Risk Factors Comparison 2024-02-14 to 2023-02-16 Form: 10-K

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The following risks have had or in the future could have a material adverse effect on our business and results of operations. Market and Industry Risks Availability and demand for and pricing of our products and services may be adversely impacted by economic conditions **, financial developments including rising inflation, high energy prices, increasing interest rates, a potential recessionary environment,** and other factors. The automotive retail industry, and especially new vehicle unit sales, is influenced by general economic conditions, particularly consumer confidence, the level of personal discretionary spending, interest rates, exchange rates, fuel prices, technology and business model changes, supply conditions, consumer transportation preferences, unemployment rates and credit availability. Consumer spending can be materially and adversely impacted by periods of economic uncertainty or by consumer concern about manufacturer viability. Increased demand for personal electronics, coupled...... affect our operations and financial condition. During the Current Year, the global economy experienced rising **elevated** inflation and increased volatility in gasoline and energy prices. In response to inflationary pressures and macroeconomic conditions, the U. S. Federal Reserve, along with other central banks, including in the U. K., **maintained** continued to increase interest rates **at heightened levels** throughout 2022 and have indicated that such increases may continue into 2023, which could lower demand for new and used vehicles in future periods . Additionally, U. S. GDP shrank for two consecutive quarters in the first half of 2022 and increased for the third and fourth quarters of 2022, indicating there is uncertainty as to whether the U. S. economy will experience a recession in the near- term . In Europe, rising energy costs as a result of supply disruptions and increased winter demand for heating could place additional strain on our suppliers' ability to maintain current production levels of vehicles and vehicle parts. Across the EU, these energy constraints could result in nations or regions enacting emergency energy related policies, limiting energy availability for manufacturers. Any such production constraints could further exacerbate an already ailing supply chain. The impact of these macroeconomic developments on our operations cannot be predicted with certainty. Rising **Sustained** inflation, increased energy costs and a prolonged recession could adversely impact our operations, the operations of our suppliers and customer demand for our vehicles and services. Continued interest rate increases **or the maintenance of interest rates at current levels** could have a material adverse impact on our interest expense and ability to obtain financing through the debt markets, as well as consumers' ability to obtain financing for the purchase of new and used vehicles. Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk for additional analysis regarding our interest rate sensitivity. Increased demand for personal electronics,coupled with the impact of the COVID- 19 pandemic on manufacturers,created a shortfall of semiconductor chips.This adversely impacted production of new vehicles,parts and other supplies in 2022 and much of 2023 ,thereby reducing new vehicle inventories,increasing new vehicle prices and limiting the availability of replacement parts.Under these conditions,automotive dealer profits have increased sharply as new vehicle prices and margins have more than offset the effects of lower new vehicle volume. While **At such time that** semi- conductor chip and other parts shortages **are** were substantially resolved **,** by the end of 2023 and vehicle production has **may** increased - **increase** , **and** inventory levels remain below pre- COVID- 19 pandemic levels for certain OEMs.If vehicle inventory is restored to pre- COVID- 19 pandemic levels, new vehicle prices could decrease thereby resulting in reduced profitability at our dealerships.A significant portion of our vehicles purchased by customers are financed.Tightening of the credit markets,increases in interest rates and credit conditions have and may continue to decrease the availability or increase the costs of automotive loans and leases and adversely impact our new and used vehicle sales and margins.In particular,if sub- prime finance companies apply further higher credit standards or if there is a further decline in the overall availability of credit in the sub- prime lending market,the ability of selected consumers to purchase vehicles could be even more limited,which could have a material adverse effect on our business and results of operations.In addition,local economic,competitive and other conditions affect the performance of our dealerships.Our results of operations depend substantially on general economic conditions and spending habits in those regions of the U **.S.and U.K.where we maintain our operations.Recent economic and financial developments,including rising inflation,high energy prices,increasing interest rates and the potential recessionary environment could adversely affect our operations and financial condition.** The **FDIC,** Russian invasion of Ukraine and the retaliatory measures imposed by the U. S. , **Federal Reserve and the** U. K **S** . **Department of the Treasury jointly announced that depositors at Silicon Valley Bank** , EU **Signature Bank** and **First Republic Bank would have access to their funds, even those in excess of the standard FDIC insurance limits. Although we are not a party to any transactions with Silicon Valley Bank, Signature Bank, First Republic Bank or any** other **financial institution currently in receivership, we maintain cash and floorplan offset balances at banks and third- party financial institutions in excess of FDIC insurance limits. If any of our lenders or** countries **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** the **other** responses of Russia **parties with whom we conduct business are unable** to **access funds or lending arrangements with relevant financial institutions,** such measures have caused significant disruptions to domestic and foreign economies. The February 2022 military invasion of Ukraine by Russia (the " Russia and Ukraine Conflict ") had an immediate impact on the global economy resulting in higher prices - **parties ' ability to pay their obligations to us** for - **or** oil and **to enter into new arrangements with us could be adversely affected. In the event of any future closure of** other commodities. The U. S., U. K., EU and other countries responded to Russia' s invasion of Ukraine by imposing various economic sanctions and bans **banks or financial institutions,** .

