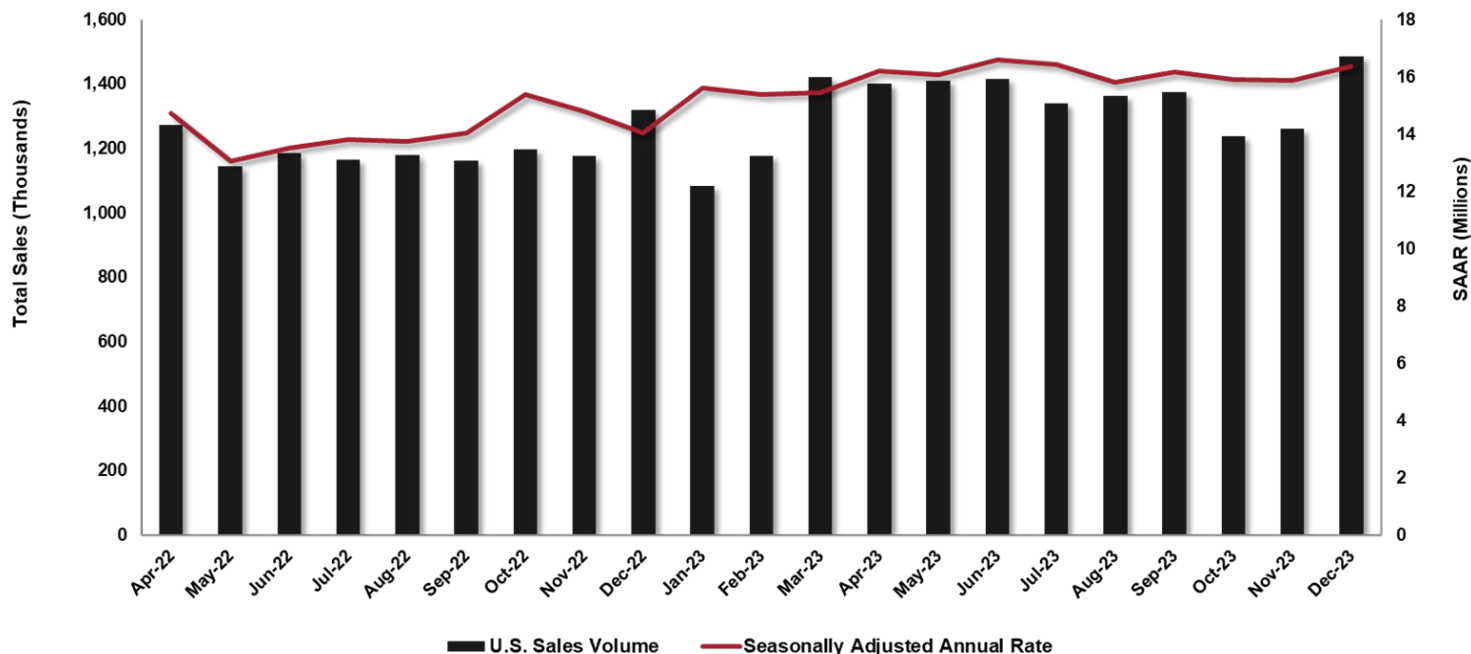


Industry Trends

December 2023 – January 2024

ACQUISITION

U.S. Sales Volume by Month & SAAR All Manufacturers



US Sales – All Channels

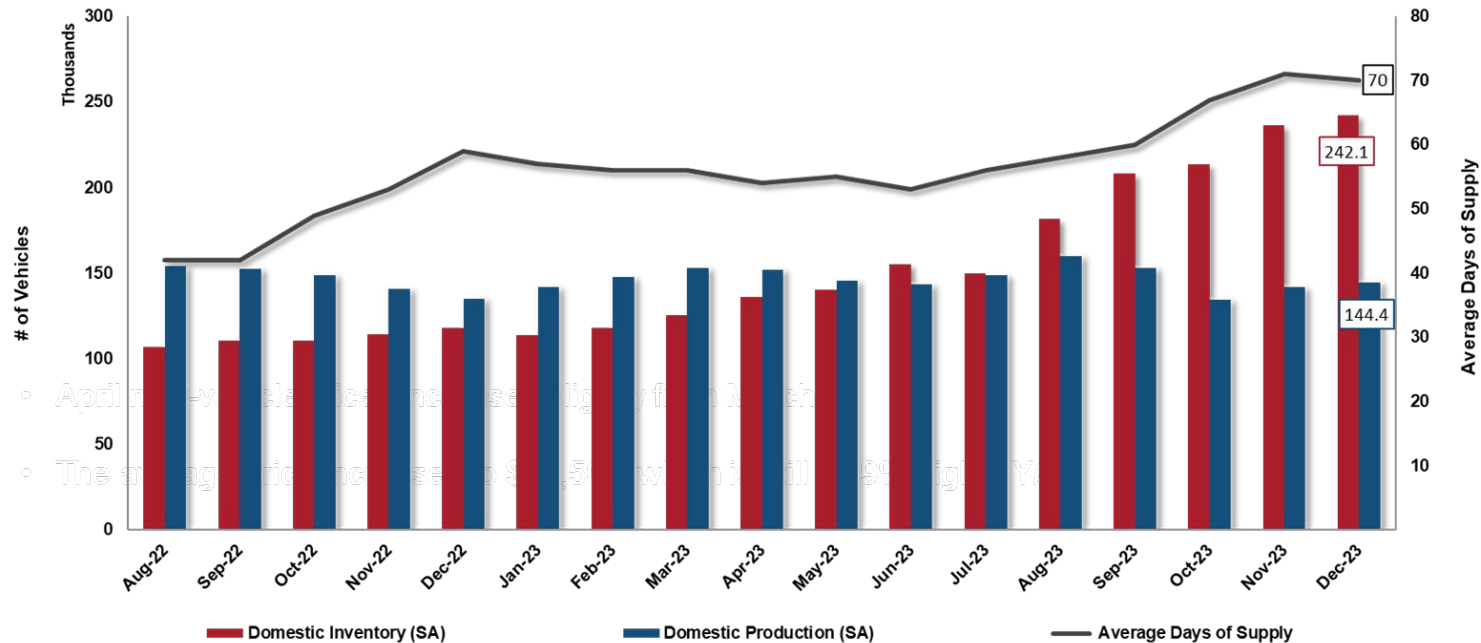
- December's sales increased by 3.2% month over month.
- Passenger vehicles sales increased by 4.7% year over year, and light truck increased by 14.9% year over year.
- December's light truck sales accounted for 82% of all sales.

Fleet Sales

- In December, 230,484 total fleet units were sold, a 21.7% year over year increase.

ACQUISITION

Dealer Inventory & Days of Supply



- April new vehicle sales increased slightly from March
- The average price increased to \$48,500 with a 3.4% increase

- December's new vehicle inventories increased 2% month over month and 105% year over year.
- The average dealership supply decreased to 70 days compared to 71 the month prior.
- New vehicle production increased 2% month over month, and 7% year over year.

- December's new vehicle price averaged \$48,817, a 3.4% increase month over month and a 1.9% increase year over year.

