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DELTA REPORT

10-Q

OPENLANE, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1186
CHANGES	314
DELETIONS	476
ADDITIONS	396

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 2024

OR

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

Commission File Number: 001-34568

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

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

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

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

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

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

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

As of October 27, 2023 April 26, 2024, 108,018,458 108,302,011 shares of the registrant's common stock, par value $0.01 per share, were outstanding.

OPENLANE, Inc.
Table of Contents

	Page
PART I—FINANCIAL INFORMATION	

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Operating revenues				
Auction fees	**$ 102.1**	$ 88.9	**$ 305.3**	$ 289.5
Service revenue	**153.9**	159.2	**475.2**	444.0
Purchased vehicle sales	**60.6**	45.8	**176.5**	137.9
Finance-related revenue	**99.7**	99.1	**296.8**	275.2
Total operating revenues	**416.3**	393.0	**1,253.8**	1,146.6
Operating expenses				
Cost of services (exclusive of depreciation and amortization)	**216.0**	209.6	**662.8**	632.3
Selling, general and administrative	**107.4**	109.1	**326.6**	352.1
Depreciation and amortization	**26.4**	24.3	**76.2**	76.2
Goodwill and other intangibles impairment	**—**	—	**250.8**	—
Total operating expenses	**349.8**	343.0	**1,316.4**	1,060.6
Operating profit (loss)	**66.5**	50.0	**(62.6)**	86.0
Interest expense	**39.4**	32.3	**116.5**	83.8
Other (income) expense, net	**1.7**	1.2	**(12.5)**	6.4

Loss on extinguishment of debt	**—**	9.3	**1.1**	17.0
Income (loss) from continuing operations before income taxes	**25.4**	7.2	**(167.7)**	(21.2)
Income taxes	**12.7**	6.7	**0.7**	(7.9)
Income (loss) from continuing operations	**12.7**	0.5	**(168.4)**	(13.3)
Income (loss) from discontinued operations, net of income taxes	**—**	(6.3)	**—**	217.4
Net income (loss)	**$ 12.7**	$ (5.8)	**$ (168.4)**	$ 204.1
Net income (loss) per share - basic				
Income (loss) from continuing operations	**$ 0.01**	$ (0.09)	**$ (1.84)**	$ (0.30)
Income (loss) from discontinued operations	**—**	(0.06)	**—**	1.41
Net income (loss) per share - basic	**$ 0.01**	$ (0.15)	**$ (1.84)**	$ 1.11
Net income (loss) per share - diluted				
Income (loss) from continuing operations	**$ 0.01**	$ (0.09)	**$ (1.84)**	$ (0.30)
Income (loss) from discontinued operations	**—**	(0.06)	**—**	1.41
Net income (loss) per share - diluted	**$ 0.01**	$ (0.15)	**$ (1.84)**	$ 1.11

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

See accompanying condensed notes to consolidated financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	**$ 12.7**	$ (5.8)	**$ (168.4)**	$ 204.1
Other comprehensive income (loss), net of tax				
Foreign currency translation gain (loss)	**(12.9)**	(31.0)	**(1.5)**	(45.3)
Unrealized gain on interest rate derivatives, net of tax	**—**	—	**—**	5.7
Total other comprehensive income (loss), net of tax	**(12.9)**	(31.0)	**(1.5)**	(39.6)
Comprehensive income (loss)	**$ (0.2)**	$ (36.8)	**$ (169.9)**	$ 164.5

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

See accompanying condensed notes to consolidated financial statements

4

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

		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 2023
Assets	**Assets**			**Assets**		
Current assets	***Current assets***			***Current assets***		
Cash and cash equivalents	Cash and cash equivalents	**$ 110.3**	$ 225.7			
Restricted cash	Restricted cash	**41.8**	52.0			
Trade receivables, net of allowances of $18.3 and $15.8		**340.0**	270.7			
Finance receivables, net of allowances of $21.0 and $21.5		**2,358.1**	2,395.1			

Trade receivables, net of allowances of $9.2 and $9.9				
Finance receivables, net of allowances of $21.0 and $23.0				
Other current assets	Other current assets	**90.6**	78.9	
Total current assets	Total current assets	**2,940.8**	3,022.4	
Other assets	***Other assets***			***Other assets***
Goodwill	Goodwill	**1,237.8**	1,464.5	
Customer relationships, net of accumulated amortization of $432.0 and $417.3		**121.1**	135.9	
Other intangible assets, net of accumulated amortization of $455.9 and $406.0		**188.9**	231.3	
Customer relationships, net of accumulated amortization of $440.7 and $438.5				
Other intangible assets, net of accumulated amortization of $484.2 and $475.4				
Operating lease right-of-use assets	Operating lease right-of-use assets	**77.7**	84.8	
Property and equipment, net of accumulated depreciation of $182.3 and $197.7		**115.1**	123.6	
Property and equipment, net of accumulated depreciation of $188.6 and $187.2				
Other assets	Other assets	**47.9**	57.3	
Total other assets	Total other assets	**1,788.5**	2,097.4	

Total assets	Total assets	**$ 4,729.3**	$ 5,119.8

See accompanying condensed notes to consolidated financial statements

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

		September 30, 2023	December 31, 2022		March 31, 2024	December 31, 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	Accounts payable	**$ 646.4**	$ 551.2			
Accrued employee benefits and compensation expenses	Accrued employee benefits and compensation expenses	**34.0**	31.9			
Accrued interest	Accrued interest	**11.5**	7.8			
Other accrued expenses	Other accrued expenses	**75.9**	79.1			
Income taxes payable	Income taxes payable	**3.3**	6.9			
Obligations collateralized by finance receivables	Obligations collateralized by finance receivables	**1,695.3**	1,677.6			
Current maturities of long-term debt	Current maturities of long-term debt	**42.3**	288.7			
Total current liabilities	Total current liabilities	**2,508.7**	2,643.2			
Non-current liabilities	***Non-current liabilities***					
Long-term debt	Long-term debt	**201.4**	205.3			
Long-term debt Long-term debt						
Deferred income tax liabilities	Deferred income tax liabilities	**22.8**	54.0			
Operating lease liabilities	Operating lease liabilities	**72.4**	79.7			
Other liabilities	Other liabilities	**5.9**	6.8			

Total non-current liabilities	Total non-current liabilities	**302.5**	345.8	
Commitments and contingencies (Note 11)				
Commitments and contingencies (Note 9)				Commitments and contingencies (Note 9)
Temporary equity	***Temporary equity***			
Series A convertible preferred stock				
Series A convertible preferred stock				
Series A convertible preferred stock	Series A convertible preferred stock	**612.5**	612.5	
Stockholders' equity	***Stockholders' equity***			***Stockholders' equity***
Common stock, $0.01 par value:	Common stock, $0.01 par value:			Common stock, $0.01 par value:
Authorized shares: 400,000,000	Authorized shares: 400,000,000			Authorized shares: 400,000,000
Issued and outstanding shares:	Issued and outstanding shares:			Issued and outstanding shares:
September 30, 2023: 108,018,458				
December 31, 2022: 108,914,678		**1.1**	1.1	
March 31, 2024: 108,302,011				March 31, 2024: 108,302,011
December 31, 2023: 108,040,704				
Additional paid-in capital	Additional paid-in capital	**734.3**	743.8	
Retained earnings	Retained earnings	**621.2**	822.9	
Accumulated other comprehensive loss	Accumulated other comprehensive loss	**(51.0)**	(49.5)	
Total stockholders' equity	Total stockholders' equity	**1,305.6**	1,518.3	
Total liabilities, temporary equity and stockholders' equity	Total liabilities, temporary equity and stockholders' equity	**$ 4,729.3**	$ 5,119.8	

See accompanying condensed notes to consolidated financial statements

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

		Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at June 30, 2023		109.4	$ 1.1	$ 751.8	$619.6	$ (38.1)	$1,334.4
	Common Stock Shares	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensiv Loss	
Balance at December 31, 2023							
Net income	Net income				12.7		12.7
Other comprehensive loss						(12.9)	(12.9)
Issuance of common stock under stock plans				0.5			0.5
Stock-based compensation expense				4.2			4.2
Repurchase and retirement of common stock		(1.4)		(22.2)			(22.2)
Dividends on preferred stock					(11.1)		(11.1)
Balance at September 30, 2023		**108.0**	**$ 1.1**	**$ 734.3**	**$621.2**	**$ (51.0)**	**$1,305.6**

		Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2022		108.9	$ 1.1	$ 743.8	$822.9	$ (49.5)	$1,518.3
Net loss					(168.4)		(168.4)
Other comprehensive loss	Other comprehensive loss					(1.5)	(1.5)
Issuance of common stock under stock plans	Issuance of common stock under stock plans	0.7		2.1			2.1
Surrender of RSUs for taxes	Surrender of RSUs for taxes	(0.2)		(2.5)			(2.5)
Stock-based compensation expense	Stock-based compensation expense			13.1			13.1
Repurchase and retirement of common stock		(1.4)		(22.2)			(22.2)
Dividends on preferred stock	Dividends on preferred stock				(33.3)		(33.3)
Balance at September 30, 2023		**108.0**	**$ 1.1**	**$ 734.3**	**$621.2**	**$ (51.0)**	**$1,305.6**

Balance at March 31, 2024						
	Common Stock Shares					
	Common Stock Shares					
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	
Balance at December 31, 2022						
Net income						
Other comprehensive income						
Issuance of common stock under stock plans						
Surrender of RSUs for taxes						
Stock-based compensation expense						
Dividends on preferred stock						
Balance at March 31, 2023						

See accompanying condensed notes to consolidated financial statements

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

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at June 30, 2022	116.1	$ 1.2	$ 847.2	$ 813.8	$ (33.3)	$ 1,628.9
Net loss				(5.8)		(5.8)
Other comprehensive loss					(31.0)	(31.0)
Issuance of common stock under stock plans			0.2			0.2
Stock-based compensation expense			3.3			3.3
Repurchase and retirement of common stock	(3.3)	(0.1)	(50.0)			(50.1)
Dividends on preferred stock				(11.1)		(11.1)

Balance at September 30, 2022	112.8	$	1.1	$	800.7	$	796.9	$	(64.3)	$	1,534.4

	Common Stock Shares		Common Stock Amount		Additional Paid-In Capital		Retained Earnings		Accumulated Other Comprehensive Loss		Total
Balance at December 31, 2021	121.2	$	1.2	$	910.8	$	625.7	$	(24.7)	$	1,513.0
Net income							204.1				204.1
Other comprehensive loss									(39.6)		(39.6)
Issuance of common stock under stock plans	0.5				1.1						1.1
Surrender of RSUs for taxes	(0.2)				(2.5)						(2.5)
Stock-based compensation expense					23.3						23.3
Repurchase and retirement of common stock	(8.7)		(0.1)		(132.1)						(132.2)
Dividends earned under stock plans					0.1		(0.2)				(0.1)
Dividends on preferred stock							(32.7)				(32.7)
Balance at September 30, 2022	112.8	$	1.1	$	800.7	$	796.9	$	(64.3)	$	1,534.4

See accompanying condensed notes to consolidated financial statements

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

	Nine Months Ended September 30,			
	2023		2022	
Operating activities				
Net income (loss)	$	**(168.4)**	$	204.1
Net income from discontinued operations		—		(217.4)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization		**76.2**		76.2
Provision for credit losses		**42.0**		9.7
Deferred income taxes		**(26.8)**		(4.3)
Amortization of debt issuance costs		**6.6**		8.5
Stock-based compensation		**13.1**		22.6
Contingent consideration adjustment		**1.3**		—
Net change in unrealized (gain) loss on investment securities		**0.4**		6.5
Investment and note receivable impairment		**11.0**		—
Goodwill and other intangibles impairment		**250.8**		—
Loss on extinguishment of debt		**1.1**		17.0
Other non-cash, net		**0.8**		0.3
Changes in operating assets and liabilities, net of acquisitions:				
Trade receivables and other assets		**(94.0)**		(24.1)
Accounts payable and accrued expenses		**104.7**		(149.1)
Payments of contingent consideration in excess of acquisition-date fair value		**(2.6)**		(26.1)
Net cash provided by (used by) operating activities - continuing operations		**216.2**		(76.1)
Net cash used by operating activities - discontinued operations		**(0.1)**		(388.5)

Investing activities		
Net (increase) decrease in finance receivables held for investment	**1.3**	(34.9)
Acquisition of businesses (net of cash acquired)	**—**	(0.4)
Purchases of property, equipment and computer software	**(39.8)**	(45.8)
Investments in securities	**(1.0)**	(6.6)
Proceeds from sale of investments	**—**	0.3
Proceeds from the sale of property and equipment	**0.3**	—
Net cash used by investing activities - continuing operations	**(39.2)**	(87.4)
Net cash provided by investing activities - discontinued operations	**7.0**	2,070.4
Financing activities		
Net decrease in book overdrafts	**(3.5)**	(5.8)
Net borrowings from (repayments of) lines of credit	**(106.4)**	126.8
Net increase in obligations collateralized by finance receivables	**13.2**	36.6
Payments for debt issuance costs/amendments	**(5.4)**	(11.6)
Payments on long-term debt	**—**	(928.6)
Payment for early extinguishment of debt	**(140.1)**	(606.1)
Payments on finance leases	**(1.6)**	(3.1)
Payments of contingent consideration and deferred acquisition costs	**(12.4)**	(3.5)
Issuance of common stock under stock plans	**2.1**	1.1
Tax withholding payments for vested RSUs	**(2.5)**	(2.5)
Repurchase and retirement of common stock	**(22.2)**	(132.2)
Dividends paid on Series A Preferred Stock	**(33.3)**	(11.1)
Net cash used by financing activities - continuing operations	**(312.1)**	(1,540.0)
Net cash provided by financing activities - discontinued operations	—	10.8
Net change in cash balances of discontinued operations	**—**	12.4
Effect of exchange rate changes on cash	**2.6**	(27.4)
Net decrease in cash, cash equivalents and restricted cash	**(125.6)**	(25.8)
Cash, cash equivalents and restricted cash at beginning of period	**277.7**	203.4
Cash, cash equivalents and restricted cash at end of period	**$ 152.1**	$ 177.6

See accompanying condensed notes to consolidated financial statements

Supplemental Disclosure of Cash Flow Information		
(In millions)	**Nine Months Ended September 30,**	
	2023	**2022**
Cash paid for interest, net of proceeds from interest rate derivatives	**$ 106.5**	$ 71.0
Cash paid for taxes, net of refunds - continuing operations	**$ 28.3**	$ 325.2

	Three Months Ended March 31,	
	2024	**2023**
Operating activities		
Net income	**$ 18.5**	$ 12.7
Net income from discontinued operations	**—**	—
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**24.3**	23.0
Provision for credit losses	**15.8**	14.3

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

See accompanying condensed notes to consolidated financial statements

OPENLANE, Inc.

