



F&I Products Quarterly Update: 2023 Fourth Quarter



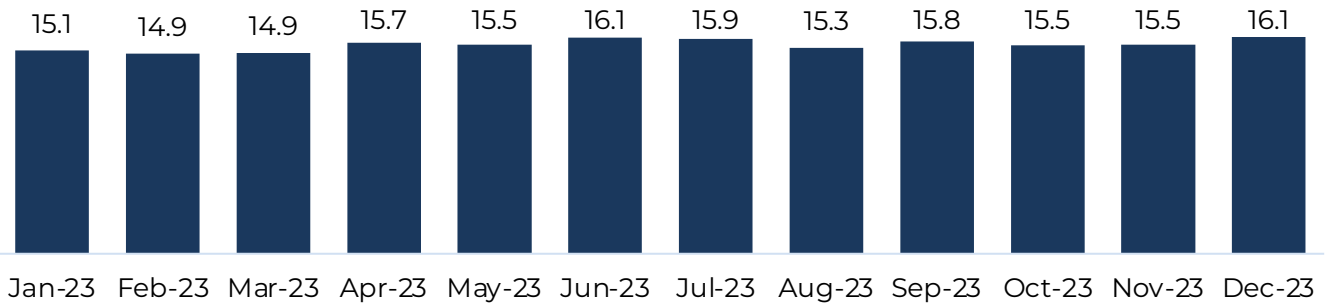
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NEW LIGHT-VEHICLE SALES (SAAR) INCREASED IN THE FOURTH QUARTER OF 2023

New light-vehicle sales (SAAR) increased to 15.7MM units in Q4 2023 from 14.3MM units in Q4 2022, a 8.8% jump driven by higher inventory and incentive spending.

U.S. LIGHT VEHICLE SALES (SAAR)¹

(units in millions)

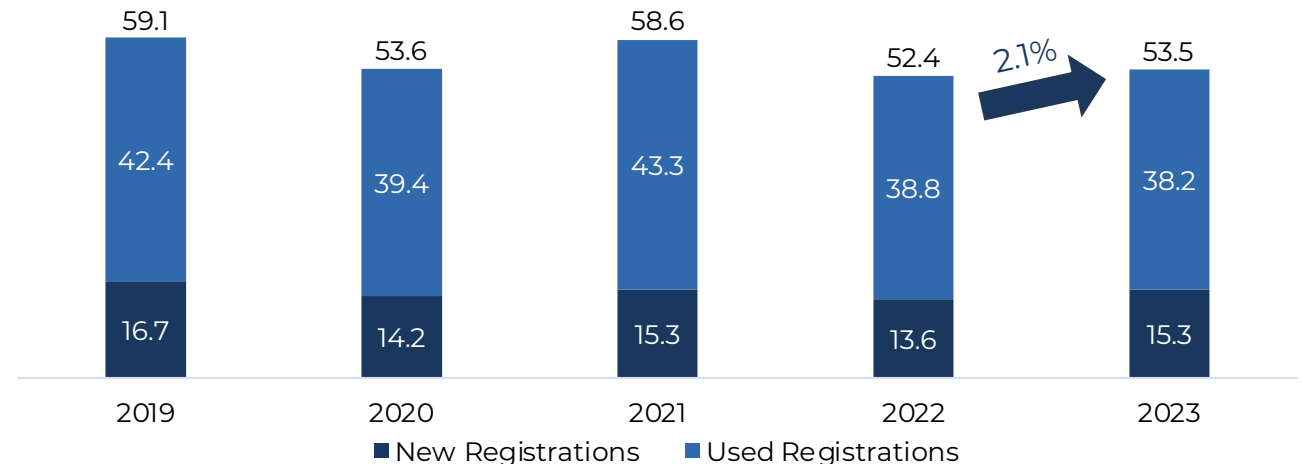


TOTAL VEHICLE REGISTRATIONS WERE UP 2% THROUGH Q4 2023 COMPARED TO 2022 LEVELS

New registrations were up 12.5% through the fourth quarter of 2023 compared to the same period the previous year, while used registrations were down 1.5%. Total registrations were up a combined 2.1%. New registrations continued to increase due to improved supply chain conditions while elevated used vehicle prices negatively impacted used vehicle transaction volumes and registrations.²

NEW AND USED VEHICLE REGISTRATIONS²

(units in millions)