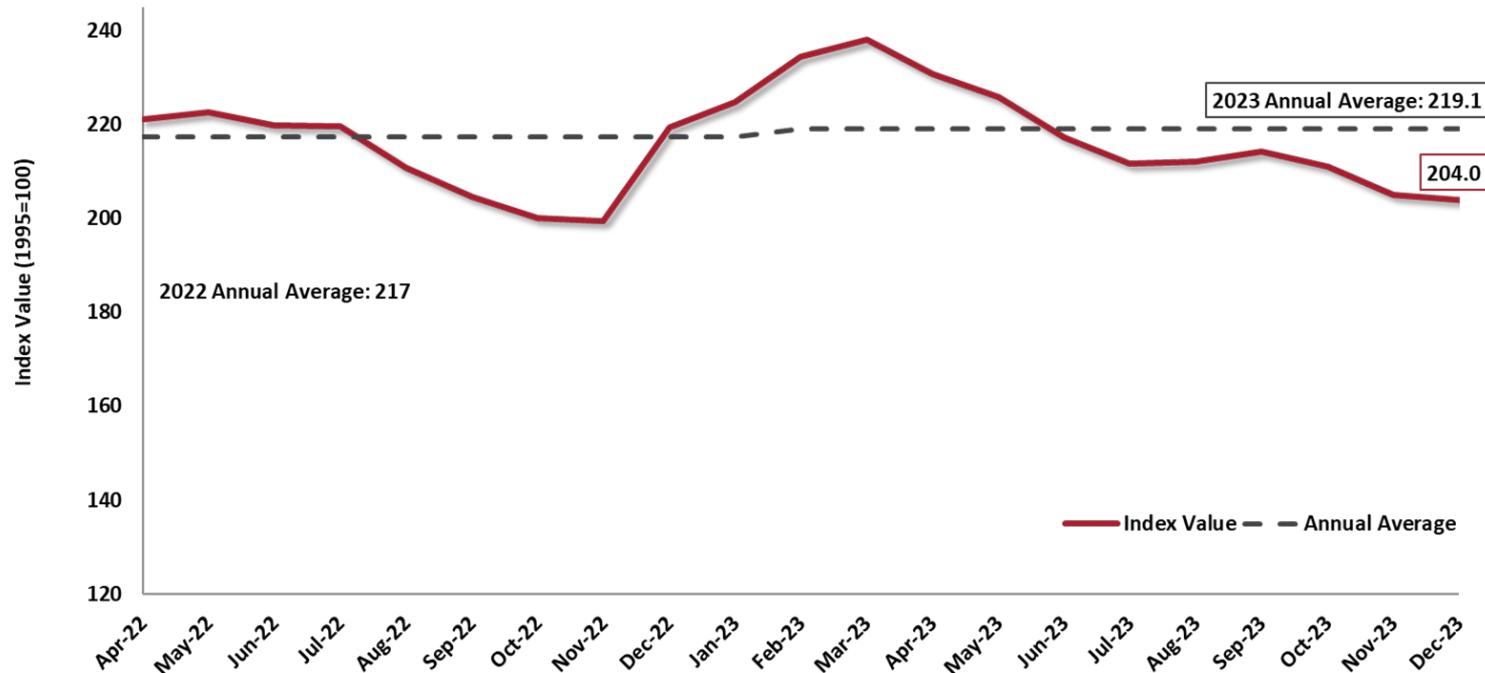
Recommendations:

- Place orders as soon as possible and consider using ReadyFleet while there are still component shortages and production lags.
- Take advantage of opportunities for

Source: FRED, COX Automotive

WHOLESALE RESALE MARKET

Manheim Used Vehicle Value Index



- Total volume of used vehicle sales increased 1% year over year in December.
- The Manheim Used Vehicle Value Index decreased by 7% year over year.
- 2019 (pre-pandemic) Annual Average was 138.9
- All major market segments saw lower seasonally adjusted prices year over year in December.

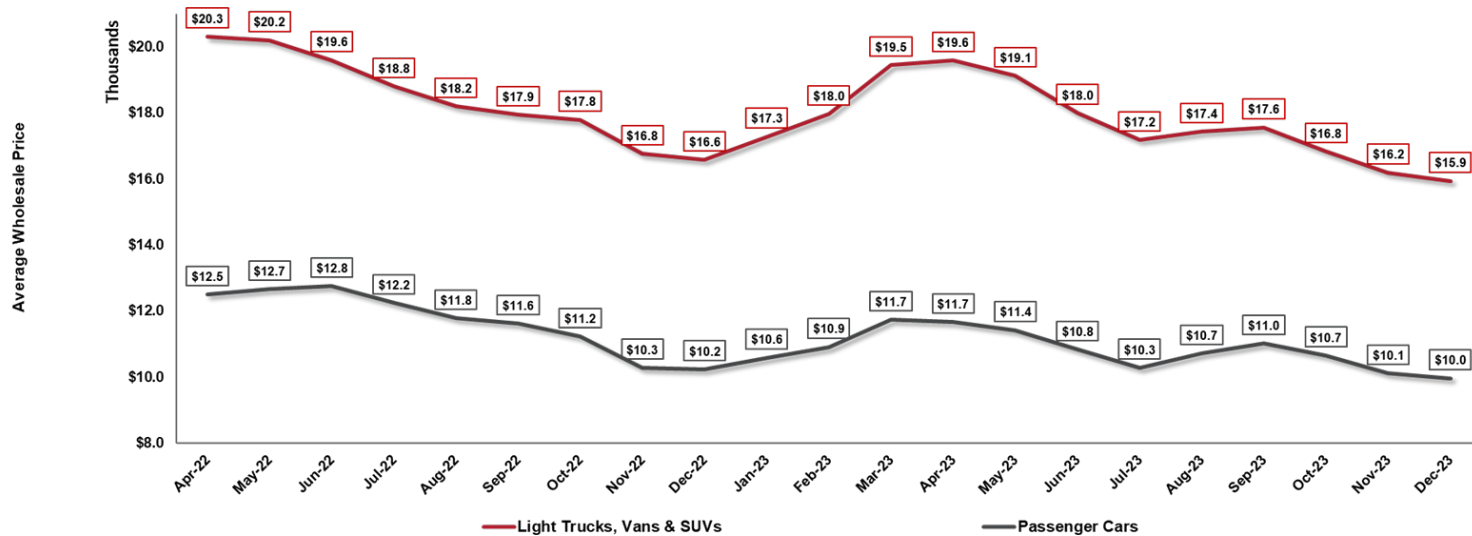
- All major segments saw price decreases month over month, including pickups and vans declining by 0.8%