Condensed Notes to Consolidated Financial Statements

September 30, 2023 March 31, 2024 (Unaudited)

Note 1—Basis of Presentation and Nature of Operations

Defined Terms

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

- "we," "us," "our," "OPENLANE" and "the Company" refer, collectively, to OPENLANE, Inc. (f/k/a KAR Auction Services, Inc.) and its subsidiaries, unless the context requires otherwise;
- "ADESA" or "ADESA Auctions" refer, collectively, to ADESA, Inc., a wholly-owned subsidiary of OPENLANE, and ADESA, Inc.'s subsidiaries, including OPENLANE US, Inc. (together with OPENLANE US, Inc.'s subsidiaries, "OPENLANE US"), BacklotCars, Inc. ("BacklotCars"), CARWAVE LLC ("CARWAVE"), Nth Gen Software Inc. ("TradeRev"), ADESA Remarketing Limited ("ADESA U.K.") and ADESA Europe NV and its subsidiaries ("ADESA Europe");
- "ADESA U.S. physical auction business," "ADESA U.S. physical auctions" and "ADESA U.S." refer to the auction sales, operations and staff at ADESA's U.S. vehicle logistics centers, which were sold to Carvana Group, LLC (together with Carvana Co. and its subsidiaries, "Carvana") in May 2022; 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; agent;
- "IAA" refers, collectively, to Insurance Auto Auctions, Inc., formerly a wholly-owned subsidiary of OPENLANE, and Insurance Auto Auctions, Inc.'s subsidiaries and other related entities;
- "OPENLANE, Inc." refers to the Company and not to its subsidiaries;
- "Senior notes" refers to the 5.125% senior notes due 2025 ($210 million aggregate principal was outstanding at September 30, 2023 March 31, 2024); and
- "Series A Preferred Stock" refers to the Series A Convertible Preferred Stock, par value $0.01 per share (634,305 shares of Series A Preferred Stock were outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023).

Business and Nature of Operations

As announced in May 2023, OPENLANE is becoming 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 September 30, 2023 March 31, 2024, the Marketplace segment serves a domestic and international customer base through digital marketplaces and 14 15 vehicle logistics center locations across Canada.

For our 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, the Company also operates BacklotCars our

platform facilitates multiple sale formats, data-driven insights and OPENLANE Canada digital marketplace platforms that facilitate real-time transactions between integrated services to automotive dealers, coast-to-coast in the United States, Canada and Canada. The CARWAVE digital auction platform was integrated with BacklotCars in the fourth quarter of 2022, adding additional features and functionality to the BacklotCars marketplace, including a live auction format that allows dealers to sell and source inventory in a fast-paced, head-to-head bidding environment. Europe.

In OPENLANE Europe is our digital marketplaces also include ADESA U.K. and ADESA Europe, marketplace serving customers in the United Kingdom and Continental Europe through a consolidated online wholesale used vehicle platform.

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

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

AFC is a leading provider of floorplan financing primarily to independent used vehicle dealers ("independent dealer customers") and this financing is provided through approximately 100 90 locations (hybrid of physical locations and a digital servicing network) throughout the United States and Canada as of September 30, 2023 March 31, 2024. Floorplan financing supports independent used vehicle dealers dealer customers in North America who purchase vehicles at BacklotCars (including CARWAVE), OPENLANE Canada (ADESA and TradeRev), 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 encompasses can encompass settling lien holder payoffs. AFC also provides title services for their customers.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for annual financial statements. Operating results for interim periods are not necessarily indicative of results that may be expected for the year as a whole. In the opinion of management, the consolidated financial statements reflect all adjustments, generally consisting of normal recurring accruals, necessary for a fair statement of our results of operations, cash flows and financial position for the periods presented. These consolidated financial statements and condensed notes to consolidated financial statements are unaudited and should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on March 9, 2023 February 21, 2024. The 2022 2023 year-end consolidated balance sheet data included in this Form 10-Q was derived from the audited financial statements referenced above and does not include all disclosures required by U.S. GAAP for annual financial statements.

Use of Estimates

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

New Accounting Standards

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

Note 2—Acquisition 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.

Contingent Payment Related In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements* to *Prior Year Acquisition*

Some Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 31, 2024. Early adoption is permitted and the amendments should be applied retrospectively to all prior periods presented. The Company is currently evaluating the impact the adoption of ASU 2023-07 will have on the purchase agreements consolidated financial statements and related to prior year acquisitions have included additional payments over a specified period, including contingent payments based on certain conditions and performance. In the second quarter of 2023, we made a contingent consideration payment related to the Auction Frontier acquisition of $15.0 million. For the nine months ended September 30, 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. disclosures.

Note 3— 2—Sale of ADESA U.S. Physical Auction Business and Discontinued Operations

In February 2022, the Company announced that it had entered into a definitive agreement with Carvana, pursuant to which Carvana would acquire the ADESA U.S. physical auction business from the Company (the "Transaction"). 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 nine months ended September 30, 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. For the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company has received a net cash inflow from the commercial agreement and transition services agreement of approximately $74.6 $29.8 million and $30.0 million, respectively, which includes the transportation services noted below.

The Company provided transportation services of $12.9 $0.4 million and $55.7 $21.9 million to the ADESA U.S. physical auctions for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and $20.6 million and $56.7 million for the three and nine months ended September 30, 2022, 2023, respectively.

The financial results of the ADESA U.S. physical auction business have been accounted for as discontinued operations for all periods presented. The business was formerly included in the Company's Marketplace reportable segment. Goodwill was allocated to the ADESA U.S. physical auctions based on relative fair value. The Transaction resulted in a pretax gain on disposal of approximately $521.8 million 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 change in the pretax gain on disposal for the three months ended September 30, 2022 occurred as a result of a net working capital adjustment and additional transaction costs.

The following table presents the There were no results of operations for the ADESA U.S. physical auction business that have been reclassified to discontinued operations for all periods presented *(in millions)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Operating revenues	$ —	$ —	$ —	$ 305.9
Operating expenses				
Cost of services (exclusive of depreciation and amortization)	—	—	—	224.9
Selling, general and administrative	—	—	—	68.8
Depreciation and amortization	—	—	—	11.2
Total operating expenses	—	—	—	304.9
Operating profit (loss)	—	—	—	1.0
Interest expense	—	—	—	0.1
Other (income) expense, net	—	—	—	(8.4)
Income (loss) from discontinued operations before gain on disposal and income taxes	—	—	—	9.3
Pretax gain on disposal of discontinued operations	—	(11.9)	—	521.8
Income taxes	—	(5.6)	—	313.7
Income (loss) from discontinued operations	$ —	$ (6.3)	$ —	$ 217.4

the three months ended March 31, 2024 and 2023.

Note 4— 3—Stock and Stock-Based Compensation Plans

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	**2022**	**2023**	**2022**	**2024**	**2023**

PRSUs	PRSUs	**$1.5**	$1.3	**$ 3.4**	$15.1
RSUs	RSUs	**1.9**	0.9	**7.1**	3.4
Service options	Service options	**0.2**	0.2	**0.5**	0.6
Market options	Market options	**0.6**	0.9	**2.1**	3.5
Total stock-based compensation expense	Total stock-based compensation expense	**$4.2**	$3.3	**$13.1**	$22.6

PRSUs

In the first nine months quarter of 2023, 2024, we granted a target amount of approximately 0.5 million 0.6 million PRSUs to certain executive officers of the Company. Three quarters of the PRSUs vest if and to the extent that the Company's three-year cumulative Adjusted EBITDA ("Adjusted EBITDA PRSUs") attains certain specified goals. goals over three years. The other one quarter of the PRSUs vest if and to the extent that the Company's total shareholder return over three years relative to that of companies within the S&P SmallCap 600 ("TSR PRSUs") exceeds certain levels over the three-year period ending December 31, 2025. levels. The weighted average grant date fair value of the Adjusted EBITDA PRSUs was $14.25 $14.66 per

share, which was determined using the closing price of the Company's common stock on the dates of grant. The weighted average grant date fair value of the TSR PRSUs was $21.62 $21.12 per share and was developed with a Monte Carlo simulations simulation using a multivariate Geometric Brownian Motion.

RSUs

In the first nine months quarter of 2023, 2024, approximately 0.6 million RSUs were granted to certain management members of the Company. The RSUs are contingent upon continued employment and generally vest in three equal annual installments. The fair value of RSUs is the value of the Company's common stock at the date of grant and the weighted average grant date fair value of the RSUs was $14.18 $14.66 per share.

Service Options

In the first nine months of 2023, we granted approximately 0.1 million service options with a weighted average exercise price of $14.83 per share to a new executive 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 date. The weighted average fair value of the service options granted in the first nine months of 2023 was $7.14 per share. The fair value of the service options granted 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%.

Market Options

In the first nine months of 2023, we granted approximately 0.2 million market options with a weighted average exercise price of $14.83 per share to a new executive 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 date, 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 the exercise price, for 20 consecutive trading days.

The weighted average fair value of the market options granted in the first nine months of 2023 was $6.91 per 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.

Share Repurchase Program

In October 2019, the board of directors authorized a repurchase of up to $300 million $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 October 30, 2021. In October 2021, subsequent approvals by the board of directors authorized an extension of directors. These amendments have served to increase the October 2019 share repurchase program through December 31, 2022. In April 2022, the board of directors authorized an increase in the size of the Company's $300 million share repurchase program by an additional $200 million and an extension of the share repurchase program and extend its maturity date through December 31, 2023 December 31, 2024. At September 30, 2023 March 31, 2024, approximately $104.7 $125.0 million of the Company's outstanding common stock remained available for repurchase under the 2019 share repurchase program. Repurchases may be made in the open market or through privately negotiated transactions, in accordance with applicable securities laws and regulations, including pursuant to repurchase plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The timing and amount of any repurchases is subject to market and other conditions. This program does not oblige the Company to repurchase any dollar amount or any number of shares under the authorization, and the program may be suspended, discontinued or modified at any time, for any reason and without notice. For the three and nine months ended September 30, 2023, we repurchased and retired 1,438,859 No shares of common stock in the open market at a weighted average price of $15.43 per share. For were repurchased during the three and nine months ended September 30, 2022, we repurchased March 31, 2024 and retired 3,309,527 shares and 8,740,316 shares of common stock, respectively, in the open market at a weighted average price of $15.11 per share and $15.11 per share, respectively. 2023.

Note 5— 4—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)*:

		Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	**2022**	**2023**	**2022**	**2024**	**2023**
Income (loss) from continuing operations		**$12.7**	$ 0.5	**$(168.4)**	$(13.3)		
Income from continuing operations							
Series A Preferred Stock dividends	Series A Preferred Stock dividends	**(11.1)**	(11.1)	**(33.3)**	(32.7)		
(Income) loss from continuing operations attributable to participating securities		**(0.4)**	—	**—**	10.6		
Income (loss) from continuing operations attributable to common stockholders		**$ 1.2**	$(10.6)	**$(201.7)**	$(35.4)		
Income from continuing operations attributable to participating securities							
Income from continuing operations attributable to common stockholders							

Weighted average common shares outstanding	Weighted average common shares outstanding	**109.2**	114.6	**109.3**	118.5	
Effect of dilutive stock options and restricted stock awards	Effect of dilutive stock options and restricted stock awards	**0.7**	—	**—**	—	
Weighted average common shares outstanding and potential common shares	Weighted average common shares outstanding and potential common shares	**109.9**	114.6	**109.3**	118.5	
Income (loss) from continuing operations per share						
Income from continuing operations per share						Income from continuing operations per share
Basic	Basic	**$0.01**	$(0.09)	**$ (1.84)**	$(0.30)	
Diluted	Diluted	**$0.01**	$(0.09)	**$ (1.84)**	$(0.30)	

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. As a result of the spin-off, there are IAA employees who hold OPENLANE equity awards included in the calculation. Stock options that would

have an anti-dilutive effect on income from continuing operations per diluted share, unexercisable market options and PRSUs subject to performance conditions which have not yet been satisfied are excluded from the calculations. Approximately 0.4 million service options and all of the market 0.5 million service options were excluded from the calculation of diluted income from continuing operations per share for the three months ended September 30, 2023. March 31, 2024 and 2023, respectively, and all of the market options were excluded from the calculation for the three months ended March 31, 2024 and 2023. In addition, approximately 1.5 1.3 million and 1.6 million PRSUs were excluded from the calculation of diluted income from continuing operations per share for the three months ended September 30, 2023. 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 nine months ended September 30, 2023 March 31, 2024 and the three and nine months ended September 30, 2022 March 31, 2023, because to do so would have been anti-dilutive based on the period undistributed loss from continuing operations. respectively. Total options outstanding at September 30, 2023 March 31, 2024 and 2022 2023 were 5.0 4.5 million and 5.0 4.7 million, respectively.

