

Third Quarter 2021 Earnings Slides

November 2, 2021

Forward-Looking Statements

This presentation includes forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward looking statements are based on management's current expectations, are not guarantees of future performance and are subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected, expressed or implied by such forward-looking statements. Many of these risk factors are outside of the company's control, and as such, they involve risks which are not currently known to the company that could cause actual results to differ materially from forecasted results. Factors that could cause or contribute to such differences include those uncertainties regarding the impact of the COVID-19 pandemic on our business and the economy generally, and those other matters disclosed in the company's Securities and Exchange Commission filings. The forward-looking statements in this document are made as of the date hereof and the company does not undertake to update its forward-looking statements.

KAR AUCTION SERVICES℠

Third Quarter Summary

- KAR Financial Performance
  - Consolidated revenue of $535.2M ($443.0M excluding purchased vehicles)
  - Gross profit of $222.1M was 50.1% of net revenue[1]
  - SG&A of $134.1
  - Adjusted EBITDA of $96.6M
  - Cash flow from operations $56.9M
  - Operating adjusted EPS of $0.08 – includes $20.9M reduction in unrealized gains on investment securities or $0.09 per share
- ADESA Financial Performance
  - 586K vehicles sold, a decrease of 33% over the prior year
  - 51% of vehicles sold were off-premise
  - $274 gross profit per unit sold
  - SG&A of $125.6M resulted in $214 per vehicle sold
- AFC Financial Performance
  - 351k loan transaction units
  - $215 revenue per loan transaction, an increase of 20% over the prior year
- ADESA Digital Dealer-to-Dealer
  - 118K vehicles sold in Q3 2021, an increase of 105% over the prior year, and an increase of 19% over the prior year including BacklotCars Q3 2020 vehicles sold prior to acquisition

[1] Exclusive of depreciation and amortization

Third Quarter & Year-to-Date Results

KAR Q3 & YTD 2021 Highlights*

($ in millions, except per share amounts)

KAR	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Total operating revenues	$535.2	$593.6	$1,702.2	$1,658.1
Gross profit**	$222.1	$263.9	$725.5	$698.7
% of revenue*	*41.5%*	*44.5%*	*42.6%*	*42.1%*
SG&A	$134.1	$131.0	$423.3	$405.7
Other (income) expense, net	$13.3	($1.1)	($22.1)	($1.8)
EBITDA	$74.5	$133.7	$323.7	$263.6
Adjusted EBITDA	$96.6	$139.2	$336.3	$307.8
Net income (loss)	($1.0)	$47.1	$61.4	$17.6
Net income (loss) per share – diluted	($0.10)	$0.23	$0.20	$0.04
Weighted average diluted shares	119.3	130.0	124.3	130.0
Operating adjusted net income per share – diluted	$0.08	$0.45	$0.69	$0.59
Weighted average diluted shares – including assumed conversion of preferred shares	153.2	N/A	157.6	N/A
Dividends declared per common share	$--	$ --	$--	$0.19
Effective tax rate	54.5%	18.8%	33.9%	32.0%
Capital expenditures	$26.6	$27.6	$77.3	$74.3

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the period ended September 30, 2021.

** Exclusive of depreciation and amortization

ADESA Q3 & YTD 2021 Highlights*

($ in millions, except RPU)

ADESA	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Auction fees	$198.2	$247.6	$670.4	$680.7
Service revenue	$169.2	$192.9	$539.0	$563.9
Purchased vehicle sales	$92.2	$86.2	$282.8	$211.3
Total ADESA Revenue	$459.6	$526.7	$1,492.2	$1,455.9
Gross profit**	$160.3	$217.3	$556.5	$558.6
*% of revenue, excluding purchased vehicles***	*43.6%*	*49.3%*	*46.0%*	*44.9%*
SG&A	$125.6	$122.1	$397.2	$378.2
Other (income) expense, net	$2.4	($1.1)	($0.6)	($1.7)
EBITDA	$32.1	$96.0	$159.3	$151.0
Adjusted EBITDA	$40.6	$104.8	$203.0	$214.1
% of revenue	*8.8%*	*19.9%*	*13.6%*	*14.7%*
Commercial vehicles sold	312,000	642,000	1,237,000	1,791,000
Dealer consignment vehicles sold	274,000	229,000	813,000	590,000
Total vehicles sold	586,000	871,000	2,050,000	2,381,000
Auction fees per vehicle sold	$338	$284	$327	$286
Gross profit per vehicle sold**	$274	$249	$271	$235
On-premise mix	49%	46%	47%	50%
Off-premise mix	51%	54%	53%	50%