Recommendation:

- While resale values have softened, prices remain well above pre-pandemic levels. Utilize Merchants' GuaranteeBUY program to capture that increased equity.

WHOLESALE RESALE MARKET

Average Wholesale Price by Segment



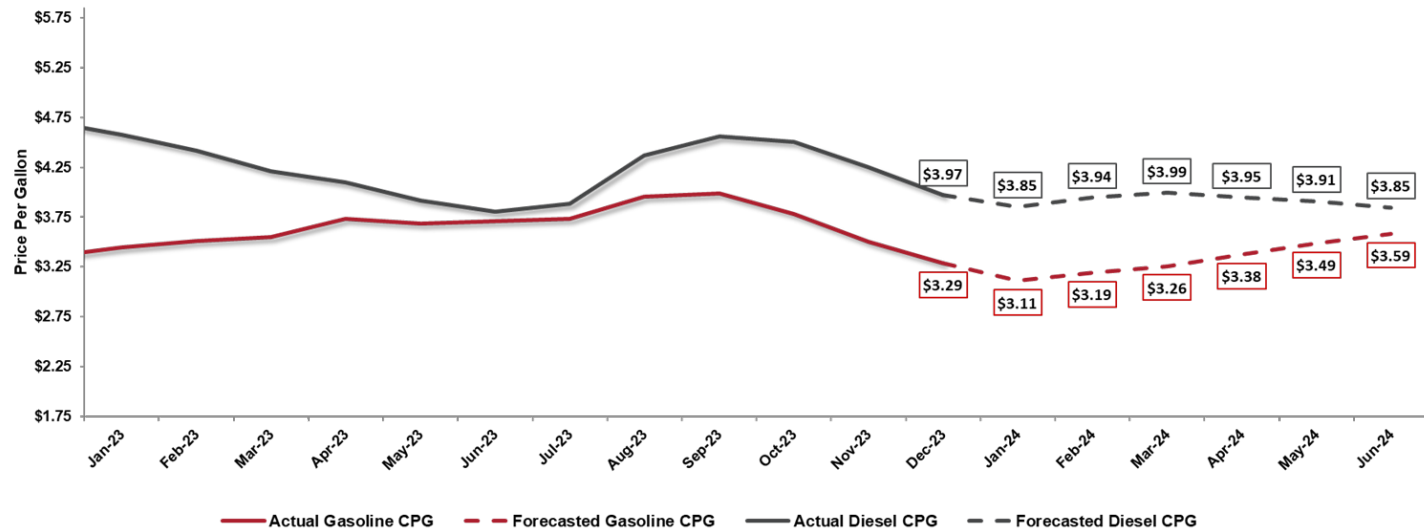
- Wholesale prices decreased 1.7% month over month compared to November.
- Wholesale prices saw a decrease of 5.2% year over year.
- December wholesale prices are 25.4% above pre-pandemic prices.

Recommendation:

- Use GuaranteeBUY for under-utilized assets when resale values tend to peak, typically between March and May.

FUEL

National Average Cost per Gallon Regular Grade & Diesel



- U.S. regular gasoline prices decreased from the previous month and averaged \$3.29 per gallon in December.
- U.S. diesel retail prices decreased from the previous month and averaged \$3.97 per gallon.

