

Q4 2021 & Annual Earnings Slides

February 16, 2022

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.

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Fourth Quarter Summary

- KAR Financial Performance
  - Consolidated revenue of $549.4M ($454.8M excluding purchased vehicles)
  - Gross profit of $226.2M was 49.7% of net revenue[1]
  - SG&A of $134.8
  - Adjusted EBITDA of $97.9M
  - Cash flow from operations $60.6M
  - Operating adjusted EPS of $0.11 – includes $9.3M reduction in unrealized gains on investment securities or $0.04 per share
- ADESA Financial Performance
  - 543K vehicles sold, a decrease of 20% over the prior year
  - 53% of vehicles sold were off-premise
  - $297 gross profit per unit sold
  - SG&A of $125.7M resulted in $231 per vehicle sold
- AFC Financial Performance
  - 342K loan transaction units
  - $232 revenue per loan transaction, an increase of 25% over the prior year
- Digital Dealer-to-Dealer
  - Total KAR - 141K vehicles sold in Q4 2021, an increase of 72% over the prior year, or 20%, when including CARWAVE and BacklotCars volumes in both years
  - ADESA North America - 131K vehicles sold in Q4 2021, an increase of 81% over the prior year, or 22%, when including CARWAVE and BacklotCars volumes in both years

[1] Exclusive of depreciation and amortization

Fourth Quarter & Year-to-Date Results

KAR 2021 Highlights*

($ in millions, except per share amounts)

KAR	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Total operating revenues	$549.4	$529.6	$2,251.6	$2,187.7
Gross profit**	$226.2	$204.2	$951.7	$902.9
% of revenue*	*41.2%*	*38.6%*	*42.3%*	*41.3%*
SG&A	$134.8	$139.7	$558.1	$545.4
Other (income) expense, net	$4.6	$3.9	($17.5)	$2.1
EBITDA	$86.5	$60.4	$410.2	$324.0
Adjusted EBITDA	$97.9	$67.5	$434.2	$375.3
Net income (loss)	$5.1	($17.1)	$66.5	$0.5
Net income (loss) per share – diluted	($0.04)	($0.21)	$0.16	($0.16)
Weighted average diluted shares	121.0	129.6	123.6	129.3
Operating adjusted net income (loss) per share – diluted	$0.11	($0.01)	$0.81	$0.51
Weighted average diluted shares – including assumed conversion of preferred shares	156.1	161.8	157.2	147.0
Dividends declared per common share	$--	$--	$--	$0.19
Effective tax rate	40.7%	16.6%	34.5%	90.7%
Capital expenditures	$31.2	$27.1	$108.5	$101.4

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the period ended December 31, 2021.

** Exclusive of depreciation and amortization

ADESA 2021 Highlights*

($ in millions, except RPU)

ADESA	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Auction fees	$207.4	$207.0	$877.8	$887.7
Service revenue	$168.2	$173.5	$707.2	$737.4
Purchased vehicle sales	$94.6	$83.7	$377.4	$295.0
Total ADESA Revenue	$470.2	$464.2	$1,962.4	$1,920.1
Gross profit**	$161.4	$155.8	$717.9	$714.4
*% of revenue, excluding purchased vehicles***	*43.0%*	*40.9%*	*45.3%*	*44.0%*
SG&A	$125.7	$130.6	$522.9	$508.8
Other (income) expense, net	$0.1	$3.9	($0.5)	$2.2
EBITDA	$35.3	$21.1	$194.6	$172.1
Adjusted EBITDA	$45.3	$33.5	$248.3	$247.6
% of revenue	*9.6%*	*7.2%*	*12.7%*	*12.9%*
Commercial vehicles sold	266,000	474,000	1,503,000	2,265,000
Dealer consignment vehicles sold	277,000	207,000	1,090,000	797,000
Total vehicles sold	543,000	681,000	2,593,000	3,062,000
Auction fees per vehicle sold	$382	$304	$339	$290
Gross profit per vehicle sold**	$297	$229	$277	$233
On-premise mix	47%	48%	47%	49%
Off-premise mix	53%	52%	53%	51%

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the period ended December 31, 2021.
** Exclusive of depreciation and amortization

