driveway

Q3 2024 ISSUE

Driveway Digest

Welcome to Driveway's quarterly internal newsletter, highlighting recent achievements and opportunities as we help grow Lithia's automotive business. Q2 brought an unexpected bump in the road with the CDK outage, but operations are now functioning normally again and we're focused on regaining any lost ground.

Highlights in this issue:

- Business updates
- Driveway's Used Car Factory
- Winning the battle against fraud
- Getting to know Driveway's Dealership Accountants
- Giving back to our communities
- And more...

Not Just Business as Usual

After great results in May and a promising first half of June, the CDK outage that started on June 19 caused a significant detour for just about everyone in the Lithia & Driveway (LAD) organization. Impacts from this industry-wide service interruption rippled through Driveway's operations and slowed many areas of our business into July—and beyond in some cases. But ingenuity, collaboration, and plain old hard work enabled us to find workarounds and continue serving customers and closing deals.

Driveway Continues Steering Sales to Lithia Stores

The Driveway website saw approximately 2 million monthly unique visitors from April–June, and 544,045 of these were brand new to the LAD network. Driveway web traffic influenced 1,249 Q2 sales more than 100 Lithia Stores.

1,249 Influenced Sales in Q2

86% Brand-New Customers

120+ Different Stores

826 Used Vehicles

423 New Vehicles

July's data shows the number of influenced sales increasing to a new high of 470 for the month, across 136 different Stores. 86% of these sales were made to customers who are new to the Lithia network.

Shop and Sell Updates

While our Shop and Sell business started off strong in Q2, the impact of the CDK issues reduced our June business by around 2–3% from the figures we'd been tracking toward earlier that month. However, Driveway still performed well considering the circumstances and we're working toward our Q3 monthly goals against some industry-wide headwinds.

18.2 Commitments Per Shop Agent

.085 Golden Ratio Record in July

After exceeding our targets for Shop deals closed in April and May, we came within a whisker of the three-peat in June, just missing the goal by 18 deals, despite the CDK challenges. We're working hard to get our volume back up to meet our targets in Q3 and remain focused on the customer experience. Some other recent Shop team achievements include:

- A record high golden ratio of 0.085 in July (monthly unique visitors vs. Shop deals)
- Exceptional efficiency in clearing deals by the Contract Analyst team
- A record 18.2 commits per Shop agent in July

While we fell a little short of our goals, June was the best month of the year so far for our Sell business. Q2 highlights from the Sell team include:

- 858 purchases from customers in June (the most in 12 months)
- More than 30 commitments per Sell agent each month
- Record financial results in Driveway wholesale gross
- Record financial results at retail for Sell units by Lithia Stores
- Record Lithia Store absorption in Driveway wholesale

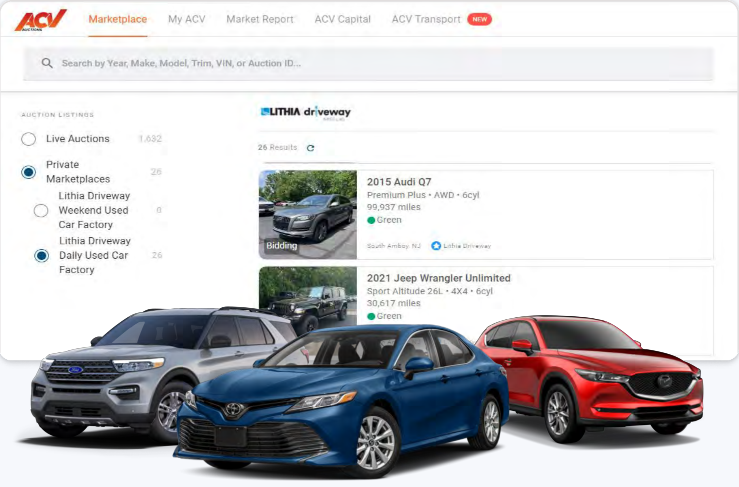
30+ Commitments Per Sell Agent

858 Units Purchased in June

July brought a 30% increase in Driveway Remarketing sales, with continued improvement of financial results and Lithia Network engagement.

Driveway Supplies Fresh Inventory to Lithia Stores

When Lithia Stores need to replenish or diversify the used car inventory on their lots, Driveway is ready to help with our Used Car Factory. It's a private wholesale auction platform created exclusively for the Lithia Dealer Network in partnership with vendor, ACV. The site is accessible 24/7 and fresh Driveway trades are added daily, with a "Buy Now/Make Offer" period following every bid sale.