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the period ended September 30, 2021.
** Exclusive of depreciation and amortization

AFC Q3 & YTD 2021 Highlights*

($ in millions, except for revenue per loan transaction)

AFC	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Interest and fee income	$71.2	$55.8	$208.0	. $204.7
Other revenue	$2.2	$2.1	$6.4	$6.8
Net recovery (provision) for credit losses	$2.2	$--	($4.4)	($35.9)
Warranty contract revenue	$--	$9.0	$--	$26.6
Total AFC revenue	$75.6	$66.9	$210.0	$202.2
Gross profit**	$61.8	$46.6	$169.0	$140.1
% of revenue*	*81.7%*	*69.7%*	*80.5%*	*69.3%*
SG&A	$8.5	$8.9	$26.1	$27.5
Other (income) expense, net	$10.9	$--	($21.5)	($0.1)
EBITDA	$42.4	$37.7	$164.4	$112.6
Adjusted EBITDA	$56.0	$34.4	$133.3	$93.7
Loan transactions	351,000	324,000	1,079,000	1,192,000
Revenue per loan transaction***	$215	$179	$195	$147
Provision for credit losses % of finance receivables	(0.4%)	0.0%	0.3%	2.6%
Managed receivables	$2,191.7	$1,744.8	$2,191.7	$1,744.8
Obligations collateralized by finance receivables	$1,385.7	$1,101.0	$1,385.7	$1,101.0

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-Q, both for the period ended September 30, 2021.
** Exclusive of depreciation and amortization
*** Excludes Warranty contract revenue in 2020

September 30, 2021 Leverage
(US$ in millions)

	Balance	Maturity
Term Loan B-6 (Adjusted LIBOR + 2.25%)	$931	2026
Revolving Credit Facility (Adjusted LIBOR + 1.75%)	-	2024
Senior Notes (Fixed 5.125%)	950	2025
Finance Leases & Other	19	
Total	1,900	
Less: Available Cash*	(623)	
Net Debt	$1,277	

Senior Secured Net Leverage Ratio	**0.8**
Total Net Debt Ratio	**3.16**

Corporate Credit Ratings: S&P B, Moodys B2

* As defined in the Credit Agreement

HISTORICAL DATA

ADESA Revenue

	3Q21	2Q21	1Q21	2020	4Q20	3Q20	2Q20	1Q20	2019	4Q19
Auction Fees	$198.2	$236.7	$235.5	$887.7	$207.0	$247.6	$177.8	$255.3	$1,115.3	$261.0
Service Revenue	$169.2	$182.2	$187.6	$737.4	$173.5	$192.9	$134.8	$236.2	$1,018.2	$243.0
Purchased Vehicle Sales	$92.2	$97.9	$92.7	$295.0	$83.7	$86.2	$49.6	$75.5	$295.5	$79.3
Total ADESA Revenue	$459.6	$516.8	$515.8	$1,920.1	$464.2	$526.7	$362.2	$567.0	$2,429.0	$583.3
Gross Profit	$160.3	$197.3	$198.9	$714.4	$155.8	$217.3	$145.0	$196.3	$908.3	$212.4
Gross Profit %	34.9%	38.2%	38.6%	37.2%	33.6%	41.3%	40.0%	34.6%	37.4%	36.4%
Gross Profit %, Net of Purchased Vehicle Sales	43.6%	47.1%	47.0%	44.0%	40.9%	49.3%	46.4%	39.9%	42.6%	42.1%

