UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-34568

OPENLANE, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**20-8744739**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

11299 N. Illinois Street, Suite 500, Carmel, Indiana 46032
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(800) 923-3725**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	KAR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of April 26, 2024, 108,302,011 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

OPENLANE, Inc.
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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

OPENLANE, Inc.
Consolidated Statements of Income
(In millions, except per share data)
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating revenues		
Auction fees	**$ 109.9**	$ 99.9
Service revenue	**150.2**	165.6
Purchased vehicle sales	**58.2**	55.5
Finance-related revenue	**98.0**	99.6
Total operating revenues	**416.3**	420.6
Operating expenses		
Cost of services (exclusive of depreciation and amortization)	**213.9**	224.2
Selling, general and administrative	**108.7**	108.0
Depreciation and amortization	**24.3**	23.0
Total operating expenses	**346.9**	355.2
Operating profit	**69.4**	65.4
Interest expense	**39.7**	38.3
Other (income) expense, net	**0.5**	7.1
Income from continuing operations before income taxes	**29.2**	20.0
Income taxes	**10.7**	7.3
Income from continuing operations	**18.5**	12.7
Income from discontinued operations, net of income taxes	**—**	—
Net income	**$ 18.5**	$ 12.7
Net income per share - basic		
Income from continuing operations	**$ 0.05**	$ 0.01
Income from discontinued operations	**—**	—
Net income per share - basic	**$ 0.05**	$ 0.01
Net income per share - diluted		
Income from continuing operations	**$ 0.05**	$ 0.01
Income from discontinued operations	**—**	—
Net income per share - diluted	**$ 0.05**	$ 0.01

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.
Consolidated Statements of Comprehensive Income
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Net income	**$ 18.5**	$ 12.7
Other comprehensive income (loss)		
Foreign currency translation gain (loss)	**(9.5)**	2.4
Comprehensive income	**$ 9.0**	$ 15.1

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.
Consolidated Balance Sheets
(In millions)
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	**$ 105.2**	$ 93.5
Restricted cash	**45.7**	65.4
Trade receivables, net of allowances of $9.2 and $9.9	**391.0**	291.8
Finance receivables, net of allowances of $21.0 and $23.0	**2,292.7**	2,282.0
Other current assets	**123.7**	109.2
Total current assets	**2,958.3**	2,841.9
Other assets		
Goodwill	**1,266.0**	1,271.2
Customer relationships, net of accumulated amortization of $440.7 and $438.5	**131.2**	136.1
Other intangible assets, net of accumulated amortization of $484.2 and $475.4	**176.4**	181.5
Operating lease right-of-use assets	**73.0**	75.9
Property and equipment, net of accumulated depreciation of $188.6 and $187.2	**163.5**	169.8
Other assets	**50.0**	49.9
Total other assets	**1,860.1**	1,884.4
Total assets	**$ 4,818.4**	$ 4,726.3

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.
Consolidated Balance Sheets
(In millions, except share and per share data)
(Unaudited)

	March 31, 2024	December 31, 2023
Liabilities, Temporary Equity and Stockholders' Equity		
Current liabilities		
Accounts payable	**$ 744.1**	$ 556.6
Accrued employee benefits and compensation expenses	**22.6**	40.5
Accrued interest	**11.9**	10.1
Other accrued expenses	**72.5**	75.3
Income taxes payable	**5.0**	9.8
Obligations collateralized by finance receivables	**1,597.2**	1,631.9
Current maturities of long-term debt	**120.4**	154.6
Total current liabilities	**2,573.7**	2,478.8
Non-current liabilities		
Long-term debt	**200.5**	202.4
Deferred income tax liabilities	**19.3**	20.9
Operating lease liabilities	**67.4**	70.4
Other liabilities	**14.8**	14.3
Total non-current liabilities	**302.0**	308.0
Commitments and contingencies (Note 9)		
Temporary equity		
Series A convertible preferred stock	**612.5**	612.5
Stockholders' equity		
Common stock, $0.01 par value:		
Authorized shares: 400,000,000		
Issued and outstanding shares:		
March 31, 2024: 108,302,011		
December 31, 2023: 108,040,704	**1.1**	1.1
Additional paid-in capital	**743.5**	738.2
Retained earnings	**631.8**	624.4
Accumulated other comprehensive loss	**(46.2)**	(36.7)
Total stockholders' equity	**1,330.2**	1,327.0
Total liabilities, temporary equity and stockholders' equity	**$ 4,818.4**	$ 4,726.3

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.
Consolidated Statements of Stockholders' Equity
(In millions)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2023	108.0	$ 1.1	$ 738.2	$ 624.4	$ (36.7)	$ 1,327.0
Net income				18.5		18.5
Other comprehensive loss					(9.5)	(9.5)
Issuance of common stock under stock plans	0.4		0.4			0.4
Surrender of RSUs for taxes	(0.1)		(1.7)			(1.7)
Stock-based compensation expense			6.6			6.6
Dividends on preferred stock				(11.1)		(11.1)
Balance at March 31, 2024	**108.3**	**$ 1.1**	**$ 743.5**	**$ 631.8**	**$ (46.2)**	**$ 1,330.2**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2022	108.9	$ 1.1	$ 743.8	$ 822.9	$ (49.5)	$ 1,518.3
Net income				12.7		12.7
Other comprehensive income					2.4	2.4
Issuance of common stock under stock plans	0.4		1.3			1.3
Surrender of RSUs for taxes	(0.1)		(1.3)			(1.3)
Stock-based compensation expense			3.6			3.6
Dividends on preferred stock				(11.1)		(11.1)
Balance at March 31, 2023	109.2	$ 1.1	$ 747.4	$ 824.5	$ (47.1)	$ 1,525.9

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Operating activities		
Net income	**$ 18.5**	$ 12.7
Net income from discontinued operations	**—**	—
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**24.3**	23.0
Provision for credit losses	**15.8**	14.3
Deferred income taxes	**(1.5)**	0.2
Amortization of debt issuance costs	**2.2**	2.2
Stock-based compensation	**6.6**	3.6
Net change in unrealized loss on investment securities	**—**	0.1
Investment and note receivable impairment	**—**	11.0
Other non-cash, net	**0.1**	0.7
Changes in operating assets and liabilities, net of acquisitions:		
Trade receivables and other assets	**(113.6)**	(96.4)
Accounts payable and accrued expenses	**147.8**	124.7
Net cash provided by operating activities - continuing operations	**100.2**	96.1
Net cash provided by operating activities - discontinued operations	**—**	—
Investing activities		
Net increase in finance receivables held for investment	**(26.4)**	(1.7)
Purchases of property, equipment and computer software	**(12.9)**	(12.0)
Investments in securities	**(0.4)**	(0.2)
Proceeds from sale of investments	**—**	0.3
Net cash used by investing activities - continuing operations	**(39.7)**	(13.6)
Net cash provided by investing activities - discontinued operations	**—**	7.0
Financing activities		
Net increase (decrease) in book overdrafts	**17.0**	(0.5)
Net repayments of lines of credit	**(33.2)**	(62.9)
Net decrease in obligations collateralized by finance receivables	**(32.8)**	(41.0)
Payments for debt issuance costs/amendments	**(1.9)**	(0.5)
Payments on finance leases	**(0.3)**	(0.5)
Issuance of common stock under stock plans	**0.4**	1.3
Tax withholding payments for vested RSUs	**(1.7)**	(1.3)
Dividends paid on Series A Preferred Stock	**(11.1)**	(11.1)
Net cash used by financing activities - continuing operations	**(63.6)**	(116.5)
Net cash provided by financing activities - discontinued operations	—	—
Net change in cash balances of discontinued operations	**—**	—
Effect of exchange rate changes on cash	**(4.9)**	1.1
Net decrease in cash, cash equivalents and restricted cash	**(8.0)**	(25.9)
Cash, cash equivalents and restricted cash at beginning of period	**158.9**	277.7
Cash, cash equivalents and restricted cash at end of period	**$ 150.9**	$ 251.8
Cash paid for interest	**$ 36.2**	$ 31.1
Cash paid for taxes, net of refunds - continuing operations	**$ 15.4**	$ 12.0
Cash paid for taxes, net of refunds - discontinued operations	**$ 0.2**	$ —

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.
Condensed Notes to Consolidated Financial Statements
March 31, 2024 (Unaudited)

Note 1—Basis of Presentation and Nature of Operations

Defined Terms

Unless otherwise indicated or unless the context otherwise requires, the following terms used herein shall have the following meanings:

- "we," "us," "our," "OPENLANE" and "the Company" refer, collectively, to OPENLANE, Inc. (f/k/a KAR Auction Services, Inc.) and its subsidiaries, unless the context requires otherwise;
- "ADESA" or "ADESA Auctions" refer, collectively, to ADESA, Inc., a wholly-owned subsidiary of OPENLANE, and ADESA, Inc.'s subsidiaries, including OPENLANE US, Inc. (together with OPENLANE US, Inc.'s subsidiaries, "OPENLANE US"), BacklotCars, Inc. ("BacklotCars"), CARWAVE LLC ("CARWAVE"), Nth Gen Software Inc. ("TradeRev"), ADESA Remarketing Limited ("ADESA U.K.") and ADESA Europe NV and its subsidiaries ("ADESA Europe");
- "ADESA U.S. physical auction business," "ADESA U.S. physical auctions" and "ADESA U.S." refer to the auction sales, operations and staff at ADESA's U.S. vehicle logistics centers, which were sold to Carvana Group, LLC (together with Carvana Co. and its subsidiaries, "Carvana") in May 2022 (the "Transaction");
- "AFC" refers, collectively, to Automotive Finance Corporation, a wholly-owned subsidiary of ADESA, and Automotive Finance Corporation's subsidiaries and other related entities;
- "Credit Agreement" refers to the Credit Agreement, dated June 23, 2023 (as amended, amended and restated, modified or supplemented from time to time), among the Company, as the borrower, the several banks and other financial institutions or entities from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement provides for a $325 million senior secured revolving credit facility due June 23, 2028 (the "Revolving Credit Facility") and, as part of the First Amendment (defined below), a C$175 million revolving credit facility in Canadian dollars due June 23, 2028 (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Facility, "the Revolving Credit Facilities");
- "Previous Credit Agreement" refers to the Amended and Restated Credit Agreement, dated March 11, 2014 (as amended, amended and restated, modified or supplemented prior to the date of the Credit Agreement), among the Company, as the borrower, the several banks and other financial institutions or entities party thereto and JPMorgan Chase Bank N.A., as administrative agent;
- "IAA" refers, collectively, to Insurance Auto Auctions, Inc., formerly a wholly-owned subsidiary of OPENLANE, and Insurance Auto Auctions, Inc.'s subsidiaries and other related entities;
- "OPENLANE, Inc." refers to the Company and not to its subsidiaries;
- "Senior notes" refers to the 5.125% senior notes due 2025 ($210 million aggregate principal was outstanding at March 31, 2024); and
- "Series A Preferred Stock" refers to the Series A Convertible Preferred Stock, par value $0.01 per share (634,305 shares of Series A Preferred Stock were outstanding at March 31, 2024 and December 31, 2023).

Business and Nature of Operations

OPENLANE is a leading digital marketplace for used vehicles, connecting sellers and buyers across North America and Europe to facilitate fast, easy and transparent transactions. Our portfolio of integrated technology, data analytics, financing, logistics, reconditioning and other remarketing solutions, combined with our vehicle logistics centers in Canada, help advance our purpose: to make wholesale easy so our customers can be more successful. As of March 31, 2024, the Marketplace segment serves a domestic and international customer base through digital marketplaces and 15 vehicle logistics center locations across Canada.

For commercial sellers, our software platform supports private label digital remarketing sites and provides comprehensive solutions to our automobile manufacturer, captive finance company and other commercial customers. For dealer customers, our

OPENLANE, Inc.
Condensed Notes to Consolidated Financial Statements (Continued)
March 31, 2024 (Unaudited)

platform facilitates multiple sale formats, data-driven insights and integrated services to automotive dealers, coast-to-coast in the United States, Canada and Europe.

