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

FORM 10-Q

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

For the quarterly period ended March 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: 1-13461

Group 1 Automotive, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**76-0506313**
(State of 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**

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

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

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

Large accelerated filer ☑	☐ Accelerated filer
Non-accelerated filer ☐	☐ Smaller reporting company
	☐ Emerging growth company

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

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

As of April 25, 2023, the registrant had 14,142,436 shares of common stock outstanding.

TABLE OF CONTENTS

GLOSSARY OF DEFINITIONS

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

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

Forward-Looking Statements

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

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

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

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

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 21.3	$ 47.9
Contracts-in-transit and vehicle receivables, net	236.5	278.5
Accounts and notes receivable, net	207.1	199.2
Inventories	1,540.0	1,356.6
Prepaid expenses	22.7	30.5
Other current assets	19.5	19.1
Current assets classified as held for sale	50.5	53.6
TOTAL CURRENT ASSETS	2,097.7	1,985.3
Property and equipment, net of accumulated depreciation of $578.2 and $554.4, respectively	2,162.7	2,128.2
Operating lease assets	246.7	249.1
Goodwill	1,709.4	1,661.8
Intangible franchise rights	546.7	516.3
Other long-term assets	160.0	176.8
TOTAL ASSETS	$ 6,923.2	$ 6,717.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable — credit facility and other, net of offset account of $106.7 and $140.2, respectively	$ 848.7	$ 762.1
Floorplan notes payable — manufacturer affiliates, net of offset account of $16.1 and $13.4, respectively	297.4	243.1
Current maturities of long-term debt	85.5	130.3
Current operating lease liabilities	21.4	21.8
Accounts payable	509.8	488.0
Accrued expenses and other current liabilities	287.3	271.5
Current liabilities classified as held for sale	4.3	4.8
TOTAL CURRENT LIABILITIES	2,054.4	1,921.4
Long-term debt	1,903.0	1,952.2
Long-term operating lease liabilities	236.8	238.4
Deferred income taxes	247.5	238.1
Other long-term liabilities	129.0	129.8
Commitments and Contingencies (Note 12)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.01 par value, 50,000,000 shares authorized; 25,150,165 and 25,232,620 shares issued, respectively	0.3	0.3
Additional paid-in capital	333.6	338.7
Retained earnings	3,225.5	3,073.6
Accumulated other comprehensive income	16.7	22.5
Treasury stock, at cost; 11,007,160 and 10,940,298 shares, respectively	(1,223.7)	(1,197.5)
TOTAL STOCKHOLDERS' EQUITY	2,352.5	2,237.5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,923.2	$ 6,717.5

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
REVENUES:		
New vehicle retail sales	$ 1,955.7	$ 1,745.1
Used vehicle retail sales	1,348.9	1,359.9
Used vehicle wholesale sales	112.0	93.5
Parts and service sales	548.3	472.9
Finance, insurance and other, net	165.1	173.0
Total revenues	4,130.0	3,844.4
COST OF SALES:		
New vehicle retail sales	1,769.0	1,543.9
Used vehicle retail sales	1,272.1	1,272.0
Used vehicle wholesale sales	110.0	90.6
Parts and service sales	251.0	213.1
Total cost of sales	3,402.1	3,119.7
GROSS PROFIT	727.9	724.7
Selling, general and administrative expenses	462.8	418.5
Depreciation and amortization expense	22.4	21.2
Asset impairments	1.1	—
INCOME FROM OPERATIONS	241.5	285.0
Floorplan interest expense	12.6	5.3
Other interest expense, net	19.7	17.4
Other expense	2.8	—
INCOME BEFORE INCOME TAXES	206.4	262.3
Provision for income taxes	47.6	61.2
Net income from continuing operations	158.8	201.1
Net (loss) income from discontinued operations	(0.3)	1.8
NET INCOME	$ 158.4	$ 202.9
BASIC EARNINGS PER SHARE:		
Continuing operations	$ 11.16	$ 11.81
Discontinued operations	(0.02)	0.11
Total	$ 11.14	$ 11.92
DILUTED EARNINGS PER SHARE:		
Continuing operations	$ 11.12	$ 11.78
Discontinued operations	(0.02)	0.11
Total	$ 11.10	$ 11.88
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	13.9	16.5
Diluted	13.9	16.6

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

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

	Three Months Ended March 31,	
	2023	2022
NET INCOME	$ 158.4	$ 202.9
Other comprehensive income (loss), net of taxes:		
Foreign currency translation adjustments	9.8	(0.2)
Net unrealized (loss) gain on interest rate risk management activities, net of tax:		
Unrealized (loss) gain arising during the period, net of tax benefit (provision) of $2.1 and $(10.5), respectively	(6.7)	34.0
Reclassification adjustment for (gain) loss included in interest expense, net of tax (provision) benefit of $(1.8) and $0.6, respectively	(5.7)	1.9
Reclassification related to de-designated interest rate swaps, net of tax provision of $(1.0) and $—, respectively	(3.1)	—
Unrealized (loss) gain on interest rate risk management activities, net of tax	(15.5)	35.9
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF TAX	(5.7)	35.7
COMPREHENSIVE INCOME	$ 152.7	$ 238.6

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
BALANCE, DECEMBER 31, 2022	25,232,620	$ 0.3	$ 338.7	$ 3,073.6	$ 22.5	$ (1,197.5)	$ 2,237.5
Net income	—	—	—	158.4	—	—	158.4
Other comprehensive loss, net of taxes	—	—	—	—	(5.7)	—	(5.7)
Purchases of treasury stock, including excise tax	—	—	—	—	—	(34.9)	(34.9)
Net issuance of treasury shares to stock compensation plans	(82,455)	—	(10.9)	—	—	8.7	(2.2)
Stock-based compensation	—	—	5.8	—	—	—	5.8
Dividends declared ($0.45 per share)	—	—	—	(6.5)	—	—	(6.5)
BALANCE, MARCH 31, 2023	25,150,165	$ 0.3	$ 333.6	$ 3,225.5	$ 16.7	$ (1,223.7)	$ 2,352.5

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount					
BALANCE, DECEMBER 31, 2021	25,336,054	$ 0.3	$ 325.8	$ 2,345.9	$ (156.2)	$ (690.4)	$ 1,825.2
Net income	—	—	—	202.9	—	—	202.9
Other comprehensive income, net of taxes	—	—	—	—	35.7	—	35.7
Purchases of treasury stock	—	—	—	—	—	(115.2)	(115.2)
Net issuance of treasury shares to stock compensation plans	(69,139)	—	(9.6)	—	—	8.3	(1.3)
Stock-based compensation	—	—	8.0	—	—	—	8.0
Dividends declared ($0.36 per share)	—	—	—	(6.2)	—	—	(6.2)
BALANCE, MARCH 31, 2022	25,266,915	$ 0.3	$ 324.2	$ 2,542.7	$ (120.6)	$ (797.3)	$ 1,949.2

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 158.4	$ 202.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22.4	21.7
Change in operating lease assets	6.4	7.8
Deferred income taxes	7.0	7.2
Asset impairments	1.1	—
Stock-based compensation	5.8	8.0
Amortization of debt discount and issuance costs	0.7	0.8
Gain on disposition of assets	(1.5)	(21.4)
Unrealized gain on derivative instruments	(4.0)	—
Other	(1.9)	0.1
Changes in assets and liabilities, net of acquisitions and dispositions:		
Accounts payable and accrued expenses	27.7	24.0
Accounts and notes receivable	(5.3)	(10.5)
Inventories	(172.6)	(26.8)
Contracts-in-transit and vehicle receivables	42.8	(0.4)
Prepaid expenses and other assets	10.2	10.1
Floorplan notes payable — manufacturer affiliates	52.4	11.4
Deferred revenues	(0.1)	(0.1)
Operating lease liabilities	(6.1)	(8.1)
Net cash provided by operating activities	143.4	226.8
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions, net, including repayment of sellers' floorplan notes payable of $9.3 and $1.9, respectively	(76.9)	(247.7)
Proceeds from disposition of franchises, property and equipment	9.2	79.5
Purchases of property and equipment	(35.8)	(33.9)
Other	(1.2)	(2.4)
Net cash used in investing activities	(104.6)	(204.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on credit facility — floorplan line and other	2,376.0	2,996.4
Repayments on credit facility — floorplan line and other	(2,290.9)	(2,831.4)
Borrowings on credit facility — acquisition line	—	148.0
Repayments on credit facility — acquisition line	(53.2)	(176.3)
Debt issuance costs	(0.1)	(3.7)
Borrowings on other debt	31.4	171.1
Principal payments on other debt	(86.9)	(191.1)
Proceeds from employee stock purchase plan	5.7	5.8
Payments of tax withholding for stock-based compensation	(7.9)	(7.1)
Repurchases of common stock, amounts based on settlement date	(34.7)	(115.2)
Dividends paid	(6.4)	(6.1)
Net cash used in financing activities	(67.0)	(9.7)
Effect of exchange rate changes on cash	1.6	0.4
Net (decrease) increase in cash and cash equivalents	(26.6)	13.1
CASH AND CASH EQUIVALENTS, beginning of period	47.9	18.7
CASH AND CASH EQUIVALENTS, end of period	$ 21.3	$ 31.8

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited)

1. BASIS OF PRESENTATION AND CONSOLIDATION AND ACCOUNTING POLICIES

Basis of Presentation and Consolidation

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

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

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

Use of Estimates

The preparation of the Company’s financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the balance sheet date and the amounts of revenues and expenses recognized during the reporting period. Management analyzes the Company’s estimates based on historical experience and other assumptions that are believed to be reasonable under the circumstances, however, actual results could differ materially from such estimates. The significant estimates made by management in the accompanying Condensed Consolidated Financial Statements including, but not limited to, inventory valuation adjustments, reserves for future chargebacks on finance, insurance and 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.

2. REVENUES

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

	Three Months Ended March 31, 2023		
	U.S.	U.K.	Total
New vehicle retail sales	$ 1,608.6	$ 347.1	$ 1,955.7
Used vehicle retail sales	1,030.1	318.8	1,348.9
Used vehicle wholesale sales	82.4	29.6	112.0
Total new and used vehicle sales	2,721.0	695.6	3,416.6
Parts and service sales [1]	473.8	74.6	548.3
Finance, insurance and other, net [2]	147.6	17.5	165.1
Total revenues	$ 3,342.4	$ 787.7	$ 4,130.0

	Three Months Ended March 31, 2022		
	U.S.	U.K.	Total
New vehicle retail sales	$ 1,433.1	$ 312.0	$ 1,745.1
Used vehicle retail sales	1,037.9	322.0	1,359.9
Used vehicle wholesale sales	57.2	36.3	93.5
Total new and used vehicle sales	2,528.2	670.3	3,198.5
Parts and service sales [1]	408.4	64.5	472.9
Finance, insurance and other, net [2]	154.7	18.3	173.0
Total revenues	$ 3,091.3	$ 753.0	$ 3,844.4

[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 $4.9 million and $10.1 million during the three months ended March 31, 2023 and 2022, respectively, relating to performance obligations satisfied in previous periods on the Company's retrospective commission income contracts. Refer to Note 8. Receivables, Net and Contract Assets for the balance of the Company's contract assets associated with revenues from the arrangement of financing and sale of service and insurance contracts.