~~Russia has responded with its own retaliatory measures. These measures have impacted the availability and price of certain raw materials throughout the global economy. The invasion and retaliatory measures have also disrupted economic markets. The global impact of these measures is continually evolving and cannot be predicted with certainty and~~ there is no ~~assurance~~ **guarantee** that ~~Russia' s invasion of Ukraine~~ **the FDIC, the U. S. Federal Reserve** and ~~responses thereto~~ **the U. S. Department of the Treasury** will **provide access** ~~not further disrupt the global economy and supply chain. In particular~~ , **on** ~~the Russia and Ukraine Conflict has further impacted the ability of certain OEMs to produce new vehicles and new vehicle parts, which may result in continued disruptions to the supply of new and used vehicles. Further, there is no assurance that when the Russia and Ukraine Conflict ends, countries will not continue to impose sanctions and bans. While these events have not materially interrupted our operations, these or future developments resulting from the Russia and Ukraine Conflict, such as~~ a **timely basis** ~~cyberattack on the U. S. or our~~ - **or** ~~suppliers, could disrupt our operations, increase the cost or decrease the availability of certain materials necessary to produce vehicles we sell or obtain parts to complete maintenance and collision repair services, or make it difficult to access debt and equity capital on attractive terms, if~~ at all, ~~and impact our ability~~ to **uninsured** ~~fund~~ **funds** ~~business activities and / or limit~~ **. We cannot predict the effects of** future ~~acquisition activity~~ **disruptions in the financial services industry on our financial condition and operations, nor that of our suppliers, vendors or customers** . Deterioration in market conditions or changes in our credit profile could adversely affect our operations and financial condition. We rely on the positive cash flow we generate from our operations and our access to the credit and capital markets to fund our operations, growth strategy, and return of cash to our shareholders through share repurchases and dividends. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to these potential sources of future liquidity. Our continued access to liquidity sources on favorable terms depends on multiple factors, including our operating performance and credit ratings. Our debt securities currently are rated just below investment- grade and a downgrade of this rating likely would negatively impact our access to the debt markets and increase our cost of borrowing. Disruptions in the debt markets or any downgrade of our credit ratings could adversely affect our operations and financial condition and our ability to finance acquisitions or return cash to our shareholders. We can make no assurances that our ability to obtain additional financing through the debt markets will not be adversely affected by economic conditions or that we will be able to maintain or improve our current credit ratings. Our floorplan notes payable, mortgages and other debt are benchmarked to SOFR, which can be highly volatile as a result of changing economic conditions. Although we utilize derivative instruments to partially mitigate our exposure to interest rate fluctuations, significant increases in SOFR or other variable interest rates could have a material adverse impact on our interest expense due to the significance of our debt and floorplan balances. Refer to Item 7A. Quantitative and Qualitative Disclosures About Market Risk for additional analysis regarding our interest rate sensitivity. We may fail to meet analyst and investor expectations, which could cause the price of our stock to decline. Our common stock is traded publicly, and various securities analysts follow our financial results and frequently issue reports on the Company which include information about our historical financial results as well as their estimates of our future performance. These estimates are based on their own opinions and are often different from management' s estimates or expectations of our business. If our operating results are below the estimates or expectations of public market analysts and **the** expectations of our investors, our stock price could decline **, adversely affecting, among other things, our access to capital and investor confidence in management and those charged with governance** . We are subject to risks associated with our dependence on manufacturer business relationships and agreements. The success of our dealerships is dependent on vehicle manufacturers whom we rely exclusively on for our new vehicle inventory. Our ability to sell new vehicles is dependent on a vehicle manufacturer' s ability to produce and allocate to our dealerships an attractive, high quality and desirable product mix at the right time in order to satisfy customer demand. Manufacturers generally support their franchisees by providing direct financial assistance in various areas, including, among others, incentives, floorplan assistance and advertising assistance. A discontinuation or change in our manufacturers' warranty and incentive programs could adversely affect our business. Manufacturers also provide product warranties and, in some cases, service contracts to customers. Our dealerships perform warranty and service contract work for vehicles under manufacturer product warranties and service contracts and we bill the manufacturer directly as opposed to invoicing the customer. In addition, we rely on manufacturers for various financing programs, OEM replacement parts, training, up- to- date product design, development of advertising materials and programs and other items necessary for the success of our dealerships. Vehicle manufacturers may be adversely impacted by economic downturns or recessions, significant declines in the sales of their new vehicles, increases in interest rates, adverse fluctuations in currency exchange rates, declines in their credit ratings, reductions