REFINITIV

# DELTA REPORT

## 10-K

OPENLANE, INC.

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 3941 |
| --- | --- |
| CHANGES | 503 |
| DELETIONS | 1534 |
| ADDITIONS | 1904 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

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

**For the fiscal year ended December 31, 2023 December 31, 2024**

**OR**

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

**Commission File Number: 001-34568**

OPENLANElogo2023.jpg

**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 |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐ ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock held by stockholders who were not affiliates (as defined by regulations of the Securities and Exchange Commission) of the registrant was $1,639,190,438 $1,792,527,286 at June 30, 2023.June 30, 2024.

As of February 15, 2024 February 14, 2025, 108,045,559 106,910,777 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

**Documents Incorporated by Reference**

Certain information required by Part III of this Annual Report on Form 10-K is incorporated by reference herein from the registrant's Definitive Proxy Statement for its 2024 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the registrant's fiscal year ended December 31, 2023 December 31, 2024.

## Index



## DEFINED TERMS

Unless otherwise indicated or unless the context otherwise requires, the following terms used in this Annual Report on Form 10-K 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. The Previous Credit Agreement provided for a $950 million senior secured term loan B-6 facility due September 19, 2026 ("Term Loan B-6"), of which the outstanding amount was fully repaid in May 2022, and a $325 million senior secured revolving credit facility due September 19, 2024 (the "Previous Revolving Credit Facility"), which was replaced by the Revolving Credit Facility in June 2023;
- "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 December 31, 2023 December 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 December 31, 2023 December 31, 2024 and 2022) 2023).

**PART I**

**Item 1. Business**

**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 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.

In 2023, 2024, our marketplaces facilitated the sale of approximately 1.3 million 1.4 million used vehicles, making OPENLANE a leading digital-only digital wholesale marketplace for used vehicles in North America. Vehicles on our marketplaces are typically sold by commercial sellers including vehicle manufacturers and their captive finance companies, financial institutions, commercial fleet operators and rental car companies (collectively "commercial customers"), as well as new and used vehicle dealers, to franchised franchise and independent used vehicle dealers (collectively "dealer customers"). We generate revenue through auction fees charged to vehicle sellers and buyers as well as by providing value-added ancillary products and services, including transportation logistics, reconditioning, vehicle inspection and certification, titling, administrative and collateral recovery services and floorplan financing. financing, as well as SaaS-based remarketing and other supporting technology services. We facilitate the transfer of ownership directly from seller to buyer and, generally, we do not take title to, nor ownership of, vehicles sold through our marketplaces. However, we also sell vehicles that we have been purchased, for which we do take title and record the gross selling price of the vehicle sold through our marketplaces as revenue.

For commercial sellers, our software platform supports more than 40 private label digital remarketing sites and provides comprehensive solutions to our commercial customers. For dealer customers, our 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. We believe our geographic network and diverse product offerings enable us to leverage relationships with providers and buyers of used vehicles.

An important component of our services to buyers is providing short-term inventory-secured financing, known as floorplan financing. This is provided primarily to independent used vehicle dealers ("independent dealer customers" vehicle dealers") through our wholly-owned subsidiary, AFC, which has approximately 90 locations (hybrid of physical locations and a digital servicing network) throughout North America.

The Company also operates a simulcast technology that supports marketplace sales at our vehicle logistics centers in Canada. Access to this proprietary technology is also sold and licensed to other auction providers, including independent auctions in North America; generally, this revenue is generated on a per vehicle basis, but we do not include these transactions in our vehicle sold numbers.

**Our Corporate History**

ADESA entered the vehicle remarketing industry in 1989 and first became a public company in 1992. In 1994, ADESA acquired AFC. ADESA remained a public company until 1995, and then became public again in 2004. KAR Auction Services, Inc. ("KAR") was incorporated in 2006 and acquired ADESA and IAA Insurance Auto Auctions, Inc. ("IAA") in 2007, taking ADESA private. KAR became a public company in 2009. In 2011, KAR acquired a digital marketplace called "OPENLANE." In 2019, IAA was separated from KAR through a tax-free spin-off. In 2022, KAR sold the ADESA U.S. physical auction business to Carvana. In 2023, KAR rebranded to OPENLANE. "OPENLANE." During its history, the Company has also acquired and divested a number of other businesses that provide services to the wholesale automotive market, including digital marketplace platforms in the U.S., Canada and Europe.

**Our Industry**

Wholesale used vehicles are generally sold through marketplaces that bring together sellers and buyers to facilitate transactions. Wholesale used vehicles include vehicles from dealers turning their inventory, off-lease vehicles, vehicles repossessed by financial institutions and rental and other fleet vehicles that have reached a predetermined age or mileage. The following are key industry highlights:

***Wholesale Used Vehicle Industry Volumes***

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.

***Wholesale Used Vehicle Market***

In the North American wholesale used vehicle marketplace industry, the largest providers of digital marketplaces include OPENLANE and ACV Auctions. In the North American wholesale used vehicle marketplace industry, the largest providers of physical auctions include Manheim by Cox Automotive ("Manheim"), Carvana's used vehicle auctions operated as ADESA and America's Auto Auction. In the North American wholesale used vehicle marketplace industry, the largest providers of digital marketplaces include the Company and ACV Auctions. There are several other providers in the market of varying size. Over the last several years, industry transactions have been increasingly shifting from physical marketplace venues to digital marketplace channels. This shift has attracted the entry of several new technology-driven marketplace participants, who are generally smaller in size and service more select segments of buyers and sellers.

***Floorplan Financing***

An important component of the wholesale used vehicle industry is the availability of short-term inventory-secured financing, known as floorplan financing. At the national level, this financing is provided AFC, NextGear Capital by Cox Automotive ("NextGear Capital"), other specialty lenders, banks and financial institutions. By providing buyers (primarily independent dealer customers) vehicle dealers) access to capital, the independent dealer customers vehicle dealers are able to place inventory on their lots. AFC and its competitors play a significant role in the wholesale used vehicle industry by providing liquidity in our marketplaces. AFC's floorplan financing also supports independent dealer customers vehicle dealers with non-auction purchases. In addition, AFC offers value-added services that generate fee-based, non-interest revenue.

**Our Business Strategy**

OPENLANE's strategy vision is to build the world's greatest digital marketplaces for used vehicles, and we are advancing this our strategy by fulfilling for growth is grounded in our purpose, to "to make wholesale easy so our customers can be more successful." We believe we can do this by focusing on three enabling priorities:

- First, by delivering the best integrated marketplace - expanding our marketplace to include more buyers and more sellers and offering the most diverse inventory available.
- Second, by delivering the best technology - innovative products and services that help our customers make informed decisions and achieve better outcomes.
- And third, by delivering the best customer experience - keeping our marketplace fast, fair and transparent, making it easy for customers to transact and making OPENLANE the most preferred - and most utilized marketplace.

This progressive strategy reflects the shifting landscape of the remarketing industry and automotive sector, the evolving needs and expectations of our customers and the potential power and customer benefits inherent in a fully digital marketplace. The strategy builds on OPENLANE's integrated technology, broad data analytics capabilities, and portfolio of financing, logistics, reconditioning and other remarketing solutions.

In 2023, we took meaningful steps towards achieving our vision by consolidating all of our marketplace platforms under the OPENLANE brand to create a single, unified marketplace within each of our geographies – bringing together all of the buyers, all of the sellers and all of the vehicles all in one place.

We believe digital platforms benefit sellers by providing greater flexibility around when and where to launch sales and attracting a larger, more engaged buyer-base, providing confidence that they are receiving the best market-based price available. We believe buyers benefit from digital platforms through greater transparency, access to inventory beyond their local market, and the ability to browse, bid and buy from any location, on any device, at any time. For OPENLANE, going digital enables a faster, more agile and asset-light operating model, which should in turn deliver greater value to our stakeholders.

In 2024, we built on the momentum created by consolidating all of our marketplace platforms under the OPENLANE has identified five strategic priorities that brand in 2023, and further leveraged our unified marketplace – bringing together all of the buyers, all of the sellers and all of the vehicles all in one place. We invested in new technology, leaned into our go-to-market efforts - particularly in the U.S. market, and we believe will advance our strategy began focusing on improving and continue to position our company enhancing the customer experience - an area where we see opportunity for the future. Those priorities are: differentiation.

• **Delivering the Best Marketplace:** Growing dealer consignment; OPENLANE is focused on leveraging the combined power of our growing dealer-base with our strong relationships and market position with commercial customers. And both customer sets will benefit from greater exposure, integration and interaction through OPENLANE.

- Expanding our commercial business;
  - Delivering strong performance in our floorplan business;
  - Digital innovation; and
  - Simplification.

**Growing dealer consignment:** The dealer consignment business represents approximately one-half 43% of the Company's transactional volume, and we believe this is an area with significant opportunity for growth. Last year, we consolidated many of the marketplace platforms acquired in previous years as part of our OPENLANE marketplace launches in the U.S., Canada and the EU. The combined OPENLANE platform now provides dealers with fast, easy, mobile-app enabled solutions to sell and source inventory from other dealers. In North America, they our digital marketplace also feature features exclusive off-lease inventory not yet available on any other competitor digital platform or physical auction. This off-lease inventory is a meaningful competitive differentiator for OPENLANE, as the majority of all off-lease vehicles available in North America are offered first, and exclusively on OPENLANE. Our OPENLANE marketplaces provide comprehensive vehicle condition reports, greater transparency into bidding activity, and real-time market price discovery on listed vehicles. Over the last few years, the Company has we have integrated and leveraged technology, capabilities and staff from these businesses to deliver what we believe is the best digital dealer-to-dealer solution in the market.

- **Expanding our commercial business:** The commercial consignment business represents approximately one-half 57% of the Company's our transactional volume, and growing our share in this area remains a strategic priority. The foundation of OPENLANE's commercial offering is our digital platform powering more than 40 private label websites for our commercial OEM and financial institution consignor customers. We continue to invest in technology to enhance the digital experience for our commercial customers and continue innovating on these platforms. And through Through our combined OPENLANE marketplaces, the this exclusive commercial customer inventory from these customers is now offered to the full population of our OPENLANE buyers, increasing the likelihood of sale and ensuring the best market prices available are achieved.

- **Delivering strong performance in our floorplan business:** AFC is a leading provider of floorplan financing and affiliated solutions to independent dealers across North America. We are focused on increasing the attach rate of our finance offerings across our marketplaces, growing share across the broader floorplan finance market, and deploying innovative new non-interest, fee-based services and offerings. Additionally, AFC maintains best-in-class safeguards and processes to identify, mitigate and manage risk across their portfolio. We believe AFC's local presence, centralized services and processing, and their pipeline of innovation position the floorplan and in-market presence branch model that is paired with its centralized, highly efficient services positions this business well for continued growth and meaningful contribution to OPENLANE's overall results.

**Digital innovation: Delivering the Best Technology:** The cornerstone of OPENLANE's business second way we're making wholesale easy is by leveraging our asset-light, digital model to deliver what we believe is the best, most innovative technology so we available. We intend to continue investing in innovation in our digital platforms, data analytics capabilities and digital talent that power our marketplaces, make wholesale easy for our customers and differentiate our marketplace from our competitors.

- **Enabling capabilities:** We understand that as transactions become more As the wholesale used vehicle industry continues to migrate to digital, our capabilities need to evolve to meet the increased customer needs and expectations in a digital marketplace. We are enhancing our imaging, inspection and vehicle representation capabilities to more closely simulate seeing and touching a vehicle in person. We also intend to continue to build on and diversify our data and analytics capabilities, providing our customers with actionable information to help them make better, more informed buying and selling decisions.
- **Talent:** Our digital model has enabled us to become a more efficient organization. We are reducing our overall cost structure while increasing resource levels making investment in our technology, engineering, analytics and product development teams. We will continue to evaluate our talent pool and seek new talent where necessary to advance our strategy and support our customers.
- **Vehicle logistics center locations and operations:** In our Canadian market, our 15 vehicle logistics center locations serve as local and regional hubs for our customers and OPENLANE's digital simulcast auctions. They also allow us to provide comprehensive services to on-premise and off-premise customers, including inspection, reconditioning, mechanical work, storage and logistics.

**Simplification: Delivering the Best Customer Experience:** At the heart of our strategy is our purpose, to make wholesale easy so our customers can be more successful. We are highly focused on simplifying the customer experience at every step of the process, from registration, to activation, to transaction and post-transaction services. Simplification also allows our business to more quickly develop and deploy innovation and better respond to changing customer needs and market conditions. Our marketplaces feature consolidated technology platforms that leverage the best features and capabilities from across our offerings, provide dealers with greater choice and flexibility and deliver an easier, more streamlined customer experience. We have also been centralizing many key customer support and administrative functions to ensure a faster, more predictable and consistent experience for our customers. During 2024, we implemented new processes and metrics to measure our progress in creating a differentiated customer experience, and to capture customer feedback that now directly contributes to our product roadmap, sales approach and marketing activities. As these consolidation efforts progress, we expect increased engagement from our dealers, increased efficiency in our operations and technology development and operations and improved results across our marketplace business. Additionally, a more simplified business will help us focus our investments, accelerate the pace of innovation and manage our operating costs to the evolving market realities of our business.

**Our Business Segments**

We operate as two reportable business segments: Marketplace and Finance. Our revenues for the year ended December 31, 2023 December 31, 2024 were distributed as follows: Marketplace 76% and Finance 24%.

***Marketplace***

*Overview*

OPENLANE is a leading digital-only digital wholesale used vehicle marketplace in North America. OPENLANE is committed to leading the digital transformation of the wholesale automotive remarketing industry and supporting our customers by providing fast and transparent digital marketplaces for buying and selling used vehicles. The Marketplace segment serves a domestic and international customer base through digital marketplaces for wholesale vehicles that allow the buyers to inspect and compare vehicles. Our marketplace offerings allow us to offer vehicles for sale from any location. Digital marketplace sales are initiated online and include OPENLANE US, OPENLANE Canada and OPENLANE Europe sales.

Europe.

Vehicles available on our marketplaces include vehicles from commercial customers such as off-lease vehicles, repossessed vehicles, rental vehicles and other fleet vehicles that have reached a predetermined age or mileage, as well as vehicles from dealer customers turning their inventory. Liquidity and the breadth and selection of inventory offered on our marketplaces are essential to our sellers and buyers. The number of vehicles offered for sale and sold on our marketplaces is a are key driver drivers of our costs incurred and the number of vehicles sold is the key driver of the revenues generated by our marketplaces. generated.

We Via online or mobile application access, we offer online and mobile wholesale vehicle marketplaces, as well as value-enhancing ancillary services in an effective and efficient manner to maximize returns for the sellers of used vehicles. We transfer the vehicles and ownership to the buyer and the net funds to the seller. Our online marketplaces function 24 hours a day, 7 days a week, providing our customers with maximum exposure for their vehicles and the flexibility to offer vehicles at "buy now" prices or via marketplace sales that last for a certain amount of time. We also provide customized "private label" selling systems (including "buy now" functionality as well as other online sales formats) for our customers. At OPENLANE Canada vehicle logistics center locations, vehicles are typically offered for sale on at least a weekly basis and the marketplace sales are streamed using a simulcast technology so that remote bidders can participate via our online products.

We generate revenue from auction fees paid by vehicle buyers and sellers, as well as fees from related services. Generally, we do not take title to, or bear the risk of loss for, vehicles sold on our marketplaces. Our buyer fees are typically based on a tiered structure with fees increasing with the sale price of the vehicle, while seller fees are typically fixed. We add buyer fees to the gross sales price paid by buyers for each vehicle, and generally customers do not receive title and/or possession of vehicles after purchase until payment is received, proof of floorplan financing is provided or credit is approved. We generally deduct seller fees and other ancillary service fees to sellers from the gross sales price of each vehicle before remitting the net amount to the seller.

We also sell vehicles that we have been purchased, which represent approximately 1% 2% of the total volume of vehicles sold. The vehicles that are purchased by us we purchase (as opposed to consigned) consign) are remarketed on our own behalf through our marketplace platforms. Since these vehicle titles transfer to us, the entire selling and purchase price of the vehicle is recorded as revenue and cost of services upon sale.

*Customers*

Suppliers Sellers of vehicles to on our digital marketplaces primarily include (i) commercial customers; and (ii) franchise and independent dealer customers. Buyers of vehicles on our marketplace platforms primarily include franchise and independent dealer customers.

*Services*

Our digital marketplaces also provide a full range of innovative and value-added services to sellers and buyers that enable us to serve as a "one-stop shop" to service our customers' needs. These services include pre and post-sale inspections, key replacement, transportation and logistics, title services and floorplan financing. For vehicles at our vehicle logistics centers, we can also provide reconditioning and mechanical work. Many of these services may be provided or purchased independently from the marketplaces, including:

| Services | Description |
|---|---|
| ***Digital Marketplace Services*** | We provide marketing and advertising for the vehicles on our marketplaces, dealer registration, storage and security of consigned inventory, marketplace vehicle registration, condition report processing, photo services, pre-sale lineups, sales of vehicles by licensed auctioneers, arbitration of disputes, post-sale inspections, title processing, clearing of funds and sales results reports. In Canada, our vehicle logistics centers also provide reconditioning services to prepare vehicles for digital sale. |
| ***Transportation Services*** | We provide transportation services utilizing our own equipment and personnel as well as licensed and insured third-party carriers. Through our proprietary technology that provides automated vehicle shipping services, customers can instantly review price quotes and delivery times, and vehicle transporters can check available loads and also receive instant notification of available shipments. |
| ***Reconditioning Services*** | Our vehicle logistics centers provide detailing, body work, paintless dent repair ("PDR"), light mechanical work, glass repair, tire and key replacement and upholstery repair. Key replacement services through a mobile field workforce are offered to digital marketplace participants as well as other non-marketplace customers. |

| | |
|---|---|
| ***Inspection Services*** | We inspect many of the vehicles that are offered for sale in our marketplaces through a combination of our employees and third parties using our proprietary technologies. In addition, we provide vehicle condition reporting, inventory verification auditing, program compliance auditing and facility inspections to non-marketplace customers. Field managers are equipped with handheld computers and digital cameras to record all inspection and audit data on-site. This technology is also utilized at our vehicle logistics center locations, and we believe that the expanded utilization of comprehensive vehicle condition reports with pictures, video and sound facilitates dealers sourcing vehicles digitally. |
| ***Title and Repossession Administration and Remarketing Services*** | We provide end-to-end management of the remarketing process for repossession customers including titling, repossession administration, inventory management, marketplace selection, pricing and vehicle representation. We also operate a proprietary digital platform for repossession management that helps repossession companies and agents manage their accounts by providing a secure, encrypted software platform to track repossession orders. |
| ***Vehicle Research Services*** | We provide dealers real-time vehicle information such as pricing, history reports and market guides. The mobile app allows dealers to scan VINs using their mobile device, view marketplace offered lists and instantly access vehicle history reports and market value reports. We offer access to vehicle history resources such as CARFAX and AutoCheck, as well as pricing guides such as Black Book, Kelley Blue Book, J.D. Power and Galves. Our offering also includes a comprehensive wholesale and retail market report for all markets in the United States. |

*Sales and Marketing*

Our OPENLANE recognizes that we operate a digital marketplace in a relationship business. So we take an omni-channel approach to sales and marketing, leveraging leading marketing technology and approaches and supplementing it with high-touch, personal interaction.

Our marketing approach is addresses every step of the customer journey, from awareness, to develop strong, mutually beneficial interest, to engagement to loyalty. Our digital ads and long-lasting relationships content marketing practices effectively target potential new customers, while our direct email, social media and additional advertising strategies are aimed at generating logins and encouraging transactions on the marketplace. We are highly visible at most local and national level franchise and independent dealer events and associations, and we manage an active public speaking/visibility calendar to keep our story and our executives in front of current and potential customers.

We supplement these digital and/or online approaches with telephonic and face-to-face human interaction at each step of the journey, via a multi-tiered inside and outside sales organization. For our customers. We large scale commercial sellers and multi-store national dealer accounts, we have dedicated relationship managers for who play a hands-on, strategic role. They partner closely with the various commercial customers, including vehicle manufacturers, fleet companies, rental car companies, finance companies providing market data and others. These relationship managers focus on current trends proprietary insights to help coordinate sales, better utilize OPENLANE's service offerings and customer needs for optimize their respective customers in order to better coordinate our sales effort business.

For local-market franchise and service offerings.

We also have independent dealers, local sales representatives who have experience play a critical role in the used vehicle business new customer on-boarding process by visiting newly enrolled dealers at their dealership to help them login, set preferences and an intimate knowledge of local markets. began transacting as quickly as possible. Dealerships are visited regularly by our sales representatives to maintain the relationship, walk through their inventory and help the dealers make decisions on what to buy, sell or hold. These local representatives focus on the dealer sellers and buyers and are complemented by a centralized team of inventory consultants matching buyers and inventory.

This inside sales team reaches out by phone or email to notify customers of promotions or specials, encourage additional sales and/or to ensure customers are receiving the assistance and guidance they need from our local sales teams in the market. Both the local sales representatives and the inventory consultants are managed by a corporate-level corporate team focused on developing and implementing standard best practices and expanding relationships with major dealer groups. We believe this combination of a centralized structure with decentralized resources enhances relationships with the local dealer community and may further increase dealer consignment business on our marketplaces.

We also provide market analysis to our customers, as they use analytical techniques in making their remarketing decisions.

*Competition*

In the North American wholesale used vehicle industry, we compete with physical auction providers including Manheim and Carvana who now owns and operates ADESA. We also compete with several digital marketplace providers, including ACV Auctions, EBlock and others. We also compete with physical auction providers including Manheim, ADESA (Carvana) and America's Auto Auction. In addition, used car retailers, such as CarMax, have developed proprietary platforms for selling vehicles to other dealers. In the United States, competition is strongest with Manheim for the supply of used vehicles from national commercial customers. In Canada, we are the largest wholesale used vehicle marketplace operator. The supply of vehicles from dealers is dispersed among all of the marketplace and auction competitors in the used vehicle market.

The wholesale used vehicle industry is highly fragmented in Europe. Our digital marketplaces primarily compete with large European digital remarketers, including BCA Group and others. There are also a number of small independent auction operations throughout Europe.

***Finance***

*Overview*

AFC is a leading provider of floorplan financing to independent dealer customers. vehicle dealers. We provide short-term inventory-secured financing, known as floorplan financing, to independent dealer customers vehicle dealers through a hybrid of physical locations and a digital servicing network throughout North America. In 2023, 2024, AFC serviced approximately 1.6 million loan transactions, which includes both loans paid off originated and loans extended, or curtailed.

We sell the majority of our U.S. dollar-denominated finance receivables without recourse to a wholly-owned bankruptcy remote special purpose entity, which sells an undivided participation interest in such finance receivables to a group of bank purchasers on a revolving basis. We also securitize the majority of our Canadian dollar denominated finance receivables through a separate third-party facility.

We generate a significant portion of our revenues from fees. These fees include origination, floorplan, curtailment and other related program fees. When the loan is extended or paid in full, AFC collects all accrued fees and interest.

In addition, AFC provides liquidity for customer trade-ins which can encompass settling lien holder payoff. We also provide title services for our customers. These services are provided through AFC's digital servicing network as well as its physical locations throughout North America.

*Customers and Locations*

Floorplan financing primarily supports independent dealer customers vehicle dealers in North America who purchase vehicles on our marketplaces or those of our competitors and for non-auction purchases. In 2023, 2024, approximately 86% 88% of the vehicles floorplanned by AFC were vehicles purchased by dealers on our marketplaces or through a competitor. Our ability to provide floorplan financing facilitates the growth of vehicle sales on our marketplaces. for independent vehicle dealers. As of December 31, 2023 December 31, 2024, we serviced customers through approximately 90 locations (hybrid of physical locations and a digital servicing network) in markets with a significant concentration of AFC customers. Geographic proximity to the customers gives our employees the ability to stay in close contact with outstanding accounts, thereby better enabling them to manage credit risk and build customer relationships. In addition, the majority of U.S. titles are processed and held in a centralized location, enabling field personnel more time to focus on our dealers.

As of December 31, 2023 December 31, 2024, AFC had approximately 12,000 11,600 active dealers with an average line of credit of approximately $370,000 $375,000 and no one dealer representing greater than 1.3% 2.3% of our portfolio. An average of approximately 15 16 vehicles per active dealer were floorplanned outstanding with an approximate average value outstanding of $12,800 $13,000 per vehicle as of December 31, 2023 December 31, 2024.

*Sales and Marketing*

AFC approaches and seeks to expand its share of the independent dealer floorplan market through a number of methods and channels. We target and solicit new dealers through both direct sales efforts at the dealer's place of business as well as location-based sales and customer service representatives, who service at one of our dealers at our physical locations, vehicle logistics centers or competitors competitor auctions where they replenish and rotate vehicle inventory. These largely local efforts are handled by field personnel. AFC's corporate-level team and Business Development Center also provide sales and marketing support to AFC field personnel by helping to identify new dealer opportunities, generating new leads through digital channels, and coordinating promotional activity with our marketplace platforms, competitor auctions and other vehicle supply sources. AFC also relies on the utilization of actionable data to drive the business forward (predictive modeling from historical and real-time data).

*Credit*

The extension of a credit line to a dealer starts with the underwriting process. Credit lines up to $600,000 are extended using a proprietary scoring model developed internally by AFC. Credit lines in excess of $600,000 may be extended using underwriting guidelines which generally require dealership and personal financial statements, monthly bank statements, sales reports and tax returns. The underwriting of each line of credit requires an analysis, write-up and recommendation by the credit department and, in the case of credit lines in excess of $600,000, final approval by a credit committee.

*Portfolio Servicing*

Our procedures, proprietary systems and data enable us to manage our credit risk by tracking each vehicle from origination to payoff, while expediting services through our field network. Typically, we assess a floorplan fee at the inception of a loan and we collect all accrued fees and interest when the loan is extended or repaid in full. In addition, AFC generally holds the title or other evidence of ownership to all vehicles which are floorplanned. Typical loan terms are 30 to 90 days, each with a possible loan extension. For an additional fee, this loan extension allows the dealer to extend the duration of the loan beyond the original term for another 30 to 90 days, and generally requires the dealer to make payment towards the principal and payment of accrued fees and interest.

*The extension of a credit line to a dealer starts with the underwriting process. Credit lines up to $600,000 are extended using a proprietary scoring model developed internally by AFC. Credit lines in excess of $600,000 may be extended using underwriting guidelines which generally require dealership and personal financial statements, monthly bank statements, sales reports and tax returns. The underwriting of each line of credit requires an analysis, write-up and recommendation by the credit department and, in the case of credit lines in excess of $600,000, final review by a credit committee.*

*Collateral Management*

Collateral management is an integral part of daily operations at each AFC location, including our corporate headquarters. throughout the organization. AFC's proprietary system data analytics facilitates this daily collateral management by providing real-time access to dealer information and enables field and corporate personnel to assess and manage potential collection risk issues. Restrictions are automatically placed on customer accounts in the event of a delinquency, payments by dealers from bank accounts with insufficient funds or poor audit results. Field personnel are proactive in managing collateral by monitoring loans and changes in payoff activity. In addition, over 58,000 54,000 routine audits, or inventory audits, are performed annually on the dealers' lots through our AutoVIN subsidiary. lots. The audit reconciliation process is centralized in order to better mitigate risk and make available field personnel time available to focus on the customer. Poor results from inventory audits typically require personnel to take actions to determine the status of missing collateral, including visiting the dealer personally, verifying units held off-site and collecting payments for units sold. Audits also identify troubled accounts, triggering the involvement of AFC's risk department.

AFC operates three two divisions which are organized into ten regions in North America. Each division and region is monitored by managers who oversee daily operations. At the corporate level, AFC employs full-time risk specialists and collection attorneys who are assigned to specific regions and monitor collection activity for these areas. Risk specialists work closely with the field personnel to track trends before an account becomes a troubled account and to determine, together with collection attorneys, the best strategy to secure the collateral and mitigate risk once a troubled account is identified. In addition, many of our dealers with significant credit lines are managed by a centralized team to provide customized customer service as well as enhanced risk oversight.

*Securitization*

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. AFC's securitization facility has been in place since 1996. AFC Funding Corporation had a committed facility of $2.0 billion from a third-party facility for U.S. finance receivables at December 31, 2023 December 31, 2024. The agreement expires on January 31, 2026 January 31, 2028.

We also have an agreement in place for the securitization of Automotive Finance Canada Inc.'s ("AFCI") receivables. This securitization facility provides up to C$300 million in financing for eligible finance receivables through a third-party conduit (separate from the U.S. facility). The agreement expires on January 31, 2026 January 31, 2028. The receivables sold pursuant to both the U.S. and Canadian securitization agreements are accounted for as secured borrowings.

*Competition*

AFC provides short-term dealer floorplan financing of wholesale vehicles primarily to independent vehicle dealers in North America. At the national level, AFC's competition includes NextGear Capital, by Cox Automotive ("NextGear Capital"), other specialty lenders, banks and financial institutions. At the local level, AFC faces competition from banks, credit unions and independent auctions who may offer floorplan financing to local customers.

Some of our wholesale used vehicle marketplace competitors may endeavor to capture a larger portion of the floorplan financing market. AFC competes primarily on a relationship basis, focusing on quality of service, convenience of payment, scope of services offered to solve customer pain points and consistent commitment to the sector. This and our long-term relationships with customers have been established over time and act as a competitive strength for us.

**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.

**Government Regulation**

Our operations are subject to regulation, supervision and licensing under various federal, state, provincial, local and foreign authorities, agencies, statutes and ordinances, which, among other things, require us to obtain and maintain certain licenses, permits and qualifications, provide certain disclosures and notices, limit interest rates, fees and other charges and protect personal data. Some examples of the regulations and laws that impact our company are included in Item 1A. "Risk Factors" under the risk: "We are subject to a complex framework of federal, state, local and foreign laws and regulations, which have in the past, and could in the future, subject us to claims, challenge our business model, or otherwise harm our business." Changes in government regulations or interpretations of existing regulations could result in increased costs, reduced vehicle prices and decreased profitability for us. In addition, failure to comply with present or future regulations or changes in existing regulations or in their interpretation could have a material adverse effect on our operating results and financial condition.

**Environmental Regulation**

Our operations are subject to various foreign, federal, state and local environmental, health and safety laws and regulations, including those governing the emission or discharge of pollutants into the air or water, the generation, treatment, storage and release of hazardous materials and wastes and the investigation and remediation of contamination. Our failure to comply with current or future environmental, health or safety laws or to obtain and comply with permits required under such laws, could subject us to liability, damage our reputation and require costly investigative, remedial or corrective actions.

Some of the facilities on which we operate are impacted by recognized environmental concerns and pollution conditions. We have incurred and may in the future incur expenditures relating to compliance and risk mitigation efforts, releases of hazardous materials, investigative, remedial or corrective actions, claims by third parties and other environmental issues, and such expenditures, individually or in the aggregate, could be significant.

**Employees and Human Capital**

At December 31, 2023 December 31, 2024, we had approximately 4,500 4,800 employees, of which approximately 2,100 2,000 were located in the U.S. and approximately 2,400 2,800 were located in Canada, Europe, Uruguay and the Philippines. Approximately 85% 82% of our workforce consists of full-time employees. None of our employees participate in collective bargaining agreements, but we have a works council in Belgium pursuant to local law. agreements. In addition to the employee workforce, we utilize independent contractors and temporary labor services to provide certain services.

Our people drive our business, so we strive to attract, develop and retain high-performing talent. Led by our Chief People Officer, we We have programs and practices in place to onboard, support and retain our talent, and to source new talent in a highly competitive environment. We recognize the importance of our workforce and the employee experience, and strive to offer competitive compensation and benefits while fostering a culture of open dialogue, inclusion and belonging. Additionally, we enable support functions and people managers that are dedicated to the growth and development of our teams.

**Intellectual Property**

We rely on various intellectual property laws, confidentiality procedures and contractual provisions to protect our proprietary technology and brands. We have registered, and applied for the registration of, U.S. and international trademarks, service marks, domain names and copyrights. We have also filed patent applications and obtained registrations in the U.S. and foreign countries covering certain of our technology. We have licensed in the past, and expect that we may license in the future, certain of our rights to other parties. For additional information regarding the risks relating to intellectual property, see Item 1A. "Risk Factors" of this Annual Report on Form 10-K.

**Available Information**

Our web website address is corporate.openlane.com. Our electronic filings with the Securities and Exchange Commission ("SEC") (including , including all Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and if applicable, any amendments to those reports) reports, are available free of charge on the our website as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Principal Executive and Senior Financial Officers and charters of the audit committee, the compensation committee and the nominating and corporate governance committee and the risk committee of our board of directors are available on our website and available in print to any stockholder who requests it. The information posted on our website is not incorporated into this Annual Report.

The SEC maintains a website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that site is www.sec.gov.

**Item 1A. Risk Factors**

*Investing in our Company involves a high degree of risk. You should carefully consider the following risk factors, as well as all of the other information contained in this Annual Report on Form 10-K, before deciding to invest in our Company. The occurrence of any of the following risks 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. These risks are not the only ones 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.*

**Risks Related to Our Business and Operations**

***If we are unable to successfully execute on our business strategy, if our strategy proves to be ineffective, or if we improperly align new strategies with our vision, our business, financial performance and growth could be adversely affected.***

Our business, results of operations and financial condition depend on our ability to execute our business strategy. See “Our Business Strategy” under “Item 1. Business” included in this Annual Report on Form 10-K. There are significant risks involved with the execution of these initiatives, including significant business, economic and competitive uncertainties, many of which are outside of our control. Accordingly, we cannot predict whether we will succeed in implementing these strategic initiatives, and even if we do succeed, we may not realize the expected benefits of our strategy. It could take several years to realize any direct financial benefits from these initiatives, if any direct financial benefits from these initiatives are achieved at all.

***We may not properly leverage or make the appropriate investment in technology advancements, which could result in the loss of any sustainable competitive advantage in products, services and processes. advancements.***

Our business is dependent on information technology, particularly as we continue to execute our digital transformation strategy. Robust information technology systems, platforms and products are critical to our operating environment, digital online products and competitive position. We have made and continue to make investments to improve our information technology infrastructure. Such improvements infrastructure, including a multi-year technology platform consolidation initiative. This and other technology initiatives that management considers important to our long-term success require capital investment, have significant risks associated with their execution, and could take several years to implement. If we are often complex, costly unable to develop and time consuming. If implementation of such improvements are delayed, implement these initiatives in a cost-effective, timely manner or at all, or if we encounter unforeseen problems with our new systems and processes or in migrating away from our existing systems and processes, our operations and our ability to manage our business could be negatively impacted as we may experience disruptions in our business operations, loss of customers, loss of revenue or damage to our reputation.

We may not be successful in structuring our technology or developing, acquiring, implementing or consolidating technology systems which are competitive and responsive to the needs of our customers. We might lack sufficient resources to continue to make the significant technology investments to effectively compete with our competitors. Certain technology initiatives that management considers important to our long-term success will require capital investment, have significant risks associated with their execution, and could take several years to implement. If we are unable to develop and implement these initiatives in a cost-effective, timely manner or at all, it could damage our relationships with our customers and negatively impact our financial condition and results of operations.

There can be no assurance that others will not acquire or develop similar or superior technologies sooner than we do or that we will acquire technologies on an exclusive basis or at a significant price advantage. In addition, we may not timely or effectively develop or enhance services or business processes to respond to emerging technological trends, including artificial intelligence, or our competitors may be able to develop or enhance services or business processes sooner or more effectively. Our future success also depends on our ability to respond to evolving industry trends and changes in customer expectations. If new industry trends take hold, the automotive remarketing industry's economics could significantly change, and we may need to incur additional costs or otherwise alter our business model to adapt to these changes. If we do not accurately predict, prepare and respond to new kinds of technology innovations, market developments and changing customer needs, our revenues, profitability and long-term competitiveness could be materially adversely affected.

***Unsuccessful implementation of business initiatives to reduce costs and align our business to our digital operating model, or unintended consequences of the implementation of such initiatives, may adversely affect our business.***

We have taken certain steps to reduce the cost of our operations, improve efficiencies, and realign our organization and staffing to better match our market opportunities and digital initiatives. For example, following Following the sale of the ADESA U.S. physical auction business, we implemented permanent changes in our operating model and our cost structure to reengineer the way we do business and ultimately reduce our costs to provide services. We have continued to restructure our business to reflect the current market and asset-light digital model, reallocate our resources towards the highest growth initiatives, consolidate our platforms, transition to cloud-based solutions and leverage a global shared services model. We expect to continue to implement cost reduction and business alignment initiatives as we seek to realize operating synergies, achieve our target operating model and profitability objectives, and more closely reflect changes in the strategic direction of our business. These changes could be disruptive to our business, and we may experience a loss of accumulated knowledge, loss of continuity and inefficiency, adverse effects on employee morale, loss of key personnel and other retention issues during transitional periods. These initiatives can require a significant amount of time and focus, which may divert attention from operating and growing our business. If we fail to achieve some or all of the expected benefits of our cost reduction and business alignment initiatives, it could have an adverse effect on our competitive position and market share, business, financial condition and results of operations.

***We operate in a highly competitive industry. If we are not successful in competing with our known competitors and/or disruptive new entrants, then our market position or competitive advantage could be threatened and our business and results of operations could be adversely impacted.***

We face significant competition for the supply of used vehicles, the buyers of those vehicles and the floorplan financing of these vehicles. Our principal sources of competition historically have come from: (1) (i) direct competitors (e.g., Manheim, ADESA U.S. (Carvana), America's Auto Auction, ACV Auctions, EBlock and NextGear Capital), (2) (ii) new entrants, including new vehicle remarketing venues and dealer financing services, and (3) (iii) other participants in the automotive industry with vehicle remarketing or financing capabilities (e.g., rental car companies, automobile retailers and wholesalers). We also face increasing competition from online wholesale and retail marketplaces (generally without any meaningful physical presence) and from our own customers when they sell directly to end users through such platforms rather than remarket vehicles through our marketplaces. Increased competition could result in price reductions, reduced margins or loss of market share.

Our future success also depends on our ability to respond to evolving industry trends, changes in customer requirements and new technologies. If new industry trends take hold, including adverse trends such as a market reversal towards physical auctions or the simultaneous listing and selling of vehicles on multiple online sales platforms in North America, the automotive remarketing industry's economics could significantly change, which could cause us to lose vehicle volume and market share, and our business, revenues and profitability could be negatively impacted.

Some of our competitors may have greater financial and marketing resources than we do, may be able to respond more quickly to evolving industry dynamics and changes in customer requirements, or may be able to devote greater resources to the development, promotion and sale of new or emerging services and technologies. If we are unable to compete successfully or to successfully adapt to industry changes, our business, revenues and profitability could be materially adversely affected.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our revenue, business, and financial results.

Our marketplace businesses currently compete with a number of physical auction companies and online wholesale and retail vehicle selling platforms. The dealer-to-dealer space in particular is experiencing a digital disruption as competitors and new market participants introduce new technologies. If the number of vehicles sold through our marketplaces decreases due to these competitors or other industry changes, or if we are unable to compete and gain market share in the dealer-to-dealer space, our revenue and profitability may be negatively impacted. In addition, our long-lived assets could also become subject to impairment.

At the national level, AFC's competition includes NextGear Capital, a subsidiary of Cox Enterprises, Inc., other specialty lenders, banks and financial institutions. At the local level, AFC faces competition from banks, credit unions and independent auctions who may offer floorplan financing to local auction customers. Some of our industry competitors who operate wholesale car auctions on a national scale may endeavor to capture a larger portion of the floorplan financing market. AFC offers its customers competitive rates and fees and competes primarily on the basis of quality of service, convenience of payment, scope of services offered to solve customer pain points and historical and consistent commitment to the sector. In addition, AFC offers a workforce in close proximity to its customers. If the number of loans originated and serviced decreases due to these competitors, our revenue and profitability may be negatively impacted.

Some of our competitors may have greater financial and marketing resources than we do, may be able to respond more quickly to evolving industry dynamics and changes in customer requirements, or may be able to devote greater resources to the development, promotion and sale of new or emerging services and technologies. If we are unable to compete successfully or to successfully adapt to industry changes, our business, revenues and profitability could be materially adversely affected.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future data providers, technology partners, or other parties with whom we have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our revenue, business, and financial results.

Our future success also depends on our ability to respond to evolving industry trends. If new industry trends take hold, including adverse trends such as a market reversal towards physical auctions or the simultaneous listing and selling of vehicles on multiple online sales platforms in North America, the automotive remarketing industry's economics could significantly change, which could cause us to lose vehicle volume and market share, and our business, revenues and profitability could be negatively impacted.

***Decreases in the supply of used vehicles coming to the wholesale market has impacted and may continue to impact sales volumes, which has adversely affected and may continue to adversely affect our revenues and profitability.***

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 in recent years, caused in part by supply chain issues and the shortage of semiconductors and associated delays in new vehicle production. In recent years, these factors have production, which has resulted in significant fluctuations in used vehicle values and declines in vehicle volumes in the wholesale market.

In particular, the number of new and used vehicles that are leased by consumers affects the supply of vehicles coming to the wholesale market in future periods as the leases mature. As manufacturers and other lenders decrease the number of new vehicle lease originations and extend the terms of some of the existing leases, the number of off-lease vehicles available for the wholesale industry declines.

Volumes of off-lease vehicles in subsequent periods will be affected by total new vehicle sales and the future leasing behavior of manufacturers and lenders; therefore, we are not able to accurately predict the volume of vehicles coming to the wholesale market. The supply of off-lease vehicles coming to wholesale channels is also affected by the market value of used vehicles compared to the residual value of those vehicles per the lease terms. In most cases, the lessee and the dealer have the ability to purchase the vehicle at the residual price at the end of the lease term. Generally, as market values of used vehicles rise, the number of vehicles purchased at residual value by the lessees and dealers increases, thus decreasing the number of off-lease vehicles available to the wholesale market. As a result, lower volumes of off-lease vehicles available to the wholesale market is expected to continue and will likely continue to adversely affect our revenues and profitability.

Further, macroeconomic and geopolitical factors, including inflationary pressures, rising changes in interest rates, tariffs, volatility of oil and natural gas prices and declining consumer confidence impact the affordability and demand for new and used vehicles. Declining economic conditions These factors are related impacts present a risk to our operations and the stability of the automotive industry.

In addition, the supply of vehicles coming to the wholesale market could may be impacted by changes to the broader automotive industry. For example, an increased demand for electric and hybrid vehicles could cause the number of vehicles coming to the wholesale market to decline and the ancillary services we provide to decline or change. Further, technology is being developed to produce automated, driverless Technological changes, including the development of autonomous vehicles, that ride-sharing, transportation networks, subscription models, and new trends and methods of travel could reduce the demand for, or replace, traditional vehicles, including the used vehicles on our marketplaces. Additionally, ride-hailing and ride-sharing services are becoming increasingly popular as a means of transportation and may decrease consumer demand for the used vehicles that are offered on our marketplaces particularly as urbanization increases. or otherwise disrupt our current business model. If we are unable to or otherwise fail to successfully adapt to such industry changes, our business, financial condition and results of operations could be materially and adversely affected.

***Used vehicle prices impact fee revenue per unit and conversion rates and may impact the supply of used vehicles, loan losses at AFC and could adversely affect our profitability.***

The volume of new vehicle production, accuracy of lease residual estimates, interest rate fluctuations, customer demand, and changes in regulations and trade policies, among other things, all potentially affect the pricing of used vehicles. Used vehicle prices may affect the volume of vehicles entered for sale in our marketplaces and the demand for those used vehicles, the fee revenue per unit, marketplace conversion rates, loan losses for our dealer financing business and our ability to retain customers. When used vehicle prices are high, dealer customers may retail more of their trade-in vehicles on their own rather than selling them in the wholesale channel. A sustained reduction in used vehicle pricing could result in a potential loss of consignors, an increase in loan losses at AFC and decreased profitability.

Our marketplace businesses also sell vehicles that have been purchased (e.g., inherited vehicles, vehicles returned or vehicles purchased by OPENLANE Europe and others). When a vehicle is purchased and then resold, rather than sold on a consignment basis, we are exposed to inventory risks, including losses from theft, damage and obsolescence. In addition, when vehicles are purchased, we are subject to changes in vehicle values, which could adversely affect our revenue and profitability.

***AFC is exposed to credit risk with our dealer borrowers, which could adversely affect our profitability and financial condition.***

AFC is subject to credit risk resulting from defaults in payment by our dealer customers on our floorplan loans. Furthermore, a weak economic environment, decreased demand for used vehicles, disruptions in pricing of used vehicle inventory or consumers' lack of access to financing could exert pressure on our dealer customers resulting in higher delinquencies, bankruptcies, repossessions and credit losses. There can be no assurances that our monitoring of our credit risk as it affects the collectability of these loans and our efforts to mitigate credit risk through appropriate underwriting policies and loss-mitigation strategies are, or will be, sufficient to prevent an adverse impact in our profitability and financial condition.

***We may be unable to meet our customers' expectations, which could impact customer retention and adversely affect our operating results and financial condition.***

We believe our future success depends in part on our ability to respond to changes in customer requirements and our ability to meet regulatory requirements for our customers. Many of our customers, including our financial institution customers, are subject to significant and evolving regulations. We work to develop strong relationships and interactive dialogue with our customers to better understand current trends and customer needs. Our success will also depend, in part, on our ability to provide customers with a user-friendly digital experience. If we are not successful in meeting our customers' expectations, our customer relationships could be negatively affected and result in a loss of future business, which would adversely affect our operating results and financial condition. In addition, we face risks with respect to fraudulent and unlawful activities impacting our platforms and services, including entry into and use of our marketplaces by bad actors and vehicle theft. If our processes and procedures designed to detect and reduce the occurrence of fraudulent and other unlawful activities are circumvented or otherwise fail to combat such activities, our reputation and customer relationships may suffer.

***Our business and operating results would be adversely affected if we lose one or more significant customers.***

Loss of business from, or changes in the consignment patterns of, our key customers could have a material adverse effect on our business and operating results. Generally, commercial and dealer customers do not make binding long-term commitments to us regarding consignment volumes. Many of our customer agreements can be terminated by the customer for convenience on advance written notice, which provides our customers with the opportunity to renegotiate their agreements with us or to award more business to our competitors. Any such customer could reduce its overall supply of vehicles for our marketplaces, seek protection under the bankruptcy laws, or otherwise seek to materially change the terms of its business relationship with us at any time. Dealership and other customer consolidations may further intensify these risks. There is no guarantee that we will be able to retain or renew existing agreements, maintain relationships with any of our customers or business partners on acceptable terms or at all, or collect amounts owed to us from customers or business partners. Any such change could harm our business and operating results. While no single customer accounted for 10% or more of our consolidated revenues in 2023, 2024, the loss of, or material reduction in business from, our key customers could have a material adverse effect on our business and operating results.

***If we fail to attract and retain key personnel, or have inadequate succession planning, we may not be able to execute our business strategies and our financial results could be negatively affected.***

Our success depends in large part on the talents and efforts of our executives and other key employees, including those with digital capabilities. Our future success will depend upon our ability to continue to identify, hire, develop, motivate and retain talented personnel. If we lose the services of one or more of our key personnel, or if one or more key personnel joins a competitor or otherwise competes with us, we may not be able to effectively implement our business strategies or maintain customer relationships, and our business could be materially adversely affected.

In addition, our failure to put in place adequate succession plans for key roles or the failure of key personnel to successfully transition into new roles could have an adverse effect on our business and operating results. The unexpected or abrupt departure of one or more of our key personnel and the failure to effectively transfer knowledge and effect smooth key personnel transitions may have an adverse effect on our business.

Further, leadership changes have occurred and will continue to occur from time to time and we cannot predict whether significant resignations will occur or whether we will effectively manage leadership transitions. We may face risks related to these and other transitions in our leadership team. If we cannot effectively manage leadership transitions and management changes in the future, our reputation and future business prospects could be adversely affected.

***If we fail to effectively identify, value, manage, and complete acquisitions and subsequent integrations, divestitures and other strategic transactions, our operating results, financial condition and growth prospects could be adversely affected.***

Over the past several years, we have transformed our business through the completion of several strategic acquisitions and divestitures. We regularly evaluate a variety of potential strategic transactions, including acquisitions, divestitures, investments and other strategic alliances. We may not successfully identify, complete or manage the risks presented by these strategic transactions. As described in more detail below, our success depends in part on our ability to identify suitable transactions, negotiate favorable contractual terms, comply with applicable regulations and receive necessary consents, clearances and approvals, integrate or separate businesses, and realize the full extent of the benefits, cost savings or synergies presented by strategic transactions.

Acquisitions have been a significant part of our growth strategy and have enabled us to further broaden and diversify our service offerings. Our strategy generally includes acquisitions of companies, products, services and technologies to expand our online, digital and mobile capabilities. Acquisition of businesses requires substantial time and attention of management personnel and may also require additional equity or debt financings. Further, integration of newly established or acquired businesses is often disruptive. We may incur various expenses in identifying, investigating and pursuing suitable opportunities, whether or not the transactions are completed. There can be no assurance that we will identify appropriate targets, will acquire such businesses on favorable terms, will be able to successfully integrate such organizations into our business or will be able to realize anticipated benefits. Because these new ventures are inherently risky, no assurance can be given that such strategies and offerings will be successful and they could materially adversely affect our business, financial condition and results of operations.

Acquisitions may also have unanticipated tax, legal, regulatory and accounting ramifications, including as a result of recording goodwill that is subject to impairment testing on a regular basis and potential periodic impairment charges. Another accounting ramification includes the valuation of contingent consideration at the acquisition date which is subject to remeasurement each reporting period and could result in additional expense. In addition, we expect to compete against existing and new competitors for suitable acquisitions. If we are able to consummate acquisitions, such acquisitions could be dilutive to earnings, and we could overpay for such acquisitions.

Additional risks and challenges we face in connection with acquisitions include, but are not limited to:

- (i) incurring significantly higher capital expenditures, operating expenses and operating losses of the business acquired;
- (ii) coordination of technology, research and development, and sales and marketing functions, along with integration of the acquired business's accounting, management information, human resources, and other administrative systems;
- (iii) incurring liability for pre-acquisition activities of the acquired business;
- (iv) inheriting certain security or privacy vulnerabilities of the acquired business;
- (v) implementing or remediating the controls, procedures, and policies of the acquired business;
- (vi) incorporating acquired technology and rights into our offerings and unanticipated expenses related to such integration;
- (vii) retaining and integrating acquired employees, including cultural challenges associated with integrating employees from the acquired business into our organization;
- (viii) maintaining important business relationships and contracts of the acquired business; and
- (ix) integrating the acquired business onto our systems and ensuring the acquired business meets our financial reporting requirements and timelines.

timelines. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

We have also divested businesses and assets and may consider divesting businesses and assets in the future. Some of the same risks exist if and when we decide to sell a business or assets. In addition, divestitures could often involve additional risks, including but not limed to: (i) difficulties in the separation of operations, services, data, technology, products and personnel, personnel; (ii) inability to fully reduce fixed costs previously associated with the divested assets or business, business; (iii) the potential need to provide or receive transitional services (including ongoing network and system access); (iv) reliance on counterparty compliance with transaction agreements (e.g., Carvana complying with payment obligations and AFC's right to occupy office space in the ADESA U.S. physical auction locations under the commercial agreement); (v) entering into restrictive covenants that restrict us from conducting certain activities for multiple years; and (vi) the need to agree to retain or assume certain liabilities in order and indemnification obligations and rely on the counterparty to complete satisfy its respective indemnification obligations. Gains or losses on the divestiture. sales of, or lost operating income from, those businesses and assets may also affect our operating results and financial condition. We may not be successful in managing these or any other significant risks that we encounter in divesting businesses or assets, and, as a result, we may not achieve some or all of the expected benefits of the divestitures.

***Our expansion into markets outside the U.S. and our non-U.S. based operations subject us to unique operational, competitive and regulatory risks.***

We conduct business in many countries around the world and may continue to expand our presence in international markets. Acquisitions and other strategies to expand our operations beyond North America internationally subject us to significant risks and uncertainties. As a result, we may not be successful in realizing anticipated synergies or we may experience unanticipated integration expenses. As we continue to expand our business internationally, we will need to develop and maintain policies and procedures to manage our business on a global scale. There can be no assurance that we will identify appropriate international targets, acquire such businesses on favorable terms, or be able to successfully grow and integrate such organizations into our business. Operationally, acquired businesses typically depend on key relationships and our failure to maintain those relationships could have an adverse effect on our operating results and financial condition.

In addition, we We anticipate that our non-U.S. based operations will continue to subject us to risks associated with operating on an international basis, including:

- including but not limited to the following: (i) exposure to foreign currency exchange rate risk, which may have an adverse impact on our revenues and profitability;
- risk; (ii) exposure to the principal or purchase auction model rather than the agency or consignment model which (which may have an adverse impact on our margins and expose us to inventory risks;
- risks); (iii) restrictions on our ability to repatriate funds, as well as repatriation of funds currently held in foreign jurisdictions which (which may result in higher effective tax rates;
- rates); (iv) taxes, tariffs, and trade barriers, trade disputes, and other regulatory limitations or contractual limitations on our ability to operate in certain foreign markets;
- measures, including retaliatory countermeasures; (v) compliance with anti-corruption and anti-bribery laws including (including the Foreign Corrupt Practices Act and the U.K. Bribery Act;
- Act); (vi) laws, rules and regulations governing digital commerce and online services; (vii) compliance with various privacy regulations, including but not limited to the General Data Protection Regulation ("GDPR");
- compliance with data localization and/or data residency requirements and cross-border data transfer regulations;
- (viii) dealing with unfamiliar regulatory agencies and laws, including those favoring local competitors;
- dealing with (ix) political and/or economic instability and tensions, including the effects of the exit of the U.K. from the E.U.;
- tensions between governments and changes in international economic policies; (x) geopolitical instability, terrorism, war and military conflicts including (such as the conflict between in Ukraine and Russia;
- in the Middle East); (xi) the difficulty of managing and staffing foreign offices, as well as the increased travel, infrastructure, legal and compliance costs associated with international operations;
- (xii) localizing our product offerings; products and
- services; and (xiii) adapting to different business cultures and market structures.

As we continue to expand globally, our success will depend on our ability to anticipate and effectively manage these and other risks associated with operating on an international basis. Our failure to manage these risks could have an adverse effect on our operating results and financial condition.

***Significant disruptions Disruptions or breaches of information technology systems could adversely affect our business and reputation.***

We rely on information technology systems, some of which are managed by third parties, to process, transmit and store electronic confidential, proprietary and personal information about, or on behalf of, potential, current and former customers, employees and other third parties (referred to as "sensitive data"), and to manage or support a variety of our business processes and activities. The secure operation of these systems, and the processing, maintenance, enhancement reliability and reliability availability of these systems, are critical to our business operations and strategy. The technology to operate some of our businesses is provided, in whole or in part, by third-party service providers, and we do not own or control the operation of third-party systems and facilities. Our systems and the third-party systems with which we interact are subject to damage, failure or interruption due to various reasons, such as including but not limited to power or other critical infrastructure outages, facility damage, physical theft, telecommunications failures, malware, security incidents, cyber-attacks (including cyber-threats from nation-state actors) the use of malicious codes, viruses, worms, phishing, social engineering, deepfakes, spyware, malware, denial of service attacks, and ransomware), natural disasters and catastrophic events, legacy applications, integration delays, inadequate system hygiene and inadequate or ineffective redundancy measures. In addition, any financial difficulties, up to We, our customers and including bankruptcy, faced by our service providers or any of their subcontractors, may have negative effects on our business, the nature and extent of which are difficult to predict. Our customers and vendors also rely on our each other's information technology systems to conduct their our respective operations. Any significant disruptions of our information technology systems or those of our customers or vendors could negatively impact our business and customers, damage our reputation and materially adversely affect our consolidated financial position and results of operations.

***Data security concerns relating to our technology or breaches of information technology systems, could adversely affect our business and reputation.***

We have experienced cyber-attacks and security incidents of varying degrees and believe we will continue to be a potential target of such threats and attacks. This threat has increased corresponding to the increased sophistication and activities of organized crime, nation-state actors, hackers, terrorists and other external parties. bad actors. The technology infrastructure and systems of our suppliers, vendors, service providers and partners have also in the past experienced and may in the future experience such threats and attacks. Cyber-attacks or other security incidents compromise sensitive data and could lead to service interruptions, malfunctions or other failures in the technology that supports our businesses and customers, as well as the operations of our customers or other third parties. Cyber-attacks or other security incidents could also damage our reputation with our customers and other parties and the market, and cause us to incur additional substantial costs, (such as repairing systems, adding personnel or security technologies or compliance costs), regulatory penalties, financial losses to both us, and our customers and partners, and the loss of customers and business opportunities. If such cyber-related events are not detected in a timely manner, their effect could be compounded.

Although we have technology and information security policies and processes and disaster recovery plans in place, these measures may not be adequate to ensure that our sensitive data and operations will not be compromised or disrupted should such an event occur. There can be no assurance that the systems we have designed to prevent or limit the effects of cyber incidents or attacks will be sufficient to prevent or detect material consequences arising from such incidents or attacks, or to avoid a material adverse impact on our systems after such incidents or attacks do occur. The security measures we employ to protect our systems and sensitive data have in the past not detected or prevented, and may in the future not detect or prevent, all attempts to hack our systems, denial-of-service attacks, viruses, malicious software (malware), security breaches, cyber-attacks, employee error, or ephemeral messaging and malfeasance, phishing attacks, security breaches, disruptions during the process of upgrading or replacing computer software or hardware or integrating systems of acquired businesses or assets or and other attacks and similar disruptions that may jeopardize the security of information stored in or transmitted by the sites, networks and systems that we otherwise maintain, which include cloud-based networks and storage. incidents. The existence and use of acquired and legacy applications and systems increase these risks.

Our network and systems are also subject to compromise from the actions or inactions of employees, customers, vendors and other third parties who have legitimate access (including Carvana personnel under our transition services agreement). access. Even if we successfully protect our own network and systems, our supply chain infrastructure and other third parties may not maintain adequate security measures (including identifying defects or vulnerabilities) to protect against unauthorized access, cyber cyber- attacks or mishandling of data, which could result in a breach of or disruption to our systems and network. network or create other legal or financial exposure. Our control over and ability to monitor the security practices of our customers, vendors and other third parties with whom we do business remains limited, and there can be no assurance that we can prevent, mitigate, or remediate the risk of any compromise or failure in the cybersecurity infrastructure owned or controlled by such third parties or others within their respective supply chains.

If our information technology systems are compromised, become inoperable for extended periods of time or cease to function properly, we may have to make a significant investment to fix or replace the information technology and our ability to provide many of our electronic services and online solutions to our customers may be impaired, which would have a material adverse effect on our consolidated operating results and financial position. In addition, as cyber-threats continue to evolve in both intensity and velocity, we may be required to expend significant additional resources to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. Further, the rapid evolution and increased adoption of artificial intelligence increases the risk of cyber-attacks and security incidences. Use of artificial intelligence by our employees and vendors, whether authorized or unauthorized, also increases the risk that our intellectual property and other proprietary information will be unintentionally disclosed. Any of the risks described above could result in the loss or misuse of proprietary, confidential or sensitive information, data, disrupt our business, damage our reputation, expose us to legal liability and materially adversely affect our consolidated financial position and results of operations.

***Compliance with U.S. and global privacy and data security requirements could result in additional costs and liabilities, or inhibit our ability to collect, transmit and/or store data, and the failure to comply with such requirements could subject us to significant fines and penalties, which could adversely affect our business, financial condition and reputation.***

Aspects of our operations and businesses are subject to privacy regulations in the United States, including but not limited to the California Consumer Privacy Act, (“CCPA”), as amended and expanded by the California Privacy Rights Act, ("CPRA"), and around the globe, most notably the European Union’s General Data Protection Regulation (the “GDPR”). Regulation. We collect, process and store sensitive data, including proprietary business and customer information, as well as personally identifiable information of our customers, their consumers and our employees. Many U.S. and foreign jurisdictions have passed, or are currently contemplating, a variety of artificial intelligence, consumer protection, data privacy, and data security laws and regulations that impact our business or the business of our customers, including consumer notification and other requirements in the event that consumer information is accessed and/or acquired by unauthorized persons and regulations regarding the use, access, accuracy, security and retention of such data. These laws and regulations are quickly evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations and enforcement. The regulatory framework for privacy and data security issues has become increasingly burdensome and complex worldwide, and is expected to continue to be so for the foreseeable future.

Our compliance with global laws and regulations relating to privacy, data protection, and information security and artificial intelligence may materially increase our costs or otherwise limit our ability to continue or pursue certain business activities. As we incorporate emerging technologies like artificial intelligence, machine learning, and generative artificial intelligence into our business, products and services, we are further exposed to rapidly evolving regulations. Our failure, or the failure of a business partner, to comply with applicable laws, regulations or regulations contractual obligations could also result in fines, sanctions, private litigation, government enforcement, business disruption, credit reporting and other expenses, damage to our reputation, breach of contractual obligations, indemnification obligations and loss of customers. We maintain cyber risk insurance, but this insurance may not be sufficient to cover all losses from any future disruption, security incident or breach.

