



Second Quarter 2023 Earnings Slides

// August 2, 2023



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 but are not limited to risks and uncertainties regarding the impact of adverse market, economic and geopolitical conditions and those other matters disclosed in the company's Securities and Exchange Commission filings, including those discussed under the heading "Risk Factors" in the company's annual and quarterly periodic reports. 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.



2023 Guidance

(in millions, except per share amounts) (unaudited)

	2023 GUIDANCE	
	Low	High
Income (loss) from continuing operations	(\$166)	(\$153)
Add back:		
Income taxes	(4)	4
Interest expense, net of interest income	157	155
Depreciation and amortization	108	107
EBITDA	\$95	\$113
Total addbacks/(deductions), net	155	157
Adjusted EBITDA	\$250	\$270
Income (loss) from continuing operations per share – diluted *	(\$1.92)	(\$1.80)
Income (loss) from continuing operations	(\$166)	(\$153)
Total adjustments, net	253	255
Operating adjusted net income from continuing operations	\$87	\$102
Operating adjusted net income from continuing operations per share – diluted	\$0.60	\$0.70
Weighted average diluted shares – including assumed conversion of preferred shares	146	146

* The company uses the two-class method of calculating income (loss) from continuing operations per diluted share. Under the two-class method, income from continuing operations is adjusted for dividends and undistributed earnings (losses) to the holders of the Series A Preferred Stock, and the weighted average diluted shares do not assume conversion of the preferred shares to common shares.



Second Quarter & Year-to-Date Results



OPENLANE Q2 & YTD 2023 Highlights*

(\$ in millions, except per share amounts)

OPENLANE	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Total operating revenues from continuing operations	\$416.9	\$384.2	\$837.5	\$753.6
Gross profit**	\$194.3	\$172.3	\$390.7	\$330.9
% of revenue**	46.6%	44.8%	46.7%	43.9%
SG&A	\$111.2	\$124.1	\$219.2	\$243.0
Other (income) expense, net***	(\$21.3)	\$4.0	(\$14.2)	\$5.2
EBITDA	(\$148.8)	\$35.8	(\$68.4)	\$74.2
Adjusted EBITDA	\$83.8	\$56.1	\$142.7	\$105.2
Income (loss) from continuing operations	(\$193.8)	(\$5.4)	(\$181.1)	(\$13.8)
Income (loss) from continuing operations per share – diluted	(\$1.87)	(\$0.10)	(\$1.86)	(\$0.23)
Weighted average diluted shares	109.6	119.5	109.4	120.4
Operating adjusted net income (loss) from continuing operations per share – diluted	\$0.25	\$0.04	\$0.38	\$0.03
Weighted average diluted shares – including assumed conversion of preferred shares	145.3	155.2	145.2	155.9
Effective tax rate	9.1%	64.7%	6.2%	51.4%
Capital expenditures	\$14.9	\$18.0	\$26.9	\$31.5

* 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 three and six months ended June 30, 2023.

** Exclusive of depreciation and amortization.

*** The first quarter of 2023 included an \$11 million charge related to an investment in an early-stage automotive company. The second quarter of 2023 included the receipt of a \$20 million early termination payment.



Marketplace Q2 & YTD 2023 Highlights*

(\$ in millions, except RPU)

Marketplace	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Auction fees	\$103.3	\$99.2	\$203.2	\$200.6
Service revenue	\$155.7	\$147.3	\$321.3	\$284.8
Purchased vehicle sales	\$60.4	\$45.8	\$115.9	\$92.1
Total Marketplace revenue from continuing operations	\$319.4	\$292.3	\$640.4	\$577.5
Gross profit**	\$113.3	\$96.6	\$226.5	\$186.0
% of revenue, excluding purchased vehicles**	43.8%	39.2%	43.2%	38.3%
SG&A	\$98.5	\$110.5	\$194.1	\$218.9
Other (income) expense, net***	(\$21.0)	\$0.8	(\$14.0)	(\$1.0)
EBITDA	(\$217.4)	(\$23.1)	(\$207.7)	(\$40.4)
Adjusted EBITDA	\$43.5	\$5.0	\$57.8	\$4.0
% of revenue	13.6%	1.7%	9.0%	0.7%
Commercial vehicles sold	180,000	177,000	347,000	351,000
Dealer consignment vehicles sold	164,000	166,000	327,000	343,000
Total vehicles sold	344,000	343,000	674,000	694,000

* 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 three and six months ended June 30, 2023.