in access to capital or credit, labor strikes or similar disruptions (including within their major suppliers), supply shortages, rising raw material costs, rising employee benefit costs, adverse publicity that may reduce consumer demand for their products, including due to bankruptcy, product defects, litigation, ability to keep up with technology and business model changes, poor product mix or unappealing vehicle design, governmental laws and regulations, natural disasters or other adverse events. In particular, all of our OEMs are investing material amounts to develop electric and autonomous vehicles. These investments could cause financial strain on our OEMs or fail to deliver attractive vehicles for customers which could lead to adverse impacts on our business. The OEMs have been and could continue to be impacted by **disruptions to** ~~the COVID- 19 pandemic' s impact on~~ the economy, **lower than anticipated EV adoption, delays in increasing** factory production **, labor negotiations** , parts shortages, including semiconductor chips, and other disruptions. These and other risks could materially adversely affect the financial condition of any manufacturer and impact its ability to profitably design, market, produce or distribute new vehicles, which in turn could have a material adverse effect on our business, results of operations and financial condition. During the Current Year, **the majority of** our manufacturers' production continued at reduced levels as a result of global semiconductor and other parts shortages. Despite recent improvements in production by certain manufacturers driving an improvement in vehicles days' supply, our new vehicle inventory continues to be impacted compared to historical levels. Our new vehicle days'

supply of inventory was approximately **37 days as of December 31, 2023, as compared to** 24 days **and** ~~as of the Current Year, as compared to~~ 12 ~~days and 53~~ days for the years ended December 31, **2022 and** 2021 ~~and 2020~~, respectively. It is impossible to predict with certainty the duration of the production issues or when normalized production will resume at these manufacturers. If our manufacturers' production remains at current reduced levels or in some cases continues to decline, diminishing our ability to meet the immediate needs of our customers, the production shortage could have a material adverse impact on our financial and operating results. Additionally, many U. S. manufacturers of vehicles, parts and supplies are dependent on imported products and raw materials in their production. Any significant increase in existing tariffs on such goods and raw materials, or implementation of new tariffs, could adversely affect our profits on the vehicles we sell. If we are unable to enter into new franchise agreements with manufacturers in connection with dealership acquisitions or maintain or renew our existing franchise agreements on favorable terms, our operations may be significantly impaired. We are dependent on our relationships with manufacturers, which exercise a great degree of influence over our operations through the franchise agreements. Our franchise agreements may be terminated or not renewed by the manufacturer for a variety of reasons, including any unapproved changes of ownership or management, sales and customer satisfaction performance deficiencies and other material breaches of the franchise agreements. Manufacturers may also have a right of first refusal if we seek to sell dealerships. Additionally, we cannot guarantee that the terms of any renewals will be as favorable to us as our current agreements. Although we are generally protected by automotive dealership franchise laws requiring " good cause " be shown for such termination, if such an instance occurs, we cannot guarantee that the termination of the franchise will not be successful. A manufacturer may also limit the number of its dealerships that we may own **overall** or ~~the number that we may own~~ in a particular geographic area ~~. Delays in obtaining, or failing to obtain, manufacturer approvals and franchise agreements for dealership acquisitions could adversely affect our acquisition program~~. From time to time, we have not met all of the manufacturers' requirements to make acquisitions and have received requests **from manufacturers** to dispose of certain of our dealerships. In the event one or more of our manufacturers sought to prohibit future acquisitions or imposed requirements to dispose of one or more of our dealerships, our acquisition and growth strategy could be adversely affected. ~~Moreover~~ **Furthermore** , ~~Furthermore,~~ if current manufacturers or future manufacturers are not required to conduct their business in accordance with state franchise laws and thereby circumvent the current dealer- network to sell directly to the customer,our results of operations may be materially and adversely affected.Substantial competition in automotive sales **,F & I** and services could adversely impact our sales and our margins.The automotive retail industry is highly competitive.Within our markets we are subject to competition from franchised automotive dealerships and other businesses as it relates to new and used vehicles, **F & I,and** parts and service ~~,as well as acquisitions~~ .The internet has become a significant part of the advertising and sales process in our industry.Customers are using the internet to compare prices for new and used vehicles,automotive repair and maintenance services,finance and insurance products and other automotive products.If we are unable to effectively use the internet to attract customers to our own online channels,such as our AcceleRide ® platform,and mobile applications,and,in turn,to our stores,our business,financial condition,results of operations and cash flows could be materially adversely affected.The ~~growing~~ use of social media by consumers increases the speed and extent that information and opinions can be shared,and negative posts or comments on social media about the Company