3. ACQUISITIONS

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

During the three months ended March 31, 2023, the Company acquired one Chevrolet dealership in the U.S. Aggregate consideration paid for the dealership, which was accounted for as a business combination, was $76.9 million. Goodwill associated with the acquisition totaled $36.5 million. The acquisition closed on March 27, 2023, and 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 property, equipment and intangible assets. The Company will reflect any required fair value adjustments in subsequent filings with the SEC.

During the three months ended March 31, 2022, the Company acquired one Toyota dealership in the U.S. Total consideration paid for this dealership, which was accounted for as a business combination, was $250.4 million. Goodwill associated with this acquisition totaled $136.0 million.

4. DISCONTINUED OPERATIONS AND OTHER DIVESTITURES

Brazil Discontinued Operations

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

As of March 31, 2023, the Company had a remaining receivable balance of $22.0 million associated with the Brazil Disposal Escrow recorded in *Other long-term assets* on the Condensed Consolidated Balance Sheet, of which $6.5 million is expected to be paid to settle the Company's portion of accrued liabilities retained subsequent to the date of disposal.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
REVENUES:		
New vehicle retail sales	$ —	$ 48.6
Used vehicle retail sales	—	22.2
Used vehicle wholesale sales	—	5.3
Parts and service sales	—	10.7
Finance, insurance and other, net	—	1.5
Total revenues	—	88.3
COST OF SALES:		
New vehicle retail sales	—	43.8
Used vehicle retail sales	—	20.6
Used vehicle wholesale sales	—	5.3
Parts and service sales	—	6.3
Total cost of sales	—	76.1
GROSS PROFIT	—	12.3
Selling, general and administrative expenses	0.8	8.7
Depreciation and amortization expense	—	0.4
(LOSS) INCOME FROM OPERATIONS — DISCONTINUED OPERATIONS	(0.8)	3.1
Floorplan interest expense	—	0.7
Other interest income, net	(0.7)	(0.1)
(LOSS) INCOME BEFORE INCOME TAXES — DISCONTINUED OPERATIONS	(0.1)	2.5
Provision for income taxes	0.2	0.7
NET (LOSS) INCOME — DISCONTINUED OPERATIONS	$ (0.3)	$ 1.8

Cash flows from operating and investing activities for the Brazil Discontinued Operations were immaterial for the three months ended March 31, 2023. Cash flows from operating and investing activities for the Brazil Discontinued Operations in the prior period were as follows (in millions):

	Three Months Ended March 31, 2022
Net cash used in operating activities — discontinued operations	$ 11.8
Net cash used in investing activities — discontinued operations	$ (0.3)

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

	March 31, 2023	December 31, 2022
Prepaid expenses	$ 1.2	$ —
Other current assets	—	1.3
Other long-term assets	22.0	22.8
Total assets of discontinued operations	$ 23.2	$ 24.1
Accrued expenses and other current liabilities	$ 6.5	$ 7.8
Total liabilities of discontinued operations	$ 6.5	$ 7.8

Other Divestitures

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

During the three months ended March 31, 2023, the Company recorded a net pre-tax gain totaling $1.9 million related to the disposition of one dealership in the U.S. The disposition reduced goodwill by $2.1 million. The Company also terminated one franchise in the U.S.

During the three months ended March 31, 2022, the Company recorded a net pre-tax gain totaling $18.7 million related to the disposition of two dealerships in the U.S. The dispositions reduced goodwill by $17.0 million.

Assets held for sale in the Condensed Consolidated Balance Sheets includes $11.3 million and $13.4 million of goodwill that has been reclassified to assets held for sale as of March 31, 2023 and December 31, 2022, respectively.

5. SEGMENT INFORMATION

As of March 31, 2023, the Company had two reportable segments: the U.S. and the U.K. The Company defines its reportable segments as those operations whose results the Company's Chief Executive Officer, who is the chief operating decision maker, regularly reviews to analyze performance and allocate resources. Each reportable segment is comprised of retail automotive franchises that sell new and used cars and light trucks; arrange related vehicle financing; sell service and insurance contracts; provide automotive maintenance and repair services; and sell vehicle parts.

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

	Three Months Ended March 31, 2023		
	U.S.	U.K.	Total
Total revenues	$ 3,342.4	$ 787.7	$ 4,130.0
Income before income taxes	$ 180.7	$ 25.7	$ 206.4

	Three Months Ended March 31, 2022		
	U.S.	U.K.	Total
Total revenues	$ 3,091.3	$ 753.0	$ 3,844.4
Income before income taxes	$ 230.6	$ 31.7	$ 262.3

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 (in millions, except share and per share data):

	Three Months Ended March 31,	
	2023	2022
Weighted average basic common shares outstanding	13,861,289	16,529,351
Dilutive effect of stock-based awards and employee stock purchases	53,438	56,264
Weighted average dilutive common shares outstanding	13,914,727	16,585,614
Basic:		
Net income	$ 158.4	$ 202.9
Less: Earnings allocated to participating securities from continued operations	4.1	5.8
Less: (Loss) earnings allocated to participating securities from discontinued operations	—	0.1
Net income available to basic common shares	$ 154.4	$ 197.0
Basic earnings per common share	$ 11.14	$ 11.92
Diluted:		
Net income	$ 158.4	$ 202.9
Less: Earnings allocated to participating securities from continued operations	4.1	5.8
Less: (Loss) earnings allocated to participating securities from discontinued operations	—	0.1
Net income available to diluted common shares	$ 154.4	$ 197.1
Diluted earnings per common share	$ 11.10	$ 11.88

7. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

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

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

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

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

Fixed Rate Long-Term Debt

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

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

	March 31, 2023		December 31, 2022	
	Carrying Value [1]	Fair Value	Carrying Value [1]	Fair Value
4.00% Senior Notes	$ 750.0	$ 660.7	$ 750.0	$ 633.9
Real estate related	97.2	88.9	99.2	90.5
Total	$ 847.2	$ 749.6	$ 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 Condensed Consolidated Balance Sheets, were as follows (in millions):

	March 31, 2023	December 31, 2022
Assets:		
Other current assets	$ 0.1	$ 0.1
Other long-term assets [(1)]	92.9	109.2
Total assets	$ 93.0	$ 109.3
Liabilities:		
Accrued expenses and other current liabilities	$ —	$ —
Other long-term liabilities	—	—
Total liabilities	$ —	$ —

[(1)] As of March 31, 2023, the balance included gross fair value of $4.0 million of the de-designated swaps as described below.

Interest Rate Swaps De-designated as Cash Flow Hedges

All interest rate swaps had previously been designated as cash flow hedges. During the three months ended March 31, 2023, the Company de-designated one mortgage interest rate swap due to the Company settling the underlying mortgages associated with the swap during the same period. As of March 31, 2023, the de-designated swap had an aggregate notional value of $31.5 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.

The realized and unrealized gains or losses on the de-designated swap for each period after de-designation will be recognized within income as *Other interest expense, net* in the Company’s Condensed Consolidated Statements of Operations.

Interest Rate Swaps Designated as Cash Flow Hedges

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

As of March 31, 2023, the Company held 35 interest rate swaps designated as cash flow hedges with a total notional value of $879.2 million that fixed its underlying SOFR at a weighted average rate of 1.25%. The Company also held 2 additional interest rate swaps designated as cash flow hedges with forward start dates beginning in December 2023, that had an aggregate notional value of $100.0 million and a weighted average interest rate of 0.94% as of March 31, 2023. The maturity dates of the Company’s designated interest rate swaps with forward start dates range between December 2027 and December 2028. As of March 31, 2022, the Company held 41 interest rate swaps designated as cash flow hedges with a total notional value of $962.1 million that fixed its underlying one-month LIBOR or SOFR at a weighted average rate of 1.26%. The Company completed the transition of interest rate swaps from LIBOR to SOFR during 2022.

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

	Amount of Unrealized (Loss) Income, Net of Tax, Recognized in Other Comprehensive (Loss) Income	
	Three Months Ended March 31,	
Derivatives in Cash Flow Hedging Relationship	**2023**	**2022**
Interest rate swaps	$ (6.7)	$ 34.0

	Amount Reclassified from Other Comprehensive Income (Loss) into Statements of Operations	
	Three Months Ended March 31,	
Statement of Operations Classification	**2023**	**2022**
Floorplan interest expense	$ 3.3	$ (1.3)
Other interest expense, net	$ 4.2	$ (1.2)

The amount of gain expected to be reclassified out of *AOCI* into earnings as an offset to *Floorplan interest expense* or *Other interest expense, net* in the next twelve months is $16.3 million.

8. RECEIVABLES, NET AND CONTRACT ASSETS

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

	March 31, 2023	December 31, 2022
Contracts-in-transit and vehicle receivables, net:		
Contracts-in-transit	$ 142.4	$ 188.2
Vehicle receivables	94.4	90.9
Total contracts-in-transit and vehicle receivables	236.8	279.0
Less: allowance for doubtful accounts	0.3	0.6
Total contracts-in-transit and vehicle receivables, net	$ 236.5	$ 278.5
Accounts and notes receivable, net:		
Manufacturer receivables	$ 104.5	$ 94.6
Parts and service receivables	70.2	68.0
F&I receivables	27.3	30.0
Other	9.4	12.1
Total accounts and notes receivable	211.4	204.7
Less: allowance for doubtful accounts	4.3	5.5
Total accounts and notes receivable, net	$ 207.1	$ 199.2
Within Other current assets and Other long-term assets:		
Total contract assets [1]	$ 47.7	$ 47.9

[1] No allowance for doubtful accounts was recorded for contract assets as of March 31, 2023 or December 31, 2022.

9. DEBT

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

	March 31, 2023	December 31, 2022
4.00% Senior Notes due August 15, 2028	$ 750.0	$ 750.0
Acquisition Line	250.0	303.2
Other Debt:		
Real estate related	758.5	796.9
Finance leases	230.1	220.4
Other	9.8	22.3
Total other debt	998.4	1,039.6
Total debt	1,998.4	2,092.7
Less: unamortized debt issuance costs	9.9	10.2
Less: current maturities	85.5	130.3
Total long-term debt	$ 1,903.0	$ 1,952.2

Acquisition Line

The proceeds of the Acquisition Line (as defined in Note 10. Floorplan Notes Payable) are used for working capital, general corporate and acquisition purposes. As of March 31, 2023, borrowings under the Acquisition Line, a component of the Revolving Credit Facility (as defined in Note 10. Floorplan Notes Payable), totaled $250.0 million. The average interest rate on this facility was 4.87% during the three months ended March 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 March 31, 2023, borrowings outstanding under these facilities totaled $758.5 million, gross of debt issuance costs, comprised of $660.5 million in the U.S. and $98.0 million in the U.K, respectively.

