OPENLANE

# Third Quarter 2023 Earnings Slides

// November 1, 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 | 2023 GUIDANCE High |
|---|---|---|
| **Income (loss) from continuing operations** | **($172)** | **($158)** |
| Add back: | | |
| Income taxes | 2 | 9 |
| Interest expense, net of interest income | 153 | 151 |
| Depreciation and amortization | 102 | 101 |
| EBITDA | $85 | $103 |
| Total addbacks/(deductions), net | 165 | 167 |
| **Adjusted EBITDA** | **$250** | **$270** |
| | | |
| **Income (loss) from continuing operations per share – diluted *** | **($1.98)** | **($1.85)** |
| | | |
| Income (loss) from continuing operations | ($172) | ($158) |
| Total adjustments, net | 259 | 260 |
| 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 | 145 | 145 |

* 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.

# Third Quarter & Year-to-Date Results



# OPENLANE Q3 & YTD 2023 Highlights*

($ in millions, except per share amounts)

| OPENLANE | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|
| Total operating revenues from continuing operations | $416.3 | $393.0 | $1,253.8 | $1,146.6 |
| Gross profit** | $200.3 | $183.4 | $591.0 | $514.3 |
| *% of revenue*** | *48.1%* | *46.7%* | *47.1%* | *44.9%* |
| SG&A | $107.4 | $109.1 | $326.6 | $352.1 |
| Other (income) expense, net*** | $1.7 | $1.2 | ($12.5) | $6.4 |
| EBITDA | $90.3 | $62.4 | $21.9 | $136.6 |
| Adjusted EBITDA | $67.5 | $69.5 | $210.2 | $174.7 |
| Income (loss) from continuing operations | $12.7 | $0.5 | ($168.4) | ($13.3) |
| Income (loss) from continuing operations per share – diluted | $0.01 | ($0.09) | ($1.84) | ($0.30) |
| Weighted average diluted shares | 109.9 | 114.6 | 109.3 | 118.5 |
| Operating adjusted net income (loss) from continuing operations per share – diluted | $0.18 | $0.09 | $0.56 | $0.12 |
| Weighted average diluted shares – including assumed conversion of preferred shares | 145.6 | 150.3 | 145.1 | 154.0 |
| Effective tax rate | 50.0% | 93.1% | -0.4% | 37.3% |
| Capital expenditures | $12.9 | $14.3 | $39.8 | $45.8 |

* 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 nine months ended September 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 Q3 & YTD 2023 Highlights*

($ in millions, except RPU)

| Marketplace | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|
| Auction fees | $102.1 | $88.9 | $305.3 | $289.5 |
| Service revenue | $153.9 | $159.2 | $475.2 | $444.0 |
| Purchased vehicle sales | $60.6 | $45.8 | $176.5 | $137.9 |
| Total Marketplace revenue from continuing operations | $316.6 | $293.9 | $957.0 | $871.4 |
| Gross profit** | $117.3 | $100.5 | $343.8 | $286.5 |
| % of revenue, excluding purchased vehicles** | *45.8%* | *40.5%* | *44.0%* | *39.1%* |
| | | | | |
| SG&A | $94.8 | $96.9 | $288.9 | $315.8 |
| Other (income) expense, net*** | $1.2 | $0.9 | ($12.8) | ($0.1) |
| EBITDA | $20.4 | ($8.0) | ($187.3) | ($48.4) |
| Adjusted EBITDA | $26.8 | $17.7 | $84.6 | $21.7 |
| % of revenue | *8.5%* | *6.0%* | *8.8%* | *2.5%* |
| Commercial vehicles sold | 180,000 | 159,000 | 527,000 | 510,000 |
| Dealer consignment vehicles sold | 159,000 | 155,000 | 486,000 | 498,000 |
| Total vehicles sold | 339,000 | 314,000 | 1,013,000 | 1,008,000 |

* 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 nine months ended September 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.