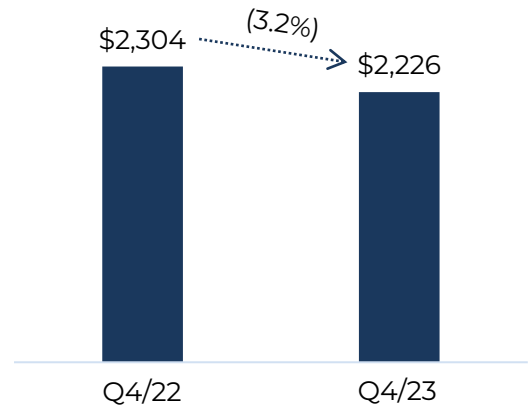
¹FRED
²Experian

F&I PRODUCTS SOLD WITH VEHICLES PROVIDES DEALERS WITH ADDITIONAL PROFITS

Dealers earn roughly \$5,700 of gross profit on the sale of a new vehicle itself (up 33.2% 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 Q4 2023, the top six public dealership groups made an average of \$2,226 of same-store F&I profit per vehicle (down 3.4% y-o-y).³ Experts have attributed this decline to increases in leasing and affordability issues amidst record-high consumer interest rates.⁴

F&I PROFIT PER VEHICLE³



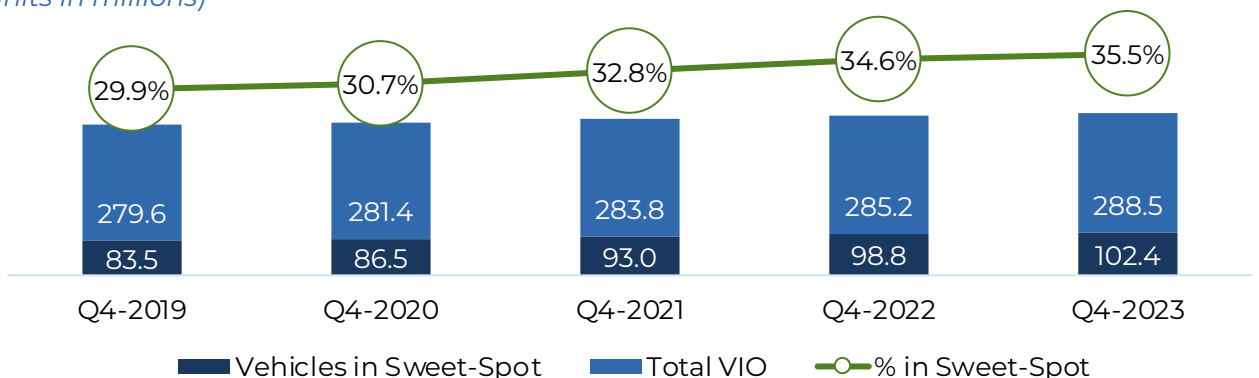
THE TOTAL VEHICLES IN OPERATION (“VIO”) IN THE F&I SWEET SPOT GREW 3.6% IN Q4 2023⁵

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.

VIO in the F&I sweet spot grew to 102.4 million from 98.8 million one year ago as of Q4 2023. Furthermore, the ratio of vehicles in the sweet spot to total VIO grew to 35.5% in Q4 2023 from 34.6% in Q4 2022. In Q1 2023, VIO in the F&I sweet spot hit its largest volume ever of 104.3 million. Experian expects the total VIO in the F&I sweet spot to continue to grow until 2026.

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)

⁴Automotive News

⁵Experian

RECENT M&A TRANSACTIONS IN THE F&I PRODUCTS INDUSTRY⁶

DATE	TARGET	BUYER	CATEGORY
March 2024	DealerMax (Asset Sale)	Brown & Brown, Inc. <i>(NYSE:BRO)</i>	F&I AGENCY
December 2023	CilaJet	VSS Group	F&I ADMIN
December 2023	Automotive Business Solutions (ABS)	Brown & Brown, Inc. <i>(NYSE:BRO)</i>	F&I ADMIN
August 2023	Dealer Capital Group	APCO HOLDINGS <i>(Ontario Teachers' Pension Plan)</i>	F&I AGENCY
August 2023	LDR Enterprises	APCO HOLDINGS <i>(Ontario Teachers' Pension Plan)</i>	F&I AGENCY
July 2023	Xzilon / Caring Brands International	REYNOLDS & REYNOLDS	F&I ADMIN

Colonnade clients in **bold**

Q4 2023 KEY U.S. AUTOMOTIVE TRENDS AND SALES HIGHLIGHTS⁷

- 1 Vehicle service contract penetration rates decreased 3.6% year-over-year as of December 2023
- 2 The number of days a vehicle is on the lot reached peak levels since early 2022. At the start of Q4 2023 used cars saw a 4.5-day decline ultimately to experience a 4.5-day rebound by quarter end when compared to Q4 2023. New cars saw an 11.9-day increase over the same period, driving prices down.
- 3 Electric vehicles now make up 3.3 million vehicles in operation while hybrids have grown to make up 8.3 million
- 4 As a result of the decreased new vehicle prices, increased days on lot, and greater competition with EVs taking up a greater market share, new and used car sales increased 9.1% year-over-year as of December 2023

⁶ PR Newswire, Business Wire, Yahoo Finance, Kinderhook Industries

⁷ Experian, JM&A Group, Manheim by Cox Automotive

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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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