or any of our dealerships could damage our reputation and brand names,which could have a material adverse effect on our business,financial condition,results of operations and cash flows.We also face competition in arranging financing for our customers' vehicle purchases from a broad range of financial institutions.Additionally,we do not have any cost advantage in purchasing new vehicles from vehicle manufacturers,and ~~our~~ our franchise agreements do not ~~give~~ **grant** us the exclusive right to sell a manufacturer' s product within a given geographic area. Subject to state laws in the U. S. that are generally designed to protect dealers, a manufacturer may grant another dealer a franchise to start a new dealership near one of our locations, or an existing dealership may move its dealership to a location that would more directly compete against us. The location of new dealerships near our existing dealerships could have a material and adverse effect on our operations and reduce the profitability of our existing dealerships. Furthermore, if current manufacturers or future...... product within a given geographic area. Increased competition can adversely impact our sales volumes and margins as well as our ability to acquire dealerships. Please see Item 1. Business — Competition for further discussion of competition in our industry. ~~Global~~ **Regulatory requirements to reduce emissions in** ~~responses~~ - **response** to climate change ~~and resulting~~ **, as well as** changes in consumer demand towards fuel **-** efficient vehicles ~~and EVs~~, and shifts **in product offerings** by manufacturers to meet **such** demand, could adversely affect our new and used vehicle sales volumes, parts and service revenues and our results of operations. Volatile fuel prices have affected and may continue to affect consumer preferences in connection with the purchase of our vehicles. Rising fuel prices result in consumers **being** less likely to purchase larger, more expensive vehicles, such as sports utility vehicles or luxury automobiles, and more likely to purchase smaller, less expensive and more fuel **-** efficient vehicles. Conversely, lower fuel prices could have the opposite effect. Sudden changes in customer preferences make maintenance of an optimal mix of large and small vehicle inventory a challenge. Further increases or sharp declines in fuel prices could have a material adverse effect on our business and results of operations. Changes in fuel prices, changes in customer preferences, government support, improvements in EVs and more EV options have increased the customer demand for more fuel **-** efficient vehicles and EVs. Significant increases in fuel economy requirements, new federal or state restrictions on emissions of carbon dioxide or new federal or state incentive programs that have or may be imposed on vehicles and automobile fuels could adversely affect demand for certain vehicles, annual miles driven or the products we sell. For example, **on April 12** ~~in the U. S.~~ , ~~President Biden issued~~ **2023, the EPA proposed regulations establishing more stringent air emissions limits for light** ~~an~~ **and medium- duty vehicles** ~~executive order in 2021 aiming to increase EV sales by 2030. In 2022, the U. S. enacted the Inflation Reduction Act of 2022~~ , which **include passenger cars** ~~provided a number of incentives to install EV infrastructure~~ , **vans** ~~purchase certain " clean vehicles~~ , ~~"~~ **pickups, sedans and SUVs** ~~or~~ **for model years 2027 through 2032** ~~otherwise encourage a shift to vehicles with lower carbon emissions~~ . Representatives of the U. K. government have proposed a ban on the sale of gasoline engines in

new cars and new vans that would take effect as early as ~~2030 and a ban on the sale of gasoline hybrid engines in new cars and new vans as early as~~ 2035. These ~~,~~ and similar proposals ~~could~~ **may have a significant** impact ~~demand for certain~~ **on the future mix of** vehicles **provided** ~~, even if not finalized~~ by ~~creating consumer~~ **our manufacturers. Any future impact of these regulations on our operations cannot be predicted with** ~~uncertainty~~ -- **certainty** . With a potential increase in demand by consumers for EVs, and government support for such actions, **certain** manufacturers have also announced **plans to** ~~increased~~ - **increase** production ~~focus on the manufacture~~ of fuel **-** efficient vehicles and EVs. As more EVs potentially enter the market, and internal combustion or diesel engine vehicle production is reduced, it will be necessary to adapt to such changes by selling and servicing these units effectively in order to meet consumer demands and support the profitability of our dealerships. We may not be able to accurately predict, prepare for and respond to new kinds of technological innovations with respect to EV and other technologies that minimize emissions. If maintenance costs of EVs were to substantially decrease, this could have a material adverse effect on our parts and service revenues. If consumer demand increases for fuel efficient vehicles or EVs and our manufacturers are not able to adapt and produce vehicles that meet the customer demands or we are unable to align with the manufacturers of these vehicles, such events could adversely affect our new and used vehicle sales volumes, parts and service revenues and our results of operations. ~~Our~~ **Additionally, in October 2023, the Governor of California signed the Climate Corporate Data Accountability Act (“ CCDAA ”) and Climate- Related Financial Risk Act (“ CRFRA ”) into law. The CCDAA requires both public and private U. S. companies that are “ doing business in California ” and that have a total annual revenue of $ 1 billion to publicly disclose and verify, on an annual basis, Scope 1, 2 and 3 GHG emissions. The CRFRA requires the disclosure of a climate- related financial risk report (in line with the Task Force on the Climate- related Financial Disclosures (“ TCFD ”) recommendations or