10. FLOORPLAN NOTES PAYABLE

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

	March 31, 2023	December 31, 2022
Revolving Credit Facility — floorplan notes payable	$ 879.1	$ 833.5
Revolving Credit Facility — floorplan notes payable offset account	(106.7)	(140.2)
Revolving Credit Facility — floorplan notes payable, net	772.4	693.3
Other non-manufacturer facilities	76.3	68.8
Floorplan notes payable — credit facility and other, net	$ 848.7	$ 762.1
FMCC Facility	$ 81.6	$ 55.1
FMCC Facility offset account	(16.1)	(13.4)
FMCC Facility, net	65.6	41.8
Other manufacturer affiliate facilities	231.8	201.3
Floorplan notes payable — manufacturer affiliates, net	$ 297.4	$ 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 21 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. The Revolving Credit Facility consists of two tranches: (i) a $1.2 billion maximum capacity tranche for U.S. vehicle inventory floorplan financing ("U.S. Floorplan Line") which the outstanding balance, net of offset account discussed below, is reported in *Floorplan notes payable — credit facility and other, net*; and (ii) an $800.0 million maximum capacity tranche ("Acquisition Line"), which is not due until maturity of the Revolving Credit Facility and is therefore classified in *Long-term debt* on the Condensed Consolidated Balance Sheets — refer to Note 9. Debt for additional discussion. The capacity under these two tranches can be re-designated within the overall $2.0 billion commitment. The Acquisition Line includes a $100.0 million sub-limit for letters of credit and $50.0 million minimum capacity tranche. The Company had $12.2 million in letters of credit outstanding as of March 31, 2023 and December 31, 2022.

The U.S. Floorplan Line bears interest at rates equal to SOFR plus 120 basis points for new vehicle inventory and SOFR plus 150 basis points for used vehicle inventory. The weighted average interest rate on the U.S. Floorplan Line was 6.12% as of March 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 $4.7 million and $5.0 million of unamortized debt issuance costs as of March 31, 2023 and December 31, 2022, respectively, which are included in *Prepaid expenses* and *Other long-term assets* in the Company's Condensed Consolidated Balance Sheets and amortized over the term of the facility.

Floorplan Notes Payable — Manufacturer Affiliates

FMCC Facility

The Company has a $300.0 million floorplan arrangement with FMCC for financing of new Ford vehicles in the U.S. (the "FMCC Facility"). The FMCC Facility bears interest at the U.S. prime rate which was 8.00% as of March 31, 2023.

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 March 31, 2023, borrowings outstanding under these facilities totaled $231.8 million, comprised of $139.0 million in the U.S., with annual interest rates ranging from less than 1% to approximately 9%, and $92.9 million in the U.K., with annual interest rates ranging from approximately 4% to 7%.

Offset Accounts

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

11. CASH FLOW INFORMATION

Non-Cash Activities

The accrual for capital expenditures increased $4.6 million and decreased $0.4 million during the three months ended March 31, 2023 and 2022, respectively.

Interest and Income Taxes Paid

Cash paid for interest, including the monthly settlement of the Company's interest rate swaps, was $40.9 million and $28.6 million for the three months ended March 31, 2023 and 2022, respectively. Refer to Note 7. Financial Instruments and Fair Value Measurements for further discussion of the Company's interest rate swaps.

Cash paid for income taxes, net of refunds, was $5.7 million and $7.8 million for the three months ended March 31, 2023 and 2022, respectively.

12. COMMITMENTS AND CONTINGENCIES

From time to time, the Company's 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 March 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.

The Company previously recorded a $33.4 million payment for the purchase of an additional dealership as part of the acquisition of the Prime Automotive Group in 2021. As of March 31, 2023, the purchase of the additional dealership had not yet closed and the Company is still waiting for distributor approval to obtain ownership of the additional dealership. The amount previously paid has been classified as goodwill on the Condensed Consolidated Balance Sheets. 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 to the Company. The result of this legal action cannot be predicted with certainty.

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 $35.3 million as of March 31, 2023. In certain instances, the Company obtains collateral support for the rental obligations that the Company remains obligated for upon sale of a dealership to a lessee. Total associated letters of credit issued on behalf of the lessee where the Company is the beneficiary was $1.9 million as of March 31, 2023.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in the balances of each component of Accumulated other comprehensive income (loss) were as follows (in millions):

	Three Months Ended March 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	9.8	(8.8)	0.9
Tax effect	—	2.1	2.1
Amount reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	(3.3)	(3.3)
Other interest expense, net (pre-tax)	—	(4.2)	(4.2)
Reclassification related to de-designated interest rate swaps (pre-tax)	—	(4.0)	(4.0)
Provision for income taxes	—	2.7	2.7
Net current period other comprehensive income (loss)	9.8	(15.5)	(5.7)
Balance, March 31, 2023	$ (51.3)	$ 68.1	$ 16.7

	Three Months Ended March 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	(0.2)	44.5	44.2
Tax effect	—	(10.5)	(10.5)
Amount reclassified from accumulated other comprehensive income (loss):			
Floorplan interest expense (pre-tax)	—	1.3	1.3
Other interest expense (pre-tax)	—	1.2	1.2
Benefit for income taxes	—	(0.6)	(0.6)
Net current period other comprehensive (loss) income	(0.2)	35.9	35.7
Balance, March 31, 2022	$ (158.4)	$ 37.9	$ (120.6)

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

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

Overview

We are a leading operator in the automotive retail industry. Through our omni-channel platform, we sell new and used cars and light trucks; arrange related vehicle financing; sell service and insurance contracts; provide automotive maintenance and repair services; and sell vehicle parts. We operate in geographically diverse markets that extend across 17 states in the U.S. and 34 towns and cities in the U.K. As of March 31, 2023, our retail network consisted of 149 dealerships in the U.S. and 55 dealerships in the U.K.

Recent Events

Our manufacturers' production continued at historically reduced levels in the quarter ended March 31, 2023 ("Current Quarter"), despite recent production improvements in the latter half of 2022 and the Current Quarter for some of those manufacturers. Production constraints and related inventory constraints are a result of sustained global semiconductor and other parts shortages as well as the ongoing conflict between Russia and Ukraine. Increased deliveries from certain manufacturers in the Current Quarter drove a higher volume of new units sold while also maintaining elevated new vehicle retail sales prices. Used vehicle gross margins declined in the Current Quarter, driven by volatility from new vehicle supplies affecting our ability to source used vehicles, increased interest rates and the inflationary pressures and macroeconomic factors described further below. Our new vehicle days' supply of inventory was approximately 25 days as of the Current Quarter, as compared to 11 days as of the quarter ended March 31, 2022 ("Prior Year Quarter").

On April 12, 2023, the U.S. Environmental Protection Agency ("EPA") proposed regulations establishing more stringent air emissions limits for light- and medium-duty vehicles, which include passenger cars, vans, pickups, sedans and SUVs for model years 2027 through 2032. The EPA proposes higher emissions stringency each year, beginning with model year 2027, new battery durability requirements and changes to certain existing air emissions credit programs. If finalized in their current form, 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, if the proposed regulations are 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 repair costs for covered vehicles. The EPA projects the regulations to become final by 2024. The regulations, if finalized in their current form, may have a significant impact on the future mix of vehicles provided by our manufacturers. Any future impact of these regulations on our operations cannot be predicted with certainty. The Company will continue to monitor the regulatory process and will further evaluate the regulations upon issuance by the EPA.

The global economy continues to experience inflation. In response to inflationary pressures and macroeconomic conditions, the U.S. Federal Reserve, along with other central banks, including in the U.K., increased interest rates throughout 2022 and the Current Quarter. 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 Quarter. Additionally, during the Current Quarter, Silicon Valley Bank ("SVB") and Signature Bank were placed into receivership with the Federal Deposit Insurance Corporation ("FDIC"), indicating potential instability within the financial sector. Although we are not a party to any transactions with SVB, Signature Bank or any other financial institution currently in receivership, continued instability could impact our financial counterparties. Finally, one financial institution that participates in our Revolving Credit Facility announced plans to terminate its auto dealer services business offering floorplan lending. Although there is no current material impact on the Company, future impact, if any, of these macroeconomic developments on our operations cannot be predicted with certainty.

Critical Accounting Policies and Accounting Estimates

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

Results of Operations

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

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

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

Retail new vehicle units sold for 2023 include new vehicle agency units. 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 following tables summarize our operating results on a reported basis and on a same store basis:

Reported Operating Data — Consolidated
(In millions, except unit data)

	Three Months Ended March 31,					
	2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 1,955.7	$ 1,745.1	$ 210.6	12.1 %	$ (33.9)	14.0 %
Used vehicle retail sales	1,348.9	1,359.9	(11.0)	(0.8)%	(33.2)	1.6 %
Used vehicle wholesale sales	112.0	93.5	18.5	19.8 %	(3.1)	23.1 %
Total used	1,460.9	1,453.4	7.5	0.5 %	(36.3)	3.0 %
Parts and service sales	548.3	472.9	75.5	16.0 %	(7.7)	17.6 %
F&I, net	165.1	173.0	(7.9)	(4.6)%	(1.7)	(3.5)%
Total revenues	$ 4,130.0	$ 3,844.4	$ 285.7	7.4 %	$ (79.8)	9.5 %
Gross profit:						
New vehicle retail sales	$ 186.7	$ 201.3	$ (14.5)	(7.2)%	$ (3.1)	(5.7)%
Used vehicle retail sales	76.7	87.8	(11.1)	(12.6)%	(1.8)	(10.6)%
Used vehicle wholesale sales	2.0	2.8	(0.8)	(28.8)%	—	(29.5)%
Total used	78.8	90.7	(11.9)	(13.1)%	(1.8)	(11.2)%
Parts and service sales	297.3	259.8	37.5	14.4 %	(4.5)	16.2 %
F&I, net	165.1	173.0	(7.9)	(4.6)%	(1.7)	(3.5)%
Total gross profit	$ 727.9	$ 724.7	$ 3.2	0.4 %	$ (11.1)	2.0 %
Gross margin:						
New vehicle retail sales	9.5 %	11.5 %	(2.0)%			
Used vehicle retail sales	5.7 %	6.5 %	(0.8)%			
Used vehicle wholesale sales	1.8 %	3.0 %	(1.2)%			
Total used	5.4 %	6.2 %	(0.8)%			
Parts and service sales	54.2 %	54.9 %	(0.7)%			
Total gross margin	17.6 %	18.9 %	(1.2)%			
Units sold:						
Retail new vehicles sold	39,649	36,733	2,916	7.9 %		
Retail used vehicles sold	45,437	43,806	1,631	3.7 %		
Wholesale used vehicles sold	10,374	9,099	1,275	14.0 %		
Total used	55,811	52,905	2,906	5.5 %		
Average sales price per unit sold:						
New vehicle retail	$ 49,651	$ 47,509	$ 2,142	4.5 %	$ (529)	5.6 %
Used vehicle retail	$ 29,687	$ 31,043	$ (1,356)	(4.4)%	$ (730)	(2.0)%
Gross profit per unit sold:						
New vehicle retail sales	$ 4,710	$ 5,479	$ (769)	(14.0)%	$ (78)	(12.6)%
Used vehicle retail sales	$ 1,689	$ 2,005	$ (316)	(15.8)%	$ (39)	(13.8)%
Used vehicle wholesale sales	$ 194	$ 310	$ (116)	(37.5)%	$ 2	(38.1)%
Total used	$ 1,411	$ 1,714	$ (303)	(17.7)%	$ (31)	(15.8)%
F&I PRU	$ 1,940	$ 2,148	$ (207)	(9.7)%	$ (21)	(8.7)%
Other:						
SG&A expenses	$ 462.8	$ 418.5	$ 44.4	10.6 %	$ (7.8)	12.5 %
SG&A as % gross profit	63.6 %	57.7 %	5.8 %			
Floorplan expense:						
Floorplan interest expense	$ 12.6	$ 5.3	$ 7.4	139.4 %	$ (0.2)	144.0 %
Less: floorplan assistance [1]	14.6	14.0	0.5	3.7 %	—	3.8 %
Net floorplan expense	$ (1.9)	$ (8.8)	$ 6.8		$ (0.2)	

[1] Floorplan assistance is included within Gross profit — New vehicle retail sales above and Cost of sales — New vehicle retail sales in our Condensed Consolidated Statements of Operations.