** Exclusive of depreciation and amortization.

*** The first quarter of 2023 included an \$11 million charge related to an investment in an early-stage automotive company. The second quarter of 2023 included the receipt of a \$20 million early termination payment.



Q2 | 2023

Finance Q2 & YTD 2023 Highlights*

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

Finance	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Interest income	\$61.9	\$46.5	\$122.5	\$89.7
Fee income	\$44.1	\$42.7	\$91.7	\$82.9
Other revenue	\$3.7	\$2.6	\$7.1	\$4.8
Net recovery (provision) for credit losses	(\$12.2)	\$0.1	(\$24.2)	(\$1.3)
Total Finance revenue	\$97.5	\$91.9	\$197.1	\$176.1
Gross profit**	\$81.0	\$75.7	\$164.2	\$144.9
<i>% of revenue**</i>	83.1%	82.4%	83.3%	82.3%
SG&A	\$12.7	\$13.6	\$25.1	\$24.1
Other (income) expense, net	(\$0.3)	\$3.2	(\$0.2)	\$6.2
EBITDA	\$68.6	\$58.9	\$139.3	\$114.6
Adjusted EBITDA	\$40.3	\$51.1	\$84.9	\$101.2
Loan transactions	402,000	401,000	822,000	773,000
Revenue per loan transaction	\$243	\$229	\$240	\$228
Provision for credit losses % of finance receivables	2.0%	0.0%	2.0%	0.1%
Managed receivables	\$2,418.3	\$2,681.6	\$2,418.3	\$2,681.6
Obligations collateralized by finance receivables	\$1,717.4	\$1,781.3	\$1,717.4	\$1,781.3

* 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 three and six months ended June 30, 2023.

** Exclusive of depreciation and amortization.



June 30, 2023 Leverage

(US\$ in millions)

	Balance	Maturity
Revolving Credit Facility (Adjusted Term SOFR + 2.25%)	\$162	2028
Senior Notes (Fixed 5.125%)	210	2025
Other	26	
Total	<u>398</u>	
Less: Cash and cash equivalents	<u>242</u>	
Net Debt	<u>156</u>	

Net Debt Ratio ¹ 0.6

Corporate Credit Ratings: S&P B, Moodys B1

¹ When calculating the corporate net debt to Adjusted EBITDA leverage ratio, we now use the balance sheet “Cash and cash equivalents” amount instead of available cash as defined by our credit agreement. The difference between the balance sheet amount and available cash has not historically been material.



Historical Data



Marketplace Metrics

	2Q23	1Q23	2022	4Q22	3Q22	2Q22	1Q22	2021
Revenue ¹	\$319.4	\$321.0	\$1,143.5	\$272.1	\$293.9	\$292.3	\$285.2	\$1,161.4
Commercial vehicles sold	180	167	661	151	159	177	174	948
Dealer consignment vehicles sold	164	163	636	138	155	166	177	651
Total vehicles sold	344	330	1,297	289	314	343	351	1,599
Gross profit percentage ¹	35.5%	35.3%	32.6%	31.5%	34.2%	33.0%	31.3%	36.5%
Gross profit percentage, excluding purchased vehicles	43.8%	42.6%	38.8%	37.8%	40.5%	39.2%	37.4%	45.1%
Income (loss) from continuing operations	(\$219.4)	(\$21.1)	(\$105.7)	\$5.8	(\$35.8)	(\$36.3)	(\$39.4)	(\$126.2)
Adjusted EBITDA	\$43.5	\$14.3	\$29.4	\$7.7	\$17.7	\$5.0	(\$1.0)	\$84.3
Gross Merchandise Value (\$B)	\$6.4	\$6.0	\$23.2	\$5.0	\$5.5	\$6.2	\$6.5	\$28.0