OPENLANE Europe is our digital marketplace serving customers in the United Kingdom and Continental Europe through a consolidated online wholesale used vehicle platform.

Marketplace services include a variety of activities designed to facilitate the transfer of used vehicles between sellers and buyers throughout the vehicle life cycle. We facilitate the exchange of these vehicles through our marketplaces, which aligns sellers and buyers. As an agent for customers, the Company generally does not take title to or ownership of vehicles sold through our marketplaces. Generally, fees are earned from the seller and buyer on each successful marketplace transaction in addition to fees earned for ancillary services. We also sell vehicles that have been purchased, for which we do take title and record the gross selling price of the vehicle sold through our marketplaces as revenue.

We also provide services such as inbound and outbound transportation logistics, reconditioning, vehicle inspection and certification, titling, administrative and collateral recovery services. We are able to serve the diverse and multi-faceted needs of our customers through the wide range of services offered.

AFC is a leading provider of floorplan financing primarily to independent used vehicle dealers ("independent dealer customers") and this financing is provided through approximately 90 locations (hybrid of physical locations and a digital servicing network) throughout the United States and Canada as of March 31, 2024. Floorplan financing supports independent dealer customers in North America who purchase vehicles at OPENLANE and other used vehicle and salvage auctions. In addition, AFC provides financing for dealer inventory purchased directly from wholesalers, other dealers and directly from consumers, as well as providing liquidity for customer trade-ins which can encompass settling lien holder payoffs. AFC also provides title services for their customers.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for annual financial statements. Operating results for interim periods are not necessarily indicative of results that may be expected for the year as a whole. In the opinion of management, the consolidated financial statements reflect all adjustments, generally consisting of normal recurring accruals, necessary for a fair statement of our results of operations, cash flows and financial position for the periods presented. These consolidated financial statements and condensed notes to consolidated financial statements are unaudited and should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on February 21, 2024. The 2023 year-end consolidated balance sheet data included in this Form 10-Q was derived from the audited financial statements referenced above and does not include all disclosures required by U.S. GAAP for annual financial statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates based in part on assumptions about current, and for some estimates, future economic and market conditions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Although the current estimates contemplate current conditions and expected future changes, as appropriate, it is reasonably possible that future conditions could differ from these estimates, which could materially affect our results of operations and financial position. Among other effects, such changes could result in future impairments of goodwill, intangible assets and long-lived assets, incremental losses on finance receivables, additional allowances on accounts receivable and deferred tax assets and changes in litigation and other loss contingencies.

New Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires additional income tax disclosures on an annual basis, specifically related to the rate reconciliation and income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a prospective basis. The Company is currently evaluating the impact the adoption of ASU 2023-09 will have on the consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 31, 2024. Early adoption is permitted and the amendments should be applied retrospectively to all prior periods presented. The Company is currently evaluating the impact the adoption of ASU 2023-07 will have on the consolidated financial statements and related disclosures.

Note 2—Sale of ADESA U.S. Physical Auction Business and Discontinued Operations

In February 2022, the Company announced that it had entered into a definitive agreement with Carvana, pursuant to which Carvana would acquire the ADESA U.S. physical auction business from the Company. The Transaction was completed in May 2022 and included all auction sales, operations and staff at ADESA's U.S. vehicle logistics centers and use of the ADESA.com marketplace in the U.S. In connection with the Transaction, the Company and Carvana entered into various agreements to provide a framework for their relationship after the Transaction, including a transition services agreement for a transitional period and a commercial agreement for a term of 7 years that provides for platform and other fees for services rendered. For the three months ended March 31, 2024 and 2023, the Company received a net cash inflow from the commercial agreement and transition services agreement of approximately $29.8 million and $30.0 million, respectively, which includes the transportation services noted below.

The Company provided transportation services of $0.4 million and $21.9 million to the ADESA U.S. physical auctions for the three months ended March 31, 2024 and 2023, respectively.

The financial results of the ADESA U.S. physical auction business have been accounted for as discontinued operations for all periods presented. The business was formerly included in the Company's Marketplace reportable segment. There were no results of operations for the ADESA U.S. physical auction business reclassified to discontinued operations for the three months ended March 31, 2024 and 2023.

Note 3—Stock and Stock-Based Compensation Plans

The KAR Auction Services, Inc. Amended and Restated 2009 Omnibus Stock and Incentive Plan ("Omnibus Plan") is intended to provide equity and/or cash-based awards to our executive officers and key employees. Our stock-based compensation expense includes expense associated with service-based options ("service options"), market-based options ("market options"), performance-based restricted stock units ("PRSUs") and service-based restricted stock units ("RSUs"). We have determined that the service options, market options, PRSUs and RSUs should be classified as equity awards.

The following table summarizes our stock-based compensation expense by type of award *(in millions)*:

	Three Months Ended March 31,	
	2024	**2023**
PRSUs	**$ 3.8**	$ (0.1)
RSUs	**2.9**	2.8
Service options	**0.1**	0.2
Market options	**(0.2)**	0.7
Total stock-based compensation expense	**$ 6.6**	$ 3.6

PRSUs

In the first quarter of 2024, we granted a target amount of approximately 0.6 million PRSUs to certain executive officers of the Company. Three quarters of the PRSUs vest if and to the extent that the Company's cumulative Adjusted EBITDA ("Adjusted EBITDA PRSUs") attains certain specified goals over three years. The other one quarter of the PRSUs vest if and to the extent that the Company's total shareholder return over three years relative to that of companies within the S&P SmallCap 600 ("TSR PRSUs") exceeds certain levels. The weighted average grant date fair value of the Adjusted EBITDA PRSUs was $14.66 per share, which was determined using the closing price of the Company's common stock on the dates of grant. The weighted average grant date fair value of the TSR PRSUs was $21.12 per share and was developed with a Monte Carlo simulation using a multivariate Geometric Brownian Motion.

RSUs

In the first quarter of 2024, approximately 0.6 million RSUs were granted to certain management members of the Company. The RSUs are contingent upon continued employment and generally vest in three equal annual installments. The fair value of RSUs is the value of the Company's common stock at the date of grant and the weighted average grant date fair value of the RSUs was $14.66 per share.

Share Repurchase Program

In October 2019, the board of directors authorized a repurchase of up to $300 million of the Company's outstanding common stock, par value $0.01 per share. Since October 2019, the share repurchase program has been amended from time-to-time through subsequent approvals by the board of directors. These amendments have served to increase the size of the share repurchase program and extend its maturity date through December 31, 2024. At March 31, 2024, approximately $125.0 million of the Company's outstanding common stock remained available for repurchase under the 2019 share repurchase program. Repurchases may be made in the open market or through privately negotiated transactions, in accordance with applicable securities laws and regulations, including pursuant to repurchase plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The timing and amount of any repurchases is subject to market and other conditions. This program does not oblige the Company to repurchase any dollar amount or any number of shares under the authorization, and the program may be suspended, discontinued or modified at any time, for any reason and without notice. No shares of common stock were repurchased during the three months ended March 31, 2024 and 2023.

Note 4—Income from Continuing Operations Per Share

The following table sets forth the computation of income from continuing operations per share *(in millions except per share amounts)*:

	Three Months Ended March 31,	
	2024	**2023**
Income from continuing operations	**$ 18.5**	$ 12.7
Series A Preferred Stock dividends	**(11.1)**	(11.1)
Income from continuing operations attributable to participating securities	**(1.8)**	(0.4)
Income from continuing operations attributable to common stockholders	**$ 5.6**	$ 1.2
Weighted average common shares outstanding	**108.3**	109.3
Effect of dilutive stock options and restricted stock awards	**0.9**	0.6
Weighted average common shares outstanding and potential common shares	**109.2**	109.9
Income from continuing operations per share		
Basic	**$ 0.05**	$ 0.01
Diluted	**$ 0.05**	$ 0.01

The Company includes participating securities (Series A Preferred Stock) in the computation of income from continuing operations per share pursuant to the two-class method. The two-class method of calculating income from continuing operations per share is an allocation method that calculates earnings per share for common stock and participating securities. Under the two-class method, total dividends provided to the holders of the Series A Preferred Stock and undistributed earnings allocated to participating securities are subtracted from income from continuing operations in determining income attributable to common stockholders.

The effect of stock options and restricted stock on income from continuing operations per share-diluted is determined through the application of the treasury stock method, whereby net proceeds received by the Company based on assumed exercises are hypothetically used to repurchase our common stock at the average market price during the period. Stock options that would have an anti-dilutive effect on income from continuing operations per diluted share, unexercisable market options and PRSUs subject to performance conditions which have not yet been satisfied are excluded from the calculations. Approximately 0.4 million and 0.5 million service options were excluded from the calculation of diluted income from continuing operations per share for the three months ended March 31, 2024 and 2023, respectively, and all of the market options were excluded from the calculation for the three months ended March 31, 2024 and 2023. In addition, approximately 1.3 million and 1.6 million PRSUs were excluded from the calculation of diluted income from continuing operations per share for the three months ended March 31, 2024 and March 31, 2023, respectively. Total options outstanding at March 31, 2024 and 2023 were 4.5 million and 4.7 million, respectively.

Note 5—Finance Receivables and Obligations Collateralized by Finance Receivables

AFC sells the majority of its U.S. dollar denominated finance receivables on a revolving basis and without recourse to a wholly-owned, bankruptcy remote, consolidated, special purpose subsidiary ("AFC Funding Corporation"), established for the purpose of purchasing AFC's finance receivables. A securitization agreement allows for the revolving sale by AFC Funding Corporation to a group of bank purchasers of undivided interests in certain finance receivables subject to committed liquidity. The agreement expires on January 31, 2026. AFC Funding Corporation had committed liquidity of $2.0 billion for U.S. finance receivables at March 31, 2024.

We also have an agreement for the securitization of Automotive Finance Canada Inc.'s ("AFCI") receivables, which expires on January 31, 2026. AFCI's committed facility is provided through a third-party conduit (separate from the U.S. facility) and was C$300 million on March 31, 2024. The receivables sold pursuant to both the U.S. and Canadian securitization agreements are accounted for as secured borrowings.

The following tables present quantitative information about delinquencies, credit loss charge-offs less recoveries ("net credit losses") and components of securitized financial assets and other related assets managed. For purposes of this illustration, delinquent receivables are defined as receivables 31 days or more past due.

	March 31, 2024		
	Total Amount of:		
(in millions)	**Receivables**	**Receivables Delinquent**	**Net Credit Losses Three Months Ended March 31, 2024**
Floorplan receivables	**$ 2,310.0**	**$ 24.1**	**$ 15.5**
Other loans	**3.7**	**—**	**—**
Total receivables managed	**$ 2,313.7**	**$ 24.1**	**$ 15.5**

	December 31, 2023		
	Total Amount of:		
(in millions)	**Receivables**	**Receivables Delinquent**	**Net Credit Losses Three Months Ended March 31, 2023**
Floorplan receivables	$ 2,301.4	$ 23.7	$ 12.5
Other loans	3.6	—	—
Total receivables managed	$ 2,305.0	$ 23.7	$ 12.5

OPENLANE, Inc.
Condensed Notes to Consolidated Financial Statements (Continued)
March 31, 2024 (Unaudited)

The following is a summary of the changes in the allowance for credit losses related to finance receivables (*in millions*):

	March 31, 2024	March 31, 2023
Allowance for Credit Losses		
Balance at December 31	**$ 23.0**	$ 21.5
Provision for credit losses	**13.6**	12.0
Recoveries	**1.6**	1.6
Less charge-offs	**(17.1)**	(14.1)
Other	**(0.1)**	—
Balance at end of period	**$ 21.0**	$ 21.0

As of March 31, 2024 and December 31, 2023, $2,305.7 million and $2,296.4 million, respectively, of finance receivables and a cash reserve of 1 or 3 percent of the obligations collateralized by finance receivables served as security for the obligations collateralized by finance receivables. The amount of the cash reserve depends on circumstances which are set forth in the securitization agreements. Obligations collateralized by finance receivables consisted of the following:

	March 31, 2024	December 31, 2023
Obligations collateralized by finance receivables, gross	**$ 1,609.1**	$ 1,645.4
Unamortized securitization issuance costs	**(11.9)**	(13.5)
Obligations collateralized by finance receivables	**$ 1,597.2**	$ 1,631.9

Proceeds from the revolving sale of receivables to the bank facilities are used to fund new loans to customers. AFC, AFC Funding Corporation and AFCI must maintain certain financial covenants including, among others, limits on the amount of debt AFC and AFCI can incur, minimum levels of tangible net worth, and other covenants tied to the performance of the finance receivables portfolio. The securitization agreements also incorporate the financial covenants of our Previous Credit Agreement. At March 31, 2024, we were in compliance with the covenants in the securitization agreements.