# Finance Q3 & YTD 2023 Highlights*

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

| Finance | Q3 2023 | Q3 2022 | YTD 2023 | YTD 2022 |
|---|---|---|---|---|
| Interest income | $63.0 | $53.4 | $185.5 | $143.1 |
| Fee income | $45.6 | $44.3 | $137.3 | $127.2 |
| Other revenue | $2.7 | $2.9 | $9.8 | $7.7 |
| Provision for credit losses | ($11.6) | ($1.5) | ($35.8) | ($2.8) |
| Total Finance revenue | $99.7 | $99.1 | $296.8 | $275.2 |
| Gross profit** | $83.0 | $82.9 | $247.2 | $227.8 |
| *% of revenue*** | *83.2%* | *83.7%* | *83.3%* | *82.8%* |
| SG&A | $12.6 | $12.2 | $37.7 | $36.3 |
| Other (income) expense, net | $0.5 | $0.3 | $0.3 | $6.5 |
| EBITDA | $69.9 | $70.4 | $209.2 | $185.0 |
| Adjusted EBITDA | $40.7 | $51.8 | $125.6 | $153.0 |
| Loan transactions | 406,000 | 397,000 | 1,228,000 | 1,170,000 |
| Revenue per loan transaction | $246 | $250 | $242 | $235 |
| Provision for credit losses % of finance receivables | 2.0% | 0.2% | 2.0% | 0.1% |
| Managed receivables | $2,379.1 | $2,555.1 | $2,379.1 | $2,555.1 |
| Obligations collateralized by finance receivables | $1,695.3 | $1,707.8 | $1,695.3 | $1,707.8 |

* 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 nine months ended September 30, 2023.
** Exclusive of depreciation and amortization.

# September 30, 2023 Leverage
## *(US$ in millions)*

| | Balance | Maturity |
|---|---|---|
| Revolving Credit Facility (Adjusted Term SOFR + 2.25%) | $23 | 2028 |
| Senior Notes (Fixed 5.125%) | 210 | 2025 |
| Other | 19 | |
| Total | 252 | |
| Less: Cash and cash equivalents | 110 | |
| Net Debt | 142 | |

| | |
|---|---|
| **Net Debt Ratio** [1] | **0.5** |

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

| (Volumes in thousands) | 3Q23 | 2Q23 | 1Q23 | 2022 | 4Q22 | 3Q22 | 2Q22 | 1Q22 |
|---|---|---|---|---|---|---|---|---|
| Revenue[1] ($M) | $316.6 | $319.4 | $321.0 | $1,143.5 | $272.1 | $293.9 | $292.3 | $285.2 |
| Commercial vehicles sold | 180 | 180 | 167 | 661 | 151 | 159 | 177 | 174 |
| Dealer consignment vehicles sold | 159 | 164 | 163 | 636 | 138 | 155 | 166 | 177 |
| Total vehicles sold | 339 | 344 | 330 | 1,297 | 289 | 314 | 343 | 351 |
| Gross profit percentage[1] | 37.0% | 35.5% | 35.3% | 32.6% | 31.5% | 34.2% | 33.0% | 31.3% |
| Gross profit percentage, excluding purchased vehicles | 45.8% | 43.8% | 42.6% | 38.8% | 37.8% | 40.5% | 39.2% | 37.4% |
| Income (loss) from continuing operations ($M) | ($19.3) | ($219.4) | ($21.1) | ($105.7) | $5.8 | ($35.8) | ($36.3) | ($39.4) |
| Adjusted EBITDA ($M) | $26.8 | $43.5 | $14.3 | $29.4 | $7.7 | $17.7 | $5.0 | ($1.0) |
| Gross Merchandise Value ($B) | $6.0 | $6.4 | $6.0 | $23.2 | $5.0 | $5.5 | $6.2 | $6.5 |

[1] Includes purchased vehicle sales

# Finance Metrics

| ($ in millions, except for revenue per loan transaction; LTUs in thousands) | 3Q23 | 2Q23 | 1Q23 | 2022 | 4Q22 | 3Q22 | 2Q22 | 1Q22 |
|---|---|---|---|---|---|---|---|---|
| Interest income | $63.0 | $61.9 | $60.6 | $202.8 | $59.7 | $53.4 | $46.5 | $43.2 |
| Fee income | $45.6 | $44.1 | $47.6 | $171.9 | $44.7 | $44.3 | $42.7 | $40.2 |
| Other revenue | $2.7 | $3.7 | $3.4 | $11.0 | $3.3 | $2.9 | $2.6 | $2.2 |
| Net recovery (provision) for credit losses | ($11.6) | ($12.2) | ($12.0) | ($9.8) | ($7.0) | ($1.5) | $0.1 | ($1.4) |
| Total Finance revenue | $99.7 | $97.5 | $99.6 | $375.9 | $100.7 | $99.1 | $91.9 | $84.2 |
| Loan Transaction Units (LTU) | 406 | 402 | 420 | 1,562 | 392 | 397 | 401 | 372 |
| Revenue per Loan Transaction | $246 | $243 | $237 | $241 | $257 | $250 | $229 | $226 |
| Income (loss) from continuing operations | $32.0 | $25.6 | $33.8 | $134.3 | $36.1 | $36.3 | $30.9 | $31.0 |
| Adjusted EBITDA | $40.7 | $40.3 | $44.6 | $201.8 | $48.8 | $51.8 | $51.1 | $50.1 |
| Ending Managed Finance Receivables | $2,379.1 | $2,418.3 | $2,406.4 | $2,416.6 | $2,416.6 | $2,555.1 | $2,681.6 | $2,757.8 |
| Ending Obligations Collateralized by Finance Receivables | $1,695.3 | $1,717.4 | $1,638.2 | $1,677.6 | $1,677.6 | $1,707.8 | $1,781.3 | $1,866.6 |

