases of treasury stock, including excise tax	—	—	—	—	—	(174.2)	(174.2)
Net issuance of treasury shares to stock compensation plans	(101,160)	—	(9.7)	—	—	18.9	9.2
Stock-based compensation	—	—	20.1	—	—	—	20.1
Dividends declared ($1.80 per share)	—	—	—	(25.4)	—	—	(25.4)
BALANCE, DECEMBER 31, 2023	25,131,460	$ 0.3	$ 349.1	$ 3,649.8	$ 28.1	$ (1,352.8)	$ 2,674.4

The accompanying notes are an integral part of these consolidated financial statements.

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

	Years Ended December 31,		
	2023	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 601.6	$ 751.5	$ 552.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	92.0	89.3	78.9
Change in operating lease assets	25.3	29.5	25.0
Deferred income taxes	18.7	28.0	31.0
Asset impairments	32.9	8.5	79.2
Stock-based compensation	20.1	27.0	28.3
Amortization of debt discount and issue costs	3.0	3.0	2.5
Gain on disposition of assets	(23.3)	(41.1)	(6.0)
Loss on extinguishment of debt	—	—	3.8
Unrealized gain on derivative instruments	(3.7)	—	—
Other	(2.7)	0.5	2.6
Changes in assets and liabilities, net of acquisitions and dispositions:			
Accounts payable and accrued expenses	39.2	66.5	48.1
Accounts and notes receivable	(37.4)	(17.4)	11.2
Inventories	(567.6)	(282.1)	529.8
Contracts-in-transit and vehicle receivables	(88.1)	(55.4)	(6.4)
Prepaid expenses and other assets	(21.2)	0.4	(2.1)
Floorplan notes payable — manufacturer affiliates	126.7	7.5	(90.7)
Deferred revenues	(0.9)	(0.4)	(1.5)
Operating lease liabilities	(24.4)	(29.4)	(25.9)
Net cash provided by operating activities	190.2	585.9	1,259.6
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash paid for acquisitions, net, including repayment of sellers' floorplan notes payable of $66.3, $25.3 and $65.2, respectively	(366.1)	(528.7)	(1,099.6)
Proceeds from disposition of franchises, property and equipment	193.8	141.4	24.8
Purchases of property and equipment	(185.4)	(155.5)	(143.6)
Proceeds from sale of discontinued operations, net	—	59.4	—
Other	(8.3)	(1.3)	(33.3)
Net cash used in investing activities	(366.1)	(484.6)	(1,251.7)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings on credit facility — floorplan line and other	11,366.2	10,236.1	8,333.2
Repayments on credit facility — floorplan line and other	(10,940.4)	(9,766.5)	(8,801.8)
Borrowings on credit facility — acquisition line	200.0	406.6	349.3
Repayments on credit facility — acquisition line	(178.2)	(429.6)	(66.6)
Debt issuance costs	(0.3)	(4.6)	(2.8)
Borrowings of senior notes	—	—	200.0
Borrowings on other debt	150.2	315.5	334.3
Principal payments on other debt	(223.6)	(286.4)	(187.3)
Proceeds from employee stock purchase plan	21.3	19.5	15.2
Payments of tax withholding for stock-based compensation	(12.1)	(11.8)	(13.0)
Repurchases of common stock, amounts based on settlement date	(172.8)	(521.2)	(210.6)
Dividends paid	(25.2)	(23.7)	(23.9)
Other	—	(1.2)	—
Net cash provided by (used in) financing activities	185.2	(67.3)	(74.0)
Effect of exchange rate changes on cash	0.1	(4.8)	(2.5)
Net increase (decrease) in cash and cash equivalents	9.4	29.2	(68.6)
CASH AND CASH EQUIVALENTS, beginning of period	47.9	18.7	87.3
CASH AND CASH EQUIVALENTS, end of period	$ 57.2	$ 47.9	$ 18.7

The accompanying notes are an integral part of these consolidated financial statements.

1. BASIS OF PRESENTATION, CONSOLIDATION AND SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying Consolidated Financial Statements and notes thereto, have been prepared in accordance with U.S. GAAP and reflect the consolidated accounts of the parent company, Group 1 Automotive, Inc., and its subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been eliminated in consolidation. Group 1 Automotive, Inc. and its subsidiaries are collectively referred to as the “Company” in these Notes to Consolidated Financial Statements.

On November 12, 2021, the Company entered into a Share Purchase Agreement (the “Brazil Agreement”) with Original Holdings S.A. (“Buyer”). Pursuant to the terms and conditions set forth in the Brazil Agreement, Buyer agreed to acquire 100% of the issued and outstanding equity interests of the Company’s Brazilian operations (the “Brazil Disposal Group”) for approximately BRL 510 million in cash (the “Brazil Disposal”). On July 1, 2022, the Company completed the Brazil Disposal. 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. Unless otherwise specified, disclosures in these Consolidated Financial Statements reflect continuing operations only.

Certain prior-period amounts related to the Brazil Discontinued Operations, have been reclassified in the Consolidated Financial Statements and accompanying notes to conform to current-period presentation. Refer to Note 4. Discontinued Operations and Other Divestitures for additional information on the Brazil Discontinued Operations.

Certain amounts in the 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 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 Consolidated Financial Statements include, but are not limited to, inventory valuation adjustments, reserves for future chargebacks on finance, insurance and VSC 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.

Revenue Recognition

Refer to the discussion of the Company’s revenue streams and accounting policies related to revenue recognition in Note 2. Revenues.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and various other short-term investments with original maturities of three months or less at the date of purchase.

Receivables

Refer to Note 8. Receivables, Net and Contract Assets for further discussion of the Company’s receivable accounts and related accounting policies.

Inventories

New and used retail vehicles are carried at the lower of specific cost or net realizable value. Specific cost consists of the amount paid to acquire the vehicle, plus the cost of reconditioning, equipment addition and transportation. In determining the lower of specific cost or net realizable value of new and used vehicles, the Company considers historical loss experience and current market trends.

Parts and accessories inventories are valued at the lower of cost or net realizable value and determined on a first-in, first-out basis. The Company incurs shipping costs in connection with selling parts to customers which is included in *Cost of Sales* in the Consolidated Statements of Operations.

Certain manufacturers offer vehicle rebates, in the form of purchase discounts, once applicable incentive targets are met. Incentive targets typically consist of volume incentives to order and/or sell certain models and/or volumes of inventory over designated periods of time. The Company also receives dealer rebates and incentive payments on parts purchases from the automobile manufacturers on new vehicle retail sales. Additionally, the Company receives interest assistance from certain automobile manufacturers that is reflected as a vehicle purchase price discount. The rebates, interest assistance and other dealer incentives reduce inventory costs in the Consolidated Balance Sheets and are reflected as a reduction to *Cost of Sales* in the Consolidated Statements of Operations as the vehicles are sold.

Refer to Note 9. Inventories for further discussion of the Company's inventory accounts.

Property and Equipment, Net

Property and equipment, recorded at cost, is depreciated using the straight-line method over the estimated useful lives of the assets to estimated salvage values. Leasehold improvements are capitalized and amortized over the lesser of the estimated term of the lease or the estimated useful life of the asset.

Property and equipment estimated useful lives are as follows:

	Estimated Useful Lives in Years
Buildings and leasehold improvements	25 to 50
Machinery and dealership equipment	7 to 20
Office equipment, furniture and fixtures	3 to 20
Company vehicles	3 to 5

Expenditures for major additions or improvements, which improve or extend the useful lives of the assets are capitalized. Minor replacements and routine maintenance and repairs, which do not improve or extend the lives of the assets, are expensed as incurred. Disposals are removed at cost less accumulated depreciation, and any resulting gain or loss is reflected in *Selling, general and administrative expenses* in the Consolidated Statements of Operations.

The Company performs an impairment analysis on long-lived assets used in operations when events or circumstances indicate that the carrying value of such assets may not be recoverable. This review consists of comparing the carrying amount of the asset group with its expected future undiscounted cash flows. Estimates of expected future cash flows represent management's best estimate based on currently available information and reasonable and supportable assumptions. If the asset group's carrying amount exceeds its future undiscounted cash flows, an impairment charge is measured as the amount by which its carrying amount exceeds its fair value. Refer to Note 10. Property and Equipment, Net for further discussion. The fair value of property is typically based on a third-party appraisal which requires adjustments to market-based valuation inputs to reflect the different characteristics between the property being measured and comparable properties, which are considered level 3 inputs within the fair value hierarchy described further in Note 7. Financial Instruments and Fair Value Measurements.

Business Combinations

Business acquisitions are accounted for under the acquisition method of accounting, whereby the Company measures and recognizes the fair value of assets acquired and liabilities assumed at the date of acquisition. The operating results of entities acquired are included in the accompanying Consolidated Statements of Operations from the date of acquisition. For material acquisitions, the Company typically utilizes third-party experts to determine the fair values of property acquired.

The fair values of assets acquired and liabilities assumed in business combinations are estimated using various assumptions. The most significant assumptions, and those requiring the most judgment, involve the estimated fair values of property and intangible franchise rights.

If the initial accounting for a business combination has not been concluded by the end of the reporting period in which the acquisition occurs, an estimate will be recorded and disclosure of those open areas will be provided. The Company will record any material adjustments to the initial estimates based on new information obtained that would have existed as of the date of the acquisition within a year of the acquisition date.

Refer to Note 3. Acquisitions for further discussion of the Company's business combinations.

Goodwill and Intangible Franchise Rights

Goodwill represents the excess, at the date of acquisition, of the purchase price of an acquired business over the fair value of the net tangible and intangible assets acquired. The Company is organized into two geographic regions, the U.S. region and the U.K. region. The Company has determined that each region represents a reporting unit for the purpose of assessing goodwill for impairment.

In addition to goodwill, the Company recognizes, at the dealership level, separately identifiable intangible assets for rights under franchise agreements with manufacturers. Most of the Company's franchise agreements continue indefinitely. The Company believes that these agreements can be renewed without substantial cost based on the history with the manufacturer. As such, the Company's intangible assets for rights under franchise agreements are considered non-amortizing indefinite lived intangible assets, expected to contribute to cash flows of the Company for an indefinite period of time.

The Company evaluates goodwill and intangible franchise rights for impairment annually as of October 31, or more frequently if events or circumstances indicate possible impairment has occurred.

Refer to Note 12. Intangible Franchise Rights and Goodwill for further discussion of the Company's goodwill and intangibles, including results of its impairment testing.

Income Taxes

The Company is subject to income taxes at the federal level and in 17 states in the U.S., as well as in the U.K., each of which has unique tax calculations. As the amount of income generated in each jurisdiction varies from period to period, the Company's effective tax rate can vary based on the proportion of taxable income generated in each jurisdiction.

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recorded based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the underlying assets are realized or liabilities are settled. A valuation allowance reduces deferred tax assets when it is more-likely-than-not that some or all of the deferred tax assets will not be realized. The Company has recognized deferred tax assets, net of valuation allowances, that it believes will be realized, based primarily on the assumption of future taxable income. Refer to Note 15. Income Taxes for further discussion.

Derivative Financial Instruments

The Company holds derivative financial instruments consisting of interest rate swaps that are designated as cash flow hedges. Refer to the discussion of the Company's accounting policies relating to its derivative financial instruments, including fair value measurements, in Note 7. Financial Instruments and Fair Value Measurements.

Advertising

The Company expenses the costs of advertising as incurred. Advertising expense is included in *Selling, general and administrative expenses* in the Consolidated Statements of Operations and totaled $83.0 million, $76.5 million and $65.8 million for the years ended December 31, 2023, 2022 and 2021, respectively. The Company receives advertising assistance from certain automobile manufacturers, which the Company is required to spend on qualified advertising, and which is subject to audit and chargeback by the manufacturer. The assistance is accounted for as a reduction to SG&A expenses as earned and amounted to $22.3 million, $17.4 million and $14.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Statements of Cash Flows

With respect to all new vehicle floorplan borrowings, the vehicle manufacturers draft the funds directly from the Company's credit facilities with no cash flow to or from the Company. With respect to borrowings for used vehicle financing in the U.S., the Company finances up to 85% of the value of the used vehicle inventory and the borrowed funds flow from the lender directly to the Company. In the U.K., the Company chooses which used vehicles to finance and the borrowings flow directly to the Company from the lender.

Excluding the cash flows from or to manufacturer affiliated lenders participating in the Company's syndicated lending group under the Revolving Credit Facility as defined in Note 13. Floorplan Notes Payable, all borrowings from, and repayments to, lenders affiliated with the vehicle manufacturers are presented within Cash Flows from Operating Activities on the Consolidated Statements of Cash Flows. All borrowings from, and repayments to, the Company's credit facilities (including the cash flows from or to manufacturer affiliated lenders participating in the Revolving Credit Facility) are presented within Cash Flows from Financing Activities.

Leases

Refer to the discussion of the Company's leases and related accounting policies in Note 11. Leases.

Foreign Currency Translation

The functional currency for the Company's U.K. subsidiaries is GBP. All assets and liabilities of foreign subsidiaries are translated into USD using period-end foreign currency exchange rates and all revenues and expenses are translated at average foreign currency exchange rates during the respective period. The gains and losses resulting from translation adjustments are recorded in *Accumulated Other Comprehensive Income (loss)* in the Consolidated Statements of Stockholders' Equity.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, *Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures*. The amendments require the disclosure of significant segment expenses as well as expanded interim disclosures, along with other changes to segment disclosure requirements. The standard will be effective for fiscal years beginning after December 15, 2023, and interim periods beginning on or after January 1, 2025. The Company is currently evaluating the impact that the adoption of the provisions of the ASU will have on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments require the disclosure of a reconciliation between income tax expense from continuing operations and the amount computed by multiplying income from continuing operations before income taxes by the applicable statutory rate as well as an annual disaggregation of the income tax rate reconciliation between certain specified categories by both percentage and reported amounts, along with other changes to income tax disclosure requirements. The standard will be effective for fiscal years beginning after December 15, 2024, and interim periods for fiscal years beginning after December 15, 2025. The Company is currently evaluating the impact that the adoption of the provisions of the ASU will have on its consolidated financial statements.

2. REVENUES

The Company derives its revenues primarily from the sale of new and used vehicles; sale of vehicle parts; performance of maintenance and repair services; and arrangement of vehicle financing and sale of service and other insurance contracts. Revenue recognition for each of these streams is discussed below. With respect to the cost of freight and shipping from the Company's dealerships to its customers, the Company's policy is to recognize such cost within *Cost of Sale*s in the Consolidated Statements of Operations. Taxes collected from customers and remitted to governmental authorities are reported on a net basis in the Company's Consolidated Financial Statements, thus excluded from revenues.

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

	Year Ended December 31, 2023		
	U.S.	U.K.	Total
New vehicle retail sales	$ 7,433.6	$ 1,341.0	$ 8,774.6
Used vehicle retail sales	4,458.7	1,234.8	5,693.5
Used vehicle wholesale sales	314.4	127.1	441.4
Total new and used vehicle sales	12,206.6	2,702.9	14,909.5
Parts and service sales [1]	1,933.3	289.0	2,222.3
Finance, insurance and other, net [2]	674.3	67.6	741.9
Total revenues	$ 14,814.2	$ 3,059.5	$ 17,873.7

	Year Ended December 31, 2022		
	U.S.	U.K.	Total
New vehicle retail sales	$ 6,238.5	$ 1,214.0	$ 7,452.5
Used vehicle retail sales	4,531.5	1,141.8	5,673.3
Used vehicle wholesale sales	238.8	125.8	364.6
Total new and used vehicle sales	11,008.8	2,481.6	13,490.4
Parts and service sales [1]	1,761.4	248.2	2,009.5
Finance, insurance and other, net [2]	656.9	65.2	722.2
Total revenues	$ 13,427.1	$ 2,795.1	$ 16,222.1

	Year Ended December 31, 2021		
	U.S.	U.K.	Total
New vehicle retail sales	$ 5,371.4	$ 1,133.3	$ 6,504.8
Used vehicle retail sales	3,356.3	1,082.5	4,438.8
Used vehicle wholesale sales	232.2	133.6	365.7
Total new and used vehicle sales	8,959.9	2,349.4	11,309.3
Parts and service sales [1]	1,361.4	229.8	1,591.2
Finance, insurance and other, net [2]	525.0	56.4	581.4
Total revenues	$ 10,846.3	$ 2,635.6	$ 13,481.9

[1] 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.

[2] Includes variable consideration recognized of $24.1 million, $30.8 million and $22.3 million during the years ended December 31, 2023, 2022 and 2021, respectively, relating to performance obligations satisfied in previous periods on the Company's retrospective commission income contracts. Refer to Arrangement of Vehicle Financing and the Sale of Service and Other Insurance Contracts section within this Note for further discussion of these arrangements. 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.

New and Used Retail Vehicle Sales

Revenues from the sale of new and used vehicles is recognized upon delivery of the vehicle to the customer, which is the point at which transfer of control occurs and when the performance obligation is satisfied. In some cases, the Company uses a third-party transport company to facilitate delivery of used vehicles to the customer.

The transaction price for new and used vehicle sales is the stand-alone sales price of each individual vehicle and is generally settled within 30 days of the satisfaction of the performance obligation.

Used Vehicle Wholesale Sales

When the Company uses a third-party auction to facilitate the delivery of used vehicles to the customer, the Company has determined that the auction acts as an agent under the arrangement. Therefore, the Company recognizes revenues and cost of sales on a gross basis upon delivery of the vehicle at the auction to the customer, which is the point at which transfer of control occurs and when the performance obligation is satisfied.

The transaction price for wholesale vehicle sales is established by the winning bid under the auction process and is generally settled within 30 days of the satisfaction of the performance obligation.

Parts Sales

Revenues from the sale of vehicle parts is recognized upon delivery of the parts to the customer, which is the point at which transfer of control occurs and when the performance obligation is satisfied.

The transaction price for vehicle parts sales is the stand-alone sales price of each individual part and is generally settled within 30 days of the satisfaction of the performance obligation.

Service Sales

The Company performs maintenance and repair services, including collision restoration.

In certain jurisdictions, the Company has an enforceable right to payment for performance completed to date on open work orders and as such, the transfer of control of vehicle maintenance and repair services and satisfaction of the performance obligation to its customer occurs over time. For these contracts that qualify for revenue recognition over time, the Company uses the input method for the measurement of progress and recognition of revenues, utilizing labor cost incurred to estimate the services performed for which the Company has an enforceable right to payment. The Company believes this method is the most objective measure of progress and provides a faithful depiction of the Company's transfer of services to the customer.

The transaction price for maintenance and repair services is the total of the labor and, if applicable, vehicle parts used in the performance of the service, as well as the margin above cost charged to the customer.