Same Store Operating Data — Consolidated

(In millions, except unit data)

	Three Months Ended March 31, 2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 1,854.4	$ 1,708.3	$ 146.0	8.5 %	$ (33.1)	10.5 %
Used vehicle retail sales	1,277.3	1,335.0	(57.7)	(4.3)%	(32.2)	(1.9)%
Used vehicle wholesale sales	103.1	91.7	11.4	12.5 %	(3.0)	15.8 %
Total used	1,380.4	1,426.6	(46.3)	(3.2)%	(35.3)	(0.8)%
Parts and service sales	521.8	462.1	59.7	12.9 %	(7.1)	14.5 %
F&I, net	156.3	168.9	(12.5)	(7.4)%	(1.7)	(6.4)%
Total revenues	$ 3,912.8	$ 3,765.9	$ 146.9	3.9 %	$ (77.3)	6.0 %
Gross profit:						
New vehicle retail sales	$ 175.5	$ 196.3	$ (20.8)	(10.6)%	$ (3.0)	(9.1)%
Used vehicle retail sales	73.4	86.1	(12.7)	(14.7)%	(1.7)	(12.7)%
Used vehicle wholesale sales	2.1	2.8	(0.8)	(26.9)%	—	(27.6)%
Total used	75.5	89.0	(13.4)	(15.1)%	(1.7)	(13.2)%
Parts and service sales	282.5	253.5	29.0	11.4 %	(4.2)	13.1 %
F&I, net	156.3	168.9	(12.5)	(7.4)%	(1.7)	(6.4)%
Total gross profit	$ 689.9	$ 707.6	$ (17.8)	(2.5)%	$ (10.6)	(1.0)%
Gross margin:						
New vehicle retail sales	9.5 %	11.5 %	(2.0)%			
Used vehicle retail sales	5.7 %	6.5 %	(0.7)%			
Used vehicle wholesale sales	2.0 %	3.1 %	(1.1)%			
Total used	5.5 %	6.2 %	(0.8)%			
Parts and service sales	54.1 %	54.9 %	(0.7)%			
Total gross margin	17.6 %	18.8 %	(1.2)%			
Units sold:						
Retail new vehicles sold	37,679	35,734	1,945	5.4 %		
Retail used vehicles sold	43,177	42,830	347	0.8 %		
Wholesale used vehicles sold	9,770	8,819	951	10.8 %		
Total used	52,947	51,649	1,298	2.5 %		
Average sales price per unit sold:						
New vehicle retail	$ 49,556	$ 47,807	$ 1,749	3.7 %	$ (536)	4.8 %
Used vehicle retail	$ 29,582	$ 31,169	$ (1,587)	(5.1)%	$ (746)	(2.7)%
Gross profit per unit sold:						
New vehicle retail sales	$ 4,659	$ 5,493	$ (835)	(15.2)%	$ (79)	(13.7)%
Used vehicle retail sales	$ 1,701	$ 2,010	$ (310)	(15.4)%	$ (39)	(13.4)%
Used vehicle wholesale sales	$ 213	$ 323	$ (110)	(34.0)%	$ 2	(34.7)%
Total used	$ 1,426	$ 1,722	$ (296)	(17.2)%	$ (32)	(15.3)%
F&I PRU	$ 1,933	$ 2,149	$ (216)	(10.1)%	$ (21)	(9.1)%
Other:						
SG&A expenses	$ 439.7	$ 427.8	$ 11.9	2.8 %	$ (7.3)	4.5 %
SG&A as % gross profit	63.7 %	60.5 %	3.3 %			

Reported Operating Data — U.S.

(In millions, except unit data)

	Three Months Ended March 31,			
	2023	2022	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 1,608.6	$ 1,433.1	$ 175.5	12.2 %
Used vehicle retail sales	1,030.1	1,037.9	(7.8)	(0.8)%
Used vehicle wholesale sales	82.4	57.2	25.1	43.9 %
Total used	1,112.4	1,095.1	17.3	1.6 %
Parts and service sales	473.8	408.4	65.4	16.0 %
F&I, net	147.6	154.7	(7.1)	(4.6)%
Total revenues	$ 3,342.4	$ 3,091.3	$ 251.0	8.1 %
Gross profit:				
New vehicle retail sales	$ 154.1	$ 173.3	$ (19.2)	(11.1)%
Used vehicle retail sales	59.8	68.7	(8.9)	(12.9)%
Used vehicle wholesale sales	2.2	3.2	(1.0)	(31.1)%
Total used	62.0	71.9	(9.9)	(13.7)%
Parts and service sales	253.8	221.0	32.9	14.9 %
F&I, net	147.6	154.7	(7.1)	(4.6)%
Total gross profit	$ 617.6	$ 620.9	$ (3.3)	(0.5)%
Gross margin:				
New vehicle retail sales	9.6 %	12.1 %	(2.5)%	
Used vehicle retail sales	5.8 %	6.6 %	(0.8)%	
Used vehicle wholesale sales	2.7 %	5.7 %	(3.0)%	
Total used	5.6 %	6.6 %	(1.0)%	
Parts and service sales	53.6 %	54.1 %	(0.5)%	
Total gross margin	18.5 %	20.1 %	(1.6)%	
Units sold:				
Retail new vehicles sold	30,883	29,498	1,385	4.7 %
Retail used vehicles sold	34,440	33,940	500	1.5 %
Wholesale used vehicles sold	7,480	6,001	1,479	24.6 %
Total used	41,920	39,941	1,979	5.0 %
Average sales price per unit sold:				
New vehicle retail	$ 52,086	$ 48,583	$ 3,503	7.2 %
Used vehicle retail	$ 29,909	$ 30,580	$ (671)	(2.2)%
Gross profit per unit sold:				
New vehicle retail sales	$ 4,991	$ 5,876	$ (885)	(15.1)%
Used vehicle retail sales	$ 1,736	$ 2,023	$ (287)	(14.2)%
Used vehicle wholesale sales	$ 299	$ 540	$ (241)	(44.7)%
Total used	$ 1,480	$ 1,800	$ (321)	(17.8)%
F&I PRU	$ 2,260	$ 2,439	$ (179)	(7.4)%
Other:				
SG&A expenses	$ 388.7	$ 353.6	$ 35.1	9.9 %
SG&A as % gross profit	62.9 %	56.9 %	6.0 %	

Same Store Operating Data — U.S.

(In millions, except unit data)

	Three Months Ended March 31,			
	2023	2022	Increase/(Decrease)	% Change
Revenues:				
New vehicle retail sales	$ 1,515.4	$ 1,396.9	$ 118.6	8.5 %
Used vehicle retail sales	967.6	1,014.7	(47.1)	(4.6)%
Used vehicle wholesale sales	74.1	55.6	18.5	33.2 %
Total used	1,041.7	1,070.3	(28.6)	(2.7)%
Parts and service sales	453.2	400.7	52.4	13.1 %
F&I, net	139.2	150.7	(11.5)	(7.6)%
Total revenues	$ 3,149.6	$ 3,018.6	$ 130.9	4.3 %
Gross profit:				
New vehicle retail sales	$ 144.0	$ 168.4	$ (24.4)	(14.5)%
Used vehicle retail sales	57.1	67.0	(9.9)	(14.8)%
Used vehicle wholesale sales	2.3	3.2	(0.9)	(28.6)%
Total used	59.5	70.3	(10.8)	(15.4)%
Parts and service sales	241.6	216.3	25.3	11.7 %
F&I, net	139.2	150.7	(11.5)	(7.6)%
Total gross profit	$ 584.2	$ 605.7	$ (21.5)	(3.5)%
Gross margin:				
New vehicle retail sales	9.5 %	12.1 %	(2.6)%	
Used vehicle retail sales	5.9 %	6.6 %	(0.7)%	
Used vehicle wholesale sales	3.1 %	5.8 %	(2.7)%	
Total used	5.7 %	6.6 %	(0.9)%	
Parts and service sales	53.3 %	54.0 %	(0.7)%	
Total gross margin	18.5 %	20.1 %	(1.5)%	
Units sold:				
Retail new vehicles sold	29,102	28,522	580	2.0 %
Retail used vehicles sold	32,517	33,045	(528)	(1.6)%
Wholesale used vehicles sold	6,914	5,751	1,163	20.2 %
Total used	39,431	38,796	635	1.6 %
Average sales price per unit sold:				
New vehicle retail	$ 52,074	$ 48,976	$ 3,098	6.3 %
Used vehicle retail	$ 29,757	$ 30,706	$ (948)	(3.1)%
Gross profit per unit sold:				
New vehicle retail sales	$ 4,947	$ 5,904	$ (958)	(16.2)%
Used vehicle retail sales	$ 1,757	$ 2,029	$ (271)	(13.4)%
Used vehicle wholesale sales	$ 335	$ 564	$ (229)	(40.6)%
Total used	$ 1,508	$ 1,812	$ (304)	(16.8)%
F&I PRU	$ 2,259	$ 2,449	$ (189)	(7.7)%
Other:				
SG&A expenses	$ 368.8	$ 361.6	$ 7.2	2.0 %
SG&A as % gross profit	63.1 %	59.7 %	3.4 %	

U.S. Region — Three Months Ended March 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 Quarter increased $251.0 million, or 8.1%, as compared to the Prior Year Quarter, primarily driven by higher same store revenues and the acquisition of stores.

Total same store revenues in the U.S. during the Current Quarter increased $130.9 million, or 4.3%, as compared to the Prior Year Quarter. This increase was primarily driven by higher revenues from new vehicle retail, parts and service and used vehicle wholesale sales, partially offset by lower used vehicle retail sales and F&I PRU.

New and used vehicle retail revenues benefited from the sale of approximately 12,600 units from our online digital platform, AcceleRide®, during the Current Quarter, a 116.8% increase as compared to the Prior Year Quarter.

New vehicle retail same store revenues outperformed the Prior Year Quarter, driven by strong new vehicle retail pricing coupled with more units sold. The prolonged shortage of new vehicle inventory, despite recent manufacturers' production improvements, drove strong pricing. Certain manufacturer vehicle deliveries were higher in the Current Quarter and as a result, our inventory levels were higher than the Prior Year Quarter, providing for the increase in units sold. We ended the Current Quarter with a U.S. new vehicle inventory supply of 27 days, 18 days higher than the Prior Year Quarter.

Used vehicle retail same store revenues underperformed the Prior Year Quarter, primarily driven by lower used vehicle retail sales prices 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 rising interest rates increasing the monthly cost of financing vehicles. Used vehicle wholesale same store revenues increased primarily due to more wholesale units sold.

Parts and service same store revenues outperformed the Prior Year Quarter, primarily driven by increases across all business lines, reflecting increased business activity and increased same store technician headcount through our technician recruiting and retention efforts, providing greater capacity to meet increased demand.

F&I, net same store revenues underperformed the Prior Year Quarter, primarily driven by lower penetration rates as a result of customers seeking alternative providers in this higher interest rate environment. The underperformance was partially offset by modestly higher same store new vehicle unit sales.

Gross Profit

Total gross profit in the U.S. during the Current Quarter decreased $3.3 million, or 0.5%, as compared to the Prior Year Quarter, primarily driven by lower same store results, partially offset by the acquisition of stores.