KAR AUCTION SERVICES SM

ADESA Metrics - Annual

	YTD 2021	2020	2019	2018	2017	2016
Revenue[1]	$1,492.2	$1,920.1	$2,429.0	$2,101.9	$1,937.5	$1,765.3
Commercial vehicles sold	1,237	2,265	2,726	2,446	2,148	1,865
Dealer consignment vehicles sold	813	797	1,058	1,026	1,032	1,020
Total vehicles sold	2,050	3,062	3,784	3,472	3,180	2,885
Auction fees per vehicle sold	$327	$290	$295	$302	$311	$303
Gross profit per vehicle sold	$271	$233	$240	$251	$256	$253
Gross profit percentage[1]	37.3%	37.2%	37.4%	41.4%	42.0%	41.3%
Gross profit percentage, excluding purchased vehicles	46.0%	44.0%	42.6%	43.9%	43.8%	42.8%
On-premise mix	47%	49%	56%	61%	69%	73%
Off-premise mix	53%	51%	44%	39%	31%	27%
Dealer-to-dealer vehicles sold	337	316[2]	210[2]	117[3]	19[3]	na
Gross auction proceeds ($B)	$32.5	$44.7	na	na	na	na

[1] Includes purchased vehicle sales
[2] Includes vehicles sold by BacklotCars pre-acquisition
[3] Excludes vehicles sold by BacklotCars pre-acquisition (TradeRev only)

KAR AUCTION SERVICES℠

ADESA Metrics - Quarter

	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Revenue[1]	$459.6	$516.8	$515.8	$464.2	$526.7	$362.2	$567.0	$583.3
Commercial vehicles sold	312	420	505	474	642	511	638	642
Dealer consignment vehicles sold	274	291	248	207	229	137	224	245
Total vehicles sold	586	711	753	681	871	648	862	887
Auction fees per vehicle sold	$338	$333	$313	$304	$284	$274	$296	$294
Gross profit per vehicle sold	$274	$277	$264	$229	$249	$224	$228	$239
Gross profit percentage[1]	34.9%	38.2%	38.6%	33.6%	41.3%	40.0%	34.6%	36.4%
Gross profit percentage, excluding purchased vehicles	43.6%	47.1%	47.0%	40.9%	49.3%	46.4%	39.9%	42.1%
On-premise mix	49%	47%	46%	48%	46%	48%	54%	57%
Off-premise mix	51%	53%	54%	52%	54%	52%	46%	43%
Dealer-to-dealer vehicles sold	118	119	100	90[2]	99[2]	72[2]	55[2]	56[2]
Gross auction proceeds ($B)	$9.2	$11.7	$11.4	$10.0	$13.4	$9.6	$11.7	na

[1] Includes purchased vehicle sales
[2] Includes vehicles sold by BacklotCars pre-acquisition

KAR AUCTION SERVICES℠

AFC Metrics - Annual

	2020	2019	2018	2017	2016
Revenue	$267.6	$352.9	$340.9	$301.3	$286.8
Loan Transaction Units (LTU)	1,519	1,783	1,760	1,688	1,718
Revenue per Loan Transaction, Excluding Warranty Contract Revenue	$156	$178	$175	$159	$148
Ending Managed Finance Receivables	$1,911.0	$2,115.2	$2,014.8	$1,912.6	$1,792.2
Ending Obligations Collateralized by Finance Receivables	$1,261.2	$1,461.2	$1,445.3	$1,358.1	$1,280.3
% Vehicles Purchased at Any Auction	87%	84%	83%	85%	83%
Active Dealers	10,900	12,900	12,300	12,400	12,200
Vehicles per Active Dealer	15	16	15	15	15
Average Credit Line	$290,000	$270,000	$270,000	$250,000	$260,000
Avg Value Outstanding per Vehicle	$11,800	$10,000	$10,200	$9,900	$9,500

AFC Metrics - Quarter

	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Revenue	$75.6	$68.6	$65.8	$65.4	$66.9	$56.8	$78.5	$88.0
Loan Transaction Units (LTU)	351	356	372	327	324	420	448	443
Revenue per Loan Transaction, Excluding “Warranty Contract Revenue”	$215	$193	$177	$186	$179	$115	$155	$178
Ending Managed Finance Receivables	$2,191.7	$2,108.9	$1,984.4	$1,911.0	$1,744.8	$1,548.3	$1,954.8	$2,115.2
Ending Obligations Collateralized by Finance Receivables	$1,385.7	$1,324.2	$1,239.1	$1,261.2	$1,101.0	$735.9	$1,349.9	$1,461.2