# 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 2023 Adjusted EBITDA Reconciliation

($ in millions)

| | Three Months ended September 30, 2023 | | |
|---|---|---|---|
| | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | **($19.3)** | **$32.0** | **$12.7** |
| Add back: | | | |
| Income taxes | 2.0 | 10.7 | 12.7 |
| Interest expense, net of interest income | 4.3 | 34.2 | 38.5 |
| Depreciation and amortization | 23.8 | 2.6 | 26.4 |
| Intercompany interest | 9.6 | (9.6) | - |
| **EBITDA** | **$20.4** | **$69.9** | **$90.3** |
| Non-cash stock-based compensation | 3.5 | 1.0 | 4.5 |
| Acquisition related costs | 0.5 | - | 0.5 |
| Securitization interest | - | (31.6) | (31.6) |
| Severance | 1.7 | 0.2 | 1.9 |
| Foreign currency (gains)/losses | (1.2) | - | (1.2) |
| Net change in unrealized (gains) losses on investment securities | - | 0.5 | 0.5 |
| Professional fees related to business improvement efforts | 1.4 | 0.3 | 1.7 |
| Other | 0.5 | 0.4 | 0.9 |
| Total addbacks/(deductions) | 6.4 | (29.2) | (22.8) |
| **Adjusted EBITDA** | **$26.8** | **$40.7** | **$67.5** |
| Revenue | $316.6 | $99.7 | $416.3 |
| Adjusted EBITDA % margin | 8.5% | 40.8% | 16.2% |



# Q3 2022 Adjusted EBITDA Reconciliation

($ in millions)

| | Three Months ended September 30, 2022 | | |
|---|---|---|---|
| | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | **($35.8)** | **$36.3** | **$0.5** |
| Add back: | | | |
| Income taxes | (5.6) | 12.3 | 6.7 |
| Interest expense, net of interest income | 8.6 | 22.3 | 30.9 |
| Depreciation and amortization | 22.4 | 1.9 | 24.3 |
| Intercompany interest | 2.4 | (2.4) | - |
| **EBITDA** | **($8.0)** | **$70.4** | **$62.4** |
| Non-cash stock-based compensation | 2.8 | 0.7 | 3.5 |
| Loss on extinguishment of debt | 9.3 | - | 9.3 |
| Acquisition related costs | 0.3 | - | 0.3 |
| Securitization interest | - | (20.2) | (20.2) |
| Severance | 1.4 | 0.1 | 1.5 |
| Foreign currency (gains)/losses | 4.1 | - | 4.1 |
| Net change in unrealized (gains) losses on investment securities | - | 0.3 | 0.3 |
| Professional fees related to business improvement efforts | 2.7 | 0.5 | 3.2 |
| Other | 5.1 | - | 5.1 |
| Total addbacks/(deductions) | 25.7 | (18.6) | 7.1 |
| **Adjusted EBITDA** | **$17.7** | **$51.8** | **$69.5** |
| Revenue | $293.9 | $99.1 | $393.0 |
| Adjusted EBITDA % margin | 6.0% | 52.3% | 17.7% |