Total same store gross profit in the U.S. during the Current Quarter decreased $21.5 million, or 3.5%, as compared to the Prior Year Quarter, primarily driven by downward pressures on new and used vehicle margins and lower F&I PRU, partially offset by higher same store parts and service gross profit.

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

Used vehicle retail same store gross profit underperformed the Prior Year Quarter, 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. The decrease in used vehicle retail same store gross profit per unit sold was 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, outpacing the decline in used vehicle acquisition costs over that similar period.

Our used vehicle wholesale same store gross profit underperformed the Prior Year Quarter, 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 Quarter, as described above for parts and service revenues.

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

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

SG&A Expenses

SG&A as a percentage of gross profit increased 598 basis points and 343 basis points on an as reported and same store basis, respectively, compared to the Prior Year Quarter. The increase in SG&A as a percentage of gross profit on an as reported and same store basis was driven by the decline in reported and same store gross profit as well as higher expenses.

Total SG&A expenses in the U.S. during the Current Quarter increased $35.1 million, or 9.9%, as compared to the Prior Year Quarter, primarily driven by the acquisition of stores and higher same store SG&A expenses. Total same store SG&A expenses in the U.S. during the Current Quarter, increased $7.2 million, or 2.0%, as compared to the Prior Year Quarter, primarily driven by increased activity related to outside services and professional fees, employee benefits and wages, facilities related expenses and advertising expenses compared to the Prior Year Quarter. In addition, the inflationary impacts described above contributed to the increase in same store SG&A expenses. These increases were partially offset by lower commission expenses.

Reported Operating Data — U.K.

(In millions, except unit data)

	Three Months Ended March 31,					
	2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 347.1	$ 312.0	$ 35.1	11.2 %	$ (33.9)	22.1 %
Used vehicle retail sales	318.8	322.0	(3.2)	(1.0)%	(33.2)	9.3 %
Used vehicle wholesale sales	29.6	36.3	(6.6)	(18.3)%	(3.1)	(9.7)%
Total used	348.4	358.3	(9.8)	(2.7)%	(36.3)	7.4 %
Parts and service sales	74.6	64.5	10.1	15.7 %	(7.7)	27.6 %
F&I, net	17.5	18.3	(0.8)	(4.1)%	(1.7)	5.4 %
Total revenues	$ 787.7	$ 753.0	$ 34.6	4.6 %	$ (79.8)	15.2 %
Gross profit:						
New vehicle retail sales	$ 32.6	$ 27.9	$ 4.7	16.7 %	$ (3.1)	27.8 %
Used vehicle retail sales	17.0	19.2	(2.2)	(11.6)%	(1.8)	(2.3)%
Used vehicle wholesale sales	(0.2)	(0.4)	0.2	46.5 %	—	41.8 %
Total used	16.7	18.8	(2.0)	(10.8)%	(1.8)	(1.5)%
Parts and service sales	43.5	38.8	4.7	12.0 %	(4.5)	23.5 %
F&I, net	17.5	18.3	(0.8)	(4.1)%	(1.7)	5.4 %
Total gross profit	$ 110.4	$ 103.8	$ 6.6	6.3 %	$ (11.1)	17.0 %
Gross margin:						
New vehicle retail sales	9.4 %	9.0 %	0.4 %			
Used vehicle retail sales	5.3 %	6.0 %	(0.6)%			
Used vehicle wholesale sales	(0.8)%	(1.2)%	0.4 %			
Total used	4.8 %	5.2 %	(0.4)%			
Parts and service sales	58.4 %	60.2 %	(1.9)%			
Total gross margin	14.0 %	13.8 %	0.2 %			
Units sold:						
Retail new vehicles sold	8,766	7,235	1,531	21.2 %		
Retail used vehicles sold	10,997	9,866	1,131	11.5 %		
Wholesale used vehicles sold	2,894	3,098	(204)	(6.6)%		
Total used	13,891	12,964	927	7.2 %		
Average sales price per unit sold:						
New vehicle retail	$ 40,795	$ 43,129	$ (2,334)	(5.4)%	$ (3,983)	3.8 %
Used vehicle retail	$ 28,991	$ 32,638	$ (3,647)	(11.2)%	$ (3,017)	(1.9)%
Gross profit per unit sold:						
New vehicle retail sales	$ 3,719	$ 3,861	$ (142)	(3.7)%	$ (352)	5.5 %
Used vehicle retail sales	$ 1,542	$ 1,944	$ (402)	(20.7)%	$ (161)	(12.4)%
Used vehicle wholesale sales	$ (77)	$ (135)	$ 58	42.8 %	$ 7	37.7 %
Total used	$ 1,205	$ 1,447	$ (243)	(16.8)%	$ (126)	(8.0)%
F&I PRU	$ 886	$ 1,068	$ (182)	(17.0)%	$ (88)	(8.8)%
Other:						
SG&A expenses	$ 74.2	$ 64.9	$ 9.3	14.3 %	$ (7.8)	26.3 %
SG&A as % gross profit	67.2 %	62.5 %	4.7 %			

Same Store Operating Data — U.K.

(In millions, except unit data)

	Three Months Ended March 31,					
	2023	2022	Increase/ (Decrease)	% Change	Currency Impact on Current Period Results	Constant Currency % Change
Revenues:						
New vehicle retail sales	$ 338.9	$ 311.5	$ 27.4	8.8 %	$ (33.1)	19.4 %
Used vehicle retail sales	309.6	320.3	(10.7)	(3.3)%	(32.2)	6.7 %
Used vehicle wholesale sales	29.0	36.1	(7.1)	(19.6)%	(3.0)	(11.2)%
Total used	338.6	356.4	(17.7)	(5.0)%	(35.3)	4.9 %
Parts and service sales	68.6	61.3	7.3	11.8 %	(7.1)	23.4 %
F&I, net	17.1	18.1	(1.0)	(5.6)%	(1.7)	3.8 %
Total revenues	$ 763.3	$ 747.3	$ 16.0	2.1 %	$ (77.3)	12.5 %
Gross profit:						
New vehicle retail sales	$ 31.6	$ 27.9	$ 3.7	13.2 %	$ (3.0)	23.9 %
Used vehicle retail sales	16.3	19.1	(2.8)	(14.6)%	(1.7)	(5.7)%
Used vehicle wholesale sales	(0.2)	(0.4)	0.2	40.8 %	—	35.6 %
Total used	16.0	18.7	(2.6)	(14.0)%	(1.7)	(5.0)%
Parts and service sales	40.9	37.3	3.6	9.8 %	(4.2)	21.0 %
F&I, net	17.1	18.1	(1.0)	(5.6)%	(1.7)	3.8 %
Total gross profit	$ 105.6	$ 101.9	$ 3.7	3.6 %	$ (10.6)	14.0 %
Gross margin:						
New vehicle retail sales	9.3 %	9.0 %	0.4 %			
Used vehicle retail sales	5.3 %	6.0 %	(0.7)%			
Used vehicle wholesale sales	(0.8)%	(1.1)%	0.3 %			
Total used	4.7 %	5.2 %	(0.5)%			
Parts and service sales	59.6 %	60.7 %	(1.1)%			
Total gross margin	13.8 %	13.6 %	0.2 %			
Units sold:						
Retail new vehicles sold	8,577	7,212	1,365	18.9 %		
Retail used vehicles sold	10,660	9,785	875	8.9 %		
Wholesale used vehicles sold	2,856	3,068	(212)	(6.9)%		
Total used	13,516	12,853	663	5.2 %		
Average sales price per unit sold:						
New vehicle retail	$ 40,732	$ 43,187	$ (2,455)	(5.7)%	$ (3,977)	3.5 %
Used vehicle retail	$ 29,046	$ 32,733	$ (3,686)	(11.3)%	$ (3,023)	(2.0)%
Gross profit per unit sold:						
New vehicle retail sales	$ 3,682	$ 3,867	$ (186)	(4.8)%	$ (349)	4.2 %
Used vehicle retail sales	$ 1,527	$ 1,948	$ (421)	(21.6)%	$ (160)	(13.4)%
Used vehicle wholesale sales	$ (83)	$ (130)	$ 48	36.4 %	$ 7	30.8 %
Total used	$ 1,187	$ 1,452	$ (265)	(18.2)%	$ (124)	(9.7)%
F&I PRU	$ 889	$ 1,066	$ (177)	(16.6)%	$ (89)	(8.3)%
Other:						
SG&A expenses	$ 70.9	$ 66.2	$ 4.7	7.0 %	$ (7.3)	18.1 %
SG&A as % gross profit	67.1 %	64.9 %	2.1 %			

U.K. Region — Three Months Ended March 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 as reported amounts and same store amounts is related to acquisition and disposition activity, as well as new add-point openings. The GBP to USD foreign currency exchange rate has fluctuated from £1 to $1.31 at March 31, 2022, to £1 to $1.24 at March 31, 2023, or a decline of 5.8%. Although the exchange rate has shown recent improvement, it is still negatively impacting our U.K. results when translated from GBP to USD in the Current Quarter when compared to the Prior Year Quarter.

Revenues

Total revenues in the U.K. during the Current Quarter increased $34.6 million, or 4.6%, as compared to the Prior Year Quarter, driven by the acquisition of stores and higher same store results, partially offset by the negative impact of foreign currency exchange rates.

Total same store revenues in the U.K. during the Current Quarter increased $16.0 million, or 2.1%, as compared to the Prior Year Quarter. On a constant currency basis, total same store revenues increased 12.5%, driven by outperformances across all revenue streams except used vehicle wholesale sales.

New vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, primarily driven by more units sold, coupled with modestly higher new vehicle retail pricing. The shortage of new vehicle inventory, despite recent manufacturers' production improvements, drove strong pricing. Vehicle demand was and continues to be pent-up from past years due to Brexit and the COVID-19 pandemic. We ended the Current Quarter with a U.K. new vehicle inventory supply of 19 days, 2 days higher than the Prior Year Quarter.

Used vehicle retail same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, primarily driven by an increase in units sold, partially offset by slightly lower retail sales prices on a constant currency basis, due to the impacts from inflation reducing the disposable income of our customers and rising interest rates increasing the monthly cost of financing vehicles, coupled with the ongoing new vehicle supply shortage impacting the supply of used vehicles.

Parts and service same store revenues, on a constant currency basis, outperformed the Prior Year Quarter, driven by increased business activity across all of our parts and service business lines.

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

Gross Profit

Total gross profit in the U.K. during the Current Quarter increased $6.6 million, or 6.3%, as compared to the Prior Year Quarter, primarily driven by the acquisition of stores and higher same store results, partially offset by the negative impact of foreign currency exchange rates.

Total same store gross profit in the U.K. during the Current Quarter increased $3.7 million, or 3.6%, as compared to the Prior Year Quarter. On a constant currency basis, total same store gross profit increased 14.0% driven by improvements in new vehicle retail sales, parts and service sales and F&I, net, partially offset by downward pressures on used vehicle margins.

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

Used vehicle retail same store gross profit, on a constant currency basis, underperformed the Prior Year Quarter, due to a decrease in used vehicle retail same store gross profit per unit sold, partially offset by an increase in used vehicle retail units sold. This decrease was caused by declines in same store retail used vehicle sales prices outpacing the decline in used vehicle cost of sales. Used vehicle retail sales were negatively affected by inflationary impacts reducing the disposable income of our customers and rising interest rates increasing the monthly cost of financing vehicles, coupled with the ongoing new vehicle supply shortage impacting the supply of used vehicles.

