



F&I Products Quarterly Update: 2022 Fourth Quarter

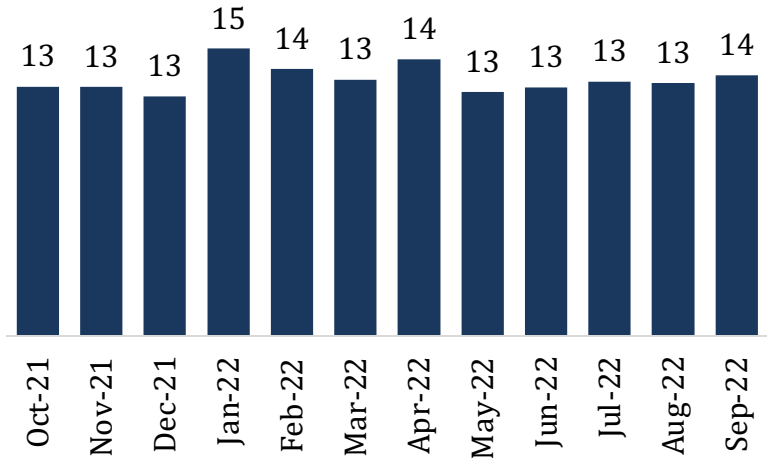


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New light-vehicle sales (SAAR) decreased minimally in the third quarter of 2022

New light-vehicle sales (SAAR) decreased minimally to 13.40MM units in Q3 2022 from 13.42MM units in Q2 2022, just a 0.2% drop.

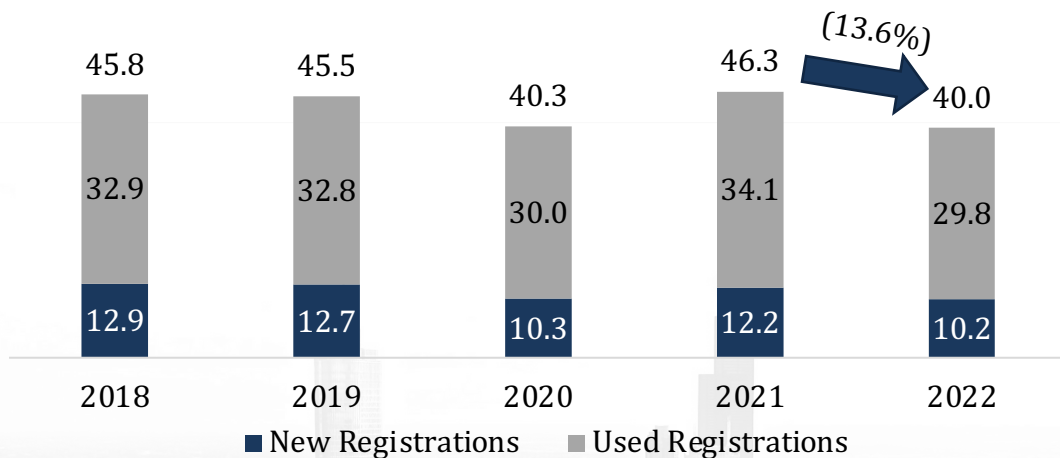
U.S. Light vehicle sales in millions (SAAR)¹



Vehicle registrations were down 14% through YTD Q3 2022 compared to 2021 levels

New registrations were down 16.4% through the third quarter of 2022 compared to the same period the previous year due to inflation and lower vehicle inventories caused by chip shortages, while used registrations were down 12.6%. Total registrations were down a combined 13.6%.²

New and Used Vehicle Registrations (millions)²

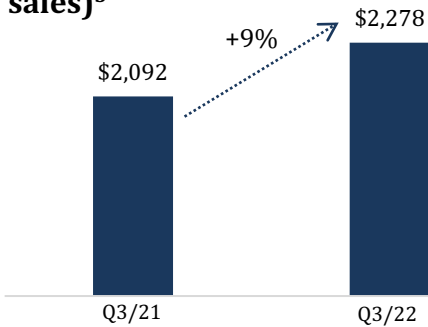


¹FRED

²Experian as of January through September of each year

Selling F&I products with new and used vehicles is a proven path to increasing dealer profits