○ Live Auctions 1,632
● Private Marketplaces 26
○ Lithia Driveway Weekend Used Car Factory 0
● Lithia Driveway Daily Used Car Factory 26

2015 Audi Q7
Premium Plus • AWD • 6cyl
99,937 miles
● Green
Bidding
South Amboy, NJ
Lithia Driveway

2021 Jeep Wrangler Unlimited
Sport Altitude 26L • 4X4 • 6cyl
30,617 miles
● Green

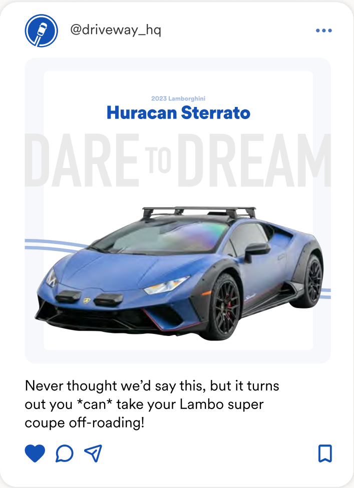
Unlike other sources for used inventory, vehicles available through Driveway's Used Car Factory are purchased with the Lithia network's acquisition and retail strategies in mind. They come with thorough condition reports and a 21-day arbitration period that's much more generous than other auctions. The flat $300 buy fee, limited competition, and the fact that these vehicles are positioned for the LAD network, all help reduce Store acquisition costs and boost their profit margins.

For more information or to access the Used Car Factory, reach out to Network Remarketing Relations Manager, **Joseph Valles**, or **dwremarketing@lithia.com**.

Getting Social

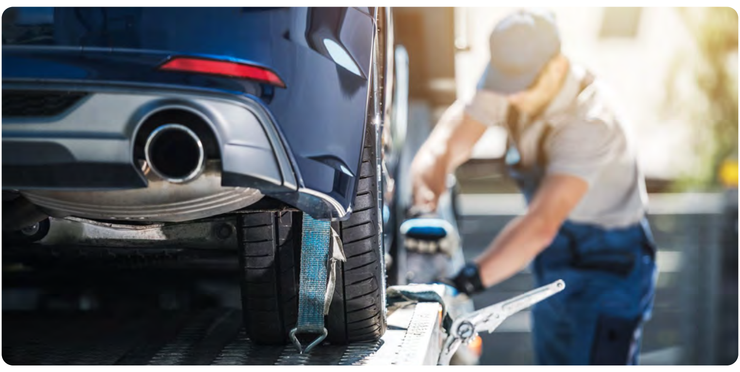
Driveway's social media accounts fully embrace the company's core value of having fun, while promoting our business. Check out this recent post about a Lamborghini Huracan Sterrato that has some unexpected capabilities. Camping in a Lambo...why not?

For more laughs and to keep up with the latest Driveway happenings, follow us on **Facebook**, **X**, **Instagram**, and **TikTok**.



Never thought we'd say this, but it turns out you *can* take your Lambo super coupe off-roading!

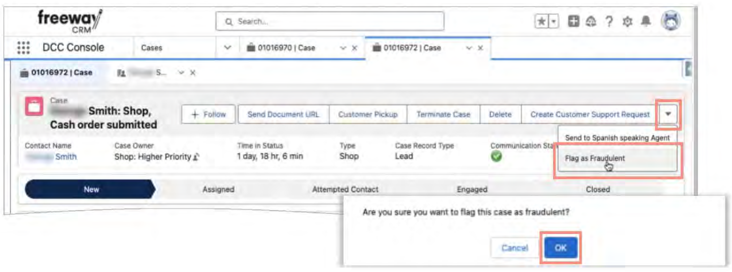
Fighting Fraud



Everyone involved in Driveway deals can put on their crime-fighting cape (figuratively, at least) and help prevent fraud by being aware of the common methods being used by criminals, along with the tools and resources we have available to combat them.

Some of the most frequently attempted fraud techniques we see are the use of fake or altered IDs and supporting documents such as social security cards/numbers, paystubs, bank statements, proof of residence, etc.

Driveway's Flagged as Fraud tool launched in Freeway CRM in March, as part of our ongoing efforts to reduce losses from fraudulent actors. The data captured by the new tool also gives our fraud team additional insights into trends and helps keep training up to date as new fraud techniques are discovered.



01016972 | Case [redacted] S...

Case
[redacted] Smith: Shop, Cash order submitted

Contact Name: [redacted] Smith
Case Owner: Shop: Higher Priority
Time in Status: 1 day, 18 hr, 6 min
Type: Shop
Case Record Type: Lead
Communication Sta

Are you sure you want to flag this case as fraudulent?