***If we are unable to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.***

We rely and expect to continue to rely on a combination of confidentiality, assignment and license agreements with our employees, consultants and third parties with whom we have relationships, as well as trademark, copyright, patent, trade secret, and domain name protection laws, to protect our proprietary rights. In the United States and internationally, we have filed various applications for protection of certain aspects of our intellectual property, and we currently hold issued patents in the United States, Europe and Canada. However, third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge proprietary rights held by us, and pending and future trademark and patent applications may not be approved. In addition, effective intellectual property protection may not be available in every country in which we operate or intend to operate our business. In any or all of these cases, we may be required to expend significant time and expense in order to prevent infringement or to enforce our rights. Although we have taken measures to protect our proprietary rights, there can be no assurance that such measures will be adequate or that others will not offer products or concepts that are substantially similar to ours and compete with our business. Changes in laws and regulations or adverse court rulings may also negatively affect our ability to protect our proprietary rights or prevent others from using our intellectual property and technology. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our service and methods of operations. Any of these events could have an adverse effect on our business and financial results.

***We may be subject to patent or other intellectual property infringement claims, which could have an impact on our business or operating results due to a disruption in our business operations, the incurrence of significant costs and other factors.***

From time to time, we may receive notices from others claiming that we infringed or otherwise violated their patent or intellectual property rights, and the number of these claims could increase in the future. Claims of intellectual property infringement or other intellectual property violations could require us to enter into licensing agreements on unfavorable terms, incur substantial monetary liability or be enjoined preliminarily or permanently from further use of the intellectual property in question, which could require us to change business practices and limit our ability to compete effectively. Even if we believe that the claims are without merit, the claims can be time-consuming and costly to defend and may divert management's attention and resources away from our businesses. If we are required to take any of these actions, it could have an adverse impact on our business and operating results.

***We rely Reliance on third-party technology and vendors for key components of our business and if these or other third parties do not perform adequately or terminate their relationships with us, could adversely affect our business and results of operations could be harmed. business.***

We rely on third-party technology for certain of our critical business functions, including certain inspection, auction data management and marketplace technologies. We also rely on third-party vendors to supply key products and services to us and our customers, including several outsourcing arrangements with offshore third parties. If these technologies fail, or if such third-party service providers or strategic partners were to cease operations, temporarily or permanently, face experience financial distress, technology challenges, cybersecurity incidents, or other business disruptions, increase their fees, or if our relationships with these providers or partners deteriorate or terminate, we could suffer increased costs and we may be unable to provide similar services for ourselves and our customers until an equivalent provider could be found or we could develop replacement technology or operations. In addition, if we are unsuccessful in identifying or finding high-quality partners, if we fail to negotiate cost-effective relationships with them, or if we ineffectively manage these relationships, it could have an adverse impact on our business and financial results.

***Reliance on outsourcing arrangements could adversely affect our business.***

As part If any of our initiative vendors or suppliers fail to reduce costs and align our business to our digital operating model, we have entered into several outsourcing arrangements with offshore third parties related to certain technology, back-office and customer support functions,

and we will continue to evaluate additional outsourcing. As a result, the success of our business and our customer experience is partially dependent on offshore third parties over which we have limited control. If these third parties are unwilling deliver their products or unable to perform to our standards or to provide the level of service required or expected by our customers, or if we are unable to maintain our agreements with them or alternative providers on attractive terms or at all, services for any reason, our business, financial condition and results of operations may be harmed.

***Adverse economic conditions may negatively affect our business and results of operations.***

Adverse economic conditions including those resulting from the COVID-19 pandemic or otherwise, could increase our exposure to several risks, including: including but not limited to the following:

- *Fluctuations in the supply of used vehicles.* We are dependent on the supply of used vehicles coming to the wholesale market, and our financial performance depends, in part, on conditions in the automotive industry. Currently, disruptions Disruptions in new vehicle production are resulting result in fewer vehicles coming to wholesale channels. During the past global economic downturn and credit crisis, downturns, there was has been an erosion of retail demand for new and used vehicles that led many lenders to cut back on originations of new loans and leases and led to significant manufacturing capacity reductions by automakers selling vehicles in the United States and Canada. Capacity reductions or disruptions in new vehicle production could depress the number of vehicles received in wholesale channels in the future and could lead to reduced numbers of vehicles from various suppliers, negatively impacting wholesale volumes. In addition, weak growth in or declining new vehicle sales negatively impacts used vehicle trade-ins to dealers and wholesale volumes. These factors have and could continue to adversely affect our revenues and profitability.
- *Decline in the demand for used vehicles.* We may experience a decrease in demand for used vehicles from dealer customers due to factors including the lack of availability of consumer credit and declines in consumer spending and consumer confidence. Adverse credit conditions also affect the ability of dealers to secure financing to purchase used

  vehicles, which further negatively affects buyer demand. In addition, a reduction in the number of franchised franchise and independent used car dealers may reduce dealer demand for used vehicles.
- *Decrease in consumer spending.* Consumer purchases of new and used vehicles may be adversely affected by economic conditions such as employment levels, wage and salary levels, trends in consumer confidence and spending, reductions in consumer net worth, interest rates, inflation, the availability of consumer credit and taxation and trade policies. Consumer purchases in general may decline during recessions, periods of prolonged declines in the equity markets or housing markets and periods when disposable income and perceptions of consumer wealth are lower. Changes to U.S. federal tax policy may negatively affect consumer spending. In addition, the increased use of vehicle sharing and alternate methods of transportation including autonomous vehicles, could lead to a decrease in consumer purchases of new and used vehicles and a decrease in vehicle rentals. To the extent retail and rental car company demand for new and used vehicles decreases, negatively impacting our auction volumes, our results of operations and financial position could be materially and adversely affected.
- *Volatility in the asset-backed securities market.* Volatility and disruption in the asset-backed commercial paper market could lead to a narrowing of interest rate spreads at AFC in certain periods. In addition, any volatility and disruption has affected, and could affect, AFC's cost of financing related to its securitization facility. facilities.
- *Ability to service and refinance indebtedness.* Uncertainty in the financial markets or a downgrade in our credit ratings may negatively affect our ability to service our existing debt, access additional financing or to refinance our existing indebtedness on favorable terms or at all. If economic weakness exists, it may affect our cash flow from operations and results of operations, which may affect our ability to service payment obligations on our debt or to comply with our debt covenants.
- *Increased counterparty credit risk.* Any market deterioration could increase the risk of the failure of financial institutions party to our Credit Agreement and other counterparties with which we do business to honor their obligations to us. Our ability to replace any such obligations on the same or similar terms may be limited if challenging credit and general economic conditions exist.

***Macroeconomic conditions and geopolitical events may adversely affect our business, sources of liquidity and related costs of capital.***

Global financial markets experience from time to time volatility, disruption and credit contraction. Significant volatility or disruption of global financial markets, inflation, supply chains or commercial activity due to Russia's invasion of Ukraine or other geopolitical events, war, terrorism, natural disasters, public health issues (including pandemics such as the COVID-19 pandemic) or other factors could negatively affect our industry and business and our ability to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all. A disruption in the financial markets may adversely affect our ability to raise, restructure or refinance indebtedness.

We have in the past been, and may continue to be, adversely affected by changes in global macroeconomic conditions, including inflation, recession, changes in interest rates, consumer spending rates, energy availability and costs, global supply chain challenges, labor shortages, geopolitical conflicts, pandemics or other local or global health issues. Tariffs and other trade restrictions impacting the automotive industry, including those imposed following the United States' February 2025 executive orders, and the related geopolitical uncertainty between the United States, Canada, Mexico and other countries (or any retaliatory actions from such countries) could have a material adverse effect on our business and results of operations. Volatility in financial markets and deterioration of global macroeconomic conditions could impact our business and results of operations in a number of ways and could heighten many of the other risk factors noted elsewhere.

***Our indebtedness and the terms of our indebtedness could impair our financial condition and adversely affect our ability to react to changes in our business.***

As of December 31, 2023 December 31, 2024, our total debt was approximately $364.6 million $230.7 million, exclusive of liabilities related to our securitization facilities which are not secured by the general assets of OPENLANE, and we had $133.3 million $397.9 million of borrowing capacity under our Revolving Credit Facility Facilities (net of $54.7 million $48.8 million in outstanding letters of credit).

Our indebtedness could have important consequences including:

- limiting our ability to borrow additional amounts to fund working capital, capital expenditures, debt service requirements, execution of our business strategy, acquisitions and other purposes;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on debt, which would reduce the funds available for other purposes, including funding future expansion;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our flexibility in planning for, and making it more difficult to react quickly to, changing conditions; and
- exposing us to risks inherent in interest rate fluctuations because a portion of our indebtedness is at variable rates of interest, which could result in higher interest expenses in the event of increases in interest rates.

In addition, if we are unable to generate sufficient cash from operations to service our debt and meet other cash needs, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, particularly because of the restrictions imposed by the agreement governing our Revolving Credit Facility Facilities and the indenture governing our senior notes on our ability to incur additional debt and use the proceeds from asset sales. If we must sell certain of our assets, it may negatively affect our ability to generate revenue. The inability to obtain additional financing could have a material adverse effect on our financial condition.

If we cannot make scheduled payments on our debt, we would be in default and, as a result, our debt holders could declare all outstanding principal and interest to be due and payable, the lenders under our Revolving Credit Facility Facilities could terminate their commitments to lend us money and foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation.

Furthermore, the agreement governing our Revolving Credit Facility Facilities and the indenture governing our senior notes include, and future debt instruments may include, certain restrictive covenants which could limit our ability to enter into certain transactions in the future and may adversely affect our ability to operate our business.

***Changes in interest rates or market conditions could adversely impact our profitability and business.***

Rising interest rates may have the effect of depressing the sales of new and used vehicles because many consumers finance their vehicle purchases and rising auto loan rates increase the cost of purchasing a vehicle. Likewise, when interest rates increase, the subprime borrowing market often tightens, making interest rates even higher for those with lower credit scores. If increased interest rates depress the sales of new and/or used vehicles, then used vehicle trade-ins to dealers and wholesale volumes could be negatively impacted. These factors could adversely affect revenues and profitability in our Marketplace segment.

In addition, AFC securitizes a majority of its finance receivables on a revolving basis. Volatility and/or market disruption in the asset-backed securities market in the United States or Canada can impact AFC's cost of financing related to, or its ability to arrange financing on acceptable terms through, its securitization facility, facilities, which could negatively affect AFC's business and our financial condition and operations.

As noted elsewhere, a portion of our indebtedness is at variable rates of interest. As such, increases in interest rates could also result in higher interest expenses.

***A portion of our net income is derived from our international operations, primarily Canada, which exposes us to foreign exchange risks that may impact our financial statements. In addition, increases in the value of the U.S. dollar relative to certain foreign currencies may negatively impact foreign buyer participation in our marketplaces.***

Fluctuations between U.S. and foreign currency values may adversely affect our results of operations and financial position, particularly fluctuations with Canadian currency values. In addition, there may be tax inefficiencies in repatriating cash from our foreign subsidiaries. Approximately 38% 41% of our revenues from continuing operations were attributable to our foreign operations for the year ended December 31, 2023 December 31, 2024. The results of operations of our foreign subsidiaries are translated from local currency into U.S. dollars for financial reporting purposes. Changes in the value of foreign currencies, particularly the Canadian dollar and the euro relative to the U.S. dollar could negatively affect our profits from foreign operations and the value of the net assets of our foreign operations when reported in U.S. dollars in our financial statements. This could have a material adverse effect on our business, financial condition or results of operations as reported in U.S. dollars.

In addition, fluctuations in exchange rates may make it more difficult to perform period-to-period comparisons of our reported results of operations. For purposes of accounting, the assets and liabilities of our foreign operations are translated using period-end exchange rates; such translation gains and losses are reported in “Accumulated other comprehensive income/loss” as a component of stockholders’ equity. The revenues and expenses of our foreign operations are translated using average exchange rates during each period.

Likewise, we have non-U.S. based buyers who participate in our marketplaces. Increases in the value of the U.S. dollar relative to these buyers’ local currencies may reduce the prices they are willing to pay at our marketplaces, which may negatively affect our revenues.

***We may incur additional tax expense or become subject to additional tax liabilities.***

As a multinational corporation, we are subject to income taxes, as well as non-income-based taxes, in both the U.S. (federal, state and local) and a number of other foreign jurisdictions. We may recognize additional tax expenses and be subject to additional tax liabilities due to changes in laws, regulations, administrative practices, principles, and interpretations related to tax, including changes to the global tax framework, competition and other laws and accounting rules in various jurisdictions. Such changes could come about as a result of economic, political and other conditions. An increasing number of jurisdictions are considering or have adopted laws or administrative practices that impose new tax measures, including revenue-based taxes, targeting certain digital services. For example, non-U.S. jurisdictions have proposed or enacted taxes on certain online marketplace services revenues. Proliferation of these or similar unilateral tax measures may continue unless broader international tax reform is implemented. Our results of operations and cash flows could be adversely impacted by additional taxes imposed on us prospectively or retroactively.

***We are subject to a complex framework of federal, state, local and foreign laws and regulations, which have in the past, and could in the future, subject us to claims, challenge our business model, or otherwise harm our business.***

Our operations are subject to regulation, supervision and licensing under various federal, state, provincial, local and foreign authorities, agencies, statutes and ordinances, which, among other things, require us to obtain and maintain certain licenses, permits and qualifications, provide certain disclosures and notices and limit interest rates, fees and other charges. The regulations and laws that impact our company include, without limitation, the following:

- The sale of used vehicles is regulated by various state and local motor vehicle departments and regulators.
- Some of the transport vehicles used at our facilities are regulated by the U.S. Department of Transportation or similar regulatory agencies in the other locations in which we operate.
- AFC is subject to certain federal, state and provincial laws which regulate commercial and small business lending activities and interest rates and, in certain jurisdictions, require AFC or one of its subsidiaries to be licensed. These laws are complex and are rapidly evolving, including adverse legislative and regulatory trends towards regulating small business lending similar more comparable to consumer lending.
- We are subject to various local zoning requirements with regard to the location of our facilities, which requirements vary from location to location.
- We are subject to federal, state and international laws, directives and regulations relating to the collection, use, retention, disclosure, security and transfer of personally identifiable information (e.g., GDPR and CCPA). information. These laws, directives, regulations and their interpretation and enforcement continue to evolve and may be inconsistent from jurisdiction to jurisdiction.
- We are subject to laws and regulations with respect to emerging technologies being incorporated into our business, including artificial intelligence, machine learning and data analytics.
- Certain of the Company’s subsidiaries may be deemed subject to the regulations of the Consumer Financial Protection Act of 2010 due to their vendor relationships with financial institutions.
- PAR Our vehicle transition and asset recovery business is subject to laws in certain states which regulate activities related to repossession administration activities and debt collection and, in certain jurisdictions, require PAR to be licensed. a license.
- We are subject to various reporting and anti-money laundering regulations.

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to evolving interpretations and continuous change. Changes in law or governmental regulations or interpretations of existing law or regulations could result in increased costs, reduced vehicle prices and decreased profitability for us. In addition, failure to comply with present or future laws and regulations or changes in existing laws or regulations or in their interpretation could have a material adverse effect on our operating results and financial condition.

***We are subject to risks associated with legal and regulatory proceedings. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.***

We have in the past been, are currently, and may in the future become, subject to a variety of legal actions relating to our current and past business operations, including but not limited to litigation claims and legal proceedings related to environmental, intellectual property, labor and employment, privacy, regulatory compliance, securities, tax, and tort laws. Such claims may be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. In addition, we could incur substantial costs in defending ourselves or in asserting our rights in such actions. Any claims against us, whether meritorious or not, could be time consuming, costly, and harmful to our reputation, and could require significant amounts of management time and corporate resources. If any of these legal proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to monetary damages or be forced to change the way in which we operate our business, which could have an adverse effect on our business, financial condition, and operating results.

***Environmental, health and safety risks could adversely affect our operating results and financial condition.***

Our operations are subject to various foreign, federal, state and local environmental, health and safety laws and regulations, including those governing the emission or discharge of pollutants into the air or water, the generation, treatment, storage and release of hazardous materials and wastes and the investigation and remediation of contamination. Our failure to comply with current or future environmental, health or safety laws or to obtain and comply with permits required under such laws, could subject us to liability, damage our reputation and require costly investigative, remedial or corrective actions.

Some of the facilities on which we operate are impacted by recognized environmental concerns and pollution conditions. We have incurred and may in the future incur expenditures relating to compliance and risk mitigation efforts, releases of hazardous materials, investigative, remedial or corrective actions, claims by third parties and other environmental issues, and such expenditures, individually or in the aggregate, could be significant.

We Additionally, as governments, investors and other stakeholders increasingly focus on climate change and other environmental, social and governance topics, governments are implementing regulations and disclosure obligations, including the European Union's Corporate Sustainability Reporting Directive (CSRD), and investors and other stakeholders are imposing new expectations that may have negative impacts on our business.

***Our insurance may not provide adequate coverage against claims and losses, and we are partially self-insured for certain losses.***

While we have insurance coverage for many aspects of our business risk, this insurance coverage may be incomplete or inadequate, or in some cases may not be available. Further, there are types of losses we may incur that cannot be insured against, or that we believe are not economically reasonable to insure. For certain risks we face, we may be required to, or may elect to, self-insure or rely on insurance held by third parties or indemnification agreements, which may be insufficient. If we were held liable for amounts exceeding the limits of our insurance coverage or for claims outside the scope of our coverage or exceeding or outside the limits or scope of the third-party insurance of which we rely, the resulting costs could harm our financial condition and results of operations.

We self-insure a portion of employee medical benefits under the terms of our employee health insurance program, as well as a portion of our automobile, general liability and workers' compensation claims. We record an accrual for the claims expense related to our employee medical benefits, automobile, general liability and workers' compensation claims based upon the expected amount of all such claims. If actual trends, including the severity of claims and medical cost inflation above expectations were to occur, our self-insured costs would increase, which could have an adverse impact on our results of operations and financial position.

***We assume the settlement risk and inventory risk for certain vehicles sold through our marketplaces.***

Typically, following the sale of a vehicle, we do not release the vehicle and/or title to a buyer until we have received full payment from the buyer or confirmation of arrangement for such payment. We may, however, remit payment to a seller before receiving payment from a buyer, and, in those circumstances, we may not have recourse against sellers for any buyer's failure to satisfy its payment obligations. Revenue for a vehicle consigned to us for sale typically includes only the applicable buyer and seller fees associated with the transaction and not the vehicle sale proceeds. As a result, any failure to collect a receivable from the buyer in full may result in a loss up to the amount of the vehicle sale proceeds plus the applicable buyer fees and any collection related expenses. If we are unable to collect the vehicle sale price plus applicable buyer fees from buyers on a large number of vehicles, our revenue and cash flows may be negatively impacted resulting in a material adverse effect on our results of operations and financial condition.

Risks Related to In countries where OPENLANE Europe operates, the Sale of ADESA U.S. Physical Auction Business

***The ADESA U.S. physical wholesale market generally operates on a principal basis, in which a vehicle is purchased and then resold (purchase auction business sale transaction may result model), rather than on an agent basis, in increased costs.***

In connection with which the sale auction acts as a sales agent for the owner of the ADESA U.S. physical auction business, vehicle (consignment model). Our other marketplace businesses also sell vehicles that have been purchased (e.g., returned or inherited vehicles). When a vehicle is purchased and then resold, rather than sold on a consignment basis, we entered into a transition services agreement whereby are exposed to inventory risks, including losses from theft, damage and obsolescence. In addition, when vehicles are purchased, we will provide various services are subject to Carvana following the closing. The transition services agreement may result changes in additional costs to us, vehicle values, which may make could adversely affect our ability to achieve the transaction's objective of a more asset-light revenue and lower overhead operating model more difficult. The transaction also requires us to split, or otherwise amend, existing contracts with customers and other third parties to separate the U.S. physical auction business, which may not be effective and could lead to additional costs for us.

***We rely on Carvana for key components of our business and for certain revenue, which exposes us to increased risks.***

In connection with the sale of the ADESA U.S. physical auction business, we entered into various agreements with Carvana, many of which require performance by Carvana. We will rely on Carvana to satisfy its various obligations under these agreements, including but not limited to performing services, meeting minimum volumes and complying with payment obligations. Carvana may fail to perform or comply as expected or be unwilling or unable to perform or comply in the future. The reliance on Carvana for certain aspects of our operations represents an inherent risk to our Company that could have a material adverse effect on our business, financial condition and results of operations.

For example, certain systems sold to Carvana as part of the ADESA U.S. physical auction business sale transaction are integral to our OPENLANE Canada operations and other remaining parts of our business. Carvana has agreed to maintain and make those systems available to support retained Company businesses for a period of time post-closing. Further, Carvana has agreed to continue to allow AFC to occupy office space in the ADESA U.S. physical auction locations owned by Carvana. profitability.

If Carvana is unable or unwilling to satisfy its obligations under these agreements, or if Carvana seeks bankruptcy protection, we could incur operational difficulties or losses. Further, upon termination or expiration of those agreements, the respective services will need to be provided internally or by third parties. If we do not have agreements with other providers of these services or the ability to perform these services in-house once certain transaction agreements expire or terminate, we may not be able to operate our business effectively, which may have a material adverse effect on our financial position, results of operations and cash flows.

***We will be required to satisfy certain indemnification obligations to Carvana or we may not be able to collect on indemnification rights from Carvana.***

In connection with the sale of the ADESA U.S. physical auction business, we agreed to indemnify Carvana for certain liabilities, and Carvana agreed to indemnify the Company for certain liabilities. Our and Carvana's ability to satisfy these indemnities, if called upon to do so, will depend respectively upon our and Carvana's future financial strength. If we are required to indemnify Carvana, or if we are not able to collect on indemnification rights from Carvana, our financial condition, liquidity or results of operations could be materially and adversely affected.

***We are restricted from conducting certain activities for three years following the ADESA U.S. physical auction business sale transaction.***

The purchase agreement that we entered into as part of the sale of the ADESA U.S. physical auction business restricts us from engaging in certain activities in the United States for a period of three years, including on-premise wholesale vehicle auctions and vehicle reconditioning services. These restrictions could materially and adversely affect our business, growth strategy, financial condition and results of operations.

***Our ability to access capital in the future may be challenging.***

The sale of the ADESA U.S. physical auction business resulted in our being a smaller enterprise focused on our digital marketplaces. While we believe our transition to a more asset-light and lower overhead operating model will better position us going forward, we may face additional challenges when raising additional capital or restructuring or refinancing our indebtedness.

**Risks Related to Ownership of Our Common Stock**

***The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders and could expose us to securities class action litigation.***

You should consider an investment in our common stock to be risky, and you should invest in our common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment. Many factors could cause the market price of our common stock to rise and fall, including but not limited to the following:

- announcements by us or our competitors of significant business developments, new offerings, acquisitions or strategic investments;
- changes in earnings estimates or recommendations by securities analysts, if any, who cover our common stock;
- results of operations that are below our announced guidance or below securities analysts' or consensus estimates or expectations;
- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in our capital structure, such as future issuances of securities, sales of large blocks of common stock by our stockholders or our incurrence of additional debt;
- repurchases of our common stock pursuant to our share repurchase program;
- investors' general perception of us and our industry;
- changes in general economic and market conditions;
- changes in industry conditions (including changes in anticipated future market size and growth rate); and
- changes in regulatory and other dynamics.

In addition, if the market for stocks in our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if successfully defended, could be costly to defend and a distraction to management. Likewise, following periods of volatility in the market price of a company's securities, securities class action litigation could be initiated. If such litigation were introduced against us, it could result in substantial costs and a diversion of our attention and resources, which could have a material adverse effect on our business. Moreover, such volatility could attract the interest of activist stockholders. Responding to activist stockholders can be costly and time-consuming, and the perceived uncertainties as to our future direction resulting from responding to activist strategies could itself then further affect the market price and volatility of our common stock.

***The issuance of shares of our Series A Preferred Stock reduces the relative voting power of holders of our common stock, and the conversion and sale of those shares would dilute the ownership of such holders and may adversely affect the market price of our common stock.***

As of December 31, 2023 December 31, 2024, 634,305 shares of our Series A Preferred Stock were outstanding, representing approximately 25% of our outstanding common stock, including the Series A Preferred Stock on an as-converted basis. Holders of Series A Preferred Stock are entitled to a cumulative dividend at the rate of 7% per annum, payable quarterly in arrears. Dividends were payable in kind through the issuance of additional shares of Series A Preferred Stock for the first eight dividend payment dates (through June 30, 2022), and thereafter, in cash or in kind, or any combination thereof, at our option. Because holders of our Series A Preferred Stock are entitled to vote, on an as-converted basis, together with holders of our common stock on all matters submitted to a vote of the holders of our common stock, the issuance of the Series A Preferred Stock, and the subsequent issuance of additional shares of Series A Preferred Stock through the payment of in kind dividends, effectively reduces the relative voting power of the holders of our common stock. In addition, the conversion of the Series A Preferred Stock into common stock would dilute the ownership interest of existing holders of our common stock. Furthermore, any sales in the public market of the common stock issuable upon conversion of the Series A Preferred Stock would increase the number of shares of our common stock available for public trading, and could adversely affect prevailing market prices of our common stock. Pursuant to customary registration rights agreements, we were required to register for resale the shares of Series A Preferred Stock and the shares of common stock issuable upon conversion of the Series A Preferred Stock. This registration facilitates the resale of such securities into the public market, and any such resale would increase the number of shares of our common stock available for public trading. Sales of a substantial number of shares of our common stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of our common stock.

***Apax and the other holders of our Series A Preferred Stock may exercise influence over us.***

As of December 31, 2023 December 31, 2024, the outstanding shares of our Series A Preferred Stock represented approximately 25% of our outstanding common stock, including the Series A Preferred Stock on an as-converted basis. The terms of the Series A Preferred Stock require the approval of a majority of our Series A Preferred Stock by a separate class vote for us to:

- amend our organizational documents in a manner that would have an adverse effect on the Series A Preferred Stock; or
- issue securities that are senior to, or equal in priority with, the Series A Preferred Stock.

In addition, under our investment agreement, dated as of May 26, 2020 (the "Apax Investment Agreement"), with an affiliate of Apax Partners, L.P. ("Apax"), for so long as Apax and its affiliates beneficially own shares of Series A Preferred Stock (and/or shares of common stock issued upon conversion of Series A Preferred Stock) that represent, on an as-converted basis, at least 50% of Apax's initial shares of Series A Preferred Stock on an as-converted basis, Apax and its affiliates will have the right to designate one director to our board of directors. Circumstances may occur in which the interests of Apax and its affiliates could diverge from, or even conflict with, the interests of our other stockholders. For example, the existence of Apax as a significant stockholder and Apax's board designation rights may have the effect of delaying or preventing changes in control or management or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of the Company. Apax and its affiliates may seek to cause us to take courses of action that, in their judgment, could enhance its investment in the Company but which might involve risks to our other stockholders or adversely affect us or our other stockholders.

***Our Series A Preferred Stock has rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders, which could adversely affect our liquidity and financial condition, and may result in the interests of the holders of our Series A Preferred Stock differing from those of our common stockholders.***

The Series A Preferred Stock ranks senior to the shares of our common stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of our affairs. The holders of Series A Preferred Stock have the right to receive a liquidation preference entitling them to be paid out of our assets available for distribution to stockholders before any payment may be made to holders of any other class or series of capital stock, an amount equal to the greater of (a) the sum of the original liquidation preference plus all accrued but unpaid dividends or (b) the amount that such holder would have been entitled to receive upon our liquidation, dissolution and winding up if all outstanding shares of such series of Series A Preferred Stock had been converted into common stock immediately prior to such liquidation, dissolution or winding up. In addition, 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 were payable in kind for the first eight dividend payments through June 30, 2022, and thereafter in cash or in kind). 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. The holders of our Series A Preferred Stock also have the right, subject to certain exceptions, to require us to repurchase all or any portion of the Series A Preferred

Stock upon certain change of control events at the greater of (a) the consideration the holders would have received if they had converted their shares of Series A Preferred Stock into common stock immediately prior to the change of control event and (b) 105% of the sum of i) the liquidation preference thereof and ii) all accrued but unpaid dividends.

These dividend and share repurchase obligations could impact our liquidity and reduce the amount of cash flows available for general corporate purposes. Our obligations to the holders of the Series A Preferred Stock could also limit our ability to obtain additional financing or increase our borrowing costs, which could have an adverse effect on our financial condition. These preferential rights could also result in divergent interests between the holders of shares of Series A Preferred Stock and holders of our common stock.

***Future offerings of debt or equity securities, which would rank senior to our common stock, may adversely affect the market price of our common stock.***

If, in the future, we decide to issue debt or equity securities that rank senior to our common stock, it is likely that such securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stock holdings in us.

***The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public market.***

Future sales by us or by our existing stockholders of substantial amounts of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. These sales also could impede our ability to raise future capital. Under our amended and restated certificate of incorporation, we are authorized to issue up to 400,000,000 shares of common stock, of which 108,040,704 106,849,134 shares of common stock were outstanding as of December 31, 2023 December 31, 2024. In addition, pursuant to a registration statement under the Securities Act, we have registered shares of common stock reserved for issuance in respect of stock options and other incentive awards granted to our officers and certain of our employees. If any of these holders cause a large number of securities to be sold in the public market, including common stock issuable upon conversion of the Series A Preferred Stock, the sales could reduce the trading price of our common stock. We cannot predict the size of future sales of shares of our common stock or the effect, if any, that future sales, or the perception that such sales may occur, would have on the market price of our common stock.

***Provisions in our amended and restated certificate of incorporation and by-laws, and of Delaware law, may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.***

Our amended and restated certificate of incorporation and by-laws contain, and Delaware law contains, provisions that may be considered to have an anti-takeover effect and may delay or prevent a tender offer or other corporate transaction that a stockholder might consider to be in its best interest, including those transactions that might result in a premium over the market price for our shares.

These provisions include:

- rules regarding how our stockholders may present proposals or nominate directors for election at stockholder meetings;
- permitting our board of directors to issue preferred stock without stockholder approval;
- granting to the board of directors, and not the stockholders, the sole power to set the number of directors;
- authorizing vacancies on our board of directors to be filled only by a vote of the majority of the directors then in office and specifically denying our stockholders the right to fill vacancies in the board;
- authorizing the removal of directors only upon the affirmative vote of holders of a majority of the outstanding shares of our common stock entitled to vote for the election of directors; and
- prohibiting stockholder action by written consent.

These provisions apply even if an offer may be considered beneficial by some stockholders.

***You may not receive any future dividends on our common stock.***

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. We are not required to declare cash dividends on our common stock. Future dividend decisions will be based on and affected by a variety of factors, including our financial condition and results of operations,

contractual restrictions, including restrictive covenants contained in our Credit Agreement, the indenture governing our senior notes and AFC's securitization facilities, capital requirements and other factors that our board of directors deems relevant. Therefore, no assurance can be given as to whether any future dividends may be declared by our board of directors or the amount thereof.

***Our share repurchase program could affect the price of our common stock and increase volatility. In addition, it may be suspended or discontinued at any time, which could result in a decrease in the trading price of our common stock.***

In October 2019, our board of directors authorized a repurchase of up to $300 million of the Company's outstanding common stock. 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 December 31, 2025. Repurchases of our common stock pursuant to our share repurchase program, or any future share repurchase program, could affect our stock price and increase its volatility. The existence of a share repurchase program could also cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. There can be no assurance that any share repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased the shares of common stock. Although our share repurchase program is intended to enhance long-term stockholder value, short-term stock price fluctuations could reduce the program's effectiveness. Furthermore, the program does not obligate the Company to repurchase any dollar amount or number of shares of common stock, and may be suspended or discontinued at any time, which could cause the market price of our stock to decline.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

*Risk management and strategy*

The Company's enterprise risk management ("ERM") program includes assessing, identifying and managing material risks from various sources, including those related to cybersecurity. The Company uses information from incident history, threat intelligence, formal and informal security networks, government information sharing and recognized information security frameworks to inform its cybersecurity risk management approach.

The Company's cybersecurity risk management processes incorporate multiple layers of security to help identify and protect against cybersecurity threats including a dedicated cybersecurity team, technical security controls, policy enforcement, monitoring systems, employee training, contractual arrangements and management oversight. Given the dynamic nature of the cyber-threat environment, the Company engages with third-party assessors, consultants and others from time to time to assist in on various cyber-related matters, including assessing, enhancing, implementing advising and monitoring the Company's cybersecurity risk management process.

The Company maintains a vendor risk management program designed to help identify and manage risks associated with third-party service providers, including a risk-based approach to identifying and monitoring cybersecurity threats presented by certain third-party service providers, with management retaining responsibility for oversight of cybersecurity threats. The Company also maintains an incident response plan that includes escalation criteria and preliminary materiality assessments to guide reporting and disclosure objectives.

The Company describes risks related to cybersecurity threats that could materially impact its business strategy, results of operations or financial condition under the heading in Item 1A. "Risk Factors." Material impacts could include loss Factors" of access to systems and data, financial costs and reputational harm, among others. this Annual Report on Form 10-K.

*Governance*

Management is responsible for assessing and managing risk at the Company, including communicating the most material key risks to the Board of Directors and its committees. The Board of Directors has primary responsibility for risk oversight, with a focus on the most significant risks facing the Company. With respect to cybersecurity risks, the Risk Audit Committee of the Board of Directors ("Risk Audit Committee") provides oversight for matters specifically relating to cybersecurity and other risks related to information technology systems and procedures, including but not limited to data security and privacy.

Management leverages the collective expertise of the Company's information security function which reports to the Chief Financial Officer through the Company's Chief Information Security Officer ("CISO"). The CISO has served in this position for the Company since 2017, holds various relevant credentials including CISSP (Certified Information Systems Security Professional), and has extensive cybersecurity and privacy experience having served in information technology roles for over 35 years and cybersecurity leadership roles for 15 years. The CISO reports to the Risk Audit Committee quarterly on information security matters, including, among other things, the Company's cyber risks and threats, any incidents or events, the status of projects to further strengthen the Company's information security systems, assessments of the Company's security program and the emerging regulatory and threat landscape. The CISO also briefs the full Board of Directors on cybersecurity matters at least annually.

As described above, management informs the Risk Audit Committee about prevention, detection, mitigation, resolution, and remediation of cybersecurity incidents quarterly and monitors such matters continuously. The Risk Audit Committee reviews and discusses with management the quality and effectiveness of the Company's efforts to mitigate such risks and reports such findings to the Board of Directors.

**Item 2. Properties**

Our corporate headquarters is located in Carmel, Indiana, where we lease office space pursuant to a lease that expires in 2034. At December 31, 2023 December 31, 2024, we also owned or leased other properties in the United States, Canada, Europe, the United Kingdom, Uruguay and the Philippines.

Facilities utilized by the Marketplace segment primarily include 15 vehicle logistics center locations across Canada at December 31, 2023 December 31, 2024, which are either owned or leased. The OPENLANE Canada facilities consist on average of approximately 60 acres of land per site and have parking areas to store vehicles and may have additional buildings for reconditioning, registration, maintenance, bodywork, and other ancillary and administrative services.

In our Finance segment, AFC has approximately 90 locations in North America at December 31, 2023 December 31, 2024, including 51 9 branches which are physically located at 9 OPENLANE Canada vehicle logistics centers and 37 branches located within other competitor locations. Each of the remaining AFC locations (hybrid of physical locations and a digital servicing network). Each of the remaining AFC offices is strategically located in close proximity to at least one of the auctions that it serves. or major metro areas. AFC generally leases its branches.

We believe that our current facilities are suitable and adequate to meet our current needs, and if we require additional or substitute space, we anticipate we will be able to obtain additional suitable facilities.

**Item 3. 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.

**Item 4. Mine Safety Disclosures**

Not applicable.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information and Holders of Record**

OPENLANE's common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "KAR" and has been traded on the NYSE since December 11, 2009. As of February 15, 2024 February 14, 2025, there were 5 stockholders of record. Because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by the holders of record.

**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 December 31, 2023 December 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)* |
|---|---|---|---|---|
| October 1 - October 31 | — | $ — | — | $ 125.0 100.0 |
| November 1 - November 30 | — | — | — | 125.0 100.0 |
| December 1 - December 31 | — | — | — | 125.0 100.0 |
| 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. In October 2023, 2024, the board of directors authorized an increase in the size of the Company's share repurchase program by an additional $20.3 million approximately $5.0 million and an extension of the share repurchase program through December 31, 2024 December 31, 2025. 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.

**Stock Price Performance Graph**

The graph below shows the cumulative total stockholder return, assuming an investment of $100 and dividend reinvestment (and taking into account the value of the IAA, Inc. common shares distributed in the spin-off), for the period beginning on December 31, 2018 December 31, 2019 and ending on December 31, 2023 December 31, 2024, on each of OPENLANE's common stock, the Standard & Poor's SmallCap 600 Index and the Standard and Poor's 500 Index. Our stock price performance shown in the following graph is not indicative of future stock price performance.

2443

| Company/Index | Company/Index | Base Period 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | Company/Index | Base Period 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OPENLANE, Inc. | | | | | | | | | | | | | |
| S&P 500 Index | | | | | | | | | | | | | |
| S&P SmallCap 600 Index | | | | | | | | | | | | | |

**Item 6. [Reserved]**

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.*

**Forward-Looking Statements**

This Annual Report on Form 10-K 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-K 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," "would," "could," "can," "of the opinion," "confident," "anticipates," "expects," "intends," "plans," "predicts," "projects," "believes," "seeks," "estimates" "continues," "contemplates," "outlook," initiatives, "position," "initiatives," "goals," "opportunities, "targets," "opportunities" and similar expressions identify forward-looking statements. Such statements, including statements regarding adverse market conditions; our future growth; growth and profitability; anticipated cost savings, savings; revenue increases, credit losses and capital expenditures; contractual obligations; dividend declarations and payments; common stock repurchases; changes in the value of foreign currencies relative to the U.S. dollar; tax rates and assumptions; the effects of macroeconomic conditions on our business; business strategies; strategic initiatives, acquisitions and dispositions; business and industry trends and challenges; our competitive position and retention of customers; and our continued investment in information technology, among others, 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 Item 1A. "Risk Factors" of this Annual Report on Form 10-K 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. Moreover, we operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this report may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. In addition, the global economic climate and general market, political, economic, and business conditions may amplify many of these risks. The forward-looking statements in this document report are made as of the date on which they are made of this report 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 In recent years, the automotive industry has experienced unprecedented market conditions, including global automotive production challenges. In recent years, these 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 and this has resulted in wholesale supply. vehicle supply also starting to increase.

However, macroeconomic and geopolitical 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 These factors and related impacts present a risk to our operations and the stability of the automotive industry. Given the nature of these factors, Therefore, 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 its 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 vehicle dealers throughout the United States and Canada. In addition, AFC provides liquidity for customer trade-ins which can encompass 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.

Since the first quarter of 2022, results of the ADESA U.S. physical auctions have been reported as discontinued operations (see Note 4).

***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. More recently, new vehicle supply has begun to recover, and this has resulted in wholesale vehicle supply also starting to increase. New lease originations have increased for the last several quarters. As these leases mature in 2026 and beyond, we expect a higher volume of off-lease vehicles available to the wholesale used vehicle industry, with much of that volume flowing through OPENLANE first as we support the majority of commercial sellers in North America.

**Automotive Finance**

AFC works with independent dealer customers vehicle dealers 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 14,000 dealers in 2023. at December 31, 2024.

Key challenges for the independent dealer customers vehicle dealers 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% 2% 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 Finance revenue" in the consolidated statement of income (loss)) is comprised of interest revenue and fee income, provision for credit losses and other revenues revenue associated with our finance receivables. AFC's interest revenue is generally determined based on the applicable prime rate plus a margin.

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, finance interest expense, provision for credit losses, 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 comprised 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 Years Ended December 31, 2023 December 31, 2024 and 2022: 2023:***

| | Year Ended December 31, | |
|---|---|---|
| ***(Dollars in millions except per share amounts)*** | **2023** | **2022** |
| Revenues from continuing operations | | |
| Auction fees | **$ 395.3** | $ 370.3 |
| Service revenue | **619.7** | 590.3 |
| Purchased vehicle sales | **236.7** | 182.9 |
| Finance-related revenue | **393.4** | 375.9 |
| Total revenues from continuing operations | **1,645.1** | 1,519.4 |
| Cost of services* | **867.6** | 834.3 |
| Gross profit* | **777.5** | 685.1 |
| Selling, general and administrative | **430.4** | 445.1 |
| Depreciation and amortization | **101.5** | 100.2 |
| Gain on sale of property | **—** | (33.9) |
| Goodwill and other intangibles impairment | **250.8** | — |
| Operating profit (loss) | **(5.2)** | 173.7 |
| Interest expense | **155.8** | 119.2 |
| Other (income) expense, net | **(15.6)** | (1.3) |
| Loss on extinguishment of debt | **1.1** | 17.2 |
| Income (loss) from continuing operations before income taxes | **(146.5)** | 38.6 |
| Income taxes | **8.3** | 10.0 |
| Income (loss) from continuing operations | **(154.8)** | 28.6 |
| Income from discontinued operations, net of income taxes | **0.7** | 212.6 |
| Net income (loss) | **$ (154.1)** | $ 241.2 |
| Income (loss) from continuing operations per share | | |
| Basic | **$ (1.83)** | $ (0.10) |
| Diluted | **$ (1.83)** | $ (0.10) |

* Exclusive of depreciation and amortization

| (Dollars in millions except per share amounts) | Year Ended December 31, 2024 | 2023 |
|---|---|---|
| Revenues | | |
| Auction fees | **$ 443.8** | $ 395.3 |
| Service revenue | **586.6** | 619.7 |
| Purchased vehicle sales | **327.0** | 236.7 |
| Finance revenue | **431.1** | 444.0 |
| Total operating revenues | **1,788.5** | 1,695.7 |
| Operating expenses | | |
| Cost of services (exclusive of depreciation and amortization) | **956.3** | 867.6 |
| Finance interest expense | **123.5** | 130.6 |
| Provision for credit losses | **54.3** | 59.2 |
| Selling, general and administrative | **408.6** | 421.8 |
| Depreciation and amortization | **95.2** | 101.5 |
| Gain on sale of business | **(31.6)** | — |
| Goodwill and other intangibles impairment | **—** | 250.8 |
| Total operating expenses | **1,606.3** | 1,831.5 |
| Operating profit (loss) | **182.2** | (135.8) |
| Interest expense | **21.8** | 25.2 |
| Other expense (income), net | **2.5** | (15.6) |
| Loss on extinguishment of debt | **—** | 1.1 |
| Income (loss) from continuing operations before income taxes | **157.9** | (146.5) |
| Income taxes | **48.0** | 8.3 |
| Income (loss) from continuing operations | **109.9** | (154.8) |
| Income from discontinued operations, net of income taxes | **—** | 0.7 |
| Net income (loss) | **$ 109.9** | $ (154.1) |
| Income (loss) from continuing operations per share | | |
| Basic | **$ 0.46** | $ (1.83) |
| Diluted | **$ 0.45** | $ (1.83) |

*Overview*

For the year ended December 31, 2023 December 31, 2024, we had revenue of $1,645.1 million $1,788.5 million compared with revenue of $1,519.4 million $1,695.7 million for the year ended December 31, 2022 December 31, 2023, an increase of 8% 5%. For a further discussion of revenues, gross profit and selling, general and administrative expenses, our operating results, see the segment results discussions below.

*Depreciation and Amortization*

Depreciation and amortization decreased $6.3 million, or 6%, to $95.2 million for the year ended December 31, 2024, compared with $101.5 million for the year ended December 31, 2023. The decrease in depreciation and amortization was primarily the result of assets that have become fully amortized.

*Gain on Sale of Business*

In December 2024, the Company completed the sale of its automotive key business, resulting in a pretax gain on disposal of approximately $31.6 million for the year ended December 31, 2024.

*Goodwill and Other Intangibles Impairment*

In the second quarter of 2023 the Company recorded non-cash goodwill impairment charges totaling $218.9 million related to our U.S. Dealer-to-Dealer reporting unit and $6.4 million related to our Europe reporting unit (both within the Marketplace segment). The goodwill impairment related to our U.S. Dealer-to-Dealer reporting unit was primarily driven by lower near-term and long-term revenue growth associated with a slower overall recovery in vehicle volumes. The goodwill impairment related to our Europe reporting unit was driven by combining two previously separate reporting units (ADESA U.K. and ADESA Europe) into a single reporting unit. Including ADESA U.K. in the reporting unit resulted in a reduction in the overall fair value of the combined reporting unit, resulting in an impairment charge. The impairment charges were reported as a component of "Goodwill and other intangibles impairment" in the consolidated statements of income (loss).

In addition, the second quarter 2023 announcement of the rebrand to an OPENLANE branded marketplace from the ADESA branded marketplaces resulted in a non-cash impairment charge totaling $25.5 million (within the Marketplace segment). The impairment charge was reported as a component of "Goodwill and other intangibles impairment" in the consolidated statements of income (loss).

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 $35.8 million and $36.4 million valuation allowance against the U.S. net deferred tax asset at December 31, 2024 and 2023, respectively.

*Interest Expense*

Interest expense decreased $3.4 million, or 13%, to $21.8 million for the year ended December 31, 2024, compared with $25.2 million for the year ended December 31, 2023. The decrease in interest expense was primarily the result of the partial repayment of senior note debt in 2023.

*Other Expense (Income), Net*

For the year ended December 31, 2024, we had other expense of $2.5 million compared with other income of $15.6 million for the year ended December 31, 2023. The decrease in other income was primarily attributable to the receipt of $20.0 million in connection with the early termination of a contractual arrangement that occurred during the second quarter of 2023 and a net decrease in other miscellaneous income aggregating $1.0 million, partially offset by the 2023 impairment of an equity security and note receivable with the same investee aggregating $10.3 million and a $1.3 million contingent consideration valuation adjustment in 2023. In addition, there were $5.8 million in foreign currency losses on intercompany loan balances for the year ended December 31, 2024, compared with $2.9 million in foreign currency gains on intercompany loan balances for the year ended December 31, 2023.

*Loss on Extinguishment of Debt*

In 2023, we replaced the Previous Revolving Credit Facility and also prepaid a portion of the senior notes. As a result of these items, we recorded a loss on extinguishment of debt totaling $1.1 million. The loss was primarily the result of the write-off of unamortized debt issuance costs associated with lenders not participating in the Revolving Credit Facility and unamortized debt issuance costs associated with the portion of the senior notes repaid.

*Income Taxes*

We had an effective tax rate of 30.4% for the year ended December 31, 2024, compared with an effective tax rate of -5.7% resulting in expense on a pre-tax loss for the year ended December 31, 2023. The effective tax rate for the year ended December 31, 2023 was impacted by the goodwill and other intangibles impairment charges and resulting $59.0 million deferred tax benefit recorded with respect to the impairment of tax deductible goodwill and the impairment of other intangibles, partially offset by the $36.4 million deferred tax expense associated with the recording of valuation allowance against the U.S. net deferred tax asset.

We recorded a $35.8 million and $36.4 million valuation allowance against the U.S. net deferred tax asset at December 31, 2024 and 2023, respectively. The realization of the net deferred tax assets is dependent on our ability to generate sufficient future taxable income to utilize these assets. Depending on our current and anticipated future earnings, we may release a significant portion of our valuation allowance in a future period if there is sufficient positive evidence which would result in a corresponding decrease to income tax expense in such period. The actual timing and amount of the valuation allowance to be released is uncertain.

Additionally, the Organization for Economic Cooperation and Development has published a proposal to establish a new global minimum corporate tax rate of 15%, commonly referred to as Pillar Two. While the U.S. has not yet adopted the Pillar Two

framework into law, numerous countries in which we operate have enacted tax legislation based on the Pillar Two framework with certain components of the minimum tax rules effective beginning in 2024 and further rules becoming effective beginning in 2025. These rules are not expected to materially impact the Company's consolidated financial statements. The Company will continue to monitor U.S. and global legislative action related to Pillar Two for potential impacts.

*Income from Discontinued Operations*

In May 2022, Carvana acquired the ADESA U.S. physical auction business from the Company. As such, the financial results of the ADESA U.S. physical auction business have been accounted for as discontinued operations for all periods presented. The $0.7 million in income from discontinued operations for the year ended December 31, 2023 was comprised of an adjustment to income taxes.

*Impact of Foreign Currency*

For the year ended December 31, 2024 compared with the year ended December 31, 2023, the change in the Canadian dollar exchange rate decreased revenue by $5.6 million, operating profit by $1.3 million and net income by $0.5 million.

**Marketplace Results**

| | Year Ended December 31, | |
|---|---|---|
| ***(Dollars in millions)*** | **2024** | **2023** |
| Auction fees | **$ 443.8** | $ 395.3 |
| Service revenue | **586.6** | 619.7 |
| Purchased vehicle sales | **327.0** | 236.7 |
| Total Marketplace revenue | **1,357.4** | 1,251.7 |
| Cost of services* | **964.0** | 883.6 |
| Gross profit | **393.4** | 368.1 |

| | | |
|---|---|---|
| Provision for credit losses | **6.7** | 8.6 |
| Selling, general and administrative | **359.6** | 372.0 |
| Depreciation and amortization | **8.2** | 10.3 |
| Gain on sale of business | **(31.6)** | — |
| Goodwill and other intangibles impairment | **—** | 250.8 |
| Operating profit (loss) | **$ 50.5** | $ (273.6) |
| Commercial vehicles sold | **826,000** | 710,000 |
| Dealer consignment vehicles sold | **620,000** | 621,000 |
| Total vehicles sold | **1,446,000** | 1,331,000 |

* Includes depreciation and amortization

*Total Marketplace Revenue*

Revenue from the Marketplace segment increased $105.7 million, or 8%, to $1,357.4 million for the year ended December 31, 2024, compared with $1,251.7 million for the year ended December 31, 2023. The increase in revenue was primarily attributable to the 9% increase in the number of vehicles sold. For the year ended December 31, 2024, there was an increase in purchased vehicle sales and auction fees, partially offset by the decrease in service revenue (discussed below). The change in revenue included the impact of a decrease in revenue of $4.4 million due to fluctuations in the Canadian dollar exchange rate.

The 9% increase in the number of vehicles sold was primarily comprised of a 16% increase in commercial volumes. The gross merchandise value ("GMV") of vehicles sold for the year ended December 31, 2024 and 2023 was approximately $27.1 billion and $24.1 billion, respectively.

Auction Fees

Auction fees increased $48.5 million, or 12%, to $443.8 million for the year ended December 31, 2024, compared with $395.3 million for the year ended December 31, 2023. The number of vehicles sold increased 9%. Auction fees per vehicle sold for the year ended December 31, 2024 increased $10, or 3%, to $307, compared with $297 for the year ended December 31, 2023. The increase in auction fees per vehicle sold reflects the mix of vehicles sold in 2024 and the impact of price increases.

Service Revenue

Service revenue decreased $33.1 million, or 5%, to $586.6 million for the year ended December 31, 2024, compared with $619.7 million for the year ended December 31, 2023, primarily as a result of a decrease in transportation revenue of $44.5 million, of which $59.4 million related to a change in a key customer contract that resulted in the customer's revenue for the year ended December 31, 2024 being recorded on a net commission basis instead of a gross basis, as it was recorded for most of the year ended December 31, 2023. In addition, there was a net decrease in other miscellaneous service revenues aggregating approximately $3.0 million, partially offset by increases in inspection service revenue of $9.5 million and reconditioning revenue of $4.9 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, which represent approximately 2% of total vehicles sold. Purchased vehicle sales increased $90.3 million, or 38%, to $327.0 million for the year ended December 31, 2024, compared with $236.7 million for the year ended December 31, 2023, primarily as a result of an increase in purchased vehicles sold in Europe.

*Gross Profit*

For the year ended December 31, 2024, gross profit from the Marketplace segment increased $25.3 million, or 7%, to $393.4 million, compared with $368.1 million for the year ended December 31, 2023. Gross profit improvements were driven by a $33.7 million increase from auction and service volumes, $6.8 million decrease from depreciation and amortization and $4.5 million from pricing. These improvements were partially offset by the Canadian Digital Service Tax ("Canadian DST"), which represented a decrease of $10.2 million and a $9.5 million decrease in gross profit resulting from a higher mix of commercial volumes.

Gross profit from the Marketplace segment was 29.0% of revenue for the year ended December 31, 2024, compared with 29.4% of revenue for the year ended December 31, 2023. Gross profit as a percentage of revenue decreased for the year ended December 31, 2024 as compared with the year ended December 31, 2023, due to an increase in purchased vehicle sales and the Canadian DST, partially offset by a change in a key customer contract (see discussion in "Service revenue" above), increased volumes, increased prices and cost savings initiatives.

On June 28, 2024, Canada enacted a new 3% Canadian DST on certain online revenues, including online marketplace service revenues, of companies with consolidated revenues of at least €750 million. The Company recorded $10.2 million of Canadian DST to cost of services in 2024. The Canadian DST was retroactive to January 1, 2022, resulting in approximately $4.8 million, $3.8 million and $1.6 million of expense related to the years ending December 31, 2024, 2023 and 2022, respectively. During the third quarter of 2024, the Company increased its prices to prospectively mitigate the Canadian DST.

*Provision for Credit Losses*

Provision for credit losses from the Marketplace segment decreased $1.9 million, or 22%, to $6.7 million for the year ended December 31, 2024, compared with $8.6 million for the year ended December 31, 2023, primarily as a result of initiatives implemented to reduce risk in the marketplace and decrease bad debt expense.

*Selling, General and Administrative*

Selling, general and administrative expenses from the Marketplace segment decreased $12.4 million, or 3%, to $359.6 million for the year ended December 31, 2024, compared with $372.0 million for the year ended December 31, 2023, primarily as a result of decreases in compensation expense of $9.8 million, information technology costs of $4.3 million, professional fees of $3.7 million and other miscellaneous expenses aggregating $1.4 million, partially offset by increases in severance of $4.2 million and marketing costs of $2.6 million.

*Gain on Sale of Business*

In December 2024, the Company completed the sale of its automotive key business, resulting in a pretax gain on disposal of approximately $31.6 million for the year ended December 31, 2024.

*Goodwill and Other Intangibles Impairment*

See the above discussion of goodwill and other intangibles impairment in the consolidated results of operations for OPENLANE, Inc.

**Finance Results**

| | As of and for the Year Ended December 31, | |
|---|---|---|
| ***(Dollars in millions)*** | **2024** | **2023** |
| Finance revenue | | |
| Interest revenue | **$ 231.1** | $ 248.4 |
| Fee and other revenue | **200.0** | 195.6 |
| Total Finance revenue | **431.1** | 444.0 |
| Finance interest expense | **123.5** | 130.6 |
| Net Finance margin | **307.6** | 313.4 |
| Finance provision for credit losses | **47.6** | 50.6 |
| Cost of services (exclusive of depreciation and amortization) | **67.4** | 65.9 |
| Selling, general and administrative | **49.0** | 49.8 |
| Depreciation and amortization | **11.9** | 9.3 |
| Operating profit | **$ 131.7** | $ 137.8 |
| **Portfolio Performance Information** | | |
| Floorplans originated | **1,026,000** | 997,000 |
| Floorplans curtailed* | **619,000** | 634,000 |
| Total loan transaction units | **1,645,000** | 1,631,000 |
| Total receivables managed | **$ 2,314.0** | $ 2,274.1 |
| Average receivables managed** | **$ 2,239.3** | $ 2,359.2 |
| Allowance for credit losses | **$ 19.8** | $ 23.0 |
| Allowance for credit losses as a percentage of total receivables managed | **0.9%** | 1.0 % |
| Finance provision for credit losses as a percentage of average receivables managed | **2.1%** | 2.1 % |
| Receivables delinquent as a percentage of total receivables managed | **0.8%** | 1.0 % |

* Floorplans curtailed represent existing loans that customers opt to extend beyond the initial term upon the customer making a partial principal payment and payment of accrued interest and fees.
** Average receivables managed is calculated based on the daily ending balance of total receivables managed.

| | % of Avg. Receivables Managed Year Ended December 31, | |
|---|---|---|
| **Yields** | **2024** | **2023** |
| Finance revenue yield | | |
| Interest revenue | **10.3 %** | 10.5 % |
| Fee and other revenue | **9.0 %** | 8.3 % |
| Total Finance revenue yield | **19.3 %** | 18.8 % |
| Finance interest expense | **5.6 %** | 5.5 % |
| Net Finance margin | **13.7 %** | 13.3 % |

*Revenue*

For the year ended December 31, 2024, the Finance segment revenue decreased $12.9 million, or 3%, to $431.1 million, compared with $444.0 million for the year ended December 31, 2023. The decrease in revenue was primarily the result of decreases in loan values resulting in a decrease in average receivables managed, partially offset by a 1% increase in loan transaction units.

*Finance Interest Expense*

For the year ended December 31, 2024, finance interest expense decreased $7.1 million, or 5%, to $123.5 million, compared with $130.6 million for the year ended December 31, 2023. The decrease in finance interest expense was primarily attributable to a decrease in the average balance on the AFC securitization obligations and a reduction in cost of funds with the securitization renewal.

*Net Finance Margin*

For the year ended December 31, 2024, the net Finance margin percent increased 0.4% to 13.7%, compared with 13.3% for the year ended December 31, 2023. The increase was primarily attributable to a 0.7% increase in fee and other revenue yield. The net interest yield was 4.7% and 5.0% for the year ended December 31, 2024 and 2023, respectively.

*Finance Provision for Credit Losses*

For the year ended December 31, 2024, finance provision for credit losses decreased $3 million, or 6%, to $47.6 million, compared with $50.6 million for the year ended December 31, 2023. The provision for credit losses remained constant at 2.1% of the average receivables managed for the year ended December 31, 2024 and 2023. The provision for credit losses is expected to be approximately 2% or under, on a long-term basis, of the average receivables managed balance. However, the actual losses in any particular quarter or year could deviate from this range.

*Cost of Services*

For the year ended December 31, 2024, cost of services for the Finance segment increased $1.5 million, or 2%, to $67.4 million, compared with $65.9 million for the year ended December 31, 2023. The increase in cost of services was primarily the result of increases in professional fees of $0.7 million, compensation expense of $0.4 million, travel expenses of $0.4 million and other miscellaneous expenses aggregating $1.0 million, partially offset by a decrease in lot check expenses of $1.0 million.

*Selling, General and Administrative*

Selling, general and administrative expenses for the Finance segment decreased $0.8 million, or 2%, to $49.0 million for the year ended December 31, 2024, compared with $49.8 million for the year ended December 31, 2023 primarily as a result of decreases in information technology costs of $2.2 million and stock-based compensation of $1.2 million, partially offset by increases in title handling costs of $1.7 million and compensation expense of $0.9 million.

**Select Finance Balance Sheet Items**

| | December 31, | |
|---|---|---|
| ***(Dollars in millions)*** | **2024** | **2023** |
| ***Tangible Assets*** | | |
| Total assets | **$ 2,677.7** | $ 2,660.7 |
| Intangible assets | **260.1** | 261.7 |
| Tangible assets | **$ 2,417.6** | $ 2,399.0 |
| | | |
| ***Tangible parent equity*** | | |
| Total parent equity*** | **$ 789.0** | $ 799.4 |
| Intangible assets | **260.1** | 261.7 |
| Tangible parent equity*** | **$ 528.9** | $ 537.7 |

*** Parent equity represents OPENLANE's net investment in AFC. Parent equity was adjusted for an intercompany loan receivable of $726.7 million at December 31, 2023. The intercompany loan receivable represented accumulated cash and earnings of the Finance Segment. As a result of a dividend from AFC to the Company, the intercompany loan receivable was eliminated in the second quarter of 2024. Tangible parent equity is a non-GAAP measure of AFC's capital.