Note 6— 5—Finance Receivables and Obligations Collateralized by Finance Receivables

AFC sells the majority of its U.S. dollar denominated finance receivables on a revolving basis and without recourse to a wholly-owned, bankruptcy remote, consolidated, special purpose subsidiary ("AFC Funding Corporation"), established for the purpose of purchasing AFC's finance receivables. A securitization agreement allows for the revolving sale by AFC Funding Corporation to a group of bank purchasers of undivided interests in certain finance receivables subject to committed liquidity. The agreement expires on January 31, 2026. AFC Funding Corporation had committed liquidity of $2.0 billion for U.S. finance receivables at September 30, 2023 March 31, 2024.

We also have an agreement for the securitization of Automotive Finance Canada Inc.'s ("AFCI") receivables. receivables, which expires on January 31, 2026. AFCI's committed facility is provided through a third-party conduit (separate from the U.S. facility) and was C$300 million on September 30, 2023 March 31, 2024. 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. 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.

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.

		September 30, 2023		Net Credit Losses Three Months Ended September 30, 2023	Net Credit Losses Nine Months Ended September 30, 2023	March 31, 2024	Net Credit Losses Three Months Ended March 31, 2024
		Total Amount of:					
(in millions)	*(in millions)*	Receivables	Receivables Delinquent				
(in millions)							
(in millions)							
Floorplan receivables							
Floorplan receivables							
Floorplan receivables	Floorplan receivables	**$ 2,375.5**	**$ 18.1**	**$ 11.6**	**$ 36.3**		
Other loans	Other loans	**3.6**	**—**	**—**	**—**		
Total receivables managed	Total receivables managed	**$ 2,379.1**	**$ 18.1**	**$ 11.6**	**$ 36.3**		

		December 31, 2022		Net Credit Losses Three Months Ended September 30, 2022	Net Credit Losses Nine Months Ended September 30, 2022	December 31, 2023	Net Credit Losses Three Months Ended March 31, 2023
		Total Amount of:					
(in millions)	*(in millions)*	Receivables	Receivables Delinquent				
(in millions)							
(in millions)							
Floorplan receivables							
Floorplan receivables							
Floorplan receivables	Floorplan receivables	$ 2,409.9	$ 17.5	$ 1.2	$ 4.0		
Other loans	Other loans	6.7	—	—	—		
Total receivables managed	Total receivables managed	$ 2,416.6	$ 17.5	$ 1.2	$ 4.0		

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

	September 30, 2023	September 30, 2022
Allowance for Credit Losses		
Balance at December 31	**$ 21.5**	$ 23.0
Provision for credit losses	**35.8**	2.8
Recoveries	**6.8**	7.2
Less charge-offs	**(43.1)**	(11.2)
Other	**—**	(0.3)
Balance at end of period	**$ 21.0**	$ 21.5

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

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $2,378.0 million $2,305.7 million and $2,396.6 million $2,296.4 million, respectively, of finance receivables and a cash reserve of 1 or 3 percent of the obligations collateralized by finance receivables served as security for the obligations collateralized by finance receivables. The amount of the cash reserve depends on circumstances which are set forth in the securitization agreements. Obligations collateralized by finance receivables consisted of the following:

		September 30, 2023	**December 31, 2022**		
	March 31, 2024			**March 31, 2024**	**December 31, 2023**
Obligations collateralized by finance receivables, gross	Obligations collateralized by finance receivables, gross	**$ 1,710.5**	$ 1,697.0		
Unamortized securitization issuance costs	Unamortized securitization issuance costs	**(15.2)**	(19.4)		
Obligations collateralized by finance receivables	Obligations collateralized by finance receivables	**$ 1,695.3**	$ 1,677.6		

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 September 30, 2023 March 31, 2024, we were in compliance with the covenants in the securitization agreements.

Note 7— 6—Goodwill and Other Intangible Assets

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

	Marketplace	Finance	Total
Balance at December 31, 2022 (1)(2)	$ 1,223.6	$ 240.9	$ 1,464.5
Impairment	(225.3)	—	(225.3)
Foreign currency	(1.4)	—	(1.4)
Balance at September 30, 2023 (1)(2)	**$ 996.9**	**$ 240.9**	**$ 1,237.8**

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

(1) Marketplace amounts are net of accumulated goodwill impairment charges of $25.5 million and $250.8 million at December 31, 2022 March 31, 2024 and September 30, 2023, respectively. December 31, 2023.

(2) Finance amounts are net of accumulated goodwill impairment charges of $161.5 million at March 31, 2024 and $161.5 million at December 31, 2022 and September 30, 2023, respectively. December 31, 2023.

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

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 fair value. As of September 30, 2023, the remaining carrying value of goodwill related to the U.S. Dealer-to-Dealer and Europe reporting units was $87.3 million and $115.7 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 million carrying amount of its indefinite-lived ADESA tradename, resulting in a non-cash impairment charge totaling $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. 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 will be amortized over a remaining useful life of approximately 6 years.

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 $34.2 $38.3 million and $29.6 $36.4 million valuation allowance against the U.S. net deferred tax asset at September 30, 2023 March 31, 2024 and June 30, 2023 December 31, 2023, respectively.

Note 8— 7—Long-Term Debt

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

		Interest Rate*		Maturity	September 30, 2023	December 31, 2022	Interest Rate*	Maturity	March 31, 2024	December 31, 2023
Revolving Credit Facility	Revolving Credit Facility	Adjusted Term SOFR	+ 2.25%	June 23, 2028	**$ 23.0**	$ —				
Previous Revolving Credit Facility		Adjusted LIBOR	+ 1.75%	September 19, 2024	**—**	145.0				
Canadian Revolving Credit Facility										
Senior notes	Senior notes		5.125%	June 1, 2025	**210.0**	350.0				
European lines of credit	European lines of credit	Euribor	+ 1.25%	Repayable upon demand	**19.3**	3.7				
Total debt	Total debt				**252.3**	498.7				
Unamortized debt issuance costs/discounts	Unamortized debt issuance costs/discounts				**(8.6)**	(4.7)				
Current portion of long-term debt	Current portion of long-term debt				**(42.3)**	(288.7)				
Long-term debt	Long-term debt				**$ 201.4**	$ 205.3				

*The interest rates presented in the table above represent the rates in place at September 30, 2023 March 31, 2024.

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 On January 19, 2024, the Company and ADESA Auctions Canada Corporation, a result subsidiary of replacing the Previous Company (the "Canadian Borrower") entered into the First Amendment Agreement (the "First Amendment") to the Credit Agreement. The First Amendment provides for, among other things, (i) a C$175 million revolving credit facility in Canadian dollars (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Facility, 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 "the Revolving Credit Facility. We capitalized approximately $6.6 Facilities") and (ii) a C$50 million of debt issuance costs sub-limit (the "Canadian Sub-limit") under the Company's existing Revolving Credit Facility for borrowings in connection with the Credit Agreement.

In May 2022, the Company prepaid the $926.2 million outstanding balance on Term Loan B-6 (part of the Previous Credit Agreement) with Canadian dollars. The proceeds from the Transaction. As Canadian Revolving Credit Facility may be used to finance a result portion of the prepayment, we incurred a non-cash loss on Manheim Canada acquisition, to pay for expenses related to 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. First Amendment and for ongoing working capital and general corporate purposes.

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

Loans under the Revolving Credit Facility bear interest at a rate calculated based on the type of borrowing (at the Company's election, either Adjusted Term SOFR Rate or Base Rate (each as defined in the Credit Agreement)) and the Company's

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

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 (commencing with September 30, 2023) 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 September 30, 2023 March 31, 2024.

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

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

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

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $23.0 $95.5 million and $145.0 million $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 $54.7 $51.2 million and $19.0 million $54.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which reduce the amount available for borrowings under the respective revolving credit facility. Revolving Credit Facilities.

Senior Notes

On May 31, 2017, we issued $950 million of 5.125% senior notes due June 1, 2025. The Company pays interest on the senior notes semi-annually in arrears on June 1 and December 1 of each year. The senior notes may be redeemed at par 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 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 $9.3 million in the third quarter of 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.

European Lines of Credit

ADESA Europe has lines of credit aggregating $31.7 million $32.4 million (€30 million). The lines of credit had an aggregate $19.3 $24.9 million and $3.7 million $17.6 million of borrowings outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The lines of credit are secured by certain inventory and receivables at ADESA Europe subsidiaries.

Fair Value of Debt

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the estimated fair value of our long-term debt amounted to $245.5 $327.0 million and $490.9 $360.4 million, respectively. The estimates of fair value were based on broker-dealer quotes (Level 2 inputs) for our debt as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The estimates presented on long-term financial instruments are not necessarily indicative of the amounts that would be realized in a current market exchange.

Note 9—Derivatives

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 five-year term, each maturing on January 23, 2025.

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." 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 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 for the three and six months ended June 30, 2022. For the nine months ended September 30, 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 the nine-month period related to the repayment of Term Loan B-6 in full.

Note 10— 8—Other (Income) Expense, Net

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
Change in realized and unrealized (gains) losses on investment securities, net	**$ 0.5**	$ 0.3	**$ 0.4**	$ 6.5
Foreign currency (gains) losses	**(1.2)**	4.1	**(0.8)**	8.6
Investment and note receivable impairment	**—**	—	**11.0**	—
Early termination of contractual arrangement	**—**	—	**(20.0)**	—
Contingent consideration valuation (Note 2)	**—**	—	**1.3**	—
Other	**2.4**	(3.2)	**(4.4)**	(8.7)
Other (income) expense, net	**$ 1.7**	$ 1.2	$ (12.5)	$ 6.4

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

Fair Value Measurement of Investments

The Company invests in certain early-stage automotive companies and funds that relate to the automotive industry. We believe these investments have resulted in the expansion of relationships in the vehicle remarketing industry. There were no The realized and unrealized gains and losses on these investments for investment securities are shown in the three and nine months ended September 30, 2023 and 2022. The Company had unrealized losses of $0.5 million and $0.4 million for the three and nine months ended September 30, 2023, respectively, and $0.3 million and $6.5 million for the three and nine months ended September 30, 2022, respectively. 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 September 30, 2023 March 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. The net unrealized loss on these investment securities was $0.4 million for the nine months ended September 30, 2023. The remaining Other investments held of $25.7 $26.4 million do not have readily determinable fair values and the Company has elected to apply the measurement alternative to these investments and present them at cost. Investments are reported in "Other assets" in the accompanying consolidated balance sheets. Realized and unrealized gains and losses are reported in "Other (income) expense, net" in the consolidated statements of income.

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

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

Note 11— 9—Commitments and Contingencies

We are involved in litigation and disputes arising in the ordinary course of business, such as actions related to injuries; property damage; handling, storage or disposal of vehicles; environmental laws and regulations; and other litigation incidental to the business such as employment matters and dealer disputes. Management considers the likelihood of loss or the incurrence of a liability, as well as the ability to reasonably estimate the amount of loss, in determining loss contingencies. We accrue an estimated loss contingency when it is probable that a liability has been incurred and the amount of loss (or range of possible losses) can be reasonably estimated. Management regularly evaluates current information available to determine whether accrual amounts should be adjusted. Accruals for contingencies including litigation and environmental matters are included in "Other accrued expenses" at undiscounted amounts and exclude claims for recoveries from insurance or other third parties. These accruals are adjusted periodically as assessment and remediation efforts progress, or as additional technical or legal information becomes available. If the amount of an actual loss is greater than the amount accrued, this could have an adverse impact on our operating results in that period. Although the outcome of litigation cannot be accurately predicted, based on evaluation of information presently available, our management does not currently believe that the ultimate resolution of these actions will have a material adverse effect on our financial condition, results of operations or cash flows. Legal fees are expensed as incurred. There has been no significant change in the legal and regulatory proceedings which were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Note 12— 10—Accumulated Other Comprehensive Loss

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

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Foreign currency translation loss	Foreign currency translation loss	**$ (51.0)**	$ (49.5)		

Accumulated other comprehensive loss	Accumulated other comprehensive loss	**$ (51.0)**	$ (49.5)

Note 13— 11—Segment Information

ASC 280, *Segment Reporting*, requires reporting of segment information that is consistent with the manner in which the chief operating decision maker operates and views the Company. Our operations are grouped into two operating segments: Marketplace and Finance, which also serve as our reportable business segments. These reportable business segments offer different services and have fundamental differences in their operations. Beginning in the first quarter of 2022, results of the ADESA U.S. physical auctions are reported as discontinued operations (see Note 3).