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

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

Total same store gross margin in the U.K. increased 20 basis points, driven by improvements in new vehicle retail gross margin due to higher prices from increased customer demand and vehicle supply constraints, described above. The increase was partially offset by a decrease in same store used vehicle retail gross margin, resulting from inflationary impacts reducing the disposable income of our customers and rising interest rates increasing the monthly cost of financing vehicles as well as the ongoing new vehicle supply shortage, and a decrease in parts and service same store margins due to increased labor costs.

SG&A Expenses

SG&A as a percentage of gross profit increased 471 and 215 basis points on an as reported and same store basis, respectively, compared to the Prior Year Quarter.

Total SG&A expenses in the U.K. during the Current Quarter increased $9.3 million, or 14.3%, as compared to the Prior Year Quarter, primarily driven by increases in same store SG&A and the acquisition of stores. Total same store SG&A expenses in the U.K. during the Current Quarter increased $4.7 million, or 7.0%, as compared to the Prior Year Quarter. On a constant currency basis, total same store SG&A expenses increased 18.1%. These increases were primarily driven by increased activity related to employee benefits and wages, commissions, facilities related expenses, outside services and professional fees compared to the Prior Year Quarter. In addition, the inflationary impacts described above contributed to the increase in same store SG&A expenses.

Consolidated Selected Comparisons — Three Months Ended March 31, 2023 Compared to 2022

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

	Three Months Ended March 31,			
	2023	2022	Increase/ (Decrease)	% Change
Depreciation and amortization expense	$ 22.4	$ 21.2	$ 1.2	5.8 %
Floorplan interest expense	$ 12.6	$ 5.3	$ 7.4	139.4 %
Other interest expense, net	$ 19.7	$ 17.4	$ 2.2	12.9 %
Provision for income taxes	$ 47.6	$ 61.2	$ (13.6)	(22.2)%

Depreciation and Amortization Expense

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

Floorplan Interest Expense

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

Total floorplan interest expense during the Current Quarter, increased $7.4 million, or 139.4%, as compared to the Prior Year Quarter, driven primarily by an increase in floorplan interest expense on new and used vehicles due to an increase in interest rates between periods and an increase to the outstanding floorplan balance driven by increases in inventories, partially offset by realized gains on our interest rate swap portfolio due to increases in corresponding interest rates.

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

Other Interest Expense, Net

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

Other interest expense, net during the Current Quarter, increased $2.2 million, or 12.9%, as compared to the Prior Year Quarter. The increase in other interest expense, net during the Current Quarter, was primarily attributable to the additional increase in borrowings used to acquire property in our U.S. region, partially offset by the gain on the de-designation of the mortgage interest rate swap of $4.0 million during the Current Quarter. Refer to Note 9. Debt within our Notes to Condensed Consolidated Financial Statements for additional discussion of our debt. Refer to Note 7. Financial Instruments and Fair Value Measurements within our Notes to Condensed Consolidated Financial Statements for additional discussion of the de-designation of the mortgage interest rate swap.

Provision for Income Taxes

Provision for income taxes from continuing operations during the Current Quarter decreased by $13.6 million, or 22.2%, as compared to the Prior Year Quarter. During the Current Quarter, we recorded a tax provision from continuing operations of $47.6 million. The tax expense decrease in the Current Quarter, as compared to the Prior Year Quarter, was primarily due to lower pre-tax book income.

Our Current Quarter effective tax rate of 23.1% was lower than our Prior Year Quarter effective tax rate of 23.3%. The tax rate decrease was primarily due to higher excess tax deductions for stock-based compensation in the Current Quarter compared to the Prior Year Quarter.

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

Liquidity and Capital Resources

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

Available Liquidity Resources

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

		March 31, 2023
Cash and cash equivalents	$	21.3
Floorplan offset accounts		122.8
Available capacity under Acquisition Line		528.2
Total liquidity	$	672.2

Cash Flows

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

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

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

	Three Months Ended March 31,		
	2023	2022	% Change
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash provided by operating activities:	$ 143.4	$ 226.8	(36.8)%
Change in Floorplan notes payable — credit facilities and other, excluding floorplan offset and net acquisitions and dispositions	44.6	92.6	
Change in Floorplan notes payable — manufacturer affiliates associated with net acquisitions and dispositions and floorplan offset activity	2.7	(0.9)	
Adjusted net cash provided by operating activities	$ 190.8	$ 318.6	(40.1)%
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net cash used in investing activities:	$ (104.6)	$ (204.5)	48.9 %
Change in cash paid for acquisitions, associated with Floorplan notes payable	9.3	1.9	
Change in proceeds from disposition of franchises, property and equipment, associated with Floorplan notes payable	(2.4)	(0.9)	
Adjusted net cash used in investing activities	$ (97.7)	$ (203.6)	52.0 %
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net cash used in financing activities:	$ (67.0)	$ (9.7)	(593.3)%
Change in Floorplan notes payable, excluding floorplan offset	(54.2)	(92.7)	
Adjusted net cash used in financing activities	$ (121.2)	$ (102.3)	(18.5)%

Sources and Uses of Liquidity from Operating Activities — Three Months Ended March 31, 2023 Compared to 2022

For the Current Quarter, net cash provided by operating activities decreased by $83.4 million, as compared to the Prior Year Quarter. On an adjusted basis for the same period, adjusted net cash provided by operating activities decreased by $127.8 million. The decrease on an adjusted basis was primarily driven by a $145.8 million increase in inventory levels and a $44.5 million decrease in net income, partially offset by a $43.2 million decrease in contracts-in-transit and vehicle receivables.

Sources and Uses of Liquidity from Investing Activities — Three Months Ended March 31, 2023 Compared to 2022

For the Current Quarter, net cash used in investing activities decreased by $99.9 million, as compared to the Prior Year Quarter. On an adjusted basis for the same period, adjusted net cash used in investing activities decreased by $105.9 million, primarily driven by a $178.3 million decrease in acquisition activity, partially offset by a $71.8 million decrease in proceeds from disposition of franchises and 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 Quarter, $35.8 million was used to purchase property and equipment.

Sources and Uses of Liquidity from Financing Activities — Three Months Ended March 31, 2023 Compared to 2022

For the Current Quarter, net cash used in financing activities increased by $57.4 million, as compared to the Prior Year Quarter. On an adjusted basis for the same period, adjusted net cash used in financing activities increased by $18.9 million. The increase in net cash used in financing activities on an adjusted basis was primarily driven by net repayment of debt of $60.3 million and decreases in net borrowings on our Floorplan lines of $41.5 million (representing the net cash activity in our floorplan offset account), partially offset by decreases in share repurchases of $80.4 million.

Credit Facilities, Debt Instruments and Other Financing Arrangements

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

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

	Total Commitment	Outstanding	Available
U.S. Floorplan Line [1]	$ 1,200.0	$ 772.4	$ 427.6
Acquisition Line [2]	790.4	262.2	528.2
Total revolving credit facility	1,990.4	1,034.6	955.8
FMCC Facility [3]	300.0	65.6	234.4
Total U.S. credit facilities [4]	$ 2,290.4	$ 1,100.2	$ 1,190.2

(1) The available balance at March 31, 2023, includes $106.7 million of immediately available funds. The remaining available balance can be used for vehicle inventory financing.

(2) The outstanding balance of $262.2 million is related to outstanding letters of credit of $12.2 million and $250.0 million in borrowings. The borrowings outstanding under the Acquisition Line included $250.0 million USD borrowings. The available borrowings may be limited from time to time, based on certain debt covenants.

(3) The available balance at March 31, 2023, includes $16.1 million of immediately available funds. The remaining available balance can be used for Ford new vehicle inventory financing.

(4) The outstanding balance excludes $308.2 million of borrowings with manufacturer-affiliates and third-party financial institutions for foreign and rental vehicle financing not associated with any of our U.S. credit facilities.

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

Covenants

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

As of March 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 March 31, 2023	
	Required	Actual
Total adjusted leverage ratio	< 5.75	1.87
Fixed charge coverage ratio	> 1.20	5.29

Based on our position as of March 31, 2023, and our outlook as discussed within Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, we believe we have sufficient liquidity and do not anticipate any material liquidity constraints or issues with our ability to remain in compliance with our debt covenants.

Refer to Note 9. Debt and Note 10. Floorplan Notes Payable in our Notes to Condensed Consolidated Financial Statements for further discussion of our debt instruments, credit facilities and other financing arrangements existing as of March 31, 2023.

Share Repurchases and Dividends

From time to time, our Board of Directors authorizes the repurchase of shares of our common stock up to a certain monetary limit. During the three months ended March 31, 2023, 180,982 shares were repurchased at an average price of $191.85 per share, for a total of $34.7 million, excluding excise taxes of $0.2 million. As of March 31, 2023, we had $128.5 million available under our current stock repurchase authorization.

During the Current Quarter, our Board of Directors approved a quarterly cash dividend of $0.45 per share on all shares of our common stock, which resulted in $6.2 million paid to common shareholders and $0.2 million to unvested RSA holders.

Future share repurchases and the payment of any future dividends are subject to the business judgment of our Board of Directors, taking into consideration our historical and projected results of operations, financial condition, cash flows, capital requirements, covenant compliance, changes in laws and regulations, current economic environment and other factors considered relevant.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

Except as set forth below, during the three months ended March 31, 2023, there were no changes to the Risk Factors disclosed in Item 1A. Risk Factors of our 2022 Form 10-K.

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

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

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

Recent Sales of Unregistered Securities

None.

Use of Proceeds

None.

Table of Contents

Issuer Purchases of Equity Securities

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

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 (in millions) [(1)]
January 1, 2023 — January 31, 2023 [(2)]	76,294	$ 179.42	76,294	$ 149.7
February 1, 2023 — February 28, 2023	—	$ —	—	$ 149.7
March 1, 2023 — March 31, 2023	104,688	$ 200.91	104,688	$ 128.5
Total	180,982		180,982	

[(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 November 16, 2022, our Board of Directors increased the share repurchase authorization by $161.0 million to $200.0 million. Our share repurchase authorization does not have an expiration date and is reduced by the amount of excise taxes incurred.

[(2)] Shares repurchased under the Rule 10b5-1 trading plan that was effective from January 3, 2023 to January 23, 2023.

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 March 31, 2023, we had $128.5 million available under our current share repurchase authorization. Refer to Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations for additional information on share repurchases and authorization.

Item 6. Exhibits

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

EXHIBIT INDEX

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 Repurchase Agreement, dated November 12, 2021, by and between Group 1 Automotive, Inc., Buyer and UAB as intervening party (English translation) (incorporated by reference to Exhibit 2.1 of Group 1 Automotive Inc.'s Current Report on Form 8-K (File No. 001-13461) filed on November 15, 2021)
3.1	—	Amended and Restated Certificate of Incorporation of Group 1 Automotive, Inc. (incorporated by reference to Exhibit 3.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed May 22, 2015)
3.2	—	Third Amended and Restated Bylaws of Group 1 Automotive, Inc. (incorporated by reference to Exhibit 3.1 of Group 1 Automotive, Inc.'s Current Report on Form 8-K (File No. 001-13461) filed April 6, 2017)
10.1*†	—	Transition and Separation Agreement, effective as of March 31, 2023, between Group 1 Automotive, Inc. and Darryl Burman
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
101.INS*	—	XBRL Instance Document
101.SCH*	—	XBRL Taxonomy Extension Schema Document
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	—	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase Document
104*	—	Cover Page Interactive Data File (formatted in Inline XBRL and contained in exhibit 101)

* Filed or furnished herewith

† Management contract or compensatory plan or arrangement

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Group 1 Automotive, Inc.