equivalent disclosure requirements under the International** ~~inability~~ **Sustainability Standards Board’ s (“ ISSB ”) climate- relate disclosure standards) every other year for public and private companies that are “ doing business in California ” and have total annual revenue of $ 500 million. Reporting under both laws would begin in 2026. Currently, the ultimate impact of these laws on our business is uncertain — the Governor of California has directed further consideration of the implementation deadlines for each of the laws, and there is potential for legal challenges to be filed with respect to the scope of the law — but, absent clarification or revisions to the law, alongside the SEC proposed rule, finalization and implementation may result in additional costs to comply with these disclosure requirements as well as increased costs of and restrictions on access to capital for us or our customers. Separately, these and other enhanced climate related disclosure requirements could lead to reputational or other harm with customers, regulators, investors or other stakeholders and could also increase our litigation risks relating to alleged climate- related damages resulting from our operations, statements alleged to have been made by us or others in our industry regarding climate change risks, or in connection with any future disclosures we may make regarding reported emissions. If we are unable** to acquire and successfully integrate new dealerships into our business **, the growth of our revenues and earnings** could **be** adversely ~~affect~~ **affected** ~~the growth of our revenues and earnings~~ . Growth in our revenues and earnings partially depends on our ability to acquire new dealerships and successfully integrate those dealerships into our existing operations. We cannot guarantee that we will be able to identify and acquire dealerships in the future. In addition, we cannot guarantee that any acquisitions will be successful or on terms and conditions consistent with past acquisitions. Restrictions **imposed** by our manufacturers, as well as covenants contained in our debt instruments, may directly or indirectly limit our ability to acquire additional dealerships. ~~Increased~~ **As** competition for acquisitions **increases that** may ~~develop, which could~~ result in fewer acquisition opportunities available to us and / or higher acquisition prices, and some of our competitors may have greater financial resources than us. In addition, ~~managing and integrating additional dealerships into our existing mix of dealerships may result in substantial costs, diversion of our management’ s attention, delays or other operational or financial problems. Acquisitions~~ **acquisitions** involve a number of special risks, including, among other things: • incurring significantly higher capital expenditures and operating expenses; • failing to integrate the operations and personnel of the acquired dealerships; • entering new markets with which we are not familiar; • incurring undiscovered liabilities at acquired dealerships, generally, in the case of stock acquisitions; • disrupting our ongoing business; • failing to retain key personnel of the acquired dealerships; • impairing relationships with employees, manufacturers and customers; and • incorrectly valuing acquired entities. ~~In particular, as a result of the consummation of the acquisition of the Prime Automotive Group (“ Prime ”), including 28 dealerships, certain real estate and three collision centers in the Northeastern U. S. in November 2021 (the “ Prime Acquisition ”), we now have a larger business and more assets and employees than we did prior to the transaction.~~ The integration process **for acquisitions** ~~required~~ **requires** us to expand the scope of our operations and financial and other systems. Our management devotes a substantial amount of time and attention to the process of integrating the operations of acquired dealerships into our business. If any of these factors limits our ability to integrate acquired dealerships into our operations successfully or on a timely basis, our expectations regarding future results of operations, including certain run- rate revenue and expense synergies expected to result from acquisitions, might not be met. As a result, we may not be able to realize the expected benefits that we seek to achieve from the acquisitions. In addition, we may be required to spend additional time or money on integration that otherwise would be spent on the development and expansion of our business, including efforts to further expand our product portfolio. Vehicle manufacturers may alter their distribution models. ~~In December~~ **On January 1,** ~~2021~~ **2023** , Mercedes Benz ~~announced the transition~~ **transitioned** to an agency model for distribution of vehicles in the U. K. ~~The transition began on January 1, 2023~~ **after collaborating with various automotive retailers and conducting pilot programs** . In addition to the ~~announcement~~ **transition** by Mercedes Benz in the U. K., certain of our other vehicle manufacturers serving the U. K. and U. S. markets recently announced plans to explore an agency model for selling new vehicles. **These announcements include, among others, a transition to agency model in the U. K. for Mini and Jaguar Land Rover in 2025 and BMW in 2026.** Under an agency model, our franchised dealerships ~~would~~ receive a fee for facilitating the sale of a new vehicle to a customer but ~~would~~ no longer record the vehicle sales price as revenue, record vehicles