Note 6—Goodwill

Goodwill consisted of the following (*in millions*):

	Marketplace	Finance	Total
Balance at December 31, 2023 (1)(2)	$ 1,030.3	$ 240.9	$ 1,271.2
Foreign currency	(5.2)	—	(5.2)
Balance at March 31, 2024 (1)(2)	**$ 1,025.1**	**$ 240.9**	**$ 1,266.0**

(1) Marketplace amounts are net of accumulated goodwill impairment charges of $250.8 million at March 31, 2024 and December 31, 2023.

(2) Finance amounts are net of accumulated goodwill impairment charges of $161.5 million at March 31, 2024 and December 31, 2023.

Goodwill represents the excess cost over fair value of identifiable net assets of businesses acquired. The Company tests goodwill and indefinite-lived tradenames for impairment at the reporting unit level annually during the second quarter, or more frequently if events or changes in circumstances indicate that impairment may exist.

The deferred tax benefits of $52.5 million and $6.5 million associated with the goodwill and tradename impairments in the second quarter of 2023, 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 $38.3 million and $36.4 million valuation allowance against the U.S. net deferred tax asset at March 31, 2024 and December 31, 2023, respectively.

Note 7—Long-Term Debt

Long-term debt consisted of the following *(in millions)*:

	Interest Rate*		Maturity	March 31, 2024	December 31, 2023
Revolving Credit Facility	Adjusted Term SOFR	+ 2.25%	June 23, 2028	**$ 29.0**	$ 137.0
Canadian Revolving Credit Facility	Adjusted Term CORRA	+ 2.50%	June 23, 2028	**66.5**	—
Senior notes		5.125%	June 1, 2025	**210.0**	210.0
European lines of credit	Euribor	+ 1.25%	Repayable upon demand	**24.9**	17.6
Total debt				**330.4**	364.6
Unamortized debt issuance costs/discounts				**(9.5)**	(7.6)
Current portion of long-term debt				**(120.4)**	(154.6)
Long-term debt				**$ 200.5**	$ 202.4

*The interest rates presented in the table above represent the rates in place at March 31, 2024.

Credit Facilities

On June 23, 2023, we entered into the Credit Agreement, which replaced the Previous Credit Agreement, and provides for, among other things, the $325 million Revolving Credit Facility. On January 19, 2024, the Company and ADESA Auctions Canada Corporation, a subsidiary of the Company (the "Canadian Borrower") entered into the First Amendment Agreement (the "First Amendment") to the Credit Agreement. The First Amendment provides for, among other things, (i) a C$175 million revolving credit facility in Canadian dollars (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Facility, "the Revolving Credit Facilities") and (ii) a C$50 million sub-limit (the "Canadian Sub-limit") under the Company's existing Revolving Credit Facility for borrowings in Canadian dollars. The proceeds from the Canadian Revolving Credit Facility may be used to finance a portion of the Manheim Canada acquisition, to pay for expenses related to the First Amendment and for ongoing working capital and general corporate purposes.

The Revolving Credit Facility is available for letters of credit, working capital, permitted acquisitions and general corporate purposes. The Revolving Credit Facility also includes a $65 million sub-limit for the issuance of letters of credit and a $60 million sub-limit for swingline loans.

The obligations of the Company under the Revolving Credit Facility are guaranteed by certain of our domestic subsidiaries (the "Subsidiary Guarantors") and are secured by substantially all of the assets of the Company and the Subsidiary Guarantors, including but not limited to: (a) pledges of and first priority security interests in 100% of the equity interests of certain of the Company's and the Subsidiary Guarantors' domestic subsidiaries and 65% of the equity interests of certain of the Company's and the Subsidiary Guarantors' first tier foreign subsidiaries and (b) first priority security interests in substantially all other assets of the Company and each Subsidiary Guarantor, subject to certain exceptions. The Credit Agreement contains affirmative and negative covenants that we believe are usual and customary for a senior secured credit agreement. The negative covenants include, among other things, limitations on asset sales, mergers and acquisitions, indebtedness, liens, dividends, investments and transactions with our affiliates. The Credit Agreement also requires us to maintain a maximum Consolidated Senior Secured Net Leverage Ratio, not to exceed 3.5 as of the last day of each fiscal quarter on which any loans under the Revolving Credit Facilities are outstanding. We were in compliance with the applicable covenants in the Credit Agreement at March 31, 2024.

The obligations of the Canadian Borrower under the Canadian Revolving Credit Facility are guaranteed by certain of the Company’s domestic and Canadian subsidiaries (the "Canadian Revolving Credit Facility Subsidiary Guarantors") and are secured by substantially all of the assets of the Company, the Canadian Borrower and the Canadian Revolving Credit Facility Subsidiary Guarantors, subject to certain exceptions; provided, however, the Canadian Borrower and the other Canadian subsidiaries of the Company constituting the Canadian Revolving Credit Facility Subsidiary Guarantors shall guarantee and/or provide security for only the Canadian Secured Obligations (as defined in the Credit Agreement, as amended by the First Amendment).

Loans under the Revolving Credit Facility bear interest at a rate calculated based on the type of borrowing (at the Company's election, either Adjusted Term SOFR Rate or Base Rate (each as defined in the Credit Agreement)) and the Company's Consolidated Senior Secured Net Leverage Ratio (as defined in the Credit Agreement), with such rate ranging from 2.75% to 2.25% for Adjusted Term SOFR Rate loans and from 1.75% to 1.25% for Base Rate loans. The Company also pays a commitment fee between 25 to 35 basis points, payable quarterly, on the average daily unused amount of the Revolving Facility based on the Company's Consolidated Senior Secured Net Leverage Ratio.

Loans under the Canadian Revolving Credit Facility bear interest at a rate calculated based on the type of borrowing (at the Canadian Borrower's election, either Adjusted Term CORRA Rate or Canadian Prime Rate (each as defined in the Credit Agreement, as amended by the First Amendment)) and the Company's Consolidated Senior Secured Net Leverage Ratio, with such rate ranging from 3.00% to 2.50% for Adjusted Term CORRA loans and from 2.00% to 1.50% for Canadian Prime Rate loans. Loans under the Canadian Sub-limit will bear interest at the Adjusted Term CORRA Rate plus a margin ranging from 2.75% to 2.25% based on the Company's Consolidated Senior Secured Net Leverage Ratio (the same margin as loans under the existing Revolving Credit Facility). The Canadian Borrower will also pay a commitment fee between 25 to 35 basis points, payable quarterly, on the average daily unused amount of the Canadian Revolving Credit Facility based on the Company's Consolidated Senior Secured Net Leverage Ratio.

As of March 31, 2024 and December 31, 2023, $95.5 million and $137.0 million was drawn on the Revolving Credit Facilities, respectively. In addition, we had related outstanding letters of credit in the aggregate amount of $51.2 million and $54.7 million at March 31, 2024 and December 31, 2023, respectively, which reduce the amount available for borrowings under the Revolving Credit Facilities.

Senior Notes

On May 31, 2017, we issued $950 million of 5.125% senior notes due June 1, 2025. The Company pays interest on the senior notes semi-annually in arrears on June 1 and December 1 of each year. The senior notes may be redeemed at par. The senior notes are guaranteed by the Subsidiary Guarantors. In June 2023, in connection with a previously announced offer to purchase, we prepaid $140 million of the senior notes at par with proceeds from the Transaction. We incurred a loss on the extinguishment of the senior notes of $0.7 million in the second quarter of 2023 primarily representative of the write-off of unamortized debt issuance costs associated with the portion of the senior notes repaid, as well as purchase offer expenses.

European Lines of Credit

ADESA Europe has lines of credit aggregating $32.4 million (€30 million). The lines of credit had an aggregate $24.9 million and $17.6 million of borrowings outstanding at March 31, 2024 and December 31, 2023, respectively. The lines of credit are secured by certain inventory and receivables at ADESA Europe subsidiaries.

Fair Value of Debt

As of March 31, 2024 and December 31, 2023, the estimated fair value of our long-term debt amounted to $327.0 million and $360.4 million, respectively. The estimates of fair value were based on broker-dealer quotes (Level 2 inputs) for our debt as of March 31, 2024 and December 31, 2023. The estimates presented on long-term financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange.

OPENLANE, Inc.
Condensed Notes to Consolidated Financial Statements (Continued)
March 31, 2024 (Unaudited)

Note 8—Other (Income) Expense, Net

Other (income) expense, net consisted of the following (*in millions*):

	Three Months Ended March 31,	
	2024	**2023**
Change in realized and unrealized losses on investment securities, net	**$ —**	$ 0.1
Foreign currency losses	**2.0**	0.1
Investment and note receivable impairment	**—**	11.0
Other	**(1.5)**	(4.1)
Other (income) expense, net	**$ 0.5**	$ 7.1

Fair Value Measurement of Investments

The Company invests in certain early-stage automotive companies and funds that relate to the automotive industry. We believe these investments have resulted in the expansion of relationships in the vehicle remarketing industry. The realized and unrealized gains and losses on these investment securities are shown in the table above.

ASC 820, *Fair Value Measurement*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As of March 31, 2024, the Company had no investment securities measured at fair value (based on quoted market prices for identical assets or Level 1 of the fair value hierarchy). Other investments held of $26.4 million do not have readily determinable fair values and the Company has elected to apply the measurement alternative to these investments and present them at cost. Investments are reported in "Other assets" in the accompanying consolidated balance sheets. Realized and unrealized gains and losses are reported in "Other (income) expense, net" in the consolidated statements of income.

In late March 2023, one of the investees we presented at cost filed to reorganize its operations through the bankruptcy process. Based on this information, we recorded an other than temporary impairment of approximately $3.7 million in "Other (income) expense, net" representing our entire equity investment in the company. In addition, we also had a note receivable with this investee for $7.3 million, on which we recorded a credit impairment loss in "Other (income) expense, net" in the first quarter of 2023.

Note 9—Commitments and Contingencies

We are involved in litigation and disputes arising in the ordinary course of business, such as actions related to injuries; property damage; handling, storage or disposal of vehicles; environmental laws and regulations; and other litigation incidental to the business such as employment matters and dealer disputes. Management considers the likelihood of loss or the incurrence of a liability, as well as the ability to reasonably estimate the amount of loss, in determining loss contingencies. We accrue an estimated loss contingency when it is probable that a liability has been incurred and the amount of loss (or range of possible losses) can be reasonably estimated. Management regularly evaluates current information available to determine whether accrual amounts should be adjusted. Accruals for contingencies including litigation and environmental matters are included in "Other accrued expenses" at undiscounted amounts and exclude claims for recoveries from insurance or other third parties. These accruals are adjusted periodically as assessment and remediation efforts progress, or as additional technical or legal information becomes available. If the amount of an actual loss is greater than the amount accrued, this could have an adverse impact on our operating results in that period. Although the outcome of litigation cannot be accurately predicted, based on evaluation of information presently available, our management does not currently believe that the ultimate resolution of these actions will have a material adverse effect on our financial condition, results of operations or cash flows. Legal fees are expensed as incurred. There has been no significant change in the legal and regulatory proceedings which were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

OPENLANE, Inc.
Condensed Notes to Consolidated Financial Statements (Continued)
March 31, 2024 (Unaudited)

Note 10—Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consisted of the following (*in millions*):

	March 31, 2024	December 31, 2023
Foreign currency translation loss	**$ (46.2)**	$ (36.7)
Accumulated other comprehensive loss	**$ (46.2)**	$ (36.7)

Note 11—Segment Information

ASC 280, *Segment Reporting*, requires reporting of segment information that is consistent with the manner in which the chief operating decision maker operates and views the Company. Our operations are grouped into two operating segments: Marketplace and Finance, which also serve as our reportable business segments. These reportable business segments offer different services and have fundamental differences in their operations.