Arrangement of Vehicle Financing and the Sale of Service and Other Insurance Contracts

The Company receives commissions from F&I providers for the arrangement of vehicle financing and the sale of service and other insurance products. Within the context of these contracts with the F&I providers, the Company has determined that it is an agent for the F&I providers.

The Company has a single performance obligation associated with the F&I contracts, which is the facilitation of the financing of the vehicle or sale of the insurance product. Revenues from these contracts is recognized when the facilitated contract between the F&I provider and the customer is executed, which is when the performance obligation is satisfied.

With regards to the upfront commission for these contracts, the transaction price is the amount earned for each individual contract executed and is generally collected within 30 days of the satisfaction of the performance.

Charge Backs

The Company may be charged back in the future for commissions received on F&I contract or VSC fees in the event of early termination of the contracts by customers. A reserve for future amounts estimated to be charged back, representing variable consideration, is recorded as a reduction to *Finance, insurance and other, net* in the Consolidated Statements of Operations. The reserve is estimated based on the Company's historical charge back results and the termination provisions of the applicable contracts, and was $70.4 million and $65.1 million at December 31, 2023 and 2022, respectively.

Retrospective Commissions and Associated Contract Assets

In some cases, the Company also earns retrospective commission income by participating in the future profitability of the portfolio of product contracts sold by the Company. This contingent consideration is variable and is generally settled over five to seven years from the satisfaction of the performance obligation. The Company utilizes the "expected value" method to predict the amount of consideration to which the Company will be entitled, subject to constraint in the estimate. The estimated amount under the expected value method is accrued upfront when the facilitated contract between the F&I provider and the customer is executed, which is when the performance obligation is satisfied. The estimated amount is reflected as a contract asset within *Other current assets* and *Other long-term assets* in the Consolidated Balance Sheets until the right to such consideration becomes unconditional, at which time amounts due are reclassified to accounts receivable. Changes in the estimated amount of variable consideration are adjusted through revenues.

The change in contract assets during the year ended December 31, 2023, is reflected in the table below (in millions):

	F&I, Net
Contract Assets, January 1, 2023	$ 47.9
Changes related to revenue recognition during the period	24.1
Amounts invoiced during the period	(17.0)
Contract Assets, December 31, 2023	$ 55.0

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.

Prime Acquisition

In November 2021, the Company completed the acquisition of the Prime Automotive Group (“Prime”), including 28 dealerships, certain real estate and three collision centers in the Northeastern U.S. (collectively referred to as the “Prime Acquisition”), for aggregate consideration of $934.2 million.

The Company analyzed and assessed all available information related to property and equipment and property lease contracts, determining the preliminary fair values established in 2021 were appropriate and no material adjustments were recorded to these fair values in the year ended December 31, 2022 upon finalization of the purchase price allocation. The Company previously recorded a $33.4 million deposit for the purchase of an additional dealership as part of the Prime Acquisition, which had not closed as of December 31, 2021. Pursuant to the purchase agreement with the seller, the seller initiated legal action against the distributor to compel the approval of the sale of the dealership. In March 2022, upon the contractual release of funds from escrow to the seller related to the dealership, the deposit was recognized as additional consideration paid and reflected as additional goodwill, resulting in total consideration associated with the Prime Acquisition of $967.6 million.

In October 2023, the Company closed on the acquisition of the remaining Prime dealership after settlement of legal action with the distributor which had opposed the acquisition. The previously recorded goodwill of $33.4 million was allocated to the identifiable assets and liabilities of the acquired dealership. The accounting for the acquisition 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 equipment and intangible assets. The Company will reflect any required fair value adjustments in subsequent periods.

The results of the Prime Acquisition are included in the U.S. segment. The goodwill is deductible for income tax purposes.

The following table summarizes the consideration paid and aggregate amounts of the assets acquired and liabilities assumed as of December 31, 2022 (in millions):

Total consideration	$	967.6
Identifiable assets acquired and liabilities assumed		
Inventories	$	136.7
Property and equipment		266.8
Intangible franchise rights		135.3
Operating lease assets		58.3
Other assets [(1)]		62.2
Total assets acquired		659.3
Operating lease liabilities		56.6
Other liabilities [(2)]		38.3
Total liabilities assumed		94.9
Total identifiable net assets		564.4
Goodwill [(3)]	$	403.2

[(1)] Other assets acquired in connection with the Prime Acquisition include $55.3 million of assets classified as held for sale as of the acquisition date. See the table below for additional details.

[(2)] Other liabilities assumed in connection with the Prime Acquisition include $1.7 million of liabilities classified as held for sale as of the acquisition date. See the table below for additional details.

[(3)] Goodwill as of December 31, 2022 has not been adjusted for the impact of the remaining Prime dealership acquired in October 2023 as described above.

Prime assets classified as held for sale as of the acquisition date (in millions)		
Inventories	$	10.4
Property and equipment		28.1
Operating lease assets		1.7
Goodwill		15.1
Total other assets classified as held for sale	$	55.3
Prime liabilities classified as held for sale as of the acquisition date (in millions)		
Operating lease liabilities	$	1.7

The Company recorded $12.9 million of acquisition related costs attributable to the Prime Acquisition during the year ended December 31, 2021. These costs are included in *Selling, general and administrative expenses* in the Consolidated Statements of Operations.

The Company's Consolidated Statements of Operations included revenues and net income attributable to Prime for the year ended December 31, 2022, of $1.7 billion and $110.2 million, respectively. These revenue and net income amounts attributable to Prime include amounts up to the date of disposal, from certain stores which have been disposed of since the date of the Prime Acquisition.

The Company's Consolidated Statements of Operations included revenues and net income attributable to Prime from the acquisition date through December 31, 2021, of $199.9 million and $14.3 million, respectively.

The following represents the unaudited pro forma financial information as if Prime had been included in the Company's consolidated results since January 1, 2021 (in millions):

	Year Ended December 31,	
	2021	
Revenues	$	15,243.5
Net income	$	594.7

Pro forma data may not be indicative of the results that would have been obtained had these events actually occurred at the beginning of the period presented and is not intended to be a projection of future results.

Other Acquisitions

During the year ended December 31, 2023, the Company acquired six dealerships in the U.S., including the remaining Prime dealership described above. Aggregate consideration paid for these dealerships, which were accounted for as business combinations, was $365.8 million, net of cash acquired. Goodwill associated with these acquisitions totaled $49.7 million.

During the year ended December 31, 2022, the Company acquired six dealerships and a collision center in the U.S. Aggregate consideration paid for these dealerships, which were accounted for as business combinations, was $507.5 million, net of cash acquired. Goodwill associated with these acquisitions totaled $236.1 million.

During the year ended December 31, 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 $34.1 million, consisting of cash paid of $32.9 million and a payable of $1.2 million, net of cash acquired. Goodwill associated with the acquisition totaled $10.2 million.

During the year ended December 31, 2021, the Company acquired five dealerships in the U.S., excluding the dealerships acquired in the Prime Acquisition, and seven dealerships in the U.K. Aggregate consideration paid for these dealerships, which were accounted for as business combinations, totaled $166.8 million, net of cash acquired. Goodwill associated with these acquisitions totaled $70.1 million.

In February 2024, the Company announced the acquisition of five dealerships and three collision centers in the U.S. Aggregate consideration paid for these dealerships, which will be accounted for as business combinations, was approximately $273.3 million.

4. DISCONTINUED OPERATIONS AND OTHER DIVESTITURES

Brazil Discontinued Operations

On November 12, 2021, the Company entered into an agreement to effect the Brazil Disposal. The sale price of approximately BRL 510.0 million included a holdback amount as of July 1, 2022 (the "Brazil Disposition Date"), for general representations and warranties, of BRL 115.0 million, 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. This amount has been included in the proceeds received.

On the Brazil Disposition Date, the Company closed on the Brazil Disposal. The Company recorded a total net loss of $87.5 million on the Brazil Disposal, of which $10.0 million was recognized during the year ended December 31, 2022 and $77.5 million was recognized during the year ended December 31, 2021. The loss on sale is presented as part of the results within Discontinued Operations.

Upon sale of a foreign entity, amounts recorded within *Accumulated other comprehensive income (loss)* ("AOCI") on the Consolidated Balance Sheets are required to be reclassified into earnings on the date of disposition. For purposes of determining the net gain or loss on the Brazil Disposal, the Company included the currency translation adjustments recorded in *AOCI* as a loss of $122.8 million attributable to the Brazil Disposal Group. The loss on sale indicated an impairment of assets, however, the loss was entirely the result of the reclassification of the translation adjustment from *AOCI*. Prior to the Brazil Disposition Date, the Company recorded a valuation allowance against the assets held for sale for the Brazil Disposal to reflect the expected loss not attributable to a particular asset within the Brazil Disposal Group. On and following the Brazil Disposition Date, the Company reclassified into earnings the currency translation loss attributable to the Brazil Disposal Group. The currency translation loss was offset by the reversal of the previously recorded valuation allowance.

In addition, the purchase price of the Brazil Disposal is denominated in BRL, which is subject to foreign currency exchange risk. In order to partially mitigate this risk, the Company entered into a foreign currency derivative for the conversion of BRL to USD in the form of a costless collar which protects the Company from significant downside exposure on $70.0 million of the expected purchase consideration. Losses associated with the foreign currency derivative are presented as incremental costs to sell in the table below and are fully offset by corresponding foreign currency impacts to the fair value of proceeds from the disposition. On June 30, 2022, the Company settled the foreign currency derivative for a loss of $8.4 million.

Subsequent to the Brazil Disposition Date, the Company received additional proceeds for working capital adjustments related to the Brazil Disposal of $4.1 million. The resulting gain was recognized within Discontinued Operations and included within the net loss recorded for the year ended December 31, 2022 as described above.

Additionally, the Buyer, with the Company's approval, entered into a tax settlement associated with the Brazil Disposal with the Brazilian tax authority for BRL 23.0 million or approximately $4.5 million. The settlement was accrued within *Accrued expenses and other current liabilities* on the Consolidated Balance Sheet and recorded as *Provision for income taxes* within Discontinued Operations and included within the net loss recorded for the year ended December 31, 2022. The settlement will be paid out of the existing Brazil Disposal Escrow balance within one year.

As of December 31, 2023, the Company had a remaining receivable balance of $21.1 million associated with the Brazil Disposal Escrow recorded in *Other long-term assets* on the Consolidated Balance Sheet, of which $4.3 million is expected to be paid to settle the Company's portion of accrued liabilities retained subsequent to the Brazil Disposition Date, including the tax settlement described above.

The following table summarizes the fair value of the proceeds received from the disposition and net carrying value of the assets disposed as of December 31, 2022 (in millions):

Fair value of proceeds from disposition	$	92.5
Net assets disposed		48.8
Gain before currency translation adjustments		43.7
Amount of currency translation loss recorded in AOCI		(122.8)
Incremental costs to sell		8.4
Net loss on the Brazil Disposal	$	(87.5)

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

	Years Ended December 31,		
	2023	2022	2021
REVENUES:			
New vehicle retail sales	$ —	$ 109.0	$ 205.6
Used vehicle retail sales	—	44.0	58.1
Used vehicle wholesale sales	—	10.1	11.3
Parts and service sales	—	23.8	38.7
Finance, insurance and other, net	—	3.3	6.1
Total revenues	—	190.2	319.8
COST OF SALES:			
New vehicle retail sales	—	98.5	184.9
Used vehicle retail sales	—	41.2	53.1
Used vehicle wholesale sales	—	10.0	10.5
Parts and service sales	—	14.5	22.0
Total cost of sales	—	164.2	270.6
GROSS PROFIT	—	26.1	49.2
Selling, general and administrative expenses	2.0	15.1	34.3
Depreciation and amortization expense	—	0.9	1.5
Asset impairments	—	6.3	77.5
(LOSS) INCOME FROM DISCONTINUED OPERATIONS	(2.0)	3.7	(64.1)
Floorplan interest expense	—	1.4	1.1
Other interest (income) expense, net	(2.6)	(1.8)	0.9
Loss on extinguishment of debt	—	—	3.8
Other expenses	—	1.5	—
INCOME (LOSS) BEFORE INCOME TAXES — DISCONTINUED OPERATIONS	0.6	2.6	(69.9)
Provision for income taxes	1.0	5.3	3.4
NET LOSS — DISCONTINUED OPERATIONS	$ (0.4)	$ (2.7)	$ (73.3)

Cash flows from operating and investing activities for the Brazil Discontinued Operations were immaterial for the year ended December 31, 2023. Cash flows from operating and investing activities for the Brazil Discontinued Operations for the prior periods were as follows (in millions):

	Years Ended December 31,	
	2022	**2021**
Net cash provided by operating activities — discontinued operations	$ 26.6	$ 5.2
Net cash provided by (used in) investing activities — discontinued operations	$ 59.1	$ (1.5)

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

	As of December 31,	
	2023	**2022**
Prepaid expenses	$ 0.7	$ —
Other current assets	—	1.3
Other long-term assets	21.1	22.8
Total assets of discontinued operations	$ 21.8	$ 24.1
Accrued expenses and other current liabilities	$ 4.3	$ 7.8
Total liabilities of discontinued operations	$ 4.3	$ 7.8

Assets and Liabilities Held for Sale

Assets and liabilities classified as held for sale consisted of the following (in millions):

	As of December 31,	
	2023	2022
Current assets classified as held for sale		
Prime Acquisition [(1)]	$ —	$ 9.8
Other [(2)]	99.1	43.8
Total current assets classified as held for sale	$ 99.1	$ 53.6
Current liabilities classified as held for sale		
Prime Acquisition [(1)]	$ —	$ 1.1
Other	7.2	3.7
Total current liabilities classified as held for sale	$ 7.2	$ 4.8

[(1)] For additional details on current assets and current liabilities classified as held for sale in connection with the Prime Acquisition, refer to Note 3. Acquisitions.

[(2)] Includes $39.8 million and $13.4 million of goodwill reclassified to assets held for sale as of December 31, 2023 and December 31, 2022, respectively.

Other Divestitures

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

During the year ended December 31, 2023, the Company recorded a net pre-tax gain totaling $16.3 million related to the disposition of eleven dealerships representing fifteen franchises in the U.S. The dispositions reduced goodwill by $52.9 million. The Company also terminated two franchises in the U.S.

During the year ended December 31, 2022, the Company recorded a net pre-tax gain totaling $30.8 million related to the disposition of five dealerships, representing five franchises, as well as a collision center in the U.S. The dispositions reduced goodwill by $37.3 million. The Company also terminated one franchise representing one dealership in the U.K.

During the year ended December 31, 2021, the Company recorded a net pre-tax gain totaling $4.4 million related to the disposition of three dealerships, representing three franchises and one franchise within an existing dealership in the U.S. The dispositions reduced goodwill by $4.0 million. The Company terminated one franchise within an existing dealership in the U.S. The Company also terminated one dealership representing one franchise in the U.K.

In February 2024, the Company disposed of six dealerships, representing ten franchises, as well as a collision center in the U.S. Assets and liabilities associated with this disposition were recorded within *Current assets and current liabilities classified as held for sale* in the Consolidated Balance Sheets as of December 31, 2023 and are included in the table above. The disposition will reduce goodwill by approximately $39.8 million.

5. STOCK-BASED COMPENSATION PLANS

Under the Company's 2014 Long Term Incentive Plan (the "Incentive Plan"), the Company currently grants RSAs, RSUs and PSUs to Company employees and non-employee directors. The aggregate maximum number of shares that may be issued or transferred under the Incentive Plan is 2.2 million. The Incentive Plan expires on May 21, 2024. The terms of the awards (including vesting schedules) are established by the Compensation Committee of the Company's Board of Directors. As of December 31, 2023, there were 1.1 million shares available for issuance under the Incentive Plan.

Restricted Stock Awards

The Company grants RSAs to employees and non-employee directors. RSAs qualify as participating securities as each award contains non-forfeitable rights to dividends. As such, the two-class method is required for the computation of EPS. RSAs contain voting rights and are considered outstanding at the date of grant. Refer to Note 6. Earnings Per Share for further details. RSAs are subject to vesting periods of up to five years. Compensation expense for RSAs is calculated based on the average market price of the Company's common stock at the date of grant and recognized over the requisite vesting period on a straight-line basis. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate is adjusted annually based on the extent to which actual or expected forfeitures differ from the previous estimate. The Company issues new shares of common stock or treasury shares, if available, to settle vested RSAs.

The following table summarizes RSA activity and related information for 2023:

	Awards	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2023	420,115	$ 116.05
Granted	61,695	$ 222.77
Vested	(151,010)	$ 94.25
Forfeited	(11,845)	$ 144.16
Nonvested at December 31, 2023	318,955	$ 145.83

The total fair value of RSAs that vested during the years ended December 31, 2023, 2022 and 2021, was $14.2 million, $14.7 million and $13.6 million, respectively.

As of December 31, 2023, there was $21.6 million of total unrecognized compensation cost related to RSAs which is expected to be recognized over a weighted-average period of 2.4 years.

Restricted Stock Units

The Company grants RSUs to non-employee directors. RSUs are vested 100% at the time of grant and settled on the date of the directors "separation of service," as such term is defined in internal revenue service code §1.409A-1(h), and generally includes departure due to either death, disability, or retirement. RSUs convey no voting rights, and therefore are not considered outstanding when granted. Granted RSUs participate in dividends, however the dividends are not payable until a director's separation of service with the Company. In the event a director terminates his or her directorship with the Company for reasons other than defined above, the RSUs granted and any accrued dividends will be forfeited.

RSUs settle in a cash payment equal to the average of the Company's high and low stock price on the separation of service date and therefore constitute liability instruments, which require remeasurements to fair value each reporting period. The changes in fair value as a result of the changes in the Company's stock price are recognized in *Selling, general and administrative expenses* within the Consolidated Statements of Operations. As of December 31, 2023, the total liability for unsettled cash-settled RSUs, recorded at fair value, was $9.5 million.

Performance Share Units

The Company grants PSUs to certain key employees. PSUs are evaluated over a two-year performance period based on actual performance targets achieved, as well as the market-based return of the Company's common stock relative to that of their peer group. PSU payout percentages can range between 0% and 200% and are subject to vesting over a three-year service period, which at the end of year three, will convert into shares of the Company's common stock. Compensation cost for PSUs is based on the Company's closing stock price on the date of grant, forecasted achievement of performance targets and the estimated grant date per share value of market-based performance utilizing a Monte Carlo simulation model.

The following table summarizes PSU activity and related information for 2023:

	Awards	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2023	43,536	$ 161.87
Granted	13,570	$ 230.21
Vested	(10,695)	$ 305.93
Performance adjustment	9,263	$ 305.93
Nonvested at December 31, 2023	55,674	$ 188.82

The total fair value of PSUs that vested during the years ended December 31, 2023, 2022 and 2021, was $3.3 million, $4.7 million and $9.3 million, respectively.