in inventory or incur floorplan interest expense, as has been historical practice. The agency model, as adopted by Mercedes Benz, ~~will result~~ **resulted** in reduced revenues, as we ~~will~~ act as an agent of Mercedes Benz, receiving a commission for each sale and other expense fee support. We ~~do~~ **did** not ~~expect~~ **experience** a material negative or positive impact to the U. K. region gross margin and consolidated results of operations ~~from~~ **as** a **result of the** change to the Mercedes Benz agency model. Notwithstanding this fact, we cannot predict the actions of other manufacturers and whether the agency models proposed by them will have the same terms and conditions as those contracted by Mercedes Benz. The agency model, if adopted by other manufacturers, would reduce revenues. The other impacts to our U. K. and the U. S. regions and consolidated results of operations remain uncertain until such time as the other vehicle manufacturers provide additional details regarding their specific agency model plans. We are uncertain if agency models will be widely adopted in the U. K. or U. S. ~~Additionally, in 2022, Ford announced potential changes to its distribution model related to EVs. These changes potentially include required dealership capital investment and alterations to vehicle pricing structures. Such changes, if implemented by Ford or other manufacturers, could negatively impact our margins and capital costs. We are uncertain of the nature of the impact of such distribution changes to EVs or if such changes will be widely adopted in the U. S. or the U. K.~~ Vehicle technology advancements and changes in consumer vehicle ownership preferences could adversely affect our new and used vehicle sales volumes, parts and service revenues and results of operations. Vehicle technology advancements are occurring at an accelerating pace. These include driver assist functionality, autonomous vehicle development and rideshare and vehicle co- ownership business models. Many in the automotive industry believe that in the near future vehicles will be available to the automotive consumer at low usage costs, which may entice many vehicle owners, particularly in larger, highly populated areas, to abandon individual car ownership in favor of multiple co- ownership ride- sharing opportunities. Increased popularity in the ride- sharing subscription business model could adversely affect our new and used vehicle sales volumes, parts and service revenues and results of operations. Operational Risks A cybersecurity breach, including loss of confidential information or a breach of personally identifiable information (" PII ") about our customers or employees, could negatively affect operations and result in high costs. In the ordinary course of business, we receive significant PII about our customers and our employees. A security incident to obtain such information could be caused by malicious insiders and third parties using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery, or other forms of deception. Although many companies across many industries are affected by malicious efforts to obtain access to PII, the automotive dealership industry has been a particular target of identity thieves. The techniques used by cyber attackers change frequently and may be difficult to detect for long periods of time. We have implemented security measures that are designed to detect and protect against cyberattacks. Despite these measures and any additional measures we may implement or adopt in the future, our facilities and systems, and those of our third- party service providers, have been and are vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, scams, ransomware, burglary, human errors, acts of vandalism, misdirected wire transfers or other events. If an unauthorized party is successful in obtaining trade secrets, PII, confidential, or otherwise protected information of our dealerships or our customers or in disrupting our operations through a cyberattack, the attack could result in loss of revenue, increase costs of doing business, negatively affect customer satisfaction and loyalty, and expose us to negative publicity. In addition, security breaches and other security incidents could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, penalties for violation of applicable laws or regulations, costs related to remediation or the payment of ransom, and litigation including individual claims or consumer class actions, administrative, and civil or criminal investigations or actions, any of which could have a material adverse effect on our business, results of operations or financial condition. Further, advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security or other developments may result in a compromise or breach of the technology we use to safeguard confidential, personal, or otherwise protected information. As the breadth and complexity of the technologies we use continue to grow, including as a result of the use of mobile devices, cloud services, open- source software, social media and the increased reliance on devices connected to the internet, the potential risk of security breaches and cybersecurity attacks also increases. Despite ongoing efforts to improve our ability to protect data from compromise, we may not be able to protect all of our data across our diverse systems **and third- party vendors** . Our efforts to improve security and protect data ~~may~~ result in increased capital and operating costs. In addition, we are subject to numerous laws and regulations designed to protect **the** information of clients, customers, employees and other third parties that we collect and maintain. See Item 1. Business — Governmental Regulations for information on our risks related to compliance with such laws and regulations. Our insurance does not fully cover all of our operational risks, and changes in the cost of insurance or the availability of insurance could materially increase our insurance costs or result in a decrease in our insurance coverage. The operation of automobile dealerships is subject to a broad variety of risks. While we have insurance on our real property, comprehensive coverage for our vehicle inventory, general liability insurance, workers' compensation insurance, employee dishonesty coverage, cybersecurity breach insurance, employment practices liability insurance, pollution coverage and errors and omissions insurance in connection with vehicle sales and financing activities, we are self- insured for a portion