Financial information regarding our reportable segments is set forth below as of and for the three months ended September 30, 2023 March 31, 2024 *(in millions)*:

		Marketplace	Finance	Consolidated
	Marketplace	**Marketplace**	**Finance**	**Consolidated**
Operating revenues	Operating revenues	$ 316.6	$ 99.7	$ 416.3
Operating expenses	Operating expenses	Operating expenses		
Cost of services (exclusive of depreciation and amortization)	Cost of services (exclusive of depreciation and amortization)	199.3	16.7	216.0
Selling, general and administrative	Selling, general and administrative	94.8	12.6	107.4
Depreciation and amortization	Depreciation and amortization	23.8	2.6	26.4
Total operating expenses	Total operating expenses	317.9	31.9	349.8
Operating profit (loss)		(1.3)	67.8	66.5
Operating profit				
Interest expense	Interest expense	5.2	34.2	39.4
Other (income) expense, net	Other (income) expense, net	1.2	0.5	1.7
Intercompany expense (income)	Intercompany expense (income)	9.6	(9.6)	—
Income (loss) from continuing operations before income taxes	Income (loss) from continuing operations before income taxes	(17.3)	42.7	25.4
Income taxes	Income taxes	2.0	10.7	12.7

Income (loss) from continuing operations	Income (loss) from continuing operations	$ (19.3)	$ 32.0	$ 12.7
Total assets	Total assets	$ 2,005.8	$2,723.5	$ 4,729.3

Financial information regarding our reportable segments is set forth below as of and for the three months ended September 30, 2022 March 31, 2023 *(in millions)*:

		Marketplace	Finance	Consolidated
	Marketplace	Marketplace	Finance	Consolidated
Operating revenues	Operating revenues	$ 293.9	$ 99.1	$ 393.0
Operating expenses	Operating expenses			
	Operating expenses			
Cost of services (exclusive of depreciation and amortization)	Cost of services (exclusive of depreciation and amortization)	193.4	16.2	209.6
Selling, general and administrative	Selling, general and administrative	96.9	12.2	109.1
Depreciation and amortization	Depreciation and amortization	22.4	1.9	24.3
Total operating expenses	Total operating expenses	312.7	30.3	343.0
Operating profit (loss)	Operating profit (loss)	(18.8)	68.8	50.0
Interest expense	Interest expense	10.0	22.3	32.3
Other (income) expense, net	Other (income) expense, net	0.9	0.3	1.2
Loss on extinguishment of debt		9.3	—	9.3
Intercompany expense (income)	Intercompany expense (income)	2.4	(2.4)	—
Income (loss) from continuing operations before income taxes	Income (loss) from continuing operations before income taxes	(41.4)	48.6	7.2
Income taxes	Income taxes	(5.6)	12.3	6.7
Income (loss) from continuing operations	Income (loss) from continuing operations	$ (35.8)	$ 36.3	$ 0.5
Total assets	Total assets	$ 2,381.8	$2,919.5	$ 5,301.3

Financial information regarding our reportable segments is set forth below for the nine months ended September 30, 2023 *(in millions)*:

	Marketplace	Finance	Consolidated
Operating revenues	$ 957.0	$ 296.8	$ 1,253.8
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	613.2	49.6	662.8
Selling, general and administrative	288.9	37.7	326.6
Depreciation and amortization	69.5	6.7	76.2
Goodwill and other intangibles impairment	250.8	—	250.8
Total operating expenses	1,222.4	94.0	1,316.4
Operating profit (loss)	(265.4)	202.8	(62.6)
Interest expense	19.9	96.6	116.5
Other (income) expense, net	(12.8)	0.3	(12.5)
Loss on extinguishment of debt	1.1	—	1.1
Intercompany expense (income)	24.1	(24.1)	—
Income (loss) from continuing operations before income taxes	(297.7)	130.0	(167.7)
Income taxes	(37.9)	38.6	0.7
Income (loss) from continuing operations	$ (259.8)	$ 91.4	$ (168.4)

Financial information regarding our reportable segments is set forth below for the nine months ended September 30, 2022 *(in millions)*:

	Marketplace	Finance	Consolidated
Operating revenues	$ 871.4	$ 275.2	$ 1,146.6
Operating expenses			
Cost of services (exclusive of depreciation and amortization)	584.9	47.4	632.3
Selling, general and administrative	315.8	36.3	352.1
Depreciation and amortization	70.1	6.1	76.2
Total operating expenses	970.8	89.8	1,060.6
Operating profit (loss)	(99.4)	185.4	86.0
Interest expense	33.0	50.8	83.8
Other (income) expense, net	(0.1)	6.5	6.4
Loss on extinguishment of debt	17.0	—	17.0
Intercompany expense (income)	3.1	(3.1)	—
Income (loss) from continuing operations before income taxes	(152.4)	131.2	(21.2)
Income taxes	(40.9)	33.0	(7.9)
Income (loss) from continuing operations	$ (111.5)	$ 98.2	$ (13.3)

Geographic Information

Our foreign operations include Canada, Continental Europe and the U.K. Approximately 58% 54% and 60% of our foreign operating revenues were from Canada for the three and nine months ended September 30, 2023, respectively, March 31, 2024 and approximately 60% and 63% of our foreign operating revenues were from Canada for the three and nine months ended September 30, 2022, 2023, respectively. Most of the remaining foreign operating revenues were generated from Continental Europe. Information regarding the geographic areas of our operations is set forth below *(in millions)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating revenues				

U.S.	**$ 259.0**	$ 264.3	**$ 781.8**	$ 744.1
Foreign	**157.3**	128.7	**472.0**	402.5
	$ 416.3	$ 393.0	**$ 1,253.8**	$ 1,146.6

Note 14—Subsequent Event

On October 25, 2023, the board of directors authorized an increase in the size of the Company's share repurchase program by an additional $20.3 million and an extension of the share repurchase program through December 31, 2024. With the increase, and giving effect to the April 2022 increase and the Company's previous repurchases, approximately $125.0 million of the Company's outstanding common stock, par value $0.01 per share, remains available for repurchases under the share repurchase program. The share repurchase program was originally approved by the board of directors in October 2019 and was previously extended in October 2021 and April 2022. 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.

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

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and which are subject to certain risks, trends and uncertainties. In particular, statements made in this report on Form 10-Q that are not historical facts (including, but not limited to, expectations, estimates, assumptions and projections regarding the industry, business, future operating results, potential acquisitions and anticipated cash requirements) may be forward-looking statements. Words such as "should," "may," "will," "can," "of the opinion," "confident," "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "continues," "outlook," initiatives," "goals," "opportunities" and similar expressions identify forward-looking statements. Such statements, including statements regarding adverse market conditions; our future growth; anticipated cost savings, revenue increases, credit losses and capital expenditures; contractual obligations; dividend declarations and payments; common stock repurchases; tax rates and assumptions; strategic initiatives, acquisitions and dispositions; our competitive position and retention of customers; and our continued investment in information technology, are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q and Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed on March 9, 2023 February 21, 2024, and those described from time to time in our future reports filed with the Securities and Exchange Commission. Many of these risk factors are outside of our control, and as such, they involve risks which are not currently known that could cause actual results to differ materially from those discussed or implied herein. The forward-looking statements in this document are made as of the date on which they are made and we do not undertake to update our forward-looking statements.

Automotive Industry and Economic Impacts on our Business

We are dependent on the supply of used vehicles in the wholesale market, and our financial performance depends, in part, on conditions in the automotive industry. The automotive industry has experienced unprecedented market conditions, caused in part by supply chain issues, the shortage of semiconductors and associated delays in new vehicle production. These factors including global automotive production challenges. In recent years, these conditions have resulted in significant fluctuations in used vehicle values and declines in vehicle volumes in the wholesale market. We expect this volatility More recently, new vehicle supply has begun to continue. Additionally, certain North American based auto manufacturers have experienced significant work disruptions. Any potential disruption to the recover, which over time should increase wholesale used car market as a result of this disruption is difficult to predict. supply.

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

Overview

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

- The Marketplace segment serves a domestic and international customer base through digital marketplaces in the U.S., Canada and Europe and vehicle logistics center locations across Canada. Comprehensive private label remarketing solutions are offered to automobile manufacturers, captive finance companies and other commercial customers to offer vehicles digitally. Vehicles sold on our digital platforms are typically sold by commercial fleet operators, financial institutions, rental car companies, new and used vehicle dealers and vehicle manufacturers and their captive finance companies to franchise and independent used vehicle dealers. 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. Our digital marketplaces also include BacklotCars, an app and web-based dealer-to-dealer wholesale vehicle platform utilized in the United States, OPENLANE Canada, an online automotive remarketing platform in Canada where dealers can sell and source used vehicle inventory at any time, and ADESA U.K. and ADESA Europe, serving customers in the United Kingdom and Continental Europe through a consolidated online wholesale vehicle platform. As announced in May 2023, OPENLANE is becoming the go-to-market brand for the Company's digital marketplaces throughout the U.S., Canada and Europe.

26

- Through AFC, the Finance segment provides short-term, inventory-secured financing, known as floorplan financing, primarily to independent used vehicle dealers dealer customers throughout the United States and Canada. In addition, AFC provides liquidity for customer trade-ins which encompasses settling lien holder payoffs. AFC also provides title services for their customers. These services are provided through AFC's digital servicing network as well as its physical locations throughout North America.

Beginning in the first quarter of 2022, results of the ADESA U.S. physical auctions are now reported as discontinued operations (see Note 3 of the accompanying unaudited financial statements).

20

Industry Trends

Wholesale Used Vehicle Industry

We believe the U.S. and Canadian wholesale used vehicle industry has a total addressable market of approximately 20 million 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 current market conditions facing the automotive industry in recent years, including the disruption of new vehicle production, low new vehicle supply and historically high used vehicle pricing have had a material impact on the wholesale used vehicle industry.

Automotive Finance

AFC works with independent used vehicle dealers dealer customers to improve their results by providing a comprehensive set of business and financial solutions that leverage its local presence of branches and in-market representatives, industry experience and scale, as well as OPENLANE affiliations. AFC's North American dealer base was comprised of approximately 15,200 14,200 dealers in 2022. 2023.

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

Seasonality

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

27

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) 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) income (loss)). The Company also sells vehicles that have been purchased, which represent approximately 1% of the total volume of vehicles sold. For these types of sales, the Company does record the gross selling price of purchased vehicles sold at auction as revenue ("Purchased vehicle sales" in the consolidated statement of income) income (loss)) and the gross purchase price of the vehicles as "Cost of services." AFC's revenue ("Finance-related revenue" in the consolidated statement of income) income (loss)) is comprised of interest and fee income, provision for credit losses and other revenues associated with our finance receivables.

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

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

Results of Operations

Overview of Results of OPENLANE, Inc. for the Three Months Ended September 30, 2023 March 31, 2024 and 2022: 2023:

		Three Months Ended September 30,			Three Months Ended March 31,	
(Dollars in millions except per share amounts)	***(Dollars in millions except per share amounts)***	**2023**	**2022**	***(Dollars in millions except per share amounts)***	**2024**	**2023**
Revenues from continuing operations	Revenues from continuing operations			Revenues from continuing operations		
Auction fees	Auction fees	**$102.1**	$ 88.9			
Service revenue	Service revenue	**153.9**	159.2			
Purchased vehicle sales	Purchased vehicle sales	**60.6**	45.8			
Finance-related revenue	Finance-related revenue	**99.7**	99.1			
Total revenues from continuing operations	Total revenues from continuing operations	**416.3**	393.0			

Cost of services*	Cost of services*	**216.0**	209.6
Gross profit*	Gross profit*	**200.3**	183.4
Selling, general and administrative	Selling, general and administrative	**107.4**	109.1
Depreciation and amortization	Depreciation and amortization	**26.4**	24.3
Operating profit	Operating profit	**66.5**	50.0
Interest expense	Interest expense	**39.4**	32.3
Other (income) expense, net	Other (income) expense, net	**1.7**	1.2
Loss on extinguishment of debt		**—**	9.3
Income from continuing operations before income taxes	Income from continuing operations before income taxes	**25.4**	7.2
Income taxes	Income taxes	**12.7**	6.7
Income from continuing operations	Income from continuing operations	**12.7**	0.5
Income (loss) from discontinued operations, net of income taxes		**—**	(6.3)
Net income (loss)		**$ 12.7**	$ (5.8)
Income (loss) from continuing operations per share			
Income from discontinued operations, net of income taxes			
Net income			
Income from continuing operations per share	Income from continuing operations per share		
Basic	Basic	**$ 0.01**	$(0.09)
Diluted	Diluted	**$ 0.01**	$(0.09)

* Exclusive of depreciation and amortization

Discontinued Operations

The financial performance of the ADESA U.S. physical auction business is presented as discontinued operations. As a result, revenue, cost of services and all costs of discontinued operations are presented as one line item in the above table as "Income (loss) from discontinued operations, net of income taxes."

Overview

For the three months ended September 30, 2023 March 31, 2024, we had revenue of $416.3 million compared with revenue of $393.0 million $420.6 million for the three months ended September 30, 2022 March 31, 2023, an increase a decrease of 6% 1%. For a further discussion of revenues, gross profit and selling, general and administrative expenses, see the segment results discussions below.

Depreciation and Amortization

Depreciation and amortization increased $2.1 million $1.3 million, or 9% 6%, to $26.4 million for the three months ended September 30, 2023, compared with $24.3 million for the three months ended September 30, 2022 March 31, 2024, compared with $23.0 million for the three months ended March 31, 2023. The increase in depreciation and amortization was primarily the result of the amortization of the ADESA tradename, which was previously an indefinite-lived asset, but is now being amortized over a 6-year remaining life, resulting in approximately $16 million of incremental amortization expense per year.

partially offset by assets that have become fully depreciated.

Interest Expense

Interest expense increased $7.1 million $1.4 million, or 22% 4%, to $39.4 million $39.7 million for the three months ended September 30, 2023 March 31, 2024, compared with $32.3 million $38.3 million for the three months ended September 30, 2022 March 31, 2023. Interest expense increased $11.9 million $2.3 million at AFC (to $32.6 million from $30.3 million) and the increase was attributable to an increase in the average interest rate on the AFC securitization obligations to approximately 7.6% for the three months ended September 30, 2023 March 31, 2024, as compared with approximately 4.7% 6.8% for the three months ended September 30, 2022 March 31, 2023. These items were partially offset by a decrease in interest expense resulting from repayments the repayment of senior note debt in 2022 2023.

Other (Income) Expense, Net

For the three months ended March 31, 2024, we had other expense of $0.5 million compared with $7.1 million for the three months ended March 31, 2023. The decrease in other expense was primarily attributable to the first quarter 2023 impairment of an equity security and 2023.

Loss on Extinguishment of Debt

In August 2022, we conducted a cash tender offer and prepaid $600 million of the senior notes with proceeds from the Transaction. We incurred a loss on the extinguishment of the senior notes of $9.3 million in the third quarter of 2022 primarily representative of the early repayment premium and the write-off of unamortized debt issuance costs associated note receivable with the portion same investee aggregating $11.0 million, partially offset by an increase in foreign currency losses of the senior notes repaid. $1.9 million and a decrease in other miscellaneous income aggregating $2.5 million.

Income Taxes

We had an effective tax rate of 50.0% 36.6% for the three months ended September 30, 2023 March 31, 2024, compared with an effective tax rate of 93.1% 36.5% for the three months ended September 30, 2022 March 31, 2023. The effective tax rate for the three months ended September 30, 2023 March 31, 2024 was unfavorably impacted by an increase in the valuation allowance related to current year movement of the adjusted U.S. net deferred tax asset. The effective tax rate for the three months ended September 30, 2022 was unfavorably impacted by the change in the effective tax rate estimate for the year, driven by an anticipated land sale that drove a decrease in the tax rate applicable to our international tax operations.