Financial information regarding our reportable segments is set forth below as of and for the three months ended March 31, 2024 *(in millions)*:

	Marketplace	Finance	Consolidated
Operating revenues	$ 318.3	$ 98.0	$ 416.3
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	197.1	16.8	213.9
Selling, general and administrative	94.8	13.9	108.7
Depreciation and amortization	21.6	2.7	24.3
Total operating expenses	313.5	33.4	346.9
Operating profit	4.8	64.6	69.4
Interest expense	7.1	32.6	39.7
Other (income) expense, net	0.5	—	0.5
Intercompany expense (income)	9.9	(9.9)	—
Income (loss) from continuing operations before income taxes	(12.7)	41.9	29.2
Income taxes	0.2	10.5	10.7
Income (loss) from continuing operations	$ (12.9)	$ 31.4	$ 18.5
Total assets	$ 2,159.3	$ 2,659.1	$ 4,818.4

OPENLANE, Inc.
Condensed Notes to Consolidated Financial Statements (Continued)
March 31, 2024 (Unaudited)

Financial information regarding our reportable segments is set forth below as of and for the three months ended March 31, 2023 *(in millions)*:

	Marketplace	Finance	Consolidated
Operating revenues	$ 321.0	$ 99.6	$ 420.6
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	207.8	16.4	224.2
Selling, general and administrative	95.6	12.4	108.0
Depreciation and amortization	21.2	1.8	23.0
Total operating expenses	324.6	30.6	355.2
Operating profit (loss)	(3.6)	69.0	65.4
Interest expense	8.0	30.3	38.3
Other (income) expense, net	7.0	0.1	7.1
Intercompany expense (income)	6.4	(6.4)	—
Income (loss) from continuing operations before income taxes	(25.0)	45.0	20.0
Income taxes	(3.9)	11.2	7.3
Income (loss) from continuing operations	$ (21.1)	$ 33.8	$ 12.7
Total assets	$ 2,376.5	$ 2,771.4	$ 5,147.9

Geographic Information

Our foreign operations include Canada, Continental Europe and the U.K. Approximately 54% and 60% of our foreign operating revenues were from Canada for the three months ended March 31, 2024 and 2023, respectively. Most of the remaining foreign operating revenues were generated from Continental Europe. Information regarding the geographic areas of our operations is set forth below *(in millions)*:

	Three Months Ended March 31,	
	2024	**2023**
Operating revenues		
U.S.	**$ 258.5**	$ 272.2
Foreign	**157.8**	148.4
	$ 416.3	$ 420.6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and which are subject to certain risks, trends and uncertainties. In particular, statements made in this report on Form 10-Q that are not historical facts (including, but not limited to, expectations, estimates, assumptions and projections regarding the industry, business, future operating results, potential acquisitions and anticipated cash requirements) may be forward-looking statements. Words such as "should," "may," "will," "can," "of the opinion," "confident," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "continues," "outlook," initiatives," "goals," "opportunities" and similar expressions identify forward-looking statements. Such statements, including statements regarding adverse market conditions; our future growth; anticipated cost savings, revenue increases, credit losses and capital expenditures; contractual obligations; dividend declarations and payments; common stock repurchases; tax rates and assumptions; strategic initiatives, acquisitions and dispositions; our competitive position and retention of customers; and our continued investment in information technology, are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q and Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 21, 2024, and those described from time to time in our future reports filed with the Securities and Exchange Commission. Many of these risk factors are outside of our control, and as such, they involve risks which are not currently known that could cause actual results to differ materially from those discussed or implied herein. The forward-looking statements in this document are made as of the date on which they are made and we do not undertake to update our forward-looking statements.

Automotive Industry and Economic Impacts on our Business

We are dependent on the supply of used vehicles in the wholesale market, and our financial performance depends, in part, on conditions in the automotive industry. The automotive industry has experienced unprecedented market conditions, including global automotive production challenges. In recent years, these conditions have resulted in significant fluctuations in used vehicle values and declines in vehicle volumes in the wholesale market. More recently, new vehicle supply has begun to recover, which over time should increase wholesale supply.

However, macroeconomic factors, including inflationary pressures, rising interest rates, volatility of oil and natural gas prices and declining consumer confidence continue to impact the affordability and demand for new and used vehicles. Declining economic conditions present a risk to our operations and the stability of the automotive industry. Given the nature of these factors, we cannot predict whether or for how long certain trends will continue, nor to what degree these trends will impact us in the future.

Overview

We are a leading digital marketplace for used vehicles, connecting sellers and buyers across North America and Europe to facilitate fast, easy and transparent transactions. Our business is divided into two reportable business segments, each of which is an integral part of the wholesale used vehicle remarketing industry: Marketplace and Finance.

- The Marketplace segment serves a domestic and international customer base through digital marketplaces in the U.S., Canada and Europe and vehicle logistics center locations across Canada. Comprehensive private label remarketing solutions are offered to automobile manufacturers, captive finance companies and other commercial customers to offer vehicles digitally. Vehicles sold on our digital platforms are typically sold by commercial fleet operators, financial institutions, rental car companies, new and used vehicle dealers and vehicle manufacturers and their captive finance companies to dealer customers. We also provide value-added ancillary services including inbound and outbound transportation logistics, reconditioning, vehicle inspection and certification, titling, administrative and collateral recovery services.
- Through AFC, the Finance segment provides short-term, inventory-secured financing, known as floorplan financing, primarily to independent dealer customers throughout the United States and Canada. In addition, AFC provides liquidity for customer trade-ins which encompasses settling lien holder payoffs. AFC also provides title services for their customers. These services are provided through AFC's digital servicing network as well as its physical locations throughout North America.

Industry Trends

Wholesale Used Vehicle Industry

We believe the U.S. and Canadian wholesale used vehicle industry has a total addressable market of approximately 15 million vehicles, which can fluctuate depending on seasonality and a variety of other macro-economic and industry factors. This wholesale used vehicle industry consists of the commercial market (commercial sellers that sell to franchise and independent dealers) and the dealer-to-dealer market (franchise and independent dealers that both buy and sell vehicles). The Company supports the majority of commercial sellers in North America with our technology and we believe digital applications may provide an opportunity to expand the total addressable market for dealer-to-dealer transactions. The supply chain issues and market conditions facing the automotive industry in recent years, including the disruption of new vehicle production, low new vehicle supply and historically high used vehicle pricing have had a material impact on the wholesale used vehicle industry.

Automotive Finance

AFC works with independent dealer customers to improve their results by providing a comprehensive set of business and financial solutions that leverage its local presence of branches and in-market representatives, industry experience and scale, as well as OPENLANE affiliations. AFC's North American dealer base was comprised of approximately 14,200 dealers in 2023.

Key challenges for the independent dealer customers include demand for used vehicles, disruptions in pricing of used vehicle inventory, access to consumer financing, increased interest rates and increased used car retail activity of franchise and public dealerships (most of which do not utilize AFC or its competitors for floorplan financing). These same challenges, to the extent they occur, could result in a material negative impact on AFC's results of operations. A significant decline in used vehicle sales would result in a decrease in consumer auto loan originations and an increased number of dealers defaulting on their loans. In addition, volatility in wholesale vehicle pricing impacts the value of recovered collateral on defaulted loans and the resulting severity of credit losses at AFC. A decrease in wholesale used car pricing could lead to increased losses if dealers are unable to satisfy their obligations.

Seasonality

The volume of vehicles sold through our marketplaces generally fluctuates from quarter-to-quarter. This seasonality is caused by several factors including weather, the timing of used vehicles available for sale from selling customers, holidays, and the seasonality of the retail market for used vehicles, which affects the demand side of the auction industry. Wholesale used vehicle volumes tend to decline during prolonged periods of winter weather conditions. As a result, revenues and operating expenses related to volume will fluctuate accordingly on a quarterly basis. In North America, the fourth calendar quarter typically experiences lower used vehicle volume as well as additional costs associated with the holidays and winter weather.

In addition, changes in working capital vary from quarter-to-quarter as a result of the timing of collections and disbursements of funds to consignors from marketplace sales held near period end.

Sources of Revenues and Expenses

The vehicles sold on our marketplaces generate auction fees from buyers and sellers. The Company generally does not take title to these consigned vehicles and records only its auction fees as revenue ("Auction fees" in the consolidated statement of income (loss)) because it has no influence on the vehicle auction selling price agreed to by the seller and the buyer at the auction. The Company does not record the gross selling price of the consigned vehicles sold at auction as revenue. The Company generally enforces its rights to payment for seller transactions through net settlement provisions following the sale of a vehicle. Marketplace services such as inbound and outbound transportation logistics, reconditioning, vehicle inspection and certification, collateral recovery services and technology solutions are generally recognized at the time of service ("Service revenue" in the consolidated statement of income (loss)). The Company also sells vehicles that have been purchased, which represent approximately 1% of the total volume of vehicles sold. For these types of sales, the Company does record the gross selling price of purchased vehicles sold at auction as revenue ("Purchased vehicle sales" in the consolidated statement of income (loss)) and the gross purchase price of the vehicles as "Cost of services." AFC's revenue ("Finance-related revenue" in the consolidated statement of income (loss)) is comprised of interest and fee income, provision for credit losses and other revenues associated with our finance receivables.

Although Marketplace revenues primarily include auction fees and service revenue, our related receivables and payables include the gross value of the vehicles sold. Trade receivables include the unremitted purchase price of vehicles purchased by third parties through our marketplaces, fees to be collected from those buyers and amounts due for services provided by us related to certain consigned vehicles. The amounts due with respect to the services provided by us related to certain consigned vehicles are generally deducted from the sales proceeds upon the eventual auction or other disposition of the related vehicles. Accounts payable include amounts due sellers from the proceeds of the sale of their consigned vehicles less any fees.

Our operating expenses consist of cost of services, selling, general and administrative and depreciation and amortization. Cost of services is composed of payroll and related costs, subcontract services, the cost of vehicles purchased, supplies, insurance, property taxes, utilities, service contract claims, maintenance and lease expense related to the auction sites and loan offices. Cost of services excludes depreciation and amortization. Selling, general and administrative expenses are composed of payroll and related costs, sales and marketing, information technology services and professional fees.

Results of Operations

Overview of Results of OPENLANE, Inc. for the Three Months Ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
(Dollars in millions except per share amounts)	**2024**	**2023**
Revenues from continuing operations		
Auction fees	**$ 109.9**	$ 99.9
Service revenue	**150.2**	165.6
Purchased vehicle sales	**58.2**	55.5
Finance-related revenue	**98.0**	99.6
Total revenues from continuing operations	**416.3**	420.6
Cost of services*	**213.9**	224.2
Gross profit*	**202.4**	196.4
Selling, general and administrative	**108.7**	108.0
Depreciation and amortization	**24.3**	23.0
Operating profit	**69.4**	65.4
Interest expense	**39.7**	38.3
Other (income) expense, net	**0.5**	7.1
Income from continuing operations before income taxes	**29.2**	20.0
Income taxes	**10.7**	7.3
Income from continuing operations	**18.5**	12.7
Income from discontinued operations, net of income taxes	**—**	—
Net income	**$ 18.5**	$ 12.7
Income from continuing operations per share		
Basic	**$ 0.05**	$ 0.01
Diluted	**$ 0.05**	$ 0.01

* Exclusive of depreciation and amortization

Overview

For the three months ended March 31, 2024, we had revenue of $416.3 million compared with revenue of $420.6 million for the three months ended March 31, 2023, a decrease of 1%. For a further discussion of revenues, gross profit and selling, general and administrative expenses, see the segment results discussions below.

