

Colonnade Advisors F&I Products

*Quarterly Update
2021 Third Quarter*

Used Vehicle F&I Product Sales
Grow as Vehicle Sales Fall

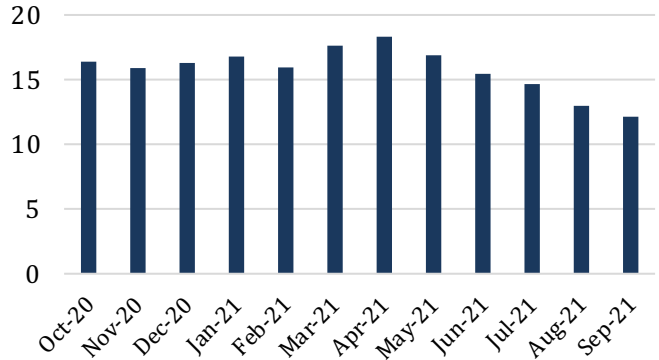
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CAPITAL RAISING
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New light-vehicle sales fell as tight inventories limited sales

New light-vehicle sales (SAAR) fell from 16.9 million units in Q2 2021 to 13.3 million units in Q3 2021. According to JD Power, tight inventories have limited fleet and retail sales and contributed to higher prices.

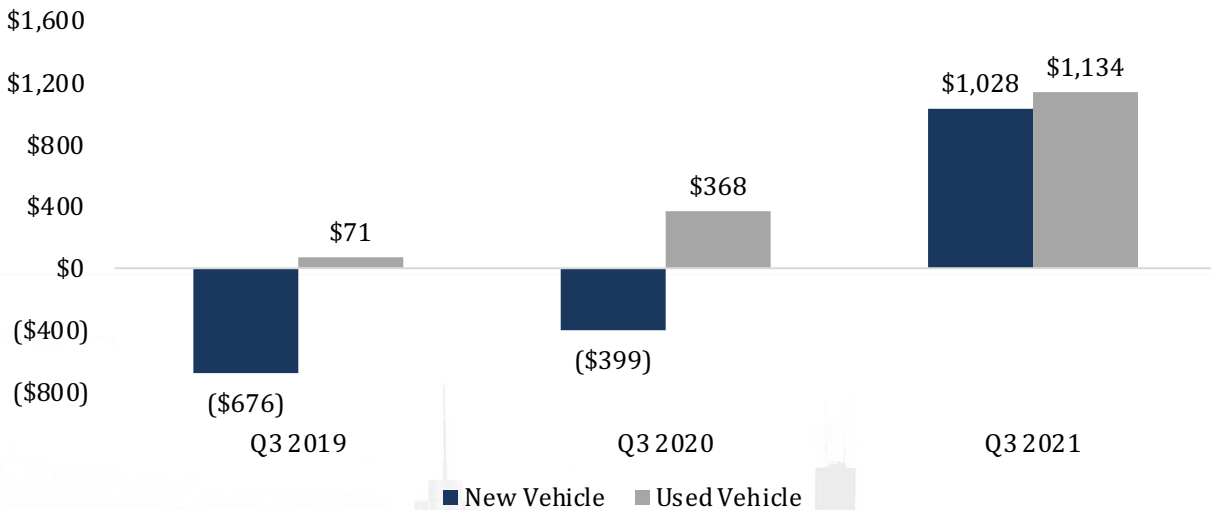
U.S. Light vehicle sales in millions (SAAR)¹



Rising vehicle prices benefit dealerships this year

Dealerships have benefitted significantly from the increase in vehicle prices over the last two years. The average retail net profit per vehicle sold has increased to \$1,134 for new vehicles and \$1,028 for used vehicles, up from \$368 and -\$399 last year. The average new car price has increased over \$5,000 compared to the end of 2020 from \$40,000 to \$45,031.² Used car prices are currently up 37% year over year.³

Retail Net Profit per Vehicle Retailed⁴



¹FRED

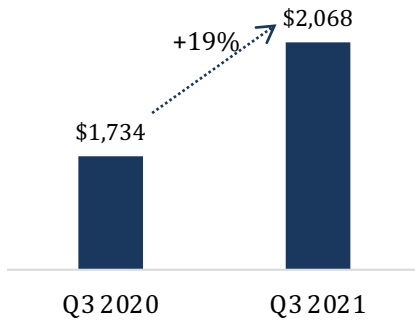
²Kelly Blue Book and Cox Automotive

³JD Power

⁴NADA

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)⁵



Dealers earn roughly \$1,100 on the sale of a new vehicle itself. Dealers can earn over \$2,000 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability. Public dealerships have demonstrated a continued focus on improving F&I product penetration to bolster profitability. In Q3 2021, the six public dealership groups made an average of \$2,068 of F&I profit per vehicle on a same-store basis, a 19% increase from last year.