Public Dealership Group F&I Profit per vehicle (same store sales)³



Dealers earn roughly \$6,000 of gross profit on the sale of a new vehicle itself (up 14% y-o-y as a result of high consumer demand). Additionally, Dealers can earn over \$2,200 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability.³

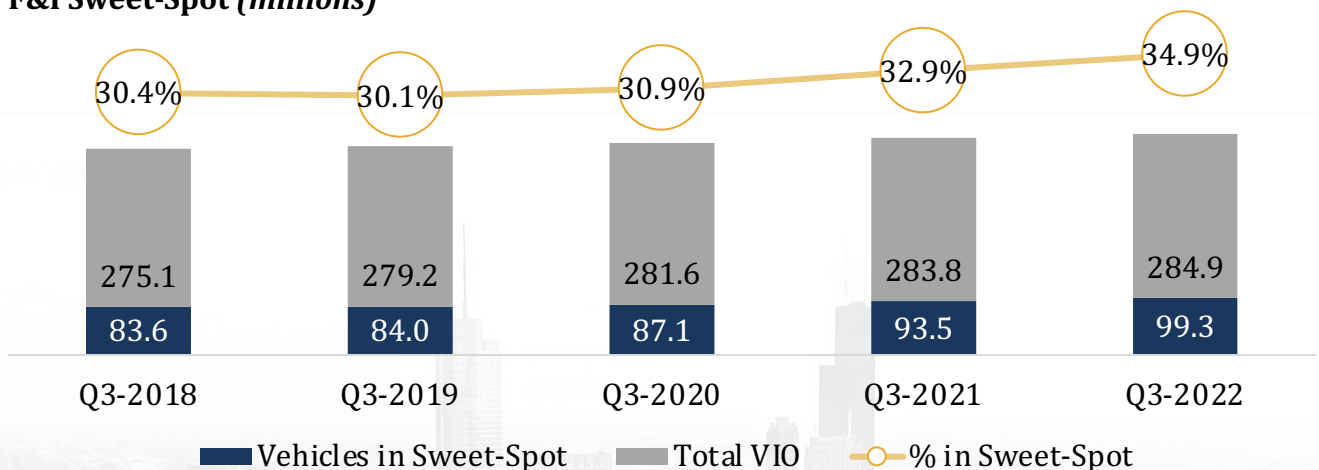
Public dealerships have continued to focus on improving F&I product penetration to bolster profitability. In Q3 2022, the six public dealership groups made an average of \$2,278 of F&I profit per vehicle on a same-store basis, a 9% increase year-over-year.³

The total Vehicles in Operation (“VIO”) in the F&I sweet-spot grew 6.2% in Q3 2022⁴

The F&I sweet-spot is a direct reflection of the total addressable market for the F&I industry and is expected to continue to grow over the next several years to surpass a previous high of 104M in 2011.⁴

VIO in the F&I sweet-spot grew to 99.3 million from 93.5 million one year ago as of Q3 2022. Furthermore, the ratio of vehicles in the sweet-spot to total VIO grew to 34.9% from 32.9% in Q3 2022.

F&I Sweet-Spot (millions)⁴



³Public Dealerships: AutoNation (NYSE: AN), Asbury Automotive Group (NYSE: ABG), Group 1 Automotive (NYSE: GPI), Lithia Motors (NYSE: LAD), Penske Automotive Group (NYSE: PAG), Sonic Automotive (NYSE: SAH)

⁴Experian

2022 Q3 M&A transactions in the F&I products industry⁵

| Date | Target | Buyer | Category |
|--------|------------------------|---|------------|
| Dec-22 | Direct Dealer Services | PCF Insurance Services (HGGC) | F&I Agency |
| Nov-22 | Finance Builders | Brown & Brown Dealer Services (Brown & Brown) | F&I Agency |
| Oct-22 | CarChex | Russell Place Partners | F&I Admin |
| Sep-22 | Peak Performance Team | PCF Insurance Services (HGGC) | F&I Agency |