Depreciation and Amortization

Depreciation and amortization increased $1.3 million, or 6%, to $24.3 million for the three months ended March 31, 2024, compared with $23.0 million for the three months ended March 31, 2023. The increase in depreciation and amortization was primarily the result of the amortization of the ADESA tradename, which was previously an indefinite-lived asset, partially offset by assets that have become fully depreciated.

Interest Expense

Interest expense increased $1.4 million, or 4%, to $39.7 million for the three months ended March 31, 2024, compared with $38.3 million for the three months ended March 31, 2023. Interest expense increased $2.3 million at AFC (to $32.6 million from $30.3 million) and the increase was attributable to an increase in the average interest rate on the AFC securitization obligations to approximately 7.6% for the three months ended March 31, 2024, as compared with approximately 6.8% for the three months ended March 31, 2023. These items were partially offset by a decrease in interest expense resulting from the repayment of senior note debt in 2023.

Other (Income) Expense, Net

For the three months ended March 31, 2024, we had other expense of $0.5 million compared with $7.1 million for the three months ended March 31, 2023. The decrease in other expense was primarily attributable to the first quarter 2023 impairment of an equity security and note receivable with the same investee aggregating $11.0 million, partially offset by an increase in foreign currency losses of $1.9 million and a decrease in other miscellaneous income aggregating $2.5 million.

Income Taxes

We had an effective tax rate of 36.6% for the three months ended March 31, 2024, compared with an effective tax rate of 36.5% for the three months ended March 31, 2023. The effective tax rate for the three months ended March 31, 2024 was unfavorably impacted by an increase in the valuation allowance related to current year movement of the adjusted U.S. net deferred tax asset.

Impact of Foreign Currency

For the three months ended March 31, 2024 compared with the three months ended March 31, 2023, the change in the euro exchange rate increased revenue by $0.8 million, operating profit by $0.1 million and had no impact on net income. For the three months ended March 31, 2024 compared with the three months ended March 31, 2023, the change in the Canadian dollar exchange rate increased revenue by $0.3 million, operating profit by $0.1 million and had no impact on net income.

Marketplace Results

	Three Months Ended March 31,	
(Dollars in millions, except volumes)	**2024**	**2023**
Auction fees	**$ 109.9**	$ 99.9
Service revenue	**150.2**	165.6
Purchased vehicle sales	**58.2**	55.5
Total Marketplace revenue from continuing operations	**318.3**	321.0
Cost of services*	**197.1**	207.8
Gross profit*	**121.2**	113.2
Selling, general and administrative	**94.8**	95.6
Depreciation and amortization	**21.6**	21.2
Operating profit (loss)	**$ 4.8**	$ (3.6)
Commercial vehicles sold	**222,000**	167,000
Dealer consignment vehicles sold	**150,000**	163,000
Total vehicles sold	**372,000**	330,000
Gross profit percentage, excluding purchased vehicles*	**46.6 %**	42.6%

* Exclusive of depreciation and amortization

Total Marketplace Revenue

Revenue from the Marketplace segment decreased $2.7 million, or 1%, to $318.3 million for the three months ended March 31, 2024, compared with $321.0 million for the three months ended March 31, 2023. The change in revenue included the impact of an increase in revenue of $0.8 million due to fluctuations in the euro exchange rate and $0.3 million due to fluctuations in the Canadian dollar exchange rate. The decrease in revenue was primarily attributable to the decrease in service revenue (discussed below).

The 13% increase in the number of vehicles sold was comprised of a 33% increase in commercial volumes and an 8% decrease in dealer consignment volumes. The gross merchandise value ("GMV") of vehicles sold for the three months ended March 31, 2024 and 2023 was approximately $7.0 billion and $6.0 billion, respectively.

Auction Fees

Auction fees increased $10.0 million, or 10%, to $109.9 million for the three months ended March 31, 2024, compared with $99.9 million for the three months ended March 31, 2023. The number of vehicles sold increased 13%. Auction fees per vehicle sold for the three months ended March 31, 2024 decreased $8, or 3%, to $295, compared with $303 for the three months ended March 31, 2023. The decrease in auction fees per vehicle sold reflects a larger mix of lower-fee commercial vehicles sold in the first quarter of 2024.

Service Revenue

Service revenue decreased $15.4 million, or 9%, to $150.2 million for the three months ended March 31, 2024, compared with $165.6 million for the three months ended March 31, 2023, primarily as a result of a decrease in transportation revenue of $23.3 million, of which $21.5 million related to a change in a key customer contract that resulted in the customer's first quarter of 2024 revenue being recorded on a net commission basis instead of a gross basis, as it was recorded in the first quarter of 2023. This decrease was partially offset by increases in repossession and remarketing fees of $2.5 million, inspection service revenue of $2.3 million, key service revenue of $1.4 million and a net increase in other miscellaneous service revenues aggregating approximately $1.7 million.

Purchased Vehicle Sales

The entire selling and purchase price of the vehicle is recorded as revenue and cost of services for purchased vehicles sold. Purchased vehicle sales increased $2.7 million, or 5%, to $58.2 million for the three months ended March 31, 2024, compared with $55.5 million for the three months ended March 31, 2023, primarily as a result of an increase in purchased vehicles sold in Europe.

Gross Profit

For the three months ended March 31, 2024, gross profit from the Marketplace segment increased $8.0 million, or 7%, to $121.2 million, compared with $113.2 million for the three months ended March 31, 2023. Gross profit improvements were driven by a $7.5 million increase in auction and service volumes and $2.3 million from pricing. These improvements were partially offset by a $1.8 million decrease in gross profit resulting from a higher mix of commercial volumes.

Gross profit from the Marketplace segment was 38.1% of revenue for the three months ended March 31, 2024, compared with 35.3% of revenue for the three months ended March 31, 2023. Excluding purchased vehicle sales, gross profit as a percentage of revenue was 46.6% and 42.6% for the three months ended March 31, 2024 and 2023, respectively. Gross profit as a percentage of revenue increased for the three months ended March 31, 2024 as compared with the three months ended March 31, 2023, primarily due to a change in a key customer contract (see discussion in "Service revenue" above), increased volumes and cost savings initiatives.

Selling, General and Administrative

Selling, general and administrative expenses from the Marketplace segment decreased $0.8 million, or 1%, to $94.8 million for the three months ended March 31, 2024, compared with $95.6 million for the three months ended March 31, 2023, primarily as a result of decreases in incentive-based compensation of $2.4 million, compensation expense of $1.8 million and professional fees of $1.2 million, partially offset by increases in stock-based compensation of $2.4 million, information technology costs of $1.0 million and other miscellaneous expenses aggregating $1.2 million.

Finance Results

(Dollars in millions, except volumes and per loan amounts)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Finance-related revenue		
Interest income	**$ 61.0**	$ 60.6
Fee income	**48.5**	47.6
Other revenue	**2.1**	3.4
Provision for credit losses	**(13.6)**	(12.0)
Total Finance revenue	**98.0**	99.6
Cost of services*	**16.8**	16.4
Gross profit*	**81.2**	83.2
Selling, general and administrative	**13.9**	12.4
Depreciation and amortization	**2.7**	1.8
Operating profit	**$ 64.6**	$ 69.0
Loan transactions	**422,000**	420,000
Revenue per loan transaction	**$ 232**	$ 237

* Exclusive of depreciation and amortization

Revenue

For the three months ended March 31, 2024, the Finance segment revenue decreased $1.6 million, or 2%, to $98.0 million, compared with $99.6 million for the three months ended March 31, 2023. The decrease in revenue was primarily the result of a 2% decrease in revenue per loan transactions.

Revenue per loan transaction, which includes both loans paid off and loans curtailed, decreased $5, or 2%, primarily as a result of a decrease in loan values, an increase in net credit losses and a decrease in average portfolio duration, partially offset by an increase in interest yields.

The provision for credit losses increased to 2.3% of the average managed receivables for the three months ended March 31, 2024 from 2.0% for the three months ended March 31, 2023. The provision for credit losses is expected to be approximately 2% or under, on a long-term basis, of the average managed receivables balance. However, the actual losses in any particular quarter or year could deviate from this range.

Gross Profit

For the three months ended March 31, 2024, gross profit for the Finance segment decreased $2.0 million, or 2%, to $81.2 million, or 82.9% of revenue, compared with $83.2 million, or 83.5% of revenue, for the three months ended March 31, 2023. The decrease in gross profit as a percent of revenue was primarily the result of a 2% increase in cost of services and the 2% decrease in revenue. The increase in cost of services of $0.4 million was primarily the result of increases in compensation expense of $0.3 million, professional fees of $0.3 million and other miscellaneous expenses aggregating $0.1 million, partially offset by a decrease in lot check expenses of $0.3 million.

Selling, General and Administrative

Selling, general and administrative expenses for the Finance segment increased $1.5 million, or 12%, to $13.9 million for the three months ended March 31, 2024, compared with $12.4 million for the three months ended March 31, 2023 primarily as a result of increases in stock-based compensation of $0.6 million, title handling costs of $0.6 million and severance costs of $0.3 million.

LIQUIDITY AND CAPITAL RESOURCES

We believe that the significant indicators of liquidity for our business are cash on hand, cash flow from operations, working capital and amounts available under our Revolving Credit Facilities. Our principal sources of liquidity consist of cash generated by operations and borrowings under our Revolving Credit Facilities.

(Dollars in millions)	March 31, 2024	December 31, 2023	March 31, 2023
Cash and cash equivalents	**$ 105.2**	$ 93.5	$ 219.6
Restricted cash	**45.7**	65.4	32.2
Working capital	**384.6**	363.1	408.6
Amounts available under the Revolving Credit Facilities	**307.6**	133.3	241.0
Cash provided by operating activities for the three months ended	**100.2**		96.1

We regularly evaluate alternatives for our capital structure and liquidity given our expected cash flows, growth and operating capital requirements as well as capital market conditions.

Working Capital

A substantial amount of our working capital is generated from the payments received for services provided. The majority of our working capital needs are short-term in nature, usually less than a week in duration. Most of the financial institutions place a temporary hold on the availability of the funds deposited that generally can range up to two business days, resulting in cash in our accounts and on our balance sheet that is unavailable for use until it is made available by the various financial institutions. There are outstanding checks (book overdrafts) to sellers and vendors included in current liabilities. Because a portion of these outstanding checks for operations in the U.S. are drawn upon bank accounts at financial institutions other than the financial institutions that hold the cash, we cannot offset all the cash and the outstanding checks on our balance sheet. Changes in working capital vary from quarter-to-quarter as a result of the timing of collections and disbursements of funds to consignors from marketplace sales held near period end.

Approximately $44.8 million of available cash was held by our foreign subsidiaries at March 31, 2024. If funds held by our foreign subsidiaries were to be repatriated, state and local income tax expense and withholding tax expense would need to be recognized, net of any applicable foreign tax credits.

AFC offers short-term inventory-secured financing, also known as floorplan financing, to independent dealer customers. Financing is primarily provided for terms of 30 to 90 days. AFC principally generates its funding through the sale of its receivables. The receivables sold pursuant to the securitization agreements are accounted for as secured borrowings. For further discussion of AFC's securitization arrangements, see "Securitization Facilities."

Credit Facilities

On June 23, 2023, we entered into the Credit Agreement, which replaced the Previous Credit Agreement, and provides for, among other things, the $325 million Revolving Credit Facility. On January 19, 2024, the Company and ADESA Auctions Canada Corporation, a subsidiary of the Company (the "Canadian Borrower") entered into the First Amendment Agreement (the "First Amendment") to the Credit Agreement. The First Amendment provides for, among other things, (i) a C$175 million revolving credit facility in Canadian dollars (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Facility, "the Revolving Credit Facilities") and (ii) a C$50 million sub-limit (the "Canadian Sub-limit") under the Company's existing Revolving Credit Facility for borrowings in Canadian dollars. The proceeds from the Canadian Revolving Credit Facility may be used to finance a portion of the Manheim Canada acquisition, to pay for expenses related to the First Amendment and for ongoing working capital and general corporate purposes.