KAR AUCTION SERVICES℠

AFC Provision for Credit Losses - Annual

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Ending Managed Receivables	$1,911.0	$2,115.2	$2,014.8	$1,912.6	$1,792.2	$1,641.0	$1,371.1	$1,107.6	$1,004.2	$883.2	$771.6	$613.0	$506.6	$847.9
Average Managed Receivables	$1,854.8	$2,059.9	$1,959.8	$1,802.2	$1,732.5	$1,474.9	$1,208.4	$1,051.4	$925.8	$798.8	$688.6	$516.4	$744.4	$835.3
Provision for Credit Losses	$38.6	$35.3	$32.9	$33.9	$30.7	$16.0	$12.3	$9.6	$7.2	$6.1	$11.2	$17.1	$44.7	$25.0
% of Managed Receivables	2.1%	1.7%	1.7%	1.9%	1.8%	1.1%	1.0%	0.9%	0.8%	0.8%	1.6%	3.3%	6.0%	3.0%

KAR AUCTION SERVICES SM

AFC Provision for Credit Losses - Quarterly

	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20	4Q19
Ending Managed Receivables	$2,191.7	$2,108.9	$1,984.4	$1,911.0	$1,744.8	$1,548.3	$1,954.8	$2,115.2
Average Managed Receivables	$2,150.3	$2,046.7	$1,947.7	$1,827.9	$1,646.6	$1,751.6	$2,035.0	$2,112.8
Net (Recovery) Provision for Credit Losses	($2.2)	$1.8	$4.8	$2.7	$--	$19.0	$16.9	$9.8
% of Managed Receivables	(0.4%)	0.4%	1.0%	0.6%	0.0%	4.3%	3.3%	1.9%

KAR AUCTION SERVICES SM

APPENDIX

Non-GAAP Financial Measures

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for the items of income and expense and expected incremental revenue and cost savings as described in the company's senior secured credit agreement covenant calculations. Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal measures of performance used by the company's creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate the company's performance.

Depreciation expense for property and equipment and amortization expense of capitalized internally developed software costs relate to ongoing capital expenditures; however, amortization expense associated with acquired intangible assets, such as customer relationships, software, tradenames and non-compete agreements are not representative of ongoing capital expenditures but have a continuing effect on our reported results. Non-GAAP financial measures of operating adjusted net income (loss) and operating adjusted net income (loss) per share, in the opinion of the company, provide comparability to other companies that may not have incurred these types of non-cash expenses or that report a similar measure. In addition, net income (loss) and net income (loss) per share have been adjusted for certain other charges, as seen in the following reconciliation.

EBITDA, Adjusted EBITDA, operating adjusted net income (loss) and operating adjusted net income (loss) per share have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the results as reported under GAAP. These measures may not be comparable to similarly titled measures reported by other companies.

Q3 2021 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended September 30, 2021		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($24.0)**	**$23.0**	**($1.0)**
Add back:			
Income taxes	(8.1)	6.9	(1.2)
Interest expense, net of interest income	21.7	10.3	32.0
Depreciation and amortization	42.5	2.2	44.7
Intercompany interest	-	-	-
EBITDA	**$32.1**	**$42.4**	**$74.5**
Non-cash stock-based compensation	3.7	0.6	4.3
Acquisition related costs	2.4	-	2.4
Securitization interest	-	(7.9)	(7.9)
(Gain)/Loss on asset sales	(3.8)	-	(3.8)
Severance	1.7	-	1.7
Foreign currency (gains)/losses	0.1	-	0.1
Contingent consideration adjustment	4.4	-	4.4
Net change in unrealized gains on investment securities	-	20.9	20.9
Total Addbacks/(Deductions)	8.5	13.6	22.1
Adjusted EBITDA	**$40.6**	**$56.0**	**$96.6**
Revenue	$459.6	$75.6	$535.2
Adjusted EBITDA % margin	8.8%	74.1%	18.0%

KAR AUCTION SERVICES℠

Q3 2020 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended September 30, 2020		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**$23.5**	**$23.6**	**$47.1**
Add back:			
Income taxes	7.4	3.5	10.9
Interest expense, net of interest income	21.7	7.5	29.2
Depreciation and amortization	43.4	3.1	46.5
Intercompany interest	-	-	-
EBITDA	**$96.0**	**$37.7**	**$133.7**
Non-cash stock-based compensation	3.3	0.6	3.9
Acquisition related costs	2.4	-	2.4
Securitization interest	-	(3.7)	(3.7)
Loss on asset sales	0.1	-	0.1
Severance	2.4	(0.1)	2.3
Foreign currency (gains)/losses	0.1	-	0.1
Other	0.5	(0.1)	0.4
Total Addbacks/(Deductions)	8.8	(3.3)	5.5
Adjusted EBITDA	**$104.8**	**$34.4**	**$139.2**
Revenue	$526.7	$66.9	$593.6
Adjusted EBITDA % margin	19.9%	51.4%	23.5%