***Overview of Results of OPENLANE, Inc. for the Year Ended December 31, 2023 and 2022:***

| | Year Ended December 31, | |
|---|---|---|
| ***(Dollars in millions except per share amounts)*** | **2023** | **2022** |
| Revenues | | |
| Auction fees | $ 395.3 | $ 370.3 |
| Service revenue | 619.7 | 590.3 |
| Purchased vehicle sales | 236.7 | 182.9 |
| Finance revenue | 444.0 | 385.7 |
| Total operating revenues | 1,695.7 | 1,529.2 |

| | | |
|---|---|---|
| Operating expenses | | |
| Cost of services (exclusive of depreciation and amortization) | 867.6 | 834.3 |
| Finance interest expense | 130.6 | 79.0 |
| Provision for credit losses | 59.2 | 18.6 |
| Selling, general and administrative | 421.8 | 436.3 |
| Depreciation and amortization | 101.5 | 100.2 |
| Gain on sale of property | — | (33.9) |
| Goodwill and other intangibles impairment | 250.8 | — |
| Total operating expenses | 1,831.5 | 1,434.5 |
| Operating (loss) profit | (135.8) | 94.7 |
| Interest expense | 25.2 | 40.2 |
| Other (income) expense, net | (15.6) | (1.3) |
| Loss on extinguishment of debt | 1.1 | 17.2 |
| (Loss) income from continuing operations before income taxes | (146.5) | 38.6 |
| Income taxes | 8.3 | 10.0 |
| (Loss) income from continuing operations | (154.8) | 28.6 |
| Income from discontinued operations, net of income taxes | 0.7 | 212.6 |
| Net (loss) income | $ (154.1) | $ 241.2 |
| (Loss) income from continuing operations per share | | |
| Basic | $ (1.83) | $ (0.10) |
| Diluted | $ (1.83) | $ (0.10) |

*Overview*

For the year ended December 31, 2023, we had revenue of $1,695.7 million compared with revenue of $1,529.2 million for the year ended December 31, 2022, an increase of 11%. For a further discussion of our operating results, see the segment results discussions below.

*Depreciation and Amortization*

Depreciation and amortization increased $1.3 million, or 1%, to $101.5 million for the year ended December 31, 2023, compared with $100.2 million for the year ended December 31, 2022. The increaseincrease 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 and a reduction in assets placed in service.

*Gain on Sale of Property*

In October 2022, the Company closed on the sale of excess land in Montreal which resulted in a gain of $33.9 million.

*Goodwill and Other Intangibles Impairment*

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. When performing the impairment assessment, the fair value of the Company's reporting units are estimated using the expected present value of future cash flows (Level 3 inputs).

As part of this annual process, in the second quarter of 2023 the Company updated its forecasts for all of its reporting units, including an updated estimate for near-term and long-term revenue growth rates reflecting a slower overall recovery in vehicle volumes. Discount rates and other cash flow assumptions used in the valuations were also adjusted. As a result of this impairment assessment, it was determined that the fair value was lower than the carrying value for our U.S. Dealer-to-Dealer and Europe reporting units (both within the Marketplace segment). Accordingly, the Company recorded non-cash goodwill impairment charges totaling $218.9$218.9 million related to our U.S. Dealer-to-Dealer reporting unit and $6.4$6.4 million related to our Europe reporting unit. The goodwill impairment charge related to our U.S. Dealer-to-Dealer reporting unit relates to tax deductible goodwill, and as such the impairment resulted in a deferred tax benefit of $52.5 million. The goodwill impairment related to our U.S. Dealer-to-Dealer reporting unit was primarily driven by lower near-term and long-term revenue growth associated with a slower overall recovery in vehicle volumes. The goodwill impairment related to our Europe reporting unit was driven by combining two previously separate reporting units (ADESA U.K. and ADESA Europe) into a single reporting unit. Including ADESA U.K. in the reporting unit resulted in a reduction in the overall fair value of the combined reporting unit, resulting in an impairment charge. The fair value of the remaining reporting units were in excess of their carrying value. The impairment charges were reported as a component of "Goodwill and other intangibles impairment" in the consolidated statements of income (loss).

As a result of the second quarter 2023 impairment charges, the carrying value of the U.S. Dealer-to-Dealer and Europe reporting units now approximateapproximated fair value. The assumptions used in the discounted cash flow analysis are subject to inherent uncertainties and subjectivity. As such, changes in our future forecasts, operating results, cash flows, discount rates and other factors used to estimate the fair value of our reporting units may result in additional goodwill impairment charges in the future, and could have a material, non-cash, effect on our consolidated operating profit (loss) and net income (loss).

We will continue to monitor events occurring or circumstances changing which may suggest that goodwill should be reevaluated during interim periods. As of December 31, 2023, the remaining carrying value of goodwill related to the U.S. Dealer-to-Dealer and Europe reporting units was $87.3$87.3 million and $120.8 million, respectively.

In addition, the second quarter 2023 announcement of the rebrand to an OPENLANE branded marketplace from the ADESA branded marketplaces served as a triggering event requiring a re-evaluation of the useful life and impairment of the ADESA tradename. As such, the Company evaluated the $122.8$122.8 million carrying amount of its indefinite-lived ADESA tradename, resulting in a non-cash impairment charge totaling $25.5 million in in the second quarter of 2023 and associated deferred tax benefit of $6.5$6.5 million (within the Marketplace segment). The impairment charge was reported as a component of "Goodwill and other intangibles impairment" in the consolidated statements of income (loss). The ADESA tradename is expected to continue to generate cash flows pursuant to the purchase and commercial agreements with Carvana and its affiliates for a defined period. The fair value of the ADESA tradename was estimated using the royalty savings method (Level 3 inputs). Furthermore, as a result of the rebrand to OPENLANE, the ADESA tradename is no longer deemed to have an indefinite life and its remaining carrying amount of $97.3$97.3 million will be amortized over a remaining useful life of approximately 6 years. years.

The deferred tax benefits of $52.5 million and $6.5 million associated with the goodwill and tradename impairments, respectively, resulted in the U.S. being in a net deferred tax asset position. Due to the three-year cumulative loss related to U.S. operations, we recorded a $36.4$36.4 million valuation allowance against the U.S. net deferred tax asset at December 31, 2023.

*Interest Expense*

Interest expense increased $36.6 million decreased $15.0 million, or 31% 37%, to $155.8 million $25.2 million for the year ended December 31, 2023, compared with $119.2 million $40.2 million for the year ended December 31, 2022. Interest The decrease in interest expense increased $51.6 million at AFC was primarily the result of repayments of term loan and the increase was attributable to an increase in the average interest rate on the AFC securitization obligations to approximately 7.4% for the year ended December 31, 2023, as compared with approximately 4.0% for the year ended December 31, 2022. In addition, senior note debt in 2022 there was and 2023, partially offset by a realized gain in 2022 of $16.7 million$16.7 million related to the discontinuance of hedge accounting and termination of the interest rate swaps. These items were partially offset by a decrease in interest expense resulting from repayments of term loan and senior note debt in 2022 and 2023.

*Other (Income) Expense, Net*

For the year ended December 31, 2023, we had other income of $15.6 million compared with $1.3 million $1.3 million for the year ended December 31, 2022. The increase in other income was primarily attributable to the receipt of $20.0 million in connection with the early termination of a contractual arrangement and a net decrease in realized and unrealized losses on investment securities of $6.7 million, partially offset by the impairment of an equity security and note receivable with the same investee aggregating $10.3 million, a $1.3 million increase in contingent consideration valuation adjustment and a decrease in other miscellaneous income items aggregating $6.2 million. In addition, there were $2.9 million in foreign currency gains on intercompany balances for the year ended December 31, 2023, compared with $2.5 million in foreign currency losses on intercompany balances for the year ended December 31, 2022.

*Loss on Extinguishment of Debt*

In 2023, we replaced the Previous Revolving Credit Facility and also prepaid a portion of the senior notes. As a result of these items, we recorded a loss on extinguishment of debt totaling $1.1 million. $1.1 million. The loss was primarily the result of the write-off of unamortized debt issuance costs associated with lenders not participating in the Revolving Credit Facility and unamortized debt issuance costs associated with the portion of the senior notes repaid.

In 2022, we prepaid the outstanding balance on Term Loan B-6, as well as a portion of the senior notes with proceeds from the Transaction. As a result of these repayments, we recorded a loss on extinguishment of debt totaling $17.2 million $17.2 million primarily representative of the early repayment premium on the senior notes and the write-off of unamortized debt issuance costs associated with Term Loan B-6 and the portion of the senior notes repaid.

*Income Taxes*

We had an effective tax rate of -5.7% resulting in expense on a pre-tax loss for the year ended December 31, 2023, compared with an effective tax rate of 25.9% for the year ended December 31, 2022. The effective tax rate for the year ended December 31, 2023 was impacted by the goodwill and other intangibles impairment charges and resulting $59.0 million deferred tax benefit recorded with respect to the impairment of tax deductible goodwill and the impairment of other intangibles, partially offset by the $36.4 million deferred tax expense associated with the recording of valuation allowance against the U.S. net deferred tax asset.

*Income from Discontinued Operations*

In May 2022, Carvana acquired the ADESA U.S. physical auction business from the Company. As such, the financial results of the ADESA U.S. physical auction business have been accounted for as discontinued operations for all periods presented. For the year ended December 31, 2023 and 2022, the Company's financial statements included income from discontinued operations of $0.7 million and $212.6 million, respectively. The $0.7 million in income from discontinued operations for the year ended December 31, 2023 was comprised of an adjustment to income taxes.

*Impact of Foreign Currency*

For the year ended December 31, 2023 compared with the year ended December 31, 2022, the change in the Canadian dollar exchange rate decreased revenue by $13.9 million, operating profit by $3.5 million and net income by $1.5 million. For the year ended December 31, 2023 compared with the year ended December 31, 2022, the change in the euro exchange rate increased revenue by $7.0 million, operating profit by $0.5 million and net income by $0.3 million.

**Marketplace Results**

| | Year Ended December 31, | Year Ended December 31, |
|---|---|---|
| ***(Dollars in millions, except per vehicle amounts)*** | **2023** | **2022** |
| ***(Dollars in millions)*** | **2023** | **2022** |
| Auction fees | | |
| Service revenue | | |
| Purchased vehicle sales | | |
| Total Marketplace revenue from continuing operations | | |
| Total Marketplace revenue | | |
| Cost of services* | | |
| Gross profit* | | |
| Gross profit | | |
| Provision for credit losses | | |
| Selling, general and administrative | | |
| Depreciation and amortization | | |
| Gain on sale of property | | |
| Goodwill and other intangibles impairment | | |
| Operating profit (loss) | | |
| Operating loss | | |
| Commercial vehicles sold | | |
| Dealer consignment vehicles sold | | |
| Total vehicles sold | | |
| Gross profit percentage, excluding purchased vehicles* | **44.3%** | 38.8% |

* Exclusive of Includes depreciation and amortization

*Total Marketplace Revenue*

Revenue from the Marketplace segment increased $108.2 million, or 9%, to $1,251.7 million for the year ended December 31, 2023, compared with $1,143.5 million for the year ended December 31, 2022. The change in revenue included the impact of a decrease in revenue of $11.5 million due to fluctuations in the Canadian dollar exchange rate, partially offset by an increase in revenue of $7.0 million due to fluctuations in the euro exchange rate. The increase in revenue was primarily attributable to the increases in auction fees, service revenue and purchased vehicle sales (discussed below).

The 3% increase in the number of vehicles sold was comprised of a 7% increase in commercial volumes and a 2% decrease in dealer consignment volumes. The gross merchandise value ("GMV") of vehicles sold for the year ended December 31, 2023 was approximately $24.1 billion.

Auction Fees

Auction fees increased $25.0 million, or 7%, to $395.3 million for the year ended December 31, 2023, compared with $370.3 million for the year ended December 31, 2022. The number of vehicles sold increased 3%. Auction fees per vehicle sold for the year ended December 31, 2023 increased $11, or 4%, to $297, compared with $286 for the year ended December 31, 2022. The increase in auction fees per vehicle sold reflects the impact of price increases and the introduction of new auction related services.

Service Revenue

Service revenue increased $29.4 million, or 5%, to $619.7 million for the year ended December 31, 2023, compared with $590.3 million for the year ended December 31, 2022, primarily as a result of increases in repossession and remarketing fees of $25.1 million, third-party fees for platform services of $9.0 million, inspection service revenue of $7.1 million and a net increase in other miscellaneous service revenues aggregating approximately $4.3 million, partially offset by decreases in transportation revenue of $13.6 million and reconditioning revenue of $2.5 million.

Purchased Vehicle Sales

Purchased vehicle sales, which include the entire selling price of the vehicle, increased $53.8 million, or 29%, to $236.7 million for the year ended December 31, 2023, compared with $182.9 million for the year ended December 31, 2022, primarily as a result of an increase in the number of purchased vehicles sold and the average selling price of purchased vehicles sold in Europe.

*Gross Profit*

For the year ended December 31, 2023, gross profit from the Marketplace segment increased $77.7 million $72.7 million, or 21% 25%, to $450.0 million $368.1 million, compared with $372.3 million $295.4 million for the year ended December 31, 2022. Revenue increased 9% for the year ended December 31, 2023, while cost of services increased 4% during the same period. Gross profit from the Marketplace segment was 36.0% 29.4% of revenue for the year ended December 31, 2023, compared with 32.6% 25.8% of revenue for the year ended December 31, 2022. Excluding purchased vehicle sales, gross profit as a percentage of revenue was 44.3% and 38.8% for the years ended December 31, 2023 and 2022, respectively. The entire selling and purchase price of the vehicle is recorded as revenue and cost of services for purchased vehicles sold.

Gross profit as a percentage of revenue increased for the year ended December 31, 2023 as compared with the year ended December 31, 2022, primarily due to improved transportation margins, improved profitability in our dealer-to-dealer platforms, cost savings initiatives and an increase in third-party fees for platform services.

*Provision for Credit Losses*

Provision for credit losses from the Marketplace segment decreased $0.2 million, or 2%, to $8.6 million for the year ended December 31, 2023, compared with $8.8 million for the year ended December 31, 2022.

*Selling, General and Administrative*

Selling, general and administrative expenses from the Marketplace segment decreased $18.0 million $17.8 million, or 5%, to $380.6 million $372.0 million for the year ended December 31, 2023, compared with $398.6 million $389.8 million for the year ended December 31, 2022, primarily as a result of decreases in professional fees of $9.8 million, severance of $5.9 million, fluctuations in the Canadian exchange rate of $5.5 million, telecom expenses of $3.0 million, information technology costs of $1.6 million and stock-based compensation of $1.0 million, partially offset by increases in incentive-based compensation of $3.4 million, marketing costs of $2.8 million, compensation expense of $1.3 million and other miscellaneous expenses aggregating $1.3 million $1.5 million.

*Gain on Sale of Property*

In October 2022, the Company closed on the sale of excess land in Montreal which resulted in a gain of $33.9 million.

*Goodwill and Other Intangibles Impairment*

See the above discussion of goodwill and other intangibles impairment in the consolidated results of operations for OPENLANE, Inc.

**Finance Results**

| | Year Ended December 31, | |
|---|---|---|
| ***(Dollars in millions except volumes and per loan amounts)*** | **2023** | **2022** |
| Finance-related revenue | | |
| Interest income | **$ 248.4** | $ 202.8 |
| Fee income | **183.3** | 171.9 |
| Other revenue | **12.3** | 11.0 |
| Provision for credit losses | **(50.6)** | (9.8) |
| Total Finance revenue | **393.4** | 375.9 |
| Cost of services* | **65.9** | 63.1 |
| Gross profit* | **327.5** | 312.8 |
| Selling, general and administrative | **49.8** | 46.5 |
| Depreciation and amortization | **9.3** | 7.9 |
| Operating profit | **$ 268.4** | $ 258.4 |
| Loan transactions | **1,625,000** | 1,562,000 |
| Revenue per loan transaction | **$ 242** | $ 241 |

| | As of and for the Year Ended December 31, | |
|---|---|---|
| ***(Dollars in millions)*** | **2023** | **2022** |
| Finance revenue | | |
| Interest revenue | $ 248.4 | $ 202.8 |
| Fee and other revenue | 195.6 | 182.9 |
| Total Finance revenue | 444.0 | 385.7 |
| Finance interest expense | 130.6 | 79.0 |

| | | |
|---|---|---|
| Net Finance margin | 313.4 | 306.7 |
| Finance provision for credit losses | 50.6 | 9.8 |
| Cost of services (exclusive of depreciation and amortization) | 65.9 | 63.1 |
| Selling, general and administrative | 49.8 | 46.5 |
| Depreciation and amortization | 9.3 | 7.9 |
| Operating profit | $ 137.8 | $ 179.4 |
| **Portfolio Performance Information** | | |
| Floorplans originated | 997,000 | 939,000 |
| Floorplans curtailed* | 634,000 | 642,000 |
| Total loan transaction units | 1,631,000 | 1,581,000 |
| Total receivables managed | $ 2,274.1 | $ 2,389.1 |
| Average receivables managed** | $ 2,359.2 | $ 2,599.7 |
| Allowance for credit losses | $ 23.0 | $ 21.5 |
| Allowance for credit losses as a percentage of total receivables managed | 1.0% | 0.9% |
| Finance provision for credit losses as a percentage of average receivables managed | 2.1% | 0.4% |
| Receivables delinquent as a percentage of total receivables managed | 1.0% | 0.7% |

* Exclusive Floorplans curtailed represent existing loans that customers opt to extend beyond the initial term upon the customer making a partial principal payment and payment of depreciation accrued interest and amortization fees.
** Average receivables managed is calculated based on the daily ending balance of total receivables managed.

| | % of Avg. Receivables Managed Year Ended December 31, | |
|---|---|---|
| **Yields** | **2023** | **2022** |
| Finance revenue yield | | |
| Interest revenue | 10.5 % | 7.8 % |
| Fee and other revenue | 8.3 % | 7.0 % |
| Total Finance revenue yield | 18.8 % | 14.8 % |
| Finance interest expense | 5.5 % | 3.0 % |
| Net finance margin | 13.3 % | 11.8 % |

*Revenue*

For the year ended December 31, 2023, the Finance segment revenue increased $17.5 million $58.3 million, or 5% 15%, to $393.4 million $444.0 million, compared with $375.9 million $385.7 million for the year ended December 31, 2022. The increase in revenue was primarily the result of a 4% 3% increase in loan transactions.

Revenue per loan transaction, which includes both loans paid off and loans curtailed, increased $1, or less than 1%, primarily as a result of transactions, an increase in interest yields driven by an increase in prime rates (Federal Reserve raised interest rates 100 (weighted average prime rate increased over 325 basis points in 2023) compared to 2022), and an increase in other fee income per unit, revenue, partially offset by an increase in net credit losses and a decrease in loan values.

*Finance Interest Expense*

For the year ended December 31, 2023, finance interest expense increased $51.6 million, or 65%, to $130.6 million, compared with $79.0 million for the year ended December 31, 2022. The increase in finance interest expense was attributable to an approximately 3.4% increase in the average interest rate on the securitization obligations, which closely correlated with the increase in the weighted average Prime Rates over 2022 and 2023.

*Net Finance Margin*

For the year ended December 31, 2023, the net Finance margin percent increased 1.5% to 13.3%, compared with 11.8% for the year ended December 31, 2022. The increase was primarily attributable to a 1.3% increase in fee and other revenue yield. The net interest yield was 5.0% and 4.8% for the year ended December 31, 2023 and 2022, respectively.

*Finance Provision for Credit Losses*

For the year ended December 31, 2023, finance provision for credit losses increased $40.8 million, or 416%, to $50.6 million, compared with $9.8 million for the year ended December 31, 2022. The provision for credit losses increased to 2.1% of the average receivables managed receivables for the year ended December 31, 2023 from 0.4% for the year ended December 31, 2022. The increased loss rate was due to significant used vehicle value declines, interest rate increases and tightening retail credit availability that impacted used retail sales. The provision for credit losses is expected to be approximately 2% or under, on a long-term basis, of the average receivables managed receivables balance. However, the actual losses in any particular quarter or year could deviate from this range.

*Gross Profit Cost of Services*

For the year ended December 31, 2023, gross profit cost of services for the Finance segment increased $14.7 million$2.8 million, or 5%4%, to $327.5 million$65.9 million, or 83.2% of revenue, compared with $312.8 million, or 83.2% of revenue,$63.1 million for the year ended December 31, 2022. The increase in gross profit was primarily the result of a 5% increase in revenue, partially offset by a 4% increase in cost of services. The increase in cost of services of $2.8 million was primarily the result of increases in compensation expense of $2.2 million, lot check expenses of $0.6 million and other miscellaneous expenses aggregating $1.3 million, partially offset by a decrease in incentive-based compensation of $1.3 million.

*Selling, General and Administrative*

Selling, general and administrative expenses for the Finance segment increased $3.3 million, or 7%, to $49.8 million for the year ended December 31, 2023, compared with $46.5 million for the year ended December 31, 2022 primarily as a result of increases in postage expense of $2.8 million, information technology costs of $0.8 million, stock-based compensation of $0.8 million and other miscellaneous expenses aggregating $0.1 million, partially offset by decreases in professional fees of $0.4 million, incentive-based compensation of $0.4 million and contract labor of $0.4 million.

***Select Finance Balance Sheet Items***

| | December 31, | |
|---|---|---|
| ***(Dollars in millions)*** | **2023** | **2022** |
| ***Tangible Assets*** | | |
| Total assets | $ 2,660.7 | $ 2,822.0 |
| Intangible assets | 261.7 | 260.9 |
| Tangible assets | $ 2,399.0 | $ 2,561.1 |
| ***Tangible parent equity*** | | |
| Total parent equity*** | $ 799.4 | $ 894.6 |
| Intangible assets | 261.7 | 260.9 |
| Tangible parent equity*** | $ 537.7 | $ 633.7 |

***Overview *** Parent equity represents OPENLANE's net investment in AFC. Parent equity is adjusted for an intercompany loan receivable of Results of OPENLANE, Inc. for the Year Ended December 31, 2021:***

An overview $726.7 million and $559.9 million at December 31, 2023 and 2022, respectively. The intercompany loan receivable represented accumulated cash and earnings of the results Finance Segment. Tangible parent equity is a non-GAAP measure of OPENLANE, Inc. for the year ended December 31, 2021 was included in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 9, 2023. AFC's capital.

***Overview of Results of OPENLANE, Inc. for the Three Months Ended December 31, 2023 December 31, 2024 and 2022: 2023:***

| | Three Months Ended December 31, | |
|---|---|---|
| ***(Dollars in millions except per share amounts)*** | **2023** | **2022** |
| Revenues from continuing operations | | |
| Auction fees | **$ 90.0** | $ 80.8 |
| Service revenue | **144.5** | 146.3 |
| Purchased vehicle sales | **60.2** | 45.0 |
| Finance-related revenue | **96.6** | 100.7 |
| Total revenues from continuing operations | **391.3** | 372.8 |
| Cost of services* | **204.8** | 202.0 |
| Gross profit* | **186.5** | 170.8 |
| Selling, general and administrative | **103.8** | 93.0 |
| Depreciation and amortization | **25.3** | 24.0 |
| Gain on sale of property | **—** | (33.9) |
| Operating profit | **57.4** | 87.7 |
| Interest expense | **39.3** | 35.4 |
| Other (income) expense, net | **(3.1)** | (7.7) |
| Loss on extinguishment of debt | **—** | 0.2 |

| | | |
|---|---|---|
| Income from continuing operations before income taxes | **21.2** | 59.8 |
| Income taxes | **7.6** | 17.9 |
| Income from continuing operations | **13.6** | 41.9 |
| Income (loss) from discontinued operations, net of income taxes | **0.7** | (4.8) |
| Net income | **$ 14.3** | $ 37.1 |
| Income from continuing operations per share | | |
| Basic | **$ 0.02** | $ 0.21 |
| Diluted | **$ 0.02** | $ 0.21 |

* Exclusive of depreciation and amortization

| | Three Months Ended December 31, | |
|---|---|---|
| ***(Dollars in millions except per share amounts)*** | **2024** | **2023** |
| Revenues | | |
| Auction fees | **$ 112.0** | $ 90.0 |
| Service revenue | **141.2** | 144.5 |
| Purchased vehicle sales | **95.6** | 60.2 |
| Finance revenue | **106.2** | 111.4 |
| Total operating revenues | **455.0** | 406.1 |
| Operating expenses | | |
| Cost of services (exclusive of depreciation and amortization) | **244.5** | 204.8 |
| Finance interest expense | **28.3** | 34.0 |
| Provision for credit losses | **12.1** | 17.2 |
| Selling, general and administrative | **99.7** | 101.4 |
| Depreciation and amortization | **23.0** | 25.3 |
| Gain on sale of business | **(31.6)** | — |
| Total operating expenses | **376.0** | 382.7 |
| Operating profit | **79.0** | 23.4 |
| Interest expense | **4.6** | 5.3 |
| Other expense (income), net | **5.4** | (3.1) |
| Income from continuing operations before income taxes | **69.0** | 21.2 |
| Income taxes | **16.7** | 7.6 |
| Income from continuing operations | **52.3** | 13.6 |
| Income from discontinued operations, net of income taxes | **—** | 0.7 |
| Net income | **$ 52.3** | $ 14.3 |
| Income from continuing operations per share | | |
| Basic | **$ 0.29** | $ 0.02 |
| Diluted | **$ 0.29** | $ 0.02 |

*Overview*

For the three months ended December 31, 2023 December 31, 2024, we had revenue of $391.3 million $455.0 million compared with revenue of $372.8 million $406.1 million for the three months ended December 31, 2022 December 31, 2023, an increase of 5% 12%. For a further discussion of revenues, gross profit and selling, general and administrative expenses, our operating results, see the segment results discussions below.

*Depreciation and Amortization*

Depreciation and amortization increased $1.3 million decreased $2.3 million, or 5% 9%, to $23.0 million for the three months ended December 31, 2024, compared with $25.3 million for the three months ended December 31, 2023, compared with $24.0 million for the three months ended December 31, 2022. The increase decrease in depreciation and amortization was primarily the result of the amortization of the ADESA tradename, which was previously an indefinite-lived asset. assets that have become fully amortized.

*Gain on Sale of Property Business*

In October 2022, December 2024, the Company closed on completed the sale of excess land in Montreal which resulted its automotive key business, resulting in a pretax gain on disposal of $33.9 million approximately $31.6 million for the three months ended December 31, 2024.

*Interest Expense*

Interest expense increased $3.9 million decreased $0.7 million, or 11% 13%, to $39.3 million $4.6 million for the three months ended December 31, 2023 December 31, 2024, compared with $35.4 million $5.3 million for the three months ended December 31, 2022 December 31, 2023. Interest expense increased $5.8 million at AFC and the increase was attributable to an increase in the average interest rate on the AFC securitization obligations to approximately 7.7% for the three months ended December 31, 2023, as compared with approximately 6.2% for the three months ended December 31, 2022. These items were partially offset by a The decrease in interest expense resulting from was primarily the repayment result of senior note debt a decrease in 2023. the borrowings on lines of credit.

*Other Expense (Income) Expense, , Net*

For the three months ended December 31, 2023 December 31, 2024, we had other expense of $5.4 million compared with other income of $3.1 million compared with $7.7 million for the three months ended December 31, 2022 December 31, 2023. The decrease in other income was primarily attributable to a decrease $6.5 million in foreign currency losses on intercompany loan balances for the three months ended December 31, 2024, compared with $2.1 million in foreign currency gains on intercompany loan balances of $4.0 million and a decrease for the three months ended December 31, 2023, partially offset by an increase in other miscellaneous income aggregating $0.6 million $0.1 million.

*Income Taxes*

We had an effective tax rate of 24.2% for the three months ended December 31, 2024, compared with an effective tax rate of 35.8% for the three months ended December 31, 2023, compared with an . The effective tax rate of 29.9% for the three months ended December 31, 2022. December 31, 2024 was favorably impacted by a decrease in the valuation allowance related to current year movement of the adjusted U.S. net deferred tax asset, partially offset by the unfavorable impact of non-deductible goodwill recognized in the sale of the automotive key business. The effective tax rate for the three months ended December 31, 2023 was unfavorably impacted by an increase in the valuation allowance related to 2023 current year movement of the adjusted U.S. net deferred tax asset and tax expense related to current and planned distribution of foreign earnings.

We recorded a $35.8 million and $36.4 million valuation allowance against the U.S. net deferred tax asset at December 31, 2024 and 2023, respectively. The realization of the net deferred tax assets is dependent on our ability to generate sufficient future taxable income to utilize these assets. Depending on our current and anticipated future earnings, we may release a significant portion of our valuation allowance in a future period if there is sufficient positive evidence which would result in a corresponding decrease to income tax expense in such period. The actual timing and amount of the valuation allowance to be released is uncertain.

Additionally, the Organization for Economic Cooperation and Development has published a proposal to establish a new global minimum corporate tax rate of 15%, commonly referred to as Pillar Two. While the U.S. has not yet adopted the Pillar Two framework into law, numerous countries in which we operate have enacted tax legislation based on the Pillar Two framework with certain components of the minimum tax rules effective beginning in 2024 and further rules becoming effective beginning in 2025. These rules are not expected to materially impact the Company's consolidated financial statements. The Company will continue to monitor U.S. and global legislative action related to Pillar Two for potential impacts.

*Income (Loss) from Discontinued Operations*

In May 2022, Carvana acquired the ADESA U.S. physical auction business from the Company. As such, the financial results of the ADESA U.S. physical auction business have been accounted for as discontinued operations for all periods presented. The $0.7 million in income from discontinued operations for the three months ended December 31, 2023 was comprised of an adjustment to income taxes. The $4.8 million loss from discontinued operations for the three months ended December 31, 2022 was comprised of an adjustment to income taxes of $5.8 million, partially offset by a $1.0 million reduction to stock-based compensation expense resulting from the true-up of performance-based restricted stock units.

*Impact of Foreign Currency*

For the three months ended December 31, 2023 December 31, 2024 compared with the three months ended December 31, 2022, the change in the euro exchange rate increased revenue by $3.6 million, operating profit by $0.3 million and net income by $0.2 million. For the three months ended December 31, 2023 compared with the three months ended December 31, 2022, the change in the Canadian dollar exchange rate decreased revenue by $0.3 million $2.7 million, operating profit by $0.1 million $0.7 million and net income by $0.4 million. For the three months ended December 31, 2024 compared with the three months ended December 31, 2023, the change in the euro exchange rate decreased revenue by $0.7 million and had no impact on operating profit and net income.

**Marketplace Results**

| | Three Months Ended December 31, | Three Months Ended December 31, |
|---|---|---|
| ***(Dollars in millions, except per vehicle amounts)*** | **2023** | **2022** |
| ***(Dollars in millions)*** | **2024** | **2023** |
| Auction fees | | |
| Service revenue | | |
| Purchased vehicle sales | | |
| Total Marketplace revenue from continuing operations | | |

| | | |
|---|---|---|
| Total Marketplace revenue | | |
| Cost of services* | | |
| Gross profit* | | |
| Gross profit | | |
| Provision for credit losses | | |
| Selling, general and administrative | | |
| Depreciation and amortization | | |
| Gain on sale of property | | |
| Gain on sale of business | | |
| Operating profit (loss) | | |
| Commercial vehicles sold | | |
| Dealer consignment vehicles sold | | |
| Total vehicles sold | | |
| Gross profit percentage, excluding purchased vehicles* | **45.3%** | 37.8% |

* Exclusive of Includes depreciation and amortization

*Total Marketplace Revenue*

Revenue from the Marketplace segment increased $22.6 million $54.1 million, or 8% 18%, to $348.8 million for the three months ended December 31, 2024, compared with $294.7 million for the three months ended December 31, 2023, compared with $272.1 million for. The increase in revenue was primarily attributable to the 9% increase in the number of vehicles sold. For the three months ended December 31, 2022 December 31, 2024, there was an increase in purchased vehicle sales and an increase in auction fees, partially offset by a decrease in service revenue (discussed below). The change in revenue included the impact of an increase in revenue of $3.6 million due to fluctuations in the euro exchange rate, partially offset by a decrease in revenue of $0.3 million $2.8 million due to fluctuations in the Canadian dollar and euro exchange rate. rates.

The increase in revenue was primarily attributable to the increases in purchased vehicle sales and auction fees (discussed below).

The 10% 9% increase in the number of vehicles sold was comprised of a 21% 5% increase in commercial volumes and a 2% decrease 15% increase in dealer consignment volumes. The GMV of vehicles sold for the three months ended December 31, 2023 December 31, 2024 and 2023 was approximately $6.6 billion and $5.7 billion., respectively.

Auction Fees

Auction fees increased $9.2 million $22.0 million, or 11% 24%, to $112.0 million for the three months ended December 31, 2024, compared with $90.0 million for the three months ended December 31, 2023, compared with $80.8 million for the three months ended December 31, 2022. The number of vehicles sold increased 10% 9%. Auction fees per vehicle sold for the three months ended December 31, 2023 December 31, 2024 increased $3, $40, or 1% 14%, to $283, $323, compared with $280 $283 for the three months ended December 31, 2022 December 31, 2023. The increase in auction fees per vehicle sold reflects the mix of vehicles sold in the fourth quarter of 2024 and the impact of price increases and the introduction of new auction related services. increases.

Service Revenue

Service revenue decreased $1.8 milliondecreased $3.3 million, or 1%2%, to$141.2 million for the three months ended December 31, 2024 compared with $144.5 million for the three months ended December 31, 2023 compared with $146.3 million for the three months ended December 31, 2022, primarily as a result of a decreasedecrease in repossession fees of $6.5 million, partially offset by increases in transportation revenue of $13.0 million, partially offset by increases in repossession$2.7 million and remarketing fees of $6.9 million, inspection service revenue of $1.4 million and a net increase in other miscellaneous service revenues aggregating approximately $2.9 million $0.5 million.

Purchased Vehicle Sales

Purchased vehicle sales, which include the entire selling price of the vehicle, increased $15.2 million, or 34%, to $60.2 million for the three months ended December 31, 2023, compared with $45.0 million for the three months ended December 31, 2022, primarily as a result of an increase in the number of purchased vehicles sold.

*Gross Profit*

For the three months ended December 31, 2023, gross profit for the Marketplace segment increased $20.4 million, or 24%, to $106.2 million, compared with $85.8 million for the three months ended December 31, 2022. Revenue increased 8% for the three months ended December 31, 2023, while cost of services increased 1% during the same period. Gross profit for the Marketplace segment was 36.0% of revenue for the three months ended December 31, 2023, compared with 31.5% of revenue for the three months ended December 31, 2022. Excluding purchased vehicle sales, gross profit as a percentage of revenue was 45.3% and 37.8% for the three months ended December 31, 2023 and 2022, respectively. The entire selling and purchase price of the vehicle is recorded as revenue and cost of services for purchased vehicles sold, which represent approximately 2% of total vehicles sold. Purchased vehicle sales increased $35.4 million, or 59%, to $95.6 million for the three months ended December 31, 2024, compared with $60.2 million for the three months ended December 31, 2023, primarily as a result of an increase in purchased vehicles sold in Europe.

*Gross Profit*

For the three months ended December 31, 2024, gross profit for the Marketplace segment increased $17.3 million, or 20%, to $103.2 million, compared with $85.9 million for the three months ended December 31, 2023. Gross profit improvements were driven by a $9.5 million increase in auction and service volumes, a $5.9 million increase resulting from other items and a higher mix of dealer consignment vehicles and $2.2 million decrease from depreciation and amortization. These improvements were partially offset by a $0.3 million decrease from pricing.

Gross profit from the Marketplace segment was 29.6% of revenue for the three months ended December 31, 2024, compared with 29.1% of revenue for the three months ended December 31, 2023. Gross profit as a percentage of revenue increased for the three months ended December 31, 2023 December 31, 2024 as compared with the three months ended December 31, 2022 December 31, 2023, primarily due to improved mix increased volumes and the reversal of a portion of the Canadian DST related to prior years, partially offset by an increase in our transportation purchased vehicle sales.

On June 28, 2024, Canada enacted a new 3% Digital Services Tax ("Canadian DST") on certain online revenues, including online marketplace service revenues, of companies with consolidated revenues of at least €750 million. In the fourth quarter of 2024, the Company updated its estimate of the Canadian DST related to 2023 and 2022. This resulted in a net $3.0 million benefit to cost of services improved profitability in our dealer-to-dealer platforms and cost savings initiatives. the fourth quarter of 2024. In addition, as previously noted, the Canadian DST was partially mitigated by corresponding price increases put in place during the third quarter.

*Selling, General and Administrative Provision for Credit Losses*

Selling, general and administrative expensesProvision for credit losses from the Marketplace segment increased $8.9decreased $0.9 million, or 11% 38%, to $91.7 million $1.5 million for the three months ended December 31, 2024, compared with $2.4 million for the three months ended December 31, 2023, compared with $82.8 million primarily as a result of initiatives implemented to reduce risk in the marketplace and decrease bad debt expense.

*Selling, General and Administrative*

Selling, general and administrative expenses from the Marketplace segment decreased $1.0 million, or 1%, to $88.3 million for the three months ended December 31, 2022 December 31, 2024, compared with $89.3 million for the three months ended December 31, 2023, primarily as a result of increasesdecreases in stock-based compensation of $7.4 million, information technology costs of $2.4 million and$2.5 million, compensation expense of $1.6 million, partially offset by decreases in severance$2.0 million, stock-based compensation of $1.9 million$1.9 million and other miscellaneous expenses aggregating $0.6 million $0.3 million, partially offset by increases in incentive-based compensation of $4.6 million and marketing costs of $1.1 million.

*Gain on Sale of Property Business*

In October 2022, December 2024, the Company closed on completed the sale of excess land in Montreal which resulted its automotive key business, resulting in a pretax gain on disposal of $33.9 million approximately $31.6 million for the three months ended December 31, 2024.

**Finance Results**

| (Dollars in millions except volumes and per loan amounts) | Three Months Ended December 31, 2023 | 2022 |
|---|---|---|
| Finance-related revenue | | |
| Interest income | **$ 62.9** | $ 59.7 |
| Fee income | **46.0** | 44.7 |
| Other revenue | **2.5** | 3.3 |
| Provision for credit losses | **(14.8)** | (7.0) |
| Total Finance revenue | **96.6** | 100.7 |
| Cost of services* | **16.3** | 15.7 |
| Gross profit* | **80.3** | 85.0 |
| Selling, general and administrative | **12.1** | 10.2 |
| Depreciation and amortization | **2.6** | 1.8 |
| Operating profit | **$ 65.6** | $ 73.0 |
| Loan transactions | **397,000** | 392,000 |
| Revenue per loan transaction | **$ 243** | $ 257 |

| (Dollars in millions) | As of and for the Three Months Ended December 31, 2024 | 2023 |
|---|---|---|
| Finance revenue | | |

| | | | | |
|---|---|---|---|---|
| Interest revenue | $ | **54.5** | $ | 62.9 |
| Fee and other revenue | | **51.7** | | 48.5 |
| Total Finance revenue | | **106.2** | | 111.4 |
| Finance interest expense | | **28.3** | | 34.0 |
| Net Finance margin | | **77.9** | | 77.4 |
| Finance provision for credit losses | | **10.6** | | 14.8 |
| Cost of services (exclusive of depreciation and amortization) | | **17.0** | | 16.3 |
| Selling, general and administrative | | **11.4** | | 12.1 |
| Depreciation and amortization | | **3.0** | | 2.6 |
| Operating profit | $ | **35.9** | $ | 31.6 |
| **Portfolio Performance Information** | | | | |
| Floorplans originated | | **250,000** | | 236,000 |
| Floorplans curtailed* | | **155,000** | | 166,000 |
| Total loan transaction units | | **405,000** | | 402,000 |
| Total receivables managed | $ | **2,314.0** | $ | 2,274.1 |
| Average receivables managed** | $ | **2,259.6** | $ | 2,319.8 |
| Allowance for credit losses | $ | **19.8** | $ | 23.0 |
| Allowance for credit losses as a percentage of total receivables managed | | **0.9%** | | 1.0% |
| Annualized finance provision for credit losses as a percentage of average receivables managed | | **1.9%** | | 2.6% |
| Receivables delinquent as a percentage of total receivables managed | | **0.8%** | | 1.0% |

* Floorplans curtailed represent existing loans that customers opt to extend beyond the initial term upon the customer making a partial principal payment and payment of accrued interest and fees.
** Average receivables managed is calculated based on the daily ending balance of total receivables managed.

* Exclusive of depreciation and amortization

| | % of Avg. Receivables Managed Three Months Ended December 31, | |
|---|---|---|
| **Yields (Annualized)** | **2024** | **2023** |
| Finance revenue yield | | |
| Interest revenue | **9.6 %** | 10.8 % |
| Fee and other revenue | **9.2 %** | 8.4 % |
| Total Finance revenue yield | **18.8 %** | 19.2 % |
| Finance interest expense | **5.0 %** | 5.9 % |
| Net finance margin | **13.8 %** | 13.3 % |

*Revenue*

For the three months ended December 31, 2023 December 31, 2024, the Finance segment revenue decreased $4.1decreased $5.2 million, or 4% 5%, to $96.6 million$106.2 million, compared with $100.7 million $111.4 million for the three months ended December 31, 2022 December 31, 2023. The decreasedecrease in revenue was primarily the result of an increase decreases in the provision for credit losses, interest yields and loan values resulting in a decrease in average receivables managed, partially offset by a 1% increase in loan transactions.

Revenue per loan transaction which includes both loans paid off and loans curtailed, decreased $14, or 5%, primarily as a result of an increase in net credit losses, a decrease in loan values and a decrease in average portfolio duration, partially offset by an increase in interest yields driven by an increase in prime rates (Federal Reserve raised interest rates 100 basis points since December 31, 2022), and an increase in other fee income per unit. units.

*The provision for credit losses increased Finance Interest Expense*

For the three months ended December 31, 2024, finance interest expense decreased $5.7 million, or 17%, to 2.5% of the average managed receivables$28.3 million, compared with $34.0 million for the three months ended December 31, 2023 from 1.1%. The decrease in finance interest expense was attributable to a decrease in the average balance on the AFC securitization obligations and an approximately 1% decrease in the average interest rate on the securitization obligations.

*Net Finance Margin (Annualized)*

For the three months ended December 31, 2024, the net Finance margin percent increased 0.5% to 13.8%, compared with 13.3% for the three months ended December 31, 2022 December 31, 2023. The increased loss rate increase was due primarily attributable to significant used vehicle value declines, a 0.8% increase in fee and other revenue yield. The net interest rate increases yield was 4.6% and tightening retail 4.9% for the three months ended December 31, 2024 and 2023, respectively.

*Finance Provision for Credit Losses*

For the three months ended December 31, 2024, finance provision for credit availability that impacted used retail sales. losses decreased $4.2 million, or 28%, to $10.6 million, compared with $14.8 million for the three months ended December 31, 2023. The provision for credit losses decreased to 1.9% of the average receivables managed for the three months ended December 31, 2024 from 2.6% for the three months ended December 31, 2023. The provision for credit losses is expected to be approximately 2% or under, on a long-term basis, of the average receivables managed receivables balance. However, the actual losses in any particular quarter or year could deviate from this range.

*Gross Profit Cost of Services*

For the three months ended December 31, 2023 December 31, 2024, gross profit cost of services for the Finance segment decreased $4.7 million, increased $0.7 million, or 6% 4%, to $80.3 million $17.0 million, or 83.1% of revenue, compared with $85.0 million, or 84.4% of revenue, $16.3 million for the three months ended December 31, 2022 December 31, 2023. The decrease in gross profit as a percent of revenue was primarily the result of a 4% decrease in revenue. In addition, there was a 4% increase in cost of services. The increase in cost of services of $0.6 million was primarily the result of increases in compensation expense of $0.4 million, professional fees of $0.2 million and travel other miscellaneous expenses of $0.2 million aggregating $0.5 million, partially offset by a decrease in other miscellaneous lot check expenses aggregating of $0.2 million.

*Selling, General and Administrative*

Selling, general and administrative expenses for the Finance segment increased $1.9 million decreased $0.7 million, or 19% 6%, to $11.4 million for the three months ended December 31, 2024, compared with $12.1 million for the three months ended December 31, 2023, compared with $10.2 million for the three months ended December 31, 2022 primarily as a result of increases decreases in stock-based compensation of $1.9 million, postage expense of $1.1 million and information technology costs of $0.2 million $0.8 million and stock-based compensation of $0.6 million, partially offset by decreases increases in compensation expense of $0.2 million, incentive-based compensation of $0.2 million $0.4 million and other miscellaneous expenses aggregating $0.9 million title handling costs of $0.3 million.

**LIQUIDITY AND CAPITAL RESOURCES**

We believe that the significant indicators As of December 31, 2024, our sources of liquidity for our business are consisted of cash on hand, cash flow from operations, working capital and amounts available under our Revolving Credit Facility. Facilities. Our principal ongoing sources of liquidity consist of cash generated by operations and borrowings under our Revolving Credit Facility. Facilities.

| | | December 31, | | | December 31, | |
|---|---|---|---|---|---|---|
| ***(Dollars in millions)*** | ***(Dollars in millions)*** | **2023** | **2022** | ***(Dollars in millions)*** | **2024** | **2023** |
| Cash and cash equivalents | | | | | | |
| Restricted cash | | | | | | |
| Working capital | | | | | | |
| Amounts available under the Revolving Credit Facility | | | | | | |
| Amounts available under the Revolving Credit Facilities | | | | | | |
| Cash provided by operating activities for the year ended | | | | | | |

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 (current assets less current liabilities) associated with our Marketplace segment is generated from the payments received for services provided. The majority of our working capital needs in the Marketplace segment 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. available. 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. The primary reason for the decrease in working capital year-over-year is the result of the senior notes being reclassified to current debt in June 2024, due to their maturity on June 1, 2025.

Approximately $31.6 $46.8 million of available cash was held by our foreign subsidiaries at December 31, 2023 December 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. vehicle dealers. 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 replaces replaced the Previous Credit Agreement, and provides for, among other things, the $325 million Revolving Credit Facility. As a result of replacing the Previous Revolving Credit Facility, Agreement, we incurred a non-cash loss on the extinguishment of debt of $0.4 million in the second quarter of 2023. The loss was the result of the write-off of unamortized debt issuance costs associated with lenders that are not participating in the Revolving Credit Facility. We capitalized approximately $6.2 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 of debt issuance costs revolving credit facility in connection Canadian dollars (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Agreement. 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 were able to 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 Credit 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 December 31, 2023 December 31, 2024 and 2022, $137.0 million 2023, $0.0 million and $145.0 $137.0 million was drawn on the Revolving Credit Facility and the Previous Revolving Credit Facility, Facilities, respectively. We had related outstanding letters of credit in the aggregate amount of $54.7 million $48.8 million and $19.0 54.7 million at December 31, 2023 2024 and 2022, 2023, respectively, which reduce the amount available for borrowings under the respective revolving credit facility. Revolving Credit Facilities. Our European operations have lines of credit aggregating $33.1 million $31.1 million (€30 million) of which $17.6 $20.7 million was drawn at December 31, 2023 December 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 Facility 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 0.4 negative at December 31, 2023 December 31, 2024.

In addition, the Credit Agreement and the indenture governing our senior notes (see Note 12, "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 December 31, 2023 2024.

***Recent Development***

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 (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.

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.

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).

***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 as of June 1, 2023. 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. In August 2022, we conducted a cash tender offer to purchase up to $600 million principal amount of the senior notes. The tender offer was oversubscribed and as such, $600 million of the senior notes were accepted for prepayment and were prepaid in August 2022 with proceeds from the Transaction. We incurred a loss on the extinguishment of the senior notes of $9.5 million in 2022 primarily representative of the early repayment premium and the write-off of unamortized debt issuance costs associated with the portion of the senior notes repaid. As of December 31, 2023 December 31, 2024 there was $210.0 million of senior notes outstanding. outstanding, which are classified as current debt.

***Use Liquidity***

At December 31, 2024, the remaining $210.0 million of Proceeds from the Transaction

The Company generated gross proceeds from the sale of the U.S. physical auction business of approximately $2.2 billion. The Transaction closed in May 2022. Under terms of the Previous Credit Agreement, net cash proceeds from the Transaction were used to repay the outstanding $926.2 million on Term Loan B-6 within three days of the Transaction. The Company also prepaid $600 million of the senior notes in August 2022 are classified as current debt and $140 million of the senior notes in June 2023.

***Liquidity***

As of December 31, 2023, $137.0 million was drawn there were no borrowings on the Revolving Credit Facility and is classified as current debt based on the Company's past practice of using the Revolving Credit Facility for short term borrowings. However, the terms of the Revolving Credit Facility do not require repayment until maturity at June 23, 2028.

Facilities. At December 31, 2023 December 31, 2024, cash totaled $93.5 million $143.0 million and there was an additional $133.3 million $397.9 million available for borrowing under the Revolving Credit Facility Facilities (net of $54.7 million $48.8 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 market conditions experienced in the automotive industry. industry in recent years. 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 Facility Facilities and ongoing sources of liquidity from cash generated by operations and borrowings 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. future, including the repayment of the $210.0 million in senior notes in 2025. 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 January 31, 2028. AFC Funding Corporation had committed liquidity of $2.0 billion for U.S. finance receivables at December 31, 2023 December 31, 2024.

In September 2024, AFC and AFC Funding Corporation entered into a First Amendment and Joinder (the "First Amendment and Joinder") to the Tenth Amended and Restated Receivables Purchase Agreement. The First Amendment and Joinder provides for, among other things, an extension of the facility's maturity date from January 31, 2026 to January 31, 2028. We capitalized approximately $10.6 million of costs in connection with the First Amendment and Joinder.

We also have an agreement for the securitization of AFCI's receivables, which expires on January 31, 2026 January 31, 2028. AFCI's committed facility is provided through a third-party conduit (separate from the U.S. facility) and was C$300 million at December 31, 2023 December 31, 2024. In March 2023, September 2024, AFCI entered into an Amendment No. 1 (the "Amendment No. 1") to the Receivables Purchase Agreement (the "Canadian Receivables Purchase Agreement"). Agreement. The Canadian Receivables Purchase Agreement increased AFCI's committed liquidity from C$225 million to C$300 million Amendment No. 1 incorporates and provides for, among other things, an extension of the facility's maturity date remains from January 31, 2026 to January 31, 2028. In addition, provisions providing a mechanism for determining alternative rates of interest were added. We capitalized approximately $0.6 $1.1 million of costs in connection with the Canadian Receivables Purchase Agreement. Amendment No. 1. 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 $2,305.0 million $2,314.0 million and $2,416.6 2,274.1 million at December 31, 2023 December 31, 2024 and 2022, 2023, respectively. AFC's allowance for losses was $23.0 million $19.8 million and $21.5 23.0 million at December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

As of December 31, 2023 December 31, 2024 and 2022, 2023, $2,335.1 million and $2,296.4 million and $2,396.6 million, respectively, of finance receivables (inclusive of accrued interest and fees) and a cash reserve of 1 or 3 percent of the obligations collateralized by finance receivables served as security for the $1,660.3 million and $1,631.9 million and $1,677.6 million of gross obligations collateralized by finance receivables at December 31, 2023 December 31, 2024 and 2022, 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 $13.5 18.8 million and $19.4 13.5 million at December 31, 2023 December 31, 2024 and 2022, 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 December 31, 2023 December 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), operating profit (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 December 31, 2023 | | |
|---|---|---|---|
| ***(Dollars in millions)*** | **Marketplace** | **Finance** | **Consolidated** |
| **Income (loss) from continuing operations** | $ (17.7) | $ 31.3 | $ 13.6 |
| Add back: | | | |
| Income taxes | (2.5) | 10.1 | 7.6 |
| Interest expense, net of interest income | 4.9 | 34.0 | 38.9 |
| Depreciation and amortization | 22.7 | 2.6 | 25.3 |
| Intercompany interest | 9.8 | (9.8) | — |
| **EBITDA** | 17.2 | 68.2 | 85.4 |
| Non-cash stock-based compensation | 2.7 | 0.9 | 3.6 |
| Acquisition related costs | 2.0 | — | 2.0 |
| Securitization interest | — | (31.4) | (31.4) |

| | | | |
|---|---|---|---|
| Severance | 2.0 | 0.1 | 2.1 |
| Foreign currency (gains)/losses | (2.1) | — | (2.1) |
| Net change in unrealized (gains) losses on investment securities | — | (0.4) | (0.4) |
| Professional fees related to business improvement efforts | 1.7 | 0.4 | 2.1 |
| Other | 0.2 | 0.3 | 0.5 |
| Total addbacks/(deductions) | 6.5 | (30.1) | (23.6) |
| **Adjusted EBITDA** | $ 23.7 | $ 38.1 | $ 61.8 |

| | Three Months Ended December 31, 2022 | | | | Three Months Ended December 31, 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| *(Dollars in millions)* | *(Dollars in millions)* | Marketplace | Finance | Consolidated | *(Dollars in millions)* | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | | | | | | | | |
| **Income from continuing operations** | | | | | | | | |
| Add back: | Add back: | | | | | | Add back: | |
| Income taxes | | | | | | | | |
| Finance interest expense | | | | | | | | |
| Interest expense, net of interest income | | | | | | | | |
| Depreciation and amortization | | | | | | | | |
| Intercompany interest | | | | | | | | |
| **EBITDA** | | | | | | | | |
| Non-cash stock-based compensation | | | | | | | | |
| Loss on extinguishment of debt | | | | | | | | |
| Acquisition related costs | | | | | | | | |
| Securitization interest | | | | | | | | |
| Gain on sale of property | | | | | | | | |
| Gain on sale of business | | | | | | | | |
| Severance | | | | | | | | |
| Foreign currency (gains)/losses | | | | | | | | |
| Net change in unrealized (gains) losses on investment securities | | | | | | | | |
| Professional fees related to business improvement efforts | | | | | | | | |
| (Gain)/loss on investments | | | | | | | | |
| Impact for newly enacted Canadian DST related to prior years | | | | | | | | |
| Other | | | | | | | | |
| Total addbacks/(deductions) | | | | | | | | |
| **Adjusted EBITDA** | | | | | | | | |

| | Year Ended December 31, 2023 | | | | Three Months Ended December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| *(Dollars in millions)* | *(Dollars in millions)* | Marketplace | Finance | Consolidated | *(Dollars in millions)* | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | | | | | | | | |
| Add back: | Add back: | | | | | | Add back: | |
| Income taxes | | | | | | | | |
| Finance interest expense | | | | | | | | |

| |
|---|
| Interest expense, net of interest income |
| Depreciation and amortization |
| Intercompany interest |
| **EBITDA** |
| Non-cash stock-based compensation |
| Loss on extinguishment of debt |
| Acquisition related costs |
| Securitization interest |
| Severance |
| Foreign currency (gains)/losses |
| Goodwill and other intangibles impairment |
| Contingent consideration adjustment |
| (Gain)/loss on investments |
| Professional fees related to business improvement efforts |
| Other |
| Total addbacks/(deductions) |
| **Adjusted EBITDA** |

| | | Year Ended December 31, 2022 | | | | Year Ended December 31, 2024 | | |
|---|---|---|---|---|---|---|---|---|
| ***(Dollars in millions)*** | ***(Dollars in millions)*** | **Marketplace** | **Finance** | **Consolidated** | ***(Dollars in millions)*** | **Marketplace** | **Finance** | **Consolidated** |
| **Income (loss) from continuing operations** | | | | | | | | |
| **Income from continuing operations** | | | | | | | | |
| Add back: | Add back: | | | | | Add back: | | |
| Income taxes | | | | | | | | |
| Finance interest expense | | | | | | | | |
| Interest expense, net of interest income | | | | | | | | |
| Depreciation and amortization | | | | | | | | |
| Intercompany interest | | | | | | | | |
| **EBITDA** | | | | | | | | |
| Non-cash stock-based compensation | | | | | | | | |
| Loss on extinguishment of debt | | | | | | | | |
| Acquisition related costs | | | | | | | | |
| Securitization interest | | | | | | | | |
| Gain on sale of property | | | | | | | | |
| (Gain)/Loss on asset sales | | | | | | | | |
| Gain on sale of business | | | | | | | | |
| Severance | | | | | | | | |
| Foreign currency (gains)/losses | | | | | | | | |
| Net change in unrealized (gains) losses on investment securities | | | | | | | | |
| (Gain)/loss on investments | | | | | | | | |
| Professional fees related to business improvement efforts | | | | | | | | |
| Impact for newly enacted Canadian DST related to prior years | | | | | | | | |
| Other | | | | | | | | |
| Total addbacks/(deductions) | | | | | | | | |
| **Adjusted EBITDA** | | | | | | | | |

| | Year Ended December 31, 2023 | | |
|---|---|---|---|
| *(Dollars in millions)* | Marketplace | Finance | Consolidated |
| **Income (loss) from continuing operations** | $ (277.5) | $ 122.7 | $ (154.8) |
| Add back: | | | |
| Income taxes | (40.4) | 48.7 | 8.3 |
| Finance interest expense | — | 130.6 | 130.6 |
| Interest expense, net of interest income | 21.7 | — | 21.7 |
| Depreciation and amortization | 92.2 | 9.3 | 101.5 |
| Intercompany interest | 33.9 | (33.9) | — |
| **EBITDA** | (170.1) | 277.4 | 107.3 |
| Non-cash stock-based compensation | 13.2 | 4.2 | 17.4 |
| Loss on extinguishment of debt | 1.1 | — | 1.1 |
| Acquisition related costs | 3.1 | — | 3.1 |
| Securitization interest | — | (120.4) | (120.4) |
| Severance | 5.1 | 0.4 | 5.5 |
| Foreign currency (gains)/losses | (2.9) | — | (2.9) |
| Goodwill and other intangibles impairment | 250.8 | — | 250.8 |
| Contingent consideration adjustment | 1.3 | — | 1.3 |
| Professional fees related to business improvement efforts | 5.4 | 1.2 | 6.6 |
| Other | 1.3 | 0.9 | 2.2 |
| Total addbacks/(deductions) | 278.4 | (113.7) | 164.7 |
| **Adjusted EBITDA** | $ 108.3 | $ 163.7 | $ 272.0 |

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 | | Three Months Ended | | | | Twelve Months Ended |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(Dollars in millions)* | *(Dollars in millions)* | March 31, 2023 | June 30, 2023 | September 30, 2023 | December 31, 2023 | December 31, 2023 | *(Dollars in millions)* | March 31, 2024 | June 30, 2024 | September 30, 2024 | December 31, 2024 | December 31, 2024 |
| **Net income (loss)** | | | | | | | | | | | | |
| **Net income** | | | | | | | | | | | | |
| Less: Income from discontinued operations | | | | | | | | | | | | |
| **Income (loss) from continuing operations** | | | | | | | | | | | | |
| **Income from continuing operations** | | | | | | | | | | | | |
| Add back: | Add back: | | | | | | | | Add back: | | | |
| Income taxes | | | | | | | | | | | | |
| Finance interest expense | | | | | | | | | | | | |
| Interest expense, net of interest income | | | | | | | | | | | | |
| Depreciation and amortization | | | | | | | | | | | | |
| **EBITDA** | | | | | | | | | | | | |
| Non-cash stock-based compensation | | | | | | | | | | | | |
| Loss on extinguishment of debt | | | | | | | | | | | | |
| Acquisition related costs | | | | | | | | | | | | |
| Securitization interest | | | | | | | | | | | | |

| |
|---|
| Gain on sale of business |
| Severance |
| Foreign currency (gains)/losses |
| Goodwill and other intangibles impairment |
| Contingent consideration adjustment |
| Net change in unrealized (gains) losses on investment securities |
| (Gain)/loss on investments |
| Professional fees related to business improvement efforts |
| Impact for newly enacted Canadian DST related to prior years |
| Other |
| Total addbacks/(deductions) |
| **Adjusted EBITDA from continuing ops** |

**Summary of Cash Flows**

| | | Year Ended December 31, | | | Year Ended December 31, | |
|---|---|---|---|---|---|---|
| ***(Dollars in millions)*** | ***(Dollars in millions)*** | **2023** | **2022** | ***(Dollars in millions)*** | **2024** | **2023** |
| Net cash provided by (used by): | Net cash provided by (used by): | | | Net cash provided by (used by): | | |
| Operating activities - continuing operations | | | | | | |
| Operating activities - discontinued operations | | | | | | |
| Investing activities - continuing operations | | | | | | |
| Investing activities - discontinued operations | | | | | | |
| Financing activities - continuing operations | | | | | | |
| Financing activities - discontinued operations | | | | | | |
| Net change in cash balances of discontinued operations | | | | | | |
| Effect of exchange rate on cash | | | | | | |
| Net (decrease) increase in cash, cash equivalents and restricted cash | | | | | | |
| Net increase (decrease) in cash, cash equivalents and restricted cash | | | | | | |

***Cash flow from operating activities (continuing operations)*** Net cash provided by operating activities (continuing operations) was $237.0 million $292.8 million for the year ended December 31, 2023 2024, compared with $4.1 million $237.0 million for the year ended December 31, 2022 December 31, 2023. Cash provided by continuing operations for 2024 consisted primarily of cash earnings and a decrease in trade receivables

and other assets, partially offset by a decrease in accounts payable and accrued expenses. Cash provided by continuing operations for 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. Cash provided by continuing operations

for 2022 consisted primarily of cash earnings and a decrease in trade receivables and other assets, partially offset by a decrease in accounts payable and accrued expenses and the portion of contingent consideration payments classified in operating activities. 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, as well as a decrease in payments of contingent consideration in excess of acquisition-date fair value. period-ends.