AFC 2021 Highlights*

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

AFC	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Interest and fee income	$76.1	$61.4	$284.1	$266.1
Other revenue	$2.2	$1.9	$8.6	$8.7
Net recovery (provision) for credit losses	$0.9	($2.7)	($3.5)	($38.6)
Warranty contract revenue	$--	$4.8	$--	$31.4
Total AFC revenue	$79.2	$65.4	$289.2	$267.6
Gross profit**	$64.8	$48.4	$233.8	$188.5
% of revenue*	*81.8%*	*74.0%*	*80.8%*	*70.4%*
SG&A	$9.1	$9.1	$35.2	$36.6
Other (income) expense, net	$4.5	$--	($17.0)	($0.1)
EBITDA	$51.2	$39.3	$215.6	$151.9
Adjusted EBITDA	$52.6	$34.0	$185.9	$127.7
Loan transactions	342,000	327,000	1,421,000	1,519,000
Revenue per loan transaction***	$232	$186	$204	$156
Provision for credit losses % of finance receivables	(0.2%)	0.6%	0.2%	2.1%
Managed receivables	$2,529.0	$1,911.0	$2,529.0	$1,911.0
Obligations collateralized by finance receivables	$1,692.3	$1,261.2	$1,692.3	$1,261.2

* For a more complete explanation of these changes, see the MD&A in the company's supplemental financial information and Form 10-K, both for the period ended December 31, 2021.
** Exclusive of depreciation and amortization
*** Excludes Warranty contract revenue in 2020

December 31, 2021 Leverage
(US$ in millions)

	Balance	Maturity
Term Loan B-6 (Adjusted LIBOR + 2.25%)	$929	2026
Revolving Credit Facility (Adjusted LIBOR + 1.75%)	-	2024
Senior Notes (Fixed 5.125%)	950	2025
Finance Leases & Other	18	
Total	1,897	
Less: Available Cash*	(175)	
Net Debt	$1,722	

Senior Secured Net Leverage Ratio	**1.8**
Total Net Debt Ratio	**3.97**

Corporate Credit Ratings: S&P B, Moodys B2

* As defined in the Credit Agreement

HISTORICAL DATA

ADESA Revenue

	2021	4Q21	3Q21	2Q21	1Q21	2020	4Q20	3Q20	2Q20	1Q20
Auction Fees	$877.8	$207.4	$198.2	$236.7	$235.5	$887.7	$207.0	$247.6	$177.8	$255.3
Service Revenue	$707.2	$168.2	$169.2	$182.2	$187.6	$737.4	$173.5	$192.9	$134.8	$236.2
Purchased Vehicle Sales	$377.4	$94.6	$92.2	$97.9	$92.7	$295.0	$83.7	$86.2	$49.6	$75.5
Total ADESA Revenue	$1,962.4	$470.2	$459.6	$516.8	$515.8	$1,920.1	$464.2	$526.7	$362.2	$567.0
Gross Profit	$717.9	$161.4	$160.3	$197.3	$198.9	$714.4	$155.8	$217.3	$145.0	$196.3
Gross Profit %	36.6%	34.3%	34.9%	38.2%	38.6%	37.2%	33.6%	41.3%	40.0%	34.6%
Gross Profit %, Net of Purchased Vehicle Sales	45.3%	43.0%	43.6%	47.1%	47.0%	44.0%	40.9%	49.3%	46.4%	39.9%

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ADESA Metrics - Annual

	2021	2020	2019	2018	2017
Revenue[1]	$1,962.4	$1,920.1	$2,429.0	$2,101.9	$1,937.5
Commercial vehicles sold	1,503	2,265	2,726	2,446	2,148
Dealer consignment vehicles sold	1,090	797	1,058	1,026	1,032
Total vehicles sold	2,593	3,062	3,784	3,472	3,180
Auction fees per vehicle sold	$339	$290	$295	$302	$311
Gross profit per vehicle sold	$277	$233	$240	$251	$256
Gross profit percentage[1]	36.6%	37.2%	37.4%	41.4%	42.0%
Gross profit percentage, excluding purchased vehicles	45.3%	44.0%	42.6%	43.9%	43.8%
On-premise mix	47%	49%	56%	61%	69%
Off-premise mix	53%	51%	44%	39%	31%
Dealer-to-dealer vehicles sold (N.A.)	550[4]	398[2]	258[2]	117[3]	19[3]
Gross auction proceeds ($B)	$41.8	$44.7	na	na	na

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

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ADESA Metrics - Quarter

	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Revenue[1]	$470.2	$459.6	$516.8	$515.8	$464.2	$526.7	$362.2	$567.0
Commercial vehicles sold	266	312	420	505	474	642	511	638
Dealer consignment vehicles sold	277	274	291	248	207	229	137	224
Total vehicles sold	543	586	711	753	681	871	648	862
Auction fees per vehicle sold	$382	$338	$333	$313	$304	$284	$274	$296
Gross profit per vehicle sold	$297	$274	$277	$264	$229	$249	$224	$228
Gross profit percentage[1]	34.3%	34.9%	38.2%	38.6%	33.6%	41.3%	40.0%	34.6%
Gross profit percentage, excluding purchased vehicles	43.0%	43.6%	47.1%	47.0%	40.9%	49.3%	46.4%	39.9%
On-premise mix	47%	49%	47%	46%	48%	46%	48%	54%
Off-premise mix	53%	51%	53%	54%	52%	54%	52%	46%
Dealer-to-dealer vehicles sold (N.A.)	135[3]	143[3]	147[3]	125[3]	111[2]	124[2]	93[2]	70[2]
Gross auction proceeds ($B)	$9.3	$9.2	$11.7	$11.6	$10.0	$13.4	$9.6	$11.7

