



F&I Products Quarterly Update: 2022 Second Quarter

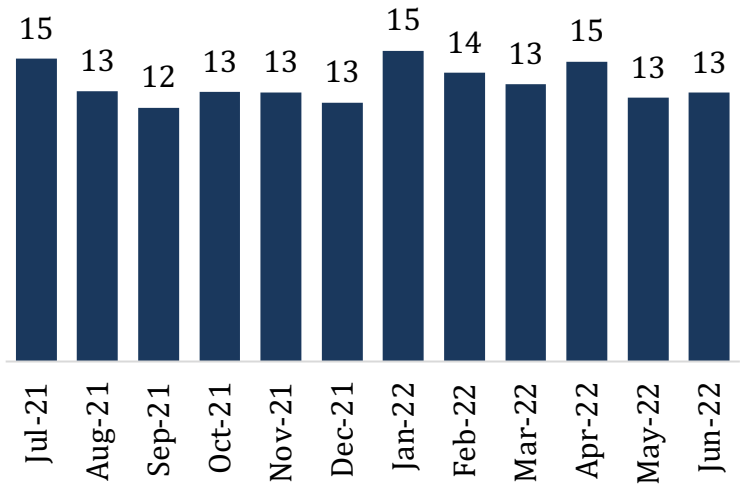


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New light-vehicle sales (SAAR) decreased in the second quarter of 2022

New light-vehicle sales (SAAR) decreased to 13.4MM units in Q2 2022 from 14.1MM units in Q1 2022, a 5.0% drop.

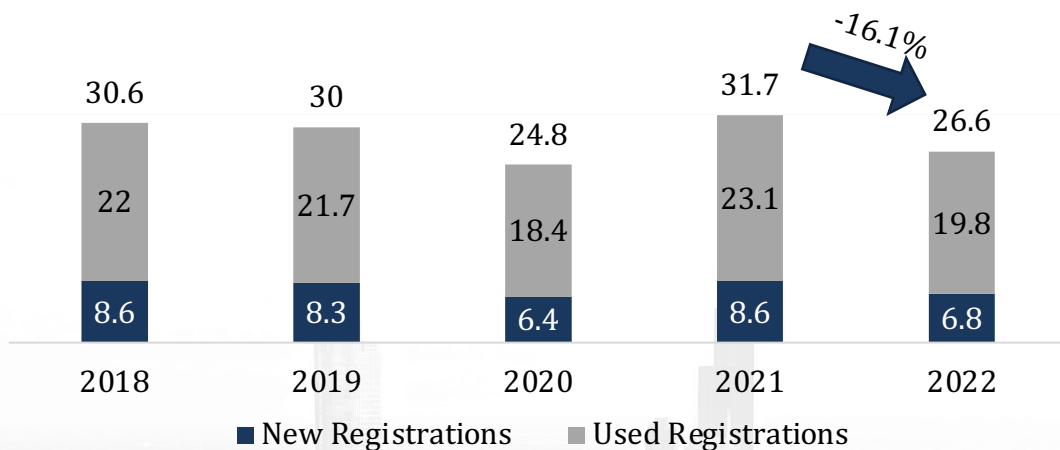
U.S. Light vehicle sales in millions (SAAR)¹



Vehicle registrations were down 16% through YTD Q2 2022 compared to 2021 levels

New registrations were down 20.9% through the second 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 14.3%. Total registrations were down a combined 16.1%.²

New and Used Vehicle Registrations (millions)²

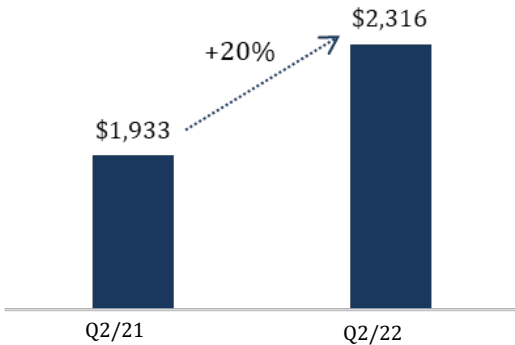


¹FRED

²Experian as of January through June 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 \$6,200 of gross profit on the sale of a new vehicle itself (up 52% y-o-y as a result of high consumer demand). Additionally, Dealers can earn over \$2,000 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability.³