of our potential liabilities. We purchase insurance policies for worker' s compensation, liability, auto physical damage, property, pollution, employee medical benefits and other risks consisting of large deductibles and / or self- insured retentions. In certain instances, our insurance may not fully cover an insured loss depending on the magnitude and nature of the claim. Additionally, changes in the cost of insurance or the availability of insurance in the future could substantially increase our costs to maintain our current level of coverage or could cause us to reduce our insurance coverage and increase the portion of our risks that we self- insure. The insurance companies that underwrite our insurance require that we secure certain of our obligations for self- insured exposures with collateral. Our collateral requirements are set by the insurance companies and, to date, have been satisfied by posting surety bonds, letters of credit and / or cash deposits. Our collateral requirements may change from time to time based on, among other things, our total insured exposure and the related self- insured retention assumed under the policies. We are subject to potential premium cost

fluctuations with the annual renewal of these programs. Natural disasters and adverse weather events can disrupt our business and may adversely impact our results of operations, financial condition and cash flows. Some of our dealerships are concentrated in states and regions in the U. S. and U. K., in which actual or threatened natural disasters and severe weather events (such as hurricanes, earthquakes, snowstorms, flooding, tornados, and ~~hail storms~~ **hailstorms**) have in the past, and may in the future, disrupt our dealership operations. A disruption in our operations ~~may~~ **can** adversely impact our business, results of operations, financial condition and cash flows. In addition to business interruption, the automotive retailing business is subject to substantial risk of property loss due to the significant concentration of property value at dealership locations. Natural disasters and severe weather events have in the past **,** and may in the future **,** impair the value of our dealership property **and other assets** . Although we have, subject to certain limitations and exclusions, substantial insurance, including business interruption insurance, we may be exposed to uninsured losses that could have a material adverse effect on our business, results of operations and financial condition. Additionally, should we suffer significant losses in a short period of time, we run the risk that our premiums and / or deductibles could increase, which could adversely affect our business. Risks associated with our international operations could have a material adverse effect on our business, results of operations and financial condition. We have operations in the U. K. and as a result, we face political and economic risks and uncertainties with respect to our international operations. These risks may include, but are not limited to: • legal uncertainties, timing delays and expenses associated with tariffs, labor matters, import or export licenses and other trade barriers; • transparency issues in general and, more specifically, the U. S. Foreign Corrupt Practices Act of 1974, as amended, the U. K. Bribery Act and other anti- corruption compliance laws and issues; • inability to obtain or preserve franchise rights in the foreign countries in which we operate; and • fluctuations in foreign currency translations within our financial statements driven by exchange rate volatility. Legal, Regulatory and Compliance Risks Changes to laws and regulations could adversely impact our operations and financial condition. New laws and regulations at the state and federal level may be enacted which could materially adversely impact our business. For example, in **December** ~~2022~~ **2023** , the FTC ~~proposed~~ **adopted** new regulations for automotive dealers that would prohibit a wide range of current industry- accepted sales practices with regard to sales and advertising of our vehicles and products, require an extensive series of both oral and written disclosures to be made at the initial contact in regard to the sale price of vehicles, financial terms and voluntary protection products, mandate the posting of certain pricing and other information on dealer websites, and impose burdensome recordkeeping requirements **(the " CARS Rule ")** . **While litigation has stayed the implementation of the CARS Rule, if implemented our** ~~Failure~~ **failure** to adhere to these new policies could subject the Company to significant monetary and other penalties or require us to make adjustments to our products and services, any or all of which could result in lost revenues, increased expenses and substantial adverse publicity. These changes, if adopted as proposed, may lead to additional transaction times for the sale of vehicles, complicate the transaction process, decrease customer satisfaction, and impose recordkeeping burdens on our employees, among other effects. If these regulations were to be enacted, it could have an adverse effect on our business and profitability. Future legislation and regulations and changes in existing legislation and regulations, or interpretations thereof, could cause additional expenditures, tax liabilities, restrictions and delays in connection with our current business as well as future projects, the extent of which cannot be predicted. We are subject to automotive and other laws and regulations, which, if we are found to have violated, may adversely affect our business and results of operations. A number of laws and regulations applicable to automotive companies affect our business and conduct, including, but not limited to, our sales, operations, financing, insurance, advertising and employment practices. Other rules such as franchise laws and regulations, consumer protection laws and other extensive laws and regulations apply to new and used motor vehicle dealers. Additionally, in