# YTD 2023 Adjusted EBITDA Reconciliation

($ in millions)

| | Nine Months ended September 30, 2023 | | |
|---|---|---|---|
| | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | **($259.8)** | **$91.4** | **($168.4)** |
| **Add back:** | | | |
| Income taxes | (37.9) | 38.6 | 0.7 |
| Interest expense, net of interest income | 16.8 | 96.6 | 113.4 |
| Depreciation and amortization | 69.5 | 6.7 | 76.2 |
| Intercompany interest | 24.1 | (24.1) | - |
| **EBITDA** | **($187.3)** | **$209.2** | **$21.9** |
| Non-cash stock-based compensation | 10.5 | 3.3 | 13.8 |
| Loss on extinguishment of debt | 1.1 | - | 1.1 |
| Acquisition related costs | 1.1 | - | 1.1 |
| Securitization interest | - | (89.0) | (89.0) |
| Severance | 3.1 | 0.3 | 3.4 |
| Foreign currency (gains)/losses | (0.8) | - | (0.8) |
| 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 | - | 0.4 | 0.4 |
| Professional fees related to business improvement efforts | 3.7 | 0.8 | 4.5 |
| Other | 1.1 | 0.6 | 1.7 |
| Total addbacks/(deductions) | 271.9 | (83.6) | 188.3 |
| **Adjusted EBITDA** | **$84.6** | **$125.6** | **$210.2** |
| Revenue | $957.0 | $296.8 | $1,253.8 |
| Adjusted EBITDA % margin | 8.8% | 42.3% | 16.8% |

# YTD 2022 Adjusted EBITDA Reconciliation

($ in millions)

| | Nine Months ended September 30, 2022 | | |
|---|---|---|---|
| | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | **($111.5)** | **$98.2** | **($13.3)** |
| **Add back:** | | | |
| Income taxes | (40.9) | 33.0 | (7.9) |
| Interest expense, net of interest income | 30.8 | 50.8 | 81.6 |
| Depreciation and amortization | 70.1 | 6.1 | 76.2 |
| Intercompany interest | 3.1 | (3.1) | - |
| **EBITDA** | **($48.4)** | **$185.0** | **$136.6** |
| Non-cash stock-based compensation | 18.9 | 4.3 | 23.2 |
| Loss on extinguishment of debt | 17.0 | - | 17.0 |
| Acquisition related costs | 0.9 | - | 0.9 |
| Securitization interest | - | (44.9) | (44.9) |
| (Gain)/Loss on asset sales | (0.1) | - | (0.1) |
| Severance | 7.7 | 0.5 | 8.2 |
| Foreign currency (gains)/losses | 8.6 | - | 8.6 |
| Net change in unrealized (gains) losses on investment securities | - | 6.5 | 6.5 |
| Professional fees related to business improvement efforts | 10.7 | 1.4 | 12.1 |
| Other | 6.4 | 0.2 | 6.6 |
| Total addbacks/(deductions) | 70.1 | (32.0) | 38.1 |
| **Adjusted EBITDA** | **$21.7** | **$153.0** | **$174.7** |
| Revenue | $871.4 | $275.2 | $1,146.6 |
| Adjusted EBITDA % margin | 2.5% | 55.6% | 15.2% |

# Operating Adjusted Net Income (Loss) per Share Reconciliation

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

| | Three Months ended September 30, | | Nine Months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Net income (loss) from continuing operations** [1] | **$12.7** | **$0.5** | **($168.4)** | **($13.3)** |
| Acquired amortization expense | 11.1 | 8.2 | 28.3 | 25.0 |
| Loss on extinguishment of debt | - | 9.3 | 1.1 | 17.0 |
| Contingent consideration adjustment | - | - | 1.3 | - |
| Goodwill and other intangibles impairment | - | - | 250.8 | - |
| Income taxes [2] | 1.9 | (4.3) | (32.3) | (10.3) |
| **Operating adjusted net income (loss) from continuing operations** | **$25.7** | **$13.7** | **$80.8** | **$18.4** |
| **Net income (loss) from discontinued operations** | **$-** | **($6.3)** | **$-** | **$217.4** |
| Acquired amortization expense | - | - | - | 5.9 |
| Income taxes [2] | - | - | - | (1.4) |
| **Operating adjusted net income (loss) from discontinued operations** | **$-** | **($6.3)** | **$-** | **$221.9** |
| **Operating adjusted net income** | **$25.7** | **$7.4** | **$80.8** | **$240.3** |
| Operating adjusted net income (loss) from continuing operations per share – diluted | $0.18 | $0.09 | $0.56 | $0.12 |
| Operating adjusted net income (loss) from discontinued operations per share – diluted | - | (0.04) | - | 1.44 |
| **Operating adjusted net income per share – diluted** | **$0.18** | **$0.05** | **$0.56** | **$1.56** |
| Weighted average diluted shares - including assumed conversion of preferred shares | 145.6 | 150.3 | 145.1 | 154.0 |

(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 nine months ended September 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 currently have a $34.2 million valuation allowance against the U.S. net deferred tax asset.