The weighted average grant date fair value of PSUs granted during the years ended December 31, 2023, 2022 and 2021, was $3.1 million, $5.0 million and $2.1 million, respectively.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan (the “Purchase Plan”) authorizes the issuance of up to 4.5 million shares of common stock and provides that no options to purchase shares may be granted under the Purchase Plan after May 19, 2025. The Purchase Plan is available to all employees of the Company and its participating subsidiaries and is a qualified plan as defined by Section 423 of the Internal Revenue Code. At the end of each fiscal quarter (the “Option Period”) during the term of the Purchase Plan, employees can acquire shares of common stock from the Company at 85% of the fair market value of the common stock on the first or the last day of the Option Period, whichever is lower. As of December 31, 2023, there were 270,833 shares available for issuance under the Purchase Plan. During the years ended December 31, 2023, 2022 and 2021, the Company issued 112,189, 146,416 and 116,680 shares, respectively, of common stock to employees participating in the Purchase Plan. With respect to shares issued under the Purchase Plan, the Company’s Board of Directors has authorized specific share repurchases to fund the shares issuable under the Purchase Plan.

The weighted average per share fair value of employee stock purchase rights issued pursuant to the Purchase Plan was $50.04, $39.45 and $43.57 during the years ended December 31, 2023, 2022 and 2021, respectively. The fair value of stock purchase rights is calculated using the grant date stock price, the value of the embedded call option and the value of the embedded put option. Employees can contribute a maximum of 10% of their compensation, up to a maximum of $25,000 annually under the Purchase Plan. Cash received from Purchase Plan purchases was $21.3 million, $19.5 million and $15.2 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Stock-Based Compensation

Total stock-based compensation includes expenses for both equity and cash-settled awards and is recognized in *Selling, general and administrative expenses* within the Consolidated Statements of Operations. Stock-based compensation related to equity-settled awards was $20.1 million, $27.0 million and $28.3 million for the years ended December 31, 2023, 2022 and 2021, respectively. Stock-based compensation related to cash-settled awards was $4.8 million, $0.5 million and $2.2 million for the years ended December 31, 2023, 2022 and 2021, respectively. Tax benefits related to total stock-based compensation were $8.5 million, $5.2 million and $4.3 million for the years ended December 31, 2023, 2022 and 2021, respectively.

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.

The following table sets forth the calculation of EPS on total net income for the years ended December 31, 2023, 2022 and 2021 (in millions, except share and per share data):

	Years Ended December 31,		
	2023	2022	2021
Weighted average basic common shares outstanding	13,681,660	15,441,292	17,655,365
Dilutive effect of stock-based awards and employee stock purchases	53,139	52,324	66,847
Weighted average dilutive common shares outstanding	13,734,799	15,493,616	17,722,212
Basic:			
Net income	$ 601.6	$ 751.5	$ 552.1
Less: Earnings allocated to participating securities from continuing operations	14.8	21.3	21.1
Less: Loss allocated to participating securities from discontinued operations	—	(0.1)	(2.5)
Net income available to basic common shares	$ 586.8	$ 730.3	$ 533.5
Basic earnings per common share	$ 42.89	$ 47.29	$ 30.22
Diluted:			
Net income	$ 601.6	$ 751.5	$ 552.1
Less: Earnings allocated to participating securities from continuing operations	14.8	21.3	21.0
Less: Loss allocated to participating securities from discontinued operations	—	(0.1)	(2.5)
Net income available to diluted common shares	$ 586.9	$ 730.3	$ 533.6
Diluted earnings per common share	$ 42.73	$ 47.14	$ 30.11

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 also 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 these 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 14. Debt for further discussion of the Company’s long-term debt arrangements.

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

	December 31, 2023		December 31, 2022	
	Carrying Value [(1)]	Fair Value	Carrying Value [(1)]	Fair Value
4.00% Senior Notes	$ 750.0	$ 697.5	$ 750.0	$ 633.9
Real estate related	90.9	83.1	99.2	90.5
Total	$ 840.9	$ 780.6	$ 849.2	$ 724.4

(1) 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 Consolidated Balance Sheets, were as follows (in millions):

	December 31,	
	2023	2022
Assets:		
Other current assets	$ 1.2	$ 0.1
Other long-term assets [(1)]	88.1	109.2
Total assets	$ 89.3	$ 109.3
Liabilities:		
Accrued expenses and other current liabilities	$ —	$ —
Long-term interest rate swap liabilities	—	—
Total liabilities	$ —	$ —

(1) As of December 31, 2023, the balance included gross fair value of $3.7 million related to the de-designated swap as described below.

Interest Rate Swaps De-designated as Cash Flow Hedges

During the year ended December 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 December 31, 2023, the de-designated swap had an aggregate notional value of $29.7 million that fixed its underlying one-month SOFR at an annual interest rate of 0.60% and will mature on March 1, 2030.

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. As of December 31, 2023, the Company recorded unrealized mark-to-market losses of $0.3 million and realized gains of $1.0 million associated with the de-designated interest rate swap within *Other interest expense, net.*

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 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 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.*

As of December 31, 2023, the Company held 36 interest rate swaps designated as cash flow hedges with a total notional value of $909.6 million that fixed its underlying SOFR at a weighted average rate of 1.25%. The Company also held one additional interest rate swap designated as cash flow hedges with forward start dates beginning in January 2024, that had a notional value of $50.0 million and a weighted average interest rate of 0.72% as of December 31, 2023. The Company's designated interest rate swap with a forward start date has a maturity date of December 2028. As of December 31, 2022, the Company held 39 interest rate swaps designated as cash flow hedges with a total notional value of $931.1 million that fixed its underlying one-month SOFR at a weighted average rate of 1.22%. The Company completed the transition of interest rate swaps from London Interbank Offered Rate to SOFR during 2022.

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

	Amount of Unrealized Income (Loss), Net of Tax, Recognized in Other Comprehensive Income (Loss)		
	Years Ended December 31,		
Derivatives in Cash Flow Hedging Relationship	**2023**	**2022**	**2021**
Interest rate swaps	$ 10.4	$ 84.1	$ 22.6

	Amount Reclassified from Other Comprehensive Income (Loss) into Statements of Operations		
	Years Ended December 31,		
Statement of Operations Classification	**2023**	**2022**	**2021**
Floorplan interest expense, net	$ 15.4	$ 0.8	$ (3.7)
Other interest expense, net	$ 17.9	$ 2.4	$ (4.1)

The amount of gain expected to be reclassified out of *Accumulated other comprehensive income (loss)* into earnings as an offset to *Floorplan interest expense* or *Other interest expense, net* in the next twelve months is $18.8 million.

8. RECEIVABLES, NET AND CONTRACT ASSETS

Contracts-in-Transit and Vehicle Receivables

Contracts-in-transit and vehicle receivables consist primarily of amounts due from financing institutions on retail finance contracts from vehicle sales, and also includes receivables related to vehicle wholesale sales.

Accounts and Notes Receivables

Accounts and notes receivable consist primarily of amounts due from manufacturers related to dealer incentives, and also includes receivables related to parts and service sales.

The Company maintains an allowance for doubtful accounts that is calculated under the current expected credit loss ("CECL") model. The CECL model applies to financial assets measured at amortized cost, as shown in the following table, and requires the Company to reflect expected credit losses over the remaining contractual term of the asset. As the large majority of the Company's receivables settle within 30 days, the forecast period under the CECL model is a relatively short horizon. The Company uses an aging method to estimate allowances for doubtful accounts under the CECL model as the Company has determined that the aging method adequately reflects expected credit losses, as corroborated by historical loss rates.

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

	December 31,	
	2023	2022
Contracts-in-transit and vehicle receivables, net:		
Contracts-in-transit	$ 259.2	$ 188.2
Vehicle receivables	110.3	90.9
Total contracts-in-transit and vehicle receivables	369.5	279.0
Less: allowance for doubtful accounts	0.3	0.6
Total contracts-in-transit and vehicle receivables, net	$ 369.2	$ 278.5
Accounts and notes receivables, net:		
Manufacturer receivables	$ 128.3	$ 94.6
Parts and service receivables	64.3	68.0
F&I receivables	35.6	30.0
Other	14.4	12.1
Total accounts and notes receivables	242.5	204.7
Less: allowance for doubtful accounts	4.2	5.5
Total accounts and notes receivables, net	$ 238.4	$ 199.2
Within Other current assets and Other long-term assets:		
Total contract assets [1]	$ 55.0	$ 47.9

[1] See further discussion of the Company's Contract Assets balance at Note 2. Revenues. No allowance for doubtful accounts was recorded for contract assets as of December 31, 2023, or December 31, 2022.

9. INVENTORIES

The Company's inventories consisted of the following (in millions):

	December 31,	
	2023	2022
New vehicles	$ 1,061.0	$ 536.2
Used vehicles	549.0	537.3
Rental vehicles	217.2	155.0
Parts, accessories and other	136.2	128.0
Total inventories	$ 1,963.4	$ 1,356.6

As described in Note 1. Basis of Presentation, Consolidation and Summary of Accounting Policies, inventories are valued at lower of cost or net realizable value. The lower of specific cost or net realizable value adjustments reduced total inventory cost by $9.2 million and $5.4 million at December 31, 2023 and 2022, respectively.

Interest assistance reduced inventory costs by $7.0 million and $2.8 million at December 31, 2023 and 2022, respectively, and reduced cost of sales by $71.2 million, $56.0 million and $54.2 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Impairments of inventory, net of insurance proceeds, related to catastrophic events are included in *Selling, general and administrative expenses* in the Consolidated Statements of Operations. During the years ended December 31, 2023, 2022 and 2021, the Company recorded $3.4 million, $0.3 million and $0.1 million of impairment charges, respectively.

Refer to Note 1. Basis of Presentation, Consolidation and Summary of Accounting Policies for further discussion of the Company's accounting policies for inventories.

10. PROPERTY AND EQUIPMENT, NET

The Company's property and equipment consisted of the following (in millions):

	December 31,	
	2023	2022
Land	$ 888.8	$ 838.8
Buildings and leasehold improvements	1,516.6	1,459.8
Machinery and dealership equipment	181.6	173.0
Office equipment, furniture and fixtures	149.1	141.7
Company vehicles	14.6	17.3
Construction in progress	85.7	52.0
Total	2,836.4	2,682.6
Less: accumulated depreciation and amortization	587.7	554.4
Property and equipment, net	$ 2,248.7	$ 2,128.2

For the years ended December 31, 2023, 2022 and 2021, the Company recognized $6.8 million, $0.8 million and $1.7 million, respectively, in asset impairment charges related to property and equipment in the Company's U.S. segment. Property and equipment impairment charges are reflected in *Asset impairments* in the Consolidated Statements of Operations.

Depreciation and amortization expense totaled $92.0 million, $88.4 million and $77.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company capitalized $2.0 million, $1.1 million and $1.0 million of interest on construction projects for the years ended December 31, 2023, 2022 and 2021, respectively.

11. LEASES

The Company leases real estate, office equipment and dealership operating assets under long-term lease agreements and subleases certain real estate to third parties.

The Company recognizes ROU assets and lease liabilities at commencement based on the present value of lease payments over the lease term. For such leases, the aggregate present value of the Company's lease payments may include options to purchase the leased property or lease terms with options to renew or terminate the lease, when the option is at the Company's sole discretion, and it is reasonably certain that the Company will exercise such an option. The Company's leases may also include rental payments adjusted periodically for inflation. Payments based on a change in an index or rates are not considered in the determination of lease payments for purposes of measuring the related lease liability. The Company discounts lease payments using its incremental borrowing rate based on information available as of the measurement date. Subsequent to the recognition of its ROU assets and lease liabilities, the Company recognizes lease expense related to its operating lease payments on a straight-line basis over the lease term. None of the Company's lease agreements contain material residual value guarantees or material restrictive covenants.

For the Company's dealership operating leases, the Company has elected to separate lease and non-lease components and has allocated the consideration between the lease and non-lease components based on the estimated fair value of the leased component. For all other asset classes, the Company has elected to combine and account for both lease and non-lease components as a single component.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheet for all asset classes.

The Company reviews ROU assets for impairment at the lowest level of identifiable cash flows whenever evidence exists that the carrying value of an asset may not be recoverable (i.e., triggering events). This review consists of comparing the carrying amount of the asset group with its expected future undiscounted cash flows. Estimates of expected future cash flows represent management's best estimate based on currently available information and reasonable and supportable assumptions. If the asset group's carrying amount exceeds its future undiscounted cash flows, an impairment charge is measured as the amount by which its carrying amount exceeds its fair value. The fair value of the ROU asset is calculated based on the discounted market rent over the remaining lease period. The market rent reflects current lease rates on comparable properties and requires adjustments to reflect the different characteristics between the property being measured and the comparable property, which are considered level 3 inputs within the fair value hierarchy described further in Note 7. Financial Instruments and Fair Value Measurements. During the year ended December 31, 2023, the Company recorded $1.8 million of impairments of ROU assets related to the U.S. segment. No impairments of ROU assets were recorded during the years ended December 31, 2022 and 2021. The impairment charges were recognized within *Asset impairments* in the Company's Consolidated Statements of Operations. Additional information regarding the Company's operating and finance leases is as follows (in millions, except for lease term and discount rate information):

		December 31,	
Leases	**Balance Sheet Classification**	**2023**	**2022**
Assets:			
Operating	Operating lease assets	$ 216.5	$ 249.1
Finance	Property and equipment, net	271.3	221.4
Total		$ 487.7	$ 470.5
Liabilities:			
Current:			
Operating	Current operating lease liabilities	$ 20.9	$ 21.8
Finance	Current maturities of long-term debt	6.5	18.8
Noncurrent:			
Operating	Operating lease liabilities, net of current portion	209.4	238.4
Finance	Long-term debt, net of current maturities	266.1	201.6
Total		$ 503.0	$ 480.6

		Years Ended December 31,		
Lease Expense	**Income Statement Classification**	**2023**	**2022**	**2021**
Operating	Selling, general and administrative expenses	$ 38.1	$ 42.4	$ 35.1
Operating	Asset impairments	1.8	—	—
Variable	Selling, general and administrative expenses	6.6	4.5	3.3
Sublease income	Selling, general and administrative expenses	(1.3)	(2.3)	(1.9)
Finance:				
Amortization of lease assets	Depreciation and amortization expense	9.9	9.1	7.3
Interest on lease liabilities	Other interest expense, net	12.6	8.2	7.2
Net lease expense		$ 67.6	$ 61.9	$ 50.9

	December 31, 2023	
Maturities of Lease Liabilities	Operating Leases	Finance Leases
2023	$ 31.8	$ 20.0
2024	33.1	59.6
2025	30.2	48.2
2026	28.5	52.3
2027	26.1	67.8
Thereafter	190.3	98.9
Total lease payments	339.9	346.9
Less: lease payments representing interest	(109.6)	(74.2)
Present value of lease liabilities	$ 230.3	$ 272.7

	Years Ended December 31,		
Weighted-Average Lease Term and Discount Rate	2023	2022	2021
Weighted-average remaining lease terms:			
Operating	13.5	13.6	12.0
Finance	7.2	17.2	17.1
Weighted-average discount rates:			
Operating	5.2 %	5.1 %	4.8 %
Finance	5.3 %	5.1 %	4.9 %

	Years Ended December 31,		
Other Information	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows used in operating leases	$ 36.6	$ 42.2	$ 36.2
Operating cash flows used in finance leases	$ 12.6	$ 8.2	$ 7.2
Financing cash flows used in finance leases	$ 26.4	$ 9.1	$ 10.9
ROU assets obtained in exchange for lease obligations:			
Operating leases, initial recognition	$ 1.5	$ 12.9	$ 77.8
Operating leases, modifications and remeasurements	$ (0.2)	$ 25.0	$ 9.4
Finance leases, initial recognition	$ 70.6	$ 39.3	$ 63.8
Finance leases, modifications and remeasurements	$ (3.6)	$ 23.1	$ (4.5)

12. INTANGIBLE FRANCHISE RIGHTS AND GOODWILL

The Company evaluates its intangible assets, including goodwill, for impairment annually, or more frequently if events or circumstances indicate possible impairment. Refer to Note 1. Basis of Presentation, Consolidation and Summary of Accounting Policies for further discussion of the Company's accounting policies relating to impairment testing.

For the October 31, 2023 annual goodwill impairment testing, the Company elected to perform a quantitative assessment to determine whether the fair values of the Company's reporting units were less than their carrying values. Based on the results of the quantitative assessment, the Company did not record a goodwill impairment charge.

When a quantitative impairment assessment is performed, the Company estimates fair value of goodwill using a combination of the discounted cash flow, or income approach, and the market approach. The Company weights the income approach and market approach 50% and 50%, respectively, in the fair value model. For intangible franchise rights, the fair value of the respective franchise right is estimated using a discounted cash flow, or income approach. The income approach measures fair value by discounting expected future cash flows at a WACC that proportionately weights the cost of debt and equity. Significant assumptions in the model include revenue growth rates, future EBITDA margins, the WACC and terminal growth rates. The Company applies a five-year projection period which aligns with the Company's strategic plan. Key considerations in the assumed growth rates include industry seasonally adjusted annual rate of vehicle sales ("SAAR") projections, macroeconomic conditions including consumer confidence levels, unemployment rates and gross domestic product "GDP") growth, and internal measures such as historical financial performance, cost control and planned capital expenditures.

Beyond the five forecasted years, the terminal value is determined using a perpetuity growth rate based on long-term inflation projections for each reporting unit. Significant inputs to the WACC include the risk-free rate, an adjustment for stock market risk, an adjustment for company size risk and country risk adjustments for the U.K. For the market approach, the Company utilizes recent market multiples of guideline companies for both revenue and pre-tax net income weighted as appropriate by reporting unit.

Each of the significant assumptions to the fair value model are considered level 3 inputs within the fair value hierarchy described further in Note 7. Financial Instruments and Fair Value Measurements. Developing these assumptions requires applying management's knowledge of the industry, recent transactions and reasonable performance expectations for its operations.

For the October 31, 2023 annual intangible franchise rights assessment, the Company elected to perform a qualitative assessment. Based on the results of the qualitative assessment, certain dealerships required a quantitative assessment based on their actual results through October 31, 2023 and an update of the annual budget in the fourth quarter of 2023. To perform the intangible franchise rights quantitative assessment, the Company estimated the fair values of the respective franchise rights using a discounted cash flow, or income approach, following the income approach as described for Goodwill. This resulted in franchise rights impairment charges of $25.1 million in the U.S. segment and none in the U.K. segment for the year ended December 31, 2023. The impairment charges were recognized within *Asset impairments* in the Company's Consolidated Statements of Operations.

During the year ended December 31, 2022, the Company recorded impairment charges of $1.3 million in the U.S. segment and none in the U.K. segment on intangible franchise rights. No impairment was recorded for intangible franchise rights during the year ended December 31, 2021. The impairment charges were recognized within *Asset impairments* in the Company's Consolidated Statements of Operations.