The Revolving Credit Facility is available for letters of credit, working capital, permitted acquisitions and general corporate purposes. The Revolving Credit Facility also includes a $65 million sub-limit for the issuance of letters of credit and a $60 million sub-limit for swingline loans.

Loans under the Revolving Credit Facility bear interest at a rate calculated based on the type of borrowing (at the Company's election, either Adjusted Term SOFR Rate or Base Rate (each as defined in the Credit Agreement)) and the Company's Consolidated Senior Secured Net Leverage Ratio (as defined in the Credit Agreement), with such rate ranging from 2.75% to 2.25% for Adjusted Term SOFR Rate loans and from 1.75% to 1.25% for Base Rate loans. The Company also pays a commitment fee between 25 to 35 basis points, payable quarterly, on the average daily unused amount of the Revolving Facility based on the Company's Consolidated Senior Secured Net Leverage Ratio.

Loans under the Canadian Revolving Credit Facility bear interest at a rate calculated based on the type of borrowing (at the Canadian Borrower's election, either Adjusted Term CORRA Rate or Canadian Prime Rate (each as defined in the Credit Agreement, as amended by the First Amendment)) and the Company’s Consolidated Senior Secured Net Leverage Ratio, with such rate ranging from 3.00% to 2.50% for Adjusted Term CORRA loans and from 2.00% to 1.50% for Canadian Prime Rate loans. Loans under the Canadian Sub-limit will bear interest at the Adjusted Term CORRA Rate plus a margin ranging from 2.75% to 2.25% based on the Company’s Consolidated Senior Secured Net Leverage Ratio (the same margin as loans under the existing Revolving Credit Facility). The Canadian Borrower will also pay a commitment fee between 25 to 35 basis points, payable quarterly, on the average daily unused amount of the Canadian Revolving Credit Facility based on the Company’s Consolidated Senior Secured Net Leverage Ratio.

As of March 31, 2024 and December 31, 2023, $95.5 million and $137.0 million was drawn on the Revolving Credit Facilities, respectively. We had related outstanding letters of credit in the aggregate amount of $51.2 million and $54.7 million at March 31, 2024 and December 31, 2023, respectively, which reduce the amount available for borrowings under the Revolving Credit Facilities. Our European operations have lines of credit aggregating $32.4 million (€30 million) of which $24.9 million was drawn at March 31, 2024.

The obligations of the Company under the Revolving Credit Facility are guaranteed by certain of our domestic subsidiaries (the "Subsidiary Guarantors") and are secured by substantially all of the assets of the Company and the Subsidiary Guarantors, including but not limited to: (a) pledges of and first priority security interests in 100% of the equity interests of certain of the Company's and the Subsidiary Guarantors' domestic subsidiaries and 65% of the equity interests of certain of the Company's and the Subsidiary Guarantors' first tier foreign subsidiaries and (b) first priority security interests in substantially all other assets of the Company and each Subsidiary Guarantor, subject to certain exceptions.

The obligations of the Canadian Borrower under the Canadian Revolving Credit Facility are guaranteed by certain of the Company’s domestic and Canadian subsidiaries (the "Canadian Revolving Credit Facility Subsidiary Guarantors") and are secured by substantially all of the assets of the Company, the Canadian Borrower and the Canadian Revolving Credit Facility Subsidiary Guarantors, subject to certain exceptions; provided, however, the Canadian Borrower and the other Canadian subsidiaries of the Company constituting the Canadian Revolving Credit Facility Subsidiary Guarantors shall guarantee and/or provide security for only the Canadian Secured Obligations (as defined in the Credit Agreement, as amended by the First Amendment).

Certain covenants contained within the Credit Agreement are critical to an investor’s understanding of our financial liquidity, as the failure to maintain compliance with these covenants could result in a default and allow the lenders under the Credit Agreement to declare all amounts borrowed immediately due and payable. The Credit Agreement contains a financial covenant requiring compliance with a maximum Consolidated Senior Secured Net Leverage Ratio not to exceed 3.5 as of the last day of each fiscal quarter on which any loans under the Revolving Credit Facilities are outstanding. The Consolidated Senior Secured Net Leverage Ratio is calculated as Consolidated Total Debt (as defined in the Credit Agreement) divided by Consolidated EBITDA (as defined in the Credit Agreement) for the last four quarters. Consolidated Total Debt includes, among other things, term loan borrowings, revolving loans, finance lease liabilities and other obligations for borrowed money less Unrestricted Cash (as defined in the Credit Agreement). Consolidated EBITDA is EBITDA (earnings before interest expense, income taxes, depreciation and amortization) adjusted to exclude, among other things, (a) gains and losses from asset sales; (b) unrealized foreign currency translation gains and losses in respect of indebtedness; (c) certain non-recurring gains and losses; (d) stock-based compensation expense; (e) certain other non-cash amounts included in the determination of net income; (f) charges and revenue reductions resulting from purchase accounting; (g) minority interest; (h) consulting expenses incurred for cost reduction, operating restructuring and business improvement efforts; (i) expenses realized upon the termination of employees and the termination or cancellation of leases, software licenses or other contracts in connection with the operational restructuring and business improvement efforts; (j) expenses incurred in connection with permitted acquisitions; (k) any impairment charges or write-offs of intangibles; and (l) any extraordinary, unusual or non-recurring charges, expenses or losses. Our Consolidated Senior Secured Net Leverage Ratio was 0.2 at March 31, 2024.

In addition, the Credit Agreement and the indenture governing our senior notes (see Note 7, "Long-Term Debt" for additional information) contain certain limitations on our ability to pay dividends and other distributions, make certain acquisitions or investments, grant liens and sell assets, and the Credit Agreement contains certain limitations on our ability to incur indebtedness. The applicable covenants in the Credit Agreement affect our operating flexibility by, among other things, restricting our ability to incur expenses and indebtedness that could be used to grow the business, as well as to fund general corporate purposes. We were in compliance with the covenants in the Credit Agreement and the indenture governing our senior notes at March 31, 2024.

Senior Notes

On May 31, 2017, we issued $950 million of 5.125% senior notes due June 1, 2025. The Company pays interest on the senior notes semi-annually in arrears on June 1 and December 1 of each year. The senior notes may be redeemed at par. The senior notes are guaranteed by the Subsidiary Guarantors. In June 2023, in connection with a previously announced offer to purchase, we prepaid $140 million of the senior notes at par with proceeds from the Transaction. We incurred a loss on the extinguishment of the senior notes of $0.7 million in the second quarter of 2023 primarily representative of the write-off of unamortized debt issuance costs associated with the portion of the senior notes repaid, as well as purchase offer expenses. As of March 31, 2024 there was $210.0 million of senior notes outstanding.

Liquidity

As of March 31, 2024, $95.5 million was drawn on the Revolving Credit Facilities and is classified as current debt based on the Company's past practice of using the Revolving Credit Facilities for short term borrowings. However, the terms of the Revolving Credit Facilities do not require repayment until maturity at June 23, 2028.

At March 31, 2024, cash totaled $105.2 million and there was an additional $307.6 million available for borrowing under the Revolving Credit Facilities (net of $51.2 million in outstanding letters of credit). Funds held by our foreign subsidiaries could be repatriated, at which point state and local income tax expense and withholding tax expense would need to be recognized, net of any applicable foreign tax credits.

The Company's auction volumes have been adversely impacted by the supply chain disruptions and associated challenges in the automotive industry. We expect to see an improvement in the used vehicle market in the coming years, which is expected to increase the volume of vehicles entering our auction platforms and have a positive impact on our operating results. We believe our sources of liquidity from our cash and cash equivalents on hand, working capital, cash provided by operating activities, and availability under our Revolving Credit Facilities are sufficient to meet our operating needs for the foreseeable future. In addition, we believe the previously mentioned sources of liquidity will be sufficient to fund our capital requirements and debt service payments for the foreseeable future. A lack of recovery in market conditions, or further deterioration in market conditions, could materially affect the Company's liquidity.

Securitization Facilities

AFC sells the majority of its U.S. dollar denominated finance receivables on a revolving basis and without recourse to AFC Funding Corporation. A securitization agreement allows for the revolving sale by AFC Funding Corporation to a group of bank purchasers of undivided interests in certain finance receivables subject to committed liquidity. The agreement expires on January 31, 2026. AFC Funding Corporation had committed liquidity of $2.0 billion for U.S. finance receivables at March 31, 2024.

We also have an agreement for the securitization of AFCI's receivables, which expires on January 31, 2026. AFCI's committed facility is provided through a third-party conduit (separate from the U.S. facility) and was C$300 million at March 31, 2024. The receivables sold pursuant to both the U.S. and Canadian securitization agreements are accounted for as secured borrowings.

AFC managed total finance receivables of $2,313.7 million and $2,305.0 million at March 31, 2024 and December 31, 2023, respectively. AFC's allowance for losses was $21.0 million and $23.0 million at March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023, $2,305.7 million and $2,296.4 million, respectively, of finance receivables and a cash reserve of 1 or 3 percent of the obligations collateralized by finance receivables served as security for the $1,609.1 million and $1,645.4 million of gross obligations collateralized by finance receivables at March 31, 2024 and December 31, 2023, respectively. The amount of the cash reserve depends on circumstances which are set forth in the securitization agreements. There were unamortized securitization issuance costs of approximately $11.9 million and $13.5 million at March 31, 2024 and December 31, 2023, respectively. After the occurrence of a termination event, as defined in the U.S. securitization agreement, the banks may, and could, cause the stock of AFC Funding Corporation to be transferred to the bank facility, though as a practical matter the bank facility would look to the liquidation of the receivables under the transaction documents as their primary remedy.

Proceeds from the revolving sale of receivables to the bank facilities are used to fund new loans to customers. AFC, AFC Funding Corporation and AFCI must maintain certain financial covenants including, among others, limits on the amount of debt AFC and AFCI can incur, minimum levels of tangible net worth, and other covenants tied to the performance of the finance receivables portfolio. The securitization agreements also incorporate the financial covenants of our Previous Credit Agreement. At March 31, 2024, we were in compliance with the covenants in the securitization agreements.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA, as presented herein, are supplemental measures of our performance that are not required by, or presented in accordance with, generally accepted accounting principles in the United States, or GAAP. They are not measurements of our financial performance under GAAP and should not be considered substitutes for net income (loss) or any other performance measures derived in accordance with GAAP.

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 above in the discussion of certain restrictive loan covenants under "Credit Facilities."

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 our creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate our performance. EBITDA and Adjusted EBITDA 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.