If any Driveway or Store employee has concerns or has fraud reported to them by a Driveway customer, please direct all inquiries to **our fraud team**.

🏆 Top 5 Stores for Driveway Deals

Congratulations to all the stores featured in our top five lists for Q2. They completed the most Driveway transactions for the combined months of April–June. Great job!

Shop Stores

New and used cars purchased by customers via Driveway in Q1, and % of total used sales

1. Doral Volkswagen	65	21%
2. Doral Acura	50	16%
3. Doral Hyundai Genesis	48	6%
4. Hamilton Honda	46	5%
5. Union Honda	42	6%

Sell Stores

Used cars purchased by stores from Driveway to replenish their inventory

1. DCH Academy Honda	150
2. Lexus of Sacramento	137
3. Lexus of Roseville	128
4. Mazda of Wesley Chapel	98
5. Curry Honda–Chamblee	80

Customer Reviews

Since May, Trustpilot surveys have been sent to customers automatically for Shop and Sell transactions with Driveway. This has increased the volume of online reviews, giving us valuable new insights into customer experiences. Overall, we received 895 reviews on Google, DealerRater, and Trustpilot from April–June. 771 (86%) were positive (4 stars or higher) and 124 (14%) were negative (3 stars or lower). Our average rating at the end of June dropped slightly to 4.17 stars, from our high of 4.59 in April. This is largely due to issues arising from the CDK outage that complicated some deals.

WINS

- Staff are helpful from start to finish
- Knowledgeable team can address any questions/concerns
- Competitive pricing
- Smooth transactions

> ***Sell your car to Driveway.***
>
> *I am from Maine and have sold two cars to Driveway and have nothing but good to say about them. They did everything they said they could do. Communication was great and I couldn't be happier with the way it all turned out. Everyone I had contact with was friendly and nice and did their job very well. Very professional. Also, they offered the best price by quite a bit.*
>
> ★ ***Charles Q.*** ★★★★★

OPPORTUNITIES

- Continue improving temp tag processes and delivery time
- Ensure we identify and document any mechanical or cosmetic issues
- Improve coordination between third-party delivery services and customers
- Ensure customer calls/messages receive a timely response

Happy Housewarming

In late July and early August, all Driveway staff based at the Plano, Texas, office moved around 11.5 miles south to our Emerald Plaza building at 1490 Landmark Blvd. in the Addison area of Dallas. This move consolidates Driveway's Dallas-area Shop, Sell, Dispatch, Customer Support, Customer Resolution, Driveway Processing Center (Contract Analysts), and DMV teams, along with the Lithia Accounting Processing Center (APC) and other support staff. It will help boost communication, cross-team collaboration, and productivity, and also gives us the ability to upgrade the facility as needed, since we own the building.

Here are some of the Driveway crew enjoying a last hurrah at the Plano office on July 25, before moving into their new digs:

Alexis Tillis referees a friendly tug of war contest with (front to back) Casey Baker-Coulter, Kevine Kabeza, Tiffany Gibson, Akiree Nangle, Lemuel Asusama, and Daudric Sherrell.

Antoinette Taylor (left) and Nikko Avery (right) serving up cotton candy.

Neicy Magee (front) and Henry Bell (rear) enjoy sweet treats.

We Are Driveway

When we say Driveway's growth is powered by its people, we're not just making small talk. Let's learn more about employees from various parts of the organization who are making a difference every day.

GETTING TO KNOW...

Driveway Dealership Accountant, Christian Johnson

Christian Johnson golfing with his nephew, Sammy.

Think of Driveway Dealership Accountants as deal ninjas working quietly, efficiently, and with incredible accuracy to keep money moving as they process, post, or consolidate all the transactions that come through Driveway.

This team of nine is part of Driveway Overhead, and they operate almost invisibly behind the scenes to ensure each department's financial processes run smoothly. This includes everything from cutting checks for Customer Service and posting wholesales for Remarketing, to coding invoices for transportation and ensuring customer payments are credited to Stores.

Christian Johnson is a Dealership Accountant based at the Medford head office and has worked for Driveway since May 2023. He has a unique role as the main contact for Store staff, fielding inquiries and helping troubleshoot issues with Driveway transactions. Let's find out more.

Q **Can you describe your main responsibilities?**

A I handle the accounts receivable/accounts payable (AR/AP) inbox: dwapc@lithia.com. So, if a Store has something like a repair order that's out of balance (i.e., hasn't been paid) and our side hasn't been posted or vice versa, I'll reach out to help get that taken care of. I also update the weekly AR/AP spreadsheet and send that to the Stores showing who's out of balance, so we can get things reconciled before month-end.