During the year ended December 31, 2023, the Company recorded additional indefinite-lived intangible franchise rights acquired through business combinations of $215.1 million in the U.S. segment and none in the U.K. segment. During the year ended December 31, 2022, the Company recorded additional intangible franchise rights acquired through business combinations of $127.4 million in the U.S. segment and none in the U.K. segment.

Refer to Note 3. Acquisitions for further discussion of the Company's acquisitions.

The following table presents the Company's intangible franchise rights balances by segment as of December 31, 2023 and 2022 (in millions):

	Intangible Franchise Rights		
	U.S.	U.K.	Total
Balance, December 31, 2022	$ 498.0	$ 18.3	$ 516.3
Balance, December 31, 2023	$ 682.0	$ 19.2	$ 701.2

The following is a roll-forward of the Company's goodwill accounts by reporting unit (in millions):

	Goodwill		
	U.S.	U.K.	Total
Balance, December 31, 2021 [1]	$ 1,307.3	$ 112.9	$ 1,420.2
Additions through acquisitions	236.1	10.2	246.3
Purchase price allocation adjustments	35.0	—	35.0
Disposals	(37.3)	—	(37.3)
Reclassified from (to) assets held for sale, net	8.8	—	8.8
Currency translation	—	(11.2)	(11.2)
Balance, December 31, 2022 [1]	$ 1,549.9	$ 111.9	$ 1,661.8
Additions through acquisitions	49.7	—	49.7
Purchase price allocation adjustments	9.1	1.9	11.0
Disposals	(52.9)	—	(52.9)
Reclassified from (to) assets held for sale, net	(23.6)	—	(23.6)
Currency translation	—	6.0	6.0
Balance, December 31, 2023[1]	$ 1,532.1	$ 119.8	$ 1,651.9

[1] Net of accumulated impairments of $40.6 million in the U.S. reporting unit.

13. FLOORPLAN NOTES PAYABLE

The Company's Floorplan Notes Payable consisted of the following (in millions):

	December 31,	
	2023	2022
Revolving Credit Facility — Floorplan notes payable	$ 1,358.2	$ 833.5
Revolving Credit Facility — Floorplan notes payable offset account	(236.7)	(140.2)
Revolving Credit Facility — Floorplan notes payable, net	1,121.6	693.3
Other non-manufacturer facilities	31.4	68.8
Floorplan notes payable — credit facility and other, net	$ 1,153.0	$ 762.1
FMCC facility	$ 156.6	$ 55.1
FMCC facility offset account	(38.5)	(13.4)
FMCC facility, net	118.1	41.8
GM Financial Facility	37.9	—
Other manufacturer affiliate facilities	256.4	201.3
Floorplan notes payable — manufacturer affiliates, net	$ 412.4	$ 243.1

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 currently 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 Consolidated Balance Sheets — refer to Note 14. 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 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 December 31, 2023 and 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 6.59% as of December 31, 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 $3.8 million and $5.0 million of unamortized debt issuance costs as of December 31, 2023 and 2022, respectively, which are included in *Prepaid expenses* and *Other long-term assets* in the Company's Consolidated Balance Sheets and amortized over the term of the facility.

Under the Revolving Credit Facility, dividends are permitted to the extent that no event of default exists, and the Company is in compliance with the financial covenants contained therein.

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 December 31, 2023.

GM Financial Facility

During December 2023, the Company entered into a master loan agreement with General Motors Financial (the "GM Financial Facility"). As of December 31, 2023, the GM Financial Facility had a total capacity of $84.5 million. The GM Financial Facility bears interest at the U.S. Prime rate less 100 basis points.

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 December 31, 2023, borrowings outstanding under these facilities totaled $256.4 million, comprised of $142.6 million in the U.S., with annual interest rates ranging from 1% to approximately 9%, and $113.8 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 Consolidated Balance Sheets. The offset accounts are the Company's primary options for the short-term investment of excess cash.

14. DEBT

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

	December 31,	
	2023	2022
4.00% Senior Notes due August 15, 2028	$ 750.0	$ 750.0
Acquisition Line	325.0	303.2
Other debt:		
Real estate related	751.0	796.9
Finance leases	272.7	220.4
Other	8.8	22.3
Total other debt	1,032.5	1,039.6
Total debt	2,107.5	2,092.7
Less: unamortized debt issuance costs	8.7	10.2
Less: current maturities	109.4	130.3
Total long-term debt	$ 1,989.4	$ 1,952.2

The aggregate annual maturities of debt for the next five years, excluding debt issuance costs, are as follows (in millions):

	Total
Years Ended December 31,	
2024	$ 109.9
2025	123.9
2026	198.9
2027	517.7
2028	878.1
Thereafter	278.9
Total	$ 2,107.5

Acquisition Line

The proceeds of the Acquisition Line are used for working capital, general corporate and acquisition purposes. As of December 31, 2023, borrowings under the Acquisition Line, a component of the Revolving Credit Facility, totaled $325.0 million. The average interest rate on this facility was 5.66% as of December 31, 2023.

Real Estate Related

The Company has mortgage loans in the U.S. and the U.K. that are paid in installments. As of December 31, 2023, borrowings outstanding under these facilities totaled $751.0 million, gross of debt issuance costs, comprised of $620.3 million in the U.S. and $130.7 million in the U.K.

The Company's mortgage loans are secured by real property owned by the Company. The carrying values of the related collateralized real estate as of December 31, 2023 and 2022 were $1,153.2 million and $1,215.7 million, respectively.

In February 2024, the Company entered into a master credit agreement with Wells Fargo Bank, National Association (the "Wells Fargo Credit Agreement") with a maximum capacity of $250.0 million. The Wells Fargo Credit Agreement accrues interest at SOFR plus 175 basis points and matures on March 1, 2031.

Finance Leases

Refer to Note 11. Leases for further information regarding the Company's finance leases.

15. INCOME TAXES

Income from continuing operations before income taxes by geographic area was as follows (in millions):

	Years Ended December 31,		
	2023	2022	2021
Domestic	$ 732.1	$ 897.4	$ 721.8
Foreign	68.1	87.9	79.2
Total income before income taxes	$ 800.2	$ 985.3	$ 800.9

Federal, state and foreign income tax provisions from continuing operations were as follows (in millions):

	Years Ended December 31,		
	2023	2022	2021
Federal:			
Current	$ 142.9	$ 160.7	$ 116.4
Deferred	11.8	24.6	30.7
State:			
Current	23.8	24.5	13.8
Deferred	4.6	5.9	1.6
Foreign:			
Current	12.8	18.0	14.8
Deferred	2.3	(2.6)	(1.8)
Provision for income taxes	$ 198.2	$ 231.1	$ 175.5

A reconciliation of the statutory federal rate to the effective tax rate on income before income taxes from continuing operations, was as follows (in millions):

	Years Ended December 31,		
	2023	2022	2021
Provision at the U.S. federal statutory rate	$ 168.0	$ 206.9	$ 168.1
Increase (decrease) resulting from:			
State income tax, net of benefit for federal deduction	25.2	22.3	15.3
Foreign income tax rate differential	0.6	(2.3)	(1.0)
Change in enacted tax rate — U.K.	—	—	(1.9)
Tax credits	(0.5)	(0.4)	(0.8)
Change in valuation allowance	(2.6)	(2.1)	(2.9)
Stock-based compensation	(3.6)	(1.6)	(2.2)
Deferred state tax effect	(1.1)	4.3	—
Gain on dispositions	5.5	—	—
Other	6.7	4.0	0.9
Provision for income taxes	$ 198.2	$ 231.1	$ 175.5

The components of deferred tax assets and liabilities were as follows (in millions):

	December 31,	
	2023	2022
Deferred tax assets:		
Accrued liabilities	$ 62.6	$ 56.4
Net operating losses	13.0	18.9
Operating lease liabilities	65.5	71.1
Other	—	2.5
Deferred tax assets	141.1	148.9
Less: valuation allowance on deferred tax assets	7.6	10.2
Net deferred tax assets	$ 133.5	$ 138.7
Deferred tax liabilities:		
Goodwill and intangible franchise rights	$ 195.9	$ 171.2
Fixed asset basis differences	114.7	110.0
Interest rate swaps	21.3	26.1
Operating lease ROU assets	53.8	59.6
Other	0.3	1.7
Deferred tax liabilities	386.0	368.6
Net deferred tax liability	$ 252.5	$ 229.9

The classification of the continued operations of the Company’s net deferred tax liability within the Consolidated Balance Sheets is as follows (in millions):

	December 31,	
	2023	2022
Deferred tax asset, included in *Other long-term assets*	$ 4.1	$ 8.2
Deferred tax liability, included in *Deferred income taxes*	256.6	238.1
Net deferred tax liability	$ 252.5	$ 229.9

As of December 31, 2023, the Company had state pre-tax NOL carryforwards in the U.S. of $247.9 million that will expire between 2024 and 2043 in certain states while some may be carried forward indefinitely. To the extent that the Company expects that net income will not be sufficient to realize these NOLs in certain jurisdictions, a valuation allowance has been established.

The Company believes it is more-likely-than-not that its deferred tax assets, net of valuation allowances provided, will be realized, based primarily on its expectation of future taxable income and considering future reversals of existing taxable temporary differences.

As of December 31, 2023, the Company maintains a permanent reinvestment assertion on the Company’s foreign subsidiaries. An immaterial amount of tax would be payable upon any distribution of unremitted earnings or a recognition of any outside basis difference.

Based on the statutes of limitations in the applicable jurisdictions in which the Company operates, the Company is generally no longer subject to examinations by tax authorities in years prior to 2018.

A reconciliation of the Company's unrecognized tax benefits is as follows (in millions):

	2023	2022	2021
Balance at January 1	$ 2.0	$ 2.0	$ 2.0
Additions for current tax	0.6	0.5	0.5
Additions based on tax positions in prior years	—	—	—
Reductions for tax positions	—	—	—
Settlements with tax authorities	—	—	—
Reductions due to lapse of statutes of limitations	(0.4)	(0.5)	(0.5)
Balance at December 31	$ 2.2	$ 2.0	$ 2.0

Included in the balance of unrecognized tax benefits as of December 31, 2023, 2022 and 2021, are $1.9 million, $1.7 million and $1.6 million, respectively, of tax benefits that would affect the effective tax rate if recognized.

For the years ended December 31, 2023, 2022 and 2021 the Company recorded approximately $0.3 million, $0.3 million and $0.3 million, respectively, of interest and penalty related to its uncertain tax positions. Consistent with prior practice, the Company recognizes interest and penalties related to uncertain tax positions in income tax expense in the Consolidated Statements of Operations.

16. EMPLOYEE SAVINGS PLANS

The Company has a deferred compensation plan to provide select employees with the opportunity to accumulate additional savings for retirement on a tax-deferred basis (the "Deferred Compensation Plan"). Participants in the Deferred Compensation Plan are allowed to defer receipt of a portion of their salary, compensation or bonus. Participants receive a rate of return as determined by management and approved by the Board of Directors. The balances due to participants of the Deferred Compensation Plan as of December 31, 2023 and 2022, were $108.4 million and $100.4 million, respectively, with $8.1 million and $3.9 million classified as current for each respective period.

In the U.S., the Company offers a 401(k) plan to eligible employees and provides matching contribution to employees that participate in the plan. For the years ended December 31, 2023, 2022 and 2021, the matching contributions paid by the Company totaled $11.7 million, $10.9 million and $8.4 million, respectively.

In the U.K., the Company offers private personal pension plans and provides matching contributions to eligible employees that participate in the plan. For the years ended December 31, 2023, 2022 and 2021, the matching contributions paid by the Company totaled $5.2 million, $4.5 million and $3.8 million, respectively.

17. 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 December 31, 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 $35.0 million as of December 31, 2023.

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in the balances of each component of *Accumulated other comprehensive income (loss)* for the years ended December 31, 2023, 2022 and 2021 were as follows (in millions):

	Year Ended December 31, 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	23.7	13.7	37.3
Tax effect	—	(3.3)	(3.3)
Amounts reclassified from accumulated other comprehensive income (loss):			
Floorplan interest income (pre-tax)	—	(15.4)	(15.4)
Other interest income, net (pre-tax)	—	(17.9)	(17.9)
Reclassification related to de-designated interest rate swaps (pre-tax)	—	(4.0)	(4.0)
Provision for income taxes	—	8.9	8.9
Net current period other comprehensive income (loss)	23.7	(18.0)	5.7
Balance, December 31, 2023	$ (37.4)	$ 65.6	$ 28.1

	Year Ended December 31, 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	(27.2)	110.0	82.7
Tax effect	—	(25.8)	(25.8)
Amounts reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	(0.8)	(0.8)
Other interest expense (pre-tax)	—	(2.4)	(2.4)
Cumulative foreign currency translation adjustments associated with the Brazil Disposal	122.8	—	122.8
Other cumulative foreign currency translation adjustments	1.5	—	1.5
Provision for income taxes	—	0.8	0.8
Net current period other comprehensive income	97.1	81.6	178.7
Balance, December 31, 2022	$ (61.1)	$ 83.6	$ 22.5

	Year Ended December 31, 2021		
	Accumulated Income (Loss) on Foreign Currency Translation	Accumulated Income (Loss) on Interest Rate Swaps	Total
Balance, December 31, 2020	$ (151.6)	$ (32.5)	$ (184.0)
Other comprehensive income (loss) before reclassifications:			
Pre-tax	(6.7)	29.5	22.8
Tax effect	—	(6.9)	(6.9)
Amounts reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	3.7	3.7
Other interest expense (pre-tax)	—	4.1	4.1
Reclassification related to de-designated interest rate swaps (pre-tax)	—	7.9	7.9
Benefit for income taxes	—	(3.7)	(3.7)
Net current period other comprehensive (loss) income	(6.7)	34.5	27.8
Balance, December 31, 2021	$ (158.2)	$ 2.0	$ (156.2)

19. CASH FLOW INFORMATION

Non-cash Activities

The accrual for capital expenditures increased $2.0 million, decreased $1.6 million, and increased $2.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Interest and Income Taxes Paid

Cash paid for interest, including the monthly settlement of the Company's interest rate swaps, was $154.3 million, $92.9 million and $72.8 million for the years ended December 31, 2023, 2022 and 2021, 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 $183.8 million, $202.2 million and $163.0 million for the years ended December 31, 2023, 2022 and 2021, respectively.

20. SEGMENT INFORMATION

As of December 31, 2023, the Company had two reportable segments: the U.S. and the U.K. The Company defines its 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 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 for continuing operations as follows (in millions):

	Year Ended December 31, 2023		
	U.S.	U.K.	Total
Total revenues	$ 14,814.2	$ 3,059.5	$ 17,873.7
Gross profit	$ 2,610.1	$ 410.1	$ 3,020.3
SG&A expenses	$ 1,622.9	$ 303.9	$ 1,926.8
Depreciation and amortization expense	$ 76.9	$ 15.1	$ 92.0
Floorplan interest expense	$ 53.5	$ 10.6	$ 64.1
Other interest expense, net	$ 91.4	$ 8.4	$ 99.8
Income before income taxes	$ 732.1	$ 68.1	$ 800.2
Capital expenditures:			
Real estate related capital expenditures	$ 41.5	$ 4.7	$ 46.3
Non-real estate related capital expenditures	114.6	24.5	139.2
Total capital expenditures	$ 156.2	$ 29.3	$ 185.4

	Year Ended December 31, 2022		
	U.S.	U.K.	Total
Total revenues	$ 13,427.1	$ 2,795.1	$ 16,222.1
Gross profit	$ 2,582.3	$ 382.9	$ 2,965.2
SG&A expenses	$ 1,516.9	$ 266.5	$ 1,783.3
Depreciation and amortization expense	$ 73.1	$ 15.2	$ 88.4
Floorplan interest expense	$ 21.4	$ 5.9	$ 27.3
Other interest expense, net	$ 71.0	$ 6.6	$ 77.5
Income before income taxes	$ 897.4	$ 87.9	$ 985.3
Capital expenditures:			
Real estate related capital expenditures	$ 17.7	$ 22.0	$ 39.6
Non-real estate related capital expenditures	100.2	15.3	115.5
Total capital expenditures	$ 117.8	$ 37.3	$ 155.1

	Year Ended December 31, 2021		
	U.S.	U.K.	Total
Total revenues	$ 10,846.3	$ 2,635.6	$ 13,481.9
Gross profit	$ 2,089.5	$ 351.2	$ 2,440.7
SG&A expenses	$ 1,234.9	$ 242.2	$ 1,477.2
Depreciation and amortization expense	$ 60.4	$ 17.0	$ 77.4
Floorplan interest expense	$ 22.2	$ 5.4	$ 27.6
Other interest expense, net	$ 48.5	$ 7.3	$ 55.8
Income before income taxes	$ 721.8	$ 79.2	$ 800.9
Capital expenditures:			
Real estate related capital expenditures	$ 18.9	$ 27.0	$ 45.9
Non-real estate related capital expenditures	82.3	13.9	96.2
Total capital expenditures	$ 101.2	$ 40.9	$ 142.1

	December 31, 2023		
	U.S.	U.K.	Total
Property and equipment, net	$ 1,915.2	$ 333.5	$ 2,248.7
Total assets	$ 6,665.7	$ 1,086.6	$ 7,752.3

	December 31, 2022		
	U.S.	U.K.	Total
Property and equipment, net	$ 1,824.1	$ 304.1	$ 2,128.2
Total assets	$ 5,710.8	$ 983.8	$ 6,694.7

Refer to Note 12. Intangible Franchise Rights and Goodwill for further discussion of the Company’s intangible franchise rights and goodwill by segment.

GROUP 1 AUTOMOTIVE, INC. 2014 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK GRANT NOTICE

Pursuant to the terms and conditions of the Group 1 Automotive, Inc. 2014 Long-Term Incentive Plan, as amended from time to time (the "Plan"), Group 1 Automotive, Inc., a Delaware corporation (the "Company") hereby grants to the individual listed below ("you" or the "Employee") the number of shares of restricted common stock of the Company (the "Restricted Shares") set forth below. This award of Restricted Shares (this "Award") is subject to the terms and conditions set forth herein within this Restricted Stock Grant Notice (the "Grant Notice") and in the Restricted Stock Agreement attached hereto as Exhibit A (together with the Grant Notice, the "Agreement") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Employee:	______________________
Employee I.D.:	______________________
Grant Type:	______________________
Date of Grant:	______________________
Total Number of Restricted Shares:	______________________
Vesting Schedule:	Except as expressly provided in Section 2 of the Agreement, the Plan and the other terms and conditions set forth herein, this Award shall vest according to the following schedule, so long as you remain continuously employed by the Company or an Affiliate from the Date of Grant through each vesting date set forth below:

Vesting Date	Portion of Restricted Shares that Vest
First Anniversary of Date of Grant	33% of the total number of Restricted Shares
Second Anniversary of Date of Grant	33% of the total number of Restricted Shares
Third Anniversary of Date of Grant	34% of the total number of Restricted Shares

You agree to be bound by the terms and conditions of the Plan and the Agreement including future amendments thereto, if any. You acknowledge that you have reviewed the Agreement and the Plan in their entirety and fully understand all provisions of the Agreement and the Plan. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Company regarding any questions or determinations that arise under the Agreement or the Plan. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement. Acceptance of this Award will be via electronic signature on netbenefits.fidelity.com.