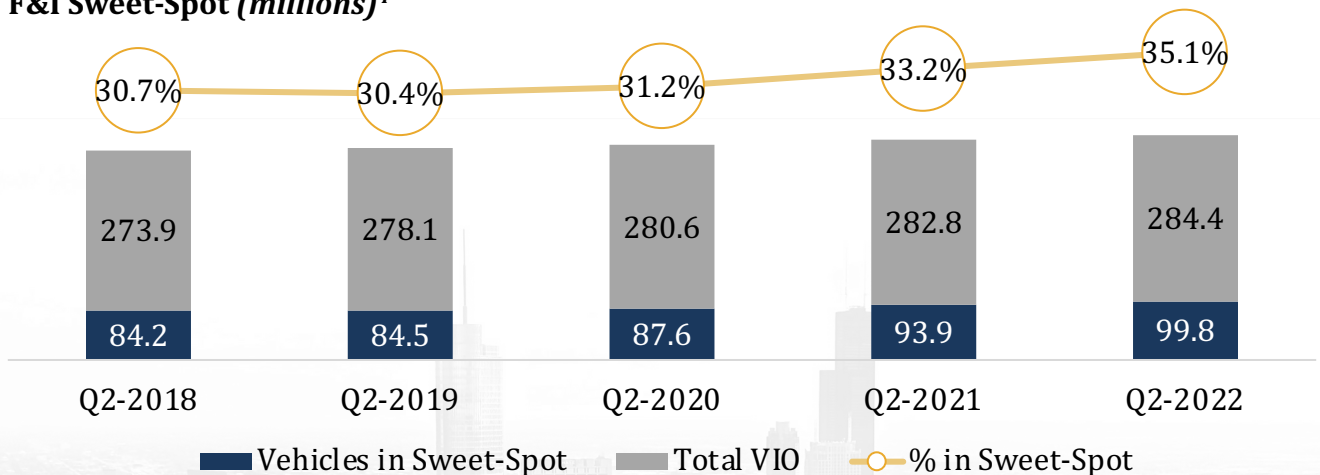
Public dealerships have continued to focus on improving F&I product penetration to bolster profitability. In Q2 2022, the six public dealership groups made an average of \$2,316 of F&I profit per vehicle on a same-store basis, a 20% increase year-over-year.³

The total Vehicles in Operation (“VIO”) in the F&I sweet-spot grew 6.3% in Q2 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 99.8 million from 93.9 million one year ago as of Q2 2022. Furthermore, the ratio of vehicles in the sweet-spot to total VIO grew to 35.1% from 33.2% in Q2 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 Q2 M&A transactions in the F&I products industry⁵

Date	Target	Buyer	Category
Jun-22	Profits Creation	Brown & Brown Dealer Services (Brown & Brown)	F&I Administrator
Jun-22	Dealer Specialties	Brown & Brown Dealer Services (Brown & Brown)	F&I Administrator/Data Analytics
Jun-22	Tail Light	J.D. Power	Auto Software
May-22	AUL Corp.	Protective Asset Protection	F&I Administrator
Apr-22	Frost Financial Services	National Auto Care	F&I Administrator

Q2 2022 Key U.S. automotive sales highlights⁶

- 1 SUVs continue to dominate market share. SUVs accounted for over 50% of all sales through June
- 2 Sales of Electric Vehicles soared in the second quarter while growing more than 66% year-over-year
- 3 Luxury vehicle brands accounted for 17.3% of sales in the first half of 2022, an increase from 15.8% in the first half of 2021

⁵ PR Newswire, Business Wire

⁶ Cox Automotive

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>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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