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. For the three months ended September 30, 2023 and 2022, the Company's financial statements included a loss from discontinued operations of $0.0 million and $6.3 million, respectively. The loss from discontinued operations for the three months ended September 30, 2022 occurred as a result of a net working capital adjustment and additional transaction costs.

Impact of Foreign Currency

For the three months ended September 30, 2023 March 31, 2024 compared with the three months ended September 30, 2022 March 31, 2023, the change in the euro exchange rate increased revenue by $4.9 million $0.8 million, operating profit by $0.4 million $0.1 million and had no impact on net income by $0.2 million. income. For the three months ended September 30, 2023 March 31, 2024 compared with the three months ended September 30, 2022 March 31, 2023, the change in the Canadian dollar exchange rate decreased increased revenue by $2.4 million $0.3 million, operating profit by $0.7 million $0.1 million and had no impact on net income by $0.4 million.

income.

<u>Marketplace Results</u>

Three Months Ended September 30,	Three Months Ended March 31,

(Dollars in millions, except per vehicle amounts)		2023	2022				
(Dollars in millions, except volumes)				(Dollars in millions, except volumes)	2024		2023
Auction fees	Auction fees	$ 102.1	$ 88.9				
Service revenue	Service revenue	153.9	159.2				
Purchased vehicle sales	Purchased vehicle sales	60.6	45.8				
Total Marketplace revenue from continuing operations	Total Marketplace revenue from continuing operations	316.6	293.9				
Cost of services*	Cost of services*	199.3	193.4				
Gross profit*	Gross profit*	117.3	100.5				
Selling, general and administrative	Selling, general and administrative	94.8	96.9				
Depreciation and amortization	Depreciation and amortization	23.8	22.4				
Operating profit (loss)	Operating profit (loss)	$ (1.3)	$ (18.8)				
Commercial vehicles sold	Commercial vehicles sold	180,000	159,000				
Dealer consignment vehicles sold	Dealer consignment vehicles sold	159,000	155,000				
Total vehicles sold	Total vehicles sold	339,000	314,000				
Gross profit percentage, excluding purchased vehicles*	Gross profit percentage, excluding purchased vehicles*	45.8%	40.5%	Gross profit percentage, excluding purchased vehicles*	46.6	%	42.6%

* Exclusive of depreciation and amortization

Total Marketplace Revenue

Revenue from the Marketplace segment increased $22.7 million decreased $2.7 million, or 8% 1%, to $316.6 million $318.3 million for the three months ended September 30, 2023 March 31, 2024, compared with $293.9 million $321.0 million for the three months ended September 30, 2022 March 31, 2023. The change in revenue included the impact of an increase in revenue of $4.9 million $0.8 million due to fluctuations in the euro exchange rate partially offset by a decrease in revenue of $2.0 million and $0.3 million due to fluctuations in the Canadian dollar exchange rate. The increase decrease in revenue was primarily attributable to the increase decrease in auction fees and purchased vehicle sales service revenue (discussed below).

The 8% 13% increase in the number of vehicles sold was comprised of a 13% 33% increase in commercial volumes and a 3% increase an 8% decrease in dealer consignment volumes. The gross merchandise value ("GMV") of vehicles sold for the three months ended September 30, 2023 March 31, 2024 and 2023 was approximately $7.0 billion and $6.0 billion. , respectively.

Auction Fees

Auction fees increased $13.2 million $10.0 million, or 15% 10%, to $102.1 million $109.9 million for the three months ended September 30, 2023 March 31, 2024, compared with $88.9 million $99.9 million for the three months ended September 30, 2022 March 31, 2023. The number of vehicles sold increased 8% 13%. Auction fees per vehicle sold for the three months ended September 30, 2023 increased $18, March 31, 2024 decreased $8, or 6% 3%, to $301, $295, compared with $283 $303 for the three months ended September 30, 2022 March 31, 2023. The increase decrease in auction fees per vehicle sold reflects a larger mix of lower-fee commercial vehicles sold in the impact first quarter of price increases and the introduction of new auction related services. 2024.

Service Revenue

Service revenue decreased $5.3 million $15.4 million, or 3% 9%, to $153.9 million $150.2 million for the three months ended September 30, 2023 March 31, 2024, compared with $159.2 million $165.6 million for the three months ended September 30, 2022 March 31, 2023, primarily as a result of decreases a decrease in transportation revenue of $8.2 million and reconditioning $23.3 million, of which $21.5 million related to a change in a key customer contract that resulted in the customer's first quarter of 2024 revenue being recorded on a net commission basis instead of $1.1 million, a gross basis, as it was recorded in the first quarter of 2023. This decrease was partially offset by increases in repossession and remarketing fees of $2.5 million, inspection service revenue of $1.2 million $2.3 million, key service revenue of $1.4 million and a net increase in other miscellaneous service revenues aggregating approximately $0.3 million $1.7 million.

Purchased Vehicle Sales

Purchased vehicle sales, which include the entire selling price of the vehicle, increased $14.8 million, or 32%, to $60.6 million for the three months ended September 30, 2023, compared with $45.8 million for the three months ended September 30, 2022, primarily as a result of an increase in purchased vehicles sold and the average selling price of purchased vehicles sold in Europe.

Gross Profit

For the three months ended September 30, 2023, gross profit from the Marketplace segment increased $16.8 million, or 17%, to $117.3 million, compared with $100.5 million for the three months ended September 30, 2022. Revenue increased 8% for the three months ended September 30, 2023, while cost of services increased 3% during the same period. Gross profit from the Marketplace segment was 37.0% of revenue for the three months ended September 30, 2023, compared with 34.2% of revenue for the three months ended September 30, 2022. Excluding purchased vehicle sales, gross profit as a percentage of revenue was 45.8% and 40.5% for the three months ended September 30, 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. Purchased vehicle sales increased $2.7 million, or 5%, to $58.2 million for the three months ended March 31, 2024, compared with $55.5 million for the three months ended March 31, 2023, primarily as a result of an increase in purchased vehicles sold in Europe.

Gross Profit

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

Gross profit from the Marketplace segment was 38.1% of revenue for the three months ended March 31, 2024, compared with 35.3% of revenue for the three months ended March 31, 2023. Excluding purchased vehicle sales, gross profit as a percentage of revenue was 46.6% and 42.6% for the three months ended March 31, 2024 and 2023, respectively. Gross profit as a percentage of revenue increased for the three months ended September 30, 2023 March 31, 2024 as compared with the three months ended September 30, 2022 March 31, 2023, primarily due to improved mix a change in our transportation services, improved profitability a key customer contract (see discussion in our dealer-to-dealer platforms "Service revenue" above), increased volumes and cost savings initiatives.

Selling, General and Administrative

Selling, general and administrative expenses from the Marketplace segment decreased $2.1 million $0.8 million, or 2% 1%, to $94.8 million for the three months ended September 30, 2023 March 31, 2024, compared with $96.9 million $95.6 million for the three months ended September 30, 2022 March 31, 2023, primarily as a result of decreases in information technology costs incentive-based compensation of $2.3 million $2.4 million, compensation expense of $1.8 million and professional fees of $2.1 million, bad debt expense of $0.9 million, fluctuations in the Canadian exchange rate of $0.6 million and other miscellaneous expenses aggregating $1.0 million $1.2 million, partially offset by increases in incentive-based stock-based compensation of $2.4 million, non-income taxes of $0.6 million, marketing information technology costs of $0.6 million, severance of $0.6 million $1.0 million and stock-based compensation of $0.6 million other miscellaneous expenses aggregating $1.2 million.

Finance Results

Three Months Ended September 30,	Three Months Ended March 31,

(Dollars in millions except volumes and per loan amounts)		2023	2022			
(Dollars in millions, except volumes and per loan amounts)				*(Dollars in millions, except volumes and per loan amounts)*	2024	2023
Finance-related revenue	Finance-related revenue			Finance-related revenue		
Interest income	Interest income	**$ 63.0**	$ 53.4			
Fee income	Fee income	**45.6**	44.3			
Other revenue	Other revenue	**2.7**	2.9			
Provision for credit losses	Provision for credit losses	**(11.6)**	(1.5)			
Total Finance revenue	Total Finance revenue	**99.7**	99.1			
Cost of services*	Cost of services*	**16.7**	16.2			
Gross profit*	Gross profit*	**83.0**	82.9			
Selling, general and administrative	Selling, general and administrative	**12.6**	12.2			
Depreciation and amortization	Depreciation and amortization	**2.6**	1.9			
Operating profit	Operating profit	**$ 67.8**	$ 68.8			
Loan transactions	Loan transactions	**406,000**	397,000			
Revenue per loan transaction	Revenue per loan transaction	**$ 246**	$ 250			

* Exclusive of depreciation and amortization

Revenue

For the three months ended September 30, 2023 March 31, 2024, the Finance segment revenue increased $0.6 million decreased $1.6 million, or 1% 2%, to $99.7 million $98.0 million, compared with $99.1 million $99.6 million for the three months ended September 30, 2022 March 31, 2023. The increase decrease in revenue was primarily the result of a 2% increase decrease in revenue per loan transactions.

Revenue per loan transaction, which includes both loans paid off and loans curtailed, decreased $4, $5, or 2%, primarily as a result of a decrease in loan values, 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 225 basis points since September 30, 2022) and an increase in other fee income per unit. yields.

The provision for credit losses increased to 2.0% 2.3% of the average managed receivables for the three months ended September 30, 2023 March 31, 2024 from 0.2% 2.0% for the three months ended September 30, 2022 March 31, 2023. The provision for credit losses is expected to be approximately 2% or under,

annually, on a long-term basis, of the average managed receivables balance. However, the actual losses in any particular quarter or year could deviate from this range.

Gross Profit

For the three months ended September 30, 2023 March 31, 2024, gross profit for the Finance segment increased $0.1 million decreased $2.0 million, or less than 1% 2%, to $83.0 million $81.2 million, or 83.2% 82.9% of revenue, compared with $82.9 million $83.2 million, or 83.7% 83.5% of revenue, for the three months ended September 30, 2022 March 31, 2023. The decrease in gross profit as a percent of revenue was primarily the result of a 3% 2% increase in cost of services. services and the 2% decrease in revenue. The increase in cost of services of $0.5 million $0.4 million was primarily the result of increases in compensation expense of $0.5 million $0.3 million, professional fees of $0.3 million and other miscellaneous expenses aggregating $0.3 million $0.1 million, partially offset by a decrease in incentive-based compensation lot check expenses of $0.3 million.

Selling, General and Administrative

Selling, general and administrative expenses for the Finance segment increased $0.4 million $1.5 million, or 3% 12%, to $12.6 million $13.9 million for the three months ended September 30, 2023 March 31, 2024, compared with $12.2 million $12.4 million for the three months ended September 30, 2022 March 31, 2023 primarily as a result of increases in postage expense stock-based compensation of $0.6 million, stock-based compensation of $0.3 million and information technology title handling costs of $0.3 million, partially offset by decreases in compensation expense of $0.2 million $0.6 million and other miscellaneous expenses aggregating $0.6 million.

Overview of Results of OPENLANE, Inc. for the Nine Months Ended September 30, 2023 and 2022:

	Nine Months Ended September 30,	
(Dollars in millions except per share amounts)	**2023**	**2022**
Revenues from continuing operations		
Auction fees	**$ 305.3**	$ 289.5
Service revenue	**475.2**	444.0
Purchased vehicle sales	**176.5**	137.9
Finance-related revenue	**296.8**	275.2
Total revenues from continuing operations	**1,253.8**	1,146.6
Cost of services*	**662.8**	632.3
Gross profit*	**591.0**	514.3
Selling, general and administrative	**326.6**	352.1
Depreciation and amortization	**76.2**	76.2
Goodwill and other intangibles impairment	**250.8**	—
Operating profit (loss)	**(62.6)**	86.0
Interest expense	**116.5**	83.8
Other (income) expense, net	**(12.5)**	6.4
Loss on extinguishment of debt	**1.1**	17.0
Income (loss) from continuing operations before income taxes	**(167.7)**	(21.2)
Income taxes	**0.7**	(7.9)
Income (loss) from continuing operations	**(168.4)**	(13.3)
Income from discontinued operations, net of income taxes	**—**	217.4
Net income (loss)	**$ (168.4)**	$ 204.1
Income (loss) from continuing operations per share		
Basic	**$ (1.84)**	$ (0.30)
Diluted	**$ (1.84)**	$ (0.30)

* Exclusive of depreciation and amortization

Discontinued Operations

The financial performance of the ADESA U.S. physical auction business is presented as discontinued operations. As a result, revenue, cost of services and all severance costs of discontinued operations are presented as one line item in the above table as "Income from discontinued operations, net of income taxes."

Overview

For the nine months ended September 30, 2023, we had revenue of $1,253.8 million compared with revenue of $1,146.6 million for the nine months ended September 30, 2022, an increase of 9%. For a further discussion of revenues, gross profit and selling, general and administrative expenses, see the segment results discussions below.

Depreciation and Amortization

Depreciation and amortization was $76.2 million for the nine months ended September 30, 2023 and September 30, 2022. The increase in amortization as a result of the amortization of the ADESA tradename, which was previously an indefinite-lived asset, was offset by assets that have become fully depreciated and a reduction in assets placed in service.

Interest Expense

Interest expense increased $32.7 million, or 39%, to $116.5 million for the nine months ended September 30, 2023, compared with $83.8 million for the nine months ended September 30, 2022. Interest expense increased $45.8 million at AFC and the increase was attributable to an increase in the average interest rate on the AFC securitization obligations to approximately 7.2% for the nine months ended September 30, 2023, as compared with approximately 3.4% for the nine months ended September 30, 2022. In addition, in 2022, there was a realized gain of $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.