¹ Includes purchased vehicle sales



Finance Metrics

	2Q23	1Q23	2022	4Q22	3Q22	2Q22	1Q22	2021
Interest income	\$61.9	\$60.6	\$202.8	\$59.7	\$53.4	\$46.5	\$43.2	\$139.7
Fee income	\$44.1	\$47.6	\$171.9	\$44.7	\$44.3	\$42.7	\$40.2	\$144.4
Other revenue	\$3.7	\$3.4	\$11.0	\$3.3	\$2.9	\$2.6	\$2.2	\$8.6
Net recovery (provision) for credit losses	(\$12.2)	(\$12.0)	(\$9.8)	(\$7.0)	(\$1.5)	\$0.1	(\$1.4)	(\$3.5)
Total Finance revenue	\$97.5	\$99.6	\$375.9	\$100.7	\$99.1	\$91.9	\$84.2	\$289.2
Loan Transaction Units (LTU)	402	420	1,562	392	397	401	372	1,421
Revenue per Loan Transaction	\$243	\$237	\$241	\$257	\$250	\$229	\$226	\$204
Income (loss) from continuing operations	\$25.6	\$33.8	\$134.3	\$36.1	\$36.3	\$30.9	\$31.0	\$125.4
Adjusted EBITDA	\$40.3	\$44.6	\$201.8	\$48.8	\$51.8	\$51.1	\$50.1	\$185.9
Ending Managed Finance Receivables	\$2,418.3	\$2,406.4	\$2,416.6	\$2,416.6	\$2,555.1	\$2,681.6	\$2,757.8	\$2,529.0
Ending Obligations Collateralized by Finance Receivables	\$1,717.4	\$1,638.2	\$1,677.6	\$1,677.6	\$1,707.8	\$1,781.3	\$1,866.6	\$1,692.3



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.



Q2 2023 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended June 30, 2023		
	Marketplace	Finance	Consolidated
Income (loss) from continuing operations	(\$219.4)	\$25.6	(\$193.8)
Add back:			
Income taxes	(36.0)	16.7	(19.3)
Interest expense, net of interest income	5.4	32.1	37.5
Depreciation and amortization	24.5	2.3	26.8
Intercompany interest	8.1	(8.1)	-
EBITDA	(\$217.4)	\$68.6	(\$148.8)
Non-cash stock-based compensation	4.3	1.2	5.5
Loss on extinguishment of debt	1.1	-	1.1
Acquisition related costs	0.3	-	0.3
Securitization interest	-	(29.6)	(29.6)
Severance	0.9	0.1	1.0
Foreign currency (gains)/losses	0.5	(0.2)	0.3
Goodwill and other intangibles impairment	250.8	-	250.8
Contingent consideration adjustment	1.3	-	1.3
Net change in unrealized (gains) losses on investment securities	-	(0.2)	(0.2)
Professional fees related to business improvement efforts	1.7	0.4	2.1
Total addbacks/(deductions)	260.9	(28.3)	232.6
Adjusted EBITDA	\$43.5	\$40.3	\$83.8
Revenue	\$319.4	\$97.5	\$416.9
Adjusted EBITDA % margin	13.6%	41.3%	20.1%



Q2 2022 Adjusted EBITDA Reconciliation

(\$ in millions)

	Three Months ended June 30, 2022		
	Marketplace	Finance	Consolidated
Income (loss) from continuing operations	(\$36.3)	\$30.9	(\$5.4)
Add back:			
Income taxes	(20.2)	10.3	(9.9)
Interest expense, net of interest income	9.0	16.2	25.2
Depreciation and amortization	23.8	2.1	25.9
Intercompany interest	0.6	(0.6)	-
EBITDA	(\$23.1)	\$58.9	\$35.8
Non-cash stock-based compensation	11.7	2.8	14.5
Loss on extinguishment of debt	7.7	-	7.7
Acquisition related costs	0.3	-	0.3
Securitization interest	-	(14.3)	(14.3)
Severance	3.1	0.2	3.3
Foreign currency (gains)/losses	3.3	-	3.3
Net change in unrealized (gains) losses on investment securities	-	3.2	3.2
Professional fees related to business improvement efforts	0.7	0.1	0.8
Other	1.3	0.2	1.5
Total addbacks/(deductions)	28.1	(7.8)	20.3
Adjusted EBITDA	\$5.0	\$51.1	\$56.1
Revenue	\$292.3	\$91.9	\$384.2
Adjusted EBITDA % margin	1.7%	55.6%	14.6%



YTD 2023 Adjusted EBITDA Reconciliation

(\$ in millions)