Date:	April 28, 2023	By:	/s/ Daniel J. McHenry
			Daniel J. McHenry
			Senior Vice President and Chief Financial Officer

TRANSITION AND SEPARATION AGREEMENT

This Transition and Separation Agreement ("**Agreement**") is entered into by and between Group 1 Automotive, Inc. ("**Group 1**" or the "**Company**") and Darryl Burman ("**Employee**") (collectively, the "**Parties**"), effective as of 12:01a.m. central time on March 31, 2023 (the "**Effective Date**").

A. RECITALS

1. Employee is currently employed by the Company as General Counsel. The Company desires Employee to continue to serve in that capacity until March 31, 2023 (the "**Transition Date**"), after which Employee will serve as Senior Advisor until his final day of work on December 31, 2023 (the "**Termination Date**"). Between the Effective Date and the Transition Date (such period, the "**Transition Period**,") unless earlier terminated pursuant to Section 3 below, Employee will continue to serve in the following roles and perform the duties commensurate with the applicable position.

2. Employee and the Company have previously entered into that certain Employment Agreement, effective November 12, 2009 (the "**Employment Agreement**"), and that certain Incentive and Non-Compete Agreement, effective December 1, 2006 (the "**Incentive Agreement**"). This Agreement is intended to supersede and replace both the Employment Agreement and the Incentive Agreement in their entirety, except as specifically noted herein.

B. AGREEMENT

In consideration of the following promises and covenants, the Parties agree as follows:

1. **Resignation; Release**: In return for the Company's agreement to enter into this Agreement: (a) the Company agrees to employ Employee as General Counsel through the Effective Date and ending on the Transition Date, (b) the Company agrees to employ Employee as a Senior Advisor through the Transition Date and ending on the Termination Date, and (c) subject to other promises as outlined herein, Employee (i) agrees to accept the terms of this Agreement, (ii) has delivered, together with the execution of this Agreement, a letter of retirement, attached hereto as Exhibit "A," and (iii) agrees to execute on December 31, 2023, the Release and Waiver of Claims Agreement ("**Release**," attached hereto as Exhibit "B").

2. **Role; Compensation & Benefits:** Unless Employee's employment earlier terminates pursuant to Section 3 below, Employee shall be entitled to the following compensation and benefits pursuant to this Agreement: (a) continued base salary payments (calculated using his annual base salary in effect as of the Effective Date, which is $600,000) through December 31, 2023, (b) continued participation in all health and welfare benefits to which he is entitled as a Group 1 employee, including, but not limited to, those set forth in Section 4 below, through December 31, 2023, and (c) without duplication of any benefits described in clause (b), continued participation or receipt of the benefits specifically described in Section 2.3 of the Employment Agreement in effect as of the Effective Date and consistent with those of a Senior Vice President through December 31, 2023. Beginning on the Transition Date, the Employee shall agree to devote, on average, thirty (30) hours per week of his work time to Group 1 as a remote employee; *provided however*, that Employee also agrees to be available to work at the Group 1 offices from time to time, at the Company's request. The Company agrees to provide Employee with an office at its current location at the Company's complete discretion and so long as space permits. Except as otherwise provided in this Agreement, Employee acknowledges and agrees that Employee has no right to receive any additional form or type of remuneration of any kind or type that may be paid to other executives prior to the Transition Date, or other employees following the Transition Date. Employee acknowledges that he will not be entitled to receive any additional equity-based incentive awards following the Effective Date, and will not be eligible to receive an annual bonus with respect to the 2023 year. The Company shall have the right to withhold any taxes deemed subject to withholding requirements from the payment of any amount or benefit provided pursuant to this Agreement.

3. **Termination of Employment**:

   (a) In the event that the Employee's employment with the Company is terminated prior to the Termination Date by the Company for "Cause" (defined below) or voluntarily by the Employee, the Employee shall not be entitled to receive any further compensation or benefits pursuant to this Agreement, other than any amounts that were earned but unpaid prior to such termination.

   (b) In the event Employee's employment with the Company is terminated as a result of his death prior to the Termination Date, the heirs, administrators, or legatees of Employee shall be entitled to receive the remaining base salary payments described in 2(a) that the Employee has not already received, calculated from the date of the applicable termination through the Termination Date (the "**Continued Salary**

Payment”). The Continued Salary Payment shall be paid in a single lump sum payment as soon as administratively practicable but no later than thirty (30) days following the termination upon death.

(c) In the event Employee’s employment with the Company is terminated prior to the Termination Date by the Company without Cause (“**Termination Without Cause**”), Employee shall be entitled to receive: (i) the Continued Salary Payment, (ii) if Employee timely elects to continue coverage for Employee and Employee’s eligible dependents under the Company’s group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), a payment in an amount equal to the product of (A) the number of full calendar months remaining from the date of the Termination Without Cause to the Termination Date, and (B) the monthly premium that would otherwise be payable by Employee for continued health or welfare benefits provided to Employee and Employee’s dependents pursuant to COBRA, at the full COBRA premium rate in effect under the Company’s group health plan as of the Termination Date, but in no event shall such payment exceed the applicable dollar amount under section 402(g)(1)(B) for the Code for the year of Employee’s separation from service, and (iii) a payment in an amount equal to the product of (A) the number of full calendar months remaining from the date of the Termination Without Cause and the Termination Date, and (B) the rate of the monthly vehicle allowance specified in 2(c). Amounts under this Section 3(c) shall be paid in a single lump sum payment as soon as administratively practicable but no later than thirty (30) days following the date of the Termination Without Cause.

(d) In the event of any termination under this Section 3 (regardless of the reason), all outstanding equity-based compensation awards held by Employee at the time of such termination shall be governed by the terms and conditions of the Restricted Stock Agreement - Qualified Retirement.

(e) Employee acknowledges his understanding and agreement that any provisions regarding any cash termination payments within the Employment Agreement have been superseded and replaced by this Section 3.

For purposes of this Agreement, the term “Cause” shall mean any of the following; (a) the Employee’s conviction or plea of *nolo contendere* to a felony or a crime involving moral turpitude; (b) the Employee’s breach of any material provision of either this Agreement, the Employee Handbook, Employer’s Code of Conduct, or the Code of Ethics for Specified Officers of Employer signed by Employee; (c) the Employee’s using for his own benefit any confidential or proprietary information of Employer, or willfully divulging for this benefit such information; (d) the Employee’s (1) fraud or (2) misappropriation or theft of any of the Employer’s funds or property; or (e) the Employee’s willful refusal to perform his duties or gross negligence, provided that Employer, before terminating Employee under subsection (b) or (e) must first give written notice to Employee of the nature of the alleged breach or refusal and must provide the Employee with a minimum of fifteen (15) days to correct the problem and, provided further, before terminating Employee for purported gross negligence Employer must give written notice that explains the alleged gross negligence in detail and must provide Employee with a minimum of twenty (20) days to correct the problem, unless correction is inherently impossible.

4. **Rights Not Affected:** This Agreement will not affect Employee’s rights in the Group 1 Automotive, Inc. Deferred Compensation Plan, the Executive Term Life & Accidental Death and Dismemberment Insurance, the Disability Income Insurance: Long Term Benefits, the Company’s 401(k) plans or any deferred compensation plan, ESPP, or Employee’s ownership rights to shares of stock in the Company.

5. **Restrictive Covenants; Surviving Provisions of the Employment Agreement and Incentive Agreement; Employee Obligations**:

(a) Group 1 and Employee agree that the terms of this Agreement are a private matter, which shall not be divulged in any form to others. Accordingly, Group 1 and Employee hereby agree that, except as provided by law and the requirements under the Securities and Exchange Act of 1934, they will not disclose, disseminate and/or publicize or cause to be disclosed, disseminated and/or publicized any of the terms of this Agreement or the discussions which have led up to this Agreement to anyone, with the exception of information that is already publicly disclosed within Group 1’s executive compensation disclosures in any filing required to be made with the Securities and Exchange Commission, or those within Group 1 who have a business need to know the terms and the Employee’s attorney, any financial or tax advisors, and spouse and children, who shall not divulge its contents to any third party.

(b) Employee reaffirms his commitment to maintain confidentiality of all Company business, proprietary information and relationships and agrees not to disparage the Company, its employees, officers, and directors. Employee further acknowledges his understanding and agreement that all restrictive covenants contained in Section 5 of the Employment Agreement shall survive the termination of that Employment Agreement, are incorporated into this Agreement as if fully restated herein and the Termination Date of this

Agreement shall be used to determine any obligations which begin as of Employee's termination of employment.

(c) Employee acknowledges his understanding and agreement that all post-employment non-competition and non-solicitation obligations set forth in Section 2 of the Incentive Agreement shall survive the termination of that Incentive Agreement, are incorporated into this Agreement as if fully restated herein and the Termination Date of this Agreement shall be used to determine any obligations which begin as of Employee's termination of employment.

(d) Employee has executed the attached retirement letter on the Effective Date. Employee agrees to execute any additional documents necessary to effectuate his resignation as General Counsel and then as Senior Advisor with Group 1 and to cooperate in any filings with the Securities and Exchange Commission related to his retirement and termination.

(e) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

6. **Clawback Policy.** Employee acknowledges and agrees that the terms of the Company's compensation recovery policy, which allows for claw back of certain performance-based payments under certain events, shall remain in full force and effect following the Effective Date and shall continue in full force and effect after the Termination Date to the extent such claw back policy applies to all senior executives of the Company.

7. **Severability:** In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

8. **Employee Indemnity Not Affected:** The releases contained herein shall not affect Group 1's obligation under law, to the extent applicable, to indemnify Employee as an employee for actions taken within the scope and course of Employee's employment.

9. **Jurisdiction and Choice of Law**: The Employee and Company agrees to use the Laws of Texas to enforce the terms of this Agreement and the matter shall be heard in Harris County, Texas. Employee agrees to service and personal jurisdiction in Harris County, Texas.

In Witness Whereof, the Parties have executed this Agreement effective as of the Effective Date.

DARRYL BURMAN ("EMPLOYEE")

By:

Dated: March 31, 2023

GROUP 1 AUTOMOTIVE, INC.

By:
Name: Edward McKissic
Title: Senior Vice President
Dated: March 31, 2023

EXHIBIT "A"

RETIREMENT LETTER

March 31, 2023

Group 1 Automotive, Inc.
Board of Directors
Chief Executive Officer
800 Gessner, Suite 500
Houston, Texas 77024

Dear All:

I hereby give notice that effective as of 12:01 a.m. central time on March 31, 2023 or such later date as may be mutually agreed, I will retire from my position as General Counsel of Group 1 Automotive, Inc. (the "Company"), after which I will serve as Senior Advisor until December 31, 2023, upon which I will retire from all other officer, director and other positions I hold at the Company and all of its respective subsidiaries and affiliates.

EXHIBIT "B"

RELEASE AND WAIVER OF CLAIMS AGREEMENT

This Release and Waiver of Claims Agreement ("Agreement") is made and entered into by and between Darryl Burman (the "Employee") and Group 1 Automotive, Inc. (the "Company").