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 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 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 in the Marketplace segment 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.

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 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 September 30, 2023, the remaining carrying value of goodwill related to the U.S. Dealer-to-Dealer and Europe reporting units was $87.3 million and $115.7 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 million carrying amount of its indefinite-lived ADESA tradename, resulting in a non-cash impairment charge totaling $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. 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 will be amortized over a remaining useful life of approximately 6 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 $34.2 million and $29.6 million valuation allowance against the U.S. net deferred tax asset at September 30, 2023 and June 30, 2023, respectively.

Other (Income) Expense, Net

For the nine months ended September 30, 2023, we had other income of $12.5 million compared with other expense of $6.4 million for the nine months ended September 30, 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 decrease in unrealized losses on investment securities of $6.1 million, partially offset by the impairment of an equity security and note receivable with the same investee aggregating $11.0 million, a $1.3 million increase in contingent consideration valuation adjustment and an increase in other miscellaneous items aggregating $4.3 million. In addition, there was $0.8 million in foreign currency gains on intercompany balances for the nine months ended September 30, 2023, compared with $8.6 million in foreign currency losses on intercompany balances for the nine months ended September 30, 2022.

Loss on Extinguishment of Debt

In August 2022, we conducted a cash tender offer and prepaid $600 million of the senior notes with proceeds from the Transaction. We incurred a loss on the extinguishment of the senior notes of $9.3 million in the third quarter of 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.

Income Taxes

We had an effective tax rate of -0.4% resulting in expense on a pre-tax loss for the nine months ended September 30, 2023, compared with an effective tax rate of 37.3% resulting in a benefit on a pre-tax loss for the nine months ended September 30, 2022. The effective tax rate for the nine months ended September 30, 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 $34.2 million deferred tax expense associated with the recording of valuation allowance against the U.S. net deferred tax asset. The effective tax rate for the nine months ended September 30, 2022 was favorably impacted by the state rate change impact on deferred taxes.

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 nine months ended September 30, 2023 and 2022, the Company's financial statements included income from discontinued operations of $0.0 million and $217.4 million, respectively.

Impact of Foreign Currency

For the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022, the change in the Canadian dollar exchange rate decreased revenue by $13.7 million, operating profit by $3.8 million and net income by $2.4 million. For the nine months ended September 30, 2023 compared with the nine months ended September 30, 2022, the change in the euro exchange rate increased revenue by $3.5 million, operating profit by $0.2 million and net income by $0.2 million $0.3 million.

Marketplace Results

(Dollars in millions, except per vehicle amounts)	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Auction fees	**$ 305.3**	$ 289.5
Service revenue	**475.2**	444.0
Purchased vehicle sales	**176.5**	137.9
Total Marketplace revenue from continuing operations	**957.0**	871.4
Cost of services*	**613.2**	584.9
Gross profit*	**343.8**	286.5
Selling, general and administrative	**288.9**	315.8
Depreciation and amortization	**69.5**	70.1
Goodwill and other intangibles impairment	**250.8**	—
Operating profit (loss)	**$ (265.4)**	$ (99.4)
Commercial vehicles sold	**527,000**	510,000
Dealer consignment vehicles sold	**486,000**	498,000
Total vehicles sold	**1,013,000**	1,008,000
Gross profit percentage, excluding purchased vehicles*	**44.0%**	39.1%

* Exclusive of depreciation and amortization

Total Marketplace Revenue

Revenue from the Marketplace segment increased $85.6 million, or 10%, to $957.0 million for the nine months ended September 30, 2023, compared with $871.4 million for the nine months ended September 30, 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 $3.5 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 less than 1% increase in the number of vehicles sold was comprised of a 3% increase in commercial volumes and a 2% decrease in dealer consignment volumes. The decrease in the number of vehicles sold was driven by an industry-wide lack of wholesale used vehicle supply. The gross merchandise value of vehicles sold for the nine months ended September 30, 2023 was approximately $18.4 billion.

Auction Fees

Auction fees increased $15.8 million, or 5%, to $305.3 million for the nine months ended September 30, 2023, compared with $289.5 million for the nine months ended September 30, 2022. Auction fees per vehicle sold for the nine months ended September 30, 2023 increased $14, or 5%, to $301, compared with $287 for the nine months ended September 30, 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 $31.2 million, or 7%, to $475.2 million for the nine months ended September 30, 2023, compared with $444.0 million for the nine months ended September 30, 2022, primarily as a result of increases in repossession and remarketing fees of $18.2 million, third-party fees for platform services of $8.8 million, inspection service revenue of $5.7 million and a net increase in other miscellaneous service revenues aggregating approximately $0.8 million, partially offset by a decrease in reconditioning revenue of $2.3 million.

Purchased Vehicle Sales

Purchased vehicle sales, which include the entire selling price of the vehicle, increased $38.6 million, or 28%, to $176.5 million for the nine months ended September 30, 2023, compared with $137.9 million for the nine months ended September 30, 2022, primarily as a result of an increase in purchased vehicles sold and the average selling price of purchased vehicles sold in Europe.

Gross Profit

For the nine months ended September 30, 2023, gross profit from the Marketplace segment increased $57.3 million, or 20%, to $343.8 million, compared with $286.5 million for the nine months ended September 30, 2022. Revenue increased 10% for the nine months ended September 30, 2023, while cost of services increased 5% during the same period. Gross profit from the Marketplace segment was 35.9% of revenue for the nine months ended September 30, 2023, compared with 32.9% of revenue for the nine months ended September 30, 2022. Excluding purchased vehicle sales, gross profit as a percentage of revenue was 44.0% and 39.1% for the nine months ended September 30, 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 nine months ended September 30, 2023 as compared with the nine months ended September 30, 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.

Selling, General and Administrative

Selling, general and administrative expenses from the Marketplace segment decreased $26.9 million, or 9%, to $288.9 million for the nine months ended September 30, 2023, compared with $315.8 million for the nine months ended September 30, 2022, primarily as a result of decreases in professional fees of $9.9 million, stock-based compensation of $8.4 million, information technology costs of $4.1 million, severance of $4.0 million, fluctuations in the Canadian exchange rate of $3.1 million, telecom expenses of $2.3 million and other miscellaneous expenses aggregating $0.9 million, partially offset by increases in incentive-based compensation of $3.5 million and marketing costs of $2.3 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

	Nine Months Ended September 30,	
(Dollars in millions except volumes and per loan amounts)	**2023**	**2022**
Finance-related revenue		
Interest income	**$ 185.5**	$ 143.1
Fee income	**137.3**	127.2
Other revenue	**9.8**	7.7
Provision for credit losses	**(35.8)**	(2.8)
Total Finance revenue	**296.8**	275.2
Cost of services*	**49.6**	47.4
Gross profit*	**247.2**	227.8
Selling, general and administrative	**37.7**	36.3
Depreciation and amortization	**6.7**	6.1
Operating profit	**$ 202.8**	$ 185.4
Loan transactions	**1,228,000**	1,170,000
Revenue per loan transaction	**$ 242**	$ 235

* Exclusive of depreciation and amortization

Revenue

For the nine months ended September 30, 2023, the Finance segment revenue increased $21.6 million, or 8%, to $296.8 million, compared with $275.2 million for the nine months ended September 30, 2022. The increase in revenue was primarily the result of a 5% increase in loan transactions and a 3% increase in revenue per loan transaction.

Revenue per loan transaction, which includes both loans paid off and loans curtailed, increased $7, or 3%, primarily as a result of an increase in interest yields driven by an increase in prime rates (Federal Reserve raised interest rates 225 basis points since

September 30, 2022) and an increase in other fee income per unit, partially offset by an increase in net credit losses and a decrease in loan values.

The provision for credit losses increased to 2.0% of the average managed receivables for the nine months ended September 30, 2023 from 0.1% for the nine months ended September 30, 2022. The provision for credit losses is expected to be 2% or under, annually, of the average managed receivables balance. However, the actual losses in any particular quarter could deviate from this range.

Gross Profit

For the nine months ended September 30, 2023, gross profit for the Finance segment increased $19.4 million, or 9%, to $247.2 million, or 83.3% of revenue, compared with $227.8 million, or 82.8% of revenue, for the nine months ended September 30, 2022. The increase in gross profit as a percent of revenue was primarily the result of an 8% increase in revenue, partially offset by a 5% increase in cost of services. The increase in cost of services of $2.2 million was primarily the result of increases in compensation expense of $1.8 million, lot check expenses of $0.7 million and other miscellaneous expenses aggregating $0.9 million, partially offset by a decrease in incentive-based compensation of $1.2 million.

Selling, General and Administrative

Selling, general and administrative expenses for the Finance segment increased $1.4 million, or 4%, to $37.7 million for the nine months ended September 30, 2023, compared with $36.3 million for the nine months ended September 30, 2022 primarily as a result of increases in information technology costs of $1.8 million and postage expense of $1.7 million, partially offset by decreases in stock-based compensation of $1.1 million, professional fees of $0.4 million and other miscellaneous expenses aggregating $0.6 million.

LIQUIDITY AND CAPITAL RESOURCES

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

		September 30,	December 31,	September 30,		March 31,	December 31,		March 31,
(Dollars in millions)	*(Dollars in millions)*	**2023**	**2022**	**2022**	*(Dollars in millions)*	**2024**		**2023**	
Cash and cash equivalents	Cash and cash equivalents	**$ 110.3**	$ 225.7	$ 148.7					
Restricted cash	Restricted cash	**41.8**	52.0	28.9					
Working capital	Working capital	**432.1**	379.2	382.5					
Amounts available under the Revolving Credit Facility		**247.3**	161.0	190.0					
Cash provided by (used by) operating activities for the nine months ended		**216.2**		(76.1)					
Amounts available under the Revolving Credit Facilities									
Cash provided by operating activities for the three months 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 is generated from the payments received for services provided. The majority of our working capital needs are short-term in nature, usually less than a week in duration. Most of the financial institutions place a temporary hold on the availability of the funds deposited that generally can range up to two business days, resulting in cash in our accounts and on our balance sheet that is unavailable for use until it is made available by the various financial institutions. There are outstanding checks (book overdrafts) to sellers and vendors included in current liabilities. Because a portion of these outstanding checks for operations in the U.S. are drawn upon bank accounts at financial institutions other than the financial institutions that hold the cash, we cannot offset all the cash and the outstanding checks on our balance sheet. Changes in working capital vary from quarter-to-quarter as a result of the timing of collections and disbursements of funds to consignors from marketplace sales held near period end.

Approximately $83.3 $44.8 million of available cash was held by our foreign subsidiaries at September 30, 2023 March 31, 2024. If funds held by our foreign subsidiaries were to be repatriated, state and local income tax expense and withholding tax expense would need to be recognized, net of any applicable foreign tax credits.

AFC offers short-term inventory-secured financing, also known as floorplan financing, to independent used vehicle dealers. dealer customers. Financing is primarily provided for terms of 30 to 90 days. AFC principally generates its funding through the sale of its

receivables. The receivables sold pursuant to the securitization agreements are accounted for as secured borrowings. For further discussion of AFC's securitization arrangements, see "Securitization Facilities."

Credit Facilities

On June 23, 2023, we entered into the Credit Agreement, which replaces replaced the Previous Credit Agreement, and provides for, among other things, the $325 million Revolving Credit Facility. As On January 19, 2024, the Company and ADESA Auctions Canada Corporation, a result subsidiary of replacing the Previous Company (the "Canadian Borrower") entered into the First Amendment Agreement (the "First Amendment") to the Credit Agreement. The First Amendment provides for, among other things, (i) a C$175 million revolving credit facility in Canadian dollars (the "Canadian Revolving Credit Facility" and, together with the Revolving Credit Facility, we incurred "the Revolving Credit Facilities") and (ii) a non-cash loss on C$50 million sub-limit (the "Canadian Sub-limit") under the extinguishment of debt of $0.4 million Company's existing Revolving Credit Facility for borrowings in Canadian dollars. The proceeds from the second quarter of 2023. The loss was the result Canadian Revolving Credit Facility may be used to finance a portion of the write-off of unamortized debt issuance costs associated with lenders that are not participating in Manheim Canada acquisition, to pay for expenses related to the Revolving Credit Facility. First Amendment and for ongoing working capital and general corporate purposes.

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

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

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

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, $23.0 $95.5 million and $145.0 million $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 $51.2 million and $19.0 million $54.7 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 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 $31.7 million $32.4 million (€30 million) of which $19.3 $24.9 million was drawn at September 30, 2023 March 31, 2024.

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

The obligations of the Canadian Borrower under the Canadian Revolving Credit Facility are guaranteed by certain of the Company's domestic and Canadian subsidiaries (the "Canadian Revolving Credit Facility Subsidiary Guarantors") and are secured by substantially all of the assets of the Company, the Canadian Borrower and the Canadian Revolving

Credit Facility Subsidiary Guarantors, subject to certain exceptions; provided, however, the Canadian Borrower and the other Canadian subsidiaries of the Company constituting the Canadian Revolving Credit Facility Subsidiary Guarantors shall guarantee and/or provide security for only the Canadian Secured Obligations (as defined in the Credit Agreement, as amended by the First Amendment).

Certain covenants contained within the Credit Agreement are critical to an investor's understanding of our financial liquidity, as the failure to maintain compliance with these covenants could result in a default and allow the lenders under the Credit Agreement to declare all amounts borrowed immediately due and payable. The Credit Agreement contains a financial covenant requiring compliance with a maximum Consolidated Senior Secured Net Leverage Ratio not to exceed 3.5 as of the last day of each fiscal quarter(commencing with September 30, 2023) 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 negative 0.2 at September 30, 2023 March 31, 2024.