The following tables reconcile EBITDA and Adjusted EBITDA to income (loss) from continuing operations for the periods presented:

	Three Months Ended March 31, 2024		
(Dollars in millions)	**Marketplace**	**Finance**	**Consolidated**
Income (loss) from continuing operations	$ (12.9)	$ 31.4	$ 18.5
Add back:			
Income taxes	0.2	10.5	10.7
Interest expense, net of interest income	6.7	32.6	39.3
Depreciation and amortization	21.6	2.7	24.3
Intercompany interest	9.9	(9.9)	—
EBITDA	25.5	67.3	92.8
Non-cash stock-based compensation	5.2	1.8	7.0
Acquisition related costs	0.3	—	0.3
Securitization interest	—	(29.9)	(29.9)
Severance	1.4	0.3	1.7
Foreign currency (gains)/losses	2.0	—	2.0
Professional fees related to business improvement efforts	0.6	0.2	0.8
Other	0.1	—	0.1
Total addbacks/(deductions)	9.6	(27.6)	(18.0)
Adjusted EBITDA	$ 35.1	$ 39.7	$ 74.8

(Dollars in millions)	Three Months Ended March 31, 2023 Marketplace	Finance	Consolidated
Income (loss) from continuing operations	$ (21.1)	$ 33.8	$ 12.7
Add back:			
Income taxes	(3.9)	11.2	7.3
Interest expense, net of interest income	7.1	30.3	37.4
Depreciation and amortization	21.2	1.8	23.0
Intercompany interest	6.4	(6.4)	—
EBITDA	9.7	70.7	80.4
Non-cash stock-based compensation	2.7	1.1	3.8
Acquisition related costs	0.3	—	0.3
Securitization interest	—	(27.8)	(27.8)
Severance	0.5	—	0.5
Foreign currency (gains)/losses	(0.1)	0.2	0.1
Net change in unrealized (gains) losses on investment securities	—	0.1	0.1
Professional fees related to business improvement efforts	0.6	0.1	0.7
Other	0.6	0.2	0.8
Total addbacks/(deductions)	4.6	(26.1)	(21.5)
Adjusted EBITDA	$ 14.3	$ 44.6	$ 58.9

Certain of our loan covenant calculations utilize financial results for the most recent four consecutive fiscal quarters. The following table reconciles EBITDA and Adjusted EBITDA to net income (loss) for the periods presented:

	Three Months Ended				Twelve Months Ended
(Dollars in millions)	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2024
Net income (loss)	$ (193.8)	$ 12.7	$ 14.3	$ 18.5	$ (148.3)
Less: Income from discontinued operations	—	—	0.7	—	0.7
Income (loss) from continuing operations	(193.8)	12.7	13.6	18.5	(149.0)
Add back:					
Income taxes	(19.3)	12.7	7.6	10.7	11.7
Interest expense, net of interest income	37.5	38.5	38.9	39.3	154.2
Depreciation and amortization	26.8	26.4	25.3	24.3	102.8
EBITDA	(148.8)	90.3	85.4	92.8	119.7
Non-cash stock-based compensation	5.5	4.5	3.6	7.0	20.6
Loss on extinguishment of debt	1.1	—	—	—	1.1
Acquisition related costs	0.3	0.5	2.0	0.3	3.1
Securitization interest	(29.6)	(31.6)	(31.4)	(29.9)	(122.5)
Severance	1.0	1.9	2.1	1.7	6.7
Foreign currency (gains)/losses	0.3	(1.2)	(2.1)	2.0	(1.0)
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)	0.5	(0.4)	—	(0.1)
Professional fees related to business improvement efforts	2.1	1.7	2.1	0.8	6.7
Other	—	0.9	0.5	0.1	1.5
Total addbacks/(deductions)	232.6	(22.8)	(23.6)	(18.0)	168.2
Adjusted EBITDA from continuing ops	$ 83.8	$ 67.5	$ 61.8	$ 74.8	$ 287.9

Summary of Cash Flows

	Three Months Ended March 31,	
(Dollars in millions)	**2024**	2023
Net cash provided by (used by):		
Operating activities - continuing operations	**$ 100.2**	$ 96.1
Operating activities - discontinued operations	**—**	—
Investing activities - continuing operations	**(39.7)**	(13.6)
Investing activities - discontinued operations	**—**	7.0
Financing activities - continuing operations	**(63.6)**	(116.5)
Financing activities - discontinued operations	**—**	—
Net change in cash balances of discontinued operations	**—**	—
Effect of exchange rate on cash	**(4.9)**	1.1
Net decrease in cash, cash equivalents and restricted cash	**$ (8.0)**	$ (25.9)

Cash flow from operating activities (continuing operations) Net cash provided by operating activities (continuing operations) was $100.2 million for the three months ended March 31, 2024, compared with $96.1 million for the three months ended March 31, 2023. Cash provided by continuing operations for the three months ended March 31, 2024 consisted primarily of cash earnings and an increase in accounts payable and accrued expenses, partially offset by an increase in trade receivables and other assets. Cash provided by continuing operations for the three months ended March 31, 2023 consisted primarily of cash earnings and an increase in accounts payable and accrued expenses, partially offset by an increase in trade receivables and other assets. The increase in operating cash flow was primarily attributable to changes in operating assets and liabilities as a result of the timing of collections and the disbursement of funds to consignors for marketplace sales held near period-ends, and changes in AFC's accounts payable balances.

Changes in AFC’s accounts payable balance are presented in cash flows from operating activities while changes in AFC’s finance receivables are presented in cash flows from investing activities. Changes in these balances can cause variations in operating and investing cash flows.

Cash flow from investing activities (continuing operations) Net cash used by investing activities (continuing operations) was $39.7 million for the three months ended March 31, 2024, compared with $13.6 million for the three months ended March 31, 2023. The cash used by investing activities for the three months ended March 31, 2024 was primarily from an increase in finance receivables held for investment and purchases of property and equipment. The cash used by investing activities for the three months ended March 31, 2023 was primarily from purchases of property and equipment and an increase in finance receivables held for investment.

Cash flow from financing activities (continuing operations) Net cash used by financing activities (continuing operations) was $63.6 million for the three months ended March 31, 2024, compared with $116.5 million for the three months ended March 31, 2023. The cash used by financing activities for the three months ended March 31, 2024 was primarily due to repayments on lines of credit, a decrease in obligations collateralized by finance receivables and dividends paid on the Series A Preferred Stock, partially offset by a net increase in book overdrafts. The cash used by financing activities for the three months ended March 31, 2023 was primarily due to repayments on lines of credit, a decrease in obligations collateralized by finance receivables and dividends paid on the Series A Preferred Stock.

Cash flow from operating activities (discontinued operations) There were no operating activities (discontinued operations) for the three months ended March 31, 2024 and 2023.

Cash flow from investing activities (discontinued operations) There were no investing activities (discontinued operations) for the three months ended March 31, 2024, compared with net cash provided by investing activities of $7.0 million for the three months ended March 31, 2023. The cash provided by investing activities for the three months ended March 31, 2023 was attributable to the final proceeds from the sale of the ADESA U.S. physical auction business.

Cash flow from financing activities (discontinued operations) There were no financing activities (discontinued operations) for the three months ended March 31, 2024 and 2023.

Capital Expenditures

Capital expenditures for the three months ended March 31, 2024 and 2023 approximated $12.9 million and $12.0 million, respectively. Capital expenditures were funded from internally generated funds. We continue to invest in our core information technology capabilities and our service locations. Capital expenditures related to continuing operations are expected to be approximately $55 million to $60 million for fiscal year 2024. Future capital expenditures could vary substantially based on capital project timing, capital expenditures related to acquired businesses and the initiation of new information systems projects to support our business strategies.

Dividends

The Series A Preferred Stock ranks senior to the shares of the Company’s common stock, par value $0.01 per share, with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The holders of the Series A Preferred Stock are entitled to a cumulative dividend at the rate of 7% per annum, payable quarterly in arrears. Dividends are payable in cash or in kind, or in any combination of both, at the option of the Company. For the three months ended March 31, 2024 and 2023, the holders of the Series A Preferred Stock received cash dividends aggregating $11.1 million. The holders of the Series A Preferred Stock are also entitled to participate in dividends declared or paid on our common stock on an as-converted basis.

Contractual Obligations

The Company's contractual cash obligations for long-term debt, interest payments related to long-term debt, finance lease obligations, operating leases and contingent consideration related to acquisitions are summarized in the table of contractual obligations in our Annual Report on Form 10-K for the year ended December 31, 2023. Since December 31, 2023, the contractual obligations of the Company have changed as follows:

- In January 2024, the Company entered into the First Amendment to the Credit Agreement which provides for the Canadian Revolving Credit Facility (C$175 million), among other things.
- Operating lease obligations change in the ordinary course of business. We lease most of our facilities, as well as other property and equipment under operating leases. Future operating lease obligations will continue to change if renewal options are exercised and/or if we enter into additional operating lease agreements.

See Notes 1 and 7 to the Consolidated Financial Statements, included elsewhere in this Quarterly Report on Form 10-Q, for additional information about the items described above. Our contractual cash obligations as of December 31, 2023, are discussed in the "Contractual Obligations" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC").

Critical Accounting Estimates

Our critical accounting estimates are discussed in the "Critical Accounting Estimates" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC. A summary of significant accounting policies is discussed in Note 2 and elsewhere in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, which includes audited financial statements.

New Accounting Standards

For a description of new accounting standards that could affect the Company, reference the "New Accounting Standards" section of Note 1 to the Unaudited Consolidated Financial Statements, included elsewhere in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As of March 31, 2024, we had no off-balance sheet arrangements pursuant to Item 303 of Regulation S-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that we believe are reasonably likely to have a current or future effect on our financial condition, results of operations, or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency

Our foreign currency exposure is limited and arises from transactions denominated in foreign currencies, particularly intercompany loans, as well as from translation of the results of operations from our Canadian and, to a lesser extent, United Kingdom and Continental Europe subsidiaries. However, fluctuations between U.S. and non-U.S. currency values may adversely affect our results of operations and financial position. We have not entered into any foreign exchange contracts to hedge changes in the Canadian dollar, British pound or euro. Foreign currency losses on intercompany loans were approximately $2.0 million and $0.1 million for the three months ended March 31, 2024 and 2023, respectively. Canadian currency translation had no impact on net income for the three months ended March 31, 2024. A 1% change in the month-end Canadian dollar exchange rate for the three months ended March 31, 2024 would have impacted foreign currency losses on intercompany loans by $0.1 million and net income by $0.1 million. A 1% change in the month-end euro exchange rate for the three months ended March 31, 2024 would have impacted foreign currency losses on intercompany loans by $0.6 million and net income by $0.4 million. A 1% change in the average Canadian dollar exchange rate for the three months ended March 31, 2024 would have impacted net income by approximately $0.1 million. Currency exposure of our U.K. and European operations is not material to the results of operations.

Interest Rates

We are exposed to interest rate risk on our variable rate borrowings. Accordingly, interest rate fluctuations affect the amount of interest expense we are obligated to pay. We do not currently use interest rate contracts to manage our exposure to interest rate changes.

A sensitivity analysis of the impact on our variable rate corporate debt instruments to a hypothetical 100 basis point increase in short-term rates (SOFR/CORRA) for the three months ended March 31, 2024 would have resulted in an increase in interest expense of approximately $0.3 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), during the quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in litigation and disputes arising in the ordinary course of business. Although the outcome of litigation cannot be accurately predicted, based on evaluation of information presently available, our management does not currently believe that the ultimate resolution of these actions will have a material adverse effect on our financial condition, results of operations or cash flows.

Certain legal proceedings in which the Company is involved are discussed in Note 19 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023 and Part I, Item 3 of the same Annual Report. Unless otherwise indicated therein, all proceedings discussed in the Annual Report remain outstanding.

Item 1A. Risk Factors

Before deciding to invest in our Company, in addition to the other information contained in our Annual Report on Form 10-K and other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially and adversely affect our business, financial condition, prospects, results of operations and cash flows. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. The risks described in our most recent Annual Report on Form 10-K, including our ability to access capital and macroeconomic conditions and geopolitical events, are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially affect our business, financial condition, results of operations and prospects.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities made by OPENLANE during the period covered by this report.

Issuer Purchases of Equity Securities

The following table provides information about purchases by OPENLANE, Inc. of its shares of common stock during the quarter ended March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) *(Dollars in millions)*
January 1 - January 31	—	$ —	—	$ 125.0
February 1 - February 29	—	—	—	125.0
March 1 - March 31	—	—	—	125.0
Total	—	$ —	—	

(1) In October 2019, the board of directors authorized a repurchase of up to $300 million of the Company’s outstanding common stock, par value $0.01 per share. Since October 2019, the share repurchase program has been amended from time-to-time through subsequent approvals by the board of directors. These amendments have served to increase the size of the share repurchase program and extend its maturity date through December 31, 2024. Repurchases may be made in the open market or through privately negotiated transactions, in accordance with applicable securities laws and regulations, including pursuant to repurchase plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The timing and amount of any repurchases is subject to market and other conditions.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the first quarter of 2024, none of the Company’s directors or executive officers adopted a Rule 10b5-1 trading plan, terminated or modified a Rule 10b5-1 trading plan or adopted, modified or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits, Financial Statement Schedules

a) Exhibits—the exhibit index below is incorporated herein by reference as the list of exhibits required as part of this report.