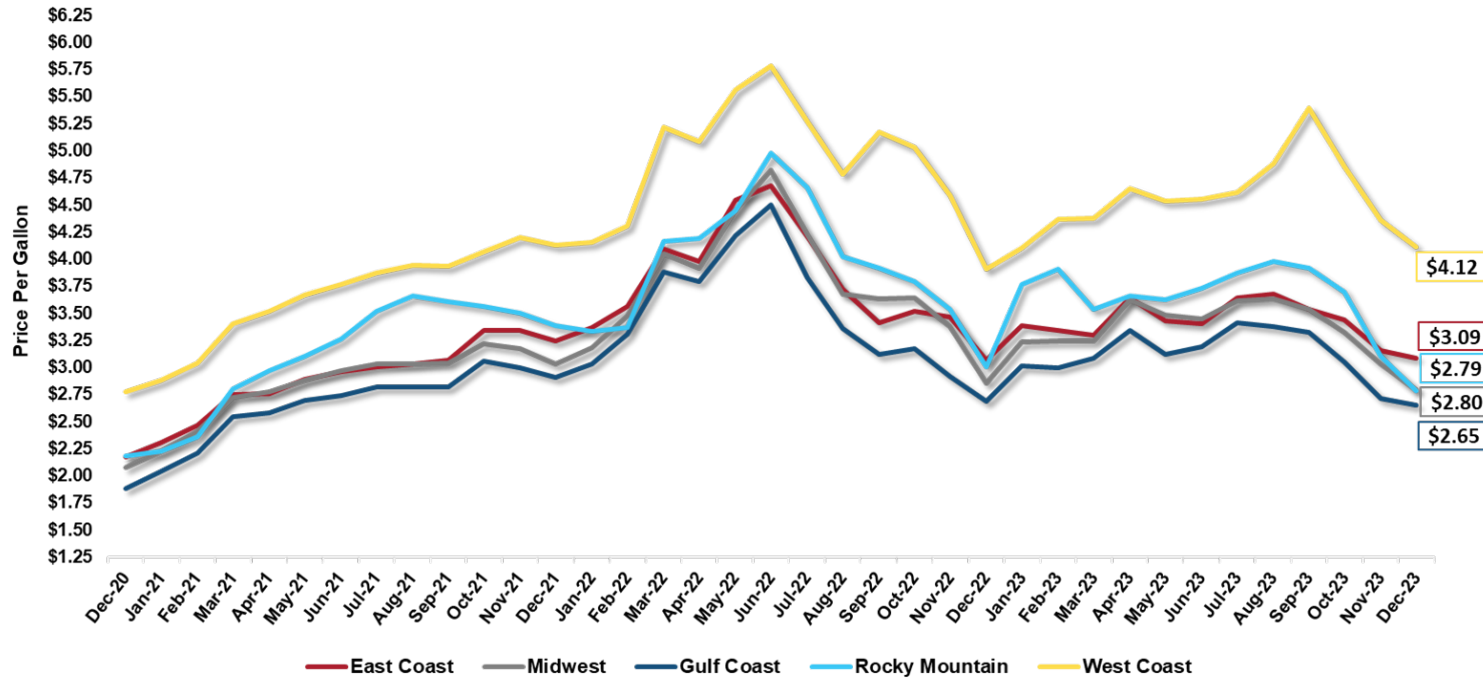
- January's forecasted gasoline price is \$3.11 per gallon, and diesel has a forecasted price of \$3.85 per gallon.

Recommendations:

- Closely monitor fuel prices for accurate fuel budget forecasting.
- Consider enrolling in TotalConnect to monitor driving patterns for cost savings opportunities.