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 $90.5 million $70.9 million for the year ended December 31, 2023 2024, compared with net cash provided by investing activities of $70.0 million $90.5 million for the year ended December 31, 2022 December 31, 2023. The cash used by investing activities in 2024 was primarily from an increase in finance receivables held for investment and purchases of property and equipment, partially offset by the proceeds from the sale of a business. The cash used by investing activities in 2023 was primarily from the acquisition of Manheim Canada and purchases of property and equipment, partially offset by a decrease in finance receivables held for investment. The cash provided by investing activities in 2022 was primarily from a decrease in finance receivables held for investment and proceeds from the sale of property and equipment, partially offset by purchases of property and equipment.

***Cash flow from financing activities (continuing operations)*** Net cash used by financing activities (continuing operations) was $279.9 million $173.9 million for the year ended December 31, 2023 2024, compared with $1,621.9 million $279.9 million for the year ended December 31, 2022 December 31, 2023. The cash used by financing activities for the year ended December 31, 2024 was primarily due to repayments on lines of credit, dividends paid on the Series A Preferred Stock, repurchases and retirement of common stock and payments for debt issuance costs, partially offset by a net increase in obligations collateralized by finance receivables. The cash used by financing activities in 2023 was primarily due to the early repayment of senior notes, a net decrease in obligations collateralized by finance receivables, dividends paid on the Series A Preferred Stock, repurchases and retirement of common stock and payments of contingent consideration. The cash used by financing activities in 2022 was primarily due to payments made on the Company's long-term debt and repurchases and retirement of common stock, partially offset by borrowings from lines of credit.

***Cash flow from operating activities (discontinued operations)*** Net cash used by operating activities (discontinued operations) was $1.6 million $1.4 million for the year ended December 31, 2023 2024, compared with $459.1 million $1.6 million for the year ended December 31, 2022 December 31, 2023. The cash used by operating activities for the year ended December 31, 2024 was primarily attributable to the payment of an accrued obligation. The cash used by operating activities for the year ended December 31, 2023 was primarily attributable to an adjustment to income taxes. The cash used by operating activities for the year ended December 31, 2022 was primarily attributable to income taxes paid associated with the taxable gain on the sale of the ADESA U.S. physical auction business and a decrease in accounts payable and accrued expenses.

***Cash flow from investing activities (discontinued operations)*** Net cash provided by There were no investing activities (discontinued operations) was $7.0 million for the year ended December 31, 2023 2024, compared with $2,077.4 million net cash provided by investing activities of $7.0 million for the year ended December 31, 2022 December 31, 2023. The cash provided by investing activities for the year ended December 31, 2023December 31, 2023 was attributable to the final proceeds from the sale of the ADESA U.S. physical auction business. The cash provided by investing activities for the year ended December 31, 2022 was primarily attributable to the proceeds from the sale of the ADESA U.S. physical auction business, partially offset by purchases of property and equipment.

***Cash flow from financing activities (discontinued operations)*** There were no financing activities (discontinued operations) for the year ended December 31, 2023 2024 and , compared with net cash provided by financing activities of $10.8 million for the year ended December 31, 2022. The cash provided by financing activities for the year ended December 31, 2022 was primarily attributable to a net increase in book overdrafts. 2023.

**Capital Expenditures**

Capital expenditures for the years ended December 31, 2023 December 31, 2024 and 2022 2023 approximated $52.0 million $53.0 million and $60.9 million $52.0 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 $50 million to $60 million $55 million for fiscal year 2024. 2025. 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 were payable in kind through the issuance of additional shares of Series A Preferred Stock for the first eight dividend payments (through June 30, 2022), and thereafter, in cash or in kind, or in any combination of both, at the option of the Company. For the year years ended December 31, 2023, December 31, 2024 and 2023, the holders of the

Series A Preferred Stock received cash dividends aggregating $44.4 million. $44.4 million each year. For the year ended December 31, 2022, the holders of the Series A Preferred Stock received cash dividends aggregating $22.2 million $22.2 million and dividends in kind with a value in the aggregate of approximately $21.6 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**

To provide a clear picture of matters potentially impacting our liquidity position, the table below sets forth a summary of our contractual obligations as of December 31, 2023 December 31, 2024. Some of the figures included in this table are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal and other factors. Because these estimates and assumptions are necessarily subjective, the obligations we may actually pay in future periods could vary from those reflected in the table. This table does not include the obligations related to our securitization facilities, which are not secured by the general assets of OPENLANE. It also does not include the obligations related to our Series A Preferred Stock. Our securitization facilities and Series A Preferred Stock are discussed in Note 8 and Note 15, respectively, of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. The following table summarizes our contractual cash obligations as of December 31, 2023 December 31, 2024 *(in millions)*:

| | Payments Due by Period | Payments Due by Period |
|---|---|---|

| Contractual Obligations | Contractual Obligations | Total | 1 year or Less | More than 1 Year | Contractual Obligations | Total | 1 year or Less | More than 1 Year |
|---|---|---|---|---|---|---|---|---|
| Long-term debt | Long-term debt | | | Long-term debt | | | | |
| $325 million Revolving Credit Facility (a) | | | | | | | | |
| Canadian Revolving Credit Facility (a) | | | | | | | | |
| Senior notes (a) | | | | | | | | |
| European lines of credit | | | | | | | | |
| Finance lease obligations (b) | | | | | | | | |
| Interest payments relating to long-term debt (c) (b) | | | | | | | | |
| Operating leases (d) (c) | | | | | | | | |
| **Total contractual cash obligations** | | | | | | | | |

(a) The Company has historically included the Revolving Credit Facility Facilities in current debt based on its intent to repay the amount outstanding within one year; however, the Company is not contractually obligated to repay the borrowings until the maturity of the Revolving Credit Facility Facilities (June 2028). The senior notes are assumed to be held to maturity. maturity (June 1, 2025).

(b) We have entered into finance leases for furniture, fixtures, equipment and software. The amounts include the interest portion of the finance leases. Future finance lease obligations would change if we entered into additional finance lease agreements.

(c) Interest payments on long-term debt are projected based on the contractual rates of the debt securities. Interest rates for the variable rate term debt instruments were held constant at rates as of December 31, 2023 December 31, 2024.

(d) (c) Operating leases are entered into in the normal course of business. We lease some of our vehicle logistics center facilities, as well as other property and equipment under operating leases. Some lease agreements contain options to renew the lease or purchase the leased property. Future operating lease obligations would change if the renewal options were exercised and/or if we entered into additional operating lease agreements.

**Acquisition**

In December 2023, the Company acquired Manheim Canada from Cox Automotive. The transaction included the Manheim Montreal facility and auction sales, operations and select staff across Manheim Canada. The acquisition advances OPENLANE's digital strategy by adding inventory, buyers, sellers and corresponding data to the OPENLANE Canada digital marketplace.

The purchased assets included property and equipment and customer relationships. Financial results for Manheim Canada have been included in our consolidated financial statements from the date of acquisition.

The purchase price for Manheim Canada was approximately $103.0 million. The acquired assets and assumed liabilities of Manheim Canada were recorded at fair value, including $52.4 million to property and equipment and $18.6 million to intangible assets, representing the fair value of acquired customer relationships, which are being amortized over their expected useful lives. The excess earnings method was used to value the customer relationships. This method requires forward looking estimates to determine fair value, including among other assumptions, forecasted revenue growth and estimated customer attrition rates. The acquisition resulted in $25.9 million of goodwill. The factors contributing to the recognition of goodwill were strategic and synergistic benefits that are expected to be realized from the acquisition. The goodwill is recorded in the Marketplace reportable segment and is expected to be deductible for tax purposes. The financial impact of this acquisition, including pro forma financial results, was immaterial to the Company's consolidated results for the year ended December 31,

2023. Acquisition costs of approximately $2.0 million are included in the consolidated statement of income (loss) within "Selling, general and administrative."

**Critical Accounting Estimates**

In preparing the financial statements in accordance with U.S. generally accepted accounting principles, management must often make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. Some of those judgments can be subjective and complex. Consequently, actual results could differ from those estimates. Accounting measurements that management believes are most critical to the reported results of our operations and financial condition include: (1) allowance for credit losses; (2) business combinations; and (3) goodwill and other intangible assets.

In addition to the critical accounting estimates, there are other items used in the preparation of the consolidated financial statements that require estimation, but are not deemed critical. Changes in estimates used in these and other items could have a material impact on our financial statements.

We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. In cases where management estimates are used, they are based on historical experience, information from third-party professionals, and various other assumptions believed to be reasonable. In addition, our most significant accounting policies are discussed in Note 2 and elsewhere in the notes to the consolidated financial statements for the year ended December 31, 2023 December 31, 2024, which are included in this Annual Report on Form 10-K.

***Allowance for Credit Losses***

We maintain an allowance for credit losses for estimated losses resulting from the inability of customers to make required payments. Delinquencies and losses are monitored on an ongoing basis and this historical experience provides the primary basis for estimating the allowance. The allowance for credit losses is also based on management's evaluation of the receivables portfolio under current economic conditions, the size of the portfolio, overall portfolio credit quality, review of specific collection matters and such other factors which, in management's judgment, deserve recognition in estimating losses. Specific collection matters can be impacted by the outcome of negotiations, remarketing results, litigation and bankruptcy proceedings with individual customers.

AFC controls credit risk through credit approvals, credit limits, underwriting and collateral management monitoring procedures, including over 58,000 54,000 lot audits and holding vehicle titles where permitted. The estimates are based on management's evaluation of many factors, including AFC's historical credit loss experience, the value of the underlying collateral, delinquency trends and economic conditions. The estimates are based on information available as of each reporting date and reflect the expected credit losses over the entire expected term of the receivables. Actual losses may differ from the original estimates due to actual results varying from those assumed in our estimates.

As a measure of sensitivity, if we had experienced a 10% increase in net charge-offs of finance receivables for the years ended December 31, 2023 December 31, 2024 and 2022, 2023 our provision for credit losses would have increased by approximately $5.1 million and $4.9 million in 2024 and $0.9 million in 2023, and 2022, respectively.

***Business Combinations***

When we acquire businesses, we estimate and recognize the fair values of tangible assets acquired, liabilities assumed and identifiable intangible assets acquired. The excess of the purchase consideration over the fair values of identifiable assets and liabilities is recorded as goodwill. The purchase accounting process requires management to make significant estimates and assumptions in determining the fair values of assets acquired and liabilities assumed, especially with respect to intangible assets and contingent consideration.

Critical estimates are often developed using valuation models that are based on historical experience and information obtained from the management of the acquired companies. These estimates can include, but are not limited to, the cash flows that an asset is expected to generate in the future, growth rates, the appropriate weighted-average cost of capital and the cost savings expected to be derived from acquiring an asset. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur which could affect the accuracy or validity of such estimates.

***Goodwill and Other Intangible Assets***

We assess goodwill for impairment annually during the second quarter or more frequently if events or changes in circumstances indicate that impairment may exist. Important factors that could trigger an impairment review include significant under-performance relative to historical or projected future operating results; significant negative industry or economic trends; and our market valuation relative to our carrying value. When evaluating goodwill for impairment, we may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit is impaired. If we do not perform a qualitative assessment, or if we determine that a reporting unit's fair value is not more likely than not greater than its carrying value, then we calculate the estimated fair value of the reporting unit using discounted cash flows and market approaches.

When assessing goodwill for impairment, our decision to perform a qualitative impairment assessment for a reporting unit in a given year is influenced by a number of factors, including the size of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments and the date of acquisition. If we perform a quantitative assessment of a reporting unit's goodwill, our impairment calculations contain uncertainties because they require management to make assumptions and apply judgment when estimating future cash flows and earnings, including projected revenue growth and operating expenses related to existing businesses, as well as utilizing valuation multiples of similar publicly traded companies and selecting an appropriate discount rate based on the estimated cost of capital that reflects the risk profile of the related business. Estimates of revenue growth and operating expenses are based on management estimates considering the reporting unit's past performance and forecasted growth, strategic initiatives and changes in economic conditions. These estimates, as well as the selection of comparable companies and valuation multiples used in the market approach are highly subjective, and our ability to realize the future cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies. The Company did not identify any impairment for our reporting units in 2022 2024 or 2021. 2022.

In the second quarter of 2023 and as part of our annual goodwill impairment testing, we performed a quantitative assessment. This analysis resulted in goodwill impairment charges totaling $218.9 million ($166.4 million net of $52.5 million deferred tax benefit) in our U.S. Dealer-to-Dealer reporting unit and $6.4 million in our Europe reporting unit (both within the Marketplace segment). The goodwill impairment related to our U.S. Dealer-to-Dealer reporting unit was primarily driven by lower near-term and long-term revenue growth rates associated with a slower overall recovery in vehicle volumes. The goodwill impairment related to our Europe reporting unit was driven by combining two previously separate reporting units (ADESA U.K. and ADESA Europe) into a single reporting unit. Including ADESA U.K. in the reporting unit resulted in a reduction in the overall fair value of the combined reporting unit, resulting in an impairment charge. As a result of the impairment charges, the carrying value of the U.S. Dealer-to-Dealer and Europe reporting units now approximate approximated fair value. The fair value of each of our other reporting units was substantially in excess of its carrying value, with the exception of our Canada reporting unit within the Marketplace segment, which exceeded its carrying value by approximately 14%. Significant assumptions used in the determination of the estimated fair values of these reporting units were the revenue and earnings growth rates and the discount rate. The revenue and expense growth rates are dependent on wholesale used vehicle supply, the competitive environment, inflation and our ability to pass price increases along to our customers, and business activities that impact market share. As a result, the revenue growth rate could be adversely impacted by market conditions, macroeconomic factors or an increased competitive environment. The discount rate, which is consistent with a weighted average cost of capital that is likely to be expected by a market participant, is based on the Company's required rates of return, including consideration of both debt and equity components of the capital structure. Our discount rate may be impacted in the future by adverse changes in the macroeconomic environment, volatility in the equity markets and the interest rate environment. While management can and has implemented strategies to address these events, changes in operating plans or adverse changes in the future could reduce the underlying cash flows used to estimate fair values and could result in a decline in fair value that would trigger future impairment charges of the goodwill within the U.S. Dealer-to-Dealer and Europe reporting units described above. As of December 31, 2023December 31, 2023, the carrying value of goodwill related to the U.S. Dealer-to-Dealer and Europe reporting units was $87.3 million and $120.8 million, respectively. For additional information, see Note 9 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

As with goodwill, we assess indefinite-lived tradenames for impairment annually during the second quarter or more frequently if events or changes in circumstances indicate that impairment may exist. When assessing indefinite-lived tradenames for impairment using a qualitative assessment, we evaluate if changes in events or circumstances have occurred that indicate that impairment may exist and whether the tradenames continue to have an indefinite life. If we do not perform a qualitative impairment assessment or if changes in events and circumstances indicate that a quantitative assessment should be performed, management is required to calculate the fair value of the tradename asset group. The fair value calculation includes estimates of revenue growth, which are based on past performance and internal projections for the tradename asset group's forecasted growth, and royalty rates, which are adjusted for our particular facts and circumstances. The discount rate is selected based on the estimated cost of capital that reflects the risk profile of the related assets. These estimates are highly subjective, and our ability to achieve the forecasted cash flows used in our fair value calculations is affected by factors such as the success of strategic initiatives, changes in economic conditions, changes in our operating performance and changes in our business strategies.

In the second quarter of 2023, the OPENLANE branded marketplace was announced as a replacement to the ADESA branded marketplaces. As such, the announcement served as a triggering event and we performed a quantitative impairment test on the

ADESA tradename, resulting in an impairment charge totaling $25.5 million ($19.0 million net of $6.5 million deferred tax benefit). Furthermore, as a result of the rebranding to OPENLANE, the ADESA tradename is was no longer deemed to have an indefinite life and its remaining carrying amount of $97.3 million is being amortized over a remaining useful life of approximately 6 years. For additional information, see Note 9 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

We review other intangible assets for possible impairment whenever circumstances indicate that their carrying amount may not be recoverable. If it is determined that the carrying amount of an other intangible asset exceeds the total amount of the estimated undiscounted future cash flows from that asset, we would recognize a loss to the extent that the carrying amount exceeds the fair value of the asset. Management judgment is involved in both deciding if testing for recovery is necessary and in estimating undiscounted cash flows. Our impairment analysis is based on the current business strategy, expected growth rates and estimated future economic conditions.

**New Accounting Standards**

For a description of new accounting standards that could affect the Company, reference the "New Accounting Standards" section of Note 2 of the Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K.

**Off-Balance Sheet Arrangements**

As of December 31, 2023 December 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 7A. 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 $5.8 million for the year ended December 31, 2024 and foreign currency gains on intercompany loans were approximately $2.9 million for the year ended December 31, 2023 and foreign currency losses on intercompany loans were approximately $2.5 million for the year ended December 31, 2022. Canadian currency translation negatively affected net income by approximately $1.5 million $0.5 million and $2.8 million $1.5 million for the year ended December 31, 2023 December 31, 2024 and 2022, 2023, respectively. A 1% change in the month-end Canadian dollar exchange rate for the year ended December 31, 2023 December 31, 2024 would have impacted foreign currency losses on intercompany loans by $0.2 million $0.1 million and net income by $0.2 million. $0.1 million. A 1% change in the month-end euro exchange rate for the year ended December 31, 2023 December 31, 2024 would have impacted foreign currency losses on intercompany loans by $0.7 million $0.6 million and net income by $0.5 million. $0.5 million. A 1% change in the average Canadian dollar exchange rate for the year ended December 31, 2023 December 31, 2024 would have impacted net income by approximately $0.5 million. $0.5 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 most recently used do not currently use interest rate swap agreements contracts to manage our exposure to interest rate changes. We originally designated the interest rate swaps as cash flow hedges for accounting purposes. Accordingly, the earnings impact of the derivatives designated as cash flow hedges are recorded upon the recognition of the interest related to the hedged debt.

In January 2020, we entered into three pay-fixed interest rate swaps with an aggregate notional amount of $500 million to swap variable rate interest payments under our term loan for fixed interest payments bearing a weighted average interest rate of 1.44%. The interest rate swaps had a five-year term.

In February 2022, we discontinued hedge accounting as we concluded that the forecasted interest rate payments were no longer probable of occurring in consideration of the Transaction and expected repayment of Term Loan B-6. In connection with the repayment of Term Loan B-6 in May 2022, we entered into swap termination agreements. We received $16.7 million to settle and terminate the swaps, which was recognized as a realized gain in "Interest expense" in the consolidated statement of income (loss).

A sensitivity analysis of the impact on our variable rate corporate debt instruments to a hypothetical 100 basis point increase in short-term rates (LIBOR/Prime/SOFR) (SOFR/CORRA) for the year ended December 31, 2023 December 31, 2024 would have resulted in an increase in interest expense of approximately $0.7 million. $0.6 million.

## Item 8. Financial Statements and Supplementary Data

### Index to Financial Statements

**Page**

**OPENLANE, Inc.**



### Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
OPENLANE, Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of OPENLANE, Inc. and subsidiaries (the Company) as of December 31, 2023 December 31, 2024 and 2022, 2023, the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023 December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 December 31, 2024 and 2022, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023 December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 21, 2024 February 19, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Critical Audit Matters Matter*

The critical audit matters matter communicated below are matters is a matter arising from the current period audit of the consolidated financial statements that were was communicated or required to be communicated to the audit committee and that: (1) relate relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matters matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters matter below, providing a separate opinions opinion on the critical audit matters matter or on the accounts or disclosures to which they relate. it relates.

*Assessment of qualitative risk factors in the allowance for credit losses*

As discussed in Notes 2 and 7 to the consolidated financial statements, the Company's allowance for credit losses as of December 31, 2023 December 31, 2024, was $23.0 million $19.8 million (the ACL). The Company estimates the ACL using a methodology that first considers quantitative models that calculate historical loss rates using recorded charge-offs and recoveries over a historical period as well as identified potential loss events as the primary quantitative factors. The Company's methodology is also based on management's evaluation of the receivables portfolio under current economic conditions, the size of the portfolio, overall portfolio credit quality, review of specific collection matters and such other factors which, in management's judgment, deserve recognition in estimating losses (qualitative risk factors).

We identified the assessment of qualitative risk factors used in the ACL estimate as a critical audit matter. Due to significant measurement uncertainty, such assessment required complex and subjective auditor judgment, including specialized skill and knowledge. This assessment involved evaluating the qualitative framework and related risk factors. These factors increase the likelihood that The qualitative risk factors were necessary are evaluated in order to capture estimated credit losses not captured through by the quantitative models.

The following are the primary procedures we performed to address the critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the measurement of the ACL estimate, including controls over the (1) development and approval of the overall allowance for credit losses methodology, which includes the qualitative framework and related risk factors and (2) determination of the qualitative risk factors. We evaluated the Company's process to develop the qualitative framework and related risk factors including testing the sources of data, factors, and assumptions that the Company used and considering whether they are relevant and reliable. We evaluated credit metric trends impacting the ACL estimate, including the qualitative risk factors, for consistency with trends in the Company's historical loan portfolio growth and credit performance. We involved credit risk professionals with specialized skills and knowledge, who assisted in evaluating (1) the Company's ACL methodology, which included the qualitative framework and related risk factors, for compliance with U.S. generally accepted accounting principles and (2) the qualitative risk factors and their relationship to the quantitative models and whether additional or alternative sources of data, factors or assumptions should be used.

Fair value of certain reporting units

As discussed in Notes 2 and 9 to the consolidated financial statements, the goodwill balance as of December 31, 2023 was $1,271.2 million. The Company tests goodwill for impairment annually in the second quarter, or more frequently as impairment indicators arise, by comparing the fair value of each reporting unit with its' carrying value. The Company determined the fair values of its' reporting units using a discounted cash flow analysis. The Company recorded goodwill impairment charges in their U. S. Dealer-to-Dealer and Europe reporting units (certain reporting units) of $218.9 million and $6.4 million, respectively, for the year ended December 31, 2023.

We identified the evaluation of certain reporting units' fair values, which were utilized in the assessment of goodwill for impairment, as a critical audit matter. Subjective and complex auditor judgement was required to evaluate the projected revenue growth rate and discount rate assumptions used to determine the certain reporting units' fair values. Changes in these assumptions could have had a significant impact on the fair values of the certain reporting units. Additionally, we involved valuation professionals with specialized skills and knowledge to evaluate the discount rates used in the valuations.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's determination of certain reporting units' fair value, including controls related to development of the projected revenue growth rates and discount rates. We evaluated the Company's projected revenue growth rates by comparing them to market data for the industry and certain peer companies, as well as the Company's historical results. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the Company's discount rates by comparing them to discount rates that were independently developed using publicly available market data for comparable entities.

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

Indianapolis, Indiana
February 21, 2024 19, 2025

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

| | | Year Ended December 31, | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2021 | 2024 | 2023 | 2022 |
| Operating revenues | Operating revenues | | | Operating revenues | | | |
| Auction fees | | | | | | | |
| Service revenue | | | | | | | |
| Purchased vehicle sales | | | | | | | |
| Finance-related revenue | | | | | | | |
| Finance revenue | | | | | | | |
| Total operating revenues | | | | | | | |

| | | | |
|---|---|---|---|
| Operating expenses | Operating expenses | Operating expenses | |
| Cost of services (exclusive of depreciation and amortization) | | | |
| Finance interest expense | | | |
| Provision for credit losses | | | |
| Selling, general and administrative | | | |
| Depreciation and amortization | | | |
| Gain on sale of business | | | |
| Gain on sale of property | | | |
| Goodwill and other intangibles impairment | | | |
| Total operating expenses | | | |
| Operating profit (loss) | | | |
| Interest expense | | | |
| Other (income) expense, net | | | |
| Other expense (income), net | | | |
| Loss on extinguishment of debt | | | |
| Income (loss) from continuing operations before income taxes | | | |
| Income taxes | | | |
| Income (loss) from continuing operations | | | |
| Income from discontinued operations, net of income taxes | | | |
| Net income (loss) | | | |
| Net income (loss) per share - basic | Net income (loss) per share - basic | Net income (loss) per share - basic | |
| Income (loss) from continuing operations | | | |
| Income from discontinued operations | | | |
| Net income (loss) per share - basic | | | |
| Net income (loss) per share - diluted | Net income (loss) per share - diluted | Net income (loss) per share - diluted | |
| Income (loss) from continuing operations | | | |
| Income from discontinued operations | | | |
| Net income (loss) per share - diluted | | | |

See accompanying notes to consolidated financial statements

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

| | | Year Ended December 31, | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|
| | | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** |
| Net income (loss) | | | | | | | |
| Other comprehensive income (loss), net of tax | Other comprehensive income (loss), net of tax | | | Other comprehensive income (loss), net of tax | | | |
| Foreign currency translation gain (loss) | | | | | | | |
| Unrealized gain on interest rate derivatives, net of tax | | | | | | | |
| Total other comprehensive income (loss), net of tax | | | | | | | |
| Comprehensive income (loss) | | | | | | | |

See accompanying notes to consolidated financial statements

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

| | | December 31, | | | December 31, | |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2024 | 2023 |
| **Assets** | **Assets** | | | **Assets** | | |
| ***Current assets*** | ***Current assets*** | | | ***Current assets*** | | |
| Cash and cash equivalents | | | | | | |
| Restricted cash | | | | | | |
| Trade receivables, net of allowances of $9.9 and $15.8 | | | | | | |
| Finance receivables, net of allowances of $23.0 and $21.5 | | | | | | |
| Trade receivables, net of allowances of $6.7 and $9.9 | | | | | | |
| Finance receivables, net of allowances of $19.8 and $23.0 | | | | | | |
| Other current assets | | | | | | |
| Total current assets | | | | | | |
| ***Other assets*** | ***Other assets*** | | | ***Other assets*** | | |
| Goodwill | | | | | | |
| Customer relationships, net of accumulated amortization of $438.5 and $417.3 | | | | | | |
| Other intangible assets, net of accumulated amortization of $475.4 and $406.0 | | | | | | |
| Customer relationships, net of accumulated amortization of $437.4 and $438.5 | | | | | | |
| Other intangible assets, net of accumulated amortization of $487.4 and $475.4 | | | | | | |
| Operating lease right-of-use assets | | | | | | |
| Property and equipment, net of accumulated depreciation of $187.2 and $197.7 | | | | | | |
| Property and equipment, net of accumulated depreciation of $159.4 and $187.2 | | | | | | |
| Other assets | | | | | | |
| Total other assets | | | | | | |
| Total assets | | | | | | |

See accompanying notes to consolidated financial statements

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

| | | December 31, | | | December 31, | |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2024 | 2023 |
| **Liabilities, Temporary Equity and Stockholders' Equity** | **Liabilities, Temporary Equity and Stockholders' Equity** | | | **Liabilities, Temporary Equity and Stockholders' Equity** | | |
| ***Current liabilities*** | ***Current liabilities*** | | | ***Current liabilities*** | | |
| Accounts payable | | | | | | |
| Accrued employee benefits and compensation expenses | | | | | | |
| Accrued interest | | | | | | |
| Other accrued expenses | | | | | | |
| Income taxes payable | | | | | | |
| Obligations collateralized by finance receivables | | | | | | |
| Current maturities of long-term debt | | | | | | |
| Total current liabilities | | | | | | |
| ***Non-current liabilities*** | | | | | | |

| | | |
|---|---|---|
| Long-term debt | | |
| Long-term debt | | |
| Long-term debt | | |
| Deferred income tax liabilities | | |
| Operating lease liabilities | | |
| Other liabilities | | |
| Total non-current liabilities | | |
| Commitments and contingencies (Note 19) | Commitments and contingencies (Note 19) | Commitments and contingencies (Note 19) |
| ***Temporary equity*** | | |
| Series A convertible preferred stock (Note 15) | | |
| Series A convertible preferred stock (Note 15) | | |
| Series A convertible preferred stock (Note 15) | | |
| ***Stockholders' equity*** | ***Stockholders' equity*** | ***Stockholders' equity*** |
| Common stock, $0.01 par value: | Common stock, $0.01 par value: | Common stock, $0.01 par value: |
| Authorized shares: 400,000,000 | Authorized shares: 400,000,000 | Authorized shares: 400,000,000 |
| Issued and outstanding shares: | Issued and outstanding shares: | Issued and outstanding shares: |
| 106,849,134 (2024) | | |
| 108,040,704 (2023) | 108,040,704 (2023) | |
| 108,914,678 (2022) | | |
| Additional paid-in capital | | |
| Retained earnings | | |
| Accumulated other comprehensive loss | | |
| Total stockholders' equity | | |
| Total liabilities, temporary equity and stockholders' equity | | |

See accompanying notes to consolidated financial statements

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

| | Common Stock Shares | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | | |
| Other comprehensive income | | | | | | | | | | | | | |
| Issuance of common stock under stock plans | | | | | | | | | | | | | |
| Issuance of common stock - private placement | | | | | | | | | | | | | |
| Surrender of RSUs for taxes | | | | | | | | | | | | | |
| Stock-based compensation expense | | | | | | | | | | | | | |
| Repurchase and retirement of common stock | | | | | | | | | | | | | |
| Dividends earned under stock plans | | | | | | | | | | | | | |
| Dividends on preferred stock | | | | | | | | | | | | | |
| **Balance at December 31, 2021** | | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | | |
| Other comprehensive loss | | | | | | | | | | | | | |

| |
|---|
| Issuance of common stock under stock plans |
| Surrender of RSUs for taxes |
| Stock-based compensation expense |
| Repurchase and retirement of common stock |
| Dividends earned under stock plans |
| Dividends on preferred stock |
| **Balance at December 31, 2022** |
| Net loss |
| Other comprehensive income |
| Issuance of common stock under stock plans |
| Surrender of RSUs for taxes |
| Stock-based compensation expense |
| Repurchase and retirement of common stock |
| Dividends on preferred stock |
| **Balance at December 31, 2023** |
| Net income |
| Other comprehensive loss |
| Issuance of common stock under stock plans |
| Surrender of RSUs for taxes |
| Stock-based compensation expense |
| Repurchase and retirement of common stock |
| Dividends earned under stock plans |
| Dividends on preferred stock |
| **Balance at December 31, 2024** |

See accompanying notes to consolidated financial statements

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

| | | Year Ended December 31, | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2021 | 2024 | 2023 | 2022 |
| **Operating activities** | **Operating activities** | | | **Operating activities** | | | |
| Net income (loss) | | | | | | | |
| Net income from discontinued operations | | | | | | | |
| **Adjustments to reconcile net income (loss) to net cash provided by operating activities:** | **Adjustments to reconcile net income (loss) to net cash provided by operating activities:** | | | **Adjustments to reconcile net income (loss) to net cash provided by operating activities:** | | | |
| Depreciation and amortization | | | | | | | |
| Provision for credit losses | | | | | | | |
| Deferred income taxes | | | | | | | |
| Amortization of debt issuance costs | | | | | | | |
| Stock-based compensation | | | | | | | |
| Contingent consideration adjustment | | | | | | | |

| | | |
|---|---|---|
| Net change in unrealized (gain) loss on investment securities | | |
| Net change in unrealized loss on investment securities | | |
| Investment and note receivable impairment | | |
| Gain on sale of property | | |
| Gain on sale of business | | |
| Goodwill and other intangibles impairment | | |
| Loss on extinguishment of debt | | |
| Other non-cash, net | | |
| **Changes in operating assets and liabilities, net of acquisitions:** | **Changes in operating assets and liabilities, net of acquisitions:** | **Changes in operating assets and liabilities, net of acquisitions:** |
| Trade receivables and other assets | | |
| Accounts payable and accrued expenses | | |
| Payments of contingent consideration in excess of acquisition-date fair value | | |
| **Net cash provided by operating activities - continuing operations** | | |
| **Net cash (used by) provided by operating activities - discontinued operations** | | |
| **Net cash used by operating activities - discontinued operations** | | |
| **Investing activities** | **Investing activities** | **Investing activities** |
| Net decrease (increase) in finance receivables held for investment | | |
| Net (increase) decrease in finance receivables held for investment | | |
| Acquisition of businesses (net of cash acquired) | | |
| Purchases of property, equipment and computer software | | |
| Investments in securities | | |
| Proceeds from sale of investments | | |
| Proceeds from note receivable | | |
| Proceeds from the sale of PWI | | |
| Proceeds from the sale of business | | |
| Proceeds from the sale of property and equipment | | |
| **Net cash (used by) provided by investing activities - continuing operations** | | |
| **Net cash provided by (used by) investing activities - discontinued operations** | | |
| **Net cash provided by investing activities - discontinued operations** | | |
| **Financing activities** | **Financing activities** | **Financing activities** |
| Net decrease in book overdrafts | | |
| Net borrowings from (repayments of) lines of credit | | |
| Net (decrease) increase in obligations collateralized by finance receivables | | |
| Net increase (decrease) in book overdrafts | | |
| Net (repayments of) borrowings from lines of credit | | |
| Net increase (decrease) in obligations collateralized by finance receivables | | |
| Payments for debt issuance costs/amendments | | |
| Payments on long-term debt | | |
| Payment for early extinguishment of debt | | |
| Payments on finance leases | | |

| |
|---|
| Payments of contingent consideration and deferred acquisition costs |
| Issuance of common stock under stock plans |
| Issuance of common stock - private placement |
| Tax withholding payments for vested RSUs |
| Repurchase and retirement of common stock |
| Dividends paid on Series A Preferred Stock |
| **Net cash (used by) provided by financing activities - continuing operations** |
| **Net cash used by financing activities - continuing operations** |
| **Net cash provided by financing activities - discontinued operations** |
| Net change in cash balances of discontinued operations |
| Effect of exchange rate changes on cash |
| **Net (decrease) increase in cash, cash equivalents and restricted cash** |
| **Net increase (decrease) in cash, cash equivalents and restricted cash** |
| Cash, cash equivalents and restricted cash at beginning of period |
| Cash, cash equivalents and restricted cash at end of period |

See accompanying notes to consolidated financial statements

**Supplemental Disclosure of Cash Flow Information**
**Supplemental Disclosure of Cash Flow Information**
**Supplemental Disclosure of Cash Flow Information**
***(In millions)***
***(In millions)***

| ***(In millions)*** | **Year Ended December 31,** | | **Year Ended December 31,** |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **2024** | **2023** | **2022** |
| Cash paid for interest, net of proceeds from interest rate derivatives | | | |
| Cash paid for taxes, net of refunds - continuing operations | | | |
| Cash paid for taxes, net of refunds - discontinued operations | | | |

See accompanying notes to consolidated financial statements

**OPENLANE, Inc.**
**Notes to Consolidated Financial Statements**
**December 31, 2024, 2023 2022 and 2021 2022**

**Note 1—Organization and Other Matters**

OPENLANE, Inc., formerly known as KAR Auction Services, Inc., was organized in the State of Delaware on November 9, 2006.

***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. The Previous Credit Agreement provided for a $950 million senior secured term loan B-6 facility due September 19, 2026 ("Term Loan B-6"), of which the outstanding amount was fully repaid in May 2022, and a $325 million senior secured revolving credit facility due September 19, 2024 (the "Previous Revolving Credit Facility"), which was replaced by the Revolving Credit Facility in June 2023;
- "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 December 31, 2023 December 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 December 31, 2023 December 31, 2024 and 2022) 2023).

***Business and Nature of Operations***

As announced in May 2023, OPENLANE is now the go-to-market brand for the Company's digital marketplaces throughout the U.S., Canada and Europe. 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 December 31, 2023 December 31, 2024, the Marketplace segment serves its customer base through digital marketplaces and 15 vehicle logistics center locations across Canada.



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 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 we 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" vehicle dealers") 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 December 31, 2023 December 31, 2024. Floorplan financing supports independent dealer customers vehicle dealers 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.

**Note 2—Summary of Significant Accounting Policies**

***Principles of Consolidation***

The consolidated financial statements include the accounts of OPENLANE and all of its majority owned subsidiaries. Significant intercompany transactions and balances have been eliminated.

***Reclassifications and Revisions***

The Company has reclassified certain amounts relating to its prior period results to conform to its current period presentation. These reclassifications have not changed the results of operations of prior periods.

*Interest Expense and Finance Interest Expense*

Historically the Company has presented interest expense for both its Marketplace and Finance segments below operating profit. Beginning in the fourth quarter of 2024, the Company has updated its consolidated income statement presentation, its segment income statement presentation (Note 21) and its quarterly financial data presentation (Note 22) to include finance interest expense as a separate line item within operating expenses. Interest expense related to the Marketplace segment (interest on corporate debt) continues to be shown as a separate line item below operating profit. This change increases operating expenses, thereby reducing operating profit, but has no impact on income (loss) from continuing operations. Finance interest expense of $130.6 million and $79.0 million for the years ended December 31, 2023 and 2022, respectively, has been reclassified to conform to the new presentation.

*Finance Revenue and Finance Provision for Credit Losses*

Historically, finance revenue from the Finance segment has been presented net of the provision for credit losses. The Company is presenting the finance provision for credit losses as an operating expense, rather than as a reduction of the finance revenues. Management has evaluated the materiality of these adjustments to its prior period financial statements from a quantitative and qualitative perspective and has concluded that the revisions were not material to any prior annual or interim period. Beginning in the fourth quarter of 2024, the Company has updated its consolidated income statement presentation, its segment income statement presentation (Note 21) and its quarterly financial data presentation (Note 22) to include the finance provision for credit losses as a separate line item within the operating expenses. This change increases finance revenue and operating



expenses, but has no impact on operating profit or income (loss) from continuing operations. The finance provision for credit losses of $50.6 million and $9.8 million for the years ended December 31, 2023 and 2022, respectively, has been reclassified to conform to the revised presentation.

***Use of Estimates***

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S. 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.

***Business Segments***

Our operations are grouped into two operating segments: Marketplace and Finance. The two operating segments also serve as our reportable business segments. Operations are measured through detailed budgeting and monitoring of contributions to consolidated income by each business segment.

***Derivative Instruments and Hedging Activity***

We recognize all derivative financial instruments in the consolidated financial statements at fair value in accordance with Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*. We most recently used interest rate swaps that were



designated and qualified as cash flow hedges to manage the variability of cash flows to be paid due to interest rate movements on our variable rate debt. The fair values of the interest rate derivatives are were based on quoted market prices for similar instruments from commercial banks. The fair value of the derivatives were recorded in "Other liabilities" on the consolidated balance sheet. Changes in the fair value of the interest rate derivatives designated as cash flow hedges were recorded as a component of "Accumulated other comprehensive income. income (loss)." The earnings impact of the interest rate derivatives designated as cash flow hedges were recorded upon the recognition of the interest related to the hedged debt.

***Foreign Currency Translation***

The local currency is the functional currency for each of our foreign entities. Revenues and expenses denominated in foreign currencies are translated into U.S. dollars at average exchange rates in effect during the year. Assets and liabilities of foreign operations are translated using the exchange rates in effect at year end. Foreign currency transaction gains and losses on intercompany balances are included in the consolidated statements of income within "Other (income) expense, net" and resulted in a gain loss of $2.9 million $5.8 million for the year ended December 31, 2024, a gain of $2.9 million for the year ended December 31, 2023, and a loss of $2.5 million for the year ended December 31, 2022 and a loss of $3.8 million for the year ended December 31, 2021. Adjustments arising from the translation of net assets located outside the U.S. (gains and losses) are shown as a component of "Accumulated other comprehensive income. income (loss)."

***Cash Equivalents***

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. These investments are valued at cost, which approximates fair value.

***Restricted Cash***

AFC Funding Corporation, a wholly-owned, bankruptcy remote, consolidated, special purpose subsidiary of AFC, is required to maintain a minimum cash reserve of 1 or 3 percent of total receivables sold to the group of bank purchasers as security for the receivables sold. Automotive Finance Canada Inc. ("AFCI") is also required to maintain a minimum cash reserve of 1 or 3 percent of total receivables sold to its securitization facilities. The amount of the cash reserve depends on circumstances which are set forth in the securitization agreements. Such reserves are presented as "Restricted cash" on the consolidated balance sheets.



***Receivables***

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 in our possession. 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 marketplace sale or other disposition of the related vehicles.

Finance receivables include floorplan receivables created by financing dealer purchases of vehicles in exchange for a security interest in those vehicles and special purpose loans. Floorplan receivables become due at the earlier of the dealer subsequently selling the vehicle or a predetermined time period (generally 30 to 90 days). Special purpose loans relate to loans that are either line of credit loans or working capital loans that can be either secured or unsecured based on the facts and circumstances of the specific loans.

Due to the nature of our business, substantially all trade and finance receivables are due from vehicle dealers and commercial sellers. We have possession of vehicles or vehicle titles collateralizing a significant portion of the trade and finance receivables.

Trade receivables are reported net of an allowance for doubtful accounts. The allowance for doubtful accounts is based on management's evaluation of the receivables under current conditions, the aging of the receivables, review of specific collection issues and such other factors which in management's judgment judgement deserve recognition in estimating losses. Credit losses for the Marketplace segment are included in the consolidated statement of income (loss) within "Selling, general and administrative."

We also maintain an allowance for credit losses for estimated losses resulting from the inability of customers to make required payments. AFC's finance receivables represent revolving line of credit arrangements extended to used car dealers and are secured by collateral which is a key credit quality indicator monitored by the Company. Delinquencies and losses are monitored on an ongoing basis and this historical experience provides the primary basis for estimating the allowance which is estimated using a loss-rate method. We estimate the allowance for credit losses using a methodology that first considers historical loss rates calculated using recorded charge-offs and recoveries over a historical period as well as identified potential loss events as the primary quantitative factors. The allowance for credit losses is also based on management's evaluation of the receivables



portfolio under current economic conditions, the size of the portfolio, overall portfolio credit quality, review of specific collection matters and such other factors which, in management's judgment, deserve recognition in estimating losses. Specific collection matters can be impacted by the outcome of negotiations, litigation and bankruptcy proceedings with individual customers.

AFC controls credit risk through credit approvals, credit limits, underwriting and collateral management monitoring procedures, including lot audits and holding vehicle titles where permitted. The estimates are based on management's evaluation of many factors, including AFC's historical credit loss experience, the value of the underlying collateral, delinquency trends and economic conditions. The estimates are based on information available as of each reporting date and reflect the expected credit losses over the entire expected term of the receivables. Actual losses may differ from the original estimates due to actual results varying from those assumed in our estimates.

***Other Current Assets***

Other current assets consist of inventories, prepaid expenses, taxes receivable and other miscellaneous assets. The inventories, which consist of vehicles, supplies and parts, are accounted for on the specific identification method and are stated at the lower of cost or net realizable value.

***Goodwill***

Goodwill represents the excess of cost over fair value of identifiable net assets of businesses acquired. Goodwill is tested for impairment annually in the second quarter, or more frequently as impairment indicators arise. ASC 350, *Intangibles—Goodwill and Other*, permits an entity to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount before applying the goodwill impairment model. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. Under the quantitative assessment for goodwill impairment, the fair value of each reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the fair value of that



goodwill, not to exceed the carrying amount of goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis.

***Customer Relationships and Other Intangible Assets***

Customer relationships are amortized on a straight-line basis over the life determined at the time of acquisition. Other intangible assets generally consist of tradenames and computer software, which if amortized, are amortized using the straight-line method over their estimated useful lives. Tradenames with indefinite lives are not amortized. Costs incurred related to software developed or obtained for internal use are capitalized during the application development stage of software development and amortized over their estimated useful lives. The amortization periods of finite-lived intangible assets are re-evaluated periodically when facts and circumstances indicate that revised estimates of useful lives may be warranted. Indefinite-lived tradenames are assessed for impairment, in accordance with ASC 350, annually in the second quarter or more frequently as impairment indicators arise. At the end of each assessment, a determination is made as to whether the tradenames still have an indefinite life.

***Property and Equipment***

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method at rates intended to depreciate the costs of assets over their estimated useful lives. Upon retirement or sale of property and equipment, the cost of the disposed assets and related accumulated depreciation is removed from the accounts and any resulting gain or loss is credited or charged to selling, general and administrative expenses. Expenditures for normal repairs and maintenance are charged to expense as incurred. Additions and expenditures for improving or rebuilding existing assets that extend the useful life are capitalized. Leasehold improvements made either at the inception of the lease or during the lease term are amortized over the shorter of their economic lives or the lease term including any renewals that are reasonably assured.

***Unamortized Debt Issuance Costs***

Debt issuance costs reflect the expenditures incurred in conjunction with term loan debt, the revolving credit facility, Revolving Credit Facilities, the senior notes and the U.S. and Canadian receivables purchase agreements. The debt issuance costs are being amortized to interest



expense using the effective interest method or the straight-line method, as applicable, over the lives of the related debt issues. Debt issuance costs are presented as a direct reduction from the carrying amount of the related debt liability.

***Other Assets***

Other assets consist of investments, deposits, notes receivable, foreign deferred taxes and other long-term assets.

***Long-Lived Assets***

Management reviews our property and equipment, customer relationships and other intangible assets for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The determination includes evaluation of factors such as current market value, future asset utilization, business climate and future cash flows expected to result from the use of the related assets. If the carrying amount of a long-lived asset exceeds the total amount of the estimated undiscounted future cash flows from that asset, a loss is recognized in the period to the extent that the carrying amount exceeds the fair value of the asset. The impairment analysis is based on our current business strategy, expected growth rates and estimated future economic and regulatory conditions.

***Leases***

The Company accounts for leases under ASC 842, *Leases*. We determine if an arrangement is a lease at inception. Operating leases are included in "Operating lease right-of-use assets," "Other accrued expenses" and "Operating lease liabilities" in our consolidated balance sheets. Finance leases are included in "Property and equipment, net," "Other accrued expenses" and "Other liabilities" in our consolidated balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and operating lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. We use the implicit rate when readily determinable. As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which are generally accounted for separately. For certain equipment leases, we account for the lease and non-lease components as a single lease component.

***Accounts Payable***

Accounts payable include amounts due sellers from the proceeds of the sale of their consigned vehicles less any fees, as well as trade payables and outstanding checks to sellers and vendors. Book overdrafts, representing outstanding checks in excess of funds on deposit, are recorded in "Accounts payable" and amounted to $17.9 $18.7 million and $20.2 million $17.9 million at December 31, 2023 December 31, 2024 and 2022, 2023, respectively.

***Self-Insurance Reserves***

We self-insure our employee medical benefits, as well as a portion of our automobile, general liability and workers' compensation claims. We have insurance coverage that limits the exposure on individual claims. The cost of the insurance is expensed over the contract periods. We record an accrual for the claims related to our employee medical benefits, automobile, general liability and workers' compensation claims based upon the expected amount of all such claims. Accrued medical benefits and workers' compensation expenses are included in "Accrued employee benefits and compensation expenses" while accrued automobile and general liability expenses are included in "Other accrued expenses."

***Environmental Liabilities***

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated, based on current law and existing technologies. These accruals are adjusted periodically as assessment and remediation efforts progress, or as additional technical or legal information becomes available. Accruals for environmental liabilities are included in "Other accrued expenses" at undiscounted amounts and exclude claims for recoveries from insurance or other third parties.



***Temporary Equity***

The Company records shares of convertible preferred stock at their respective fair values on the date of issuance, net of issuance costs. The convertible preferred stock is recorded outside of stockholders' equity on the consolidated balance sheet because the shares contain liquidation features that are not solely within the Company's control. The Company has elected not to adjust the carrying values of the convertible preferred stock to the liquidation preferences of such shares because of the uncertainty of whether or when such an event would occur. Subsequent adjustments to increase the carrying value to the liquidation preferences will be made only when it becomes probable that such a liquidation event will occur. See Note 15 for a discussion of the convertible preferred stock.

***Revenue Recognition***

The Company accounts for revenue under ASC 606, *Revenue from Contracts with Customers*, except for AFC interest revenue and fee income, revenue, which is described under AFC below. Revenue is recognized when control of the promised goods or services are transferred to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company generates its revenues from contracts with customers. In contracts with multiple performance obligations, the Company identifies each performance obligation and evaluates whether the performance obligations are distinct within the context of the contract at contract inception. Performance obligations that are not distinct at contract inception are combined. The Company allocates the transaction price to each distinct performance obligation proportionately based on the estimated standalone selling price for each performance obligation. The Company then determines how the goods or services are transferred to the customer in order to determine the timing of revenue recognition.

There were no material contract assets, contract liabilities or deferred contract costs recorded on the consolidated balance sheet as of December 31, 2023 December 31, 2024. For each of our primary revenue streams, cash flows are consistent with the timing of revenue recognition.

For the year ended December 31, 2023 December 31, 2024, revenue recognized from performance obligations related to prior periods was not material. Revenue expected to be recognized in any future year related to remaining performance obligations, excluding



revenue pertaining to contracts that have an original expected duration of one year or less and contracts where revenue is recognized as invoiced, is not material.

*Marketplace*

The performance obligation contained within the marketplace contracts for sellers is facilitating the remarketing of vehicles, including titling, administration and sale through our marketplaces. The remarketing performance obligation is satisfied at the point in time the vehicle is sold through our marketplaces. The ancillary services contracts include services such as inbound and outbound transportation logistics, reconditioning, vehicle inspection and certification, collateral recovery services and technology solutions. The performance obligations related to these services are subject to separate contracts and are satisfied at the point in time the services are completed.

Contracts with buyers are generally established via purchase through our marketplaces, subject to standard terms and conditions. These contracts contain a single performance obligation, which is satisfied at a point in time when the vehicle is purchased through our marketplaces.

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 marketplace selling price agreed to by the seller and the buyer. The Company does not record the gross selling price of the consigned vehicles sold through our marketplaces as revenue. Our buyer fees are typically based on a tiered structure with fees increasing with the sale price of the vehicle, while seller fees are typically fixed. 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% 2% of the total volume of vehicles sold. For these types of sales, the Company does record the gross selling price of purchased vehicles sold through our marketplaces as revenue ("Purchased vehicle sales" in the consolidated statement of income (loss)) and the gross purchase price of the vehicles as "Cost of services," at the completion of each sale to a third party.



*Finance*

AFC's revenue ("Finance-related Finance revenue" in the consolidated statement of income (loss)) is comprised of interest revenue and fee income, provision for credit losses and other revenues revenue associated with our finance receivables. AFC's interest revenue is generally determined based on the applicable prime rate plus a margin. The following table summarizes the primary components of AFC's finance-related finance revenue:

| | Year Ended December 31, | | |
|---|---|---|---|
| ***Finance-Related Revenue (in millions)*** | **2023** | **2022** | **2021** |
| Interest income | **$ 248.4** | $ 202.8 | $ 139.7 |
| Fee income | **183.3** | 171.9 | 144.4 |
| Other revenue | **12.3** | 11.0 | 8.6 |
| Provision for credit losses | **(50.6)** | (9.8) | (3.5) |
| | **$ 393.4** | $ 375.9 | $ 289.2 |

| | Year Ended December 31, | | |
|---|---|---|---|
| ***Finance Revenue (in millions)*** | **2024** | **2023** | **2022** |
| Interest revenue | **$ 231.1** | $ 248.4 | $ 202.8 |
| Fee and other revenue | **200.0** | 195.6 | 182.9 |
| | **$ 431.1** | $ 444.0 | $ 385.7 |

*Interest and fee income revenue*

Revenues associated with interest and fee income are accounted for in accordance with ASC 310-20, *Nonrefundable Fees and Other Costs,* and therefore are not subject to evaluation under Topic 606. Interest on finance receivables is recognized based on the number of days the vehicle remains financed, adjusted for historical loss rates.

*Fee and other revenue*

Revenues associated with fees are accounted for in an accordance with ASC 310-20, *Nonrefundable Fees and Other Costs,* and therefore are not subject to evaluation under Topic 606. Dealers are also charged a fee to floorplan a vehicle ("floorplan fee"), to extend the terms of the receivable ("curtailment fee") and a document processing an origination fee. AFC fee income revenue, including floorplan and curtailment fees, is recognized over the estimated life of the finance receivable.

*Other revenue*

Other revenue includes lot check fees, filing fees, lien holder payoff services and other related program fees, each of which are charged to and collected from AFC's customers.

***Income Taxes***

We file federal, state and foreign income tax returns in accordance with the applicable rules of each jurisdiction. We account for income taxes under the asset and liability method in accordance with ASC 740, *Income Taxes*. The provision for income taxes includes federal, foreign, state and local income taxes payable, as well as deferred taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable amounts in periods in which those temporary differences are expected to be recovered or settled. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

We recognize the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

***Income (Loss) from Continuing Operations per Share***

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.



***Accounting for Stock-Based Compensation***

The Company accounts for stock-based compensation under ASC 718, *Compensation—Stock Compensation*. We recognize all stock-based compensation as expense in the financial statements over the vesting period and that cost is measured as the fair value of the award at the grant date for equity-classified awards. We also recognize the impact of forfeitures as they occur and excess tax benefits and tax deficiencies related to employee stock-based compensation within income tax expense.

***New Accounting Standards***

In December 2023, November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires that public business entities disclose additional information about specific expense categories to provide more detailed information to investors about the types of expenses in commonly presented expense captions. The amendments are effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Early adoption is permitted and the amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact the adoption of ASU 2024-03 will have on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued 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 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 did not have an impact on the consolidated financial statements, but certain financial statement disclosures in Note 21 "Segment Information" have been added as a result of the adoption of ASU 2023-07. The added disclosures include, among others, the title of the Company's chief operating decision maker ("CODM") and related disclosures. the measure of segment profit (loss) used by the CODM to assess segment performance and allocate resources.

**Note 3—Acquisitions**

***2023 Acquisition***

In December 2023, the Company acquired Manheim Canada from Cox Automotive. The transaction included the Manheim Montreal facility and auction sales, operations and select staff across Manheim Canada. The acquisition advances OPENLANE's digital strategy by adding inventory, buyers, sellers and corresponding data to the OPENLANE Canada digital marketplace.

The purchased assets included property and equipment and customer relationships. Financial results for Manheim Canada have been included in our consolidated financial statements from the date of acquisition.

The purchase price for Manheim Canada was approximately $103.0 million. The acquired assets and assumed liabilities of Manheim Canada were recorded at fair value, including $52.4 million to property and equipment and $18.6 million to intangible assets, representing the fair value of acquired customer relationships, which are being amortized over their expected useful lives. The excess earnings method was used to value the customer relationships. This method requires forward looking estimates to determine fair value, including among other assumptions, forecasted revenue growth and estimated customer attrition rates. The acquisition resulted in $25.9 million of goodwill. The factors contributing to the recognition of goodwill were strategic and synergistic benefits that are expected to be realized from the acquisition. The goodwill is recorded in the Marketplace reportable segment and is expected to be deductible for tax purposes. The financial impact of this acquisition, including pro forma financial results, was immaterial to the Company's consolidated results for the year ended December 31, 2023. Acquisition costs of approximately $2.0$2.0 million are included in the consolidated statement of income (loss) within "Selling, general and administrative."

Contingent Payment Related to Prior Year Acquisition

**Some Note 4—Divestitures**

***2024 Sale of the purchase agreements related to prior year acquisitions have included additional payments over a specified period, including contingent payments based on certain conditions and performance. In 2023, we made a contingent consideration payment related to the Auction Frontier acquisition of $15.0 million. For the year ended December 31, 2023, adjustments to estimated contingent consideration associated with the Auction Frontier acquisition increased contingent consideration and impacted “Other (income) expense, net” by approximately $1.3 million.***



***2021 Acquisitions***

*CARWAVE Holdings LLC Automotive Key Business*

In October 2021, December 2024, the Company acquired CARWAVE Holdings LLC (“CARWAVE”). CARWAVE was an online dealer-to-dealer marketplace featuring certified mechanical inspections, buyer guarantees and completed the sale of its automotive key business for a 24/7, direct offer trading format with live buyer bidding. The acquisition was expected to build on the Company’s growth in the dealer-to-dealer space, enhance the Company’s position in the highly fragmented wholesale used vehicle market and accelerate the Company’s overall transformation to a digital marketplace company.

The purchased assets included accounts receivable, other current assets, property and equipment, software, customer relationships and tradenames. Financial results for CARWAVE have been included in our consolidated financial statements from the date of acquisition.

The purchase price for CARWAVE, of $79.8 million, net of cash acquired, was approximately $442.0 million. transaction expenses. The acquired assets and assumed liabilities of CARWAVE were recorded at fair value, including $67.5 million to intangible assets, representing the fair value of acquired customer relationships of $62.5 million, software of $4.6 million and tradenames of $0.4 million, which are amortized over their expected useful lives. The acquired software and tradenames are reported in "Other intangible assets" in the accompanying consolidated balance sheet. The excess earnings method was used to value the customer relationships and the relief from royalty method was used to value the software and tradenames. Both of these methods require forward looking estimates to determine fair value, including among other assumptions, forecasted revenue growth, estimated customer attrition rates and estimated royalty and license rates. The acquisition sale resulted in $373.4 a pretax gain on disposal of approximately $31.6 million of goodwill. The factors contributing to the recognition of goodwill were strategic and synergistic benefits that are expected to be realized from the acquisition. The goodwill is recorded in the Marketplace reportable segment and most of it is expected to be deductible for tax purposes. The financial impact of this acquisition, including pro forma financial results, was immaterial to the Company's consolidated results for the year ended December 31, 2021. Acquisition costs are included December 31, 2024, which is presented as "Gain on sale of business" in the consolidated statement of income (loss) within "Selling, general and administrative."

*Auction Frontier, LLC*

In May 2021, income. The disposal does not represent a strategic shift of the Company, acquired Auction Frontier, LLC (“Auction Frontier”). Auction Frontier is and as such, the owner and operator financial results of the cloud-based auction simulcast solution Velocicast®. The acquisition is aligned with the Company’s strategy, as Velocicast powers ADESA Simulcast and Simulcast+ technologies, as well as other wholesale and retail auctions across North America and Australia.

The purchased assets included accounts receivable, software, customer relationships and tradenames. The purchase agreement also included additional payments contingent on certain terms and conditions. Financial results for Auction Frontier automotive key business have been included in our consolidated financial statements from accounted for as continuing operations for all periods presented through the sale date of acquisition.

The purchase price for Auction Frontier, net of cash acquired, was approximately $92.2 million, which included a net cash payment of $79.8 million and estimated contingent payments with a fair value of $12.4 million based on a probability model (based on Level 3 inputs). The maximum amount of undiscounted contingent payment related to this acquisition could approximate $15.0 million. The acquired assets and assumed liabilities of Auction Frontier were recorded at fair value, including $17.9 million to intangible assets, representing the fair value of acquired customer relationships of $10.0 million, software of $7.6 million and tradenames of $0.3 million, which are being amortized over their expected useful lives. The acquired software and tradenames are reported in "Other intangible assets" in the accompanying consolidated balance sheet. The excess earnings method was used to value the customer relationships and the relief from royalty method was used to value the software and tradenames. Both of these methods require forward looking estimates to determine fair value, including among other assumptions, forecasted revenue growth and estimated royalty and license rates. A probability model, based on the expected retention of significant customers, was used to value the estimated contingent consideration. The acquisition resulted in $73.8 million of goodwill. The factors contributing to the recognition of goodwill were strategic and synergistic benefits that are expected to be realized from the acquisition. The goodwill is recorded in (in the Marketplace reportable segment and all segment). Approximately $31.4 million of it is expected to be deductible for tax purposes. The financial impact of this acquisition, including pro forma financial results, goodwill was immaterial allocated to the Company's consolidated results for the year ended December 31, 2021. Acquisition costs are included in the consolidated statement of income (loss) within "Selling, general and administrative." automotive key business based on its relative fair value.

**OPENLANE, Inc.**

**Notes to Consolidated Financial Statements (Continued)**
**December 31, 2023, 2022 and 2021**

**Note 4—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"). Company. The Transaction was completed in May 2022 for approximately $2.2 billion in cash 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. The net proceeds received in connection with the Transaction were included in "Net cash provided by investing activities - discontinued operations" in the consolidated statement of cash flow for the year ended December 31, 2022. 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. In addition, the Company will continue to own the ADESA tradename and the ADESA U.S. physical auctions will continue to utilize the tradename, which had an indefinite life at the time of the Transaction. The tradename continues to generate cash flows pursuant to the purchase and commercial agreements with Carvana and its affiliates, as Carvana now pays a fee to the Company for use of the tradename for the ADESA U.S. physical auctions for a defined period.

**OPENLANE, Inc.**

**Notes to Consolidated Financial Statements (Continued)**
**December 31, 2024, 2023 and 2022**

For the year ended December 31, 2023, December 31, 2024 and 2023, the Company received a net cash inflow from the commercial agreement and transition services agreement of approximately $93.9 $122.9 million (approximately $102.2 million of which includes the transportation services noted below. Company passed through to third-party carriers for the cost of transportation) and $93.9 million, respectively. From the completion of the Transaction through December 31, 2022, the Company received a net cash inflow from the commercial agreement and transition services agreement of approximately $57.4 million.

The Company provided transportation services of $0.9 million, $60.3 million $73.6 million and $80.3 $73.6 million to the ADESA U.S. physical auctions for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. The transportation amount noted for 2022 includes transactions before and after the sale.