In addition, the Credit Agreement and the indenture governing our senior notes (see Note 8, 7, "Long-Term Debt" for additional information) contain certain limitations on our ability to pay dividends and other distributions, make certain acquisitions or investments, grant liens and sell assets, and the Credit Agreement contains certain limitations on our ability to incur indebtedness. The applicable covenants in the Credit Agreement affect our operating flexibility by, among other things, restricting our ability to incur expenses and indebtedness that could be used to grow the business, as well as to fund general corporate purposes. We were in compliance with the covenants in the Credit Agreement and the indenture governing our senior notes at September 30, 2023 March 31, 2024.

Senior Notes

On May 31, 2017, we issued $950 million of 5.125% senior notes due June 1, 2025. The Company pays interest on the senior notes semi-annually in arrears on June 1 and December 1 of each year. The senior notes may be redeemed at par 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 September 30, 2023 March 31, 2024 there was $210.0 million of senior notes outstanding.

Use 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 and $140 million of the senior notes in June 2023.

Liquidity

As of September 30, 2023 March 31, 2024, $23.0 $95.5 million was drawn on the Revolving Credit Facility Facilities and is classified as current debt based on the Company's past practice of using the Revolving Credit Facility Facilities for short term borrowings. However, the terms of the Revolving Credit Facility Facilities do not require repayment until maturity at June 23, 2028.

At September 30, 2023 March 31, 2024, cash totaled $110.3 million $105.2 million and there was an additional $247.3 million $307.6 million available for borrowing under the Revolving Credit Facility Facilities (net of $54.7 million $51.2 million in outstanding letters of credit). Funds held by our foreign subsidiaries could be repatriated, at which point state and local income tax expense and withholding tax expense would need to be recognized, net of any applicable foreign tax credits.

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

Securitization Facilities

AFC sells the majority of its U.S. dollar denominated finance receivables on a revolving basis and without recourse to AFC Funding Corporation. A securitization agreement allows for the revolving sale by AFC Funding Corporation to a group of bank purchasers of undivided interests in certain finance receivables subject to committed liquidity. The agreement expires on January 31, 2026. AFC Funding Corporation had committed liquidity of $2.0 billion for U.S. finance receivables at September 30, 2023 March 31, 2024.

We also have an agreement for the securitization of AFCI's receivables, which expires on January 31, 2026. AFCI's committed facility is provided through a third-party conduit (separate from the U.S. facility) and was C$300 million at September 30, 2023 March 31, 2024. 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. 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.

AFC managed total finance receivables of $2,379.1 million $2,313.7 million and $2,416.6 million $2,305.0 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. AFC's allowance for losses was $21.0 million and $21.5 23.0 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

As of September 30, 2023 March 31, 2024 and December 31, 2022 2023, $2,378.0 million $2,305.7 million and $2,396.6 million $2,296.4 million, respectively, of finance receivables and a cash reserve of 1 or 3 percent of the obligations collateralized by finance receivables served as security for the $1,695.3 million $1,609.1 million and $1,677.6 million $1,645.4 million of gross obligations collateralized by finance receivables at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The amount of the cash reserve depends on circumstances which are set forth in the securitization agreements. There were unamortized securitization issuance costs of approximately $15.2 million $11.9 million and $19.4 million $13.5 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. After the occurrence of a termination event, as defined in the U.S. securitization agreement, the banks may, and could, cause the stock of AFC Funding Corporation to be transferred to the bank facility, though as a practical matter the bank facility would look to the liquidation of the receivables under the transaction documents as their primary remedy.

Proceeds from the revolving sale of receivables to the bank facilities are used to fund new loans to customers. AFC, AFC Funding Corporation and AFCI must maintain certain financial covenants including, among others, limits on the amount of debt AFC and AFCI can incur, minimum levels of tangible net worth, and other covenants tied to the performance of the finance receivables portfolio. The securitization agreements also incorporate the financial covenants of our Previous Credit Agreement. At September 30, 2023 March 31, 2024, we were in compliance with the covenants in the securitization agreements.

EBITDA and Adjusted EBITDA

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

EBITDA is defined as net income (loss), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. Adjusted EBITDA is EBITDA adjusted for the items of income and expense and expected incremental revenue and cost savings, as described above in the discussion of certain restrictive loan covenants under "Credit Facilities."

Management believes that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors about one of the principal measures of performance used by our creditors. In addition, management uses EBITDA and Adjusted EBITDA to evaluate our performance. EBITDA and Adjusted EBITDA have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of the results as reported under GAAP. These measures may not be comparable to similarly titled measures reported by other companies.

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

		Three Months Ended September 30, 2023				Three Months Ended March 31, 2024		
(Dollars in millions)	*(Dollars in millions)*	**Marketplace**	**Finance**	**Consolidated**	*(Dollars in millions)*	**Marketplace**	**Finance**	**Consolidated**
Income (loss) from continuing operations	**Income (loss) from continuing operations**	$ (19.3)	$ 32.0	$ 12.7				
Add back:	Add back:				Add back:			
Income taxes	Income taxes	2.0	10.7	12.7				
Interest expense, net of interest income	Interest expense, net of interest income	4.3	34.2	38.5				

Depreciation and amortization	Depreciation and amortization	23.8	2.6	26.4
Intercompany interest	Intercompany interest	9.6	(9.6)	—
EBITDA	**EBITDA**	20.4	69.9	90.3
Non-cash stock-based compensation	Non-cash stock-based compensation	3.5	1.0	4.5
Acquisition related costs	Acquisition related costs	0.5	—	0.5
Securitization interest	Securitization interest	—	(31.6)	(31.6)
Severance	Severance	1.7	0.2	1.9
Foreign currency (gains)/losses	Foreign currency (gains)/losses	(1.2)	—	(1.2)
Net change in unrealized (gains) losses on investment securities		—	0.5	0.5
Professional fees related to business improvement efforts	Professional fees related to business improvement efforts	1.4	0.3	1.7
Other	Other	0.5	0.4	0.9
Total addbacks/(deductions)	Total addbacks/(deductions)	6.4	(29.2)	(22.8)
Adjusted EBITDA	**Adjusted EBITDA**	$ 26.8	$ 40.7	$ 67.5

41 30

		Three Months Ended September 30, 2022				Three Months Ended March 31, 2023		
(Dollars in millions)	*(Dollars in millions)*	Marketplace	Finance	Consolidated	*(Dollars in millions)*	Marketplace	Finance	Consolidated
Income (loss) from continuing operations	**Income (loss) from continuing operations**	$ (35.8)	$ 36.3	$ 0.5				
Add back:	Add back:				Add back:			
Income taxes	Income taxes	(5.6)	12.3	6.7				
Interest expense, net of interest income	Interest expense, net of interest income	8.6	22.3	30.9				
Depreciation and amortization	Depreciation and amortization	22.4	1.9	24.3				
Intercompany interest	Intercompany interest	2.4	(2.4)	—				
EBITDA	**EBITDA**	(8.0)	70.4	62.4				
Non-cash stock-based compensation	Non-cash stock-based compensation	2.8	0.7	3.5				
Loss on extinguishment of debt		9.3	—	9.3				
Acquisition related costs	Acquisition related costs	0.3	—	0.3				
Securitization interest	Securitization interest	—	(20.2)	(20.2)				
Severance	Severance	1.4	0.1	1.5				
Foreign currency (gains)/losses	Foreign currency (gains)/losses	4.1	—	4.1				

Net change in unrealized (gains) losses on investment securities	Net change in unrealized (gains) losses on investment securities	—	0.3	0.3
Professional fees related to business improvement efforts	Professional fees related to business improvement efforts	2.7	0.5	3.2
Other	Other	5.1	—	5.1
Total addbacks/(deductions)	Total addbacks/(deductions)	25.7	(18.6)	7.1
Adjusted EBITDA	**Adjusted EBITDA**	$ 17.7	$ 51.8	$ 69.5

	Nine Months Ended September 30, 2023		
(Dollars in millions)	**Marketplace**	**Finance**	**Consolidated**
Income (loss) from continuing operations	$ (259.8)	$ 91.4	$ (168.4)
Add back:			
Income taxes	(37.9)	38.6	0.7
Interest expense, net of interest income	16.8	96.6	113.4
Depreciation and amortization	69.5	6.7	76.2
Intercompany interest	24.1	(24.1)	—
EBITDA	(187.3)	209.2	21.9
Non-cash stock-based compensation	10.5	3.3	13.8
Loss on extinguishment of debt	1.1	—	1.1
Acquisition related costs	1.1	—	1.1
Securitization interest	—	(89.0)	(89.0)
Severance	3.1	0.3	3.4
Foreign currency (gains)/losses	(0.8)	—	(0.8)
Goodwill and other intangibles impairment	250.8	—	250.8
Contingent consideration adjustment	1.3	—	1.3
Net change in unrealized (gains) losses on investment securities	—	0.4	0.4
Professional fees related to business improvement efforts	3.7	0.8	4.5
Other	1.1	0.6	1.7
Total addbacks/(deductions)	271.9	(83.6)	188.3
Adjusted EBITDA	$ 84.6	$ 125.6	$ 210.2

	Nine Months Ended September 30, 2022		
(Dollars in millions)	**Marketplace**	**Finance**	**Consolidated**
Income (loss) from continuing operations	$ (111.5)	$ 98.2	$ (13.3)
Add back:			
Income taxes	(40.9)	33.0	(7.9)
Interest expense, net of interest income	30.8	50.8	81.6
Depreciation and amortization	70.1	6.1	76.2
Intercompany interest	3.1	(3.1)	—
EBITDA	(48.4)	185.0	136.6
Non-cash stock-based compensation	18.9	4.3	23.2

Loss on extinguishment of debt	17.0	—	17.0
Acquisition related costs	0.9	—	0.9
Securitization interest	—	(44.9)	(44.9)
(Gain)/Loss on asset sales	(0.1)	—	(0.1)
Severance	7.7	0.5	8.2
Foreign currency (gains)/losses	8.6	—	8.6
Net change in unrealized (gains) losses on investment securities	—	6.5	6.5
Professional fees related to business improvement efforts	10.7	1.4	12.1
Other	6.4	0.2	6.6
Total addbacks/(deductions)	70.1	(32.0)	38.1
Adjusted EBITDA	$ 21.7	$ 153.0	$ 174.7

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)***	**December 31, 2022**	**March 31, 2023**	**June 30, 2023**	**September 30, 2023**	**September 30, 2023**	***(Dollars in millions)***	**June 30, 2023**	**September 30, 2023**	**December 31, 2023**	**March 31, 2024**	**March 31, 2024**	
Net income (loss)	**Net income (loss)**	$ 37.1	$12.7	$(193.8)	$ 12.7	$ (131.3)							
Less: Income from discontinued operations	Less: Income from discontinued operations	(4.8)	—	—	—	(4.8)							
Income (loss) from continuing operations	**Income (loss) from continuing operations**	41.9	12.7	(193.8)	12.7	(126.5)							
Add back:	Add back:						Add back:						
Income taxes	Income taxes	17.9	7.3	(19.3)	12.7	18.6							
Interest expense, net of interest income	Interest expense, net of interest income	34.9	37.4	37.5	38.5	148.3	Interest expense, net of interest income	37.5	38.5	38.5	38.9	39.3	154.2
Depreciation and amortization	Depreciation and amortization	24.0	23.0	26.8	26.4	100.2							
EBITDA	**EBITDA**	118.7	80.4	(148.8)	90.3	140.6							
Non-cash stock-based compensation	Non-cash stock-based compensation	(5.7)	3.8	5.5	4.5	8.1							
Loss on extinguishment of debt	Loss on extinguishment of debt	0.2	—	1.1	—	1.3							
Acquisition related costs	Acquisition related costs	0.3	0.3	0.3	0.5	1.4							
Securitization interest	Securitization interest	(25.8)	(27.8)	(29.6)	(31.6)	(114.8)							
Gain on sale of property		(33.9)	—	—	—	(33.9)							
Severance	Severance	4.2	0.5	1.0	1.9	7.6							
Foreign currency (gains)/losses	Foreign currency (gains)/losses	(6.1)	0.1	0.3	(1.2)	(6.9)							
Goodwill and other intangibles impairment	Goodwill and other intangibles impairment	—	—	250.8	—	250.8							

Contingent consideration adjustment	Contingent consideration adjustment	—	—	1.3	—	1.3
Net change in unrealized (gains) losses on investment securities	Net change in unrealized (gains) losses on investment securities	0.6	0.1	(0.2)	0.5	1.0
Professional fees related to business improvement efforts	Professional fees related to business improvement efforts	3.1	0.7	2.1	1.7	7.6
Other	Other	0.9	0.8	—	0.9	2.6
Total addbacks/(deductions)	Total addbacks/(deductions)	(62.2)	(21.5)	232.6	(22.8)	126.1
Adjusted EBITDA from continuing ops	**Adjusted EBITDA from continuing ops**	$ 56.5	$58.9	$ 83.8	$ 67.5	$ 266.7

Summary of Cash Flows

		Nine Months Ended September 30,			**Three Months Ended March 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 - continuing operations	**$ 216.2**	$ (76.1)			
Operating activities - discontinued operations	Operating activities - discontinued operations	**(0.1)**	(388.5)			
Investing activities - continuing operations	Investing activities - continuing operations	**(39.2)**	(87.4)			
Investing activities - discontinued operations	Investing activities - discontinued operations	**7.0**	2,070.4			
Financing activities - continuing operations	Financing activities - continuing operations	**(312.1)**	(1,540.0)			
Financing activities - discontinued operations	Financing activities - discontinued operations	**—**	10.8			
Net change in cash balances of discontinued operations	Net change in cash balances of discontinued operations	**—**	12.4			
Effect of exchange rate on cash	Effect of exchange rate on cash	**2.6**	(27.4)			

Net decrease in cash, cash equivalents and restricted cash	Net decrease in cash, cash equivalents and restricted cash	**$(125.6)**	$ (25.8)

Cash flow from operating activities (continuing operations) Net cash provided by operating activities (continuing operations) was $216.2 million $100.2 million for the nine three months ended September 30, 2023 March 31, 2024, compared with net cash used by operating activities of $76.1 million $96.1 million for the nine three months ended September 30, 2022 March 31, 2023. Cash provided by continuing operations for the nine three months ended March 31, 2024 consisted primarily of cash earnings and an increase in accounts payable and accrued expenses, partially offset by an increase in trade receivables and

other assets. Cash provided by continuing operations for the three months ended September 30, 2023March 31, 2023 consisted primarily of cash earnings and an increase in accounts payable and accrued expenses, partially offset by an increase in trade receivables and other assets. Cash used by continuing operations for the nine months ended September 30, 2022 consisted primarily of a decrease in accounts payable and accrued expenses, an increase in trade receivables and other assets and the portion of contingent consideration payments classified in operating activities, partially offset by cash earnings. 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, as well as a decrease and changes in payments of contingent consideration in excess of acquisition-date fair value.AFC's accounts payable balances.