Q3 2022 Key U.S. automotive trends and sales highlights⁶

- 1 F&I gross income from an electric vehicle is \$115 higher on average than from a gas-fueled vehicle, but gas-fueled vehicles have seen higher penetration rates across all products
- 2 Shoppers from Generation Z have the highest penetration of F&I products per deal compared to other age groups
- 3 Used-vehicle sales YTD through September were down 11% from last year but used-vehicle inventory was up 10% over last year. Used-vehicle listing prices are up 8% from last year
- 4 Although dealers saw a decrease in the total number of vehicles sold, they saw increases in Products per Deal (up 4%) and VSCs (up 2%) compared to the same period last year, indicating that dealers are maintaining profitability despite continued inventory issues

⁵ PR Newswire, Business Wire

⁶ Cox Automotive, JM&A Group

Colonnade is a leading advisor to the F&I products industry

| | | | | |
|--|---|--|---|---|
| <p>CAPITAL RAISE</p> <p>MATRIX WARRANTY SOLUTIONS INC</p> <p>raised capital from</p> <p>COLONNADE</p> | <p>BUYSIDE</p> <p>MATRIX WARRANTY SOLUTIONS INC</p> <p>acquired</p> <p>VALIANT</p> <p>COLONNADE</p> | <p>SELLSIDE / CAPITAL RAISE</p> <p>openroad LENDING</p> <p>was sold to</p> <p>CLARION CAPITAL PARTNERS, LLC</p> <p>COLONNADE</p> | <p>SELLSIDE</p> <p>SKYAUTO PROTECTION</p> <p>was sold to</p> <p>FORTEGRA</p> <p>a subsidiary of</p> <p>TiptreeInc.</p> <p>COLONNADE</p> | |
| <p>SELLSIDE / CAPITAL RAISE</p> <p>CALTEX</p> <p>was sold to</p> <p>SPECTRUM AUTOMOTIVE HOLDINGS</p> <p>a portfolio company of</p> <p>CORNELL CAPITAL</p> <p>COLONNADE</p> | <p>SELLSIDE</p> <p>smart autocare</p> <p>was sold to</p> <p>TiptreeInc.</p> <p>COLONNADE</p> | <p>SELLSIDE / CAPITAL RAISE</p> <p>PMC PROTECT MY CAR</p> <p>was sold to</p> <p>Crestview</p> <p>COLONNADE</p> | <p>SELLSIDE / CAPITAL RAISE</p> <p>OMNISURE</p> <p>a portfolio company of</p> <p>LPC LINCOLN PARK CAPITAL</p> <p>was sold to</p> <p>FORTRESS</p> <p>COLONNADE</p> | |
| <p>SELLSIDE</p> <p>DC AUTOMOTIVE Development Group</p> <p>was sold to</p> <p>APCO HOLDINGS, LLC</p> <p>COLONNADE</p> | <p>BUYSIDE</p> <p>CAPITAL Z PARTNERS</p> <p>acquired</p> <p>Portfolio It's Your Portfolio™</p> <p>COLONNADE</p> | <p>BUYSIDE</p> <p>SOUTHFIELD</p> <p>acquired</p> <p>VANGUARD DEALER SERVICES</p> <p>COLONNADE</p> | <p>SELLSIDE / CAPITAL RAISE</p> <p>ENDURANCE</p> <p>was sold to</p> <p>TRP Capital Partners</p> <p>COLONNADE</p> | |
| | | | | <p>SELLSIDE</p> <p>AutoAssure EXTENDED REPAIR COVERAGE</p> <p>was sold to</p> <p>ENDURANCE</p> <p>COLONNADE</p> |



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Sources: SEC filings, regulatory filings, company presentations, FRED, Experian, Businesswire, PR Newswire, Auto Remarketing, Brown & Brown, Agent Entrepreneur, public disclosure, and Colonnade research

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