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EXHIBIT A

RESTRICTED STOCK AGREEMENT

THIS RESTRICTED STOCK AGREEMENT (together with the Grant Notice to which this Agreement is attached, this "Agreement") is effective as of the Date of Grant noted within the Grant Notice, between **GROUP 1 AUTOMOTIVE, INC.**, a Delaware corporation (the "Company"), and the employee set forth on the Grant Notice ("Employee").

1. **Award**. Pursuant to the **GROUP 1 AUTOMOTIVE, INC. 2014 LONG TERM INCENTIVE PLAN** (the "Plan"), the number of shares (the "Restricted Shares") of the Company's common stock set forth in the Grant Notice shall be issued as hereinafter provided in Employee's name, subject to certain restrictions thereon, in consideration of the services to be rendered by the Employee to the Company. The Restricted Shares shall be issued upon satisfaction of the conditions of this Agreement. Employee hereby specifically agrees to comply with the Additional Employee Obligations (defined below), if and when applicable. In the event of any conflict between the terms of this Agreement and the Plan, the Plan shall control. Capitalized terms used but not defined herein shall have the meanings attributed to such terms in the Plan.

2. **Restricted Shares**. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) **Forfeiture Restrictions**. The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of to the extent then subject to the Forfeiture Restrictions (as hereinafter defined), and in the event of termination of Employee's employment with the Company for any reason other than a Qualified Retirement (as hereinafter defined), death or Disability (as hereinafter defined), Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. In the case of a Qualified Retirement, Employee shall, for no consideration, forfeit to the Company (y) all Restricted Shares to the extent subject to the forfeiture restrictions on the date of such termination if Employee fails to comply with the Additional Employee Obligations continuously from the date of the termination of Employee's employment as a result of a Qualified Retirement until the Compliance Expiration Date (as hereinafter defined) and (z) as of the date of such Qualified Retirement, Restricted Shares granted to Employee less than six months prior to (or any time after) the earlier to occur of (1) the date Employee provides notification of his or her intent to terminate his or her employment due to Qualified Retirement or (2) the date of such Qualified Retirement. The prohibition against transfer and the obligation to forfeit and surrender Restricted Shares to the Company upon termination of employment, or thereafter in the case of non-compliance with the Additional Employee Obligations following termination of employment as a result of a Qualified Retirement, are herein referred to as the "Forfeiture Restrictions."

(b) **Lapse of Forfeiture Restrictions**. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the schedule set forth on the Grant Notice, provided that Employee has been continuously employed by the Company from the date of this Agreement through the lapse date set forth on the Grant Notice. Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares then subject to the Forfeiture Restrictions on the date Employee's employment with the Company is terminated by reason of death or Disability. Further notwithstanding the foregoing, in the event that Employee's employment with the Company terminates as a result of a Qualified Retirement, all of the Restricted Shares that are then subject to the Forfeiture Restrictions shall remain subject to forfeiture under this Agreement until the Compliance Expiration Date and, upon the Compliance Expiration Date, provided that Employee has complied with the Additional Employee Obligations continuously from the date of the termination of his employment with the Company as a result of such Qualified Retirement until the Compliance Expiration Date, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares then subject to the Forfeiture Restrictions (which, for purposes of clarity, shall not include Restricted Shares granted to Employee less than six months prior to (or any time after) the earlier to occur of (1) the date Employee provides notification of his or her intent to terminate his or her employment due to Qualified Retirement or (2) the date of such Qualified Retirement, which Restricted Shares shall be forfeited upon the Qualified Retirement).

(c) **Certificates**. A certificate evidencing the Restricted Shares shall be issued by the Company in Employee's name, pursuant to which Employee shall have all of the rights of a stockholder of the Company with respect to the Restricted Shares, including, without limitation, voting rights and the right to receive dividends (provided, however, that dividends paid in shares of the Company's stock shall be subject to the Forfeiture Restrictions and provided further that dividends that are paid other than in shares of the Company's stock shall be paid no later than the end of the calendar year in which the dividend for such class of stock is paid to stockholders of such class or, if later, the 15th day of the third month following the date the dividend is paid to stockholders of such class of stock). Employee may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of the stock until the Forfeiture Restrictions have expired and a breach of the terms of this Agreement shall cause a forfeiture of the Restricted Shares. The certificate shall be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Committee as a depository for safekeeping until the forfeiture of such Restricted Shares occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. On the date of this Agreement, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend (except for any legend required pursuant to applicable securities laws or any other agreement to which Employee is a party) in the name of Employee in exchange for the certificate evidencing the Restricted Shares. However, the Company, in its sole discretion, may elect to deliver the certificate either in certificate form or electronically to a brokerage account established for Employee's benefit at a brokerage/financial institution selected by the Company. Employee agrees to complete and sign any documents and take additional action that the Company may request to enable it to deliver the shares on Employee's behalf.

(d) **Corporate Acts**. The existence of the Restricted Shares shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding. The prohibitions of Section 2(a) hereof shall not apply to the transfer of Restricted Shares pursuant to a plan of reorganization of the Company, but the stock, securities or other property received in exchange therefor shall also become subject to the Forfeiture Restrictions and provisions governing the lapsing of such Forfeiture Restrictions applicable to the original Restricted Shares for all purposes of this Agreement and the certificates representing such stock, securities or other property shall be legended to show such restrictions.

(e) **Definitions**. For purposes of this Agreement, the following capitalized words and terms shall have the meanings indicated below:

(i) "Additional Employee Obligations" shall mean those obligations of Employee to the Company and its Affiliates that apply during or after Employee's employment by the Company as attached hereto in Annex A and incorporated herein by reference as a part of this Agreement.

(ii) "Affiliate" shall have the meaning set forth in the Plan.

(iii) "Board" shall mean the Board of Directors of the Company.

(iv) "Code" shall mean the Internal Revenue Code of 1986, as amended. Reference to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(v) "Committee" shall mean the committee of the Board that is selected by the Board to administer the Plan as provided in Paragraph IV(a) of the Plan.

(vi) "Compliance Expiration Date" shall mean the date that is two years following the effective date of the termination of Employee's employment with the Company or, if earlier, the date of Employee's death or Disability after a Qualified Retirement.

(vii) "Disability" shall mean that Employee has become disabled within the meaning of section 409A(a)(2)(C) of the Code and applicable administrative authority thereunder.

(viii) "Qualified Retirement" shall mean the termination of Employee's employment with the Company on a date that is on or after Employee's attainment of age 63 and following the date on which the sum of the Employee's age and years of Service equals or exceeds 70, and so long as the Employee has completed, in the aggregate, five (5) years of Service.

(ix) "Service" shall mean the years of service credited to Employee for vesting purposes under the Group 1 Automotive Inc. 401(k) Savings Plan, as amended from time to time.

3. **Withholding of Tax/Tax Election**. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in compensation income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money as the Company may require to meet its obligation under applicable tax laws or regulations or make such other arrangements to satisfy such withholding obligation as the Company, in its sole discretion, may approve. In addition, the Company may withhold unrestricted shares of stock of the Company (valued at their fair market value on the date of withholding of such shares) otherwise to be issued upon the lapse of the Forfeiture Restrictions to satisfy its withholding obligations. If Employee makes the election authorized by section 83(b) of the Code in connection with the award of the Restricted Shares, Employee shall submit to the Company a copy of the statement filed by Employee to make such election.

4. **Status of Stock**. Employee agrees that the Restricted Shares issued under this Agreement will not be sold or otherwise disposed of in any manner that would constitute a violation of any applicable securities laws, whether federal, state or applicable non-U.S. law or the Company's Code of Conduct. Employee also agrees that (a) the certificates representing the Restricted Shares may bear such legend or legends as the Committee deems appropriate in order to reflect the Forfeiture Restrictions and to assure compliance with applicable securities laws, (b) the Company may refuse to register the transfer of the Restricted Shares on the stock transfer records of the Company if such proposed transfer would constitute a violation of the Forfeiture Restrictions or, in the opinion of counsel satisfactory to the Company, of any applicable securities law and (c) the Company may give related instructions to its transfer agent, if any, to stop registration of the transfer of the Restricted Shares. The Company (or to such other depository as may be designated pursuant to Section 2(c) above) shall hold the Restricted Shares (and the related stock powers) pursuant to the terms of this Agreement until such time as (y) a certificate or certificates for the Restricted Shares are delivered to Employee free of restrictions (which, for purposes of clarity in the event of a Qualified Retirement, shall not be prior to the Compliance Expiration Date provided that Employee has complied with the Additional Employee Obligations continuously from the date of the termination of his employment with the Company as a result of a Qualified Retirement until the Compliance Expiration Date), or (z) the Restricted Shares are canceled and forfeited pursuant to this Agreement.

5. **Employment Relationship**. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee or a consultant of either the Company, a parent or subsidiary corporation (as defined in section 424 of the Code) of the Company, or any successor corporation. Nothing in the adoption of the Plan, nor the award of the Restricted Shares thereunder pursuant to this Agreement, shall confer upon Employee the right to continued employment or engagement as a consultant by the Company or affect in any way the right of the Company to terminate such employment or consulting relationship at any time, subject to applicable law. Unless otherwise provided in a written employment or consulting agreement or by applicable law, Employee's employment or engagement as a consultant by the Company shall be on an at-will basis, and the employment and/or consulting relationship may be terminated at any time by either Employee or the Company for any reason whatsoever or no reason at all, with or without cause, subject to applicable law. Any question as to whether and when there has been a termination of such employment and/or consulting relationship, and the cause of such termination, shall be determined by the Committee, and its determination shall be final.

6. **Notices**. Any notices or other communications provided for in this Agreement must be provided in writing. In the case of Employee, such notices or communications shall be effectively delivered if hand-delivered to Employee at his principal place of employment or if sent by registered or certified mail to Employee at the last address Employee has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered if sent by registered or certified mail to the Company at its principal offices.

7. **Entire Agreement; Amendment**. This Agreement and the documents incorporated by reference, including, but not limited to, the documents referenced in Section 2(a)(i) above, herein replace and merge all previous agreements and discussions relating to the same or similar subject matters between Employee and the Company and constitute the entire agreement between Employee and the Company with respect to the subject matters of this Agreement; provided, however, that the vesting terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company and Employee that provides for accelerated vesting of the Restricted Shares upon or after termination of employment. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matters hereof are hereby null and void and of no further force and effect. Any modification of this Agreement shall be effective only if it is in writing and signed by both Employee and an authorized officer of the Company.

8. **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

9. **<u>Forfeiture (“Clawback”) Policy</u>**. Notwithstanding any other provision of this Agreement to the contrary, any Restricted Shares granted and/or shares issued hereunder, hereunder are subject to recovery under any law, government regulation, or applicable stock exchange listing and are subject to any written clawback policies that the Company has adopted or may adopt either prior to or following the effective date of this Agreement, whether required pursuant to or related to any applicable law, government regulation, or stock exchange listing. Any such clawback policy may subject your Restricted Shares and amounts paid or realized with respect to your Restricted Shares to reduction, cancelation, forfeiture, or recoupment if certain specified events occur, including but not limited to an accounting restatement, or other events or wrongful conduct specified in any such clawback policy. The Company will make any determination for reduction, cancelation, forfeiture, or recoupment in its sole discretion and in accordance with any applicable law or regulation.

10. <u>Controlling Law</u>. **This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof**.

ANNEX A

CONFIDENTIAL INFORMATION, NON-COMPETITION AND NON-SOLICITATION

1. **Defined Terms; Employment Relationship**. Capitalized terms used in this Annex A that are not defined in this Annex A shall have the meanings assigned to such terms in the Restricted Stock Agreement to which this Annex A is attached (the "Restricted Stock Agreement"). For purposes of this Annex A, Employee shall be considered to be in the employment of the Company as provided in Section 5 of the Restricted Stock Agreement.

As used herein, the following terms shall have the following meanings:

(a) "Business" means the business of auto retailing (whether public or private), automobile dealership consolidation and any other business that is the same as, or competitive with, the business in which Employee was engaged during Employee's employment by the Company and its Affiliates. Notwithstanding the foregoing, the "Business" shall not include automotive manufacturing or any business in which the Company and its Affiliates have permanently refrained from engaging.

(b) "Restricted Area" means the geographic area within a 50-mile radius of any automotive dealership in which the Company or an Affiliate has an ownership interest as of the date of the termination of Employee's employment by the Company**,** which such area includes, without limitation, the Louisiana parishes listed on Annex A-1; provided, however, that the Restricted Area shall not include any area within the State of California.

2. **Protection of Confidential Information**. Except as required by law, Employee promises that Employee will not, at any time during or after Employee's employment by the Company, make any unauthorized disclosure of any confidential information or trade secrets of the Company or its Affiliates, or make any use thereof, except in the carrying out of Employee's responsibilities on behalf of the Company and its Affiliates. Employee also agrees to preserve and protect the confidentiality of confidential information and trade secrets belonging to third parties, such as customers, suppliers, partners, and joint venturers of the Company and its Affiliates to the same extent, and on the same basis, as the Company's and its Affiliates' confidential information and trade secrets.

3. **Non-Competition; Non-Solicitation**. As an express incentive for the Company to enter into the Restricted Stock Agreement, and in order to protect the Company's and its Affiliates' confidential information, goodwill and legitimate business interests, Employee expressly acknowledges and agrees that, until the Compliance Expiration Date, Employee will not, directly or indirectly, on Employee's own behalf or on behalf of others:

(a) within the Restricted Area, engage or carry on in the Business (other than on behalf of the Company or its Affiliates); for purposes of this Section 3(a), employee acknowledges that the following constitute non-exclusive examples of engaging or carrying on in the Business, in violation of this agreement: rendering advice or services to, or otherwise assisting, any other person, association or entity that is engaged in, or planning to engage in, the Business in such a manner that Employee performs duties or services that are the same or similar to those duties or services that Employee performed on behalf of the Company and its Affiliates;

(b) within the Restricted Area, solicit or attempt to solicit the business of any customer or client of the Company or its Affiliates with whom or which Employee has had any material business dealings during Employee's employment by the Company and its Affiliates for the furtherance of, or on behalf of, a competitive business or a competitive activity; and

(c) encourage or induce any current or former employee of the Company or any of its Affiliates to leave the employment of the Company or any of its Affiliates or offer employment, retain, hire or assist in the hiring of any such employee by any person, association, or entity not affiliated with the Company or any of its Affiliates; provided, however, that nothing in this subsection (c) shall prohibit Employee from offering employment to any prior employee of the Company or any of its Affiliates who was not employed by the Company or any of its Affiliates at any time in the twelve (12) months prior to the termination of Employee's employment by the Company.

Notwithstanding the foregoing, the provisions of Sections 3(a) and 3(b) above will not apply in that portion of the Restricted Area, if any, located within the State of Oklahoma. Instead, Employee agrees that, within that portion of the Restricted Area that is located within the State of Oklahoma, in addition to the restrictions set forth in Section 3(c) above, Employee shall not directly or indirectly solicit the sale of goods, services or a combination of goods and services from the established customers of the Company and its Affiliates. In addition, the provisions of Sections

3(a) and 3(b) above shall not apply following Employee's termination of employment with the Company if such termination does not constitute a Qualified Retirement.

4. **<u>Employee's Acknowledgements</u>**. Employee acknowledges and agrees that, during the course of Employee's employment with the Company, Employee has been provided with the Company's and its Affiliates' confidential information and become associated with the Company's and its Affiliates' goodwill. Employee further acknowledges and agrees that, as a consequence of Employee's continued employment and entry into the Restricted Stock Agreement, Employee will receive benefits to which Employee was not otherwise entitled and will be provided with, and have access to, additional confidential information of the Company and its Affiliates and become further associated with, and will further build, customer relationships and the Company's and its Affiliates' goodwill. Employee acknowledges and agrees that the provisions of this Annex A are no greater than necessary to protect the Company's and its Affiliates' legitimate business interests, including the protection of their confidential information, customer relationships and goodwill; the provisions of this Annex A create no undue hardship on Employee; and Employee is receiving sufficient consideration in exchange for Employee's entry into this agreement. Employee further acknowledges and agrees that the restrictions set forth in this Annex A are reasonable and that Employee has had, or will have, responsibilities with regard to, and has received or will receive, confidential information about, the Business operated by the Company and its Affiliates throughout the Restricted Area.

5. **<u>Reformation</u>**. Notwithstanding the Employee's acknowledgements in Section 4 above, if any of the restrictions hereunder are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, Employee and the Company intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, Employee and the Company intend to make this provision enforceable under the law or laws of all applicable states and other jurisdictions so that the entire agreement not to compete and this Annex A as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal.

ANNEX A-1

LOUISIANA PARISHES

[Select which of the following parishes are within, or reasonably expected to be within, the 50-mile radius described above]

[Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, De Soto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson David, La Salle, Lafayette, Lafourche, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermillion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, Winn.]

GROUP 1 AUTOMOTIVE, INC.
2014 LONG TERM INCENTIVE PLAN

APPENDIX TO RESTRICTED STOCK AGREEMENT

ADDITIONAL TERMS AND CONDITIONS
FOR INTERNATIONAL EMPLOYEES

TERMS AND CONDITIONS

This Appendix, which is part of the Agreement, contains additional terms and conditions that govern the Restricted Shares granted to the Employee under the Plan if he or she resides outside the United States. The terms and conditions in Part A of this Appendix apply to *all* Employees outside the United States. The country-specific terms and conditions and/or notifications in Part B of this Appendix will also apply to the Employee if he or she resides in one of the countries listed below. Unless otherwise defined, capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Agreement.

NOTIFICATIONS

This Appendix also includes information regarding exchange controls and certain other issues of which the Employee should be aware with respect to participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the respective countries as of June 2014. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Employee not rely on the information in this Appendix as the only source of information relating to the consequences of his or her participation in the Plan because the information may be out of date at the time that the Employee vests in the Restricted Shares or sell shares of common stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Employee's particular situation, and the Company is not in a position to assure the Employee of a particular result. Accordingly, the Employee is advised to seek appropriate professional advice as to how the relevant laws in his or her country may apply to the Employee's situation.

Finally, if the Employee is a citizen or resident, or is considered a resident, of a country other than the one in which he or she is currently working, or transferred employment after the Restricted Shares were granted to him or her, the information contained herein may not be applicable. In addition, the Company shall, in its sole discretion, determine to what extent the additional terms and conditions included herein will apply to you under these circumstances.

