LITHIA driveway
NYSE:LAD

Quarterly Letter from Bryan DeBoer

FALL 2024

Hello, Lithia & Driveway Leaders & Teams,

As we accelerate into 2024's fourth quarter, I'd like to thank you for your exceptional dedication and resiliency. Because of you, we're effectively executing strategies to perfect a best-in-class Customer Experience within our unique retail ecosystem so we can meet consumers wherever, whenever, and however they desire.

With this customer-centric vision as our compass, let's stay the course and finish strong in 2024. We can achieve a successful year-end by promoting Loyalty, Department and Store Potential, and *Growth Powered by People*.

Loyalty

No matter where you roll within Lithia & Driveway, you (and your fellow team members) are key to leveraging our ecosystem to create customer loyalty. It's your daily work experiences and insights that reveal new ideas to delight customers, increase sales, and operate more efficiently.

At this time of year, we traditionally turn our attention to developing annual operating plans (AOPs). Essentially, it's a time when we slow down to evaluate where we are, review how we got here, and anticipate the possibilities ahead. As you think about your AOPs in the coming weeks, I encourage you to focus on how we can better engage with one another and build loyalty, so we create memorable experiences that *Earn Customers for Life*. Ask yourself the following questions:

Customer Experience Enhancements

- How can you and your team help exceed customers' expectations?
- In what ways can you *Improve Constantly* to reflect a customer-first culture?

Market Share Growth

- Where can you add or enrich customer touchpoints throughout the vehicle-ownership lifecycle?
- What new avenues can you explore to build loyalty and trust within our respective markets?

Humble-Confidence Mindset

- How do you pivot when you encounter customer roadblocks or dead ends?
- What new strategies could help foster team loyalty and increase performance?

Department & Store Potential

Our 2024 Plan depends on incremental growth in performance and Department and Store Potential. This effort fuels our actions and leverages our scale as we aspire to attain $2 earnings per share (EPS) for every $1 billion in revenue. As of this quarter, we're heading in the right direction with an 11% increase in revenue and a 17% increase in vehicles sold. Great job!

To capitalize on this growth and finish 2024 with flying colors, here are a few focus areas to consider as you *Take Personal Ownership* of your upcoming AOP and professional goal setting:

1. **Sales Efficiency—**This is a benchmark that measures how well we generate revenue through our sales activities. Do you see shortcuts for increasing sales using our omnichannel ecosystem? Do you have suggestions for streamlining operational processes to cut costs while emphasizing customer loyalty?
2. **Used-to-New Ratio—**We retail from zero- to 20-year-old vehicles, and every sale counts! However, when we sell a value auto (one with over 80,000 miles) we achieve the highest gross margin percentage. So how can we procure more used-car inventory and increase these sales?
3. **Service Retention—**We all know that repeat business boosts loyalty and revenue. When thinking about our ecosystem of digital platforms and physical stores—as well as our expanding list of adjacencies (like Air Stream and Pinewood Technologies)—how can we get customers to buy more of our wide array of products and services?

Growth Powered by People

With a mission of *Growth Powered by People*, you are the most valuable resource we have as we drive loyalty and pursue potential. With each new hire or store acquisition, we gain more expertise and energy to continue our rapid rise as one of the largest global mobility retailers. That's why we continue to develop our network across Canada, the United Kingdom, and the United States—and offer professional development lanes so you can excel in your Lithia & Driveway career.

Most recently, we expanded our footprint in the US Southeast with the addition of three stores in Florida. Welcome, Duval Motor Company!

When we uplift and support one another—and *Have Fun* making strong connections with our customers and communities—we thrive together. Thank you for all you do, every day, and for helping us to finish strong and gain traction.

Ignite the drive within and drive potential into 2025 & beyond!



Bryan DeBoer
President & CEO