Q **What's the most challenging part of your job?**

A Telling Business Managers or even Platform Managers "no," when a request doesn't have sufficient documentation. I had a really hard time with this when I started, but I've gotten better at it.

Q **What's your biggest accomplishment so far?**

A We've worked to improve the accounting and reconciliation processes and have seen positive results almost every month this year (except June, because of CDK). We've gone from 113 Stores out of balance in October 2023, down to just 45 at our July close. Our goal is to get that number to zero.

Q **Do you have any tips for Driveway or Store employees to help their transactions go smoothly?**

A Please email the documentation for any charges—we can't process them without it! Also, all we typically need for backlog items (no matter how old) is a little communication to get things resolved. We aim to respond to all inquiries within 24 hours and we want to help you. So, reach out or get back to me if I reach out to you—I promise I'm not scary!

Q **Is there something that's surprised you about this job?**

A I was caught off-guard by how rewarding it is and how much external positive reinforcement I get beyond my team and supervisor. I've established relationships with many Store Business Managers who will now reach out to me directly when they have an issue, and then give me great feedback or advise managers at other Stores to work with me directly too.

EMPLOYEE SPOTLIGHT

Driveway's Recent Leadership Changes

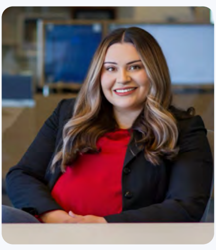
Adam Chamberlain Named Lithia & Driveway Chief Operating Officer

Adam Chamberlain was promoted to Executive Vice President, Chief Operating Officer of Lithia & Driveway, effective August 1. He will focus on driving profitability through a more connected, convenient, and holistic experience for our customers whether they shop with us online, in person, or both.

Expanded Responsibilities for Dianna du Preez

On August 1, Dianna du Preez assumed the responsibilities of Chief Customer Officer, in addition to her role leading Driveway Operations and overseeing Consumer Lifecycle. She will continue to build out Lithia's customer ecosystem and Driveway operations, along with after sales, to enhance our overall customer experience.

On the Move at Driveway



Meddie Strait Promoted to Process Optimization and Systems Manager

Meddie Strait (formerly Lozano) was promoted from Dispatch Manager to the position of Driveway Process Optimization and Systems Manager, starting July 1. In her new role, she'll work with her team on Freeway CRM enhancements, workforce management, and Dialpad and telephone system management. Meddie is based at the Medford office and has worked for Driveway since 2021.

Casey Baker-Coulter Takes on Training Responsibilities

In addition to his existing role managing Driveway's Client Support services, Casey Baker-Coulter has taken on the Training Manager role, helping Driveway's team members learn new skills and enhance existing ones. His new title is Driveway Manager, Training and Client Support. Casey is based at Driveway's Dallas office and has been with Driveway since June 2022.

Audrey Firth Promoted to Dispatch Manager

Audrey Firth was promoted to Dispatch Manager effective July 1, leading Driveway's Dispatch teams in both Medford and Dallas. She began her journey with Driveway in 2021 and has held several positions in Dispatch and Logistics. She has consistently demonstrated exceptional leadership, dedication, and commitment to Driveway.

Giving Back

We love helping our neighbors in the communities where we live and work. So, spread the word to any charitable organizations you're a part of, that the Lithia4Kids Community Giving Grant will be accepting applications from November 1–30, for youth and family-focused programs and events occurring throughout the U.S. in 2025. Visit the **Lithia4Kids website** for more information, guidelines, and the grant submission form.

On July 29, Lithia4Kids partnered with the Boys and Girls Clubs of the Rogue Valley in Phoenix, Oregon, for a racetrack-themed day of fun. The event gave around 300 local children the chance to enjoy bounce houses, face painting, water slides, tricycle races, tasty treats, and more.

📅 UPCOMING EVENTS:

- **September 21** – Walk to End Alzheimer's in Southern Oregon. **Participate by joining or donating** to the Lithia & Driveway team.
- **October 5** – Asante Walk from the Heimann Cancer Center in Medford, Oregon.
- **October 19** – Northwest Golf Tournament in Springfield, Oregon, benefiting The American Cancer Society.

Contact **Brittany Osterhout**, Community Relations Manager, if you have questions about these or any other upcoming community events.

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Have something you'd like to share or contribute to ***Driveway Digest***? Email us at insights@driveway.com.