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. Goodwill was allocated to the ADESA U.S. physical auctions based on relative fair value. Discontinued operations included transaction costs of approximately $37.1 million for the year ended December 31, 2022, in connection with the Transaction. These costs consisted of consulting and professional fees associated with the Transaction. The Transaction resulted in a pretax gain on disposal of approximately $521.8 million or for the year ended December 31, 2022. The effective tax rate for discontinued operations was approximately 60% primarily due to non-deductible goodwill recognized in the Transaction.

The following table presents the results of operations for the ADESA U.S. physical auction business that have been reclassified to discontinued operations for all periods presented *(in millions)*:

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| Operating revenues | **$** — | $ 305.9 | $ 881.3 |
| Operating expenses | | | |
| Cost of services (exclusive of depreciation and amortization) | — | 224.9 | 582.4 |
| Selling, general and administrative | — | 67.8 | 148.7 |
| Depreciation and amortization | — | 11.2 | 73.0 |
| Total operating expenses | — | 303.9 | 804.1 |
| Operating profit | — | 2.0 | 77.2 |

| | | | |
|---|---|---|---|
| Interest expense | **—** | 0.1 | 0.9 |
| Other (income) expense, net | **—** | (8.4) | (11.0) |
| Income from discontinued operations before gain on disposal and income taxes | **—** | 10.3 | 87.3 |
| Pretax gain on disposal of discontinued operations | **—** | 521.8 | — |
| Income taxes | **(0.7)** | 319.5 | 20.0 |
| Income from discontinued operations | **$ 0.7** | $ 212.6 | $ 67.3 |

**OPENLANE, Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023, 2022 and 2021**

The following table summarizes the major classes of assets and liabilities of the ADESA U.S. physical auction business that were classified as discontinued operations for the period presented *(in millions)*:

| | May 8, 2022 |
|---|---|
| **Assets** | |
| Cash and cash equivalents | $ 68.6 |
| Trade receivables, net of allowances | 206.3 |
| Inventory | 15.5 |
| Other current assets | 9.3 |
| *Current assets of discontinued operations* | 299.7 |
| Goodwill | 1,099.7 |
| Customer relationships, net of accumulated amortization | 81.4 |
| Other intangible assets, net of accumulated amortization | 30.7 |
| Operating lease right-of-use assets | 223.7 |
| Property and equipment, net of accumulated depreciation | 440.1 |
| Other assets | 2.4 |
| *Non-current assets of discontinued operations* | 1,878.0 |
| Total assets of discontinued operations | $ 2,177.7 |
| | |
| **Liabilities** | |
| Accounts payable | $ 249.5 |
| Accrued employee benefits and compensation expenses | 10.2 |
| Other accrued expenses | 28.2 |
| Current portion of operating lease liabilities | 27.7 |
| *Current liabilities of discontinued operations* | 315.6 |
| Operating lease liabilities | 216.8 |
| Other liabilities | 2.0 |
| *Non-current liabilities of discontinued operations* | 218.8 |
| Total liabilities of discontinued operations | $ 534.4 |

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2024** | **2023** | **2022** |
| Operating revenues | **$ —** | $ — | $ 305.9 |
| Operating expenses | | | |
| Cost of services (exclusive of depreciation and amortization) | **—** | — | 224.9 |
| Selling, general and administrative | **—** | — | 67.8 |
| Depreciation and amortization | **—** | — | 11.2 |
| Total operating expenses | **—** | — | 303.9 |
| Operating profit | **—** | — | 2.0 |

| | | | |
|---|---|---|---|
| Interest expense | — | — | 0.1 |
| Other (income) expense, net | — | — | (8.4) |
| Income from discontinued operations before gain on disposal and income taxes | — | — | 10.3 |
| Pretax gain on disposal of discontinued operations | — | — | 521.8 |
| Income taxes | — | (0.7) | 319.5 |
| Income from discontinued operations | $ — | $ 0.7 | $ 212.6 |

**Note 5—Stock and Stock-Based Compensation Plans**

Our stock-based compensation expense has included 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. In addition, holders of some of these awards received an equivalent number of PRSUs, RSUs and options in IAA as they had in KAR at June 28, 2019. These awards were scheduled to vest over the period from February 2020 to March 2022.

In connection with the sale of the ADESA U.S. physical auction business, the ADESA U.S. employees terminated from the Company and became employees of Carvana. For those employees with stock-based compensation awards, all unvested options were forfeited, most of the unvested RSUs were forfeited and unvested PRSUs received pro-rated vesting based on tenure over the measurement periods and achievement of performance. The stock-based compensation expense and adjustments for these awards were recorded as "Selling, general and administrative" within discontinued operations.

The compensation cost that was charged against income for all stock-based compensation plans was $16.5 million $14.7 million, $16.6 million $16.5 million and $13.2 million $16.6 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively, and the total income tax benefit recognized in the consolidated statement of income (loss) for options, PRSUs and RSUs was approximately $2.2 million $1.4 million, $1.5 million and $1.6 million for the years ended December 31, 2023, 2022 and 2021, respectively. We did not capitalize any stock-based compensation cost in the years ended December 31, 2023, 2022 or 2021. $2.2



million and $1.5 million for the years ended December 31, 2024, 2023 and 2022, and 2021

respectively. We did not capitalize any stock-based compensation cost in the years ended December 31, 2024, 2023 or 2022.

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

| | Year Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** |
| PRSUs | | | | | | |
| RSUs | | | | | | |
| Service options | | | | | | |
| Market options | | | | | | |
| Total stock-based compensation expense | | | | | | |

***KAR Auction Services, OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan - PRSUs, RSUs, Service Options and Market Options***

The KAR Auction Services, Inc. Amended and Restated 2009 Omnibus Stock and Incentive Plan was further amended and restated in June 2024, and is now known as the OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan ("Omnibus Plan"). The Omnibus Plan is intended to provide equity and/or cash-based awards to our executive officers and key employees. The As part of the June 2024 amendment, the Omnibus Plan now provides that the maximum number of shares of the Company's common stock that may be issued pursuant to awards under the Omnibus Plan is approximately 7.3 million 6.5 million, of which, following subsequent cancellations, expirations and withholdings, approximately 2.8 million 6.9 million shares remained available for future grants as of December 31, 2023 December 31, 2024. The Omnibus Plan provides for the grant of stock options, restricted stock, stock appreciation rights, other stock-based awards and cash-based awards. The grants described below were made pursuant to the Company's Policy on Granting Equity Awards.

*PRSUs*

In the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 we granted a target amount of approximately 0.5 million0.6 million, 0.5 million and 0.7 million 0.5 million, respectively, PRSUs to certain executive officers of the Company. Three quarters of the PRSUs granted in 2024 and 2023 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 granted in 2024 and 2023 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 PRSUs granted in 2022 were set to vest if and to the extent that the Company's cumulative operating adjusted net income per share attains certain specified goals over three years. Following the Transaction, in September 2022 the performance targets and the related award agreements for the 2022 PRSUs were amended to modify the performance metric from operating adjusted net income per share to Adjusted EBITDA. The modification of the 2022 PRSUs affected 13 participants and there was no incremental compensation cost resulting from the modification.

Approximately 0.5 million of the PRSUs granted in 2021 vest ifIn 2024 and to the extent that the Company's cumulative operating adjusted net income per share attains certain specified goals over three years. Approximately 0.2 million of the PRSUs granted in 2021 vest if and to the extent that certain operational goals are attained by year-end 2023 or 2024.

In 2023, the weighted average grant date fair value of the Adjusted EBITDA PRSUs was $14.25 $14.83 per share and $14.25 per share, respectively, which was determined using the closing price of the Company's common stock on the dates of grant. Additionally in 2024 and 2023, the weighted average grant date fair value of the TSR PRSUs was $21.49 per share and $21.62 per share, respectively, and was developed with Monte Carlo simulations using a multivariate Geometric Brownian Motion. The weighted average grant date fair value of the PRSUs was $18.46 per share and $15.37 per share in 2022, and 2021, respectively, which was determined using the closing price of the Company's common stock on the dates date of grant. Dividend equivalents accrue on the PRSUs, as applicable, and are subject to the same vesting and forfeiture terms as the PRSUs.



The following table summarizes PRSU activity, including dividend equivalents, under the Omnibus Plan for the year ended December 31, 2023 December 31, 2024:

| **Performance-Based Restricted Stock Units** | **Performance-Based Restricted Stock Units** | **Number** | | **Weighted Average Grant Date Fair Value** | **Performance-Based Restricted Stock Units** | **Number** | | **Weighted Average Grant Date Fair Value** |
|---|---|---|---|---|---|---|---|---|
| PRSUs at January 1, 2023 | | | | | | | | |
| PRSUs at January 1, 2024 | | | | | | | | |
| Granted | | | | | | | | |
| Vested | Vested | — | N/A | N/A | Vested | — | N/A | N/A |
| Forfeited | | | | | | | | |
| PRSUs at December 31, 2023 | | | | | | | | |
| PRSUs at December 31, 2024 | | | | | | | | |

The fair value of shares that vested during the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 was $0.0 million, $2.1 million $0.0 million and $2.7 $2.1 million, respectively. As of December 31, 2023 December 31, 2024, an estimated $5.3 million $6.3 million of unrecognized compensation expense related to non-vested PRSUs is expected to be recognized over a weighted average term of approximately 1.6 years.

*RSUs*

In the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, approximately 0.6 million, 1.2 0.6 million and 0.5 million 1.2 million RSUs were granted to certain executive officers and 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 $14.94 per share, $14.19 per share and $14.82 per share in 2024, 2023 and $13.93 per share in 2023, 2022, and 2021, respectively. Dividend equivalents accrue on the RSUs, as applicable, and are subject to the same vesting and forfeiture terms as the RSUs.

The following table summarizes RSU activity, including dividend equivalents, under the Omnibus Plan for the year ended December 31, 2023 December 31, 2024:

| **Restricted Stock Units** | **Restricted Stock Units** | **Number** | **Weighted Average Grant Date Fair Value** | **Restricted Stock Units** | **Number** | **Weighted Average Grant Date Fair Value** |
|---|---|---|---|---|---|---|
| RSUs at January 1, 2023 | | | | | | |
| RSUs at January 1, 2024 | | | | | | |
| Granted | | | | | | |
| Vested | | | | | | |
| Forfeited | | | | | | |
| RSUs at December 31, 2023 | | | | | | |
| RSUs at December 31, 2024 | | | | | | |

The fair value of shares that vested during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 was $10.3 million, $8.0 million and 2021 was $8.0 million, $5.3 million and $3.8 million, respectively. As of December 31, 2023 December 31, 2024, there was approximately $10.6 million $8.5 million of unrecognized compensation expense related to non-vested RSUs which is expected to be recognized over a weighted average term of 1.6 1.7 years.

*Service Options*

For the years year ended December 31, 2023 and 2021, , we granted approximately 0.1 million and 1.1 million service options respectively, with a weighted average exercise price of $14.83 per share, and $16.15 per share, respectively, to a certain executive officers officer of the Company. The service options have a life of ten years and vest in equal annual installments on each of the first four anniversaries of the grant dates. date.

Service options have been accounted for as equity awards and, as such, compensation expense was measured based on the fair value of the award at the date of grant and is being recognized ratably over the service periods of four years. The weighted average fair value of the service options granted was $7.14 per share and $3.98 per share for the years year ended December 31, 2023 and 2021, respectively.December 31, 2023. The fair value of the service options granted in 2023 was estimated on the date of grant using the Black-Scholes option pricing model with an expected life of 6.25 years, an expected volatility of 44.31%, an expected dividend yield of 0.0% and a weighted average risk-free interest rate of 3.38%. The fair values of the service options granted in 2021



were estimated on the dates of grant using the Black-Scholes option pricing model with an expected life of 6.25 years, a weighted average expected volatility of 36.55%, a weighted average expected dividend yield of 3.8% and a weighted average risk free interest rate of 1.06%.

The expected life of the service options was calculated in accordance with Staff Accounting Bulletin No. 107, which allows for the use of a simplified method. Under the simplified method, the expected life is based on the midpoint of the average time to vest and the full contractual term of the time-vested options. The computation of expected volatility was based on historical stock volatility. The expected dividend yield is based upon an anticipated return to historical dividends during the life of the time-vested options. The risk free interest rate is based upon observed interest rates appropriate for the term of the options.

The following table summarizes service option activity under the Omnibus Plan for the year ended December 31, 2023 December 31, 2024:

| Service Options | Service Options | Number | | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value (in millions) | Service Options | Number | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggre Intrir Valu (ir millic |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Outstanding at January 1, 2023 | | 1,286,097 | | $ 14.71 | | | | | | | |
| Outstanding at January 1, 2024 | | 1,163,274 | | $ 15.18 | | | | | | | |
| Granted | Granted | 53,222 | 14.83 | 14.83 | | | Granted | — | N/A | N/A | |
| Exercised | Exercised | (156,752) | 11.31 | 11.31 | | | Exercised | (226,088) | 11.85 | 11.85 | |
| Forfeited | Forfeited | — | N/A | N/A | | | Forfeited | (39,188) | 17.67 | 17.67 | |
| Canceled | Canceled | (19,293) | 14.05 | 14.05 | | | Canceled | (43,746) | 16.70 | 16.70 | |
| Outstanding at December 31, 2023 | | | | | | | | | | | |
| Exercisable at December 31, 2023 | | | | | | | | | | | |
| Outstanding at December 31, 2024 | | | | | | | | | | | |
| Exercisable at December 31, 2024 | | | | | | | | | | | |

The intrinsic value presented in the table above represents the amount by which the market value of the underlying stock exceeds the exercise price of the option at December 31, 2023 December 31, 2024. The intrinsic value changes continuously based on the fair value of our stock. The market value is based on the Company's closing stock price of $14.81 $19.84 on December 31, 2023 December 31, 2024. The total intrinsic value of service options exercised during the years ended December 31, 2023 December 31, 2024, 2023 and 2022 and 2021 was $0.5 million $0.8 million, $0.5 million and $0.5 million, respectively. The fair market value of all vested and exercisable service options at December 31, 2023 December 31, 2024 and 2022 2023 was $9.9 million $12.2 million and $8.1 million $9.9 million, respectively. As of December 31, 2023 December 31, 2024, there was approximately $1.3 $0.5 million of unrecognized compensation expense related to non-vested service options which is expected to be recognized over a weighted average term of 2.0 1.5 years.

*Market Options*

For the years year ended December 31, 2023 and 2021, , we granted approximately 0.2 million and 4.3 million market options respectively, with a weighted average exercise price of $14.83 per share, and $16.15 per share, respectively, to a certain executive officers officer of the Company. The market options have a life of ten years and have a service component along with an additional market component. The market options become eligible to vest and become exercisable in equal increments, each upon the later to occur of (i) the first four anniversaries of the grant dates, respectively, and (ii) for each respective 25% increment, the attainment of the Company's closing stock price at or above $5, $10, $15 and $20 over each respective exercise price, for 20 consecutive trading days.

The weighted average fair value of the market options granted for the years year ended December 31, 2023 and 2021 was $6.91 per share and $3.91 per share, respectively. share. The fair value and requisite service period of the market options was developed with a Monte Carlo simulation using a multivariate Geometric Brownian Motion with a drift equal to the risk free rate.



The following table summarizes market option activity under the Omnibus Plan for the year ended December 31, 2023 December 31, 2024:

| Market Options | Market Options | Number | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | | Aggregate Intrinsic Value (in millions) | Market Options | Number | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value (in millions) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Outstanding at January 1, 2023 | | 3,557,134 | $ 16.09 | | | | | | | | |
| Outstanding at January 1, 2024 | | 3,770,020 | $ 16.02 | | | | | | | | |
| Granted | | | | | | | | | | | |
| Exercised | | | | | | | | | | | |
| Exercised | | | | | | | | | | | |
| Exercised | | | | | | | | | | | |
| Forfeited | | | | | | | | | | | |
| Forfeited | | | | | | | | | | | |
| Forfeited | | | | | | | | | | | |
| Canceled | | | | | | | | | | | |
| Canceled | | | | | | | | | | | |
| Canceled | | | | | | | | | | | |
| Outstanding at December 31, 2023 | | | | | | | | | | | |
| Outstanding at December 31, 2023 | | | | | | | | | | | |
| Outstanding at December 31, 2023 | | | | | | | | | | | |
| Exercisable at December 31, 2023 | | — | | | N/A | | | | | | |
| Outstanding at December 31, 2024 | | | | | | | | | | | |
| Outstanding at December 31, 2024 | | | | | | | | | | | |
| Outstanding at December 31, 2024 | | | | | | | | | | | |
| Exercisable at December 31, 2024 | | | | | | | | | | | |

The intrinsic value presented in the table above represents the amount by which the market value of the underlying stock exceeds the exercise price of the option at December 31, 2023 December 31, 2024. The intrinsic value changes continuously based on the fair value of our stock. The market value is based on the Company's closing stock price of $14.81 $19.84 on December 31, 2023 December 31, 2024. The fair market value of all vested and exercisable market options at December 31, 2024 was $9.5 million. As of December 31, 2023 December 31, 2024, there was approximately $2.7 $0.9 million of unrecognized compensation expense related to non-vested market options which is expected to be recognized over a weighted average term of 2.5 1.9 years.

***KAR Auction Services, Inc. Employee Stock Purchase Plan***

We adopted the KAR Auction Services, Inc. Employee Stock Purchase Plan ("ESPP") in December 2009. The ESPP, which was approved by our stockholders, is designed to provide an incentive to attract, retain and reward eligible employees and is intended to qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended. A maximum of 2,500,000 shares of our common stock have been reserved for issuance under the ESPP, of which 933,673 814,456 shares remained available for future ESPP purchases as of December 31, 2023 December 31, 2024. The ESPP provides for one month offering periods with a 15% discount from the fair market value of a share on the date of purchase. A participant's annual contribution to the ESPP may not exceed $25,000 per year. Unless terminated earlier, the ESPP will terminate on December 31, 2028. In accordance with ASC 718, *Compensation—Stock Compensation*, the entire 15% purchase discount is recorded as compensation expense.

***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 December 31, 2025. At December 31, 2023 December 31, 2024, approximately $125.0 $100.0 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. In 2024, 2023 2022 and 2021, 2022, we repurchased and retired 1,778,470 shares, 1,438,859 shares 12,649,722 shares and 10,847,800 12,649,722 shares of common stock, respectively, in the open market at a weighted average price of $16.85 per share, $15.43 per share $14.39 per share and $16.66 $14.39 per share, respectively.



**Note 6—Income (Loss) from Continuing Operations Per Share**

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

| | Year Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** |
| Income (loss) from continuing operations | | | | | | |
| Series A Preferred Stock dividends | | | | | | |
| (Income) loss from continuing operations attributable to participating securities | | | | | | |
| Income (loss) from continuing operations attributable to common stockholders | | | | | | |
| Weighted average common shares outstanding | | | | | | |
| Effect of dilutive stock options and restricted stock awards | | | | | | |
| Weighted average common shares outstanding and potential common shares | | | | | | |
| Income (loss) from continuing operations per share | Income (loss) from continuing operations per share | | | Income (loss) from continuing operations per share | | |
| Basic | | | | | | |
| Diluted | | | | | | |

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. No service options and 2.9 million market options were excluded from the calculation of diluted income from continuing operations per share for the year ended December 31, 2024. In addition, approximately 0.9 million PRSUs were excluded from the calculation of diluted income from continuing operations per share for the year ended December 31, 2024. In accordance with U.S. GAAP, no potential common shares were included in the computation of diluted income from continuing operations per share for the years ended December 31, 2023, and 2022, and 2021, because to do so would have been anti-dilutive based on the period undistributed loss from continuing operations. Total options outstanding at December 31, 2023 December 31, 2024, 2023 and 2022 and 2021 were 4.3 million, 4.9 million 4.8 million and 5.8 4.8 million, respectively.



**Note 7—Allowance for Credit Losses and Doubtful Accounts**

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| **Allowance for Credit Losses** | | | |
| Balance at beginning of period | **$ 21.5** | $ 23.0 | $ 22.0 |
| Provision for credit losses | **50.6** | 9.8 | 3.5 |
| Recoveries | **8.9** | 9.0 | 12.6 |
| Less charge-offs | **(58.1)** | (20.1) | (15.1) |
| Other | **0.1** | (0.2) | — |
| Balance at end of period | **$ 23.0** | $ 21.5 | $ 23.0 |

**OPENLANE, Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2023, 2022 and 2021**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2024 | 2023 | 2022 |
| **Allowance for Credit Losses** | | | |
| Balance at beginning of period | **$ 23.0** | $ 21.5 | $ 23.0 |
| Provision for credit losses | **47.6** | 50.6 | 9.8 |
| Recoveries | **7.6** | 8.9 | 9.0 |
| Less charge-offs | **(58.2)** | (58.1) | (20.1) |
| Other | **(0.2)** | 0.1 | (0.2) |
| Balance at end of period | **$ 19.8** | $ 23.0 | $ 21.5 |

AFC's allowance for credit losses includes estimated losses for finance receivables currently held on the balance sheet of AFC and its subsidiaries.

The following is a summary of changes in the allowance for doubtful accounts related to trade receivables (*in millions*):

| | | Year Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2021 | 2024 | 2023 | 2022 |
| **Allowance for Doubtful Accounts** | **Allowance for Doubtful Accounts** | | | | **Allowance for Doubtful Accounts** | | |
| Balance at beginning of period | | | | | | | |
| Provision for credit losses | | | | | | | |
| Less net charge-offs | | | | | | | |
| Other | | | | | | | |
| Balance at end of period | | | | | | | |

Recoveries of trade receivables were netted with charge-offs, as they were not material. Changes in the Canadian dollar exchange rate did not have a material effect on the allowance for doubtful accounts. charge-offs.

**Note 8—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. AFC Funding Corporation had committed liquidity of $2.0 billion for U.S. finance receivables at December 31, 2023 December 31, 2024.

In September 2024, AFC and AFC Funding Corporation entered into a First Amendment and Joinder (the "First Amendment and Joinder") to the Tenth Amended and Restated Receivables Purchase Agreement. The First Amendment and Joinder provides for, among other things, an extension of the facility's maturity date from January 31, 2026 to January 31, 2028. We capitalized approximately $10.6 million of costs in connection with the First Amendment and Joinder.

In September 2022, AFC and AFC Funding Corporation entered into the Tenth Amended and Restated Receivables Purchase Agreement (the "Receivables Purchase Agreement"). The Receivables Purchase Agreement increased AFC Funding's U.S. committed liquidity from $1.70 billion to $2.0 billion and extended the facility's maturity date from January 31, 2024 to January 31, 2026. date. In addition, the discount rate is now became based on the SOFR reference rate, provisions designed to provide additional lending and operational flexibility were modified or added and provisions providing for a mechanism for determining an alternative rate of interest were modified. We capitalized approximately $10.5 million of costs in connection with the Receivables Purchase Agreement.

We also have an agreement for the securitization of AFCI's receivables. AFCI's committed facility is provided through a third-party conduit (separate from the U.S. facility) and was C$300 million on December 31, 2023 December 31, 2024. In September 2024, AFCI entered into an Amendment No. 1 (the "Amendment No. 1") to the Receivables Purchase Agreement. The Amendment No. 1

incorporates and provides for, among other things, an extension of the facility's maturity date from January 31, 2026 to January 31, 2028. We capitalized approximately $1.1 million of costs in connection with the Amendment No. 1. The receivables sold pursuant to both the U.S. and Canadian securitization agreements are accounted for as secured borrowings.

In March 2023, AFCI entered into the Receivables Purchase Agreement (the "Canadian Receivables Purchase Agreement"). The Canadian Receivables Purchase Agreement increased AFCI's committed liquidity from C$225 million to C$300 million and the facility's maturity date remains January 31, 2026. million. In addition, provisions providing a mechanism for determining alternative rates of interest were added. We capitalized approximately $0.6 million of costs in connection with the Canadian Receivables Purchase Agreement. The receivables sold pursuant to both the U.S. and Canadian securitization agreements are accounted for as secured borrowings.

In September 2022, AFCI entered into the Sixth Amended and Restated Receivables Purchase Agreement (the "Canadian Sixth Receivables Purchase Agreement"). The Canadian Sixth Receivables Purchase Agreement extended the facility's maturity. In addition, provisions designed to provide additional lending and operational flexibility were modified or added. We capitalized approximately $1.1 million of costs in connection with the Canadian Sixth Receivables Purchase Agreement.



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.

| | December 31, 2023 | Net Credit Losses During 2023 | December 31, 2024 | Net Credit Losses During 2024 |
|---|---|---|---|---|
| *(in millions)* | | | | |
| *(in millions)* | | | | |
| *(in millions)* | | | | |
| Floorplan receivables | | | | |
| Floorplan receivables | | | | |
| Floorplan receivables | | | | |
| Other loans | | | | |
| Total receivables managed | | | | |
| Accrued interest and fees | | | | |
| Allowance for credit losses | | | | |
| Allowance for credit losses | | | | |
| Allowance for credit losses | | | | |
| Finance receivables, net | | | | |
| Finance receivables, net | | | | |
| Finance receivables, net | | | | |

| | December 31, 2022 | | |
|---|---|---|---|
| | Total Amount of: | | |
| *(in millions)* | Receivables | Receivables Delinquent | Net Credit Losses During 2022 |
| Floorplan receivables | $ 2,409.9 | $ 17.5 | $ 11.1 |
| Other loans | 6.7 | — | — |
| Total receivables managed | $ 2,416.6 | $ 17.5 | $ 11.1 |

AFC's allowance for losses was $23.0 million and $21.5 million at December 31, 2023 and 2022, respectively.

| | December 31, 2023 | Net Credit Losses During 2023 |
|---|---|---|
| | Total Amount of: | |

| *(in millions)* | Receivables | Receivables Delinquent | |
|---|---|---|---|
| Floorplan receivables | $ 2,270.6 | $ 23.7 | $ 49.2 |
| Other loans | 3.5 | — | — |
| Total receivables managed | $ 2,274.1 | $ 23.7 | $ 49.2 |
| Accrued interest and fees | 30.9 | | |
| Allowance for credit losses | (23.0) | | |
| Finance receivables, net | $ 2,282.0 | | |

As of December 31, 2023 December 31, 2024 and 2022, 2023, $2,335.1 million and $2,296.4 million and $2,396.6 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:

| | December 31, | |
|---|---|---|
| | **2023** | **2022** |
| Obligations collateralized by finance receivables, gross | **$ 1,645.4** | $ 1,697.0 |
| Unamortized securitization issuance costs | **(13.5)** | (19.4) |
| Obligations collateralized by finance receivables | **$ 1,631.9** | $ 1,677.6 |

**OPENLANE, Inc.**
**Notes to Consolidated Financial Statements (Continued)**
**December 31, 2024, 2023 and 2022**

| | December 31, | |
|---|---|---|
| | **2024** | **2023** |
| Obligations collateralized by finance receivables, gross | **$ 1,679.1** | $ 1,645.4 |
| Unamortized securitization issuance costs | **(18.8)** | (13.5) |
| Obligations collateralized by finance receivables | **$ 1,660.3** | $ 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 December 31, 2023 December 31, 2024, we were in compliance with the covenants in the securitization agreements.

**OPENLANE, Inc.**
**Notes to Consolidated Financial Statements (Continued)**
**December 31, 2023, 2022 and 2021**

**Note 9—Goodwill and Other Intangible Assets**

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

| | **Marketplace** | **Marketplace** | **Finance** | **Total** | **Marketplace** | **Finance** | **Total** |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2021 (1)(2) | | | | | | | |
| Decrease for disposition activity | | | | | | | |
| Foreign currency | | | | | | | |
| Balance at December 31, 2022 (1)(2) | | | | | | | |
| Increase for acquisition activity | | | | | | | |
| Impairment | | | | | | | |
| Foreign currency | | | | | | | |
| **Balance at December 31, 2023** (1)(2) | | | | | | | |
| Decrease for disposition activity | | | | | | | |

| Foreign currency | |
|---|---|
| **Balance at December 31, 2024** (1)(2) | |

(1) Marketplace amounts are net of accumulated goodwill impairment charges of $250.8 million, $250.8 million, $25.5 million and $25.5 million at December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively.

(2) Finance amounts are net of accumulated goodwill impairment charges of $161.5 million at December 31, 2023 December 31, 2024, 2022 2023 and 2021. 2022.

Goodwill represents the excess cost over fair value of identifiable net assets of businesses acquired. Goodwill decreased in 2024 as a result of the sale of the automotive key business, as well as foreign currency changes. Goodwill decreased in 2023 primarily as a result of impairment in a few of our reporting units (see discussion below), partially offset by goodwill recognized for acquisition activity. Goodwill decreased in 2022 primarily as a result of the sale of the ADESA U.S. physical auction business, as well as foreign currency changes. As a result of the sale of the ADESA U.S. physical auction business in 2022, we allocated approximately $1.1 billion of goodwill related to the ADESA Auctions operating segment to the disposal group in connection with the disposition of ADESA U.S. The goodwill was initially allocated to the disposal group at the held-for-sale date, and updated at the sale date, based on the relative fair value of ADESA U.S. compared to the fair value of the remainder of the operating segment at both dates, respectively.

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. When performing the impairment assessment, the fair value of the Company's reporting units are estimated using the expected present value of future cash flows (Level 3 inputs). No impairment was identified in 2024.

As part of this annual process, in In the second quarter of 2023 the Company updated its forecasts for all of its reporting units, including an updated estimate for near-term and long-term revenue growth rates reflecting a slower overall recovery in vehicle volumes. Discount rates and other cash flow assumptions used in the valuations were also adjusted. As a result of this impairment assessment, it was determined that the fair value was lower than the carrying value for our U.S. Dealer-to-Dealer and Europe reporting units (both within the Marketplace segment). Accordingly, the Company recorded non-cash goodwill impairment charges totaling $218.9 million related to our U.S. Dealer-to-Dealer reporting unit and $6.4 million related to our Europe reporting unit. The goodwill impairment charge related to our U.S. Dealer-to-Dealer reporting unit relates related to tax deductible goodwill, and as such the impairment resulted in a deferred tax benefit of $52.5 million. The goodwill impairment related to our U.S. Dealer-to-Dealer reporting unit was primarily driven by lower near-term and long-term revenue growth associated with a slower overall recovery in vehicle volumes. The goodwill impairment related to our Europe reporting unit was driven by combining two previously separate reporting units (ADESA U.K. and ADESA Europe) into a single reporting unit. Including ADESA U.K. in the



reporting unit resulted in a reduction in the overall fair value of the combined reporting unit, resulting in an impairment charge. Goodwill impairment was not identified in any other reporting unit in the second quarter of 2023. The impairment charges were reported as a component of "Goodwill and other intangibles impairment" in the consolidated statements of income. income (loss).

As a result of the second quarter 2023 impairment charges, the carrying value of the U.S. Dealer-to-Dealer and Europe reporting units now approximate approximated fair value. As of December 31, 2023, the remaining carrying value of goodwill related to the U.S. Dealer-to-Dealer and Europe reporting units was $87.3 million and $120.8 million, respectively.



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 $36.4 $35.8 million and $36.4 million valuation allowance against the U.S. net deferred tax asset at December 31, 2023. December 31, 2024 and 2023, respectively.

No impairment was identified 2022. Following the sale of ADESA U.S., the Company made certain changes to its reporting structure within the Marketplace segment and realigned its reporting units as of November 30, 2022. This change required goodwill in the Marketplace segment to be allocated to the new reporting units based on their relative fair value. The Company tested goodwill of the new reporting units for impairment both before and following the change in reporting unit structure as of November 30, 2022, by comparing the fair values of the reporting units to their carrying values and no impairment was identified.

A summary of customer relationships is as follows (*in millions*):

| | | **December 31, 2023** | | | **December 31, 2022** | | |
|---|---|---|---|---|---|---|---|
| | **Useful Lives (in years)** | **Gross Carrying Amount** | **Accumulated Amortization** | **Carrying Value** | **Gross Carrying Amount** | **Accumulated Amortization** | **Carrying Value** |
| Customer relationships | 5 - 19 | **$ 574.6** | **$ (438.5)** | **$ 136.1** | $ 553.2 | $ (417.3) | $ 135.9 |

| | | **December 31, 2024** | | | **December 31, 2023** | | |
|---|---|---|---|---|---|---|---|

| | Useful Lives (in years) | Gross Carrying Amount | Accumulated Amortization | Carrying Value | Gross Carrying Amount | Accumulated Amortization | Carrying Value |
|---|---|---|---|---|---|---|---|
| Customer relationships | 5 - 19 | $ 555.1 | $ (437.4) | $ 117.7 | $ 574.6 | $ (438.5) | $ 136.1 |

The decrease in customer relationships in 2024 was primarily related to the amortization of existing customer relationships. The increase in customer relationships in 2023 was primarily related to the Manheim Canada acquisition, partially offset by the amortization of existing customer relationships. The decrease in customer relationships in 2022 was primarily related to the amortization of existing customer relationships.

A summary of other intangibles is as follows (*in millions*):

| | | December 31, 2023 | | | December 31, 2022 | | | December 31, 2024 | | | | December 31, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Useful Lives (in years) | Gross Carrying Amount | Accumulated Amortization | Carrying Value | Gross Carrying Amount | Accumulated Amortization | Carrying Value | Useful Lives (in years) | Gross Carrying Amount | Accumulated Amortization | Carrying Value | Gross Carrying Amount | Accumulated Amortization | Carrying Value |
| Tradenames | | | | | | | | | | | | | | |
| Computer software & technology | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | |

Other intangibles decreased in 2023 2024 and 2022 2023 primarily as a result of the amortization of existing intangibles, partially offset by computer software additions. The 2023 balance was also impacted by the ADESA tradename impairment and subsequent amortization taken (see discussion below). The carrying amount of tradenames with an indefinite life was approximately $8.7 million and $131.5 $8.7 million at December 31, 2023 December 31, 2024 and 2022, respectively. 2023.

The second quarter 2023 announcement of the rebrand to an OPENLANE branded marketplace from the ADESA branded marketplaces served as a triggering event requiring a re-evaluation of the useful life and impairment of the ADESA tradename. As such, the Company evaluated the $122.8 million carrying amount of its indefinite-lived ADESA tradename, resulting in a non-cash impairment charge totaling $25.5 $25.5 million in the second quarter of 2023 and associated deferred tax benefit of $6.5 million (within the Marketplace segment). The impairment charge was reported as a component of "Goodwill and other intangibles impairment" in the consolidated statements of income. income (loss). The ADESA tradename is expected to continue to generate cash flows pursuant to the purchase and commercial agreements with Carvana and its affiliates for a defined period. The fair value of the ADESA tradename was estimated using the royalty savings method (Level 3 inputs). Furthermore, as a result of the rebrand to OPENLANE, the ADESA tradename is no longer deemed to have an indefinite life and its remaining carrying amount of $97.3 million is being amortized over a remaining useful life of approximately 6 years.



Amortization expense for customer relationships and other intangibles was $87.7 million $81.5 million, $83.6 million $87.7 million and $89.9 million $83.6 million for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, respectively. Estimated amortization expense on existing intangible assets for the next five years is $70.4 million for 2024, $54.1 million $68.2 million for 2025, $38.2 million $52.4 million for 2026, $31.7 million $38.3 million for 2027, and $31.6 million for 2028. 2028 and $19.7 million for 2029.



**Note 10—Property and Equipment**

Property and equipment consisted of the following (*in millions*):

| | Useful Lives (in years) | December 31, 2023 | Useful Lives (in years) | Useful Lives (in years) | December 31, December 31, | 2024 | 2023 |
|---|---|---|---|---|---|---|---|
| Land | | | | | | | |
| Buildings | | | | | | | |
| Land improvements | | | | | | | |
| Building and leasehold improvements | | | | | | | |

| | |
|---|---|
| Furniture, fixtures and equipment | |
| Vehicles | |
| Construction in progress | |
| Accumulated depreciation | |
| Property and equipment, net | |

Depreciation expense for the years ended December 31, 2023 December 31, 2024, 2023 and 2022 was $13.7 million, $13.8 million and 2021 was $13.8 million, $16.6 million and $20.0 million, respectively.

**Note 11—Self-Insurance and Retained Loss Reserves**

We self-insure our employee medical benefits, as well as a portion of our automobile, general liability and workers' compensation claims. We have insurance coverage that limits the exposure on individual claims. The cost of the insurance is expensed over the contract periods. Utilizing historical claims experience, we record an accrual for the claims based upon the expected amount of all such claims, which includes the cost of claims that have been incurred but not reported. Accrued medical benefits and workers' compensation expenses are included in "Accrued employee benefits and compensation expenses" while accrued automobile and general liability expenses are included in "Other accrued expenses."

The following is a summary of the changes in the reserves for self-insurance and the retained losses *(in millions)*:

| | Year Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** |
| Balance at beginning of period | | | | | | |
| Net payments | | | | | | |
| Expense | | | | | | |
| Balance at end of period | | | | | | |

Individual stop-loss coverage for medical benefits was $0.5 million in 2024, 2023 2022 and 2021. 2022. There was no aggregate policy limit for medical benefits for the Company in the last three years. The retention for automobile and general liability claims was $1.0 million per occurrence in the 2024, 2023 and 2022 policy years. The deductible for workers' compensation claims was $1.0 million per occurrence with no corridor deductible in the 2024 policy year, and the retention for workers' compensation claims was $0.5 million per occurrence with a $1.0 million corridor deductible in the 2023 2022 and 2021 2022 policy years. Once In 2023 and 2022, once the $1.0 million corridor deductible is was met for workers' compensation claims, the deductible reverts reverted back to $0.5 million per occurrence. These retentions were aggregated for workers' compensation, automobile and general liability claims at approximately $28.5 million in 2022 and 2021. 2022. If these aggregates were met, the insurance company would have paid the next $7.5 million. In 2024 and 2023, the aggregate limit of the general liability primary policy was $3.0 million. After the aggregate limit



of the general liability primary policy has been exhausted, the excess layers will respond subject to each policies terms and conditions.



**Note 12—Long-Term Debt**

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

| | | | December 31, | | | | December 31, | |
|---|---|---|---|---|---|---|---|---|
| | **Interest Rate*** | **Maturity** | **2023** | **2022** | **Interest Rate*** | **Maturity** | **2024** | **2023** |
| Revolving Credit Facility | | | | | | | | |
| Previous Revolving Credit Facility | | | | | | | | |
| Canadian Revolving Credit Facility | | | | | | | | |
| Senior notes | | | | | | | | |
| European lines of credit | | | | | | | | |
| Total debt | | | | | | | | |
| Unamortized debt issuance costs/discounts | | | | | | | | |

| | |
|---|---|
| Current portion of long-term debt | |
| Long-term debt | |

*The interest rates presented in the table above represent the rates in place at December 31, 2023 December 31, 2024. The weighted average interest rate on our variable rate debt short-term borrowings outstanding was 4.30% and 8.78% at December 31, 2024 and 6.54% at December 31, 2023 and 2022, 2023, respectively.

***Credit Facilities***

On June 23, 2023, we entered into the Credit Agreement, which replaces replaced the Previous Credit Agreement, and provides for, among other things, the $325 million Revolving Credit Facility. As a result of replacing the Previous Revolving Credit Facility, Agreement, we incurred a non-cash loss on the extinguishment of debt of $0.4 million in the second quarter of 2023. The loss was the result of the write-off of unamortized debt issuance costs associated with lenders that are not participating in the Revolving Credit Facility. We capitalized approximately $6.2 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 of debt issuance costs revolving credit facility in connection Canadian dollars (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Agreement. 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 were able to 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.

In May 2022, the Company prepaid the $926.2 million outstanding balance on Term Loan B-6 (part of the Previous Credit Agreement) with proceeds from the Transaction. As a result of the prepayment, we incurred a non-cash loss on the extinguishment of debt of $7.7 million in the second quarter of 2022. The loss was primarily a result of the write-off of unamortized debt issuance costs/discounts associated with Term Loan B-6.

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 Facility Facilities are outstanding. We were in compliance with the applicable covenants in the Credit Agreement at December 31, 2023 December 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 Credit 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.

**OPENLANE, Inc.**

**Notes**Debt issuance costs are presented as a direct reduction from the amount of the related debt liability to Consolidated Financial Statements (Continued)
**December 31, arrive at the carrying amount. Unamortized debt issuance costs were $8.2 million and** $7.6 million at December 31, 2024 and 2023, 2022 and 2021 respectively.

As of December 31, 2023 December 31, 2024 and 2022, $137.0 million 2023, $0.0 million and $145.0 $137.0 million was drawn on the Revolving Credit Facility and the Previous Revolving Credit Facility, Facilities, respectively. In addition, we had related outstanding letters of credit in the aggregate amount of $48.8 million and $54.7 million at December 31, 2024 and $19.0 million at December 31, 2023 and 2022, 2023, respectively, which reduce the amount available for borrowings under the respective revolving credit facility. Revolving Credit Facilities. As of December 31, 2024, there was an additional $397.9 million available for borrowing under the Revolving Credit Facilities. When drawn upon, the Revolving

Credit Facilities are 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 June 23, 2028.

***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 as of June 1, 2023. 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 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. In August 2022, we conducted a cash tender offer and $600 million of the senior notes were prepaid with proceeds from the Transaction. We incurred a loss on the extinguishment of the senior notes of $9.5 million in 2022 primarily representative of the early repayment premium and the write-off of unamortized debt issuance costs associated with the portion of the senior notes repaid. At December 31, 2024, the remaining $210.0 million of senior notes are classified as current debt; at December 31, 2023 the senior notes were classified as long-term debt.

***European Lines of Credit***

ADESA Europe has lines of credit aggregating $33.1 million $31.1 million (€30 million). The lines of credit had an aggregate $17.6 $20.7 million and $3.7 million $17.6 million of borrowings outstanding at December 31, 2023 December 31, 2024 and 2022, 2023, respectively. The lines of credit are secured by certain inventory and receivables at ADESA Europe subsidiaries.



***Future Principal Payments***

At December 31, 2023 December 31, 2024, aggregate future principal payments on long-term debt are as follows (*in millions*):

| | | |
|---|---|---|
| 2024 | $ | 154.6 |
| 2025 | | 210.0 |
| 2026 | | — |
| 2027 | | — |
| 2028 | | — |
| Thereafter | | — |
| | $ | 364.6 |

The Company has historically included the Revolving Credit Facility in current debt based on its intent to repay the amount outstanding within one year; however, the Company is not contractually obligated to repay the borrowings until the maturity of the Revolving Credit Facility (June 2028).

| | | |
|---|---|---|
| 2025 | $ | 230.7 |
| 2026 | | — |
| 2027 | | — |
| 2028 | | — |
| 2029 | | — |
| Thereafter | | — |
| | $ | 230.7 |

**Note 13—Financial Instruments**

Our derivative activities are initiated within the guidelines of documented corporate risk management policies. We do not enter into any derivative transactions for speculative or trading purposes.

***Interest Rate Risk Management***

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 have used interest rate derivatives with the objective of managing exposure to interest rate movements, thereby reducing the effect of interest rate changes and the effect they could have on future cash flows. Most recently, interest rate swap agreements have been used to accomplish this objective, and we have used interest rate cap agreements to accomplish this objective in prior years.

In January 2020, we entered into three pay-fixed interest rate swaps with an aggregate notional amount of $500 million to swap variable rate interest payments under our term loan for fixed interest payments bearing a weighted average interest rate of 1.44%, for a total interest rate of 3.69%. The interest rate swaps had a term of five years.

We originally designated the interest rate swaps as cash flow hedges. The changes in the fair value of the interest rate swaps that were included in the assessment of hedge effectiveness were recorded as a component of "Accumulated other comprehensive income." For the year ended December 31, 2021, the Company recorded an unrealized gain on the interest rate swaps of $13.8 million, net of tax of $4.6 million in "Accumulated other comprehensive income." The earnings impact of the interest rate derivatives designated as cash flow hedges was recorded upon the recognition of the interest related to the hedged debt. In February 2022, we discontinued hedge accounting as we concluded that the forecasted interest rate payments were no longer probable of occurring in consideration of the Transaction and expected repayment of Term Loan B-6. As a result, the increase in the fair value of the swaps from the time of hedge accounting discontinuance to March 31, 2022 was recognized as an $8.7 million unrealized gain in "Interest expense" in the consolidated statement of income (loss) for the three months ended March 31, 2022. In connection with the repayment of Term Loan B-6 in May 2022, we entered into swap termination agreements. We received $16.7 million to settle and terminate the swaps, which was recognized as a realized gain in "Interest expense" in the consolidated statement of income (loss) for the three months ended June 30, 2022. For the year ended December 31, 2022, we reclassified $5.7 million of unrealized loss, net of tax of $1.8 million, from "Accumulated other comprehensive income." The amounts reclassified from accumulated other comprehensive income in 2022 related to the repayment of Term Loan B-6 in full.

***Concentrations of Credit Risk***

Financial instruments that potentially subject us to credit risk consist principally of interest-bearing investments, finance receivables, trade receivables and interest rate derivatives. We maintain cash and cash equivalents, short-term investments, and certain other financial instruments with various major financial institutions. We perform periodic evaluations of the relative credit standing of these financial institutions and companies and limit the amount of credit exposure with any one institution. Cash and cash equivalents include interest-bearing investments with maturities of three months or less. Due to the nature of our business, substantially all trade and finance receivables are due from vehicle dealers and commercial sellers. We have possession of vehicles or vehicle titles collateralizing a significant portion of the trade and finance receivables. The risk associated with this concentration is limited due to the large number of accounts and their geographic dispersion. We monitor the creditworthiness of customers to which we grant credit terms in the normal course of business. In the event of non-performance non-



performance by counterparties to financial instruments we are exposed to credit-related losses, but management believes this credit risk is limited by periodically reviewing the creditworthiness of the counterparties to the transactions.

***Financial Instruments***

The carrying amounts of trade receivables, finance receivables, other current assets, accounts payable, accrued expenses and borrowings under our short-term revolving line of credit facilities approximate fair value because of the short-term nature of those instruments.

As of December 31, 2023 December 31, 2024 and 2022, 2023, the estimated fair value of our long-term debt amounted to $360.4 million $229.1 million and $490.9 million $360.4 million, respectively. The estimates of fair value were based on broker-dealer quotes (Level 2 inputs) for our debt as of December 31, 2023 December 31, 2024 and 2022. 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.



**Note 14—Other Expense (Income) Expense, , Net**

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

| | December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **2024** | **2023** | **2022** |
| Change in realized and unrealized (gains) losses on investment securities, net | | | |
| Contingent consideration valuation | | | |
| Foreign currency (gains) losses | | | |
| Investment and note receivable impairment | | | |
| Early termination of contractual arrangement | | | |
| Other | | | |
| Other (income) expense, net | | | |

Other expense (income), net

***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. A small portion of finance receivables for one entity were converted to investment securities during the first quarter of 2021. This entity became publicly traded during the first quarter of 2021 and as a result had a readily determinable fair value. As of December 31, 2023 December 31, 2024, the Company had no investment securities measured at fair value are based (based on quoted market prices for identical assets (Level or Level 1 of the fair value hierarchy) and approximated $0.0 million. There was no net unrealized loss on these investment securities for the year ended December 31, 2023. The remaining Other investments held of $26.0 $28.4 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 $6.6 million, on which we recorded a credit impairment loss in "Other (income) expense, net" in 2023.

In the second quarter of 2023, the Company received $20.0 million in connection with the early termination of a contractual arrangement with IAA. arrangement. This amount was considered non-operating income and was recorded in "Other (income) expense, net" in the second quarter of 2023.



**Note 15—Convertible Preferred Stock**

In June 2020, OPENLANE completed the issuance and sale of an aggregate of 550,000 shares of the Company's Series A Convertible Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock"), in two closings at a purchase price of $1,000 per share (for the second closing, plus accumulated dividends from and including the first closing date to but excluding June 29, 2020) for an aggregate purchase price of approximately $550 million to an affiliate of Ignition Parent LP ("Apax") and an affiliate of Periphas Capital GP, LLC ("Periphas").

The Company has authorized 1,500,000 shares of Series A Preferred Stock. 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 Series A Preferred Stock has a liquidation preference of $1,000 per share. 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 were payable in kind through the issuance of additional shares of Series A Preferred Stock for the first eight dividend payments (through June 30, 2022), and thereafter, in cash or in kind, or in any combination of both, at the option of the Company. For the years ended December 31,



December 31, 2024, 2023, and 2022 the holders of the Series A Preferred Stock received cash dividends aggregating $44.4 million, $44.4 million, and $22.2 million, $22.2 million, respectively, and for the years year ended December 31, 2022 and 2021, the holders of the Series A Preferred Stock also received dividends in kind with a value in the aggregate of approximately $21.6 million and $41.1 million, respectively. 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.

The Series A Preferred Stock will be convertible at the option of the holders thereof at any time after one year into shares of common stock at a conversion price of $17.75 per share of Series A Preferred Stock and a conversion rate of 56.3380 shares of common stock per share of Series A Preferred Stock, subject to certain anti-dilution adjustments. At any time after three years, if the closing price of the common stock exceeds $31.0625 per share, as may be adjusted pursuant to the Certificate of Designations, for at least 20 trading days in any period of 30 consecutive trading days, at the election of the Company, all or any portion of the Series A Preferred Stock will be convertible into the relevant number of shares of common stock.

The holders of the Series A Preferred Stock are entitled to vote with the holders of the Company's common stock as a single class on all matters submitted to a vote of the holders of the Company's common stock.

At any time after six years, the Company may redeem some or all of the Series A Preferred Stock for a per share amount in cash equal to: (i) the sum of (x) the liquidation preference thereof, *plus* (y) all accrued and unpaid dividends, *multiplied by* (ii) (A) 105% if the redemption occurs at any time after the six-year anniversary of June 10, 2020 (the "Initial Closing Date") and prior to the seven-year anniversary of the Initial Closing Date or (B) 100% if the redemption occurs after the seven-year anniversary of the Initial Closing Date.

Upon certain change of control events involving the Company, and subject to certain limitations set forth in the Certificate of Designations, each holder of the Series A Preferred Stock will either (i) receive such number of shares of common stock into which such holder is entitled to convert all or a portion of such holder's shares of Series A Preferred Stock at the then current conversion price, (ii) receive, in respect of all or a portion of such holder's shares of Series A Preferred Stock, the greater of (x) the amount per share of Series A Preferred Stock that such holder would have received had such holder, immediately prior to such change of control, converted such share of Series A Preferred Stock into common stock and (y) a purchase price per share of Series A Preferred Stock, payable in cash, equal to the product of (A) 105% *multiplied by* (B) the sum of the liquidation preference and accrued dividends with respect to such share of Series A Preferred Stock, or (iii) unless the consideration in such change of control event is payable entirely in cash, retain all or a portion of such holder's shares of Series A Preferred Stock.

For so long as Apax or its affiliates beneficially own a certain percentage of the shares of Series A Preferred Stock purchased in the Apax issuance on an as-converted basis, Apax will continue to have the right to appoint one individual to the board of directors. Additionally, so long as Apax or its affiliates beneficially own a certain percentage of the shares of Series A Preferred Stock purchased in the Apax issuance on an as-converted basis, Apax will have the right to appoint one non-voting observer to the board of directors. Likewise, so long as Periphas beneficially owns a certain percentage of the shares of Series A Preferred Stock purchased in the Periphas issuance on an as-converted basis, Periphas will have the right to appoint one non-voting observer to the board of directors.

Apax is subject to certain standstill restrictions, until the later of three years and the date on which Apax no longer owns 25% of the shares of Series A Preferred Stock purchased in the Apax issuance on an as-converted basis. Periphas is also subject to certain standstill restrictions, until the later of three years and the date on which Periphas no longer owns 50% of the shares of



Series A Preferred Stock purchased in the Periphas issuance on an as-converted basis. Subject to certain customary exceptions, Apax and Periphas are restricted from transferring the Series A Preferred Stock for one year.

Apax, its affiliates and Periphas have certain customary registration rights with respect to shares of the Series A Preferred Stock and the shares of the common stock held by it issued upon any future conversion of the Series A Preferred Stock.



**Note 16—Leases**

We lease property, software, automobiles, trucks and trailers pursuant to operating lease agreements. We also lease furniture, fixtures and equipment under finance leases. Our leases have varying remaining lease terms with leases expiring through 2034, some of which include options to extend the leases.

The components of lease expense were as follows (*in millions*):

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **2024** | **2023** | **2022** |
| Operating lease cost | | | |
| Finance lease cost: | | | |
| Amortization of right-of-use assets | | | |
| Amortization of right-of-use assets | | | |
| Amortization of right-of-use assets | | | |
| Interest on lease liabilities | | | |
| Total finance lease cost | | | |

Supplemental cash flow information related to leases was as follows (*in millions*):

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **2024** | **2023** | **2022** |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating cash flows related to operating leases | | | |
| Operating cash flows related to operating leases | | | |

| | |
|---|---|
| Operating cash flows related to operating leases | |
| Operating cash flows related to finance leases | |
| Financing cash flows related to finance leases | |
| Right-of-use assets obtained in exchange for lease obligations: | |
| Operating leases | |
| Operating leases | |
| Operating leases | |
| Finance leases | |

**OPENLANE, Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2024, 2023 2022 and 2021 2022**

Supplemental balance sheet information related to leases was as follows (*in millions, except lease term and discount rate*):

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **December 31,** | | | | | |
| | | **2023** | | **2022** | | | |
| | | **2024** | | **2023** | | | |
| **Operating Leases** | | | | | | | |
| Operating lease right-of-use assets | | | | | | | |
| Operating lease right-of-use assets | | | | | | | |
| Operating lease right-of-use assets | | | | | | | |
| Other accrued expenses | | | | | | | |
| Operating lease liabilities | | | | | | | |
| Total operating lease liabilities | | | | | | | |
| **Finance Leases** | | | | | | | |
| Property and equipment, gross | | | | | | | |
| Property and equipment, gross | | | | | | | |
| Property and equipment, gross | | | | | | | |
| Accumulated depreciation | | | | | | | |
| Property and equipment, net | | | | | | | |
| Other accrued expenses | | | | | | | |
| Other liabilities | | | | | | | |
| Total finance lease liabilities | | | | | | | |
| **Weighted Average Remaining Lease Term** | | | | | | | |
| Operating leases | | | | | | | |
| Operating leases | | | | | | | |
| Operating leases | | 8.3 years | 9.0 years | | **7.6 years** | 8.3 years | |
| Finance leases | Finance leases | 1.0 year | 1.6 years | Finance leases | **N/A** | | 1.0 year |
| **Weighted Average Discount Rate** | | | | | | | |
| Operating leases | | | | | | | |
| Operating leases | | | | | | | |
| Operating leases | | 5.9 % | 5.9 % | | **5.9 %** | 5.9 % | |
| Finance leases | Finance leases | 4.0 % | 4.4 % | Finance leases | **N/A** | | 4.0 % |

Maturities of lease liabilities as of December 31, 2023 December 31, 2024 were as follows (*in millions*):

| | **Operating Leases** | **Operating Leases** | **Finance Leases** | **Operating Leases** | **Finance Leases** |
|---|---|---|---|---|---|
| 2024 | | | | | |
| 2025 | | | | | |
| 2026 | | | | | |
| 2027 | | | | | |

| |
|---|
| 2028 |
| 2029 |
| Thereafter |
| Total lease payments |
| Less imputed interest |
| Total |

**OPENLANE, Inc.**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2024, 2023 2022 and 2021 2022**

**Note 17—Income Taxes**

The components of our income (loss) from continuing operations before income taxes and the provision for income taxes are as follows (*in millions*):

| | | Year Ended December 31, | | | Year Ended December 31, | | |
|---|---|---|---|---|---|---|---|
| | | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** |
| Income (loss) from continuing operations before income taxes: | Income (loss) from continuing operations before income taxes: | | | | Income (loss) from continuing operations before income taxes: | | |
| Domestic | | | | | | | |
| Foreign | | | | | | | |
| Total | | | | | | | |
| Income tax expense (benefit): | Income tax expense (benefit): | | | | Income tax expense (benefit): | | |
| Current: | Current: | | | | Current: | | |
| Federal | | | | | | | |
| Foreign | | | | | | | |
| State | | | | | | | |
| Total current provision | | | | | | | |
| Deferred: | Deferred: | | | | Deferred: | | |
| Federal | | | | | | | |
| Foreign | | | | | | | |
| State | | | | | | | |
| Total deferred provision | | | | | | | |
| Income tax expense | | | | | | | |

The provision for income taxes was different from the U.S. federal statutory rate applied to income before taxes, and is reconciled as follows:

| | | Year Ended December 31, | | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| | | **2023** | **2022** | **2021** | | **2024** | **2023** | **2022** |
| Statutory rate | Statutory rate | **21.0 %** | 21.0 % | 21.0 % | Statutory rate | **21.0 %** | 21.0 % | 21.0 % |
| State and local income taxes, net | State and local income taxes, net | **3.8 %** | (4.8) % | 1.3 % | State and local income taxes, net | **3.3 %** | 3.8 % | (4.8)% |
| Reserves for tax exposures | Reserves for tax exposures | **— %** | 0.4 % | (1.2)% | Reserves for tax exposures | **1.5 %** | — % | 0.4 % |
| Change in valuation allowance | Change in valuation allowance | **(25.2) %** | 8.5 % | 9.5 % | Change in valuation allowance | **(0.7)%** | (25.2)% | 8.5 % |
| International operations | International operations | **(4.7) %** | 2.9 % | 56.2 % | International operations | **1.0 %** | (4.7)% | 2.9 % |
| Stock-based compensation | Stock-based compensation | **(0.1) %** | — % | (5.3)% | Stock-based compensation | **(0.1)%** | (0.1)% | — % |
| Impact of law and rate change | Impact of law and rate change | **0.2 %** | (5.6) % | 1.5 % | Impact of law and rate change | **(0.5)%** | 0.2 % | (5.6)% |
| Excess officer's compensation | Excess officer's compensation | **(1.0) %** | 5.5 % | 7.9 % | Excess officer's compensation | **1.4 %** | (1.0)% | 5.5 % |
| Transaction costs | Transaction costs | **— %** | (0.2) % | 2.5 % | Transaction costs | **— %** | — % | (0.2)% |
| Refund claims | | **— %** | — % | (19.2)% | | | | |
| Goodwill and other intangibles impairment | Goodwill and other intangibles impairment | **(0.9) %** | — % | — % | Goodwill and other intangibles impairment | **— %** | (0.9)% | — % |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Impact of acquisition and divestiture adjustments | Impact of acquisition and divestiture adjustments | **1.3 %** | — % | 34.3 % | Impact of acquisition and divestiture adjustments | **3.4 %** | 1.3 % | — % |
| Other, net | Other, net | **(0.1) %** | (1.8) % | (2.9)% | Other, net | **0.1 %** | (0.1)% | (1.8)% |
| Effective rate | Effective rate | **(5.7) %** | 25.9 % | 105.6 % | Effective rate | **30.4 %** | (5.7)% | 25.9 % |

The effective tax rate in 2023 was unfavorably impacted by the goodwill and other intangibles impairment charges and the recording of valuation allowance against the U.S. net deferred tax asset. The effective tax rate in 2021 was unfavorably



impacted by earnings mix between domestic and foreign, and by the expense for the increase in the estimated value of contingent consideration for which no tax benefit was recorded.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax benefits associated with the goodwill and tradename impairments 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 valuation allowance against the U.S. net deferred tax asset at December 31, 2023. December 31, 2024 and 2023.

We offset all deferred tax assets and liabilities by jurisdiction, as well as any related valuation allowance, and present them as a non-current deferred income tax asset or liability (as applicable). Deferred tax assets (liabilities) are comprised of the following (*in millions*):

| | | December 31, | |
|---|---|---|---|
| | | **2023** | **2022** |
| | | **2024** | **2023** |
| Gross deferred tax assets: | Gross deferred tax assets: | | Gross deferred tax assets: |
| Allowances for trade and finance receivables | | | |
| Goodwill and intangible assets | | | |
| Accruals and liabilities | | | |
| Employee benefits and compensation | | | |
| Net operating loss carryforwards | | | |
| Right of use lease liability | | | |
| Other | | | |
| Total deferred tax assets | | | |
| Deferred tax asset valuation allowance | | | |
| Total | | | |
| Gross deferred tax liabilities: | Gross deferred tax liabilities: | | Gross deferred tax liabilities: |
| Property and equipment | | | |
| Goodwill and intangible assets | | | |
| Right of use lease asset | | | |
| Other | | | |
| Total | | | |
| Net deferred tax liabilities | | | |

The tax benefit from state and federal net operating loss carryforwards expires as follows (*in millions*):

| | |
|---|---|
| 2024 | |
| 2025 | |
| 2026 | |
| 2027 | |
| 2028 | |
| 2029 and after | |
| 2029 | |
| 2030 and after | |
| | $ |

Permanently reinvested undistributed earnings of our foreign subsidiaries were approximately $452.6 million$459.0 million at December 31, 2023 December 31, 2024. Because these amounts have been or will be permanently reinvested in properties and working capital, we have not recorded the deferred taxes associated with these earnings. If the undistributed earnings of foreign subsidiaries were to be remitted, state and local income tax expense and withholding tax expense would need to be recognized, net of any applicable foreign tax credits. It is not practical for us to determine the additional tax that would be incurred upon remittance of these earnings.



