



F&I Products Quarterly Update: 2023 First Quarter



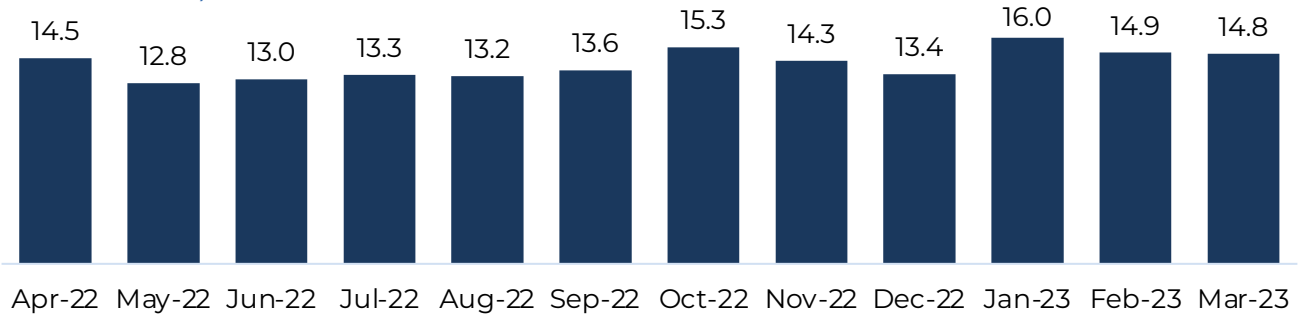
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NEW LIGHT-VEHICLE SALES (SAAR) INCREASED IN THE FIRST QUARTER OF 2023

New light-vehicle sales (SAAR) increased to 15.2MM units in Q1 2023 from 14.2MM units in Q1 2022, a 7.7% jump driven by higher inventory and incentive spending.

U.S. LIGHT VEHICLE SALES (SAAR)¹

(units in millions)

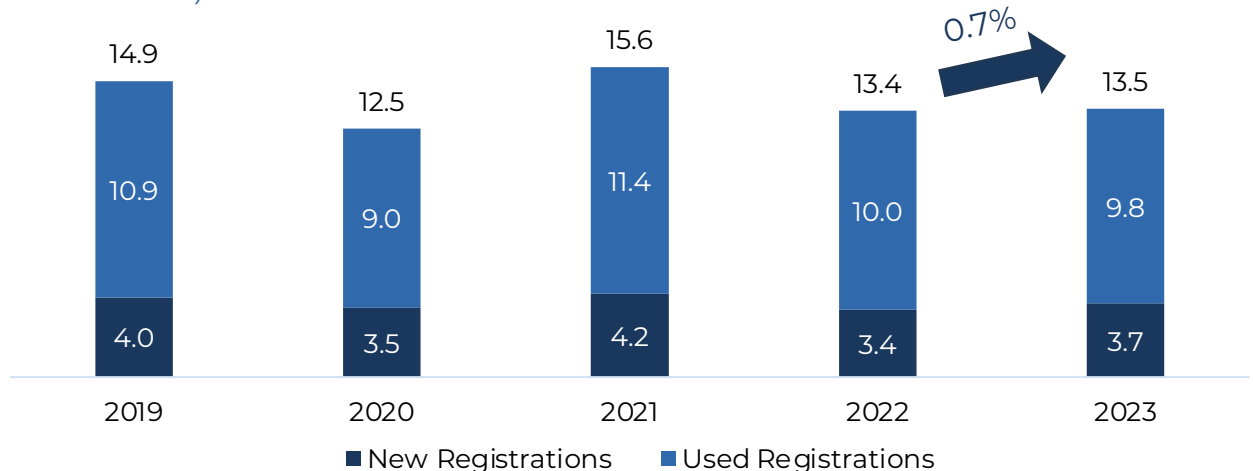


TOTAL VEHICLE REGISTRATIONS WERE UP NEARLY 1% THROUGH Q1 2023 COMPARED TO 2022 LEVELS

New registrations were up 8.8% through the first quarter of 2023 compared to the same period the previous year, while used registrations were down 2.0%. Total registrations were up a combined 0.7%.² Registrations increased due to the easing of supply chain problems and improved inventory levels from various manufacturers.

NEW AND USED VEHICLE REGISTRATIONS²

(units in millions)



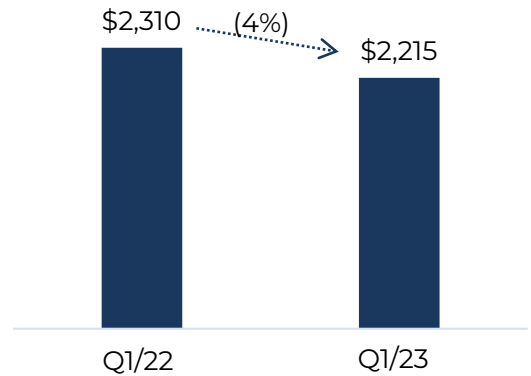
¹FRED
²Experian as of January through March of each year