A. <u>ALL NON-U.S. COUNTRIES ADDITIONAL TERMS AND CONDITIONS</u>

The following additional terms and conditions will apply to the Employee if he or she resides in any country outside the United States.

<u>Responsibility for Taxes</u>. The following section replaces Section 3 of the Agreement in its entirety:

The Employee acknowledges that, regardless of any action taken by the Company or, if different, the Employee's employer (the "<u>Employer</u>"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Employee's participation in the Plan and legally applicable to the Employee ("<u>Tax-Related Items</u>") is and remains the Employee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Employee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Shares, including, but not limited to, the grant or vesting of the Restricted Shares, the subsequent sale of shares of common stock acquired pursuant to such settlement and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Shares to reduce or eliminate the Employee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Employee is subject to Tax-Related Items in more than one jurisdiction between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, the Employee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Employee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Employee authorizes the Company and/or the Employer to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following methods: (i) requiring payment by the Employee to the Company, on demand, by cash, check or other method of payment as may be determined acceptable by the Company; (ii) withholding from the Employee's wages or other cash compensation paid to the Employee by the Company and/or the Employer; (iii) withholding from proceeds of the sale of shares of common stock at vesting of the Restricted Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on the Employee's behalf pursuant to this authorization) without further consent; or (iv) withholding shares of common stock at vesting of the Restricted Shares.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case the Employee will receive a refund of any over-withheld amount in cash and will have no entitlement to the common stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in shares of common stock, for tax purposes, the Employee is deemed to have been issued the full number of shares of common stock subject to the vested Restricted Shares, notwithstanding that a number of the shares of common stock are held back solely for the purpose of paying the Tax-Related Items.

Finally, the Employee agrees to pay the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Employee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of common stock, if the Employee fails to comply with the Employee's obligations in connection with the Tax-Related Items.

Nature of Grant. The following section is added to Section 5 of the Agreement:

In accepting the grant, the Employee acknowledges, understands and agrees that: (1) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan; (2) all decisions with respect to future Restricted Share or other grants, if any, will be at the sole discretion of the Company; (3) the Employee is voluntarily participating in the Plan; (4) the Restricted Shares are not intended to replace any pension rights or compensation; (5) the future value of the underlying shares of common stock is unknown, indeterminable and cannot be predicted with certainty; (6) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Shares resulting from the termination of the Employee's employment or other service relationship (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or the terms of the Employee's employment agreement, if any), and in consideration of the grant of the Restricted Shares to which the Employee is otherwise not entitled, the Employee irrevocably agrees never to institute any claim against the Company, any of its Subsidiaries or the Employer, waives the Employee's ability, if any, to bring any such claim, and releases the Company, its Subsidiaries and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Employee shall be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary to request dismissal or withdrawal of such claim; (7) for purposes of the Restricted Shares, the Employee's employment or service relationship will be considered terminated as of the date the Employee is no longer actively providing services to the Company or one of its Subsidiaries (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Employee is employed or providing services or the terms of the Employee's employment or service agreement, if any) and unless otherwise expressly provided in these terms and conditions or determined by the Company, the Employee's right to vest in the Restricted Shares under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, the Employee's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Employee is employed or providing services or the terms of the Employee's employment or service agreement, if any); the Company shall have the exclusive discretion to determine when the Employee is no longer actively providing services for purposes of the Employee's Restricted Share grant (including whether the Employee may still be considered to be providing services while on an approved leave of absence); (8) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Shares and the benefits evidenced by these terms and conditions do not create any entitlement to have the Restricted Shares or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; (9) the Restricted Shares and the shares of common stock subject to the Restricted Shares, and the income and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and (10) the Employee acknowledges and agrees that neither the Company, the Employer nor any subsidiary or affiliate of the Company shall be liable for any foreign exchange rate fluctuation between the Employee's local currency and the United States Dollar that may affect the value of the Restricted Shares or of any amounts due to the Employee pursuant to the settlement of the Restricted Shares or the subsequent sale of any shares of common stock acquired upon settlement.

No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Employee's participation in the Plan, or the Employee's acquisition or sale of the underlying shares of common stock. The Employee is hereby advised to consult with the Employee's own personal tax, legal and financial advisors regarding the Employee's participation in the Plan before taking any action related to the Plan.

Data Privacy. The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in the Agreement and any other Restricted Share grant materials ("Data") by and among, as applicable, the Employer, the Company and its subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.

The Employee understands that the Company and the Employer may hold certain personal information about the Employee, including, but not limited to, the Employee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Shares or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor, for the exclusive purpose of implementing, administering and managing the Plan.

The Employee understands that Data will be transferred to a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Employee understands that the recipients of the Data may be located in the United States or elsewhere (including outside the EEA), and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Employee's country. The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative. The Employee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Employee's participation in the Plan. The Employee understands that Data will be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. Further, the Employee understands that the Employee is providing the consents herein on a purely voluntary basis. If the Employee does not consent, or if the Employee later seeks to revoke the Employee's consent, the Employee's employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing the Employee's consent is that the Company would not be able to grant the Employee Restricted Shares or other equity awards or administer or maintain such awards. Therefore, the Employee understands that refusing or withdrawing the Employee's consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the Employee's refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

Language. If the Employee has received the Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

B. COUNTRY-SPECIFIC ADDITIONAL TERMS AND CONDITIONS AND NOTIFICATIONS

UNITED KINGDOM

See Appendix A-1

Appendix A-1

UNITED KINGDOM

TERMS AND CONDITIONS

U.K. Sub-Plan. The terms of the U.K. Sub-plan apply to the grant of Restricted Shares.

GROUP 1 AUTOMOTIVE, INC.

PERFORMANCE SHARE UNIT AGREEMENT

This Performance Share Unit Agreement (the "***Agreement***") is made and entered into by and between Group 1 Automotive, Inc., a Delaware corporation (the "***Company***"), and you. This Agreement is entered into as of the [●] day of [●], 2024 (the "***Date of Grant***").

1. Grant. The Company hereby grants to you as of the Date of Grant a Performance Award that is a Phantom Stock Award consisting of [●] performance share units (the "***Performance Share Units***"), subject to the terms and conditions set forth in this Agreement (this "***Award***"). Depending on the Company's performance, you may earn from zero percent (0%) to two hundred percent (200%) of the Performance Share Units, based on the Company's performance on two measures set forth in Section 3 over the designated performance period, with each measure applying to 50% of the Performance Share Units granted under this Award. Acceptance of this Award will be via electronic signature on netbenefits.fidelity.com.

2. The Plan. The Performance Share Units granted to you by this Agreement shall be granted under the Group 1 Automotive, Inc. 2014 Long-Term Incentive Plan, as amended from time to time (the "***Plan***"). A copy of the Plan has been furnished to you and shall be deemed a part of this Agreement as if fully set forth herein and the terms capitalized but not defined in this Agreement or on Appendix A attached hereto shall have the meanings set forth in the Plan. This Agreement is subject to all the terms, conditions, limitations, and restrictions contained in the Plan.

3. Performance Period and Measures. You will be entitled to a payment in shares of Common Stock in the amount determined under Section 3(b) and payable at the time indicated in Section 5, subject to (i) your continuous employment with the Company through the Vesting Date and (ii) the satisfaction of the performance conditions set forth in this Section 3 measured as of December 31, 2025 .

(a) Performance Measures. The number of Performance Share Units earned for the Performance Period is determined based on the Company's performance with respect to Return on Invested Capital and Total Shareholder Return over the Performance Period.

(b) Shares Payable. Subject to Sections 4 and 5, the number of shares of Common Stock payable is equal to the product determined by multiplying the total number of Performance Share Units awarded pursuant to this Agreement by the Performance Unit Payout Percentage achieved with respect to the Performance Period. Because the Performance Unit Payout Percentage reflects the Company's performance on two separate performance measures averaged together, 50% of the Performance Share Units are treated as subject to one performance measure and 50% of the Performance Share Units are treated as subject to the other performance measure.

4. Termination of Employment.

(a) Termination Generally. If, prior to the Vesting Date, you voluntarily separate from employment with the Company (other than due to your Planned Retirement, death, or Disability) or your employment is terminated by the Company, all Performance Share Units awarded hereunder (and any related Dividend Equivalents) will be forfeited. In the case of a Planned Retirement, if you fail to comply with the Post-Retirement Obligations continuously from the date of the termination of your employment as a result of a Planned Retirement until the Compliance Expiration Date, all Performance Share Units awarded hereunder (or any Restricted Stock Award granted pursuant to Section 4(b) and any unpaid Dividend Equivalents) will be forfeited for no consideration and be null and void.

(b) Planned Retirement. If, prior to the Vesting Date, you separate from employment due to Planned Retirement, within thirty (30) days following the end of the Performance Period you will receive an unvested Restricted Stock Award with respect to the number of shares of Common Stock equal to the product determined by multiplying the total number of Performance Share Units awarded pursuant to this Agreement by the Performance Unit Payout Percentage achieved with respect to the Performance Period, which Restricted Stock Award will vest and become nonforfeitable to the extent you comply with the Post-Retirement Obligations continuously from the date of the termination of your employment as a result of a Planned Retirement until the Compliance Expiration Date.

(c) Death or Disability. If, prior to the Vesting Date, you separate from employment with the Company due to death or Disability, within thirty (30) days following the end of the Performance Period you will receive the number of shares of Common Stock equal to the product determined by multiplying the total number of

Performance Share Units awarded pursuant to this Agreement by the Performance Unit Payout Percentage achieved with respect to the Performance Period.

(d) Leave of Absence. With respect to the Performance Share Units, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of the Company, provided that your rights to the Performance Share Units, if any, during a Performance Period in which such a leave of absence occurs may be prorated to reflect the period of time during the Performance Period that you provided actual services to the Company.

5. Payment of Performance Share Units. The number of shares of Common Stock earned hereunder shall be issued as soon as reasonably practicable after the Vesting Date but in no event later than thirty (30) days following the Vesting Date, in the amount determined in accordance with Section 3; provided, however, in the event that you separate from employment with the Company (a) pursuant to Section 4(b), the shares shall be issued in the form of a Restricted Stock Award within thirty (30) days following the end of the Performance Period, or (b) pursuant to Section 4(c), the shares of Common Stock shall be issued within thirty (30) days following your death or Disability. The issuance of shares of Common Stock, or the Restricted Stock Award, will be subject to withholding for all applicable taxes and other payroll adjustments, as applicable. The Committee's determination of the amount payable shall be binding upon you and your beneficiaries or estate. The value of such shares shall not bear any interest owing to the passage of time. The number of shares of Common Stock payable will be rounded down to the nearest share. No fractional shares of Common Stock will be issued pursuant to this Agreement. Notwithstanding anything to the contrary in this Agreement, in no event may the number of shares of Common Stock (or, if applicable, Restricted Stock) payable to you pursuant to the half of the Performance Share Units granted under this Award that are based on Total Shareholder Return have an aggregate Fair Market Value (determined as of the last day of the Performance Period or, if sooner, the date of Planned Retirement, death or Disability) that exceeds the aggregate Fair Market Value on the Date of Grant of the number of shares of Common Stock underlying such half of the Performance Share Units granted hereunder, multiplied by four (the "***Maximum Value***"). For the sake of clarity, this Maximum Value is calculated solely with respect to the half of the Performance Share Units subject to the TSR performance measure. In the event the aggregate Fair Market Value of the shares of Common Stock payable pursuant to this Section 5 (determined as of the last day of the Performance Period or, if sooner, the date of Planned Retirement, death, or Disability) exceeds the Maximum Value with respect to the TSR half of this Award, the number of shares of Common Stock payable pursuant to this Section 5 will be reduced to a number of whole shares of Common Stock, the aggregate Fair Market Value of which is equal to or less than the Maximum Value relating to the TSR half of the Award. In the event the number of shares of Common Stock is reduced pursuant to this Section 5 but, as of the Vesting Date (or, if sooner, the date of Planned Retirement, death, or Disability), the aggregate Fair Market Value of the shares of Common Stock payable to you pursuant to this agreement is less than the Maximum Value, the number of shares of Common Stock previously reduced pursuant to this Section 5 will become payable to you in accordance with this Section 5 but only to the extent that the aggregate Fair Market Value as of the Vesting Date (or, if sooner, the date of Planned Retirement, death or Disability) does not exceed the Maximum Value.

6. Limited Stockholder Rights and Dividend Equivalents. The Performance Share Units granted pursuant to this Agreement do not and shall not entitle you to any rights of a holder of Common Stock, including the right to vote, prior to the date shares are issued to you in settlement of the Performance Share Units pursuant to Section 5; provided, however, that in the event the Company declares and pays a cash dividend in respect of its outstanding shares of Common Stock and, on the record date of that dividend, you hold Performance Share Units granted pursuant to this Agreement that have not been settled, you will be eligible to receive an amount in cash equal to the cash dividends you would have received if you were the holder of record as of such record date, of the number of shares of Common Stock earned pursuant to Section 3 (prior to any reduction for withholding) (such payment the "***Dividend Equivalents***"). Dividend Equivalents will be paid to you, less any applicable withholding for taxes or payroll adjustments, at the time the Performance Share Units are settled as described in Sections 4(c) or 6, as applicable, and will be subject to forfeiture at the same times and to the same extent as the Performance Share Units; provided, however, in the event of your Planned Retirement the Dividend Equivalents will be paid to you within thirty (30) days following the end of the Performance Period provided you have complied with the Post-Retirement Obligations continuously from the date of your Planned Retirement through the date of such payment. Your rights with respect to the Performance Share Units and the Dividend Equivalents shall remain forfeitable at all times prior to the date on which the rights become vested and earned as set forth in Sections 3, 4(b), or 4(c), as applicable.

7. Adjustment in Number of Performance Share Units. The number of Performance Share Units subject to this Agreement shall be adjusted to reflect stock splits or other changes in the capital structure of the Company, all in accordance with the Plan. In the event that the outstanding shares of the Company are exchanged for a different number or kind of shares or other securities, or if additional, new, or different shares are distributed with respect to the shares through merger, consolidation, or sale of all or substantially all of the assets of the Company, there shall be substituted for the shares under the Performance Share Units subject to this Agreement the

appropriate number and kind of shares of new or replacement securities as determined in the sole discretion of the Committee, subject to the terms and provisions of the Plan.

8. Compliance with Securities Law. Notwithstanding any provision of this Agreement to the contrary, the issuance of shares will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such securities and with the requirements of any stock exchange or market system upon which the shares may then be listed. No shares will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the shares may then be listed. In addition, shares will not be issued hereunder unless (a) a registration statement under the Securities Act, is at the time of issuance in effect with respect to the shares issued or (b) in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make shares available for issuance.

9. Payment of Taxes. The Company may require you to pay to the Company an amount the Company deems necessary to satisfy its current or future withholding with respect to federal, state, or local income or other taxes that you incur as a result of the Award. With respect to any tax withholding and to the extent permissible pursuant to Rule 16b-3 under the Exchange Act, you may (a) direct the Company to withhold from the shares to be issued to you under this Agreement the number of shares necessary to satisfy the Company's withholding of such taxes, which determination will be based on the shares' Fair Market Value at the time such determination is made; (b) deliver to the Company shares sufficient to satisfy the Company's tax withholding, based on the shares' Fair Market Value at the time such determination is made; or (c) deliver cash to the Company sufficient to satisfy its tax withholding obligations. If you desire to elect to use the stock withholding option described in subparagraph (a), you must make the election at the time and in the manner the Company prescribes. The maximum number of shares that may be so withheld or surrendered shall be a number of shares that have an aggregate Fair Market Value on the date of withholding or repurchase of up to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign, and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment with respect to the Award. The Company, in its discretion, may deny your request to satisfy its tax withholding obligations using a method described under subparagraph (a) or (b). In the event the Company determines that the aggregate Fair Market Value of the shares withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then you must pay to the Company, in cash, the amount of that deficiency immediately upon the Company's request.

10. Right of the Company to Terminate Services. Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company or interfere in any way with the rights of the Company to terminate your employment or service relationship at any time.

11. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

12. Remedies. The Company shall be entitled to recover from you reasonable attorneys' fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement, whether by an action to enforce specific performance or for damages for its breach or otherwise.

13. No Liability for Good Faith Determinations. The Company and the members of the Board shall not be liable for any act, omission, or determination taken or made in good faith with respect to this Agreement or the Performance Share Units granted hereunder.

14. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares or other property to you, or to your legal representative, heir, legatee, or distributee, in accordance with the provisions hereof, will, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. In addition, the Company may require you or your legal representative, heir, legatee, or distributee, as a condition precedent to such

payment or issuance, to execute a general release of all claims in favor of the Company, any Affiliate, and the employees, officers, stockholders or board members of the foregoing in such form as the Company may determine.

15. Clawback. Notwithstanding any other provisions in this Agreement to the contrary, your Performance Share Units granted hereunder are subject to recovery under any law, government regulation, or applicable stock exchange listing and are subject to any written clawback policies that the Company has adopted or may adopt either prior to or following the Date of Grant, whether required pursuant to or related to any applicable law, government regulation or stock exchange listing. Any such clawback policy may subject your Performance Share Units and amounts paid or realized with respect to your Performance Share Units to reduction, cancelation, forfeiture, or recoupment if certain specified events occur, including but not limited to an accounting restatement, or other events or wrongful conduct specified in any such clawback policy. The Company will make any determination for reduction, cancelation, forfeiture, or recoupment in its sole discretion and in accordance with any applicable law, regulation, or policy.

16. No Guarantee of Interests. The Board and the Company do not guarantee the shares of Common Stock underlying this Award from loss or depreciation.

17. Company Records. Records of the Company regarding your period of service, termination of service, and the reason(s) therefor, leaves of absence, re-employment, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

18. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or if earlier the date it is sent via certified United States mail.

19. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

20. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees, and distributees, and upon the Company, its successors, and assigns.

21. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable, and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

22. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

23. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in the construction of the provisions hereof.

24. Controlling Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

25. Amendment. This Agreement may be amended by the Board or by the Committee at any time (a) if the Board or the Committee determines, in its sole discretion, that amendment is necessary or advisable in light of any addition to or change in any federal or state, tax, or securities law or other law or regulation, which change occurs after the Date of Grant and by its terms applies to the Award; or (b) other than in the circumstances described in clause (a) or provided in the Plan, with your consent.