We made federal income tax payments, related to continuing operations and net of federal income tax refunds, of $7.5 million$17.1 million, $0.0 million $7.5 million and $0.0 million in 2024, 2023 2022 and 2021, 2022, respectively. State and foreign income taxes paid by us, net of refunds, totaled $28.3 million$19.5 million, $28.3 million and $25.6 million in 2024, 2023 and $24.8 million in 2022, respectively.



We apply the provisions of ASC 740, *Income Taxes*. ASC 740 clarifies the accounting and reporting for uncertainty in income taxes recognized in an enterprise's financial statements. These provisions prescribe a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken on income tax returns.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (*in millions*):

| | December 31, | | December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2024 | 2023 |
| Balance at beginning of period | | | | |
| Increase in prior year tax positions | | | | |
| Increase in current year tax positions | | | | |
| Lapse in statute of limitations | | | | |
| Balance at end of period | | | | |

The total amount of unrecognized tax benefits that, if recognized, would affect our effective tax rate was $14.6 million and $12.3 million at December 31, 2024 and $4.2 million at December 31, 2023 and 2022, 2023, respectively.

We record interest and penalties associated with the uncertain tax positions within our provision for income taxes on the consolidated statement of income (loss). We had reserves totaling $2.5 million and $1.1 million at December 31, 2024 and $0.4 million at December 31, 2023 and 2022 2023 associated with interest and penalties, net of tax.

The provision for income taxes involves management judgment regarding interpretation of relevant facts and laws in the jurisdictions in which the Company operates. Future changes in applicable laws, projected levels of taxable income and tax planning could change the effective tax rate and tax balances recorded by us. In addition, U.S. and non-U.S. tax authorities periodically review income tax returns filed by us and can raise issues regarding our filing positions, timing and amount of income or deductions and the allocation of income among the jurisdictions in which we operate. A significant period of time may elapse between the filing of an income tax return and the ultimate resolution of an issue raised by a revenue authority with respect to that return. In the normal course of business we are subject to examination by taxing authorities in the U.S., Canada, Western Europe, United Kingdom, Mexico, Uruguay and the Philippines. In general, the examination of our material tax returns is completed for the years prior to 2020.2021.

Based on the potential outcome of the Company's tax examinations and the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the currently remaining unrecognized tax benefits will change within the next 12 months. The associated net tax impact on the reserve balance is estimated to be in the range of a $0.0 million to $0.5 million decrease.

**Note 18—Employee Benefit Plans**

***401(k) Plan***

We maintain a defined contribution 401(k) plan that covers substantially all U.S. employees. Participants are generally allowed to make non-forfeitable contributions up to the annual IRS limits. The Company matches 100 percent of the amounts contributed by each individual participant up to 4 percent of the participant's compensation. Participants are 100 percent vested in the Company's contributions. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 we contributed $6.0 million $6.2 million, $6.3 million $6.0 million and $6.6 million $6.3 million, respectively.

**Note 19—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. Legal fees are expensed as incurred.

We accrue, as appropriate, for environmental remediation costs anticipated to be incurred at certain of our vehicle logistics center facilities. There were no liabilities for environmental matters included in "Other accrued expenses" at December 31, 2023 December 31, 2024 or 2022. 2023.

We store a significant number of vehicles owned by various customers that are consigned to us to be sold through our marketplaces. We are contingently liable for each consigned vehicle until the eventual sale or other disposition, subject to certain natural disaster exceptions. Individual stop loss and aggregate insurance coverage is maintained on the consigned vehicles. These consigned vehicles are not included in the consolidated balance sheets.

In the normal course of business, we also enter into various other guarantees and indemnities in our relationships with suppliers, service providers, customers and others. These guarantees and indemnifications do not materially impact our financial condition or results of operations, but indemnifications associated with our actions generally have no dollar limitations and historically have been inconsequential.

As noted above, 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.

**Note 20—Accumulated Other Comprehensive Loss**

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

| | December 31, | | December 31, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2024 | 2023 |
| Foreign currency translation loss | | | | |
| Accumulated other comprehensive loss | | | | |

**Note 21—Segment Information**

ASC 280, *Segment Reporting*, requires reporting of segment information that is consistent with the manner in which the chief operating decision maker ("CODM") operates and views the Company. OPENLANE's CODM is the Chief Executive Officer. 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. This segment structure reflects the financial information used by our CODM to make decisions regarding the business, including resource allocations and performance assessments. The Company's method for measuring profitability on a reportable segment basis is operating profit (loss). The CODM considers history-to-actual, budget-to-actual and forecast-to-actual results to assess the performance of the segments and in allocating resources.

Marketplace encompasses all wholesale marketplaces throughout North America and Europe. The Marketplace segment relates to used vehicle remarketing, including marketplace services, remarketing, or make ready services and all are interrelated, synergistic elements along the auto remarketing chain.

The Finance segment (through AFC) is primarily engaged in the business of providing short-term, inventory-secured financing to independent dealer customers. vehicle dealers. AFC conducts business primarily at or near wholesale used vehicle auctions in the U.S. and Canada and other areas where there is a concentration of AFC customers. As discussed in Note 2, beginning in 2024, finance interest expense and finance provision for credit losses are now shown as separate line items within operating expenses (in the Finance Segment). Segment results for prior periods have been reclassified to conform to the new presentation.

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

| | Marketplace | Finance | Consolidated |
|---|---|---|---|
| Operating revenues | $ 1,357.4 | $ 431.1 | $ 1,788.5 |
| Operating expenses | | | |
| Cost of services (exclusive of depreciation and amortization) | 888.9 | 67.4 | 956.3 |
| Finance interest expense | — | 123.5 | 123.5 |
| Provision for credit losses | 6.7 | 47.6 | 54.3 |
| Selling, general and administrative | 359.6 | 49.0 | 408.6 |
| Depreciation and amortization | 83.3 | 11.9 | 95.2 |
| Gain on sale of business | (31.6) | — | (31.6) |
| Total operating expenses | | | 1,606.3 |
| Operating profit | 50.5 | 131.7 | 182.2 |
| Interest expense | | | 21.8 |
| Other expense (income), net | | | 2.5 |
| Income from continuing operations before income taxes | | | 157.9 |
| Income taxes | | | 48.0 |
| Income from continuing operations | | | $ 109.9 |
| Total assets | $ 1,944.6 | $ 2,677.7 | $ 4,622.3 |
| Capital expenditures | $ 48.7 | $ 4.3 | $ 53.0 |

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

| | Marketplace | Marketplace | Finance | | Consolidated | Marketplace | Finance | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Operating revenues | | | | | | | | |
| Operating expenses | Operating expenses | | | Operating expenses | | | | |
| Cost of services (exclusive of depreciation and amortization) | | | | | | | | |
| Finance interest expense | | | | | | | | |
| Provision for credit losses | | | | | | | | |
| Selling, general and administrative | | | | | | | | |
| Depreciation and amortization | | | | | | | | |
| Goodwill and other intangibles impairment | | | | | | | | |
| Total operating expenses | | | | | | | | |
| Operating profit (loss) | | | | | | | | |
| Operating (loss) profit | | | | | | | | |
| Interest expense | | | | | | | | |
| Other (income) expense, net | | | | | | | | |
| Loss on extinguishment of debt | | | | | | | | |
| Intercompany expense (income) | | | | | | | | |
| Income (loss) from continuing operations before income taxes | | | | | | | | |
| (Loss) income from continuing operations before income taxes | | | | | | | | |
| Income taxes | | | | | | | | |
| Income (loss) from continuing operations | | | | | | | | |
| (Loss) income from continuing operations | | | | | | | | |
| Total assets | | | | | | | | |
| Capital expenditures | | | | | | | | |

Financial information regarding our reportable segments is set forth below as of and for the year ended December 31, 2022 *(in millions)*:

| | Marketplace | Finance | Consolidated |
|---|---|---|---|
| Operating revenues | $ 1,143.5 | $ 375.9 | $ 1,519.4 |
| Operating expenses | | | |
| Cost of services (exclusive of depreciation and amortization) | 771.2 | 63.1 | 834.3 |
| Selling, general and administrative | 398.6 | 46.5 | 445.1 |
| Depreciation and amortization | 92.3 | 7.9 | 100.2 |
| Gain on sale of property | (33.9) | — | (33.9) |
| Total operating expenses | 1,228.2 | 117.5 | 1,345.7 |
| Operating profit (loss) | (84.7) | 258.4 | 173.7 |
| Interest expense | 40.2 | 79.0 | 119.2 |
| Other (income) expense, net | (8.4) | 7.1 | (1.3) |
| Loss on extinguishment of debt | 17.2 | — | 17.2 |
| Intercompany expense (income) | 8.4 | (8.4) | — |
| Income (loss) from continuing operations before income taxes | (142.1) | 180.7 | 38.6 |
| Income taxes | (36.4) | 46.4 | 10.0 |
| Income (loss) from continuing operations | $ (105.7) | $ 134.3 | $ 28.6 |
| Total assets | $ 2,297.8 | $ 2,822.0 | $ 5,119.8 |
| Capital expenditures | $ 55.7 | $ 5.2 | $ 60.9 |

Financial information regarding our reportable segments is set forth below as of and for the year ended December 31, 2021 *(in millions)*:

| | Marketplace | Finance | Consolidated |
|---|---|---|---|
| Operating revenues | $ 1,161.4 | $ 289.2 | $ 1,450.6 |
| Operating expenses | | | |
| Cost of services (exclusive of depreciation and amortization) | 737.1 | 55.4 | 792.5 |
| Selling, general and administrative | 385.5 | 35.2 | 420.7 |
| Depreciation and amortization | 100.5 | 9.4 | 109.9 |
| Total operating expenses | 1,223.1 | 100.0 | 1,323.1 |
| Operating profit (loss) | (61.7) | 189.2 | 127.5 |
| Interest expense | 86.2 | 39.5 | 125.7 |
| Other (income) expense, net | 4.5 | (17.0) | (12.5) |
| Intercompany expense (income) | 0.2 | (0.2) | — |
| Income (loss) from continuing operations before income taxes | (152.6) | 166.9 | 14.3 |
| Income taxes | (26.4) | 41.5 | 15.1 |
| Income (loss) from continuing operations | $ (126.2) | $ 125.4 | $ (0.8) |
| Total assets | $ 2,562.0 | $ 2,908.9 | $ 5,470.9 |
| Capital expenditures | $ 59.6 | $ 4.6 | $ 64.2 |



| | Marketplace | Finance | Consolidated |
|---|---|---|---|
| Operating revenues | $ 1,143.5 | $ 385.7 | $ 1,529.2 |
| Operating expenses | | | |
| Cost of services (exclusive of depreciation and amortization) | 771.2 | 63.1 | 834.3 |
| Finance interest expense | — | 79.0 | 79.0 |

| | | | |
|---|---|---|---|
| Provision for credit losses | 8.8 | 9.8 | 18.6 |
| Selling, general and administrative | 389.8 | 46.5 | 436.3 |
| Depreciation and amortization | 92.3 | 7.9 | 100.2 |
| Gain on sale of property | (33.9) | — | (33.9) |
| Total operating expenses | | | 1,434.5 |
| Operating (loss) profit | (84.7) | 179.4 | 94.7 |
| Interest expense | | | 40.2 |
| Other (income) expense, net | | | (1.3) |
| Loss on extinguishment of debt | | | 17.2 |
| Income (loss) from continuing operations before income taxes | | | 38.6 |
| Income taxes | | | 10.0 |
| Income (loss) from continuing operations | | | $ 28.6 |
| Total assets | $ 2,297.8 | $ 2,822.0 | $ 5,119.8 |
| Capital expenditures | $ 55.7 | $ 5.2 | $ 60.9 |

***Geographic Information***

Our foreign operations include Canada, Continental Europe and the U.K. Approximately 58% 52%, 62% 58% and 56% 62% of our foreign operating revenues were from Canada for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, 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)*:

| | Year Ended December 31, | | Year Ended December 31, | | | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2021** | **2024** | **2023** | **2022** |
| **Operating revenues** | **Operating revenues** | | **Operating revenues** | | | |
| U.S. | | | | | | |
| Foreign | | | | | | |
| | $ | | | | | |

| | December 31, | | December 31, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2024** | **2023** |
| **Long-lived assets** | **Long-lived assets** | | **Long-lived assets** | |
| U.S. | | | | |
| Foreign | | | | |
| | $ | | | |

No single customer accounted for more than ten percent of our total revenues in any fiscal year presented.



**Note 22—Quarterly Financial Data (Unaudited)**

Information for any one quarterly period is not necessarily indicative of the results that may be expected for the year.

| **2023 Quarter Ended** | **March 31** | **June 30** | **Sept. 30** | **Dec. 31** |
|---|---|---|---|---|
| **2024 Quarter Ended** | **March 31** | **June 30** | **Sept. 30** | **Dec. 31** |
| Operating revenues | | | | |
| Operating expenses | | | | |
| Cost of services (exclusive of depreciation and amortization) | | | | |
| Cost of services (exclusive of depreciation and amortization) | | | | |
| Cost of services (exclusive of depreciation and amortization) | | | | |
| Finance interest expense | | | | |
| Provision for credit losses | | | | |
| Selling, general, and administrative | | | | |

| |
|---|
| Depreciation and amortization |
| Goodwill and other intangibles impairment |
| Gain on sale of business |
| Total operating expenses |
| Operating profit (loss) |
| Operating profit |
| Interest expense |
| Other (income) expense, net |
| Loss on extinguishment of debt |
| Income (loss) from continuing operations before income taxes |
| Other expense (income), net |
| Income from continuing operations before income taxes |
| Income taxes |
| Income (loss) from continuing operations |
| Income (loss) from continuing operations per share |
| Income from continuing operations |
| Income from continuing operations per share |
| Basic |
| Basic |
| Basic |
| Diluted |

| 2022 Quarter Ended | March 31 | June 30 | Sept. 30 | Dec. 31 |
|---|---|---|---|---|
| Operating revenues | $ 369.4 | $ 384.2 | $ 393.0 | $ 372.8 |
| Operating expenses | | | | |
| Cost of services (exclusive of depreciation and amortization) | 210.8 | 211.9 | 209.6 | 202.0 |
| Selling, general, and administrative | 118.9 | 124.1 | 109.1 | 93.0 |
| Depreciation and amortization | 26.0 | 25.9 | 24.3 | 24.0 |
| Gain on sale of property | — | — | — | (33.9) |
| Total operating expenses | 355.7 | 361.9 | 343.0 | 285.1 |
| Operating profit | 13.7 | 22.3 | 50.0 | 87.7 |
| Interest expense | 25.6 | 25.9 | 32.3 | 35.4 |
| Other (income) expense, net | 1.2 | 4.0 | 1.2 | (7.7) |
| Loss on extinguishment of debt | — | 7.7 | 9.3 | 0.2 |
| Income (loss) from continuing operations before income taxes | (13.1) | (15.3) | 7.2 | 59.8 |
| Income taxes | (4.7) | (9.9) | 6.7 | 17.9 |
| Income (loss) from continuing operations | $ (8.4) | $ (5.4) | $ 0.5 | $ 41.9 |
| Income (loss) from continuing operations per share | | | | |
| Basic | $ (0.16) | $ (0.10) | $ (0.09) | $ 0.21 |
| Diluted | $ (0.16) | $ (0.10) | $ (0.09) | $ 0.21 |



**Note 23—Subsequent Event**

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 (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.

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.

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).

| **2023 Quarter Ended** | March 31 | June 30 | Sept. 30 | Dec. 31 |
|---|---|---|---|---|
| Operating revenues | $ 432.6 | $ 429.1 | $ 427.9 | $ 406.1 |
| Operating expenses | | | | |
| Cost of services (exclusive of depreciation and amortization) | 224.2 | 222.6 | 216.0 | 204.8 |
| Finance interest expense | 30.3 | 32.1 | 34.2 | 34.0 |
| Provision for credit losses | 14.3 | 14.1 | 13.6 | 17.2 |
| Selling, general, and administrative | 105.7 | 109.3 | 105.4 | 101.4 |
| Depreciation and amortization | 23.0 | 26.8 | 26.4 | 25.3 |
| Goodwill and other intangibles impairment | — | 250.8 | — | — |
| Total operating expenses | 397.5 | 655.7 | 395.6 | 382.7 |
| Operating profit (loss) | 35.1 | (226.6) | 32.3 | 23.4 |
| Interest expense | 8.0 | 6.7 | 5.2 | 5.3 |
| Other expense (income), net | 7.1 | (21.3) | 1.7 | (3.1) |
| Loss on extinguishment of debt | — | 1.1 | — | — |
| Income (loss) from continuing operations before income taxes | 20.0 | (213.1) | 25.4 | 21.2 |
| Income taxes | 7.3 | (19.3) | 12.7 | 7.6 |
| Income (loss) from continuing operations | $ 12.7 | $ (193.8) | $ 12.7 | $ 13.6 |
| Income (loss) from continuing operations per share | | | | |
| Basic | $ 0.01 | $ (1.87) | $ 0.01 | $ 0.02 |
| Diluted | $ 0.01 | $ (1.87) | $ 0.01 | $ 0.02 |

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

### Item 9A. Controls and Procedures

**Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this Annual Report on Form 10-K, 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.

**Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed under the supervision of our principal executive officer, principal financial officer and principal accounting officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and the dispositions of our assets;
- Provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, including our principal executive officer, principal financial officer and principal accounting officer, and under the oversight of our Board of Directors, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 December 31, 2024, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on our assessment, we have concluded that our internal control over financial reporting was effective as of December 31, 2023 December 31, 2024. During our assessment, we did not identify any material weaknesses in our internal control over financial reporting.

KPMG LLP, the independent registered public accounting firm that has audited the consolidated financial statements included in this Annual Report on Form 10-K, also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024 as stated in their report included below.

**Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2023 December 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors
OPENLANE, Inc.:

*Opinion on Internal Control Over Financial Reporting*

We have audited OPENLANE, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 December 31, 2024 and 2022, 2023, the related consolidated statements of income (loss), comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2023 December 31, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated February 21, 2024 February 19, 2025 expressed an unqualified opinion on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Indianapolis, Indiana
February 21, 2024 19, 2025

**Item 9B. Other Information**

*Securities Trading Plans of Directors and Executive Officers*

During the fourth quarter of 2023, 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 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Information relating to our directors and nominees will be included in our Definitive Proxy Statement for our 2024 2025 Annual Meeting of Stockholders and such information will be incorporated by reference herein. Our executive officers are as follows:

| Name | Age | Position |
|---|---|---|
| Peter J. Kelly | 55 56 | Chief Executive Officer |
| Charles S. Coleman | 52 53 | Executive Vice President, Chief Legal Officer and Secretary |
| James P. Coyle | 43 44 | Executive Vice President and President, North American MarketplacesMarketplace |
| Brad S. Lakhia | 51 52 | Executive Vice President, Chief Financial Officer |
| James E. Money (1)<br>William C. Mitchell | 61 42 | President of AFC |
| Lisa A. Price | 49 | Executive Vice President, Chief People Officer |
| Tobin P. Richer | 50 51 | Executive Vice President, Marketing and Communications |
| Sriram Subrahmanyam | 54 | Executive Vice President, Operations and President, Services and International Markets |

(1) James E. Money will serve as President of AFC through March 31, 2024, and will thereafter retire from the Company. The Company expects Mr. Money to serve in an advisory role for a period of time following his retirement to ensure a smooth transition. The Company expects William C. Mitchell, age 41, to serve as President of AFC effective April 1, 2024. Mr. Mitchell has served as Chief Operating Officer of AFC since April 2021. Mr. Mitchell previously served as Vice President of Business Development of AFC from January 2018 to April 2021, and as Director of Strategic Initiatives – M&A of AFC from July 2015 to January 2018. Prior to joining AFC, Mr. Mitchell served in risk management, financial analysis and corporate development roles with increasing responsibility at ETC ProLiance Energy (formerly ProLiance Energy) from 2005 to 2013, and subsequently at Citizens Energy Group from 2013 to 2015 (following Citizens Energy Group's sale of ProLiance Energy). Prior to joining ProLiance Energy, Mr. Mitchell was an associate at Standard & Poor's from 2004 to 2005.

**Peter J. Kelly, 55, 56, Chief Executive Officer.** Mr. Kelly has been Chief Executive Officer of the Company since April 2021. Previously, Mr. Kelly served as the Company's President from January 2019 to March 2021, the President of Digital Services from December 2014 to January 2019 and the Chief Technology Officer from June 2013 to January 2019. Mr. Kelly was the President and Chief Executive Officer of OPENLANE from February 2011 to June 2013. Prior to that, Mr. Kelly was President and Chief Financial Officer of OPENLANE from February 2010 to February 2011. Mr. Kelly was a co-founder of OPENLANE in 1999 and served in a number of executive roles at OPENLANE from 1999 to 2010.

**Charles S. Coleman, 52, 53, Executive Vice President, Chief Legal Officer and Secretary.** Mr. Coleman has served as the Company's Executive Vice President and Chief Legal Officer since November 2020, and as Secretary since October 2019. Mr. Coleman previously served as Senior Vice President and General Counsel from October 2017 to October 2020, Assistant Secretary from April 2015 to October 2019, and as Vice President and Assistant General Counsel from April 2015 to October 2017. Prior to joining the Company, Mr. Coleman practiced corporate law as an associate attorney and then partner with Krieg DeVault in Indianapolis, Indiana from 1999 to March 2015 and as an associate attorney with Baker Donelson (formerly Berkowitz, Lefkovits, Isom & Kushner) in Birmingham, Alabama from 1996 to 1999.

**James P. Coyle, 43, 44, Executive Vice President and President, North American Marketplaces. Marketplace.** Mr. Coyle has served as the Company's Executive Vice President and President, Marketplace since July 2023 (Mr. Coyle's title was updated from "Executive Vice President and President, North American Marketplaces since July 2023. Marketplaces" in January 2025 to reflect Mr. Coyle's expanded Marketplace segment leadership role). Mr. Coyle previously served as Executive Vice President, Chief Digital Officer from October 2021 to July 2023. Mr. Coyle was the Chief Executive Officer and member of the Board of Directors of RealSelf, Inc. from September 2020 to October 2021 and Chief Operating Officer from April 2019 to September 2020. Prior to that, Mr. Coyle served as Chief Customer Officer of Varsity Tutors LLC from August 2016 to April 2019, President, Home Appliances, Commercial Sales and Monark Appliances of Sears Holdings Corporation from June 2014 to June 2016, and served in several positions at Amazon.com, Inc. from 2007 to 2014, his last role being Director, Category leader of Electronics.

**Brad S. Lakhia, 51, 52, Executive Vice President, Chief Financial Officer.** Mr. Lakhia has served as the Company's Executive Vice President, Chief Financial Officer since April 2023. Prior to joining the Company, Mr. Lakhia served as Vice President Finance, Americas of The Goodyear Tire & Rubber Company ("Goodyear") from November 2019 to April 2023. Mr. Lakhia was Vice President, Business Planning & Analysis of Andeavor (formerly Tesoro Corp.) from September 2016 to October 2018 and Vice President, Treasurer and Credit of Andeavor from February 2014 to September 2016. Prior to joining Andeavor, Mr. Lakhia served in accounting, treasury and divisional finance roles with increasing responsibility at Goodyear from October 1996 to February 2014.

**James E. Money, 61, William C. Mitchell, 42, President of AFC.** Mr. Money Mitchell has been served as President of AFC since June 2016. April 2024. Mr. Money joined Mitchell previously served as Chief Operating Officer of AFC in 1999 as Controller and was later promoted from April 2021 to March 2024, Vice President of Finance in 2006 Business Development of AFC from January 2018 to April 2021, and as Director of Strategic Initiatives – M&A of AFC from July 2015 to Chief Financial Officer in 2009. January 2018. Prior to joining AFC, Mr. Money Mitchell served as Chief Financial Officer of Fundex Games, LTD in risk management, financial analysis and corporate development roles with increasing responsibility at ETC ProLiance Energy (formerly ProLiance Energy) from 1998 2005 to 1999. Mr. Money is a certified public accountant (inactive).

**Lisa A. Price, 49, Executive Vice President, Chief People Officer.** Ms. Price has served as the Company's Executive Vice President, Chief People Officer since January 2020. Ms. Price previously served as the Executive Vice President of Human Resources 2013, and subsequently at Citizens Energy Group from June 2013 to January 2020. Prior to that, Ms. Price served as the Vice President 2015 (following Citizens Energy Group's sale of Employment and Litigation Counsel of the Company from January 2008 to June 2013 and Senior Corporate Counsel from November 2005 to January 2008. ProLiance Energy). Prior to joining ADESA, Ms. Price practiced employment law with Stewart ProLiance Energy, Mr. Mitchell was an associate at Standard & Irwin in Indianapolis Poor's from November 2000 2004 to November 2005.

**Tobin P. Richer, 50, 51, Executive Vice President, Marketing and Communications.** Mr. Richer has served as the Company's Executive Vice President, Marketing and Communications since February 7, 2024. February 2024. Mr. Richer previously served as the Company's Senior Vice President, Marketing & Communications from August 2020 to February 2024 and Senior Vice President, Corporate Communications from October 2016 to August 2020. Prior to joining the Company, Mr. Richer served in

various leadership roles at Elevance Health, Inc. (formerly "Anthem, Inc.") including: Vice President of Corporate Communications from 2011 to 2016; Senior Executive Advisor, Office of the CEO from 2010 to 2011; Staff Vice President, Clinical Health Policy from 2007 to 2010; and Director, Medicare Counsel 2002 to 2007. Prior to Elevance, Mr. Richer practiced corporate and health care law as an associate attorney with Michael Best & Friedrich in Milwaukee, Wisconsin from 2001 to 2002 and began his career as a Health Insurance Specialist with the Centers for Medicare & Medicaid Services, US Department of Health and Human Services from 1999 to 2001.

**Sriram Subrahmanyam, Ph.D., 54, Executive Vice President, Operations Insider Trading Policies and President, Services and International Markets.** Mr. Subrahmanyam has served Procedures

The information required by this item is incorporated by reference herein from our Definitive Proxy Statement for our 2025 Annual Meeting of Stockholders to be filed with the SEC as set forth under the Company's Executive Vice President, Operations and President, Services & International Markets since May 2023. Mr. Subrahmanyam previously served as the Company's President, KAR Services Group and Executive Vice President, Operations from May 2022 to May 2023. Mr. Subrahmanyam previously served as the Chief Operating Officer of ADESA from March 2018 to May 2022. Prior to that, Mr. Subrahmanyam served as the Company's Senior Vice President, Business Transformation from January 2017 to March 2018. Prior to joining the Company, Mr. Subrahmanyam served as Global Vice President, Engineering of Ingram Micro Inc. from January 2013 to January 2017, Executive Vice President and Chief Operations Officer, Brightpoint Americas of Brightpoint, Inc. (which was acquired caption "Documents Incorporated by Ingram Micro Inc.) from February 2012 to January 2013, Principal of Orchard Group from January 2011 to February 2012, Senior Vice President and Chief Procurement Officer of Career Education Corporation from December 2008 to January 2011, and held various positions of increased responsibility at United Airlines, Inc. from 1999 to 2008, including Vice President, Continuous Improvement from 2006 to 2008.Reference."

**Delinquent Section 16(a) Reports**

The information required by this item is incorporated by reference herein from our Definitive Proxy Statement for our 2024 2025 Annual Meeting of Stockholders to be filed with the SEC as set forth under the caption "Documents Incorporated by Reference."

**Code of Business Conduct and Ethics**

We have adopted the Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. In addition, we have adopted the Code of Ethics for Principal Executive and Senior Financial Officers that applies to the Company's principal executive officer, principal financial and accounting officer and such other persons who are designated by our board of directors. Both codes are available on our website at corporate.openlane.com and available in print to any stockholder who requests it. Information on, or accessible through, our website is not part of this Form 10-K. We expect that any amendments to these codes, or any waivers of their requirements, will be disclosed on our website.

**Item 11. Executive Compensation**

The information required by this Item 11 is incorporated by reference herein from our Definitive Proxy Statement for our 2024 2025 Annual Meeting of Stockholders to be filed with the SEC as set forth under the caption "Documents Incorporated by Reference."

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by Item 403 of Regulation S-K will be included in our Definitive Proxy Statement for our 2024 2025 Annual Meeting and such information will be incorporated by reference herein.

**Equity Compensation Plan Information**

The following table sets forth the aggregate information of our equity compensation plans in effect as of December 31, 2023 December 31, 2024.

| Plan Category | Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) | Weighted-average exercise price of outstanding options, warrants and rights(2) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) (3) | Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) | Weighted-average exercise price of outstanding options, warrants and rights(2) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column) (3) |
|---|---|---|---|---|---|---|---|---|
| Equity compensation plans approved by security holder(s) | | | | | | | | |
| Equity compensation plans not approved by security holders | | | | | | | | |
| Total | | | | | | | | |

(1) Includes service options, market options, performance-based restricted stock units ("PRSUs") and restricted stock units ("RSUs") issued under the KAR Auction Services, OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan ("Omnibus Plan") (including dividend equivalents). PRSUs have been included at target.

(2) Option awards issued by the Company have exercise prices ranging from $11.02 $13.81 to $18.23. The weighted-average price in the table above only reflects the weighted-average exercise price of outstanding options. The weighted-average exercise price does not include the PRSUs or RSUs.

(3) The number of securities available for future issuance includes (a) 2,784,555 6,871,676 shares of common stock that may be issued under the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan; and (b) 933,673 814,456 shares of common stock that may be issued under the KAR Auction Services, Inc. Employee Stock Purchase Plan.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item 13 is incorporated by reference herein from our Definitive Proxy Statement for our 2024 2025 Annual Meeting of Stockholders to be filed with the SEC as set forth under the caption "Documents Incorporated by Reference."

**Item 14. Principal Accountant Fees and Services**

The information required by this Item 14 is incorporated by reference herein from our Definitive Proxy Statement for our 2024 2025 Annual Meeting of Stockholders to be filed with the SEC as set forth under the caption "Documents Incorporated by Reference."

**PART IV**

**Item 15. Exhibit and Financial Statement Schedules**

a) The following documents have been filed as part of this report or, where noted, incorporated by reference:

1) Financial Statements—the consolidated financial statements of OPENLANE, Inc. and its consolidated subsidiaries are filed as part of this report under Item 8.

2) Financial Statement Schedules—all schedules have been omitted because the matter or conditions are not present or the information required to be set forth therein is included in the consolidated financial statements and related notes thereto.

3) 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. See Item 1, "Business—Available Information."

**EXHIBIT INDEX**

| Exhibit No. | Exhibit Description | Incorporated by Reference 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 | |

| Exhibit No. | Exhibit Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 2.1 | 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 |
|---|---|---|---|---|---|---|
| 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 | |
| 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 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 | |
| 10.6 * | Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and James E. Money | | | | | X |
| 10.7 * | Employment Agreement, dated September 4, 2020, between OPENLANE, Inc. and Justin Davis | 10-Q | 001-34568 | 10.7 | 5/4/2022 | |
| 10.8 * | Employment Agreement, dated March 1, 2021, between OPENLANE, Inc. and Scott Anderson | | | | | X |
| 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 | | | | | X |

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit No. | Exhibit Description | 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 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 | |
| 10.6 * | Employment Agreement, dated April 1, 2024, between OPENLANE, Inc. and William C. Mitchell | | | | | X |
| 10.7 * | Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Charles S. Coleman | | | | | X |
| 10.8 * | OPENLANE, Inc. Annual Incentive Program Summary of Terms 2024 | 10-K | 001-34568 | 10.10 | 2/21/2024 | |
| 10.9 * | OPENLANE, Inc. Annual Incentive Program Summary of Terms 2025 | | | | | X |
| 10.10a ^ | 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 | |
| 10.10b | Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated June 15, 2004 | S-4 | 333-148847 | 10.33 | 1/25/2008 | |
| 10.10c | Amendment No. 2 to Amended and Restated Purchase and Sale Agreement, dated January 18, 2007 | S-4 | 333-148847 | 10.34 | 1/25/2008 | |
| 10.10d ^ | Amendment No. 3 to Amended and Restated Purchase and Sale Agreement, dated April 20, 2007 | S-4 | 333-148847 | 10.35 | 1/25/2008 | |
| 10.10e | Amendment No. 4 to Amended and Restated Purchase and Sale Agreement, dated January 30, 2009 | 10-K | 001-34568 | 10.19e | 2/28/2012 | |
| 10.10f | Amendment No. 5 to Amended and Restated Purchase and Sale Agreement, dated April 25, 2011 | 10-K | 001-34568 | 10.19f | 2/28/2012 | |

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit No. | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
| 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 | |
| 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 |

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| **Exhibit No.** | **Exhibit Description** | **Form** | **File No.** | **Exhibit** | **Filing Date** | **Filed Herewith** |
| 10.11a + | 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 | |
| 10.11b + | First Amendment and Joinder, dated September 27, 2024, to the Tenth Amended and Restated Receivables Purchase Agreement | 10-Q | 001-34568 | 10.12b | 11/7/2024 | |
| 10.12a + | 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 | |
| 10.12b | Amendment No. 1 to the Receivables Purchase Agreement, dated September 27, 2024 | 10-Q | 001-34568 | 10.13b | 11/7/2024 | |
| 10.13 | Form of Indemnification Agreement | 8-K | 001-34568 | 10.1 | 12/17/2013 | |
| 10.14a * | KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan, as Amended June 10, 2014 | DEF 14A | 001-34568 | Appendix A | 4/29/2014 | |
| 10.14b * | First Amendment to the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan | 10-K | 001-34568 | 10.24b | 2/18/2016 | |
| 10.14c * | 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 | |
| 10.14d * | OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan, as Amended and Restated June 7, 2024 | DEF 14A | 001-34568 | Annex I | 4/26/2024 | |
| 10.15 * | KAR Auction Services, Inc. Amended and Restated Employee Stock Purchase Plan | 10-Q | 001-34568 | 10.27 | 8/5/2020 | |
| 10.16a * | KAR Auction Services, Inc. Directors Deferred Compensation Plan, effective December 10, 2009 | 10-Q | 001-34568 | 10.62 | 8/4/2010 | |
| 10.16b * | 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 | |
| 10.17 * | Director Restricted Share Agreement | 10-Q | 001-34568 | 10.29 | 8/7/2019 | |

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|---|---|---|---|---|---|---|
| 10.18 * | Form of Nonqualified Stock Option Agreement | S-1/A | 333-161907 | 10.65 | 12/4/2009 | |
| 10.19 * | Form of 2020 Restricted Stock Unit Award Agreement for Section 16 Officers | 10-K | 001-34568 | 10.35 | 2/19/2020 | |
| 10.20 * | Form of 2022 Restricted Stock Unit Award Agreement | 10-K | 001-34568 | 10.22 | 3/9/2023 | |
| 10.21 * | Form of 2025 Restricted Stock Unit Award Agreement for Section 16 Officers | | | | | X |
| 10.22 * | Form of Non-Qualified Stock Option Award Agreement | 10-K | 001-34568 | 10.30 | 2/18/2021 | |
| 10.23 * | 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 | |

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit No. | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
| 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 | |
| 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) | | | | | X |
| 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 | |
| 21.1 | Subsidiaries of OPENLANE, Inc. | | | | | X |
| 23.1 | Consent of KPMG LLP, Independent Registered Public Accounting Firm | | | | | X |
| 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 |

| | | Incorporated by Reference | | | | |
|---|---|---|---|---|---|---|
| Exhibit No. | Exhibit Description | Form | File No. | Exhibit | Filing Date | Filed Herewith |
| 10.24 * | Form of 2022 Amended and Restated Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA) | 10-Q | 001-34568 | 10.25 | 11/2/2022 | |
| 10.25 * | 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 | |
| 10.26 * | 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 | |
| 10.27 * | Form of 2025 Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA and Relative Total Shareholder Return) | | | | | X |
| 10.28 | 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 | |
| 10.29a | 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 | |
| 10.29b | 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 | |
| 10.30 | 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 | |
| 10.31 | 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 | |
| 19.1 | OPENLANE, Inc. Insider Trading Policy, dated as of July 26, 2023 | | | | | X |
| 21.1 | Subsidiaries of OPENLANE, Inc. | | | | | X |
| 23.1 | Consent of KPMG LLP, Independent Registered Public Accounting Firm | | | | | X |
| 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 |
| 97.1 | OPENLANE, Inc. Clawback Policy | 10-K | 001-34568 | 97.1 | 2/21/2024 | |

| Exhibit No. | Exhibit Description | Incorporated by Reference Form | File No. | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|---|
| 32.2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | | X |
| 97.1 | OPENLANE, Inc. Clawback Policy | | | | | X |
| 101 | The following materials from OPENLANE, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024 formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statements of Income (Loss) for the year ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; (ii) the Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; (iii) the Consolidated Balance Sheets as of December 31, 2023 December 31, 2024 and 2022; 2023; (iv) the Consolidated Statements of Stockholders' Equity for the year ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; (v) the Consolidated Statements of Cash Flows for the year ended December 31, 2023 December 31, 2024, 2022 2023 and 2021; 2022; and (vi) the Notes to Consolidated Financial Statements. | | | | | X |
| 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.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.**

By: /s/ PETER J. KELLY

Peter J. Kelly
*Chief Executive Officer*

February 21, 2024 19, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
| --- | --- | --- |
| /s/ PETER J. KELLY<br>Peter J. Kelly | Chief Executive Officer and Director<br>(Principal Executive Officer) | February 21, 2024 19, 2025 |
| /s/ BRAD S. LAKHIA<br>Brad S. Lakhia | Chief Financial Officer<br>(Principal Financial Officer) | February 21, 2024 19, 2025 |
| /s/ SCOTT A. ANDERSON DWAYNE P. PRICE<br>Scott A. AndersonDwayne P. Price | Chief Accounting Officer<br>(Principal Accounting Officer) | February 21, 2024 19, 2025 |
| /s/ RANDY ALTSCHULER<br>Randy Altschuler | Director | February 19, 2025 |
| /s/ CARMEL GALVIN<br>Carmel Galvin | Director | February 21, 2024 19, 2025 |
| /s/ JAMES P. HALLETT<br>James P. Hallett | Director | February 21, 2024 |
| /s/ MARK E. HILL<br>Mark E. Hill | Director | February 21, 2024 |
| /s/ J. MARK HOWELL<br>J. Mark Howell | Director | February 21, 2024 19, 2025 |
| /s/ STEFAN JACOBY<br>Stefan Jacoby | Director | February 21, 2024 19, 2025 |
| /s/ MICHAEL T. KESTNER<br>Michael T. Kestner | Chairman of the Board | February 21, 2024 19, 2025 |
| /s/ ROY MACKENZIE<br>Roy Mackenzie | Director | February 21, 2024 19, 2025 |
| /s/ SANJEEV MEHRA<br>Sanjeev Mehra | Director | February 21, 2024 19, 2025 |
| /s/ MARY ELLEN SMITH<br>Mary Ellen Smith | Director | February 21, 2024 19, 2025 |



**EXHIBIT 10.6**

**EMPLOYMENT AGREEMENT**

This Employment Agreement (this "*Agreement*"), dated and effective March 9, 2020 April 1, 2024 (the "*Effective Date*"), is entered into by and between KAR Auction Services, OPENLANE, Inc. ("*Employer*") and James E. Money William C. Mitchell ("*Employee*").

**RECITALS**

A. Employer desires to continue to employ Employee, and Employee desires to accept such continued employment, on the terms and conditions set forth in this Agreement.

B. This Agreement shall be effective immediately and shall govern the employment relationship between Employee and Employer from and after the Effective Date, and, as of the Effective Date, supersedes and negates all previous agreements and understandings with respect to such relationship (including, without limitation, the Employment Agreement by and between Employer Employer's Affiliate and Employee dated September 21, 2015 July 9, 2021 (the "*Prior Employment Agreement*")).

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment Period. The period of employment of Employee by Employer hereunder shall commence on the Effective Date and continue thereafter until terminated pursuant to Section 4 of this Agreement (the "*Employment Period*").

2. Title and Duties. During the Employment Period, Employee shall serve as the President of Automotive Finance Corporation and shall perform the duties and responsibilities inherent in such position and any other duties consistent with such position as may be reasonably assigned to Employee from time to time by Employer's Chief Executive Officer President or Board of Directors of Employer ("*Board*"). Employee shall perform the duties of this position in a diligent and competent manner and on a full-time basis during the Employment Period.

3. Compensation and Benefits.

(a) Base Salary. During the Employment Period, Employee shall be paid an annual base salary of $385,735 $400,000 ("*Base Salary*"), less withholdings and deductions required by law or requested by Employee. Employee's Base Salary may be adjusted but may not be adjusted downward except in connection with across-the-board base salary reductions, by the Board from time to time.

(b) Business Expenses. Employer shall reimburse Employee for all reasonable business expenses incurred in performing services pursuant to this Agreement upon Employee's presentation to Employer, on a timely basis, of satisfactory documentation of such expenditures. Such expenses shall be reimbursed as soon as

administratively feasible, but in no event later than the end of the calendar year following the calendar year in which the applicable expense was incurred. Notwithstanding the foregoing, all such expenses shall be reimbursed upon any termination of Employee's employment under this Agreement, including without limitation a termination for Cause.

(c) Annual Bonuses. In addition to Base Salary, Employee shall be eligible to participate in the KAR Auction Services, OPENLANE, Inc. Annual Incentive Plan (the "*Bonus Plan*") (as in effect from time to time). Except as provided in Section 4 and Section 5 below, payment to Employee of any amounts under the Bonus Plan shall be subject to Employee's continued employment with Employer through December 31 of the calendar year to which such bonus relates. Payment of any bonus pursuant to the Bonus Plan shall be made as soon as practicable but in no event later than March 15 of the year following the calendar year to which such bonus relates.

(d) Equity. Employee shall be eligible to participate in all Employer incentive programs extended to executive-level employees of Employer generally at levels commensurate with Employee's position, including without limitation the KAR Auction Services, Inc. Amended and Restated 2009 Omnibus Stock and Incentive Plan.

(e) Employee Benefits. Employee shall be eligible to participate in Employer's health and welfare benefit programs, 401(k) benefit program, life and disability insurance programs, and any other employee benefits, benefit plans, policies or programs Employer provides to its executive-level employees, in each case, as they may exist from time to time and subject to the terms and conditions thereof. Nothing in this Agreement shall require Employer to maintain any benefit plan, or shall preclude Employer from terminating or amending any benefit plan from time to time.

(f) Vacation and Holidays. During the Employment Period, Employee shall be entitled to annual paid vacation in accordance with Employer's policy applicable to executive-level employees, but in no event less than four (4) weeks of paid vacation during each full calendar year of employment. Employee shall receive a pro-rated portion of such vacation during Employee's initial and final partial calendar years of employment under this Agreement. Unused, earned vacation shall not carry over from one calendar year to the next, unless Employer's written policies otherwise provide for such carry over. Upon termination of Employee's employment for any reason, Employer shall pay Employee for any unused, earned vacation days based upon Employee's then current Base Salary. Employee shall also be entitled to all of the paid holidays recognized by Employer generally.

(g) Automobile Allowance. During the Employment Period, Employer shall pay Employee an annual automobile allowance of at least Eighteen Thousand Dollars ($18,000). Such allowance shall be paid in accordance with Employer's regular payroll practices, as may be in effect from time to time, but in no event less frequently than monthly.



4. Termination.

(a) Termination by Employer for Cause. Employer may terminate Employee's employment under this Agreement at any time for Cause after the Board, by the majority vote of its members (excluding, for this purpose, any employee member of the Board, if applicable) determines that the actions or inactions of Employee constitute Cause, and Employee's employment should accordingly be terminated for Cause. In the event of a termination of Employee by Employer for Cause, Employee or Employee's estate, if applicable, shall be entitled to receive: (i) Employee's accrued Base Salary through the termination date, paid within 30 days of the termination date or such earlier date as is required by applicable law; (ii) an amount for reimbursement, paid within 30 days following submission by Employee to Employer of appropriate supporting documentation for any unreimbursed business expenses properly incurred prior to the termination date by Employee pursuant to Section 3(b) and in accordance with Employer's policy; (iii) any accrued and unpaid vacation pay, paid within 30 days of the termination date or such earlier date as is required by applicable law; and (iv) such employee benefits, if any, to which Employee or Employee's dependents may be entitled under the employee benefit plans or programs of Employer, paid in accordance with the terms of the applicable plans or programs (the amounts described in clauses (i) through (iv) hereof being referred to as "*Employee's Accrued Obligations*").

For purposes of this Agreement, "*Cause*" means (A) Employee's willful, continued and uncured failure to perform substantially Employee's duties under this Agreement (other than any such failure resulting from incapacity due to medically documented illness or injury) for a period of fourteen (14) days following written notice by Employer to Employee of such failure, (B) Employee engaging in illegal conduct or gross misconduct that is demonstrably likely to lead to material injury to Employer, monetarily or otherwise, (C) Employee's indictment or conviction of, or plea of *nolo contendere* to, a crime constituting a felony or any other crime involving moral turpitude, (D) Employee's material breach of Employer's Code of Business Conduct and Ethics, as amended by Employer from time to time, or (E) Employee's violation of Section 7 of this Agreement or any other covenants owed to Employer by Employee.

(b) Termination by Employer without Cause. Employer may terminate Employee's employment under this Agreement without Cause at any time upon thirty (30) days' prior written notice to Employee. In addition to the severance benefits provided in Section 5, in the event of Employee's termination by Employer without Cause, Employer shall pay to Employee all of Employee's Accrued Obligations.

(c) Termination by Employee for Good Reason. Employee may terminate Employee's employment under this Agreement for Good Reason. For purposes of this Agreement, "*Good Reason*" means the occurrence of any of the following:

(i) Any material reduction of Employee's authority, duties and responsibilities;

(ii) Any material failure by Employer to comply with any of the terms and conditions of this Agreement;

(iii) Any failure to timely pay or provide Employee's Base Salary, or any reduction in Employee's Base Salary, excluding any Base Salary reduction made in connection with across the board salary reductions;

(iv) The requirement by Employer that Employee relocate Employee's principal business location to a location more than fifty (50) miles from Employee's principal base of operation as of the Effective Date; or

(v) A Change of Control occurs and, if applicable, Employer fails to cause its successor (whether by purchase, merger, consolidation or otherwise) to assume or reaffirm Employer's obligations under this Agreement without change. For purposes of this Agreement, "*Change of Control*" shall have the meaning assigned to such term under the KAR Auction Services, Inc. Amended and Restated 2009 Omnibus Stock and Incentive Plan.

Within ninety (90) days of the occurrence of a Good Reason event, Employee may provide Employer with written notice of Employee's termination of employment to be effective thirty (30) days after delivery of such notice, during which Employer shall have the opportunity to cure such Good Reason event. In the event of a termination for Good Reason, in addition to the severance benefits provided in Section 5, Employer shall pay to Employee all of Employee's Accrued Obligations.

(d) Termination by Employee without Good Reason. Employee may terminate Employee's employment under this Agreement at any time without Good Reason, upon thirty (30) days' prior written notice to Employer. In the event of a termination described in this Section 4(d), Employer shall pay to Employee all of Employee's Accrued Obligations.

(e) Termination due to Employee's death or Disability. Employee's employment under this Agreement shall terminate upon Employee's (i) death, or (ii) "*Disability*," which for purposes of this Agreement means a "Total Disability" (or equivalent) as defined under Employer's Long Term Disability Plan in effect at the time of the Disability. In the event of a termination described in this Section 4(e), Employer shall pay to Employee all of Employee's Accrued Obligations. In addition, (i) Employer shall provide Employee with the Continued Benefits (as defined below), (ii) Employer shall pay to Employee (or Employee's estate and/or beneficiaries), in a lump sum following effectiveness of the release described in Section 6 and at the same time Employer pays annual bonuses for such calendar year to its other executives, an amount equal to (x) the actual bonus Employee would have received under the Bonus Plan had Employee remained employed by Employer through the remainder of the calendar year in which termination occurred, multiplied by (y) a fraction, the numerator of which is the number of days Employee was employed in the calendar year in which termination



occurred and the denominator of which is 365 (the "*Pro Rata Bonus*") and (iii) Employer shall pay to Employee (or Employee's estate and/or beneficiaries) an amount equal to any annual bonus for a prior completed calendar year that is yet to be calculated and/or paid to Employee, paid as soon as practicable following effectiveness of the release described in Section 6 but in no event later than March 15 of the year following the calendar year to which such bonus relates (the "*Earned But Unpaid Bonus*").

For purposes of this Agreement, "*Continued Benefits*" means continued coverage for Employee (and Employee's qualified beneficiaries'), at no cost to Employee, under any medical plan or policy in which Employee was participating as of the time of Employee's termination of employment (as may be amended by Employer from time to time in the ordinary course), to the extent that Employee timely elects such continued coverage, until the earlier of: (A) eighteen (18) months following the date of termination and (B) the date Employee is or becomes eligible for comparable coverage under health plans of another employer, which period shall run concurrently with the continuation period required to be provided under the Consolidated Omnibus Budget Reconciliation Act; provided, however, to the extent that Employer determines that such the provision of the Continued Benefits would result in adverse tax consequences to Employer, Employer may instead, in its discretion, provide substantially similar benefits or payment outside of Employer's benefit plans if Employer reasonably determines that providing such alternative benefits or payment is appropriate to minimize such potential adverse tax consequences and penalties.

(f) Resignation as Officer or Director. Upon a termination of Employee's employment hereunder for any reason, unless requested otherwise by Employer, Employee shall resign each position (if any) that Employee then holds as an officer or director of Employer or any of its Affiliates. For purposes of this Agreement, "Affiliate" means an Affiliate of Employer within the meaning of Rule 12b-2 promulgated under Section 12 of the Securities Exchange Act of 1934, as amended.

5. Severance Benefits.

(a) Qualifying Termination. In the event of a termination of Employee's employment under Section 4(b) or 4(c) of this Agreement that is not a COC Qualifying Termination (as defined below), Employer shall provide Employee with the following severance benefits:

(i) Employer shall pay to Employee an amount equal to one and a half (1.5) times the sum of (x) Employee's annual Base Salary and (y) Employee's bonus at target for the year in which termination occurs, which shall be paid by Employer to Employee in a lump sum as soon as practicable following (and subject to) effectiveness of the release described in Section 6 but in no event later than sixty (60) days following the date of termination, provided that if such sixty (60) day period covers two taxable years, payment shall be made in the second taxable year.



(ii) The Continued Benefits;

(iii) The Pro Rata Bonus; and

(iv) The Earned But Unpaid Bonus.

(b) COC Qualifying Termination. In the event of a termination of Employee's employment under Section 4(b) or 4(c) of this Agreement that occurs within two (2) years following a Change of Control (a "COC Qualifying Termination"), Employer shall provide Employee with the following severance benefits:

(i) Employer shall pay to Employee an amount equal to two (2) times the sum of (x) Employee's annual Base Salary and (y) Employee's bonus at target for the year in which termination occurs, which shall be paid by Employer to Employee in a lump sum as soon as practicable following (and subject to) effectiveness of the release described in Section 6 but in no event later than sixty (60) days following the date of termination, provided that if such sixty (60) day period covers two taxable years, payment shall be made in the second taxable year.

(ii) The Continued Benefits;

(iii) The Pro Rata Bonus; and

(iv) The Earned But Unpaid Bonus.

6. Release of Claims. As a condition to the receipt of any payments or benefits described in Section 5 of this Agreement, subsequent to the termination of the employment of Employee (other than any Accrued Benefits or any payment or benefits payable on account of Employee's death), Employee shall be required to execute, and not subsequently revoke, within fifty-five (55) days following the termination of Employee's employment a release and separation agreement, in a form reasonably satisfactory to Employer, of all claims arising out of or related to Employee's employment or the termination thereof.

7. Restricted Activities.

(a) Acknowledgements. Employee understands and acknowledges that Employer has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the vehicle remarketing industry and other applicable industries. Employee understands and acknowledges that as a result of these efforts, Employer has created, and continues to use and create, Confidential

Information (as defined below) and that such Confidential Information is integral to providing Employer with a competitive advantage over others in the marketplace. Employee further understands and acknowledges that the nature of



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Employee's position gives him access to and knowledge of Confidential Information and places him in a position of trust and confidence with Employer.

(b) Confidential Information. Employee acknowledges and agrees that Confidential Information is the property of Employer, and that Employee shall not acquire any ownership rights in Confidential Information. Employee (i) shall use Confidential Information solely in connection with Employee's employment with Employer; (ii) shall not directly or indirectly disclose, use or exploit any Confidential Information for Employee's own benefit or for the benefit of any person or entity, other than Employer, both during and after Employee's employment with Employer; and (iii) shall hold Confidential Information in trust and confidence, and use all reasonable means to assure that it is not directly or indirectly disclosed to or copied by unauthorized persons or used in an unauthorized manner, both during and after Employee's employment with Employer. To the extent that Employee creates or develops any Confidential Information during the course of Employee's employment with Employer, it shall be the sole and exclusive property of Employer. For purposes of this Agreement, "*Confidential Information*" shall mean any proprietary, confidential and competitively-sensitive information and materials which are the property of Employer or its Affiliates, excluding information and materials generally known or available to the public, other than as a result of Employee's breach of this Section 7, and including without limitation (A) trade secrets, inventions, ideas, innovations, developments, methods, processes, systems and technologies, (B) business and technical information that gives Employer or its Affiliates a competitive advantage, and (C) information concerning Employer's or any of its Affiliates' customers, suppliers, vendors, licensors, affiliates, financing sources, profits, revenues, financial condition, pricing, training programs, service techniques, service processes, business processes, marketing plans, and business strategies.

(c) Defend Trade Secrets Act. Pursuant to 18 U.S.C. § 1833(b), Employee will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of Employer that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to Employee's attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by Employer for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in any agreement Employee has with Employer shall prohibit or restrict Employee from making any voluntary disclosure of information or documents to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to Employer. Nothing in this Agreement shall prohibit or restrict Employee from (i)



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making any disclosure of information required by law or (ii) providing information to, testifying or otherwise assisting in any investigation or proceeding brought by any Federal or State regulatory or law enforcement agency or legislative body, or any self-regulatory organization.

(d) Intellectual Property. Employee agrees to promptly disclose to Employer and hereby assigns and agrees to assign, without further compensation, to Employer, Employee's entire right, title and interest in each and every invention (whether or not patentable), innovation, technical information and copyrightable work, in which Employee participates during Employee's employment with Employer whether or not during working hours, that pertains to Employer's or any of its Affiliates' business or is aided by the use of time, material, or facilities of Employer or its Affiliates. Employee further agrees to perform all reasonable acts, including executing necessary documents, requested by Employer to assist it, without further compensation, in obtaining and enforcing its property rights in the above.

(e) Non-Competition. During Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, Employee shall not, directly or indirectly, on his or her behalf or on behalf of any other person or entity, provide any labor, work, services, assistance or advice for or on behalf of any Competitor (as defined below), in any geographic market in which Employer or any of its Affiliates conduct business (the "*Territory*"). In addition, Employee shall not, during Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, directly or indirectly, either alone or in conjunction with any other person, engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing or control of any Competitor within the Territory. Nothing herein shall prohibit Employee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and that Employee is not a controlling person of, or a member of a group that controls, such corporation. For purposes of this Agreement, "*Competitor*" means any person or entity engaged in the business of wholesale, retail or consumer vehicle remarketing activities, including but not limited to vehicle auctions (including physical, electronic, mobile app and/or digital auctions), dealer floor plan financing and other products, services and technologies relating to vehicle remarketing within the Territory, provided that Employer or any of its Affiliates is engaged in such businesses.

(f) Non-Solicitation/Non-Interference. During Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, Employee shall not (i) induce or attempt to induce any employee of Employer or any of its Affiliates to leave the employ of Employer or its Affiliates, or in any way interfere with the relationship between Employer and its Affiliates and any of their respective employees, or (ii) induce or attempt to induce any customer, client, member, supplier, licensee, licensor or other



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business relation of Employer or its Affiliates to cease doing business with Employer or its Affiliates, or otherwise interfere with the business relationship between Employer or its Affiliates and any such customer, client, member, supplier, licensee, licensor or business relation.

(g) Cooperation. Employee agrees that at all times following the termination of Employee's employment for any reason, Employee will cooperate in all reasonable respects (after taking into account Employee's personal and professional schedule) with Employer and in connection with any and all existing or future litigation, actions or proceedings arising with respect to the period of Employee's employment with Employer (whether civil, criminal, administrative, regulatory or otherwise) brought by or against Employer, to the extent Employer reasonably deems Employee's cooperation necessary, provided that Employer shall use reasonable efforts to limit Employee's need to travel in connection with providing such cooperation. Employee shall be reimbursed for all reasonable out-of-pocket expenses incurred by Employee as a result of such cooperation. With respect to any and all existing or future litigation, actions or proceedings (whether civil, criminal, administrative, regulatory or otherwise) brought against Employee in connection with Employee's employment by Employer, Employer will honor, and proceed in accordance with, its bylaws as in effect from time to time and any indemnification agreement, plan or policy in effect and applicable to Employee as of the date of Employee's termination of employment with Employer.

8. Section 409A. The payments and benefits under this Agreement and the terms of any release agreement are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("*Code*"), and the regulations promulgated thereunder ("*Section 409A*") and, accordingly, to the maximum extent permitted, this Agreement and any release agreement shall be interpreted and administered consistent with such intent. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment. Without limiting the foregoing, solely to the extent required to avoid the imposition of any additional tax or interest to Employee under Section 409A, any payments, benefits and other obligations under this Agreement that arise in connection with Employee's "termination of employment," "termination" or similar reference in this Agreement shall be triggered only if such termination of employment qualifies as a "separation from service" within the meaning under Section 409A. Notwithstanding any other provision of this Agreement, if at the time of the termination of Employee's employment, Employee is a "specified employee," for purposes of Section 409A, and any payments or benefits upon such termination

including but not limited to payments or benefits under this Agreement would otherwise result in additional tax or interest to Employee under Section 409A, Employee will not be entitled to receive such payments or benefits until the date that is six (6) months after the termination of Employee's employment for any reason, subject to earlier immediate payment if Employee dies during such six (6) month period. To the extent required to avoid the imposition of any additional tax or interest under Section 409A, amounts reimbursable to under this Agreement shall be paid to Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for



reimbursement (and in-kind benefits provided to Employee) during any one year may not affect amounts reimbursable or provided in any subsequent year. If any provision of this Agreement would subject Employee to any additional tax or interest under Section 409A, then Employer shall use its best efforts to amend such provision; provided that Employer shall not incur any additional expense as a result of such amendment. Notwithstanding any other provision hereof, in no event shall Employer be liable for, or be required to indemnify Employee for, any liability of Employee for taxes or penalties under Section 409A.

9. Section 280G.

(a) Notwithstanding anything in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Employee (including any payment or benefit received in connection with a Change of Control or the termination of Employee's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits being hereinafter referred to as the "Total Payments") would not be deductible (in whole or part) by Employer or any of its Affiliates making such payment or providing such benefit as a result of Section 280G of the Code ("*Section 280G*"), then, to the extent necessary to make such portion of the Total Payments deductible (and after taking into account any reduction in the Total Payments provided by reason of Section 280G in such other plan, arrangement or agreement), the Total Payments shall be reduced (if necessary, to zero) in the manner specified in Section 9(b) hereof; provided, however, that such reduction shall only be made if (i) the amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (ii) the amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of the excise tax imposed under Section 4999 of the Code (the "*Excise Tax*") on such unreduced Total Payments).

(b) If it is determined that the Total Payments should be reduced in accordance with the Section 9(a) hereof, then such reduction shall be applied in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced next (if necessary, to zero), with amounts that are payable or deliverable last reduced first; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); (iv) payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) of this Section 9(b) will be next reduced pro-rata.

(c) It is possible that, after the determinations and selections made pursuant to Section 9(a) hereof, Employee will receive Total Payments that are, in the aggregate, either more or less than the amount determined under Section 9(a) hereof (hereafter referred to as an "Excess Payment" or "Underpayment", as applicable). If it is established, pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved, that an Excess Payment has been made, then Employee shall, except to the extent that it would cause a violation of the Sarbanes-Oxley Act of 2002, promptly repay the Excess Payment to Employer, together with interest on the Excess Payment at the applicable federal rate (as defined in Section 1274(d) of the Code) from the date of Employee's receipt of such Excess Payment until the date of such repayment. In the event that it is determined (i) by arbitration pursuant to Section 10 hereof, (ii) by a court or (iii) by the accounting firm which was, immediately prior to a Change of Control, Employer's independent auditor, upon request of either party, that an Underpayment has occurred, Employer shall promptly pay an amount equal to the Underpayment to Employee (but in any event within ten (10) days of such determination), together with interest on such amount at the applicable federal rate from the date such amount would have been paid to Employee had the provisions of Section 9(a) hereof not been applied until the date of payment.

10. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement, the breach, termination, enforcement, interpretation, or validity thereof (including the determination of the scope or applicability of this arbitration agreement), or its subject matter shall be subject and resolved by binding arbitration administered by a single arbitrator from the American Arbitration Association. The parties acknowledge and agree that Employer is involved in transactions involving interstate commerce and that the Federal Arbitration Act shall govern any arbitration pursuant to this Agreement. Such arbitration shall be conducted in accordance with the commercial rules and regulations promulgated by the American Arbitration Association applying the laws of the State of Indiana. The arbitration shall be conducted in Indianapolis, Indiana. Discovery shall be completed within ninety (90) days of the filing of the complaint and the arbitration shall be held no later than one hundred twenty (120) days after the filing of the complaint. A record of the proceedings shall be kept by a qualified court reporter. The decision of the arbitrator shall contain findings of fact and conclusions of law, and shall be made within thirty (30) days of the arbitration and shall be final and binding on the parties, and shall be unappealable. The decision may be enforced in any court having jurisdiction over the parties and the subject matter. Costs of the arbitrator shall be split equally between Employer and Employee.

11. Miscellaneous Provisions.

(a) Notices. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or by email or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:



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To Employer: OPENLANE, Inc.
11299 North Illinois Street, Suite 500
Carmel, IN 46032
Attention: Charles S. Coleman
Email: chuck.coleman@openlane.com

To Employee: At Employee's address on file with Employer

(b) Entire Agreement. This Agreement sets forth the entire agreement between Employer and Employee with respect to the subject matter of this Agreement and fully supersedes all prior negotiations, representations and agreements, whether written or oral, between Employer and Employee with respect to the subject matter of this Agreement (including, without limitation, the Prior Employment Agreement).

(c) Severability. The provisions of this Agreement are severable and shall be separately construed. If any of them is determined to be unenforceable by any court, that determination shall not invalidate any other provision of this Agreement.

(d) Amendment and Waiver. This Agreement may not be modified, amended or waived in any manner except by a written document executed by Employer and Employee. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement (whether or not similar), or a continuing waiver or a waiver of any subsequent breach by such party of a provision of this Agreement.

(e) No Mitigation. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

(f) Successors and Assigns. This Agreement and the covenants herein shall extend to and inure to the benefit of the successors and assigns of Employer. Employer shall require any successor (whether by purchase, merger, consolidation or otherwise) to assume or reaffirm, as applicable, Employer's obligations under this Agreement without change. Failure of Employer to obtain such an assumption shall entitle Employee to terminate Employee's employment under this Agreement for Good Reason.

(g) Headings. Numbers and titles to Sections hereof are for information purposes only and, where inconsistent with the text, are to be disregarded.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together, shall be and constitute one and the same instrument.

(i) Governing Law and Forum. This Agreement shall be governed by and construed according to the internal laws of the State of Indiana, without regard to conflict of law principles.

**[SIGNATURE PAGE FOLLOWS]**



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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

| "Employer" | "Employee" |
|---|---|
| OPENLANE, INC. | |
| By: /s/ Peter J. Kelly | /s/ William C. Mitchell |
| Printed: Peter J. Kelly | |
| Title: Chief Executive Officer | |

**EXHIBIT 10.7**

**EMPLOYMENT AGREEMENT**

This Employment Agreement (this "*Agreement*"), dated and effective March 9, 2020 (the "*Effective Date*"), is entered into by and between KAR Auction Services, Inc. ("*Employer*") and Charles S. Coleman ("*Employee*").

**RECITALS**

A. Employer desires to continue to employ Employee, and Employee desires to accept such continued employment, on the terms and conditions set forth in this Agreement.

B. This Agreement shall be effective immediately and shall govern the employment relationship between Employee and Employer from and after the Effective Date, and, as of the Effective Date, supersedes and negates all previous agreements and understandings with respect to such relationship (including, without limitation, the Employment Agreement by and between Employer and Employee dated March 5, 2018 (the "*Prior Employment Agreement*")).

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment Period. The period of employment of Employee by Employer hereunder shall commence on the Effective Date and continue thereafter until terminated pursuant to Section 4 of this Agreement (the "*Employment Period*").

2. Title and Duties. During the Employment Period, Employee shall serve as the Senior Vice President, General Counsel and Secretary of Employer and shall perform the duties and responsibilities inherent in such position and any other duties consistent with such position as may be reasonably assigned to Employee from time to time by Employer's Chief Executive Officer or Board of Directors of Employer ("*Board*"). Employee shall perform the duties of this position in a diligent and competent manner and on a full-time basis during the Employment Period.

3. Compensation and Benefits.

(a) Base Salary. During the Employment Period, Employee shall be paid an annual base salary of $400,000 ("*Base Salary*"), less withholdings and deductions required by law or requested by Employee. Employee's Base Salary may be adjusted but may not be adjusted downward except in connection with across-the-board base salary reductions, by the Board from time to time.

(b) Business Expenses. Employer shall reimburse Employee for all reasonable business expenses incurred in performing services pursuant to this Agreement upon Employee's presentation to Employer, on a timely basis, of satisfactory documentation of such expenditures. Such expenses shall be reimbursed as soon as administratively feasible, but in no event later than the end of the calendar year following the calendar year in which the applicable expense was incurred. Notwithstanding the foregoing, all such expenses shall be reimbursed upon any termination of Employee's employment under this Agreement, including without limitation a termination for Cause.

(c) Annual Bonuses. In addition to Base Salary, Employee shall be eligible to participate in the KAR Auction Services, Inc. Annual Incentive Plan (the "*Bonus Plan*") (as in effect from time to time). Except as provided in Section 4 and Section 5 below, payment to Employee of any amounts under the Bonus Plan shall be subject to Employee's continued employment with Employer through December 31 of the calendar year to which such bonus relates. Payment of any bonus pursuant to the Bonus Plan shall be made as soon as practicable but in no event later than March 15 of the year following the calendar year to which such bonus relates.

(d) Equity. Employee shall be eligible to participate in all Employer incentive programs extended to executive-level employees of Employer generally at levels commensurate with Employee's position, including without limitation the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan.

(e) Employee Benefits. Employee shall be eligible to participate in Employer's health and welfare benefit programs, 401(k) benefit program, life and disability insurance programs, and any other employee benefits, benefit plans, policies or programs Employer provides to its executive-level employees, in each case, as they may exist from time to time and subject to the terms and conditions thereof. Nothing in this

Agreement shall require Employer to maintain any benefit plan, or shall preclude Employer from terminating or amending any benefit plan from time to time.

(f) Vacation and Holidays. During the Employment Period, Employee shall be entitled to annual paid vacation in accordance with Employer's policy applicable to executive-level employees, but in no event less than four (4) weeks of paid vacation during each full calendar year of employment. Employee shall receive a pro-rated portion of such vacation during Employee's initial and final partial calendar years of employment under this Agreement. Unused, earned vacation shall not carry over from one calendar year to the next, unless Employer's written policies otherwise provide for such carry over. Upon termination of Employee's employment for any reason, Employer shall pay Employee for any unused, earned vacation days based upon Employee's then current Base Salary. Employee shall also be entitled to all of the paid holidays recognized by Employer generally.

(g) Automobile Allowance. During the Employment Period, Employer shall pay Employee an annual automobile allowance of at least Eighteen Thousand Dollars ($18,000). Such allowance shall be paid in accordance with Employer's regular payroll practices, as may be in effect from time to time, but in no event less frequently than monthly.



4. Termination.

(a) Termination by Employer for Cause. Employer may terminate Employee's employment under this Agreement at any time for Cause after the Board, by the majority vote of its members (excluding, for this purpose, any employee member of the Board, if applicable) determines that the actions or inactions of Employee constitute Cause, and Employee's employment should accordingly be terminated for Cause. In the event of a termination of Employee by Employer for Cause, Employee or Employee's estate, if applicable, shall be entitled to receive: (i) Employee's accrued Base Salary through the termination date, paid within 30 days of the termination date or such earlier date as is required by applicable law; (ii) an amount for reimbursement, paid within 30 days following submission by Employee to Employer of appropriate supporting documentation for any unreimbursed business expenses properly incurred prior to the termination date by Employee pursuant to Section 3(b) and in accordance with Employer's policy; (iii) any accrued and unpaid vacation pay, paid within 30 days of the termination date or such earlier date as is required by applicable law; and (iv) such employee benefits, if any, to which Employee or Employee's dependents may be entitled under the employee benefit plans or programs of Employer, paid in accordance with the terms of the applicable plans or programs (the amounts described in clauses (i) through (iv) hereof being referred to as "*Employee's Accrued Obligations*").

For purposes of this Agreement, "*Cause*" means (A) Employee's willful, continued and uncured failure to perform substantially Employee's duties under this Agreement (other than any such failure resulting from incapacity due to medically documented illness or injury) for a period of fourteen (14) days following written notice by Employer to Employee of such failure, (B) Employee engaging in illegal conduct or gross misconduct that is demonstrably likely to lead to material injury to Employer, monetarily or otherwise, (C) Employee's indictment or conviction of, or plea of *nolo contendere* to, a crime constituting a felony or any other crime involving moral turpitude, (D) Employee's material breach of Employer's Code of Business Conduct and Ethics, as amended by Employer from time to time, or (E) Employee's violation of Section 7 of this Agreement or any other covenants owed to Employer by Employee.

(b) Termination by Employer without Cause. Employer may terminate Employee's employment under this Agreement without Cause at any time upon thirty (30) days' prior written notice to Employee. In addition to the severance benefits provided in Section 5, in the event of Employee's termination by Employer without Cause, Employer shall pay to Employee all of Employee's Accrued Obligations.

(c) Termination by Employee for Good Reason. Employee may terminate Employee's employment under this Agreement for Good Reason. For purposes of this Agreement, "*Good Reason*" means the occurrence of any of the following:

(i) Any material reduction of Employee's authority, duties and responsibilities;

(ii) Any material failure by Employer to comply with any of the terms and conditions of this Agreement;

(iii) Any failure to timely pay or provide Employee's Base Salary, or any reduction in Employee's Base Salary, excluding any Base Salary reduction made in connection with across the board salary reductions;

(iv) The requirement by Employer that Employee relocate Employee's principal business location to a location more than fifty (50) miles from Employee's principal base of operation as of the Effective Date; or

(v) A Change of Control occurs and, if applicable, Employer fails to cause its successor (whether by purchase, merger, consolidation or otherwise) to assume or reaffirm Employer's obligations under this Agreement without change. For purposes of this Agreement, "*Change of Control*" shall have the meaning assigned to such term under the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan.

Within ninety (90) days of the occurrence of a Good Reason event, Employee may provide Employer with written notice of Employee's termination of employment to be effective thirty (30) days after delivery of such notice, during which Employer shall have the opportunity to cure such Good Reason event. In the event of a termination for Good Reason, in addition to the severance benefits provided in Section 5, Employer shall pay to Employee all of Employee's Accrued Obligations.

(d) Termination by Employee without Good Reason. Employee may terminate Employee's employment under this Agreement at any time without Good Reason, upon thirty (30) days' prior written notice to Employer. In the event of a termination described in this Section 4(d), Employer shall pay to Employee all of Employee's Accrued Obligations.

(e) Termination due to Employee's death or Disability. Employee's employment under this Agreement shall terminate upon Employee's (i) death, or (ii) "*Disability*," which for purposes of this Agreement means a "Total Disability" (or equivalent) as defined under Employer's Long Term Disability Plan in effect at the time of the Disability. In the event of a termination described in this Section 4(e), Employer shall pay to Employee all of Employee's Accrued Obligations. In addition, (i) Employer shall provide Employee with the Continued Benefits (as defined below), (ii) Employer shall pay to Employee (or Employee's estate and/or beneficiaries), in a lump sum following effectiveness of the release described in Section 6 and at the same time Employer pays annual bonuses for such calendar year to its other executives, an amount equal to (x) the actual bonus Employee would have received under the Bonus Plan had Employee remained employed by Employer through the remainder of the calendar year in which termination occurred, multiplied by (y) a fraction, the numerator of which is the number of days Employee was employed in the calendar year in which termination occurred and the denominator of which is 365 (the "*Pro Rata Bonus*") and (iii) Employer



shall pay to Employee (or Employee's estate and/or beneficiaries) an amount equal to any annual bonus for a prior completed calendar year that is yet to be calculated and/or paid to Employee, paid as soon as practicable following effectiveness of the release described in Section 6 but in no event later than March 15 of the year following the calendar year to which such bonus relates (the "*Earned But Unpaid Bonus*").

For purposes of this Agreement, "*Continued Benefits*" means continued coverage for Employee (and Employee's qualified beneficiaries'), at no cost to Employee, under any medical plan or policy in which Employee was participating as of the time of Employee's termination of employment (as may be amended by Employer from time to time in the ordinary course), to the extent that Employee timely elects such continued coverage, until the earlier of: (A) eighteen (18) months following the date of termination and (B) the date Employee is or becomes eligible for comparable coverage under health plans of another employer, which period shall run concurrently with the continuation period required to be provided under the Consolidated Omnibus Budget Reconciliation Act; provided, however, to the extent that Employer determines that such the provision of the Continued Benefits would result in adverse tax consequences to Employer, Employer may instead, in its discretion, provide substantially similar benefits or payment outside of Employer's benefit plans if Employer reasonably determines that providing such alternative benefits or payment is appropriate to minimize such potential adverse tax consequences and penalties.

(f) Resignation as Officer or Director. Upon a termination of Employee's employment hereunder for any reason, unless requested otherwise by Employer, Employee shall resign each position (if any) that Employee then holds as an officer or director of Employer or any of its Affiliates. For purposes of this Agreement, "Affiliate" means an Affiliate of Employer within the meaning of Rule 12b-2 promulgated under Section 12 of the Securities Exchange Act of 1934, as amended.

5. Severance Benefits.

(a) Qualifying Termination. In the event of a termination of Employee's employment under Section 4(b) or 4(c) of this Agreement that is not a COC Qualifying Termination (as defined below), Employer shall provide Employee with the following severance benefits:

(i) Employer shall pay to Employee an amount equal to one and a half (1.5) times the sum of (x) Employee's annual Base Salary and (y) Employee's bonus at target for the year in which termination occurs, which shall be paid by Employer to Employee in a lump sum as soon as practicable following (and subject to) effectiveness of the release described in Section 6 but in no event later than sixty (60) days following the date of termination, provided that if such sixty (60) day period covers two taxable years, payment shall be made in the second taxable year.

(ii) The Continued Benefits;

(iii) The Pro Rata Bonus; and



(iii) The Pro Rata Bonus; and

(iv) The Earned But Unpaid Bonus.

(b) COC Qualifying Termination. In the event of a termination of Employee's employment under Section 4(b) or 4(c) of this Agreement that occurs within two (2) years following a Change of Control (a "COC Qualifying Termination"), Employer shall provide Employee with the following severance benefits:

(i) Employer shall pay to Employee an amount equal to two (2) times the sum of (x) Employee's annual Base Salary and (y) Employee's bonus at target for the year in which termination occurs, which shall be paid by Employer to Employee in a lump sum as soon as practicable following (and subject to) effectiveness of the release described in Section 6 but in no event later than sixty (60) days following the date of termination, provided that if such sixty (60) day period covers two taxable years, payment shall be made in the second taxable year.

(ii) The Continued Benefits;

(iii) The Pro Rata Bonus; and

(iv) The Earned But Unpaid Bonus.

6. Release of Claims. As a condition to the receipt of any payments or benefits described in Section 5 of this Agreement, subsequent to the termination of the employment of Employee (other than any Accrued Benefits or any payment or benefits payable on account of Employee's death), Employee shall be required to execute, and not subsequently revoke, within fifty-five (55) days following the termination of Employee's employment a release and separation agreement, in a form reasonably satisfactory to Employer, of all claims arising out of or related to Employee's employment or the termination thereof.

7. Restricted Activities.

(a) Acknowledgements. Employee understands and acknowledges that Employer has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the vehicle remarketing industry and other applicable industries. Employee understands and acknowledges that as a result of these efforts, Employer has created, and continues to use and create, Confidential Information (as defined below) and that such Confidential Information is integral to providing Employer with a competitive advantage over others in the marketplace. Employee further understands and acknowledges that the nature of Employee's position gives him access to and knowledge of Confidential Information and places him in a position of trust and confidence with Employer.



(b) Confidential Information. Employee acknowledges and agrees that Confidential Information is the property of Employer, and that Employee shall not acquire any ownership rights in Confidential Information. Employee (i) shall use



Confidential Information solely in connection with Employee's employment with Employer; (ii) shall not directly or indirectly disclose, use or exploit any Confidential Information for Employee's own benefit or for the benefit of any person or entity, other than Employer, both during and after Employee's employment with Employer; and (iii) shall hold Confidential Information in trust and confidence, and use all reasonable means to assure that it is not directly or indirectly disclosed to or copied by unauthorized persons or used in an unauthorized manner, both during and after Employee's employment with Employer. To the extent that Employee creates or develops any Confidential Information during the course of Employee's employment with Employer, it shall be the sole and exclusive property of Employer. For purposes of this Agreement, "*Confidential Information*" shall mean any proprietary, confidential and competitively-sensitive information and materials which are the property of Employer or its Affiliates, excluding information and materials generally known or available to the public, other than as a result of Employee's breach of this Section 7, and including without limitation (A) trade secrets, inventions, ideas, innovations, developments, methods, processes, systems and technologies, (B) business and technical information that gives Employer or its Affiliates a competitive advantage, and (C) information concerning Employer's or any of its Affiliates' customers, suppliers, vendors, licensors, affiliates, financing sources, profits, revenues, financial condition, pricing, training programs, service techniques, service processes, business processes, marketing plans, and business strategies.

(c) Defend Trade Secrets Act. Pursuant to 18 U.S.C. § 1833(b), Employee will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of Employer that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to Employee's attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by Employer for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in any agreement Employee has with Employer shall prohibit or restrict Employee from making any voluntary disclosure of information or documents to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to Employer. Nothing in this Agreement shall prohibit or restrict Employee from (i) making any disclosure of information required by law or (ii) providing information to, testifying or otherwise assisting in any investigation or proceeding brought by any



Federal or State regulatory or law enforcement agency or legislative body, or any self-regulatory organization.

(d) Intellectual Property. Employee agrees to promptly disclose to Employer and hereby assigns and agrees to assign, without further compensation, to Employer, Employee's entire right, title and interest in each and every invention (whether or not



patentable), innovation, technical information and copyrightable work, in which Employee participates during Employee's employment with Employer whether or not during working hours, that pertains to Employer's or any of its Affiliates' business or is aided by the use of time, material, or facilities of Employer or its Affiliates. Employee further agrees to perform all reasonable acts, including executing necessary documents, requested by Employer to assist it, without further compensation, in obtaining and enforcing its property rights in the above.

(e) Non-Competition. During Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, Employee shall not, directly or indirectly, on his or her behalf or on behalf of any other person or entity, provide any labor, work, services, assistance or advice for or on behalf of any Competitor (as defined below), in any geographic market in which Employer or any of its Affiliates conduct business (the "*Territory*"). In addition, Employee shall not, during Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, directly or indirectly, either alone or in conjunction with any other person, engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing or control of any Competitor within the Territory. Nothing herein shall prohibit Employee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and that Employee is not a controlling person of, or a member of a group that controls, such corporation. For purposes of this Agreement, "*Competitor*" means any person or entity engaged in the business of wholesale, retail or consumer vehicle remarketing activities, including but not limited to vehicle auctions (including physical, electronic, mobile app and/or digital auctions), dealer floor plan financing and other products, services and technologies relating to vehicle remarketing within the Territory, provided that Employer or any of its Affiliates is engaged in such businesses.

(f) Non-Solicitation/Non-Interference. During Employee’s employment with Employer and for a period of one (1) year immediately following the termination of Employee’s employment for any reason, Employee shall not (i) induce or attempt to induce any employee of Employer or any of its Affiliates to leave the employ of Employer or its Affiliates, or in any way interfere with the relationship between Employer and its Affiliates and any of their respective employees, or (ii) induce or attempt to induce any customer, client, member, supplier, licensee, licensor or other business relation of Employer or its Affiliates to cease doing business with Employer or its Affiliates, or otherwise interfere with the business relationship between Employer or



its Affiliates and any such customer, client, member, supplier, licensee, licensor or business relation.

(g) Cooperation. Employee agrees that at all times following the termination of Employee’s employment for any reason, Employee will cooperate in all reasonable respects (after taking into account Employee’s personal and professional schedule) with Employer and in connection with any and all existing or future litigation, actions or



proceedings arising with respect to the period of Employee’s employment with Employer (whether civil, criminal, administrative, regulatory or otherwise) brought by or against Employer, to the extent Employer reasonably deems Employee’s cooperation necessary, provided that Employer shall use reasonable efforts to limit Employee’s need to travel in connection with providing such cooperation. Employee shall be reimbursed for all reasonable out-of-pocket expenses incurred by Employee as a result of such cooperation. With respect to any and all existing or future litigation, actions or proceedings (whether civil, criminal, administrative, regulatory or otherwise) brought against Employee in connection with Employee’s employment by Employer, Employer will honor, and proceed in accordance with, its bylaws as in effect from time to time and any indemnification agreement, plan or policy in effect and applicable to Employee as of the date of Employee’s termination of employment with Employer.

8. Section 409A. The payments and benefits under this Agreement and the terms of any release agreement are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (“*Code*”), and the regulations promulgated thereunder (“*Section 409A*”) and, accordingly, to the maximum extent permitted, this Agreement and any release agreement shall be interpreted and administered consistent with such intent. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payments. Without limiting the foregoing, solely to the extent required to avoid the imposition of any additional tax or interest to Employee under Section 409A, any payments, benefits and other obligations under this Agreement that arise in connection with Employee’s “termination of employment,” “termination” or similar reference in this Agreement shall be triggered only if such termination of employment qualifies as a “separation from service” within the meaning under Section 409A. Notwithstanding any other provision of this Agreement, if at the time of the termination of Employee’s employment, Employee is a “specified employee,” for purposes of Section 409A, and any payments or benefits upon such termination including but not limited to payments or benefits under this Agreement would otherwise result in additional tax or interest to Employee under Section 409A, Employee will not be entitled to receive such payments or benefits until the date that is six (6) months after the termination of Employee’s employment for any reason, subject to earlier immediate payment if Employee dies during such six (6) month period. To the extent required to avoid the imposition of any additional tax or interest under Section 409A, amounts reimbursable to under this Agreement shall be paid to Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Employee) during any one year may not affect amounts reimbursable or provided in any subsequent year. If any provision of this Agreement would subject Employee to any additional tax or interest under Section 409A, then Employer

shall use its best efforts to amend such provision; provided that Employer shall not incur any additional expense as a result of such amendment. Notwithstanding any other provision hereof, in no event shall Employer be liable for, or be required to indemnify Employee for, any liability of Employee for taxes or penalties under Section 409A.

9. Section 280G.



(a) Notwithstanding anything in this Agreement to the contrary, in the event that any payment or benefit received or to be received by Employee (including any payment or benefit received in connection with a Change of Control or the termination of Employee's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits being hereinafter referred to as the "Total Payments") would not be deductible (in whole or part) by Employer or any of its Affiliates making such payment or providing such benefit as a result of Section 280G of the Code ("*Section 280G*"), then, to the extent necessary to make such portion of the Total Payments deductible (and after taking into account any reduction in the Total Payments provided by reason of Section 280G in such other plan, arrangement or agreement), the Total Payments shall be reduced (if necessary, to zero) in the manner specified in Section 9(b) hereof; provided, however, that such reduction shall only be made if (i) the amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is greater than or equal to (ii) the amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of the excise tax imposed under Section 4999 of the Code (the "*Excise Tax*") on such unreduced Total Payments).

(b) If it is determined that the Total Payments should be reduced in accordance with the Section 9(a) hereof, then such reduction shall be applied in the following order: (i) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (ii) payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced next (if necessary, to zero), with amounts that are payable or deliverable last reduced first; (iii) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); (iv) payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (v) all other non-cash benefits not otherwise described in clauses (ii) or (iv) of this Section 9(b) will be next reduced pro-rata.

(c) It is possible that, after the determinations and selections made pursuant to Section 9(a) hereof, Employee will receive Total Payments that are, in the aggregate, either more or less than the amount determined under Section 9(a) hereof (hereafter referred to as an "Excess Payment" or "Underpayment", as applicable). If it is established, pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved, that an Excess Payment has been made, then Employee shall, except to the extent that it would cause a violation of the Sarbanes-Oxley Act of 2002, promptly repay the Excess Payment to Employer, together with interest on the Excess Payment at the applicable federal rate (as defined in Section 1274(d) of the Code) from the date of Employee's receipt of such Excess



Payment until the date of such repayment. In the event that it is determined (i) by arbitration pursuant to Section 10 hereof, (ii) by a court or (iii) by the accounting firm which was, immediately prior to a Change of Control, Employer's independent auditor, upon request of either party, that an Underpayment has occurred, Employer shall promptly pay an amount equal to the Underpayment to Employee (but in any event within ten (10) days of such determination), together with interest on such amount at the applicable federal rate from the date such amount would have been paid to Employee had the provisions of Section 9(a) hereof not been applied until the date of payment.

10. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement, the breach, termination, enforcement, interpretation, or validity thereof (including the determination of the scope or applicability of this arbitration agreement), or its subject matter shall be subject and resolved by binding arbitration administered by a single arbitrator from the American Arbitration Association. The parties acknowledge and agree that Employer is involved in transactions involving interstate commerce and that the Federal Arbitration Act shall govern any arbitration pursuant to this Agreement. Such arbitration shall be conducted in accordance with the commercial rules and regulations promulgated by the American Arbitration Association applying the laws of the State of Indiana. The arbitration shall be conducted in Indianapolis, Indiana. Discovery shall be completed within ninety (90) days of the filing of the complaint and the arbitration shall be held no later than one hundred twenty (120) days after the filing of the complaint. A record of the proceedings shall be kept by a qualified court reporter. The decision of the arbitrator shall contain findings of fact and conclusions of law, and shall be made within thirty (30) days of the arbitration and shall be final and binding on the parties, and shall be unappealable. The decision may be enforced in any court having jurisdiction over the parties and the subject matter. Costs of the arbitrator shall be split equally between Employer and Employee.

11. Miscellaneous Provisions.

(a) Notices. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or by email or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To Employer: KAR Auction Services, Inc.
11299 North Illinois Street



Carmel, IN 46032

Attention: James P. Hallett
Email: jim.hallett@karglobal.com

To Employee: At Employee's address on file with Employer

(b) Entire Agreement. This Agreement sets forth the entire agreement between Employer and Employee with respect to the subject matter of this Agreement



and fully supersedes all prior negotiations, representations and agreements, whether written or oral, between Employer and Employee with respect to the subject matter of this Agreement (including, without limitation, the Prior Employment Agreement).

(c) Severability. The provisions of this Agreement are severable and shall be separately construed. If any of them is determined to be unenforceable by any court, that determination shall not invalidate any other provision of this Agreement.

(d) Amendment and Waiver. This Agreement may not be modified, amended or waived in any manner except by a written document executed by Employer and Employee. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement (whether or not similar), or a continuing waiver or a waiver of any subsequent breach by such party of a provision of this Agreement.

(e) No Mitigation. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

(f) Successors and Assigns. This Agreement and the covenants herein shall extend to and inure to the benefit of the successors and assigns of Employer. Employer shall require any successor (whether by purchase, merger, consolidation or otherwise) to assume or reaffirm, as applicable, Employer's obligations under this Agreement without change. Failure of Employer to obtain such an assumption shall entitle Employee to terminate Employee's employment under this Agreement for Good Reason.

(g) Headings. Numbers and titles to Sections hereof are for information purposes only and, where inconsistent with the text, are to be disregarded.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together, shall be and constitute one and the same instrument.

(i) Governing Law and Forum. This Agreement shall be governed by and construed according to the internal laws of the State of Indiana, without regard to conflict of law principles.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

"Employer"

KAR AUCTION SERVICES, INC.

By: /s/ James P. Hallett

Printed: James P. Hallett

Title: Chief Executive Officer

"Employee"

/s/ Charles S. Coleman

EXHIBIT 10.8

**EMPLOYMENT AGREEMENT**

This Employment Agreement (this "*Agreement*"), dated and effective March 1, 2021 (the "*Effective Date*"), is entered into by and between KAR Auction Services, Inc. ("*Employer*") and Scott Anderson ("*Employee*").

**RECITALS**

A. Employer desires to continue to employ Employee, and Employee desires to accept such continued employment, on the terms and conditions set forth in this Agreement.

B. This Agreement shall be effective immediately and shall govern the employment relationship between Employee and Employer from and after the Effective Date, and, as of the Effective Date, supersedes and negates all previous agreements and understandings with respect to such relationship (including, without limitation, the Employment Agreement by and between a subsidiary of Employer and Employee dated October 26, 2015 (the "*Prior Employment Agreement*")).

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment Period. The period of employment of Employee by Employer hereunder shall commence on the Effective Date and continue thereafter until terminated pursuant to Section 4 of this Agreement (the "*Employment Period*").

2. Title and Duties. During the Employment Period, Employee shall serve as the Chief Accounting Officer of Employer and shall perform the duties and responsibilities inherent in such position and any other duties consistent with such position as may be reasonably assigned to Employee from time to time by Employer's Chief Executive Officer, Chief Financial Officer or the Board of Directors of Employer ("*Board*"). Employee shall perform the duties of this position in a diligent and competent manner and on a full-time basis during the Employment Period.

3. Compensation and Benefits.

(a) Base Salary. During the Employment Period, Employee shall be paid an annual base salary of $325,000 ("*Base Salary*"), less withholdings and deductions required by law or requested by Employee. Employee's Base Salary may be adjusted but may not be adjusted downward except in connection with across-the-board base salary reductions, by the Board from time to time.

(b) Business Expenses. Employer shall reimburse Employee for all reasonable business expenses incurred in performing services pursuant to this Agreement upon Employee's presentation to Employer, on a timely basis, of satisfactory

documentation of such expenditures. Such expenses shall be reimbursed as soon as administratively feasible, but in no event later than the end of the calendar year following the calendar year in which the applicable expense was incurred. Notwithstanding the foregoing, all such expenses shall be reimbursed upon any termination of Employee's employment under this Agreement, including without limitation a termination for Cause.

(c) Annual Bonuses. In addition to Base Salary, Employee shall be eligible to participate in the KAR Auction Services, Inc. Annual Incentive Plan (the "*Bonus Plan*") (as in effect from time to time). Except as provided in Section 4 and Section 5 below, payment to Employee of any amounts under the Bonus Plan shall be subject to Employee's continued employment with Employer through December 31 of the calendar year to which such bonus relates. Payment of any bonus pursuant to the Bonus Plan shall be made as soon as practicable but in no event later than March 15 of the year following the calendar year to which such bonus relates.

(d) Equity. Employee shall be eligible to participate in all Employer incentive programs extended to executive-level employees of Employer generally at levels commensurate with Employee's position, including without limitation the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan.

(e) Employee Benefits. Employee shall be eligible to participate in Employer's health and welfare benefit programs, 401(k) benefit program, life and disability insurance programs, and any other employee benefits, benefit plans, policies or programs Employer provides to its executive-level employees, in each case, as they may exist from time to time and subject to the terms and conditions thereof. Nothing in this Agreement shall require Employer to maintain any benefit plan, or shall preclude Employer from terminating or amending any benefit plan from time to time.

(f) Vacation and Holidays. During the Employment Period, Employee shall be entitled to annual paid vacation in accordance with Employer's policy applicable to executive-level employees, but in no event less than four (4) weeks of paid vacation during each full calendar year of employment. Employee shall receive a pro-rated portion of such vacation during Employee's initial and final partial calendar years of employment under this Agreement. Unused, earned vacation shall not carry over from one calendar year to the next, unless Employer's written policies otherwise provide for such carry over. Upon termination of Employee's employment for any reason, Employer shall pay Employee for any unused, earned vacation days based upon Employee's then current Base Salary. Employee shall also be entitled to all of the paid holidays recognized by Employer generally.

(g) Automobile Allowance. During the Employment Period, Employer shall pay Employee an annual automobile allowance of at least $12,220. Such allowance shall be paid in accordance with Employer's regular payroll practices, as may be in effect from time to time, but in no event less frequently than monthly.

4. Termination.

(a) Termination by Employer for Cause. Employer may terminate Employee's employment under this Agreement at any time for Cause after the Board, by the majority vote of its members (excluding, for this purpose, any employee member of the Board, if applicable) determines that the actions or inactions of Employee constitute Cause, and Employee's employment should accordingly be terminated for Cause. In the event of a termination of Employee by Employer for Cause, Employee or Employee's estate, if applicable, shall be entitled to receive: (i) Employee's accrued Base Salary through the termination date, paid within 30 days of the termination date or such earlier date as is required by applicable law; (ii) an amount for reimbursement, paid within 30 days following submission by Employee to Employer of appropriate supporting documentation for any unreimbursed business expenses properly incurred prior to the termination date by Employee pursuant to Section 3(b) and in accordance with Employer's policy; (iii) any accrued and unpaid vacation pay, paid within 30 days of the termination date or such earlier date as is required by applicable law; and (iv) such employee benefits, if any, to which Employee or Employee's dependents may be entitled under the employee benefit plans or programs of Employer, paid in accordance with the terms of the applicable plans or programs (the amounts described in clauses (i) through (iv) hereof being referred to as "*Employee's Accrued Obligations*").

For purposes of this Agreement, "*Cause*" means (A) Employee's willful, continued and uncured failure to perform substantially Employee's duties under this Agreement (other than any such failure resulting from incapacity due to medically documented illness or injury) for a period of fourteen (14) days following written notice by Employer to Employee of such failure, (B) Employee engaging in illegal conduct or gross misconduct that is demonstrably likely to lead to material injury to Employer, monetarily or otherwise, (C) Employee's indictment or conviction of, or plea of *nolo contendere* to, a crime constituting a felony or any other crime involving moral turpitude, or (D) Employee's violation of Section 7 of this Agreement or any other covenants owed to Employer by Employee.

(b) Termination by Employer without Cause. Employer may terminate Employee's employment under this Agreement without Cause at any time upon thirty (30) days' prior written notice to Employee. In addition to the severance benefits provided in Section 5, in the event of Employee's termination by Employer without Cause, Employer shall pay to Employee all of Employee's Accrued Obligations.

(c) Termination by Employee for Good Reason. Employee may terminate Employee's employment under this Agreement for Good Reason. For purposes of this Agreement, "*Good Reason*" means the occurrence of any of the following:

(i) Any material reduction of Employee's authority, duties and responsibilities;

(ii) Any material failure by Employer to comply with any of the terms and conditions of this Agreement;



(iii) Any failure to timely pay or provide Employee's Base Salary, or any reduction in Employee's Base Salary, excluding any Base Salary reduction made in connection with across the board salary reductions;

(iv) The requirement by Employer that Employee relocate Employee's principal business location to a location more than fifty (50) miles from Employee's principal base of operation as of the Effective Date; or

(v) A Change of Control occurs and, if applicable, Employer fails to cause its successor (whether by purchase, merger, consolidation or otherwise) to assume or reaffirm Employer's obligations under this Agreement without change. For purposes of this Agreement, "*Change of Control*" shall have the meaning assigned to such term under the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan.

Within ninety (90) days of the occurrence of a Good Reason event, Employee may provide Employer with written notice of Employee's termination of employment to be effective thirty (30) days after delivery of such notice, during which Employer shall have the opportunity to cure such Good Reason event. In the event of a termination for Good Reason, in addition to the severance benefits provided in Section 5, Employer shall pay to Employee all of Employee's Accrued Obligations.

(d) Termination by Employee without Good Reason. Employee may terminate Employee's employment under this Agreement at any time without Good Reason, upon thirty (30) days' prior written notice to Employer. In the event of a termination described in this Section 4(d), Employer shall pay to Employee all of Employee's Accrued Obligations.

(e) Termination due to Employee's death or Disability. Employee's employment under this Agreement shall terminate upon Employee's (i) death, or (ii) "*Disability*," which for purposes of this Agreement means a "Total Disability" (or equivalent) as defined under Employer's Long Term Disability Plan in effect at the time of the Disability. In the event of a termination described in this Section 4(e), Employer shall pay to Employee all of Employee's Accrued Obligations. In addition, (i) Employer shall provide Employee with the Continued Benefits (as defined below), (ii) Employer shall pay to Employee (or Employee's estate and/or beneficiaries), in a lump sum following effectiveness of the release described in Section 6 and at the same time Employer pays annual bonuses for such calendar year to its other executives, an amount equal to (x) the actual bonus Employee would have received under the Bonus Plan had Employee remained employed by Employer through the remainder of the calendar year in which termination occurred, multiplied by (y) a fraction, the numerator of which is the number of days Employee was employed in the calendar year in which termination occurred and the denominator of which is 365 (the "*Pro Rata Bonus*") and (iii) Employer shall pay to Employee (or Employee's estate and/or beneficiaries) an amount equal to any annual bonus for a prior completed calendar year that is yet to be calculated and/or paid to Employee, paid as soon as practicable following effectiveness of the release described



in Section 6 but in no event later than March 15 of the year following the calendar year to which such bonus relates (the "*Earned But Unpaid Bonus*").

For purposes of this Agreement, "*Continued Benefits*" means continued coverage for Employee (and Employee's qualified beneficiaries'), at no cost to Employee, under any medical plan or policy in which Employee was participating as of the time of Employee's termination of employment (as may be amended by Employer from time to time in the ordinary course), to the extent that Employee timely elects such continued coverage, until the earlier of: (A) twelve (12) months following the date of termination and (B) the date Employee is or becomes eligible for comparable coverage under health plans of another employer, which period shall run concurrently with the continuation period required to be provided under the Consolidated Omnibus Budget Reconciliation Act; provided, however, to the extent that Employer determines that such the provision of the Continued Benefits would result in adverse tax consequences to Employer, Employer may instead, in its discretion, provide substantially similar benefits or payment outside of Employer's benefit plans if Employer reasonably determines that providing such alternative benefits or payment is appropriate to minimize such potential adverse tax consequences and penalties.

5. Severance Benefits. In the event of a termination of Employee's employment under Section 4(b) or 4(c) of this Agreement, Employer shall provide Employee with the following severance benefits:

(a) Employer shall pay to Employee an amount equal to the sum of (i) Employee's annual Base Salary and (ii) Employee's bonus at target for the year in which termination occurs, which shall be paid by Employer to Employee in a lump sum as soon as practicable following (and subject to) effectiveness of the release described in Section 6 but in no event later than sixty (60) days following the date of termination, provided that if such sixty (60) day period covers two taxable years, payment shall be made in the second taxable year.

(b) The Continued Benefits;

(c) The Pro Rata Bonus; and

(d) The Earned But Unpaid Bonus.

6. Release of Claims. As a condition to the receipt of any payments or benefits described in Section 5 of this Agreement, subsequent to the termination of the employment of Employee (other than any Accrued Benefits or any payment or benefits payable on account of Employee's death), Employee shall be required to execute, and not subsequently revoke, within fifty-five (55) days following the termination of Employee's employment a release and separation agreement, in a form reasonably satisfactory to Employer, of all claims arising out of or related to Employee's employment or the termination thereof.

7. Restricted Activities.



(a) Acknowledgements. Employee understands and acknowledges that Employer has invested, and continues to invest, substantial time, money and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the vehicle remarketing industry and other applicable industries. Employee understands and acknowledges that as a result of these efforts, Employer has created, and continues to use and create, Confidential Information (as defined below) and that such Confidential Information is integral to providing Employer with a competitive advantage over others in the marketplace. Employee further understands and acknowledges that the nature of Employee's position gives him access to and knowledge of Confidential Information and places him in a position of trust and confidence with Employer.

(b) Confidential Information. Employee acknowledges and agrees that Confidential Information is the property of Employer, and that Employee shall not acquire any ownership rights in Confidential Information. Employee (i) shall use Confidential Information solely in connection with Employee's employment with Employer; (ii) shall not directly or indirectly disclose, use or exploit any Confidential Information for Employee's own benefit or for the benefit of any person or entity, other than Employer, both during and after Employee's employment with Employer; and (iii) shall hold Confidential Information in trust and confidence, and use all reasonable means to assure that it is not directly or indirectly disclosed to or copied by unauthorized persons or used in an unauthorized manner, both during and after Employee's employment with Employer. To the extent that Employee creates or develops any Confidential Information during the course of Employee's employment with Employer, it shall be the sole and exclusive property of Employer. For purposes of this Agreement, "*Confidential Information*" shall mean any proprietary, confidential and competitively-sensitive information and materials which are the property of Employer or its Affiliates, excluding information and materials generally known or available to the public, other than as a result of Employee's breach of this Section 7, and including without limitation (A) trade secrets, inventions, ideas, innovations, developments, methods, processes, systems and technologies, (B) business and technical information that gives Employer or its Affiliates a competitive advantage, and (C) information concerning Employer's or any of its Affiliates' customers, suppliers, vendors, licensors, affiliates, financing sources, profits, revenues, financial condition, pricing, training programs, service techniques, service processes, business processes, marketing plans, and business strategies.

(c) Defend Trade Secrets Act. Pursuant to 18 U.S.C. § 1833(b), Employee will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of Employer that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to Employee's attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Employee files a lawsuit for retaliation by Employer for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding, if Employee (i) files any document containing the trade secret under seal, and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in any agreement Employee has with Employer shall prohibit or restrict Employee from making any voluntary disclosure of information or documents to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to Employer. Nothing in this Agreement shall prohibit or restrict Employee from (i) making any disclosure of information required by law or (ii) providing information to, testifying or otherwise assisting in any investigation or proceeding brought by any Federal or State regulatory or law enforcement agency or legislative body, or any self-regulatory organization.

(d) Intellectual Property. Employee agrees to promptly disclose to Employer and hereby assigns and agrees to assign, without further compensation, to Employer, Employee's entire right, title and interest in each and every invention (whether or not patentable), innovation, technical information and copyrightable work, in which Employee participates during Employee's employment with Employer whether or not during working hours, that pertains to Employer's or any of its Affiliates' business or is aided by the use of time, material, or facilities of Employer or its Affiliates. Employee further agrees to perform all reasonable acts, including executing necessary documents, requested by Employer to assist it, without further compensation, in obtaining and enforcing its property rights in the above.

(e) Non-Competition. During Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, Employee shall not, directly or indirectly, on his or her behalf or on behalf of any other person or entity, provide any labor, work, services, assistance or advice for or on behalf of any Competitor (as defined below), in any geographic market in which Employer or any of its Affiliates conduct business (the "*Territory*"). In addition, Employee shall not, during Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, directly or indirectly, either alone or in conjunction with any other person, engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing or control of any Competitor within the Territory. Nothing herein shall prohibit Employee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and that Employee is not a controlling person of, or a member of a group that controls, such corporation. For purposes of this Agreement, "*Competitor*" means any person or entity engaged in the business of wholesale, retail or consumer vehicle remarketing activities, including but not limited to vehicle auctions (including physical, electronic, mobile app and/or digital auctions), dealer floor plan financing and other products, services and technologies relating to vehicle remarketing within the Territory, provided that Employer or any of its Affiliates is engaged in such businesses.



(f) Non-Solicitation/Non-Interference. During Employee's employment with Employer and for a period of one (1) year immediately following the termination of Employee's employment for any reason, Employee shall not (i) induce or attempt to induce any employee of Employer or any of its Affiliates to leave the employ of Employer or its Affiliates, or in any way interfere with the relationship between Employer and its Affiliates and any of their respective employees, or (ii) induce or attempt to induce any customer, client, member, supplier, licensee, licensor or other business relation of Employer or its Affiliates to cease doing business with Employer or its Affiliates, or otherwise interfere with the business relationship between Employer or its Affiliates and any such customer, client, member, supplier, licensee, licensor or business relation.

8. Section 409A. The payments and benefits under this Agreement and the terms of any release agreement are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("*Code*"), and the regulations promulgated thereunder ("*Section 409A*") and, accordingly, to the maximum extent permitted, this Agreement and any release agreement shall be interpreted and administered consistent with such intent. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payments. Without limiting the foregoing, solely to the extent required to avoid the imposition of any additional tax or interest to Employee under Section 409A, any payments, benefits and other obligations under this Agreement that arise in connection with Employee's "termination of employment," "termination" or similar reference in this Agreement shall be triggered only if such termination of employment qualifies as a "separation

from service" within the meaning under Section 409A. Notwithstanding any other provision of this Agreement, if at the time of the termination of Employee's employment, Employee is a "specified employee," for purposes of Section 409A, and any payments or benefits upon such termination including but not limited to payments or benefits under this Agreement would otherwise result in additional tax or interest to Employee under Section 409A, Employee will not be entitled to receive such payments or benefits until the date that is six (6) months after the termination of Employee's employment for any reason, subject to earlier immediate payment if Employee dies during such six (6) month period. To the extent required to avoid the imposition of any additional tax or interest under Section 409A, amounts reimbursable to under this Agreement shall be paid to Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Employee) during any one year may not affect amounts reimbursable or provided in any subsequent year. If any provision of this Agreement would subject Employee to any additional tax or interest under Section 409A, then Employer shall use its best efforts to amend such provision; provided that Employer shall not incur any additional expense as a result of such amendment. Notwithstanding any other provision hereof, in no event shall Employer be liable for, or be required to indemnify Employee for, any liability of Employee for taxes or penalties under Section 409A.

9. Arbitration. Any dispute, controversy or claim arising out of or relating to this Agreement, the breach, termination, enforcement, interpretation, or validity thereof (including the determination of the scope or applicability of this arbitration agreement), or its subject matter shall be subject and resolved by binding arbitration administered by a single arbitrator from the



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American Arbitration Association. The parties acknowledge and agree that Employer is involved in transactions involving interstate commerce and that the Federal Arbitration Act shall govern any arbitration pursuant to this Agreement. Such arbitration shall be conducted in accordance with the commercial rules and regulations promulgated by the American Arbitration Association applying the laws of the State of Indiana. The arbitration shall be conducted in Indianapolis, Indiana. Discovery shall be completed within ninety (90) days of the filing of the complaint and the arbitration shall be held no later than one hundred twenty (120) days after the filing of the complaint. A record of the proceedings shall be kept by a qualified court reporter. The decision of the arbitrator shall contain findings of fact and conclusions of law, and shall be made within thirty (30) days of the arbitration and shall be final and binding on the parties, and shall be unappealable. The decision may be enforced in any court having jurisdiction over the parties and the subject matter. Costs of the arbitrator shall be split equally between Employer and Employee.

10. Miscellaneous Provisions.

(a) Notices. For the purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or by email or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below:

To Employer: KAR Auction Services, Inc.
11299 North Illinois Street
Carmel, IN 46032
Attention: Chief Legal Officer
Email: chuck.coleman@karglobal.com

To Employee: At Employee's address on file with Employer

(b) Entire Agreement. This Agreement sets forth the entire agreement between Employer and Employee with respect to the subject matter of this Agreement and fully supersedes all prior negotiations, representations and agreements, whether written or oral, between Employer and Employee with respect to the subject matter of this Agreement (including, without limitation, the Prior Employment Agreement).

(c) Severability. The provisions of this Agreement are severable and shall be separately construed. If any of them is determined to be unenforceable by any court, that determination shall not invalidate any other provision of this Agreement.

(d) Amendment and Waiver. This Agreement may not be modified, amended or waived in any manner except by a written document executed by Employer and Employee. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement (whether or not similar), or a continuing waiver or a waiver of any subsequent breach by such party of a provision of this Agreement.



(e) No Mitigation. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

(f) Successors and Assigns. This Agreement and the covenants herein shall extend to and inure to the benefit of the successors and assigns of Employer. Employer shall require any successor (whether by purchase, merger, consolidation or otherwise) to assume or reaffirm, as applicable, Employer's obligations under this Agreement without change. Failure of Employer to obtain such an assumption shall entitle Employee to terminate Employee's employment under this Agreement for Good Reason.

(g) Headings. Numbers and titles to Sections hereof are for information purposes only and, where inconsistent with the text, are to be disregarded.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together, shall be and constitute one and the same instrument.

(i) Governing Law and Forum. This Agreement shall be governed by and construed according to the internal laws of the State of Indiana, without regard to conflict of law principles.

**[SIGNATURE PAGE FOLLOWS]**



IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

“Employer” “Employee”

KAR AUCTION SERVICES, INC.

By:

Printed:

Title:

**EXHIBIT 10.10**

10.9

# OPENLANE, Inc.
# Annual Incentive Program
# Summary of Terms
# 2024 2025

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**OPENLANE, Inc. Annual Incentive Program**

**Summary of Terms**

The following is a summary of the 2024 2025 OPENLANE, Inc. Annual Incentive Program (the “Program”) which is part of the KAR Auction Services, OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan (as may be amended from time to time, the “Omnibus Plan”). Any awards under the Program are subject to the approval of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of OPENLANE, Inc. (the “Company”). The Committee has all final authority with respect to administration and interpretation of the Program. All capitalized terms herein that are not otherwise defined shall have the meanings given to such terms in the Omnibus Plan.

**Purpose of the Program**

The purpose of the Program is to reward eligible employees of the Company with incentive compensation based on their contributions toward meeting and exceeding overall Company goals.

**Eligibility**

Key employees of the Company may participate in the Program as determined by the Committee.

**Effective Date**

The Program is effective January 1, 2024 January 1, 2025. The Company reserves the right to revise or terminate the Program at any time, with or without advance notice, in accordance with applicable law.

**Performance Period**

Each performance period under the Program will be one year in duration and will coincide with the Company's fiscal year (January 1st – December 31st).

**Awards**

The award is tied to the performance of the Company and/or particular business unit, division or region during the performance period. The award opportunity is expressed as a percentage of base salary, which typically will be determined at the end of the performance period. The award is conditioned on satisfactory performance of job responsibilities.

**Performance Goals and Targets**

Through the annual planning process, performance goals and targets are established. The performance goals and targets chosen for the Company, each business unit, division and region reflect the Company's strategy, competitive situation and market potential. The award may be weighted on a combination of the performance of the Company, business unit, division or region. Actual performance goals and goal definitions are determined by the Committee and communicated to each participant.

The award is tied to specific "threshold," "target" and "maximum" performance goals. The "threshold" is the minimum performance goal that must be met before any award is earned. The "target" opportunity represents the award amount received if the Company meets its targeted financial and, if applicable, non-financial goals. The "maximum" opportunity represents the maximum performance goal that must be met for a maximum payout. The actual performance



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goals, goal definitions and award opportunities at threshold, target and maximum levels of performance are determined by the Committee and communicated to each participant.

**Calculation of Awards**

Base salary will be used as the basis for calculating an award. Please note that if your bonus opportunity changes during the Program year, your award will be prorated as explained in the examples below.

***Example One:*** Employee is bonus eligible with a base salary of $100,000 with a target opportunity of 15% and receives a promotion on 8/1/24 25 with a base salary of $115,000 and a target opportunity of 20%.

Bonus calculation would be as follows:
$100,000 x 15% = $15,000 (target award) x (performance factor x goal weighting) x proration (213/366) 365)
*plus*
$115,000 x 20% = $23,000 (target award) x (performance factor x goal weighting) x proration (153/366) 365)

***Base salary from 1/1/24-7/ 25-7/31/24 (213 25 (212 days) will be used plus base salary from 8/1/24-12/ 25-12/31/24 25 (153 days).***

***Example Two:*** Employee is bonus eligible with a base salary of $100,000 with a target opportunity of 15% and receives a promotion on 3/1/24 25 with a base salary of $115,000 and a target opportunity of 20%.

Bonus calculation would be as follows:

$100,000 x 15% = $15,000 (target award) x (performance factor x goal weighting) x proration (60/366) 365)
*plus*
$115,000 x 20% = $23,000 (target award) x (performance factor x goal weighting) x proration (306/366) 365)

***Base salary from 1/1/24-2/29/24 (60 25-2/28/25 (59 days) will be used plus base salary from 3/1/24-12/ 25-12/31/24 25 (306 days).***

The performance factor is directly related to performance relative to the established threshold, target and maximum performance goals. If actual results fall between the threshold, target or maximum performance levels, straight-line interpolation will be used to determine the performance factor unless otherwise determined by the Committee. Multiple goal weightings must add to 100%.

**Payment of Awards**

Generally, all awards are paid out annually; however, certain non-executive officer positions, if approved by the Committee and the applicable business unit president, may be paid out quarterly or semiannually.

Generally, all awards will be paid out in cash, net of applicable withholding taxes. While awards are generally paid as soon as practicable after the audited financial results are available for the performance period, in the Committee's sole discretion, payments to participants other than executive officers of the Company may be based on an estimation of the audited financial results. Additionally, awards may be paid in one or more installments, in the Committee's sole discretion.

In no event will any portion of any awards payable under the Program (including any pro rata awards paid upon certain terminations of employment described below and any installments) be paid later than March 15, 2025 March 15, 2026.

**Discretionary Adjustment of Awards**

The Committee retains discretion to adjust payouts up or down on a case-by-case basis. Individual award payouts may be adjusted downward or eliminated entirely due to personal performance of job responsibilities and/or noncompliance with corporate policy or controls.



In addition, consistent with the terms of the Omnibus Plan, as applicable, the Committee may adjust any or all performance goals during a performance period to reflect unforeseen, unusual or extraordinary events or circumstances including but not limited to (i) changes in accounting principles or practices, (ii) extraordinary gains or losses on the sale of assets, (iii) new or amended laws or regulations, and (iv) acquisitions or divestitures.

The Committee also has the authority to impose such other limitations on awards as it may deem necessary or appropriate.

**Prorated Awards**

In the event that an individual transfers between business units or is promoted during the course of a performance period, a prorated award may be earned based on the time spent in each position.

All eligible employees hired or promoted during the performance period will be prorated based on the number of days of Program eligibility, including the date of hire.

All eligible employees hired on or after November 1st of the current year will not be eligible to participate in the Program until the beginning of the next Program year.

**Termination of Employment**

*Forfeiture*

Generally, unless an individual's Committee-approved employment agreement provides otherwise, upon termination of employment for any reason, the individual will forfeit any award that has not been paid.

*Retirement, Disability or Death*

If employment is terminated as a result of retirement (defined below), disability (defined below) or death, the award will be prorated based on the number of days employed during the performance period prior to the termination of employment and based on and subject to actual performance during the performance period, in accordance with the Program. Payment will be paid as soon as practicable in the following year after the audited financial results are available for the performance period, but in no event later than March 15, 2025 March 15, 2026. In the event of death, the award will be paid to the individual's beneficiary or, if no beneficiary is named, to their estate.

For purposes of the Program: (i) retirement shall mean a termination of a participant's employment, other than for Cause, on or after the attainment of age 65, and (ii) disability shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment for the period of time as set forth under the long-term disability program maintained by the Company for the benefit of the participant.

*Voluntary Termination or Termination by the Company*

Other than in the event of a termination of employment as a result of retirement, in the event that a participant voluntarily terminates from employment or is involuntarily terminated by the Company, the participant will forfeit any award that has not been paid, in accordance with the Program. In other words, a participant must be employed by the Company on the date the award is actually paid by the Company.



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**Termination or Modification of the Program**

The Committee may modify or terminate the Program at any time, effective at such date as the Committee may determine. The Committee or Board may, prior to the end of the Program year, adopt a resolution fixing a minimum aggregate amount, which amount is in the Committee or Board's discretion (a "Pool"), to be paid to participants under the Program for 2024. 2025. After such a Pool is established, (i) the Program may not be modified or terminated and the amount of the Pool may not be reduced after December 31, 2024 December 31, 2025, and (ii) any amounts forfeited by individual participants hereunder because they are not employed as of the payment date will not reduce the Pool but will be reallocated among other participants in the Program, and shall not revert to the Company.



**EXHIBIT 10.28 10.21**

**KAR AUCTION SERVICES, OPENLANE, INC.**
**SECOND AMENDED AND RESTATED**
**2009 OMNIBUS STOCK AND INCENTIVE PLAN**

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT
2024 2025 AWARD

THIS AGREEMENT (the “Agreement”) is made between OPENLANE, Inc., a Delaware corporation (the “Company”), and [NAME] (the “Recipient”) pursuant to the KAR Auction Services, OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan (as may be amended from time to time, the “Plan”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Plan. The parties hereto agree as follows:

**1.** Grant of Restricted Stock Units. The Company hereby grants to the Recipient [________] Restricted Stock Units (the “Award”) as of [____________], 2025 (the “Grant Date”), subject to the terms and conditions of the Plan and this Agreement. The Restricted Stock Units shall vest pursuant to the terms of this Agreement. A “Restricted Stock Unit” is an “Other Share-Based Award” under the Plan and each Restricted Stock Unit entitles the Recipient to a share of Common Stock upon vesting subject to the terms of this Agreement.

**2.** Restrictions. The Restricted Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, whether voluntarily or involuntarily or by operation of law. The Recipient shall have no rights in the Common Stock underlying the Restricted Stock Units until the Award vests as described in Section 4 below or as otherwise provided in the Plan or this Agreement. The Recipient shall not have any voting rights with respect to the Restricted Stock Units.

**3.** Restricted Stock Unit Account. The Company shall maintain an account (the “Restricted Stock Unit Account” or “Account”) on its books in the name of the Recipient, which shall reflect the number of Restricted Stock Units awarded to the Recipient.

**4.** Period of Restriction. Subject to the Recipient’s continuous employment with the Company through the following dates and the other provisions of the Plan and this Agreement, unless vested or forfeited earlier as described in Section 5 or 6 of this Agreement, as applicable, (i) one-third (1/3) of the Award shall become vested on the first anniversary of the Grant Date, (ii) an additional one-third (1/3) of the Award shall become vested on the second anniversary of the Grant Date and (iii) the final one-third (1/3) of the Award shall become vested on the third anniversary of the Grant Date.

Upon vesting, all vested Restricted Stock Units shall cease to be considered Restricted Stock Units, subject to the terms and conditions of the Plan and this Agreement, and the Recipient shall be entitled to receive one share of Common Stock for each vested Restricted Stock Unit in the Recipient’s Restricted Stock Unit Account. Such shares of Common Stock shall be paid to the Recipient as soon as practicable after the vesting date, but in no event later than sixty (60) days following that date on which the applicable shares became vested.

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**5.** Termination of Employment.

(a) If, from the Grant Date until the third anniversary of the Grant Date, the Recipient experiences a termination of employment with the Company and its Affiliates on account of the Recipient’s death or Disability, then all unvested Restricted Stock Units outstanding as of the date of such termination of employment shall vest in full immediately upon the date of such termination of employment and shall be paid to the Recipient as soon as practicable after the vesting date, but in no event later than sixty (60) days following that date on which the applicable shares became vested.

(b) If, from the Grant Date until the third anniversary of the Grant Date, the Recipient experiences a termination of employment with the Company and its Affiliates by reason of the Recipient’s Normal Retirement Date (as defined below), then the unvested Restricted Stock Units outstanding as of the date of such termination shall continue to vest in accordance with the vesting schedule set forth in Section 4 above and shall be paid to the Recipient in accordance with the schedule set forth in Section 4 above, as if the Recipient had remained employed with the Company through the third anniversary of the Grant Date. For purposes of this Agreement, the Recipient's "Normal Retirement Date" is the date of his or her termination of employment (other than for Cause) on or after attaining 65 years of age and at least 5 years of service with the Company and its Affiliates.

(c) If, from the Grant Date until the third anniversary of the Grant Date, the Recipient experiences a termination of employment with the Company and its Affiliates by reason of the Recipient's Early Retirement Date (as defined below), then all unvested Restricted Stock Units that would have vested in the 12 months following his or her termination date shall continue to vest in accordance with the vesting schedule set forth in Section 4 above, with (1) all Restricted Stock Units that were scheduled to vest on the first anniversary of the Grant Date occurring in such 12 month period vesting on such anniversary of the Grant Date and (2) a pro rata amount of the Restricted Stock Units vesting on the next anniversary of the Grant Date occurring thereafter (if any), equal to (A) the total number of unvested Restricted Stock Units that would have vested on such anniversary of the Grant Date, multiplied by (B) a fraction, the numerator of which is the number of full calendar months after the anniversary of the Grant Date described in (1) above, once the additional 12 months of post-termination vesting credit has been applied, and the denominator of which is 12. For purposes of clarity and as an example of the application of the additional 12 months of vesting credit described above, if a Recipient terminates employment by reason of an Early Retirement Date 18 months after the Grant Date, (i) the Restricted Stock Units scheduled to vest on the 2nd anniversary of the Grant Date will vest on the 2nd anniversary of the Grant Date and (ii) 6/12 (or ½) of the Restricted Stock Units scheduled to vest on the 3rd anniversary of the Grant Date will vest on the 3rd anniversary of the Grant Date. The Restricted Stock Units that vest pursuant to this Section 5(c) shall be paid to the Recipient in accordance with the schedule set forth in Section 4 above, as if the Recipient had remained employed with the Company through the last applicable vesting date. The Recipient's "Early Retirement Date" is the date of his or her termination of employment (other than for Cause) on or after attaining 55 years of age and at least 10 years of service with the Company and its Affiliates.