SELLING F&I PRODUCTS WITH VEHICLES IS A PROVEN PATH TO INCREASING DEALER PROFITS

Dealers earn roughly \$5,300 of gross profit on the sale of a new vehicle itself (down 14% y-o-y). Additionally, Dealers can earn over \$2,200 on selling a vehicle service contract (VSC) or other F&I products, significantly boosting profitability.³

In Q1 2023, the six public dealership groups made an average of \$2,215 of F&I profit per vehicle on a same-store basis, a 4% decrease year-over-year.³ Experts have attributed this decline to higher interest rates and vehicle affordability issues.⁴

F&I PROFIT PER VEHICLE³



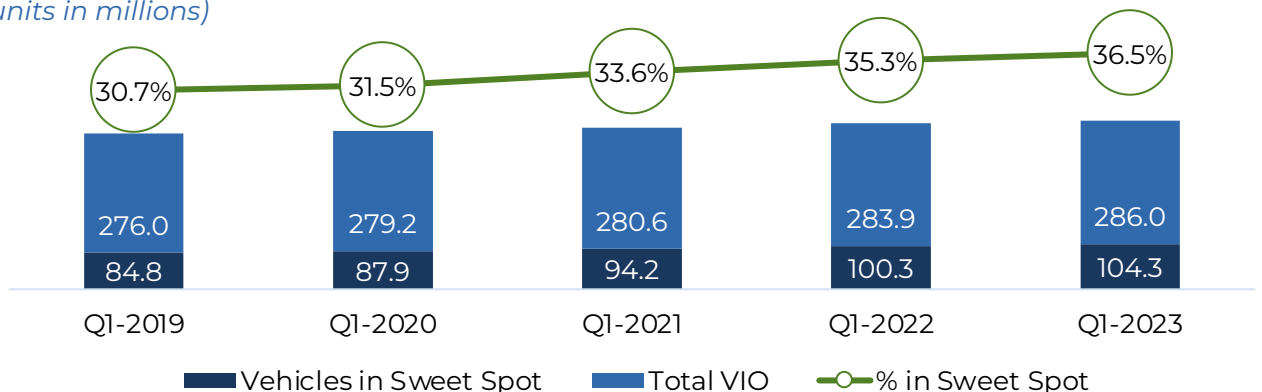
THE TOTAL VEHICLES IN OPERATION (“VIO”) IN THE F&I SWEET SPOT GREW 4.0% IN Q1 2023⁵

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. As of Q1 2023, VIO in the F&I sweet spot hit its largest volume ever of 104.3 million.

VIO in the F&I sweet spot grew to 104.3 million from 100.3 million one year ago as of Q1 2023. Furthermore, the ratio of vehicles in the sweet spot to total VIO grew to 36.5% from 35.3% in Q1 2023.

F&I SWEET SPOT⁵

(units in millions)



³Public Dealership Same Store Sales: 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)

⁴Diminished Value of Georgia

⁵Experian

2023 Q1 M&A TRANSACTIONS IN THE F&I PRODUCTS INDUSTRY⁶

	TARGET	BUYER	CATEGORY
January 2023	AMERICAN GUARDIAN WARRANTY SERVICES	REYNOLDS & REYNOLDS	F&I ADMIN
January 2023	SSQ DEALER SERVICES (SSQ Insurance)	SYM-TECH (Amynta)	F&I ADMIN
January 2023	NATIONAL AUTO CARE (Lovell Minnick Partners)	APCO HOLDINGS (Ontario Teachers' Pension Plan)	F&I ADMIN

Colonnade clients in **bold**

Q1 2023 KEY U.S. AUTOMOTIVE TRENDS AND SALES HIGHLIGHTS⁷

- 1 The average age of a passenger vehicle in the U.S. increased to a record 12.5 years in Q1 2023, three months higher than 2022 levels. Average age has increased due to higher vehicle prices, growing inflation, and rising interest rates
- 2 Used vehicle registrations are continuing to decline as a result of low volumes and higher prices impacting these transactions
- 3 The average interest rate for new vehicles grew to 6.58%, up from 4.10% in Q1 2022. The average interest rate for used vehicles climbed from 11.17% from 8.67%
- 4 Cox Automotive raised its 2023 full year forecast for new car sales to 15.0 million from 14.1 million. Its full year used car forecast also increased from 35.6 million to 35.7 million
- 5 16.8% of consumers who financed a new vehicle in Q1 2023 have a monthly payment of more than \$1,000. This percentage of consumers increased a full percentage point from last quarter (15.7%) and is up considerably from Q1 2022 (10.3%)

⁶ PR Newswire, Business Wire

⁷ Edmunds, Experian, JM&A, Cox Automotive, S&P Global Mobility

COLONNADE IS A LEADING ADVISOR TO THE F&I PRODUCTS INDUSTRY


acquired

COLONNADE


WARRANTY SOLUTIONS INC
raised capital from

COLONNADE


WARRANTY SOLUTIONS INC
acquired
Valiant Acquisition
Corporation
COLONNADE


INTEGRATED SERVICES GROUP
was sold to

COLONNADE


was sold to

COLONNADE


was sold to

COLONNADE


was sold to

COLONNADE


PROTECT MY CAR
was sold to

COLONNADE


was sold to

COLONNADE


was sold to

COLONNADE


acquired



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acquired

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was sold to

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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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