FUEL

Regional Average Cost per Gallon – Regular Grade



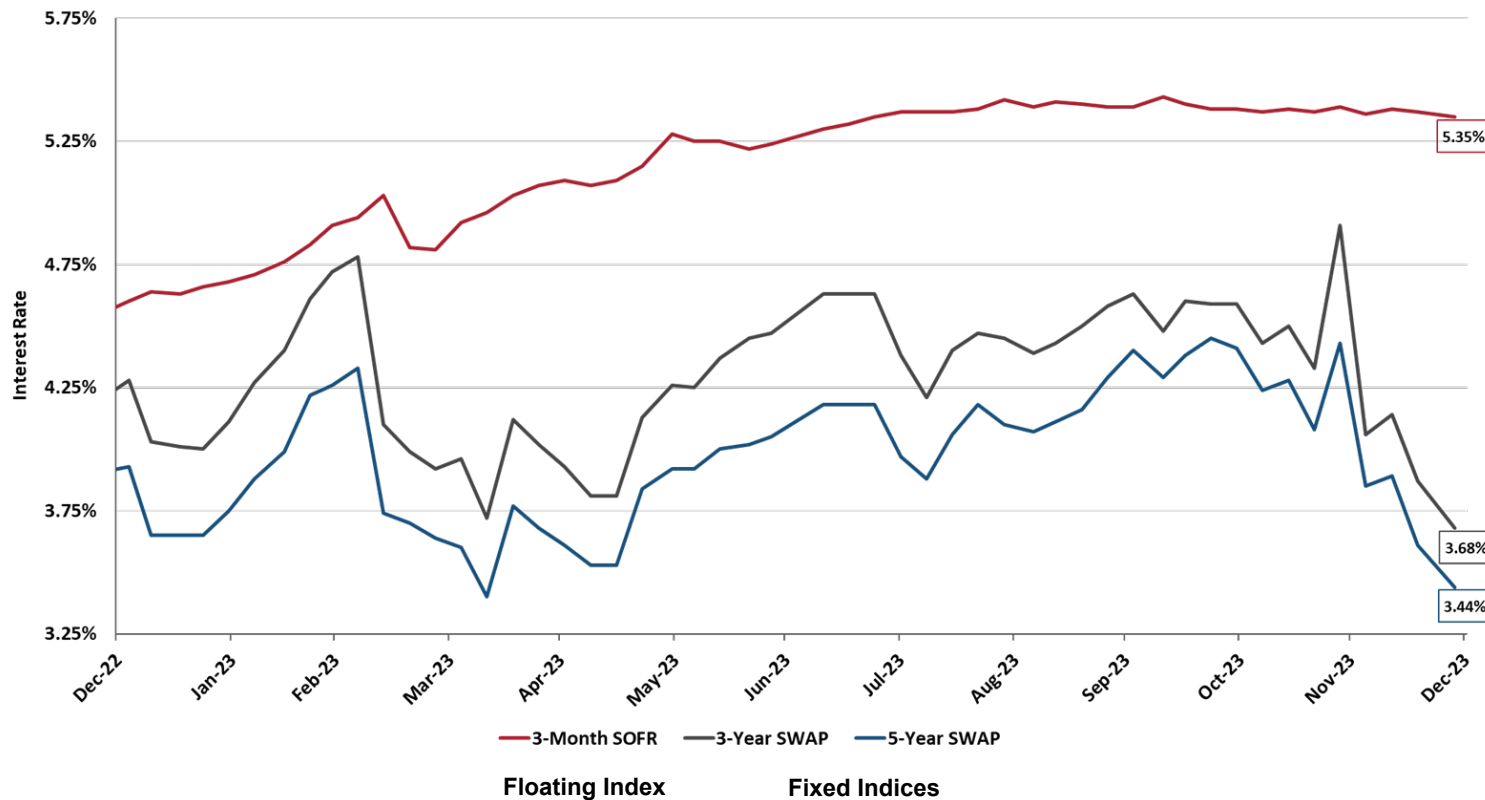
- Regular Grade Fuel prices in the West Coast have dropped but remain higher than the U.S. average.
- Some factors that contribute to regional gas price differences:
 - Distance from supply
 - Transportation costs
 - State and local taxes
 - Retail Competition

Recommendations:

- Closely monitor fuel prices and vehicle location changes for accurate fuel budget forecasting.
- Consider enrolling in TotalConnect to monitor driving patterns for cost savings opportunities.

INTEREST

Interest Rates



- 3-Month SOFR rate is currently at 5.35%, a month over month decrease of 0.04%
- The 3-Year SWAP rate has decreased to 3.68%
- The 5-Year SWAP rate decreased and is currently 3.44%

Recommendations:

- Consider using floating rates for leases going forward to take advantage of the expected decrease in future interest rates.
- A fixed rate lease locks in the current, escalated interest rate for the duration of a lease.