	Six Months ended June 30, 2023		
	Marketplace	Finance	Consolidated
Income (loss) from continuing operations	(\$240.5)	\$59.4	(\$181.1)
Add back:			
Income taxes	(39.9)	27.9	(12.0)
Interest expense, net of interest income	12.5	62.4	74.9
Depreciation and amortization	45.7	4.1	49.8
Intercompany interest	14.5	(14.5)	-
EBITDA	(\$207.7)	\$139.3	(\$68.4)
Non-cash stock-based compensation	7.0	2.3	9.3
Loss on extinguishment of debt	1.1	-	1.1
Acquisition related costs	0.6	-	0.6
Securitization interest	-	(57.4)	(57.4)
Severance	1.4	0.1	1.5
Foreign currency (gains)/losses	0.4	-	0.4
Goodwill and other intangibles impairment	250.8	-	250.8
Contingent consideration adjustment	1.3	-	1.3
Net change in unrealized (gains) losses on investment securities	-	(0.1)	(0.1)
Professional fees related to business improvement efforts	2.3	0.5	2.8
Other	0.6	0.2	0.8
Total addbacks/(deductions)	265.5	(54.4)	211.1
Adjusted EBITDA	\$57.8	\$84.9	\$142.7
Revenue	\$640.4	\$197.1	\$837.5
Adjusted EBITDA % margin	9.0%	43.1%	17.0%



YTD 2022 Adjusted EBITDA Reconciliation

(\$ in millions)

	Six Months ended June 30, 2022		
	Marketplace	Finance	Consolidated
Income (loss) from continuing operations	(\$75.7)	\$61.9	(\$13.8)
Add back:			
Income taxes	(35.3)	20.7	(14.6)
Interest expense, net of interest income	22.2	28.5	50.7
Depreciation and amortization	47.7	4.2	51.9
Intercompany interest	0.7	(0.7)	-
EBITDA	(\$40.4)	\$114.6	\$74.2
Non-cash stock-based compensation	16.1	3.6	19.7
Loss on extinguishment of debt	7.7	-	7.7
Acquisition related costs	0.6	-	0.6
Securitization interest	-	(24.7)	(24.7)
(Gain)/Loss on asset sales	(0.1)	-	(0.1)
Severance	6.3	0.4	6.7
Foreign currency (gains)/losses	4.5	-	4.5
Net change in unrealized (gains) losses on investment securities	-	6.2	6.2
Professional fees related to business improvement efforts	8.0	0.9	8.9
Other	1.3	0.2	1.5
Total addbacks/(deductions)	44.4	(13.4)	31.0
Adjusted EBITDA	\$4.0	\$101.2	\$105.2
Revenue	\$577.5	\$176.1	\$753.6
Adjusted EBITDA % margin	0.7%	57.5%	14.0%



Operating Adjusted Net Income (Loss) per Share Reconciliation

(\$ in millions, except per share amounts), (unaudited)

	Three Months ended		Six Months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Net income (loss) from continuing operations ⁽¹⁾	(\$193.8)	(\$5.4)	(\$181.1)	(\$13.8)
Acquired amortization expense	9.8	8.2	17.2	16.8
Loss on extinguishment of debt	1.1	7.7	1.1	7.7
Contingent consideration adjustment	1.3	-	1.3	-
Goodwill and other intangibles impairment	250.8	-	250.8	-
Income taxes ⁽²⁾	(32.4)	(3.9)	(34.2)	(6.0)
Operating adjusted net income (loss) from continuing operations	\$36.8	\$6.6	\$55.1	\$4.7
Net income from discontinued operations	\$-	\$215.6	\$-	\$223.7
Acquired amortization expense	-	1.5	-	5.9
Income taxes ⁽²⁾	-	(0.4)	-	(1.4)
Operating adjusted net income from discontinued operations	\$-	\$216.7	\$-	\$228.2
Operating adjusted net income	\$36.8	\$223.3	\$55.1	\$232.9
Operating adjusted net income (loss) from continuing operations per share – diluted	\$0.25	\$0.04	\$0.38	\$0.03
Operating adjusted net income from discontinued operations per share – diluted	-	1.40	-	1.46
Operating adjusted net income per share – diluted	\$0.25	\$1.44	\$0.38	\$1.49
Weighted average diluted shares – including assumed conversion of preferred shares	145.3	155.2	145.2	155.9

(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 six months ended June 30, 2023 and 2022, each tax deductible item was booked to the applicable statutory rate. The deferred tax benefits of \$52.5 million and \$6.5 million associated with the goodwill and tradename impairments, respectively, resulted in the U.S. being in a net deferred tax asset position. Due to the three year cumulative loss related to U.S. operations, we recorded a \$29.6 million valuation allowance against the U.S. net deferred tax asset.



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