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

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AFC Metrics - Annual

	2021	2020	2019	2018	2017
Revenue	$289.2	$267.6	$352.9	$340.9	$301.3
Loan Transaction Units (LTU)	1,421	1,519	1,783	1,760	1,688
Revenue per Loan Transaction, Excluding Warranty Contract Revenue	$204	$156	$178	$175	$159
Ending Managed Finance Receivables	$2,529.0	$1,911.0	$2,115.2	$2,014.8	$1,912.6
Ending Obligations Collateralized by Finance Receivables	$1,692.3	$1,261.2	$1,461.2	$1,445.3	$1,358.1
% Vehicles Purchased at Any Auction	90%	87%	84%	83%	85%
Active Dealers	11,400	10,900	12,900	12,300	12,400
Vehicles per Active Dealer	14	15	16	15	15
Average Credit Line	$350,000	$290,000	$270,000	$270,000	$250,000
Avg Value Outstanding per Vehicle	$15,300	$11,800	$10,000	$10,200	$9,900

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AFC Metrics - Quarter

	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Revenue	$79.2	$75.6	$68.6	$65.8	$65.4	$66.9	$56.8	$78.5
Loan Transaction Units (LTU)	342	351	356	372	327	324	420	448
Revenue per Loan Transaction, Excluding Warranty Contract Revenue	$232	$215	$193	$177	$186	$179	$115	$155
Ending Managed Finance Receivables	$2,529.0	$2,191.7	$2,108.9	$1,984.4	$1,911.0	$1,744.8	$1,548.3	$1,954.8
Ending Obligations Collateralized by Finance Receivables	$1,692.3	$1,385.7	$1,324.2	$1,239.1	$1,261.2	$1,101.0	$735.9	$1,349.9

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AFC Provision for Credit Losses - Annual

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Ending Managed Receivables	$2,529.0	$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
Average Managed Receivables	$2,145.0	$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
Provision for Credit Losses	$3.5	$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
% of Managed Receivables	0.2%	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%

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AFC Provision for Credit Losses - Quarterly

	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20
Ending Managed Receivables	$2,529.0	$2,191.7	$2,108.9	$1,984.4	$1,911.0	$1,744.8	$1,548.3	$1,954.8
Average Managed Receivables	$2,360.4	$2,150.3	$2,046.7	$1,947.7	$1,827.9	$1,646.6	$1,751.6	$2,035.0
Net (Recovery) Provision for Credit Losses	($0.9)	($2.2)	$1.8	$4.8	$2.7	$--	$19.0	$16.9
% of Managed Receivables	(0.2%)	(0.4%)	0.4%	1.0%	0.6%	0.0%	4.3%	3.3%

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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.

Q4 2021 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended December 31, 2021		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($23.9)**	**$29.0**	**$5.1**
Add back:			
Income taxes	(5.9)	9.4	3.5
Interest expense, net of interest income	21.5	10.5	32.0
Depreciation and amortization	43.6	2.3	45.9
Intercompany interest	-	-	-
EBITDA	**$35.3**	**$51.2**	**$86.5**
Non-cash stock-based compensation	1.6	0.3	1.9
Acquisition related costs	2.4	-	2.4
Securitization interest	-	(8.3)	(8.3)
(Gain)/Loss on asset sales	(0.8)	-	(0.8)
Severance	1.4	0.2	1.6
Foreign currency (gains)/losses	1.1	-	1.1
Contingent consideration adjustment	4.2	-	4.2
Net change in unrealized gains on investment securities	-	9.3	9.3
Other	0.1	(0.1)	-
Total Addbacks/(Deductions)	10.0	1.4	11.4
Adjusted EBITDA	**$45.3**	**$52.6**	**$97.9**
Revenue	$470.2	$79.2	$549.4
Adjusted EBITDA % margin	9.6%	66.4%	17.8%

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Q4 2020 Adjusted EBITDA Reconciliation

($ in millions)