26. Section 409A. It is intended that the Performance Share Units awarded hereunder shall be exempt from the requirements of Section 409A of the Code (and any regulations and guidelines issued thereunder), and this Agreement shall be interpreted on a basis consistent with such intent. Notwithstanding anything in this Agreement to the contrary, if you are a "specified employee" under Section 409A of the Code at the time of separation from service and if payment of any amount under this Agreement is required to be delayed for a period of six months after the separation from service pursuant to Section 409A of the Code, payment of such amount shall be delayed as required by Section 409A of the Code, and the accumulated postponed amount shall be paid in a lump sum payment within 10 days after the end of the six-month period. If you die during the postponement period prior to the payment of the postponed amount, the accumulated postponed amount shall be paid to the personal representative of your estate within 60 days after the date of your death.

27. Nontransferability of Agreement. This Agreement and all rights under this Agreement shall not be transferable by you during your life other than by will or pursuant to applicable laws of descent and distribution. Any of your rights and privileges in connection herewith shall not be transferred, assigned, pledged, or hypothecated by you or by any other person or persons, in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment, or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void. Notwithstanding the foregoing, all or some of the Performance Share Units or rights under this Agreement may be transferred to a spouse pursuant to a domestic relations order issued by a court of competent jurisdiction.

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<u>**Appendix A**</u>

Defined Terms

For purposes of the Agreement, the following terms shall have the meanings assigned below:

"***Affiliate***" has the meaning provided in Rule 12b-2 under the Exchange Act.

"***Board***" shall mean the Board of Directors of the Company.

"***Code***" shall mean the Internal Revenue Code of 1986, as amended.

"***Committee***" shall mean the committee of the Board that is selected by the Board to administer the Plan as provided in Paragraph IV(a) of the Plan.

"***Compliance Expiration Date***" shall mean the date that is two years following the effective date of the termination of your employment with the Company.

"***Disability***" shall mean you become disabled within the meaning of Section 409A(a)(2)(C) of the Code and applicable administrative authority thereunder.

"***Peer Group***" means Asbury Automotive Group, Inc., AutoNation, Inc., Lithia Motors, Inc., Penske Automotive Group, Inc., and Sonic Automotive, Inc. If a member of the Peer Group ceases to be a public company during the Performance Period (whether by merger, consolidation, liquidation, bankruptcy, or otherwise) or it fails to file financial statements with the SEC in a timely manner, it shall be treated as if it had not been a Peer Group member for the entire Performance Period.

"***Performance Period***" means the period commencing on January 1, 2024, and ending on December 31, 2025.

"***Performance Unit Payout Percentage***" means the percentile obtained by dividing the sum of (1) the ROIC Performance Percentage and (2) the TSR Performance Percentage, by two.

"***Person***" has the meaning given in section 3(a)(9) of the Exchange Act as modified and used in sections 13(d) and 14(d) of the Exchange Act.

"***Planned Retirement***" shall mean that the Board has accepted your resignation under terms relating to the date and conditions of resignation that are mutually agreeable to you and the Company.

"***Post-Retirement Obligations***" shall mean any of your obligations that apply following the termination of your employment with the Company, including, without limitation, pursuant to any employment agreement, restricted stock award agreement, or any other agreement between you and the Company, as such agreements may be amended from time to time, and any such other obligations that apply following the termination of your employment with the Company pursuant to any other agreement that may be entered into by you and the Company from time to time.

"***Return on Invested Capital,***" or "ROIC," shall mean, as calculated by the Committee in its sole discretion, (i) operating income less taxes divided by (ii) invested capital.

"***ROIC Performance Percentage***" means the percentage set forth in the table below:

ROIC of the Company	ROIC Performance Percentage
14.0% or Greater	Maximum (200% of Target)
Less than 14.0%, but Equal to or Greater than 13%	Interpolate between 100% and 200%
Less than 13%, but Equal to or Greater than 12%	Target (100%)
Less than 12%, but Greater than 10.5%	Interpolate between 50% and 100%
Equal to 10.5%	50% (Minimum)
Less than 10.5%	Zero

"***SEC***" means the Securities and Exchange Commission.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Total Shareholder Return***" or "TSR," means (A) the sum of (1) share price appreciation (calculated as the closing share price of the Common Stock for the last business day of the Performance Period less the closing share price of the Common Stock for the first business day of the Performance Period), plus (2) cumulative dividends during the Performance Period, plus (3) any additional value or compensation received by shareholders (such as stock received from spinoffs), divided by (B) the closing share price of the Common Stock on the first business day of the Performance Period, adjusted to take into account any stock splits, changes in capitalization, or other similar events. Such determinations and adjustments shall be made by the Committee in its discretion.

"***TSR Performance Percentage***" means a percentile calculated based upon the median TSR performance of the Peer Group. To the extent the Company's TSR equals the median TSR of the Peer Group, the TSR Performance Percentage will be 100%. For every 1% that the Company's TSR exceeds the median TSR of the Peer Group, the TSR Performance Percentage will increase by 2%. For every 1% that the Company's TSR is less than the median TSR of the Peer Group, the TSR will decrease by 2%. In the event the Company's TSR percentage is more than 25 percentage points less than the median TSR of the Peer Group, the TSR Performance Percentage will be deemed to be 0%, and in no event will the TSR Performance Percentage exceed 200%. For purposes of calculating the TSR Performance Percentage, TSR percentages can be negative. By way of example, in the event the median TSR of the Peer Group is 10% and the Company's TSR is 8%, the TSR Performance Percentage will be 96%. In the event the median TSR of the Peer Group is 10% and the Company's TSR is 15%, the TSR Performance Percentage will be 110%. If the median TSR of the Peer Group is 15% and the Company's TSR is -5%, the TSR Performance Percentage will be 60%. Notwithstanding the foregoing, to the extent the Company's TSR is less than 0%, the TSR Performance Percentage may be no higher than 100%.

"***Vesting Date***" means December 31, 2026.

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

1855 Hylan Realty, LLC (DE)

3670 Oceanside Realty, LLC (DE)

510 Sunrise Realty, LLC (DE)

Advantagecars.com, Inc. (DE)
dba
Sterling McCall Hyundai
Genesis of Southwest Houston

Amarillo Motors-F, Inc. (DE)
dba
Gene Messer Ford of Amarillo
Gene Messer Lincoln of Amarillo
Gene Messer Auto Group
Gene Messer Ford of Amarillo Collision Center
Gene Messer Collision Center of Amarillo

AMR Real Estate Holdings, LLC (DE)

Baron Development Company, LLC (KS)

Baron Leasehold, LLC (KS)

Bob Howard Automotive-East, Inc. (OK)
dba
South Pointe Chevrolet
South Pointe Truck Annex

Bob Howard Chevrolet, Inc. (OK)
dba
Bob Howard Chevrolet

Bob Howard Dodge, Inc. (OK)
dba
Bob Howard Chrysler Dodge Jeep Ram

Bob Howard Motors, Inc. (OK)
dba
Bob Howard Toyota
Bob Howard Auto Group

Bob Howard Nissan, Inc. (OK)
dba
Bob Howard Nissan

Bohn-FII, LLC (DE)

Bohn Holdings, LLC (DE)

Caliber Motors Inc. (CA)
dba
Mercedes-Benz of Anaheim

Chaperral Dodge, Inc. (DE)
dba
Dallas Chrysler Dodge Jeep Ram
Dallas PDC

Danvers-S, Inc. (DE)
dba
Audi Peabody

Danvers-SB, Inc. (DE)
dba
Ira BMW of Stratham
BMW of Stratham
Ira Preowned of Exeter

Danvers-SU, LLC (DE)
dba
Ira Subaru

Danvers-T, Inc. (DE)
dba
Ira Toyota
Ira Toyota of Danvers
Ira Collision Center
Ira Collision Center of Danvers

Danvers-TII, Inc. (DE)

Danvers-TIV, Inc. (MA)
dba
Ira Toyota of Hyannis

Danvers-TL, Inc. (DE)
dba
Ira Lexus
Ira Lexus of Danvers

Danvers-TV, Inc. (MA)
dba
Ira Toyota of Orleans

G1R CA, LLC (CA)

G1R Clear Lake, LLC (TX)

G1R Florida, LLC (DE)

G1R Mass, LLC (DE)

GPI, Ltd. (TX)

GPI AL-N, Inc. (DE)
dba
Nissan of Mobile

GPI AL-SB, LLC (DE)
dba
BMW of Mobile
BMW of Mobile Collision Center

GPI CA-DMIII, LLC (CA)

GPI CA-H, Inc. (CA)
dba
Capital City Honda
Capital City Collision Center

GPI CA-HSC, Inc. (CA)

GPI CA-LXI (CA)
dba
Tustin Lexus
Newport Lexus

GPI CA-SV, Inc. (DE)
dba
Volkswagen Kearny Mesa

GPI CA-TII, Inc. (DE)
dba
Toyota of Anaheim

GPI CC, Inc. (DE)
dba
Group 1 Automotive Call Center

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

GPI FL-A, LLC (NV)
dba
Audi North Miami

GPI FL-G, LLC (FL)
dba
Estero Bay Chevrolet

GPI FL-H, LLC (DE)
dba
Honda of Bay County

GPI FL-VW, LLC (DE)
dba
Volkswagen of Panama City

GPI GA-CC, LLC (GA)

GPI GA-CGM, LLC (NV)
dba
Rivertown Buick GMC

GPI GA-DM, LLC (DE)
dba
Mercedes-Benz of Augusta

GPI GA-FII, LLC (DE)
dba
Jim Tidwell Ford
Group 1 Atlanta
Group 1 Automotive – Southeast Region
Tidwell Ford Collision Center
Tidwell Collision Center of Kennesaw

GPI GA-FIII, LLC (DE)
dba
Rivertown Ford

GPI GA-SU, LLC (NV)
dba
Rivertown Subaru
Rivertown Bargain Center
Rivertown Auto Mall
Rivertown Auto Mall Bargain Center of Columbus

GPI GA-T, LLC (DE)
dba
World Toyota
World Toyota Collision & Glass Center
World Toyota Collision Center of Atlanta

GPI GA-TII, LLC (NV)
dba
Rivertown Toyota
Rivertown Supercenter
Rivertown Toyota Collision Center
Rivertown Collision Center of Columbus

GPI GA Holdings, Inc. (DE)

GPI GA Liquidation, LLC (DE)

GPI KS-SB, Inc. (DE)
dba
Baron BMW
Baron MINI
Baron BMW Collision Center
Baron Collision Center of Kansas City

GPI KS-SK, Inc. (DE)
dba
Shawnee Mission Kia

GPI LA-DM, LLC (LA)
dba
Mercedes-Benz of Shreveport

GPI LA-FII, LLC (DE)
dba
Rountree Ford
Rountree Lincoln

GPI LA-H, LLC (LA)
dba
Honda of Slidell

GPI LA-J, LLC (LA)
dba
Land Rover Shreveport
Jaguar Shreveport

GPI LA-V, LLC (LA)
dba
Volvo Cars Shreveport

GPI MA-AII, Inc. (MA)
dba
Audi Westwood
Ira Collision Center South

GPI MA-DM, Inc. (MA)
dba
Mercedes-Benz of Hanover

GPI MA-DMII, Inc. (MA)
dba
Mercedes-Benz of Westwood

GPI MA-F, Inc. (MA)
dba
Ira Ford Auburn

GPI MA-FM, Inc. (MA)
dba
Ira Mazda
Prime Mazda

GPI MA-FV, Inc. (MA)
dba
Ira Volvo Cars South Shore

GPI MA-GM, Inc. (MA)
dba
Ira Buick GMC – Hanover
Prime Buick GMC – Hanover

GPI MA-H, Inc. (MA)

GPI MA-HA, Inc. (MA)
dba
Ira Acura Westwood

GPI MA-HII, Inc. (MA)

GPI MA-LR, Inc. (MA)
dba
Land Rover Hanover

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

GPI MA-P, Inc. (MA)
dba
Porsche Westwood

GPI MA-SB, Inc. (MA)
dba
BMW of Norwood

GPI MA-SBII, Inc. (MA)
dba
South Shore BMW
South Shore MINI
Ira Collision Center Norwell

GPI MA-SV, Inc. (MA)

GPI MA-TVI, Inc. (MA)

GPI MD Holdings, Inc. (MD)

GPI MD-SB, LLC (DE)
dba
BMW of Annapolis
MINI of Annapolis
BMW of Annapolis Collision Center

GPI MD-H Greenbelt, LLC (MD)
dba
Honda of Greenbelt
Beltway Collision Center

GPI MD-HII, LLC (MD)
dba
Honda of Owings Mills
Owings Mills Pre Owned Center

GPI MD-HY, LLC (MD)
dba
College Park Hyundai

GPI MD-K, LLC (MD)
dba
Kia of Bowie

GPI MD-T, LLC (MD)
dba
Toyota of Bowie
Toyota Certified at Capital Plaza Pre Owned

GPI ME-DC, Inc. (ME)
dba
Ira Chrysler Dodge Jeep Ram

GPI ME-DM, Inc. (ME)
dba
Mercedes-Benz of Scarborough

GPI ME-F, Inc. (ME)
dba
Ira Ford Saco

GPI ME-H, Inc. (ME)
dba
Ira Honda – Saco

GPI ME-SV, Inc. (ME)
dba
Volkswagen Saco

GPI ME-T, Inc. (ME)
dba
Ira Toyota Saco
Ira Collision Center North

GPI MS-H, Inc. (DE)
dba
Pat Peck Honda

GPI MS-N, Inc. (DE)

GPI MS-SK, Inc. (DE)

GPI NH-DM, Inc. (NH)
dba
Mercedes-Benz of Manchester

GPI NH-SU, Inc. (NH)

GPI NH-T, Inc. (DE)
dba
Ira Toyota of Manchester

GPI NH-TL, Inc. (DE)
dba
Ira Lexus of Manchester

GPI NJ-DC, Inc. (NJ)
dba
World Chrysler Dodge Jeep Ram

GPI NJ-HA, LLC (NV)
dba
Elite Acura

GPI NJ-HII, LLC (NV)
dba
Boardwalk Honda

GPI NJ-SB, LLC (NV)
dba
BMW of Atlantic City
BMW of Atlantic City Collision Center

GPI NJ-SU Inc. (NJ)
dba
World Subaru

GPI NM-J, Inc. (NM)
dba
Jaguar Land Rover Albuquerque

GPI NM-LRII, Inc. (NM)
dba
Land Rover Santa Fe

GPI NM-SB, Inc. (NM)
dba
Sandia BMW
Sandia MINI

GPI NM-SBII, Inc. (NM)
dba
Santa Fe BMW
Santa Fe MINI

GPI NM-SC, LLC (NM)
dba
Sandia BMW Motorcycles

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

GPI NM-SCII, LLC (NM)
dba
Santa Fe BMW Motorcycles

GPI NM-TL, Inc. (NM)
dba
Lexus of Albuquerque
Lexus of Santa Fe

GPI NY-GM, LLC (NY)
dba
Staten Island Buick GMC

GPI NY-GMII, LLC (NY)
dba
Rockville Centre GMC

GPI NY-SU, LLC (NY)
dba
Bill Kolb Jr. Subaru

GPI NY Holdings, Inc. (NV)

GPI OK-HII, Inc. (NV)
dba
South Pointe Honda
South Pointe Used Car and Truck Center

GPI OK-SH, Inc. (DE)
dba
Bob Howard Hyundai

GPI SA, LLC (DE)

GPI SAC-T, Inc. (DE)
dba
Folsom Lake Toyota
Folsom Lake Collision Center
Folsom Lake Toyota Collision Center

GPI SC-DM, LLC (SC))
dba
Mercedes-Benz of Hilton Head

GPI SC-H, LLC (SC))
dba
Hilton Head Honda

GPI SC-SB, LLC (DE)
dba
BMW of Columbia
GP1 Collision Center of Columbia

GPI SC-SBII, LLC (DE)
dba
Hilton Head BMW

GPI SC-T, LLC (DE)
dba
Toyota of Rock Hill

GPI SC, Inc. (DE)
dba
Sterling McCall Collision Center of Jersey Village
Sterling McCall Collision of Jersey Village

GPI SC Holdings, Inc. (DE)

GPI TX-A, Inc. (NV)
dba
Audi Grapevine

GPI TX-AII, Inc. (TX)
dba
Audi Fort Worth

GPI TX-AIII, Inc. (TX)
dba
Audi El Paso

GPI TX-ARGMIII, Inc. (NV)

GPI TX-DCIV, Inc. (TX)
dba
Denton Chrysler Dodge Jeep Ram
Denton Chrysler Dodge Jeep Ram Pre-Owned

GPI TX-DMII, Inc. (NV)
dba
Mercedes-Benz of Clear Lake
Sprinter of Clear Lake
Mercedes-Benz and Sprinter of Clear Lake

GPI TX-DMIII, Inc. (NV)
dba
Mercedes-Benz of Boerne
Sprinter of Boerne

GPI TX-DMIV, Inc. (NV)
dba
Mercedes-Benz of Georgetown
Sprinter of Georgetown
smart center of Georgetown
Georgetown Mercedes-Benz
Georgetown Sprinter
Georgetown smart center

GPI TX-EPGM, Inc. (DE)
dba
Shamaley Buick GMC

GPI TX-F, Inc. (DE)
dba
Shamaley Ford
Shamaley Collision Center
Shamaley Collision Center of El Paso

GPI TX-FMII, Inc. (TX)
dba
Denton Mazda

GPI TX-G, Inc. (TX)
dba
Beck & Masten Buick GMC
Beck & Masten Buick GMC North
Beck & Masten North

GPI TX-GII, Inc. (TX)
dba
Beck & Masten Buick GMC
Beck & Masten Buick GMC Gulf Freeway
Beck & Masten Buick GMC South
Beck & Masten Gulf Freeway

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

GPI TX-GIII, Inc. (TX)
dba
Beck & Masten Buick GMC
Beck & Masten Buick GMC Certified Pre Owned
Beck & Masten Coastal Bend
Beck & Masten Buick GMC Costal Bend
Beck & Masten Buick GMC Robstown
Beck & Masten Commercial
Beck & Masten Pre Owned

GPI TX-HAII, Inc. (NV)
dba
Sterling McCall Acura Sugar Land

GPI TX-HGM, Inc. (DE)

GPI TX-HGMII, Inc. (NV)
dba
Sterling McCall Buick GMC

GPI TX-HGMIV, Inc. (NV)
dba
Sterling McCall Chevrolet
Sterling McCall Collision Center North
Sterling McCall Pre-Owned Center

GPI TX-HIII, Inc. (TX)
dba
Fernandez Honda

GPI TX-NVI, Inc. (NV)
dba
Cedar Park Nissan

GPI TX-P, Inc. (TX)
dba
Porsche El Paso

GPI TX-SBII, Inc. (DE)
dba
BMW of El Paso

GPI TX-SBIII, Inc. (NV)
dba
BMW of Arlington
MINI of Arlington
BMW-MINI of Arlington
GP1 Collision Center of Arlington

GPI TX-SBIV, Inc. (TX)
dba
BMW of Clear Lake
MINI of Clear Lake
BMW-MINI Clear lake

GPI TX-SHII, Inc. (DE)