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(d) If, from the Grant Date until the third anniversary of the Grant Date, the Recipient experiences a termination of employment with the Company and its Affiliates by the Company without Cause or by the Recipient for Good Reason (as defined in the Recipient's employment agreement with the Company, to the extent applicable), then a pro rata amount of the unvested Restricted Stock Units outstanding as of the date of such termination scheduled to vest on the next anniversary of the Grant Date shall continue to vest on the next anniversary of the Grant Date, with the pro rata amount (if any) being equal to (A) the total number of unvested Restricted Stock Units that would have vested on the next anniversary of the Grant Date, multiplied by (B) a fraction, the numerator of which is the number of full calendar months after the most recent anniversary of the Grant Date, and the denominator of which is 12. The Restricted Stock Units that vest pursuant to this Section 5(d) shall be paid to the Recipient in accordance with the schedule set forth in Section 4 above, as if the Recipient had remained employed with the Company through the applicable vesting date.

(e) If, from the Grant Date until the third anniversary of the Grant Date, the Recipient experiences a termination of employment with the Company and its Affiliates for any reason other those set forth in Section 5(a), 5(b), 5(c) and 5(d) above or Section 6 below, then the Recipient shall forfeit any unvested Restricted Stock Units outstanding as of the date of such termination of employment.

**6.** Vesting upon Change in Control. Upon a Change in Control (determined without regard to whether such event is a "change in control event" with respect to the Company for purposes of Code Section 409A(a)(2)(A)(v)) occurring from the Grant Date until the third anniversary of the Grant Date and prior to the Recipient's termination of employment with the Company and its Affiliates, all unvested Restricted Stock Units may be assumed or replaced by the Company or its successor with a substantially similar equity or cash incentive award and the same vesting terms as the unvested Restricted Stock Units. If such unvested Restricted Stock Units are assumed or replaced in such a Change in Control and the Recipient's employment with the Company or its successor is terminated without Cause or by the Recipient for Good Reason (as defined in the Recipient's employment agreement with the Company, to the extent applicable) prior to the third anniversary of the Grant Date (a "CIC Termination"), the assumed or replaced award shall become fully vested on the date of such termination of employment and shall be paid to Recipient as soon as administratively feasible thereafter (but in no event later than sixty (60) days following the date that such termination of employment occurs). To the extent any unvested Restricted Stock Units are not assumed or replaced by the Company or its successor upon such a Change in Control as set forth above (including any Restricted Stock Units that remain outstanding under Sections 5(b), 5(c) and 5(d)), then such unvested Restricted Stock Units shall immediately become vested on the date of such Change in Control and shall be paid to the Recipient as soon as administratively feasible thereafter (but in no event later than sixty (60) days following the date that such Change in Control occurs). Notwithstanding anything set forth in this Section 6 to the contrary, to the extent that the Recipient is a "Deferred Compensation Recipient" (as defined below), then (a) if the Restricted Stock Units become vested as a result of a CIC Termination that occurs after the second anniversary of a Change in Control, the vested Restricted Stock Units shall not be paid upon such vesting event as described in this Section 6, and shall instead be paid to the Recipient in accordance with the schedule set forth in Section 4 above, as if the Recipient had remained employed with the Company through



the third anniversary of the Grant Date or upon any earlier permissible payment date under Code Section 409A and (b) if such Change in Control is not a “change in control event” with respect to the Company for purposes of Code Section 409A(a)(2)(A)(v), then the Restricted Stock Units that become vested upon a Change in Control or a CIC Termination, as applicable, in accordance with this Section 6 shall not be paid upon such vesting event as described in this Section 6, and shall instead be paid to the Recipient in accordance with the schedule set forth in Section 4 above, as if the Recipient had remained employed with the Company through the third anniversary of the Grant Date or upon any earlier permissible payment date under Code Section 409A. For purposes of this Agreement, “Deferred Compensation Recipient” means a Recipient, as determined on the Grant Date, who (i) has reached or will reach his or her Early Retirement Date or Normal Retirement Date at a time when the attainment of such status will result in the Restricted Stock Units being treated as “nonqualified deferred compensation” for purposes of Code Section 409A, or (ii) otherwise is entitled to special vesting terms such that the Restricted Stock Units will be treated as “nonqualified deferred compensation” for purposes of Code Section 409A.

**7.** Adjustment in Capitalization. In the event of any change in the Common Stock through stock dividends or stock splits, a corporate split-off or split-up, or recapitalization, merger, consolidation, exchange of shares, or a similar event, the number of Restricted Stock Units subject to this Agreement shall be equitably adjusted by the Committee.

**8.** Delivery of Stock Certificates. Subject to the requirements of Sections 9 and 10 below, the Company may, if applicable, cause to be issued and delivered to a brokerage account for the benefit of the Recipient certificates or electronic book entry credit for the shares of Common Stock that correspond to the vested Restricted Stock Units.

**9.** Tax Withholding. Whenever Common Stock is to be issued, a payment is to be made, or any other vesting or payment event occurs under this Agreement, the Company or any Subsidiary shall withhold, or, with the consent of the Committee, require the Recipient to remit to the Company or such Subsidiary, an amount sufficient to satisfy the federal, state, and local withholding tax requirements relating to such transaction, and the Company or such Subsidiary may defer any payment or issuance of Common Stock until such requirements are satisfied; provided that the amount of any such withholding shall not exceed the maximum statutory withholding rate applicable with respect to the Recipient.

**10.** Securities Laws. This Award is a private offer that may be accepted only by a Recipient who satisfies the eligibility requirements outlined in the Plan and the Committee’s administrative procedures. The future value of Common Stock acquired under the Plan is unknown and could increase or decrease.

Neither the Plan nor any offering materials related to the Plan may be distributed to the public. The Common Stock should be resold only on the New York Stock Exchange and should not be resold to the public except in full compliance with local securities laws.

**11.** No Guarantee of Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate the Recipient’s employment at any time, or confer upon the Recipient any right to continue in the employ of the Company or any Subsidiary.



**12.** Compliance with Code Section 409A. Notwithstanding any provision of the Plan or this Agreement to the contrary, the Award is intended to be exempt from or, in the alternative, comply with Code Section 409A and the interpretive guidance thereunder, including the exceptions for stock rights and short-term deferrals. The Plan and the Agreement will be construed and interpreted in accordance with such intent. References in the Plan and this Agreement to “termination of employment” and similar terms shall mean a “separation from service” within the meaning of that term under

Code Section 409A. Any payment or distribution that is to be made to a Recipient who is a "specified employee" of the Company within the meaning of that term under Code Section 409A and as determined by the Committee, on account of a "separation from service" under Code Section 409A, may not be made before the date which is six months after the date of such "separation from service," unless the payment or distribution is exempt from the application of Code Section 409A by reason of the short-term deferral exemption or otherwise. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to any such payment. The Recipient understands and agrees that the Recipient shall be solely responsible for the payment of any taxes, penalties, interest or other expenses incurred by the Recipient on account of non-compliance with Code Section 409A.

**13.** Dividend Equivalents. If the Company declares a cash dividend on its shares, then, on the payment date of the dividend, the Recipient will be credited with dividend equivalents equal to the amount of cash dividend per share multiplied by the number of Restricted Stock Units credited to the Recipient through the record date. The dollar amount credited to the Recipient under the preceding sentence will be credited to an account ("Dividend Account") established for the Recipient for bookkeeping purposes only on the books of the Company. The amounts credited to the Dividend Account will be credited as of the last day of each calendar quarter with interest, compounded quarterly, until the amount credited to the Dividend Account is paid to the Recipient. The rate of interest credited under the previous sentence will be the prime rate of interest as reported by the Wall Street Journal at the close of business of each calendar quarter. The balance in the Dividend Account will be subject to the same terms regarding vesting and forfeiture as the Recipient's Restricted Stock Units awarded under the accompanying letter and this document, and will be paid in cash in a single sum at the time that the shares of Common Stock associated with the Recipient's Restricted Stock Units are delivered (or forfeited at the time that the Recipient's Restricted Stock Units are forfeited).

**14.** No Fractional Shares. No fractional shares of Common Stock shall be issued or delivered under this Agreement. The Committee shall determine whether cash or other property shall be issued or paid in lieu of such fractional shares of Common Stock or whether such fractional shares of Common Stock or any rights thereto shall be forfeited or otherwise eliminated.

**15.** Amendment. The Committee may at any time amend, modify or terminate this Agreement; provided, however, that no such action of the Committeeshall adversely affect the Recipient's rights under this Agreementwithout the consent of the Recipient. The Committee, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify this Agreement so that the Award qualifies for



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exemption from or complies with Code Section 409A; provided, however, that the Committee and the Company make no representations that the Award shall be exempt from or comply with Code Section 409A and make no undertaking to preclude Code Section 409A from applying to the Award.

**16.** Plan Terms and Committee Authority. This Agreement and the rights of the Recipient hereunder are subject to all of the terms and conditions of the Plan, as it may be amended from time to time, as well as to such policies, rules and regulations as the Committee may adopt for administration of the Plan, including but not limited to any stock ownership and stock holding guidelines. It is expressly understood that the Committee is authorized to administer, construe and make all determinations necessary or appropriate for the administration of the Plan and this Agreement, all of which shall be binding upon the Recipient. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement.

**17.** Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or the Agreement under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Board's determination, materially altering the intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or person, and the remainder of the Agreement shall remain in full force and effect.

**18.** Governing Law and Jurisdiction. The Plan and this Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, United States of America. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), the Plan will be exclusively in the courts in the State of Indiana, County of Hamilton, United States of America, including the Federal Courts located therein (should Federal jurisdiction exist).

**19.** Successors. All obligations of the Company under this Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger, consolidation or otherwise.

**20.** Erroneously Awarded Compensation. This Award shall be subject to any compensation recovery policy adopted by the Company to comply with applicable law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or to comport with good corporate governances practices, as such policy may be amended from time to time.

[signature page follows]



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IN WITNESS WHEREOF, the Recipient and the Company have executed this Agreement as of this ___ day of [________], 2025.

OPENLANE, INC.

[NAME]

By: ________________________________

Its: ________________________________



**EXHIBIT 10.27**

**OPENLANE, INC.**
**SECOND AMENDED AND RESTATED**
**2009 OMNIBUS STOCK AND INCENTIVE PLAN**

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT
2025 AWARD

THIS AGREEMENT (the “Agreement”) is made between OPENLANE, Inc., a Delaware corporation (the “Company”), and [NAME] (the “Recipient”) pursuant to the OPENLANE, Inc. Second Amended and Restated 2009 Omnibus Stock and Incentive Plan (as may be amended from time to time, the “Plan”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Plan. The parties hereto agree as follows:

**1.** Grant of Restricted Stock Units. The Company hereby grants to the Recipient a target number of [_______] Restricted Stock Units (the “Award”) as of [___________], 2024, 2025, subject to the terms and conditions of the Plan and this Agreement. The Restricted Stock Units shall vest based on the Company’s performance during the “Period of Restriction,” as specified in Section 4 and pursuant to the terms of this Agreement. A “Restricted Stock Unit” is an “Other Share-Based Award” under the Plan and each Restricted Stock Unit entitles the Recipient to a share of Common Stock upon vesting subject to the terms of this Agreement.

**2.** Restrictions. The Restricted Stock Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, whether voluntarily or involuntarily or by operation of law. The Recipient shall have no rights in the Common Stock underlying the Restricted Stock Units until the termination of the Period of Restriction specified in Section 4 below or as otherwise provided in the Plan or this Agreement. The Recipient shall not have any voting rights with respect to the Restricted Stock Units.

**3.** Restricted Stock Unit Account. The Company shall maintain an account (the "Restricted Stock Unit Account" or "Account") on its books in the name of the Recipient, which shall reflect the number of Restricted Stock Units awarded to the Recipient.

**4.** Period of Restriction. Subject to the provisions of the Plan and this Agreement, unless vested or forfeited earlier as described in Section 5 and 6 of this Agreement, as applicable, the number of Restricted Stock Units that shall become vested shall be calculated in accordance with the chart below, based on the Company's "Cumulative Adjusted EBITDA" and "Relative TSR" for the "Measurement Period," calculated as of the "Measurement Date" (each as defined below). If the Company's Cumulative Adjusted EBITDA or Relative TSR falls between Threshold and Target or between Target and Maximum levels of performance, the number of Restricted Stock Units that vest shall be calculated using straight-line interpolation. Such vesting shall occur upon certification by the Committee that the applicable performance criteria have been met.

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| **Cumulative Adjusted EBITDA During the Measurement Period (75% Weight)** | **Number of Restricted Stock Units Vesting** |
|---|---|
| **Below Threshold:** Below $[____] | 0 |
| **Threshold:** $[____] | [0.5x] |
| **Target:** $[____] | [x] |
| **Maximum:** Greater than or equal to $[____] | [2x] |
| **Total Shareholder Return Percentile Rank vs. S&P SmallCap 600 During the Measurement Period (25% Weight)** | **Number of Restricted Stock Units Vesting** |
| **Below Threshold:** Below [____] percentile | 0 |
| **Threshold:** [____] percentile | [0.5x] |
| **Target:** [____] percentile | [x] |
| **Maximum:** Greater than or equal to [____] percentile | [2x] |

x = [Target number of Restricted Stock Units]

"Cumulative Adjusted EBITDA" shall mean the sum of the Company's Adjusted EBITDA for the three fiscal years in the Measurement Period. "Adjusted EBITDA" for a fiscal year is equal to the Company's consolidated earnings before interest expense, income taxes, depreciation and amortization, as adjusted, calculated and reported in the Company's annual earnings release and Form 10-K. Adjusted EBITDA may be further adjusted at the Committee's discretion to exclude the impact of unplanned transactions or events, including but not limited to excluding the impact of acquisitions in the year of acquisition.

"Relative TSR" shall mean the Company's relative total shareholder return percentile ranking as compared to the S&P SmallCap 600 index. Calculation of Relative TSR shall be based on a beginning price measured over the 20 trading days prior to the start of the Measurement Period and an ending price measured over the 20 trading days prior to the end of the Measurement Period. Companies that were part of the S&P SmallCap 600 index as of the beginning of the Measurement Period but are no longer publicly traded as of the Measurement Date (i.e., company and ticker symbol disappear) shall be excluded except that companies which were part of the S&P SmallCap 600 Index as of the beginning of the Measurement Period but are no longer publicly traded due to filing for bankruptcy prior to the Measurement Date shall be assigned a total shareholder return of -100% for the Measurement Period. The total shareholder return for the common stock of the Company and an S&P SmallCap 600 component company shall be adjusted to reflect changes in capitalization affecting the value of a share of common stock, including stock dividends, stock splits, reverse stock splits and similar events during the Measurement Period, and assumes that all cash dividends and cash distributions are immediately reinvested in common stock of the entity using the closing market price on the dividend payment date.

"Measurement Period" shall mean the period commencing on January 1, 2024January 1, 2025 and ending on the Measurement Date.



"Measurement Date" shall mean December 31, 2026December 31, 2027.

Upon vesting, all vested Restricted Stock Units shall cease to be considered Restricted Stock Units, subject to the terms and conditions of the Plan and this Agreement, and the Recipient shall be entitled to receive one share of Common Stock for each vested Restricted Stock Unit in the Recipient's Restricted Stock Unit Account.

**5.** Termination of Employment.

(a) If, from January 1, 2024January 1, 2025 until the "Payment Date" (as defined in Section 8), the Recipient experiences a termination of employment by the Company and its Affiliates by reason of Disability or death, then the Recipient shall be entitled to receive, on the Payment Date, all shares of Common Stock the Recipient would have been entitled to under Section 4 if he or she had remained employed until the last day of the Period of Restriction (based on actual performance during the Period of Restriction, as described in Section 4).

(b) If, from January 1, 2024January 1, 2025 until the "Payment Date" (as defined in Section 8), the Recipient experiences a termination of employment with the Company and its Affiliates by reason of the Recipient's Normal Retirement Date (as defined below), then the Recipient shall be entitled to receive, on the Payment Date, all shares of Common Stock the Recipient would have been entitled to under Section 4 if he or she had remained employed until the last day of the Period of Restriction (based on actual performance during the Period of Restriction, as described in Section 4). For purposes of this Agreement, the Recipient's "Normal Retirement Date" is the date of his or her termination of employment (other than for Cause) on or after attaining 65 years of age and at least 5 years of service with the Company and its Affiliates.

(c) If, from January 1, 2024January 1, 2025 until the "Payment Date" (as defined in Section 8), the Recipient experiences a termination of employment with the Company and its Affiliates by reason of the Recipient's Early Retirement Date (each as defined below), then the Recipient shall be entitled to receive, on the Payment Date, a number of shares of Common Stock the Recipient would have been entitled to under Section 4 if he or she had remained employed until the last day of the Period of Restriction (based on actual performance during the Period of Restriction, as described in Section 4) multiplied by a fraction, the numerator of which shall be the number of full calendar months during the period from January 1, 2024January 1, 2025 through the date the Recipient's employment terminated plus 12 (provided the numerator shall in no event exceed 36) and the denominator of which shall be 36, the total number of months in the Period of Restriction. The Recipient's "Early Retirement Date" is the date of his or her termination of employment (other than for Cause) on or after attaining 55 years of age and at least 10 years of service with the Company and its Affiliates.

(d) Prior to a Change in Control, if, from January 1, 2024January 1, 2025 until the "Payment Date" (as defined in Section 8), the Recipient experiences a termination of employment with the Company and its Affiliates by the Company without Cause or by the Recipient for Good Reason (as defined in the Recipient's employment agreement with the Company, to the extent applicable) not otherwise described in Sections 5(b) or (c) above, then the Recipient shall be entitled to receive, on the Payment Date, a number of shares of Common Stock the Recipient would have been entitled to under Section 4 if he or she had remained employed until the last day of the Period of Restriction (based on actual performance during the Period of Restriction, as



described in Section 4) multiplied by a fraction, the numerator of which shall be the number of full calendar months during the period from January 1, 2024January 1, 2025 through the date the Recipient's employment terminated and the denominator of which shall be 36, the total number of months in the Period of Restriction.

(e) If, from January 1, 2024 January 1, 2025 until the “Payment Date” (as defined in Section 8), the Recipient experiences a termination of employment with the Company and its Affiliates for any reason other than those set forth in Sections 5(a), 5(b), 5(c) or 5(d) above or Section 6 below, then the Recipient shall forfeit any Restricted Stock Units that are subject to the Period of Restriction on the date of such termination of employment.

**6.** Vesting upon Change in Control. Upon a Change in Control occurring during the Measurement Period and prior to the Recipient’s termination of employment with the Company and its Affiliates, the Restricted Stock Units may be assumed or replaced by the Company or its successor for a substantially similar equity or cash incentive award that (i) is based on the Target number of Restricted Stock Units and (ii) will be subject only to service-based vesting through a date not later than the Measurement Date. If such Restricted Stock Units are assumed or replaced in a Change in Control and the Recipient’s employment with the Company or its successor is terminated without Cause or by the Recipient for Good Reason (as defined in the Recipient’s employment agreement with the Company, to the extent applicable) prior to the Measurement Date, the assumed or replaced award shall become fully vested based on the Target level of performance on the date of such termination of employment and shall be paid to Recipient as soon as administratively feasible thereafter (but in no event later than March 15 of the year following the year in which the such termination of employment occurs). To the extent any Restricted Stock Units are not assumed or replaced by the Company or its successor upon a Change in Control as set forth above (including any Restricted Stock Units that remain outstanding under Sections 5(a), 5(b), 5(c) and 5(d)), or the Recipient’s employment is terminated without cause effective as of the consummation of such Change in Control, then the Restricted Stock Units shall become immediately vested on the date of such Change in Control and shall be paid to the Recipient as soon as administratively feasible thereafter (but in no event later than March 15 of the year following the year in which such Change in Control occurs), with the number of Restricted Stock Units that shall become vested being determined as follows: (i) the Target number of Restricted Stock Units for the Cumulative Adjusted EBITDA portion of the Award, and (ii) the number of Restricted Stock Units based on actual performance level for the Relative TSR portion of the Award, with the Measurement Date being the date of the consummation of such Change in Control.

**7.** Adjustment in Capitalization. In the event of any change in the Common Stock through stock dividends or stock splits, a corporate split-off or split-up, or recapitalization, merger, consolidation, exchange of shares, or a similar event, the number of Restricted Stock Units subject to this Agreement shall be equitably adjusted by the Committee.

**8.** Delivery of Stock Certificates. Subject to the requirements of Sections 9 and 10 below, as promptly as practicable after the Committee certifies that Restricted Stock Units ceased to be subject to the Period of Restriction in accordance with this Agreement, but in no event later than March 15 of the year following the year in which the shares became vested (the “Payment Date”), the Company may, if applicable, cause to be issued and delivered to a



brokerage account for the benefit of the Recipient certificates or electronic book entry credit for the shares of Common Stock that correspond to the vested Restricted Stock Units.

**9.** Tax Withholding. Whenever Common Stock is to be issued, a payment is to be made, or any other vesting or payment event occurs under this Agreement, the Company or any Subsidiary shall withhold, or, with the consent of the Committee, require the Recipient to remit to the Company or such Subsidiary, an amount sufficient to satisfy the federal, state, and local withholding tax requirements relating to such transaction, and the Company or such Subsidiary may defer any payment or issuance of Common Stock until such requirements are satisfied; provided that the amount of any such withholding shall not exceed the maximum statutory withholding rate applicable with respect to the Recipient.

**10.** Securities Laws. This Award is a private offer that may be accepted only by a Recipient who satisfies the eligibility requirements outlined in the Plan and the Committee’s administrative procedures. The future value of Common Stock acquired under the Plan is unknown and could increase or decrease.

Neither the Plan nor any offering materials related to the Plan may be distributed to the public. The Common Stock should be resold only on the New York Stock Exchange and should not be resold to the public except in full compliance with local securities laws.

**11.** No Guarantee of Employment. Nothing in this Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate the Recipient’s employment at any time, or confer upon the Recipient any right to continue in the employ of the Company or any Subsidiary.

**12.** Compliance with Code Section 409A. Notwithstanding any provision of the Plan or this Agreement to the contrary, the Award is intended to be exempt from or, in the alternative, comply with Code Section 409A and the interpretive guidance thereunder, including the exceptions for stock rights and short-term deferrals. The Plan and the Agreement will be construed and interpreted in accordance with such intent. References in the Plan and this Agreement to "termination of employment" and similar terms shall mean a "separation from service" within the meaning of that term under Code Section 409A. Any payment or distribution that is to be made to a Recipient who is a "specified employee" of the Company within the meaning of that term under Code Section 409A and as determined by the Committee, on account of a "separation from service" under Code Section 409A, may not be made before the date which is six months after the date of such "separation from service," unless the payment or distribution is exempt from the application of Code Section 409A by reason of the short-term deferral exemption or otherwise.

**13.** Dividend Equivalents. The Recipient will accrue dividend equivalents with respect to the Award. Dividend equivalents represent the right to receive additional shares of Common Stock in the future, subject to the terms and conditions of this Agreement. Dividend equivalents will be determined based on the dividends that the Recipient would have received, had the Recipient held shares of Common Stock equal to the vested number of Restricted Stock Units from January 1, 2024January 1, 2025 until the earlier to occur of the Payment Date or the date of a Change in Control, and assuming that the dividends were reinvested in Common Stock (and any



dividends on such shares were reinvested in Common Stock). The dividend equivalents will be



subject to the same transfer restrictions and forfeiture and vesting conditions as specified in this Agreement.

**14.** No Fractional Shares. No fractional shares of Common Stock shall be issued or delivered under this Agreement. The Committee shall determine whether cash or other property shall be issued or paid in lieu of such fractional shares of Common Stock or whether such fractional shares of Common Stock or any rights thereto shall be forfeited or otherwise eliminated.

**15.** Amendment. The Committee may at any time amend, modify or terminate this Agreement; provided, however, that no such action of the Committee shall adversely affect the Recipient's rights under this Agreement without the consent of the Recipient. The Committee, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify this Agreement so that the Award qualifies for exemption from or complies with Code Section 409A; provided, however, that the Committee and the Company make no representations that the Award shall be exempt from or comply with Code Section 409A and make no undertaking to preclude Code Section 409A from applying to the Award.

**16.** Plan Terms and Committee Authority. This Agreement and the rights of the Recipient hereunder are subject to all of the terms and conditions of the Plan, as it may be amended from time to time, as well as to such policies, rules and regulations as the Committee may adopt for administration of the Plan, including but not limited to any stock ownership and stock holding guidelines. It is expressly understood that the Committee is authorized to administer, construe and make all determinations necessary or appropriate for the administration of the Plan and this Agreement, all of which shall be binding upon the Recipient. Any inconsistency between this Agreement and the Plan shall be resolved in favor of the Plan. The Recipient hereby acknowledges receipt of a copy of the Plan and this Agreement.

**17.** Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or the Agreement under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Board's determination, materially altering the intent of the Plan or the Agreement, such provision shall be stricken as to such jurisdiction or person, and the remainder of the Agreement shall remain in full force and effect.

**18.** Governing Law and Jurisdiction. The Plan and this Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, United States of America. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), the Plan will be exclusively in the courts in the State of Indiana, County of Hamilton, United States of America, including the Federal Courts located therein (should Federal jurisdiction exist).

**19.** Successors. All obligations of the Company under this Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger, consolidation or otherwise.



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**20.** Erroneously Awarded Compensation. This Award shall be subject to any compensation recovery policy adopted by the Company to comply with applicable law, including, without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or to comport with good corporate governances practices, as such policy may be amended from time to time.

[signature page follows]



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IN WITNESS WHEREOF, the Recipient and the Company have executed this Agreement as of this ___ day of ________, 2024. 2025.

OPENLANE, INC.

[NAME]

By: ______________________________

Its: ______________________________



**EXHIBIT 19.1**

**OPENLANE, INC.**

**INSIDER TRADING POLICY**

**Dated as of July 26, 2023**

In the course of conducting the business of OPENLANE, Inc. (together with its subsidiaries, the "Company"), you may come into possession of material information about the Company or other entities that is not available to the investing public ("material nonpublic information"). You must maintain the confidentiality of material nonpublic information and may not use it in connection with the purchase or sale of Company securities or the securities of any other entity to which the information relates. The Company has adopted this Insider Trading Policy (this "Policy") in order to ensure compliance with the law and to avoid even the appearance of improper conduct by anyone associated with the Company. We have all worked hard to establish the Company's reputation for integrity and ethical conduct, and we are all responsible for preserving and enhancing this reputation.

**Covered Persons**

The procedures and restrictions set forth in this Policy apply to all officers, directors and employees of the Company, wherever located, and to their spouses, minor children, adult family members sharing the same household and any other person or entity whose securities trading decisions are influenced or controlled by the officer, director or employee (including, without limitation, any trust or estate in which an officer, director, employee or other such person serves as trustee or in a similar fiduciary capacity) (collectively, "Related Insiders"). This Policy may also apply to any trust or other estate in which an officer, director or employee has a beneficial interest (other than where the individual has no influence or control over the investment decisions).

To avoid even the appearance of impropriety, additional restrictions on trading Company securities apply to directors, officers and certain designated employees who have regular access to material nonpublic information about the Company. These policies are set forth in the Company's Addendum to Insider Trading Policy (the "Addendum"). The Company will notify you if you are subject to the Addendum. The Addendum generally prohibits those covered by it from trading in Company securities during blackout periods, and requires pre-clearance for all transactions in Company securities.

**Individual Responsibility**

Company policy and the laws of the United States and many other countries strictly prohibit any director, officer or employee of the Company, whenever and in whatever capacity employed, from trading Company securities (including equity securities, convertible securities, options, bonds, and derivatives thereon) while in possession of material nonpublic information about the Company. If you become aware of material nonpublic information, you may not execute any trade in Company securities and you should treat the information as strictly confidential. This prohibition applies to Company securities as well as the securities of any other company about which you acquire material nonpublic information in the course of your duties for the Company.

Each person subject to this Policy is individually responsible for complying with this Policy and ensuring the compliance of any Related Insiders whose transactions are subject to this Policy. Accordingly, you should make them aware of the need to confer with you before they trade in Company securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws concerning trading while in possession of material nonpublic information as if the transactions were for your own account.

In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company or any other employee pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

**Material Nonpublic Information**

As noted above, it is illegal and a violation of Company policy to trade securities while aware of material nonpublic information.
<u>What is Material Information?</u>

Under Company policy and United States laws, information is material if:

- there is a substantial likelihood that a reasonable investor would consider the information important in determining whether to trade in a security; <u>or</u>
- the information, if made public, likely would affect the market price of a company's securities.

Information may be material even if it relates to future, speculative or contingent events and even if it is significant only when considered in combination with publicly available information. Material information can be positive or negative. Nonpublic information can be material even with respect to companies that do not have publicly traded stock, such as those with outstanding bonds or bank loans.

Depending on the facts and circumstances, information that could be considered material includes, but is not limited to, information pertaining to the following:

- earnings announcements, guidance or estimates, or changes to previously released announcements, guidance or estimates;
- other unpublished financial results;
- writedowns and additions to reserves for bad debts;
- expansion or curtailment of operations and business disruptions;
- new products, inventions or discoveries;
- major litigation or government actions;
- cybersecurity risks and incidents, including vulnerabilities and breaches;
- mergers, acquisitions, tender offers, joint ventures or changes in assets;
- changes in analyst recommendations or debt ratings;

- events regarding the Company's securities (e.g., defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits, changes in dividends, changes to the rights of securityholders or public or private offerings or sales of additional securities);
- changes in control of the Company or extraordinary management developments;
- extraordinary borrowing or other financing transactions out of the ordinary course;
- liquidity problems; and
- changes in auditors or auditor notification that the Company may no longer rely on an audit report.

What is Nonpublic Information?

Information is considered to be nonpublic unless it has been adequately disclosed to the public, which means that the information must be publicly disseminated and sufficient time must have passed for the securities markets to digest the information.

It is important to note that information is not necessarily public merely because it has been discussed in the press or on social media, which will sometimes report rumors. You should presume that information is nonpublic unless you can point to the official release of that information by the Company in at least one of the following ways:

- publicly available filings with the U.S. Securities and Exchange Commission (the "SEC") or securities regulatory authorities;
- issuance of press releases via major newswire;
- meetings with members of the press and the public; or
- posting of the information on the Company's official website corporate.openlane.com in a manner consistent with the Company's past practice of disseminating information to the public through its website.

You may not attempt to "beat the market" by trading simultaneously with, or shortly after, the official release of material information. Although there is no fixed period for how long it takes the market to absorb information, out of prudence a person aware of material nonpublic information should refrain from any trading activity for at least one full trading day following its official release; shorter or longer waiting periods might be warranted based upon the liquidity of the security and the nature of the information.

**"Tipping" Material Nonpublic Information Is Prohibited**

In addition to trading while in possession of material nonpublic information, it is illegal and a violation of this Policy, as well as the Company's Code of Business Conduct and Ethics, to provide such information to another ("tipping") who may trade or to advise another to trade on the basis of such information. This applies regardless of whether the person or entity who receives the information, the "tippee," is related to you and regardless of whether you receive any monetary benefit from the tippee.

**Covered Transactions**

This Policy applies to transactions in common stock, preferred stock, bonds and other debt securities, options to purchase common stock, convertible debentures and warrants, as well as derivative securities whether or not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company's securities.

Prohibited Transactions

Due to the heightened legal risk and/or appearance of improper or inappropriate conduct associated with the following transactions, the individuals subject to this Policy may not engage in the following:

- *Publicly-Traded Options*. You may not trade in options, warrants, puts and calls or similar instruments on Company securities. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a director, officer or other employee is trading based on material nonpublic information and focus a director's, officer's or other employee's attention on short-term performance at the expense of the Company's long-term objectives.

- *Short Sales*. You may not engage in short sales of Company securities. A short sale has occurred if the seller (i) does not own the securities sold or (ii) does own the securities sold, but does not deliver them within 20 days or place them in the mail within 5 days of the sale. Short sales may reduce a seller's incentive to seek to improve the Company's performance and often have the potential to signal to the market that the seller lacks confidence in the Company's prospects. The simultaneous sale through a broker of some or all of the shares acquired through the exercise of an option granted under a Company compensation plan is not considered a short sale, but such activity (i.e., a cashless exercise of options) is considered a trade and is subject to the restrictions discussed in this Policy.

- *Hedging Transactions*. You may not engage (directly or indirectly) in hedging transactions, or otherwise engage in transactions that hedge or offset, or are designed to hedge or offset, any decrease in the market value of Company securities. Hedging transactions include (but are not limited to) collars, equity swaps, exchange funds and prepaid variable forward sale contracts. Hedging transactions may allow a director, officer or other employee to continue to own Company securities, but without the full risks and rewards of ownership. This may lead to the director, officer or other employee no longer having the same objectives as the Company's other stockholders.

- *Margin Accounts and Pledges*. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, you may not hold Company securities in a margin account or otherwise pledge Company securities as collateral for a loan.

- *Standing and Limit Orders*. Standing and limit orders create heightened risks for insider trading violations because there is no control over the timing of purchases or sales that

  result from standing instructions to a broker, and as a result, the broker could execute a transaction when you possess material nonpublic information. You accordingly may not have outstanding any standing or limit order that could result in a sale or purchase while you are aware of material nonpublic information. In addition, for any person subject to the Addendum, that person may not have outstanding any standing or limit order that could result in sale or purchase during a blackout period (or, if applicable, after the expiration of an applicable 48-hour pre-clearance approval), unless executed as part of an approved Rule 10b5-1 Plan.

Special Transactions

The trading restrictions in this Policy do not apply in the case of the following transactions, except as specifically noted:

- *Employee Stock Purchase Plan*. The trading restrictions in this Policy do not apply to purchases of Company stock in any employee stock purchase plan resulting from periodic payroll contributions to the plan (or lump sum contributions to the plan) under an election made at the time of enrollment in the plan. The trading restrictions do apply to an election to participate in the plan, changes in payroll (or lump sum) contributions and to sales of Company stock purchased under any employee stock purchase plan.

- *Stock Option Plans.* The trading restrictions in this Policy do not apply to exercises of stock options where no Company common stock is sold in the market to fund the option exercise price or related taxes. The trading restrictions do apply, however, to sales of Company common stock received upon the exercise of options in which the proceeds are used to fund the option exercise price (i.e., a cashless exercise of options) or related taxes.

- *Dividend Reinvestment Plans*. The trading restrictions in this Policy apply to enrollment in, termination of participation in, or changes to elections with respect to any dividend reinvestment plan or program, whether sponsored by the Company or another party. The trading restrictions in this Policy do not apply to regularly scheduled purchases and reinvestments in and withdrawals from a dividend reinvestment plan when the purchases, reinvestments or withdrawals are put in place outside of blackout periods applicable to such person and when not in possession of material nonpublic information. However, any such contract, instruction or written plan must be submitted to the Company's chief legal officer (the "General Counsel") for approval prior to adoption.

Gifts of Securities

Gifts of securities may include gifts to trusts for estate planning purposes, as well as donations to a charitable organization. Whether a gift of securities is a transaction that should be avoided while the person making the gift is aware of material nonpublic information may depend on various circumstances surrounding the gift. Accordingly, you are encouraged to consult the

General Counsel when contemplating a gift, and you are required to obtain pre-clearance of the gift if you are subject to the trading restrictions specified in the Addendum.

Twenty-Twenty Hindsight

If securities transactions ever become the subject of scrutiny, they are likely to be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how the transaction may be construed in the bright light of hindsight. If you have any questions or uncertainties about this Policy or a proposed transaction, please ask the General Counsel.

**Rule 10b5-1 Trading Plans**

Notwithstanding the prohibition against insider trading, SEC Rule 10b5-1 provides an affirmative defense against insider trading liability under Rule 10b-5. A person subject to this Policy can rely on this defense and trade in Company securities, regardless of their awareness of inside information, if the transaction occurs pursuant to a pre-arranged written trading plan ("Rule 10b5-1 Plan") that was entered into when the person was not in possession of material nonpublic information and that complies with the requirements of Rule 10b5-1. Directors and officers (collectively, "Section 16 Insiders") subject to Section 16 of the Securities Exchange Act of 1934 (the "Exchange Act") should be aware that the Company will be required to make quarterly disclosures regarding all Rule 10b5-1 Plans entered into, amended or terminated by Section 16 Insiders and to include the material terms of such plans, other than pricing information. Anyone subject to this Policy who wishes to enter into a Rule 10b5-1 Plan must submit the Rule 10b5-1 Plan to the General Counsel for its approval prior to the adoption of the Rule 10b5-1 Plan. Rule 10b5-1 Plans may not be adopted by a person when he or she is in possession of material nonpublic information about the Company or its securities and must comply with the requirements of Rule 10b5-1 (including specified waiting periods and limitations on multiple overlapping plans and single trade plans).

Once the Rule 10b5-1 Plan is adopted, you must not exercise any subsequent influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. You may amend or replace a Rule 10b5-1 Plan only during periods when trading is permitted in accordance with this Policy, and you must submit any proposed amendment or replacement of a Rule 10b5-1 Plan to the General Counsel for approval prior to adoption. You must provide notice to the General Counsel prior to terminating a Rule 10b5-1 Plan. You should understand that a modification or termination of a Rule 10b5-1 Plan may call into question your good faith in entering into and operating the plan (and therefore may jeopardize the availability of the affirmative defense against insider trading allegations).

**Reporting Violations/Seeking Advice**

You should refer suspected violations of this Policy to the General Counsel. In addition, if you:

- receive material nonpublic information that you are not authorized to receive or that you do not legitimately need to know to perform your employment responsibilities, or
- receive confidential information and are unsure if it is within the definition of material nonpublic information or whether its release might be contrary to a fiduciary or other duty or obligation,

you should not share it with anyone. To seek advice about what to do under those circumstances, you should contact the General Counsel. Consulting your colleagues can have the effect of exacerbating the problem. Containment of the information, until the legal implications of possessing it are determined, is critical.

**Penalties for Violations of the Insider Trading Policy and Laws**

In the United States and many other countries, the personal consequences to you of illegal insider trading can be quite severe. In addition to injunctive relief, disgorgement and other ancillary remedies, there are substantial civil and criminal penalties which may be assessed for insider trading. Penalties could include imposition of a penalty of up to three times the illicit windfall. In addition, corporations may be fined up to $25,000,000 and individuals may be fined up to $5,000,000 and imprisoned for up to twenty years for insider trading violations. Subject to applicable law, Company employees who violate this Policy may also be subject to discipline by the Company, up to and including termination of employment, even if the country or jurisdiction where the conduct took place does not regard it as illegal.

If you are located or engaged in dealings outside the U.S., be aware that laws regarding insider trading and similar offenses differ from country to country. Employees must abide by the laws in the country where located. However, you are required to comply with this Policy even if local law is less restrictive. If a local law conflicts with this Policy, you must consult the General Counsel.

**OPENLANE, INC.**

## ADDENDUM TO INSIDER TRADING POLICY

## INTRODUCTION

This Addendum explains requirements and procedures which apply to all directors, officers and certain designated employees of OPENLANE, Inc.(the “Company”) who have access to material nonpublic information about the Company, and is in addition to and supplements the Company’s Insider Trading Policy (the “Policy”). The names of the covered persons subject to this Addendum are listed on the attached Schedule A. The Company may from time to time designate other individuals who are subject to this Addendum and will amend Schedule A from time to time as necessary to reflect such changes or the resignation or change of status of any individual. Please note that this Addendum applies to all Company securities which you hold or may acquire in the future.

Please read this Addendum carefully. When you have completed your review, please sign the attached acknowledgment form and return it to the Company’s General Counsel.

## PRE-CLEARANCE PROCEDURES

Those subject to this Addendum, as well as their spouses, minor children, adult family members sharing the same household and any other person or entity whose securities trading decisions are influenced or controlled by the officer, director or employee (including, without limitation, any trust or estate in which an officer, director, employee or other such person serves as trustee or in a similar fiduciary capacity) (collectively, “Related Insiders”), may not engage in any transaction involving the Company’s securities (including the exercise of stock options, gifts, loans, contributions to a trust, or any other transfers) without first obtaining pre-clearance of the transaction from the Company’s General Counsel (pre-clearance is not required for trades made pursuant to a pre-arranged Rule 10b5-1 Plan adopted in accordance with the Policy and for the “Special Transactions” where the Policy does not apply, as described in the Policy). Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under federal laws and regulations. Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment aspects of any transaction. Clearance of a transaction is valid only for a 48-hour period. If the transaction order is not placed within that 48-hour period, clearance of the transaction must be re-requested. If clearance is denied, the fact of such denial must be kept confidential by the person requesting such clearance.

## BLACKOUT PERIODS

In addition to being subject to the limitations set forth in the Policy, those individuals subject to this Addendum (and Related Insiders) are subject to the following blackout periods, during which they may not trade in the Company’s securities (except by means of pre-arranged Rule 10b5-1 Plans established in compliance with the Policy and the “Special Transactions” where the Policy does not apply, as described in the Policy).

*Quarterly Blackout*. Because the announcement of the Company’s quarterly financial results will almost always have the potential to have a material effect on the market for the Company’s securities, you may not trade in the Company’s securities during the period beginning on the fifteenth day of the last month of the quarter and ending after the first full business day following the release of the Company’s earnings for that quarter.

*Interim Earnings Guidance and Event-Specific Blackouts*. The Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, U.S. Securities and Exchange Commission (the “SEC”) filing on Form 8-K or other means designed to achieve widespread dissemination of the information. You should anticipate that trading will be blacked out while the Company is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market.

From time to time, an event may occur that is material to the Company and is known by only a few directors, officers and/or employees. The existence of an event-specific blackout will not be announced. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company’s securities during an event-specific blackout, the General Counsel will inform the requesting person of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person.

Directors and Section 16 Officers may also be subject to event-specific blackouts pursuant to the SEC’s Regulation Blackout Trading Restriction, which prohibits certain sales and other transfers by insiders during certain pension plan blackout periods.

Even if a blackout period is not in effect, at no time may you trade in Company securities if you are aware of material nonpublic information about the Company. The failure of the General Counsel to notify you of an event-specific blackout will not relieve you of the obligation not to trade while aware of material nonpublic information.

## REPORTING AND FORM FILING REQUIREMENTS

Under Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), Company directors ("Directors") and those officers designated by the Board of Directors as Section 16 Officers ("Section 16 Officers") must file forms with the SEC disclosing their direct and indirect pecuniary interest in most transactions involving the Company's equity securities. In this context, in addition to basic traditional equity interests such as common stock, "equity securities" of the Company also include any securities that are exchangeable for or convertible into, or that derive their value from, an equity security of the Company. These other securities are known as derivative securities, and include options, restricted stock units, warrants, convertible securities, phantom stock and stock appreciation rights.

The General Counsel will assist directors and officers in preparing and filing the following Section 16 reports but each Director and Section 16 Officer is responsible for the timing and contents of his or her reports. Consult with the General Counsel, or, if you prefer, with your individual legal counsel regarding any questions you have in this area.

**Form 3:*Initial Beneficial Ownership Statement*.** A person who becomes a Director or Section 16 Officer of the Company must file a Form 3 within ten days of becoming a Director or Section 16 Officer, even if the Director or Section 16 Officer is not an owner of the Company's equity securities at the time. The Form 3 must disclose the Director's or Section 16 Officer's ownership of any Company equity securities the Director or Section 16 Officer owns immediately prior to assuming office.

**Form 4:*Changes of Beneficial Ownership Statement***. As long as a person remains a Director or Section 16 Officer, and for up to six months after a person no longer holds such a position with the Company, a Form 4 must be filed before 10:00 p.m. Eastern Time on the second business day following any transaction by that person, whether directly or indirectly, in Company equity securities. There are limited exceptions to this requirement.

**Form 5:*Annual Beneficial Ownership Statement*.** A Form 5 must be filed with the SEC by any individual who served as a Director or Section 16 Officer of the Company during any part of the Company's fiscal year to report: (1) all reportable transactions in Company equity securities that were specifically eligible for deferred reporting on Form 5; (2) all transactions that should have been reported during the last fiscal year but were not; and (3) with respect to an individual's first Form 5, all transactions which should have been reported but were not for the last two fiscal years.

A Form 5 need not be filed if all transactions otherwise reportable have been previously reported. If required, Form 5 must be filed within 45 days after the end of the Company's fiscal year, which is February 14, or the first business day thereafter.

***Indirect Ownership***

The reports described above must also reflect any indirect ownership by Directors and Section 16 Officers, including all holdings and transactions by Related Insiders. This includes changes in ownership by immediate family members living in the Director's or Section 16 Officer's household and any other person or entity over whom the individual exercises influence or control over his, her or its securities trading decisions. For this purpose, "immediate family" includes a spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents and siblings, including in-laws and adoptive relationships.

**Any questions concerning whether a particular transaction will necessitate filing of one of these Forms, or how or when they should be completed should be asked of the Company's General Counsel, or, if you prefer, your individual legal counsel*. The Company must disclose in its Annual Report on Form 10-K and in its Proxy Statement any delinquent filings of Forms 3, 4 or 5 by Directors and Section 16 Officers, and must post on its website, by the end of the business day after filing with the SEC, any Forms 3, 4 and 5 relating to the Company's securities.***

***Reporting Exemptions for Certain Employee Benefit Plan Transactions***

Rule 16b-3 under the Exchange Act provides exemptions for Director and Section 16 Officer reporting of certain employee benefit plan events on Forms 4 and 5, including certain routine non-volitional transactions under tax-conditioned thrift, stock purchase and excess benefit plans.

A transaction that results only in a change in the form of a person's beneficial ownership is also exempt from reporting. An exempt "change in the form of beneficial ownership" would include, for example, a distribution of benefit plan securities to an insider participant where the securities were previously attributable to the insider. Exercises or conversions of derivative securities would not, however, be considered mere changes in beneficial ownership and would be reportable.

The vesting of most stock options, restricted stock and stock appreciation rights is also not subject to the reporting requirements.

**SHORT-SWING TRADING PROFITS AND SHORT SALES**

***Short-Swing Trading Profits***

In order to discourage Directors and Section 16 Officers from profiting through short-term trading transactions in equity securities of the Company, Section 16(b) of the Exchange Act requires that any "short-swing profits" be disgorged to the Company. (This is in addition to the Form reporting requirements described above.)

"Short-swing profits" are the profits, whether real or notional, that result from any purchase and sale (or sale and purchase) of the Company's equity securities within a six-month period, unless there is an applicable exemption for either transaction. It is important to note that this rule applies to any matched transactions in the Company's securities (including derivative securities), not only a purchase and sale (or sale and purchase) of the same shares, or even of the same class of securities. Furthermore, pursuant to the SEC's rules, profit is determined so as to maximize the amount that the Director or Section 16 Officer must disgorge, and this amount may not be offset by any losses realized. "Short-swing profits" may exceed economic profits.

## LIMITATIONS AND REQUIREMENTS ON RESALES OF THE COMPANY'S SECURITIES

The Securities Act of 1933 (the "Securities Act") requires that securities may be sold only pursuant to an effective registration statement or an exemption from the registration requirements. Directors and certain officers ("Rule 144 Officer") who are (or were within the prior 90 days) affiliates of the Company and who wish to sell Company securities may seek a "safe harbor" for their sales to establish an exemption from such registration requirements by complying with the conditions of Rule 144 applicable to affiliates. "Securities" under Rule 144 are broadly defined to include all securities, not just equity securities. The Rule 144 safe harbor is available not only to sales of common and preferred stock, but also to sales of bonds,

debentures and any other form of security. Affiliates and others who seek to sell securities acquired directly from the Company or a Company affiliate in a series of transactions not involving any public offering may avail themselves of the safe harbor of Rule 144 by complying with the provisions applicable to resales of "restricted securities" (which apply, for affiliates, in addition to, and in conjunction with, the provisions of that Rule applicable to resales by affiliates).

The following summarizes relevant provisions of Rule 144, as they apply to resales by Directors and Rule 144 Officers seeking to take advantage of the safe harbor:

1. ***Current public information*****.** There must be adequate current public information available regarding the Company. This requirement is satisfied only if the Company has filed all reports required by the Exchange Act during the twelve months preceding the sale.

2. ***Manner of sale*****.** The sale of Company shares by a Director or Rule 144 Officer must be made in one of the following manners:

    a. in an open market transaction through a broker at the prevailing market price for no more than the usual and customary brokerage commission;

    b. to a market maker at the price held out by the market maker; or

    c. in a riskless principal transaction in which trades are executed at the same price, exclusive of any explicitly disclosed markup or markdown, commission equivalent or other fee, and where the transaction is permitted to be reported as riskless under the rules of a self-regulatory organization.

    Furthermore, the broker may not solicit or arrange for the solicitation of customers to purchase the shares. In addition, your broker likely has its own Rule 144 procedures (and must be involved in transmitting Form 144 (see item 4 below)), so it is important to speak with your broker prior to any sale. Even if your stock certificates do not contain any restrictive legends, you should inform your broker that you may be considered an affiliate of the Company.

3. ***Number of shares which may be sold.***

***Equity Securities:*** The amount of equity securities that a Director or Rule 144 Officer may sell in a three-month period is limited to the greater of:

a. one percent of the outstanding shares of the same class of the Company, or

b. the average weekly reported trading volume in the four calendar weeks preceding the transactions.

***Debt Securities:*** The amount of debt securities that a Director or Rule 144 Officer may sell in a three-month period is limited to the greater of:

a. the average weekly reported trading volume in the four calendar weeks preceding the sale, or

b. 10 percent of the principal amount of the tranche of debt securities (or 10 percent of the class of non-participatory preferred stock).

4 ***<u>Notice of proposed sale</u>.*** If the amount of securities proposed to be sold by a Director or Rule 144 Officer during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the Rule 144 Officer or Director must file a notice of sale with the SEC on Form 144 prior to, or concurrently with, the placing of the order to sell securities.

5. ***<u>Holding Periods</u>.*** Any securities of the Company acquired directly or indirectly from the Company in a transaction that was not registered with the SEC under the Securities Act (restricted securities) must be held for six months prior to reselling such securities. There is no statutory minimum holding period for securities which were registered under the Securities Act or acquired in an open-market transaction.

In certain situations (*e.g*., securities acquired through stock dividends, splits, conversions, or the net settlement of certain options), “tacking” is permitted, that is, the new securities will be deemed to have been acquired at the same time as the original securities.

**PENALTIES FOR VIOLATING THE SECURITIES LAWS AND COMPANY POLICY**

The seriousness of securities law violations is reflected in the penalties such violations carry. A Director’s resignation may be sought, or an officer will be subject to possible Company disciplinary action up to and including termination of employment. In addition, both the Company itself and individual Directors, officers or employees may be subjected to both criminal and civil liability. These violations may also create negative publicity for the Company.

**QUESTIONS**

Because of the technical nature of some aspects of the federal securities laws, all Directors and officers should review this material carefully and contact the General Counsel prior to engaging in any transaction in the Company’s securities which might be in conflict with the securities law and the Policy.

**ACKNOWLEDGEMENT**

All Directors, officers and other employees subject to this Addendum must acknowledge their understanding and agreement to comply with the Policy and this Addendum on the form attached to this Addendum.

**SCHEDULE A**

**List Maintained By General Counsel**

**ACKNOWLEDGMENT FORM**

I have read and understand the OPENLANE, Inc. Insider Trading Policy and the Addendum thereto applicable to officers, directors, and certain designated employees. I agree to comply fully with the policies and procedures contained in the Insider Trading Policy and the Addendum. If I am an employee of the Company, I acknowledge that the Insider Trading Policy and the Addendum are statements of policies and procedures and do not, in any way, constitute an employment contract or an assurance of continued employment.

______________________________
Printed Name

______________________________
Signature

______________________________
Date

**EXHIBIT 21.1**

**Subsidiaries of OPENLANE, Inc.**

The following is a list of subsidiaries of OPENLANE, Inc. (a Delaware corporation) as of December 31, 2023 December 31, 2024:

| **Name** | **State or Jurisdiction of Incorporation or Organization** |
|---|---|
| ADESA, Inc. | Delaware |
| ADESA Corporation, LLC | Indiana |
| ADESA Dealer Services, LLC | Indiana |
| ADESA Mexico, LLC | Indiana |
| AFC CAL, LLC | California |
| Automotive Finance Consumer Division, LLC | Indiana |
| Automotive Finance Corporation | Indiana |
| Autoniq, LLC | Virginia |
| AutoVIN, Inc. | Indiana |
| MobileTrac LLC | Delaware |
| PAR, Inc. | Indiana |
| High Tech National, LLC | Indiana |
| HT Locksmiths, Inc. | Indiana |
| AFC Funding Corporation | Indiana |
| AuctionTrac, LLC | Indiana |
| OPENLANE US, Inc. | Delaware |
| CarsArrive Network, Inc. | Georgia |
| Recovery Database Network, Inc. | Delaware |
| OPENLANE Canada Co. | Nova Scotia |
| OPENLANE Canada Inc. | Ontario |
| NEPO Auto Centre, Inc. | Ontario |
| Auction Vehicles of Mexico, S. de R.L. de C.V. | Federal District of Mexico |
| 2540-0714 Quebec Inc. | Quebec |
| 504811 NB Ltd. | New Brunswick |
| 51937 Newfoundland & Labrador Limited | Newfoundland |
| 79378 Manitoba Inc. | Manitoba |
| ADESA Auctions Canada Corporation | Nova Scotia |
| ADESA Corporation, LLC | Indiana |
| ADESA Dealer Services, LLC | Indiana |
| ADESA Mexico, LLC | Indiana |
| ADESA Montreal Corporation | Nova Scotia |
| ADESA Quebec Corporation | Federal |
| ADESA Remarketing Services Inc. | Ontario |
| AutoVIN Canada ADESA, Inc. | Nova Scotia Delaware |
| AFC CAL, LLC | California |
| AFC Funding Corporation | Indiana |
| Auction Frontier, LLC | California |
| Auction Vehicles of Mexico, S. de R.L. de C.V. | Federal District of Mexico |
| AuctionTrac, LLC | Indiana |
| Automotive Finance Canada Inc. | Ontario |
| Automotive Key Controls, Finance Consumer Division, LLC | Indiana |
| Automotive Finance Corporation | Indiana |
| Autoniq, LLC | Virginia |
| AutoVIN Canada Inc. | Nova Scotia |
| AutoVIN, Inc. | Indiana |

| | |
|---|---|
| AutoVIN, Inc. | Indiana |
| BacklotCars Uruguay S.A.S. | Uruguay |
| BacklotCars UY, S.R.L. | Uruguay |
| BacklotCars, Inc. | Delaware |
| BLC UY Quota Holdings, LLC | Delaware |
| Car Quality Services GmbH | Germany |
| CarCo Technologies, LLC | Delaware |
| CarsArrive Network, Inc. | Georgia |
| CARWAVE, LLC | Delaware |
| Clearplan, LLC | Delaware |
| KAR Auction Services International Limited | United Kingdom |
| OPENLANE Remarketing Limited LaneLink, LLC | United Kingdom Arizona |
| CarCo Technologies, MobileTrac LLC | Delaware |
| Nth Gen Software, NEPO Auto Centre, Inc. | Ontario |
| Nth Gen Software (Florida) LLC | Florida |
| TradeRev USA LLC | Florida |
| TradeRev Motors Nth Gen Software, Inc. | Ontario |
| TradeRev Technologies OPENLANE Belgium NV | Belgium |
| OPENLANE Canada Co. | Nova Scotia |
| OPENLANE Canada Inc. | Ontario |
| STRATIM Systems Incorporated | Delaware |

| Name | State or Jurisdiction of Incorporation or Organization |
|---|---|
| Clearplan, LLC | Delaware |
| OPENLANE Belgium NV | Belgium |
| OPENLANE Deutschland GmbH | Germany |
| OPENLANE Europe Holding NV | Belgium |
| OPENLANE Europe NV | Belgium |
| OPENLANE France SAS | France |
| OPENLANE Italia S.R.L. | Italy |
| OPENLANE Nederland B.V. | The Netherlands |
| OPENLANE Remarketing Limited | United Kingdom |
| OPENLANE Subastas España, S.L. | Spain |
| Car Quality Services GmbH | Germany |
| BacklotCars, OPENLANE US, Inc. | Delaware |
| BacklotCars UY, S.R.L. PAR, Inc. | Uruguay Indiana |
| BLC UY Quota Holdings, LLC | Delaware |
| BacklotCars Uruguay S.A.S. | Uruguay |
| Auction Frontier, LLC | California |
| CARWAVE, LLC Recovery Database Network, Inc. | Delaware |
| Saperium, Inc. | Philippines |
| LaneLink, STRATIM Systems Incorporated | Delaware |
| TradeRev Motors Inc. | Ontario |
| TradeRev Technologies Inc. | Ontario |
| TradeRev USA LLC | Arizona Florida |

**EXHIBIT 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (Nos. 333-164032, 333-168523, 333-196668, 333-250085, 333-256782) 333-256782, 333-281368) on Form S-8 and (No. 333-277249) on Form S-3 of our reports dated February 21, 2024 February 19, 2025, with respect to the consolidated financial statements of OPENLANE, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Indianapolis, Indiana
February 21, 2024 19, 2025

**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 Annual Report on Form 10-K 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: February 21, 2024 February 19, 2025

**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 Annual Report on Form 10-K 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: February 21, 2024 February 19, 2025

**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 Annual Report of OPENLANE, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2023 December 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: February 21, 2024 February 19, 2025

**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 Annual Report of OPENLANE, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2023 December 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: February 21, 2024 February 19, 2025

**EXHIBIT 97.1**

**OPENLANE, INC.**

**CLAWBACK POLICY**

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of OPENLANE, Inc. (the "Company") believes that it is appropriate for the Company to adopt this Clawback Policy (the "Policy") to be applied to the Executive Officers of the Company and adopts this Policy to be effective as of the Effective Date.

**1. Definitions**

For purposes of this Policy, the following definitions shall apply:

a) "Company Group" means the Company and each of its Subsidiaries, as applicable.

b) "Covered Compensation" means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after the effective date of the NYSE listing standard, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.

c) "Effective Date" means October 24, 2023.

d) "Erroneously Awarded Compensation" means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to the NYSE.

e) "Exchange Act" means the U.S. Securities Exchange Act of 1934.

f) "Executive Officer"means each "officer" of the Company as defined under Rule 16a-1(f) under Section 16 of the Exchange Act, which shall be deemed to include any individuals identified by the Company as executive officers pursuant to Item 401(b) of Regulation S-K under the Exchange Act. Both current and former Executive Officers are subject to the Policy in accordance with its terms.



g) "Financial Reporting Measure" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of GAAP or non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures may or may not be filed with the SEC and may be presented outside the Company's financial statements, such as in Managements' Discussion and Analysis of Financial Conditions and Result of Operations or in the performance graph required under Item 201(e) of Regulation S-K under the Exchange Act.

h) "Home Country" means the Company's jurisdiction of incorporation.

i) "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

j) "Lookback Period" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.

k) "NYSE" means the New York Stock Exchange.

l) "Received" Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

m) "Restatement" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Changes to the Company's financial statements that do not represent error corrections under the then-current relevant accounting standards will not constitute Restatements. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on fraud or misconduct by any person in connection with the Restatement.

n) "SEC" means the U.S. Securities and Exchange Commission.

o) "Subsidiary" means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust or unincorporated organization "affiliated" with the Company, that is, directly or indirectly, through one or more intermediaries, "controlling", "controlled by" or "under common control with", the Company. "Control" for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract or otherwise.

**2. Recoupment of Erroneously Awarded Compensation**

In the event of a Restatement, any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below.

Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company's executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to the NYSE), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to the NYSE that recovery would result in such a violation and provides such opinion to the NYSE), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

**3. Means of Repayment**

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide written notice to such person by email or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section

409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash or cashier's check no later than thirty (30) days after receipt of such notice.

**4. No Indemnification**

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation). In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment.

**5. Miscellaneous**

This Policy generally will be administered and interpreted by the Committee, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to "Committee" shall be deemed to refer to the Board. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or the NYSE, including any additional or new requirements that become effective after the Effective Date which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to the NYSE.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to the Company Group pursuant to the terms of any law, government regulation or



stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group.

**6. Amendment and Termination**

To the extent permitted by, and in a manner consistent with applicable law, including SEC and NYSE rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

**7. Successors**

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.



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**OPENLANE, INC.**

**CLAWBACK POLICY**

**ACKNOWLEDGMENT, CONSENT AND AGREEMENT**

I acknowledge that I have received and reviewed a copy of the OPENLANE, Inc. Clawback Policy (as may be amended from time to time, the "Policy") and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy's terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from the Company Group for any compensation that is subject to recoupment and/or forfeiture under the Policy. Capitalized terms used but not defined herein have the meanings set forth in the Policy.

**Signed:** ________________________________________

**Print Name:** ________________________________________

**Date:** ________________________________________