F&I product penetration on new vehicle sales grew marginally year over year, while F&I product penetration on used vehicle sales grew significantly

New vehicle F&I penetration grew by 0.4% from Q3 2020 to Q3 2021, going from 93.1% to 93.4%. Used vehicle penetration grew by 18.2% from last year, going from 76.7% to 90.6%.

F&I Product Penetration⁶



⁵Public 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)

⁶NADA

2021 Q3 M&A transactions in the F&I products industry⁷

Date	Target	Buyer	Category
In Process	Olive, Paylink Direct	MDH Acquisition Corp	Payment Plan Provider
Sept-21	Total Auto Care	Asbury Automotive Group	Administrator
Sept-21	Strategic Diversified	APCO Holdings	F&I Training
Aug-21	Profit Concepts	National Auto Care	Agency
Aug-21	Pinnacle Dealer Services	National Auto Care	Agency
Aug-21	Pritchard Insurance	National Auto Care	Agency
Aug-21	RRC Companies	National Auto Care	Agency
Aug-21	Ace Financial Development	National Auto Care	Agency

⁷Auto Remarketing, Automotive News, Business Wire, Global News Wire

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

openroad
LENDING

has been acquired by

CLARION
CAPITAL PARTNERS, LLC

The undersigned acted as exclusive financial advisor to OpenRoad Lending

Colonnade Securities LLC

SKYAUTO
PROTECTION

has been acquired by

smart autocare
a subsidiary of

Tiptree Inc.

The undersigned served as exclusive financial advisor to Sky Services LLC

Colonnade Securities LLC

CALTEX

has been acquired by

SPECTRUM
AUTOMOTIVE HOLDINGS

a portfolio company of

CORNELL
CAPITAL

The undersigned acted as exclusive financial advisor to CalTex Protective Coatings

Colonnade Securities LLC

Digital Lead Gen Company

has been acquired by

Private Equity backed Strategic

The undersigned acted as exclusive financial advisor to the digital lead gen company

Colonnade Securities LLC

smart autocare

has been acquired by

Tiptree Inc.

The undersigned acted as exclusive financial advisor to Smart AutoCare

Colonnade Securities LLC

PMC | **PROTECT**
MY CAR

has been acquired by

Crestview

Crestview Partners

The undersigned acted as exclusive financial advisor to Protect My Car

Colonnade Securities LLC

OMNISURE

has been sold to an investment group led by management and

Fortress Investment Group LLC (NYSE: FIG)

The undersigned acted as exclusive financial advisor to Omnisure Group, Lincoln Park Capital and Management

Colonnade Securities LLC

ADG
AUTOMOTIVE
Development Group

has been sold to

APCO
AUTOMOBILE PROTECTION CORPORATION

Colonnade acted as exclusive financial advisor to Automotive Development Group LLC and The Zabel Companies

Colonnade Securities LLC

CAPITAL Z
PARTNERS

has acquired

Portfolio

Colonnade acted as financial advisor to Capital Z Partners Management, LLC

Colonnade Securities LLC

SOUTHFIELD

has acquired with management

VANGUARD
DEALER SERVICES

Colonnade acted as financial advisor to Southfield Capital

Colonnade Securities LLC

ENDURANCE

has been sold to

TRP Capital Partners

Colonnade acted as exclusive financial advisor to Endurance Warranty Services, LLC and Endurance Dealer Services, LLC

Colonnade Securities LLC

AutoAssure
Extended Repair Coverage

has been sold to

ENDURANCE

TRP Capital Partners

The undersigned acted as exclusive financial advisor to AutoAssure, LLC

Colonnade Securities LLC

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This advertisement was prepared November 30, 2021. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: SEC filings, regulatory filings, company presentations, NADA, FRED, Auto Remarketing, Automotive News, Business Wire, Global News Wire, Kelly Blue Book and Cox Automotive, JD Power, public disclosure and Colonnade research

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