

2021 Year in Review: An Update from Manheim President Grace Huang

2021 was a year filled with incredible highs and lows; from the creation of vaccines to stem the spread of COVID-19 to global chip shortages that adversely affected our industry. Through it all, Manheim remained committed to innovating to help drive success for our clients and our company. I'm very proud of the progress we made.

It was a bold start to the New Year with Cox Automotive's acquisition of Fyusion, a company whose 3D vehicle images have played a key part in the success of Manheim Express. This was followed by a nearly \$100 million investment to better align and improve processes and services across our digital and physical network. Our Logistics business closely collaborated with DHL Supply Chain to rethink logistics management. We also continued to prepare for the anticipated influx of EVs at our locations. All of these support Manheim's goal of delivering a more connected client experience.

Our investments in Manheim Express delivered dividends for dealers as they searched for much-needed inventory. This channel experienced triple-digital growth and greater buyer confidence from enhancements like Manheim Express' Concierge Inspection Guarantee, the doubling of our Concierge team to help more dealers list their vehicles, and improved inspection and digital condition reports. In fact, Manheim Express users created over one million 3D vehicle images with Fyusion technology, emphasizing the value of this innovation in remarketing their vehicles.

Over the past year, clients have come to rely on our digital channels to conduct business more than ever. Roughly 80 percent of purchases were made to digital buyers and over 2.5 million cars were sold digitally, so far this year. Nonetheless, Manheim remains committed to a hybrid auction model that offer clients both in-person and digital choices.

After a broad review of our auction processes, we also aligned all of Manheim's shared services within one group. I'm happy to share that the Client Shared Services group is not only bringing deep auction expertise to common client issues, but also delivering greater consistency and time savings. As an example, because our team efficiently handles all commercial client post-sale needs for any location where they sell vehicles, 60 percent of all commercial transactions are now centrally facilitated.

In addition, we completed the roll-out of Lot Vision at most Manheim locations, allowing us to track nearly 97 percent of our volume while also helping clients find vehicles faster. We're also piloting additional Lot Vision capabilities at Manheim Dallas and Manheim Southern California that includes offering clients access to diagnostic trouble codes (DTC). This information will provide clients with more vehicle diagnostic data upfront, helping them make pre-sale repairs and buying decisions with greater confidence. As clients continue to tell us that more vehicle details are vital to their buying and selling decisions, we're committed to delivering this information.

Our Logistics business, a critical part of our operations, is partnering with DHL Supply Chain to create capabilities not previously possible in the automotive space. This includes the integration of DHL's transportation management system and applications that will deliver greater efficiencies, transparency and enable future growth. I'm confident that the combined knowledge and expertise of both companies will transform and simplify the transportation experience for our dealers, shippers and carriers.

Across our industry, we also saw greater interest in EVs than ever before, and Manheim was prepared. A few years ago, we began investing in an EV infrastructure at our locations. Today, nearly 90 percent of our sites offer charging capability to support and service EV clients. And, with our work around battery health and scoring, we are excited about the role we'll play in a growing electrified marketplace.

So, what's next? While none of us have a crystal ball, we can be certain of one thing: the steadfast resilience of our industry, clients and team members. I am grateful to all.

Wishing you a healthy and safe 2022,

Grace Huang
President, Manheim