	Three Months ended December 31, 2020		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($38.5)**	**$21.4**	**($17.1)**
Add back:			
Income taxes	(9.7)	6.3	(3.4)
Interest expense, net of interest income	21.5	8.8	30.3
Depreciation and amortization	47.7	2.9	50.6
Intercompany interest	0.1	(0.1)	-
EBITDA	**$21.1**	**$39.3**	**$60.4**
Non-cash stock-based compensation	2.5	0.5	3.0
Acquisition related costs	4.1	-	4.1
Securitization interest	-	(6.2)	(6.2)
Loss on asset sales	0.2	-	0.2
Severance	0.9	-	0.9
Foreign currency (gains)/losses	1.7	-	1.7
Contingent consideration adjustment	4.7	-	4.7
Other	(1.7)	0.4	(1.3)
Total Addbacks/ (Deductions)	12.4	(5.3)	7.1
Adjusted EBITDA	**$33.5**	**$34.0**	**$67.5**
Revenue	$464.2	$65.4	$529.6
Adjusted EBITDA % margin	7.2%	52.0%	12.7%

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YTD 2021 Adjusted EBITDA Reconciliation

($ in millions)

	Year ended December 31, 2021		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($58.9)**	**$125.4**	**$66.5**
Add back:			
Income taxes	(6.5)	41.5	35.0
Interest expense, net of interest income	86.2	39.5	125.7
Depreciation and amortization	173.6	9.4	183.0
Intercompany interest	0.2	(0.2)	-
EBITDA	**$194.6**	**$215.6**	**$410.2**
Non-cash stock-based compensation	14.5	2.2	16.7
Acquisition related costs	8.1	-	8.1
Securitization interest	-	(29.8)	(29.8)
(Gain)/Loss on asset sales	(3.6)	(0.8)	(4.4)
Severance	4.8	0.4	5.2
Foreign currency (gains)/losses	3.8	-	3.8
Contingent consideration adjustment	24.3	-	24.3
Net change in unrealized gains on investment securities	-	(1.4)	(1.4)
Other	1.8	(0.3)	1.5
Total Addbacks/(Deductions)	53.7	(29.7)	24.0
Adjusted EBITDA	**$248.3**	**$185.9**	**$434.2**
Revenue	$1,962.4	$289.2	$2,251.6
Adjusted EBITDA % margin	12.7%	64.3%	19.3%

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YTD 2020 Adjusted EBITDA Reconciliation

($ in millions)

	Year ended December 31, 2020		
	ADESA	**AFC**	**Consolidated**
Net income (loss)	**($79.1)**	**$79.6**	**$0.5**
Add back:			
Income taxes	(17.0)	21.9	4.9
Interest expense, net of interest income	88.3	39.0	127.3
Depreciation and amortization	178.8	12.5	191.3
Intercompany interest	1.1	(1.1)	-
EBITDA	**$172.1**	**$151.9**	**$324.0**
Non-cash stock-based compensation	12.8	2.3	15.1
Acquisition related costs	8.8	-	8.8
Securitization interest	-	(27.3)	(27.3)
Loss on asset sales	1.3	-	1.3
Severance	11.1	0.4	11.5
Foreign currency (gains)/losses	4.9	-	4.9
Goodwill and other intangibles impairment	29.8	-	29.8
Contingent consideration adjustment	4.7	-	4.7
Other	2.1	0.4	2.5
Total Addbacks/ (Deductions)	75.5	(24.2)	51.3
Adjusted EBITDA	**$247.6**	**$127.7**	**$375.3**
Revenue	$1,920.1	$267.6	$2,187.7
Adjusted EBITDA % margin	12.9%	47.7%	17.2%

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Operating Adjusted Net Income per Share Reconciliation

($ in millions, except per share amounts), (unaudited)	Three Months ended December 31,		Year ended December 31,	
	2021	2020	2021	2020
Net income (loss)[1]	**$5.1**	**($17.1)**	**$66.5**	**$0.5**
Acquired amortization expense	13.0	15.3	54.6	57.7
Contingent consideration adjustment	4.2	4.7	24.3	4.7
Goodwill and other intangibles impairment	-	-	-	29.8
Income taxes [2]	(4.5)	(4.6)	(18.8)	(17.3)
Operating adjusted net income (loss)	**$17.8**	**($1.7)**	**$126.6**	**$75.4**
Operating adjusted net income (loss) per share − diluted	**$0.11**	**($0.01)**	**$0.81**	**$0.51**
Weighted average diluted shares	156.1	161.8	157.2	147.0

(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 (loss) and operating adjusted net income (loss) per diluted share.

(2) For the three and twelve months ended December 31, 2021, an effective tax rate of 34.5% was applied to the acquired amortization expense and for the three and twelve months ended December 31, 2020, an effective tax rate of 30% 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.

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