KAR AUCTION SERVICES SM

YTD 2021 Adjusted EBITDA Reconciliation

($ in millions)

	Nine Months ended September 30, 2021		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($35.0)**	**$96.4**	**$61.4**
Add back:			
Income taxes	(0.6)	32.1	31.5
Interest expense, net of interest income	64.7	29.0	93.7
Depreciation and amortization	130.0	7.1	137.1
Intercompany interest	0.2	(0.2)	-
EBITDA	**$159.3**	**164.4**	**$323.7**
Non-cash stock-based compensation	12.9	1.9	14.8
Acquisition related costs	5.7	-	5.7
Securitization interest	-	(21.5)	(21.5)
(Gain)/Loss on asset sales	(2.8)	(0.8)	(3.6)
Severance	3.4	0.2	3.6
Foreign currency (gains)/losses	2.7	-	2.7
Contingent consideration adjustment	20.1	-	20.1
Net change in unrealized gains on investment securities	-	(10.7)	(10.7)
Other	1.7	(0.2)	1.5
Total Addbacks/(Deductions)	43.7	(31.1)	12.6
Adjusted EBITDA	**$203.0**	**$133.3**	**$336.3**
Revenue	$1,492.2	$210.0	$1,702.2
Adjusted EBITDA % margin	13.6%	63.5%	19.8%

KAR AUCTION SERVICES℠

YTD 2020 Adjusted EBITDA Reconciliation

($ in millions)

	Nine Months ended September 30, 2020		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($40.6)**	**$58.2**	**$17.6**
Add back:			
Income taxes	(7.3)	15.6	8.3
Interest expense, net of interest income	66.8	30.2	97.0
Depreciation and amortization	131.1	9.6	140.7
Intercompany interest	1.0	(1.0)	-
EBITDA	**$151.0**	**$112.6**	**$263.6**
Non-cash stock-based compensation	10.3	1.8	12.1
Acquisition related costs	4.7	-	4.7
Securitization interest	-	(21.1)	(21.1)
Loss on asset sales	1.1	-	1.1
Severance	10.2	0.4	10.6
Foreign currency (gains)/losses	3.2	-	3.2
Goodwill and other intangibles impairment	29.8	-	29.8
Other	3.8	-	3.8
Total Addbacks/(Deductions)	63.1	(18.9)	44.2
Adjusted EBITDA	**$214.1**	**$93.7**	**$307.8**
Revenue	$1,455.9	$202.2	$1,658.1
Adjusted EBITDA % margin	14.7%	46.3%	18.6%

KAR AUCTION SERVICES℠

Operating Adjusted Net Income per Share Reconciliation

($ in millions, except per share amounts), (unaudited)	Three Months ended September 30,		Nine Months ended September 30,	
	2021	2020	2021	2020
Net income (loss) [1]	**($1.0)**	**$47.1**	**$61.4**	**$17.6**
Acquired amortization expense	12.4	14.0	41.6	42.4
Contingent consideration adjustment	4.4	-	20.1	-
Goodwill and other intangibles impairment	-	-	-	29.8
Income taxes [2]	(4.0)	(2.6)	(14.1)	(13.6)
Operating adjusted net income	**$11.8**	**$58.5**	**$109.0**	**$76.2**
Operating adjusted net income per share − diluted	**$0.08**	**$0.45**	**$0.69**	**$0.59**
Weighted average diluted shares	153.2	130.0	157.6	130.0

(1) The Series A Preferred Stock dividends and undistributed earnings allocated to participating securities have not been included in the calculation of operating adjusted net income and operating adjusted net income per diluted share.

(2) The effective tax rate at the end of each period presented was used to determine the amount of income tax on the adjustments to net income, except for the three months ended September 30, 2021, for which an effective tax rate of 32% was applied to the acquired amortization expense. There was no income tax benefit related to the contingent consideration adjustment or the goodwill and other intangibles impairment because these items were not deductible for income tax purposes.

KAR AUCTION SERVICES SM