In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the Company and its subsidiaries or other parties to the agreements.

The agreements included or incorporated by reference as exhibits to this report contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this report and the Company's other public filings, which are available without charge through the SEC's website at http://www.sec.gov.

EXHIBIT INDEX

			Incorporated by Reference			
Exhibit No.	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
2.1 +	Separation and Distribution Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	2.1	6/28/2019	
2.2	Agreement and Plan of Merger dated as of September 4, 2020 by and among ADESA, Inc., Showroom Merger Sub, Inc., OPENLANE, Inc., BacklotCars, Inc. and Shareholder Representative Services LLC, as the securityholders representative	8-K	001-34568	2.1	9/8/2020	
2.3	Securities Purchase Agreement, by and among ADESA, Inc., Carwave Holdings LLC, KKR Chevy Aggregator L.P., John Lauer, William Lauer, Joseph Lauer, Lauer Holdings Inc., KKR Chevy Blocker, LLC, KKR-Milton Strategic Partners L.P., KKR DAF Private Assets Fund Designated Activity Company, KKR NGT II (Chevy) Blocker L.P. and KKR NGT II (Chevy) Blocker Parent L.P.	8-K	001-34568	2.1	8/23/2021	
2.4	Securities and Asset Purchase Agreement, dated as of February 24, 2022, by and among OPENLANE, Inc., Carvana Group, LLC and Carvana Co. solely for purposes of Section 10.15 thereof as guarantor	8-K	001-34568	2.1	2/24/2022	
3.1a	Amended and Restated Certificate of Incorporation of OPENLANE, Inc.	10-Q	001-34568	3.1	8/3/2016	
3.1b	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of OPENLANE, Inc.	8-K	001-34568	3.1	5/12/2023	
3.2	Second Amended and Restated By-Laws of OPENLANE, Inc.	8-K	001-34568	3.1	11/4/2014	
3.3	Certificate of Designations Designating the Series A Convertible Preferred Stock	8-K	001-34568	3.1	6/10/2020	
4.1	Indenture, dated as of May 31, 2017, among OPENLANE, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of the Notes	8-K	001-34568	4.1	5/31/2017	
4.2	Form of common stock certificate	S-1/A	333-161907	4.15	12/10/2009	

Exhibit No.		Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
4.3		Description of the Company's securities	10-K	001-34568	4.3	2/19/2020	
10.1a		Credit Agreement, dated as of June 23, 2023, among the OPENLANE, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent	8-K	001-34568	10.1	6/26/2023	
10.1b		First Amendment Agreement, dated as of January 19, 2024, by and among OPENLANE, Inc., ADESA Auctions Canada Corporation, certain other subsidiaries of OPENLANE, Inc. party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent	8-K	001-34568	10.1	1/22/2024	
10.2a	*	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Peter J. Kelly	10-Q	001-34568	10.9	5/7/2020	
10.2b	*	Amendment No. 1 to Employment Agreement, dated March 1, 2021, between OPENLANE, Inc. and Peter J. Kelly	8-K	001-34568	10.2	3/2/2021	
10.3	*	Employment Agreement, dated April 17, 2023, between OPENLANE, Inc. and Brad S. Lakhia	8-K	001-34568	10.1	4/17/2023	
10.4	*	Employment Agreement, dated October 26, 2021, between OPENLANE, Inc. and James Coyle	10-K	001-34568	10.6	2/23/2022	
10.5a	*	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Sriram Subrahmanyam	10-K	001-34568	10.7a	3/9/2023	
10.5b	*	Amendment No. 1 to Employment Agreement, dated May 9, 2022, between OPENLANE, Inc. and Sriram Subrahmanyam	10-K	001-34568	10.7b	3/9/2023	
10.6a	*	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and James E. Money	10-K	001-34568	10.6	2/21/2024	
10.6b	*	Letter Agreement, dated April 1, 2024, between OPENLANE, Inc. and James E. Money					X
10.7a	*	Employment Agreement, dated September 4, 2020, between OPENLANE, Inc. and Justin Davis	10-Q	001-34568	10.7	5/4/2022	
10.7b	*	Letter Agreement, dated March 5, 2024, between OPENLANE, Inc. and Justin Davis					X
10.8	*	Employment Agreement, dated March 1, 2021, between OPENLANE, Inc. and Scott Anderson	10-K	001-34568	10.8	2/21/2024	
10.9	*	OPENLANE, Inc. Annual Incentive Program Summary of Terms 2023	10-K	001-34568	10.10	3/9/2023	
10.10	*	OPENLANE, Inc. Annual Incentive Program Summary of Terms 2024	10-K	001-34568	10.10	2/21/2024	
10.11a	^	Amended and Restated Purchase and Sale Agreement, dated May 31, 2002, between AFC Funding Corporation and Automotive Finance Corporation	S-4	333-148847	10.32	1/25/2008	
10.11b		Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated June 15, 2004	S-4	333-148847	10.33	1/25/2008	
10.11c		Amendment No. 2 to Amended and Restated Purchase and Sale Agreement, dated January 18, 2007	S-4	333-148847	10.34	1/25/2008	
10.11d	^	Amendment No. 3 to Amended and Restated Purchase and Sale Agreement, dated April 20, 2007	S-4	333-148847	10.35	1/25/2008	
10.11e		Amendment No. 4 to Amended and Restated Purchase and Sale Agreement, dated January 30, 2009	10-K	001-34568	10.19e	2/28/2012	

Exhibit No.		Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.11f		Amendment No. 5 to Amended and Restated Purchase and Sale Agreement, dated April 25, 2011	10-K	001-34568	10.19f	2/28/2012	
10.12	+	Tenth Amended and Restated Receivables Purchase Agreement, dated September 28, 2022, by and among Automotive Finance Corporation, AFC Funding Corporation, Fairway Finance Company, LLC, Fifth Third Bank, National Association, Chariot Funding LLC, PNC Bank, National Association, Thunder Bay Funding, LLC, Truist Bank, BMO Capital Markets Corp., JPMorgan Chase Bank, N.A., Royal Bank of Canada and Bank of Montreal	10-Q	001-34568	10.11	11/2/2022	
10.13	+	Receivables Purchase Agreement, dated March 1, 2023, between Automotive Finance Canada Inc., OPENLANE, Inc., Computershare Trust Company of Canada, the Agents Parties to the Loan Agreement and BMO Nesbitt Burns Inc.	10-Q	001-34568	10.14	5/3/2023	
10.14		Form of Indemnification Agreement	8-K	001-34568	10.1	12/17/2013	
10.15a	*	KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan, as Amended June 10, 2014	DEF 14A	001-34568	Appendix A	4/29/2014	
10.15b	*	First Amendment to the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan	10-K	001-34568	10.24b	2/18/2016	
10.15c	*	KAR Auction Services, Inc. Amended and Restated 2009 Omnibus Stock and Incentive Plan, as Amended and Restated June 4, 2021	DEF 14A	001-34568	Annex I	4/23/2021	
10.16	*	KAR Auction Services, Inc. Amended and Restated Employee Stock Purchase Plan	10-Q	001-34568	10.27	8/5/2020	
10.17a	*	KAR Auction Services, Inc. Directors Deferred Compensation Plan, effective December 10, 2009	10-Q	001-34568	10.62	8/4/2010	
10.17b	*	Amendment No. 1 to the KAR Auction Services, Inc. Directors Deferred Compensation Plan, dated as of June 28, 2019	10-Q	001-34568	10.28b	11/6/2019	
10.18	*	Director Restricted Share Agreement	10-Q	001-34568	10.29	8/7/2019	
10.19	*	Form of Nonqualified Stock Option Agreement	S-1/A	333-161907	10.65	12/4/2009	
10.20	*	Form of 2019 Restricted Stock Unit Award Agreement for Section 16 Officers	10-K	001-34568	10.35	2/21/2019	
10.21	*	Form of 2020 Restricted Stock Unit Award Agreement for Section 16 Officers	10-K	001-34568	10.35	2/19/2020	
10.22	*	Form of 2022 Restricted Stock Unit Award Agreement	10-K	001-34568	10.22	3/9/2023	
10.23	*	Form of Non-Qualified Stock Option Award Agreement	10-K	001-34568	10.30	2/18/2021	
10.24	*	Form of 2019 Performance-Based Restricted Stock Unit Agreement (Cumulative Operating Adjusted Net Income Per Share)	10-K	001-34568	10.38	2/24/2017	
10.25	*	Form of 2020, 2021 and 2022 Performance-Based Restricted Stock Unit Agreement (Cumulative Operating Adjusted Net Income Per Share)	10-K	001-34568	10.38	2/19/2020	
10.26	*	Form of 2022 Amended and Restated Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA)	10-Q	001-34568	10.25	11/2/2022	

Exhibit No.		Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.27	*	Form of 2023 Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA and Relative Total Shareholder Return)	10-K	001-34568	10.27	3/9/2023	
10.28	*	Form of 2024 Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA and Relative Total Shareholder Return)	10-K	001-34568	10.28	2/21/2024	
10.29		Transition Services Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.1	6/28/2019	
10.30		Tax Matters Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.2	6/28/2019	
10.31		Employee Matters Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.3	6/28/2019	
10.32		Investment Agreement, dated as of May 26, 2020, by and between OPENLANE, Inc. and Ignition Parent LP	8-K	001-34568	10.1	5/27/2020	
10.33a		Investment Agreement, dated as of May 26, 2020, by and between OPENLANE, Inc. and Periphas Capital GP, LLC	8-K	001-34568	10.2	5/27/2020	
10.33b		Assignment and Assumption Agreement, dated as of June 9, 2020, by and between Periphas Capital GP, LLC and Periphas Kanga Holdings, L.P.	10-K	001-34568	10.37b	2/18/2021	
10.34		Registration Rights Agreement, dated as of June 10, 2020, by and among OPENLANE, Inc. and Ignition Parent LP	8-K	001-34568	10.1	6/10/2020	
10.35		Registration Rights Agreement, dated as of June 29, 2020, by and between OPENLANE, Inc. and Periphas Kanga Holdings, LP	8-K	001-34568	10.1	6/29/2020	
31.1		Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2		Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1		Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2		Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101		The following materials from OPENLANE, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statements of Income for the three months ended March 31, 2024 and 2023; (ii) the Consolidated Statements of Comprehensive Income for the three months ended March 31, 2024 and 2023; (iii) the Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023; (iv) the Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2024 and 2023; (v) the Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023; and (vi) the Condensed Notes to Consolidated Financial Statements.					X

Exhibit No.	Exhibit Description	Incorporated by Reference: Form	File No.	Exhibit	Filing Date	Filed Herewith
104	Cover page Interactive Data File, formatted in iXBRL (contained in Exhibit 101).					X

+ Certain information has been excluded from this exhibit because it is not material and would likely cause competitive harm to the registrant if publicly disclosed.

^ Portions of this exhibit have been redacted pursuant to a request for confidential treatment filed separately with the Secretary of the Securities and Exchange Commission pursuant to Rule 406 under the Securities Act of 1933, as amended.

* Denotes management contract or compensation plan, contract or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OPENLANE, Inc.
(Registrant)

Date: May 1, 2024

/s/ BRAD S. LAKHIA
Brad S. Lakhia
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

EXHIBIT 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Peter J. Kelly, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of OPENLANE, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PETER J. KELLY

Peter J. Kelly
Chief Executive Officer

Date: May 1, 2024

EXHIBIT 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brad S. Lakhia, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of OPENLANE, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRAD S. LAKHIA

Brad S. Lakhia
Executive Vice President and Chief Financial Officer

Date: May 1, 2024

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of OPENLANE, Inc. (the "Company") for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter J. Kelly, as Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PETER J. KELLY

Peter J. Kelly
Chief Executive Officer

Date: May 1, 2024

EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of OPENLANE, Inc. (the "Company") for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad S. Lakhia, as Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1) The report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2) the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ BRAD S. LAKHIA

Brad S. Lakhia
Executive Vice President and Chief Financial Officer

Date: May 1, 2024