NOW, THEREFORE, in consideration of and exchange for the promises, covenants, and releases contained herein, the parties mutually agree as follows:

1. **Effective Date**. Except as provided herein, this Agreement shall be effective the date it is signed by both parties (the "Release Effective Date").

2. **Retirement Date**. Employee has previously resigned from his position as General Counsel of the Company, and will resign all other positions and responsibilities effective December 31, 2023 ("Retirement Date").

3. **Consideration by the Company**. For and in consideration of the promises made by the Employee in this Agreement, the Company shall:

a. Provide for the payments and benefits described in Section 2 of the Transition and Separation Agreement by and between Employee and the Company dated March 31, 2023 (the "Separation Agreement").

b. With the exception of any claim arising from fraud, illegal activity or dishonesty, the Company and its subsidiaries, related companies, parents, successors and assigns agrees to forever unconditionally release, waive and discharge Employee and his heirs, executors, administrators successors and assigns from any and all claims, debts, liabilities, promises, agreements, demands, causes of action, attorneys' fees, losses and expenses of every nature whatsoever, known or unknown, suspected or unsuspected, filed or unfiled, arising prior to the Release Effective Date of this Agreement, or arising out of or in connection with Employee's employment with the Company or any affiliate of the Company.

c. The Company agrees and promises that it will not engage in any disparaging conduct directed at Employee, and the Company shall refrain from making any derogatory statements or disparaging behavior concerning Employee in the future.

EMPLOYEE SPECIFICALLY ACKNOWLEDGES THAT HE WOULD NOT OTHERWISE BE ENTITLED TO THE CONSIDERATION SET FORTH IN THIS PARAGRAPH WERE IT NOT FOR HIS COVENANTS, PROMISES AND RELEASES SET FORTH HEREUNDER.

4. **Consideration by the Employee**. For and in consideration of the promises made by the Company in Paragraph 3 of this Agreement, Employee agrees as follows:

a. Employee agrees for himself and his heirs, executors, administrators, successors and assigns to forever unconditionally release, waive and discharge the Company and its subsidiaries, related companies, parents, affiliates and each of the foregoing entities' respective successors and assigns, and current and former divisions, partnerships, related entities, officers, directors, managers, members, shareholders, attorneys, agents, insurers, benefit plans (and the fiduciaries and trustees of such plans) and employees (collectively, the "Released Parties") from any and all claims, debts, liabilities, promises, agreements, demands, causes of action, attorneys' fees, losses and expenses of every nature whatsoever, known or unknown, suspected or unsuspected, filed or unfiled, arising on or prior to the Release Effective Date. This total release includes, but is not limited to, all claims or demands related to: (i) salary, bonuses, commissions, compensation, stock, stock options, performance shares, vacation pay, fringe benefits and expense reimbursements pursuant to any federal, state or local statutory or common law or ordinance or cause of action, including, but not limited to, breach of contract, breach of the implied covenant of good faith and fair dealing, infliction of emotional harm, wrongful discharge, violation of public policy, defamation and impairment of economic opportunity; (ii) any federal, state or local anti-discrimination or anti-retaliation law; (iii) violation of (each, as may have been amended): the United States and Texas Constitutions; the Texas Labor Code (specifically including the Texas Payday Act, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code and the Texas Whistleblower Act), the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Older Workers' Benefit Protection Act, the Americans With Disabilities Act of 1990, the Employee Retirement Income and Security Act of 1974 ("ERISA"), the Fair Labor Standards Act, the Family and Medical Leave Act, the Occupational Safety and Health Act, and the Sarbanes Oxley Act. Employee specifically does not release his right to apply for unemployment compensation benefits. Should Employee apply for such benefits, the Company will not oppose such application.

b. Employee agrees and promises that Employee will not engage in any disparaging conduct directed at the Company or any other Released Party, and Employee shall refrain from making any derogatory statements or disparaging behavior concerning the Company or any other Released Party in the future.

c. Employee hereby represents and warrants that he will return to the Company all Company property, materials, files and documents in his possession including, but not limited to, Company files, notes, records, computer recorded information, electronically stored information (collectively, the “Information”), as well as, all tangible property, credit cards, entry cards, pagers, identification badges, and keys. Notwithstanding the foregoing, Employee shall be entitled to retain his cell phone, lab top and iPad in his possession at the Termination Date, subject to Employee returning all Information contained therein, or at the election of the Company, the Employee shall return said devices to the Company for the purpose of running any software or processes necessary to remove any Information stored thereon, after which said devices shall be returned to Employee.

d. Employee agrees that Edward McKissic and Gillian Hobson have been designated as the only persons he will contact on matters related to this Agreement. Employee specifically agrees that he will not contact any other employee or director of the Company concerning these matters.

e. Employee understands and agrees that, after December 31, 2023, he is no longer authorized to incur any expenses or obligations or liabilities on behalf of the Company or to make or take any actions as an officer of the Company unless specifically instructed to do so by the Chief Executive Officer or Chief Legal Officer of the Company.

f. Employee agrees that during his tenure as an employee and thereafter, he shall not, directly or indirectly, personally, or on behalf of any other person, business, corporation or entity, divulge or make use of any confidential business information or trade secrets of the Company or any other Released Party, including but not limited to: customer or employee information, training material, information related to acquisitions or divestments, buying habits and preferences of customers; marketing strategies; pricing or financial information; technical information; operations information and operations strategies.

g. Employee specifically waives his right to recover in any action which may be brought on his behalf by any person or entity, including, but not limited to, any governmental department or agency such as the Equal Employment Opportunity Commission or the United States Department of Labor. Employee specifically represents and warrants that he has not initiated or caused to be initiated any legal action with any court and that he has not filed or caused to be filed an administrative charge, claim or complaint with any governmental office or department or agency, including but not limited to the Equal Employment Opportunity Commission.

h. Notwithstanding this release of liability, *nothing in this Agreement prevents Employee from filing any non-legally waivable claim (including a challenge to the validity of this Agreement) with the Equal Employment Opportunity Commission* (“EEOC”), *National Labor Relations Board* (“NLRB”), *Department of Labor* (“DOL”) *or comparable state or local agency or participating in any investigation or proceeding conducted by the EEOC, NLRB, DOL or comparable state or local agency or cooperating with such agency*; however, Employee understands and agrees that Employee is waiving any and all rights to recover any monetary or personal relief or recover as a result of such EEOC, NLRB, DOL or comparable state or local agency or proceeding or subsequent legal actions. Further notwithstanding this release of liability, nothing in this Agreement limits Employee’s right to obtain vested benefits under any benefit plan governed by ERISA.

i. Employee hereby acknowledges that a partial consideration for the benefits he will receive pursuant to this Agreement and an inducement for the Company to enter into this Agreement is Employee’s agreement, if reasonably requested by the Company, to cooperate with the Company in the defense or prosecution of one or more existing or future court actions, governmental investigations, arbitrations, mediations or other legal or equitable proceedings which involve Company or any of its current or former employees, officers or directors. This cooperation may include, but shall not be limited to, the availability to provide testimony in deposition, affidavit, trial, mediation or arbitration, as well as preparation for that testimony. Employee acknowledges that he shall make himself available at the Company’s reasonable request for any meetings or conferences the Company deems necessary in preparation for the defense or prosecution of any such legal proceedings. If the Company requests Employee to travel or travel is otherwise required in conjunction with the Employee providing assistance to the Company pursuant to this provision, the Company will reimburse, and when possible pay in advance, for Employee's necessary and reasonable travel expenses.

j. In signing below, Employee expressly represents that, as of the date Employee signs this Agreement, he has received all leaves (paid and unpaid) to which he has been entitled during his employment with the Company and any other Released Party and he has received all wages, bonuses and any other compensation or other form of remuneration, equity-based or otherwise, that he is owed and has been by the Company and each other Released Party.

k. The parties hereby expressly agree and acknowledge that this release of liability of claims shall inure to the benefit of, and apply to, each of the Released Parties that are not signatories hereto, even though such Released Parties are not signatories to this Agreement, as the parties expressly agree and acknowledge that each such Released Party is a third-party beneficiary of Employee's releases, covenants and representations set forth in this Agreement.

5. **No Admissions**. Employee agrees that this Agreement does not, and shall not be construed to, constitute an admission by the Company or any other Released Party of any violation of any federal, state or local statute or regulation, or any violation of any of the Employee's rights or of any duty owed by the Company or any other Released Party to the Employee.

6. **Modification**. This Agreement along with the Separation Agreement contain the entire agreement of the parties hereto and there are no agreements, understandings or representations made by the Company or the Employee, except as expressly stated herein. This Agreement supersedes all prior agreements and understandings between the Company and the Employee. No cancellation, modification, amendment, deletion, addition or other changes in this Agreement or any provision hereof or any right herein provided shall be effective for any purpose unless specifically set forth in a subsequent written agreement signed by both Employee and an authorized representative of the Company.

7. **Construction**. The parties agree that this Agreement shall be construed as if the parties jointly prepared it so that any uncertainty or ambiguity shall not be interpreted against any one party and in favor of the other.

8. **Severability and Waiver**. The parties agree that the covenants of this Agreement are severable and that if any single clause or clauses shall be found unenforceable, the entire Agreement shall not fail but shall be construed and enforced without any severed clauses in accordance with the terms of this Agreement. The parties also agree that any failure by any party to enforce any right or privilege under this Agreement shall not be deemed to constitute waiver of any rights and privileges contained herein. The terms of this Agreement are to be construed under the laws of the State of Texas. The parties' consent to the jurisdiction of the courts of the State of Texas for any disputes arising hereunder.

9. **Adequacy of Consideration**. The parties further acknowledge the adequacy of the additional consideration provided herein by each to the other, that this is a legally binding document, and that they intend to be bound by and faithful to its terms.

10. **Period of Consideration**. The Employee is fully aware of the contents of this Agreement and of its legal effect. The Employee acknowledges that he was advised on the date he received this Agreement that he had a period of twenty-one (21) calendar days to review and consider this Agreement before signing. The Employee further acknowledges that he voluntarily may waive his right to take the full 21-day consideration period and may sign this Agreement at any time before the 21-day period elapses.

11. **Period of Revocation**. The Employee understands that after signing this Agreement he may, in his sole discretion, revoke his acceptance of the Agreement by giving written notice to Gillian Hobson, within seven (7) days after the Employee signs the Agreement. Notice of revocation must be received no later than the close of business on the seventh (7th) day following the Employee's execution of this Agreement.

12. **Attorney Consultation**. Employee certifies that by signing this Agreement he has had a reasonable amount of time to consider its terms, that he has had the opportunity to consult with an attorney before signing this Agreement, and that he has signed this Agreement after good-faith negotiations concerning its terms. Employee is hereby advised in writing to consult with an attorney prior to signing this Agreement.

13. **Voluntary and Knowing**. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the parties hereto.

In Witness Whereof, the parties have executed this Agreement effective as of the date last written below.

DARRYL BURMAN ("EMPLOYEE")	GROUP 1 AUTOMOTIVE, INC.
By: /s/ Darryl Burman	By: /s/ Edward McKissic Name: Edward McKissic Title: Senior Vice President
Dated: March 31, 2023	Dated: March 31, 2023

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 Quarterly Report on Form 10-Q for the period ended March 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: April 28, 2023

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 Quarterly Report on Form 10-Q for the period ended March 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: April 28, 2023

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 Quarterly Report on Form 10-Q for the period ended March 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: April 28, 2023

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 Quarterly Report on Form 10-Q for the period ended March 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: April 28, 2023