GPI TX-SK, Inc. (DE)
dba
Gene Messer Kia
Gene Messer Auto Group

GPI TX-SKII, Inc. (NV)
dba
Kia of South Austin

GPI TX-SKIII, Inc. (TX)

GPI TX-SU, Inc. (TX)
dba
Subaru El Paso

GPI TX-SVII, Inc. (DE)
dba
Volkswagen of Beaumont
Mike Smith Auto Group

GPI TX-SVIII Inc. (DE)
dba
Volkswagen of Alamo Heights

Group 1 Associates, Inc. (DE)

Group 1 FL Holdings, Inc. (DE)

Group 1 Funding, Inc. (DE)

Group 1 Holdings-DC, LLC (DE)

Group 1 Holdings-F, LLC (DE)

Group 1 Holdings-GM, LLC (DE)

Group 1 Holdings-H, LLC (DE)

Group 1 Holdings-N, LLC (DE)
Group 1 Holdings-S, LLC (DE)

Group 1 Holdings-T, LLC (DE)

Group 1 LP Interests-DC, Inc. (DE)

Group 1 Realty, Inc. (DE)
dba
Group 1 Realty, Inc. of Delaware (LA)
G1R New Hampshire (NH)

Group 1 Realty NE, LLC (MA)

Harvey Ford, LLC (DE)
dba
Bohn Ford
BohnZone Collision Center
BohnZone Collision Center of West Bank

Harvey GM, LLC (DE)

Harvey Operations-T, LLC (DE)
dba
Bohn Toyota
Bohn Quality Select Used Cars

Howard-DCIII, LLC (DE)
dba
South Pointe Chrysler Dodge Jeep Ram
South Pointe Automall

Howard-GM, Inc. (DE)
dba
Bob Howard Buick GMC
Bob Howard GMC Truck
Bob Howard Collision Center
Bob Howard Collision Center of Edmond

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

Howard-GM II, Inc. (DE)
dba
Smicklas Chevrolet
John Smicklas Chevrolet
Bob Howard PDC
Group 1 Autoparts.com
Group 1 Autoparts
Howard Parts Distribution Center
Smicklas PDC
Smicklas Chevrolet Collision Center
Smicklas Collision Center of Oklahoma City

Howard-H, Inc. (DE)
dba
Bob Howard Honda

Howard-HA, Inc. (DE)
dba
Bob Howard Acura

Howard-SB, Inc. (DE)
dba
BMW of Tulsa

HRI Procurement, Inc. (TX)

Ira Automotive Group, LLC (DE)

Ivory Auto Properties of South Carolina, LLC (SC)
Key Ford, LLC (DE)
dba
World Ford Pensacola
World Ford Collision Center of Pensacola

Kutz-N, Inc. (DE)
dba
Courtesy Nissan

Lubbock Motors-F, Inc. (DE)
dba
Gene Messer Ford
Gene Messer Lincoln
Gene Messer Ford Collision Center
Gene Messer Collision Center of Lubbock
Gene Messer Auto Group

Lubbock Motors-GM, Inc. (DE)
dba
Gene Messer Chevrolet
Gene Messer Auto Group
Gene Messer Accessories
Gene Messer Quality Used Cars

Lubbock Motors-S, Inc. (DE)
dba
Gene Messer Volkswagen
Gene Messer Auto Group

Lubbock Motors-SH, Inc. (DE)
dba
Gene Messer Hyundai
Gene Messer Auto Group

Lubbock Motors-T, Inc. (DE)
dba
Gene Messer Toyota
Gene Messer Auto Group

Maxwell Ford, Inc. (DE)
dba
Maxwell Ford
Maxwell Ford Supercenter
Maxwell Collision Center of Austin
Maxwell Ford Collision Center

Maxwell-GMII, Inc. (DE)
dba
Freedom Chevrolet

Maxwell-N, Inc. (DE)
dba
Town North Nissan

Maxwell-NII, Inc. (DE)
dba
Round Rock Nissan
GP1 Collision Center of Round Rock
GP1 Collision of Round Rock

McCall-F, Inc. (DE)
dba
Sterling McCall Ford
Sterling McCall Ford Collision Center
Sterling McCall Collision Center of Houston

McCall-H, Inc. (DE)
dba
Sterling McCall Honda

McCall-HA, Inc. (DE)
dba
Sterling McCall Acura

McCall-N, Inc. (DE)
dba
Sterling McCall Nissan
Sterling McCall Nissan Collision Center
Sterling McCall Nissan Collision Center of Stafford

McCall-SB, Inc. (DE)
dba
Advantage BMW
Advantage BMW Midtown

McCall-T, Inc. (DE)
dba
Sterling McCall Toyota
West Region Management Group

McCall-TII, Inc. (DE)
dba
Sterling McCall Toyota Fort Bend
Fort Bend Toyota Collision Center

McCall-TL, Inc. (DE)
dba
Sterling McCall Lexus
Sterling McCall Lexus Clear Lake
SMR Auto Glass
Sterling McCall Restoration Center
Sterling McCall Collision Center of Clear Lake

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

Mike Smith Automotive-H, Inc. (DE)
dba
Mike Smith Honda
Mike Smith Auto Group
Mike Smith Collision Center
Mike Smith Collision Center of Beaumont

Mike Smith Automotive-N, Inc. (TX)
dba
Mike Smith Nissan
Mike Smith Auto Group

Mike Smith Autoplaza, Inc. (TX)

Mike Smith Autoplex, Inc. (TX)

Mike Smith Autoplex Dodge, Inc. (TX)
dba
Mike Smith Chrysler Dodge Jeep Ram
Mike Smith Auto Group

Mike Smith Autoplex-German Imports, Inc. (TX)
dba
Mercedes-Benz of Beaumont
Mike Smith Mercedes-Benz
Mike Smith Auto Group

Mike Smith Imports, Inc. (TX)
dba
BMW of Beaumont
Mike Smith BMW
Mike Smith Auto Group

Miller-DM, Inc. (DE)
dba
Mercedes-Benz of Beverly Hills
Miller's Mercedes-Benz of Beverly Hills
smart center Beverly Hills
Beverly Hills, Ltd.

NJ-H, Inc. (DE)

NJ-HAII, Inc. (DE)
dba
Boardwalk Acura

NJ-SV, Inc. (DE)

Rockwall Automotive-DCD, Ltd. (TX)
dba
Rockwall Chrysler Dodge Jeep Ram

Rockwall Automotive-F, Inc. (DE)
dba
Rockwall Ford
Rockwall Ford Collision Center

Tate CG, LLC (MD)

Subsidiaries of Group 1 Automotive, Inc.

Exhibit 21.1

Autodevotion Holdings Limited (UK)

Autodevotion Limited (UK)
dba
Group 1 Assured (fka Auto Devotion Ipswich)
Group 1 Assured (fka Auto Devotion Lowestoft)
Group 1 Assured (fka Auto Devotion Norwich)
Group 1 Assured (fka Auto Devotion Peterborough)

Barons Automotive Limited (UK)
dba
Barons Bedford BMW/MINI
Barons Cambridge Cambourne BMW/MINI
Barons Farnborough Hampshire BMW/MINI
Barons Hindhead BMW/MINI
Barons Stansted Bishop's Stortford BMW/MINI
Chandlers Brighton Portslade BMW/MINI
Chandlers Hailsham East Sussex BMW/MINI
Chandlers Worthing Rustington BMW/MINI

Barons Autostar Limited (UK)
dba
Bury St. Edmunds Mercedes-Benz
Cambridge Mercedes-Benz
Cambridge smart
Kings Lynn Mercedes-Benz
Norwich Mercedes-Benz
Norwich smart
Peterborough Mercedes-Benz
Peterborough smart

Beadles Aylesford Limited (UK)
dba
Beadles Vauxhall Maidstone Aftersales

Beadles Coulsdon Limited (UK)
dba
Group 1 (fka Beadles Kia Coulsdon)
Group 1 (fka Beadles Kia Maidstone)

Beadles Dartford Limited (UK)
dba
Beadles Volkswagen Bromley
Beadles Volkswagen Dartford
Beadles Volkswagen Maidstone
Beadles Volkswagen Sevenoaks
Beadles Van Centre

Beadles Group Limited (UK)

Beadles Maidstone Limited (UK)
dba
Group 1 (fka Beadles Škoda Maidstone)
Group 1 (fka Škoda Southend)

Beadles Medway Limited (UK)
dba
Group 1 (fka Beadles Toyota Maidstone)
Group 1 (fka Beadles Toyota Medway)

Beadles Sidcup Limited (UK)
dba
Group 1 (fka Beadles Jaguar Land Rover Sidcup)
Group 1 (fka Beadles Jaguar Land Rover Southend)

Chandlers Garage Holdings Limited (UK)

Elms Stansted Limited (UK)

Fairfield Garage (Leigh-on-Sea) Limited (UK)

Group 1 Automotive UK Limited (UK)

Hodgson Automotive Limited (UK)
dba
Group 1 (fka Beadles Volkswagen Chelmsford)
Group 1 (fka Beadles Volkswagen Colchester)
Group 1 (fka Beadles Volkswagen Colchester CV Aftersales)
Group 1 (fka Beadles Volkswagen Romford)
Group 1 (fka Beadles Volkswagen Southend)
Group 1 (fka Beadles Volkswagen Commercials Chelmsford)
Chelmsford Audi
Chingford Audi
Colchester Audi
Harold Wood Audi
Southend Audi
Stansted Audi

Robinsons Autoservices Holdings Limited (UK)

Robinsons Autoservices Limited (UK)
dba
Audi Norwich, Audi Approved Used Lowestoft
Group 1 (fka Citroen Peterborough)
Group 1 (fka SEAT Ipswich)
Group 1 (fka SEAT Service Lowestoft)
Group 1 (fka Škoda Norwich)
Group 1 (fka Volkswagen Norwich)
Group 1 (fka Volkswagen Lowestoft)
Group 1 (fka Volkswagen Peterborough)
Group 1 (fka Volkswagen CV Norwich)
Group 1 (fka Volkswagen CV Peterborough)
*Robinsons Autostar Garages Holdings Limited (*UK)

Robinsons TPS Limited (UK)

Spire Automotive Limited (UK)
dba
Group 1 (fka Barons Borehamwood - BMW/MINI)
Group 1 (fka Barons Kentish Town BMW/MINI Aftersales)
Group 1 (fka Barons Ruislip BMW/MINI Aftersales)
Group 1 (fka Beadles Jaguar Land Rover Watford)
Group 1 (fka Beadles Jaguar Land Rover North West London)
Finchley Road Audi
Hatfield Audi
Hatfield SEAT
Lakeside SEAT
Shenley Pre-Delivery Center
Watford Audi
Westfield SEAT
Whetstone Audi

Spire Holdings Limited (UK)

Spire Lakeside Limited (UK)

Spire Used Cars Limited (UK)

Sterling Management Holdings Limited (Cayman Islands)

Think One Limited (UK)
dba
Group 1 (fka Think Ford Basingstoke)
Group 1 (fka Think Ford Bracknell)
Group 1 (fka Think Ford Farnborough)
Group 1 (fka Think Ford Guildford)
Group 1 (fka Think Ford Newbury)
Group 1 (fka Think Ford Wokingham)

Walter Holdings Limited (UK)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-205923, 333-145034, 333-196424, 333-168365, 333-253446, 333-83260 and 333-115962 on Form S-8 of our reports dated February 14, 2024, relating to the financial statements of Group 1 Automotive, Inc. and the effectiveness of Group 1 Automotive, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Houston, Texas
February 14, 2024

Exhibit 31.1

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

I, Daryl A. Kenningham, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 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

Daryl A. Kenningham
Chief Executive Officer

Date: February 14, 2024

Exhibit 31.2

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

I, Daniel J. McHenry, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 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
Daniel J. McHenry
Chief Financial Officer

Date: February 14, 2024

Exhibit 32.1

**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 Annual Report on Form 10-K for the fiscal year ended December 31, 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: February 14, 2024

Exhibit 32.2

**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 Annual Report on Form 10-K for the fiscal year ended December 31, 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

Daniel J. McHenry
Chief Financial Officer

Date: February 14, 2024

Exhibit 97.1

Group 1 Automotive, Inc.
Incentive-Based Compensation Recoupment Policy
(this "**Policy**")

Adopted by the Compensation Committee of the Board of Directors (the "**Committee**") on November 15, 2023.

1. Recoupment. If Group 1 Automotive, Inc. (the "**Company**") is required to prepare a Restatement, the Committee shall, unless determined to be Impracticable, take reasonably prompt action to recoup all Recoverable Compensation from any Covered Person. This Policy is in addition to (and not in lieu of) any right of repayment, forfeiture or off-set against any Covered Person that may be available under applicable law or otherwise (whether implemented prior to or after adoption of this Policy). The Committee may, in its sole discretion and in the exercise of its business judgment, determine whether and to what extent additional action is appropriate to address the circumstances surrounding any Restatement to minimize the likelihood of any recurrence and to impose such other discipline as it deems appropriate.

2. Method of Recoupment. Subject to applicable law, the Committee may seek to recoup Recoverable Compensation by (i) requiring a Covered Person to repay such amount to the Company; (ii) offsetting a Covered Person's other compensation; or (iii) such other means or combination of means as the Committee, in its sole discretion, determines to be appropriate. To the extent that a Covered Person fails to repay all Recoverable Compensation to the Company as determined pursuant to this Policy, the Company shall take all actions reasonable and appropriate to recover such amount, subject to applicable law. The applicable Covered Person shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such amount.

3. Administration of Policy. The Committee shall have full authority to administer, amend or terminate this Policy. The Committee shall, subject to the provisions of this Policy, make such determinations and interpretations and take such actions in connection with this Policy as it deems necessary, appropriate or advisable. All determinations and interpretations made by the Committee shall be final, binding and conclusive. Notwithstanding anything in this Section 3 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, rules of the U.S. Securities and Exchange Commission (the "**SEC**") or the rules of any national securities exchange or national securities association on which the Company's securities are then listed. The Committee shall consult with the Audit Committee of the Board of Directors of the Company (the "**Audit Committee**") and the Company's chief accounting officer as needed in order to properly administer and interpret any provision of this Policy.

4. Acknowledgement by Executive Officers. The Committee shall provide notice to and seek written acknowledgement of this Policy from each Executive Officer by using a form substantially similar to the form attached hereto as Exhibit A; provided that the failure to provide such notice or obtain such acknowledgement shall not affect the applicability or enforceability of this Policy.

5. No Indemnification. Notwithstanding the terms of any of the Company's organizational documents, any corporate policy or any contract, the Company shall not indemnify any Covered Person against the loss of any Recoverable Compensation.

6. Disclosures and Record Keeping. The Company shall make all disclosures and filings with respect to this Policy and maintain all documents and records that are required by the applicable rules and forms of the SEC (including, without limitation, Rule 10D-1 under the Securities Exchange Act of 1934 (the "**Exchange Act**")) and any applicable exchange listing standard.

7. Governing Law. The validity, construction, and effect of this Policy and any determinations relating to this Policy shall be construed in accordance with the laws of the State of Delaware without regard to its conflicts of laws principles.

8. Successors. This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators or other legal representatives.

9. Definitions. In addition to terms otherwise defined in this Policy, the following terms, when used in this Policy, shall have the following meanings:

"Applicable Period" means the three completed fiscal years preceding the earlier of:
(i) the date that the Committee, or the officer or officers of the Company authorized to take such action if Committee action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement. For purposes of this Policy, the Committee shall be deemed to have reasonably concluded that a Restatement is required on the date that the Company's Audit Committee or the Company's chief accounting officer, as applicable, informs the Committee in writing that such a Restatement will be required, unless the Audit Committee informs the Committee that an alternative date is more accurate for purposes of determining the Applicable Period.

"Covered Person" means any person who receives Recoverable Compensation.

"Executive Officer" includes the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including any executive officer of the Company's controlled affiliates) who performs similar policy-making functions for the Company.

"Financial Reporting Measure" means a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements (including "non- GAAP" financial measures, such as those appearing in earnings releases), and any measure that is derived wholly or in part from such measure. Examples of Financial Reporting Measures include, but are not limited to, measures based on: revenues, net income, operating income, financial ratios, EBITDA, liquidity measures, return measures (such as return on assets), profitability of one or more segments, sales per square foot, same store sales, revenue per user or cost per employee. Stock price and total shareholder return ("**TSR**") also are Financial Reporting Measures.

"Impracticable" means, after exercising a normal due process review of all the relevant facts and circumstances and taking all steps required by Exchange Act Rule 10D- 1 and any applicable exchange listing standard, the Committee determines that recovery of the Incentive-Based Compensation is impracticable because: (i) it has determined that the direct expense that the Company would pay to a third party to assist in recovering the Incentive-Based Compensation would exceed the amount to be recovered;
(ii) it has concluded that the recovery of the Incentive-Based Compensation would violate home country law adopted prior to November 28, 2022; or (iii) it has determined that the recovery of Incentive-Based Compensation would cause a tax-qualified retirement plan, under which benefits are broadly available to the Company's employees, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

"Incentive-Based Compensation" includes any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure; however it does not include:
(i) base salaries; (ii) discretionary cash bonuses; (iii) awards (either cash or equity) that are based upon subjective, strategic or operational standards; and (iv) equity awards that vest solely on the passage of time.

"Received" – Incentive-Based Compensation is deemed "Received" in any Company fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

"Recoverable Compensation" means all Incentive-Based Compensation (calculated on a pre-tax basis) Received after October 2, 2023 by a person: (i) after beginning service as an Executive Officer; (ii) who served as an Executive Officer at any time during the performance period for that Incentive-Based Compensation; (iii) while the Company had a class of securities listed on a national securities exchange or national securities association; and (iv) during the Applicable Period, that exceeded the amount of Incentive-Based Compensation that otherwise would have been Received had the amount been determined based on the Financial Performing Measures, as reflected in the Restatement. With respect to Incentive-Based Compensation based on stock price or TSR, when the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount must be based on a reasonable estimate of the effect of the Restatement on the stock price or TSR upon which the Incentive- Based Compensation was received.

"Restatement" means an accounting restatement of any of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under U.S. securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (often referred to as a "Big R" restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (often referred to as a "little r" restatement). As of the effective date of this Policy (but subject to changes that may occur in accounting principles and rules following the effective date), a Restatement does not include situations in which financial statement changes did not result from material non-compliance with financial reporting requirements, such as, but not limited to retrospective: (i) application of a change in accounting principles; (ii) revision to reportable segment information due to a change in the structure of the Company's internal organization; (iii) reclassification due to a discontinued operation; (iv) application of a change in reporting entity, such as from a reorganization of entities under common control; (v) adjustment to provision amounts in connection with a prior business combination; and (vi) revision for stock splits, stock dividends, reverse stock splits or other changes in capital structure.