every jurisdiction in which we operate, we must obtain various permits and licenses in order to conduct our ~~businesses~~ -- **business. From time to time, various regulatory agencies conduct reviews of business practices that impact our industry, like the Financial Conduct Authority' s ongoing industry investigation into customer complaints related to financing transactions, which was extended on January 11, 2024** . Any failure to comply with these laws and regulations may result in the assessment of administrative, civil or criminal penalties, the imposition of investigatory remedial obligations or the issuance of injunctions limiting or prohibiting our operations. Refer to Item 1. Business — Governmental Regulations for further discussion of automotive and other laws and regulations impacting our business. Operational risks associated with environmental laws and regulations may expose us to significant costs and liabilities. Our business activities in the U. S. and U. K. are subject to stringent federal, regional, state and local laws, regulations and other controls governing specific health and safety criteria to address worker protection, the release of materials into the environment or otherwise relating to environmental protection. These laws, regulations and controls may impose numerous obligations upon our operations including the acquisition of permits to conduct regulated activities, the imposition of restrictions on where or how to manage or dispose of used products and wastes, the occurrence of capital expenditures to limit or prevent releases of such material and the imposition of substantial liabilities for pollution resulting from our operations or attributable to former operations. Our compliance with these regulations may expose us to significant costs and liabilities. With a potential increase in demand by consumers for EVs, and government support for such actions, we will incur costs and liabilities to sell and service EVs, including, but not limited to, personal protective equipment for employees, capital expenditures for specialized tools and equipment, service shop space and battery storage costs. Additionally, vehicle manufacturers in the U. S. and U. K. are subject to varying guidelines, laws and regulations adopted by their applicable governmental and administrative agencies, which include GHG emissions and CAFE standards in the U. S. Such standards may affect our manufacturers' ability to produce cost effective vehicles, which may have a material adverse effect on our sales. Refer to Item 1. Business — Governmental Regulations for further discussion of environmental and regulations impacting our business. Risks Related to Accounting Matters The impairment of our goodwill and / or indefinite- lived intangibles could have a material adverse effect on our results of operations. We assess goodwill and other indefinite- lived intangibles for impairment on an annual basis, or more frequently when events or circumstances indicate that an impairment may have occurred. Performance issues at individual dealerships, as

well as adverse retail automotive industry and economic trends, increase the risk of an impairment charge, which could have a material adverse impact on our results of operations. No goodwill impairments were recorded during the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ . During **the years ended December 31, 2023 and 2022, we recognized $ 25. 1 million and $ 1. 3 million, respectively, of intangible franchise rights impairment. We did not recognize any intangible franchise rights impairment during** the year ended December 31, ~~2022, we recorded $ 1. 3 million of impairment of intangible franchise rights. During the year ended~~ 2021 ~~, no impairments of intangible franchise rights were recorded. During the year ended December 31, 2020, we recorded $ 20. 7 million of impairment of intangible franchise rights~~ . We may be required to record impairment charges if market and industry conditions deteriorate to such a level whereby the fair value of our reporting units, individually, is less than the carrying value of the corresponding reporting unit. We are subject to several market and industry risks as outlined elsewhere herein this Item 1A. Risk Factors, which could have a material adverse impact on our cash flows. We cannot accurately predict the amount and timing of any additional impairment charge at this time; however, any such impairment charge could have an adverse effect on our results of operations. Refer to Note 12. Intangible Franchise Rights and Goodwill within our Notes to Consolidated Financial Statements for further discussion of impairment. New accounting guidance or changes in the interpretation or application of existing accounting guidance could adversely affect our financial performance. The implementation of new SEC rules and regulations and accounting standards could require certain systems, internal ~~process~~ **processes** and controls and other changes that could increase our operating costs, and result in changes to our financial statements. U. S. GAAP and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or in underlying management assumptions, estimates or judgments could significantly change our reported or expected financial performance. The outcome of such changes could include litigation or regulatory actions which could adversely affect our financial condition and results of operations. Our internal controls and procedures may fail or be circumvented. Management has designed and implemented, and periodically reviews and updates, our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. While we have not experienced a material failure of our internal controls, any system of controls, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the system are met. Any failure or circumvention of our controls and procedures, or failure to comply with regulations related to controls and procedures, could have a material adverse effect on our business, results of operations and financial condition.