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

Cash flow from investing activities (continuing operations) Net cash used by investing activities (continuing operations) was $39.2 million $39.7 million for the nine three months ended September 30, 2023 March 31, 2024, compared with $87.4 million $13.6 million for the nine three months ended September 30, 2022 March 31, 2023. The cash used by investing activities for the nine three months ended September 30, 2023 March 31, 2024 was primarily from an increase in finance receivables held for investment and purchases of property and equipment. The cash used by investing activities for the nine three months ended September 30, 2022 March 31, 2023 was primarily from purchases of property and equipment and an increase in finance receivables held for investment.

Cash flow from financing activities (continuing operations) Net cash used by financing activities (continuing operations) was $312.1 million $63.6 million for the nine three months ended September 30, 2023 March 31, 2024, compared with $1,540.0 million $116.5 million for the nine three months ended September 30, 2022 March 31, 2023. The cash used by financing activities for the nine three months ended September 30, 2023 March 31, 2024 was primarily due to the early repayment of senior notes, repayments on lines of credit, a decrease in obligations collateralized by finance receivables and dividends paid on the Series A Preferred Stock, repurchases and retirement of common stock, payments of contingent consideration and payments for debt issuance costs, partially offset by a net increase in obligations collateralized by finance receivables. book overdrafts. The cash used by financing activities for the nine three months ended September 30, 2022 March 31, 2023 was primarily due to payments made repayments on lines of credit, a decrease in obligations collateralized by finance receivables and dividends paid on the Company's long-term debt and repurchases and retirement of common stock, partially offset by borrowings from lines of credit. Series A Preferred Stock.

Cash flow from operating activities (discontinued operations) Net cash used by There were no operating activities (discontinued operations) was $0.1 million for the nine three months ended September 30, 2023 March 31, 2024 and , compared with $388.5 million for the nine months ended September 30, 2022. The cash used by operating activities for the nine months ended September 30, 2022 was primarily attributable to income taxes paid associated with the taxable gain on the sale of the ADESA U.S. physical auction business, a decrease in accounts payable and accrued expenses and an increase in accounts receivable and other assets. 2023.

Cash flow from investing activities (discontinued operations) Net There were no investing activities (discontinued operations) for the three months ended March 31, 2024, compared with net cash provided by investing activities (discontinued operations) was of $7.0 million for the nine three months ended September 30, 2023, compared with $2,070.4 million for the nine months ended September 30, 2022 March 31, 2023. The cash provided by investing activities for the nine three months ended September 30, 2023 is March 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 nine months ended September 30, 2022 primarily consisted of 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 nine three months ended September 30, 2023 March 31, 2024, compared with net cash provided by financing activities of $10.8 million for the nine months ended September 30, 2022. The cash provided by financing activities for the nine months ended September 30, 2022 was primarily attributable to a net increase in book overdrafts. and 2023.

Capital Expenditures

Capital expenditures for the nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 approximated $39.8 million $12.9 million and $45.8 million $12.0 million, respectively. Capital expenditures were funded from internally generated funds. We continue to invest in our core information technology capabilities and our service locations. Capital expenditures related to continuing operations are expected to be approximately $55 million to $60 million for fiscal year 2023. 2024. Future capital expenditures could vary substantially based on capital project timing, capital expenditures related to acquired businesses and the initiation of new information systems projects to support our business strategies.

Dividends

The Series A Preferred Stock ranks senior to the shares of the Company's common stock, par value $0.01 per share, with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The holders of the Series A Preferred Stock are entitled to a cumulative dividend at the rate of 7% per annum, payable quarterly in arrears. Dividends were are 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 nine three months ended September 30, 2023, March 31, 2024 and 2023, the holders of the Series A Preferred Stock received cash dividends aggregating $33.3 million. For the three months ended September 30, 2022, the holders of the Series A Preferred Stock received a cash dividend aggregating $11.1 million and for the nine months ended September 30, 2022, the holders of the Series A Preferred Stock received 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.

33

Contractual Obligations

The Company's contractual cash obligations for long-term debt, interest payments related to long-term debt, finance lease obligations, operating leases and contingent consideration related to acquisitions are summarized in the table of contractual obligations in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Since December 31, 2022 December 31, 2023, the contractual obligations of the Company have changed as follows:

- $140.0 million principal amount of In January 2024, the senior notes were prepaid.
- $15.0 million in contingent consideration related to a prior acquisition has been paid.
- The Company entered into the First Amendment to the Credit Agreement which provides for the Canadian Revolving Credit Facility with interest rates now tied to Adjusted Term SOFR Rate, with such rate ranging from 2.75% to 2.25%. (C$175 million), among other things.
- Operating lease obligations change in the ordinary course of business. We lease most of our facilities, as well as other property and equipment under operating leases. Future operating lease obligations will continue to change if renewal options are exercised and/or if we enter into additional operating lease agreements.

See Notes 2 1 and 8 7 to the Consolidated Financial Statements, included elsewhere in this Quarterly Report on Form 10-Q, for additional information about the items described above. Our contractual cash obligations as of December 31, 2022 December 31, 2023, are discussed in the "Contractual Obligations" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC").

Critical Accounting Estimates

Our critical accounting estimates are discussed in the "Critical Accounting Estimates" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, as filed with the SEC. A summary of significant accounting policies is discussed in Note 2 and elsewhere in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which includes audited financial statements. Except as noted below, there have been no significant changes

New Accounting Standards

For a description of new accounting standards that could affect the Company, reference the "New Accounting Standards" section of Note 1 to the items we disclosed as our critical accounting estimates in our Annual Report on Form 10-K for the year ended December 31, 2022.

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

46

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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.

In 2020, we performed a quantitative impairment assessment for our reporting units and this assessment resulted in the impairment of goodwill totaling $25.5 million in our ADESA U.K. reporting unit. For additional information, see Note 9 of the Notes to Unaudited Consolidated Financial Statements, included elsewhere in the Annual Report on Form 10-K for the year ended December 31, 2022. In 2021, we performed a qualitative impairment assessment for our reporting units and based on our assessments, the Company did not identify any impairment.

Prior to its sale, ADESA U.S. was part of the ADESA Auctions operating segment. 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 allocated to the disposal group based on the relative fair value of ADESA U.S. compared to the fair value of the remainder of the operating segment. In connection with the reallocation, we performed a quantitative impairment assessment in the second quarter and no impairment was identified. At our annual test date, a qualitative impairment assessment was performed for the Company's remaining reporting units and no impairment was identified.

Following the sale of the ADESA U.S. physical auction business in 2022, the Company realigned its reporting units within the Marketplace segment (formerly referenced as ADESA Auctions) and allocated goodwill to the new reporting unit structure. As such, we reviewed goodwill for impairment again in the fourth quarter of 2022 before and after the realignment. This review concluded that the fair value of each reporting unit was substantially in excess of its carrying value, with the exception of our U.S. Dealer-to-Dealer reporting unit within the Marketplace segment, which exceeded its carrying value by approximately 4%.

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 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 September 30, 2023, the carrying value of goodwill related to the U.S. Dealer-to-Dealer and Europe reporting units was $87.3 million and $115.7 million, respectively. For additional information, see Note 7 of the Condensed Notes to Consolidated Financial Statements included in the this Quarterly Report on Form 10-Q.

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 connection with the sale of the ADESA U.S. physical auction business in 2022, we performed a quantitative impairment test on the ADESA tradename and concluded that the fair value was substantially in excess of carrying value. In 2022, the Company also re-evaluated the useful life of the tradename and concluded that it expected to utilize the ADESA tradename to generate revenue and cash flows indefinitely from its remaining operations. 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 no longer deemed to have an indefinite life and its remaining carrying amount of $97.3 million will be amortized over a remaining useful life of approximately 6 years. For additional information, see Note 7 of the Condensed Notes to Consolidated Financial Statements included in the Quarterly Report on Form 10-Q.

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.

Off-Balance Sheet Arrangements

As of September 30, 2023 March 31, 2024, we had no off-balance sheet arrangements pursuant to Item 303 of Regulation S-K under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that we believe are reasonably likely to have a current or future effect on our financial condition, results of operations, or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency

Our foreign currency exposure is limited and arises from transactions denominated in foreign currencies, particularly intercompany loans, as well as from translation of the results of operations from our Canadian and, to a lesser extent, United Kingdom and Continental Europe subsidiaries. However, fluctuations between U.S. and non-U.S. currency values may adversely affect our results of operations and financial position. We have not entered into any foreign exchange contracts to hedge changes in the Canadian dollar, British pound or euro. Foreign currency gains on intercompany loans were approximately $1.2 million and $0.8 million for the three and nine months ended September 30, 2023, respectively, and foreign currency losses on intercompany loans were approximately $4.1 million $2.0 million and $8.6 million $0.1 million for the three and nine months ended September 30, 2022. March 31, 2024 and 2023, respectively. Canadian currency translation negatively affected had no impact on net income by approximately $0.4 million and $2.4 million for the three and nine months ended September 30, 2023 and negatively affected net income by approximately $0.5 million and $1.1 million for the three and nine months ended September 30, 2022 March 31, 2024. A 1% change in the month-end Canadian dollar exchange rate for the nine three months ended September 30, 2023 March 31, 2024 would have impacted foreign currency losses on intercompany loans by $2.4 million $0.1 million and net income by $1.8 million $0.1 million. A 1% change in the month-end euro exchange rate for the nine three months ended September 30, 2023 March 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 $0.4 million. A 1% change in the average Canadian dollar exchange rate for the three and nine months ended September 30, 2023 March 31, 2024 would have impacted net income by approximately $0.2 million and $0.6 million, respectively. $0.1 million. Currency exposure of our U.K. and European operations is not material to the results of operations.

Interest Rates

We are exposed to interest rate risk on our variable rate borrowings. Accordingly, interest rate fluctuations affect the amount of interest expense we are obligated to pay. We 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, each maturing on January 23, 2025.

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.

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/SOFR) (SOFR/CORRA) for the three and nine months ended September 30, 2023 March 31, 2024 would have resulted in an increase in interest expense of less than $0.1 million and approximately $0.5 million, respectively. $0.3 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), during the quarter ended September 30, 2023 March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

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

Certain legal proceedings in which the Company is involved are discussed in Note 19 to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 and Part I, Item 3 of the same Annual Report. Unless otherwise indicated therein, all proceedings discussed in the Annual Report remain outstanding.

Item 1A. Risk Factors

Before deciding to invest in our Company, in addition to the other information contained in our Annual Report on Form 10-K and other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, which could materially and adversely affect our business, financial condition, prospects, results of operations and cash flows. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. The risks described in our most recent Annual Report on Form 10-K, including our ability to access capital and macroeconomic conditions and geopolitical events, are not the only risks we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially affect our business, financial condition, results of operations and prospects.

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

Unregistered Sales of Equity Securities

The information required There were no unregistered sales of equity securities made by Item 701 of Regulation S-K was previously disclosed (for OPENLANE during the sale of Series A Preferred Stock) in the Company's Current Reports on Form 8-K, filed with the SEC on June 10, 2020 and June 30, 2020.

On November 12, 2020, we issued 857,630 shares of our common stock to three individuals and one trust in connection with the BacklotCars acquisition in the fourth quarter of 2020. We received $15 million as consideration for the sale of such securities. On October 14, 2021, we issued 1,953,124 shares of our common stock to two individuals and one trust in connection with the CARWAVE acquisition in the fourth quarter of 2021. We received $30 million as consideration for the sale of such securities. The issuance of these securities was exempt from registration under the Securities Act, in reliance upon Section 4(a)(2) of the Securities Act as transactions period covered by an issuer not involving any public offering and/or the private offering safe harbor provision of Rule 506 of Regulation D promulgated under the Securities Act. 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 September 30, 2023 March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) *(Dollars in millions)*
July 1 - July 31	—	$ —	—	$ 126.9
August 1 - August 31	795,268	15.38	795,268	114.7
September 1 - September 30	643,591	15.50	643,591	104.7
Total	1,438,859	$ 15.43	1,438,859	

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

(1) In October 2019, the board of directors authorized a repurchase of up to $300 million of the Company's outstanding common stock, par value $0.01 per share. Since October 2019, the share repurchase program has been amended from time-to-time through October 30, 2021. In October 2021, subsequent approvals by the board of directors authorized an extension of directors. These amendments have served to increase the Company's share repurchase program through December 31, 2022. In April 2022, the board of directors authorized an increase in the size of the Company's $300 million share repurchase program by an additional $200 million and an extension of the share repurchase program through December 31, 2023. On October 25, 2023, the board of

directors authorized an increase in the size of the Company's share repurchase program by an additional $20.3 million and an extension of the share repurchase program extend its maturity date through December 31, 2024. Repurchases may be made in the open market or through privately negotiated transactions, in accordance with applicable securities laws and regulations, including pursuant to repurchase plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The timing and amount of any repurchases is subject to market and other conditions.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the third first 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 6. Exhibits, Financial Statement Schedules

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

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

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

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

EXHIBIT INDEX

		Incorporated by Reference				
Exhibit No.	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
2.1 +	Separation and Distribution Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	2.1	6/28/2019	
2.2	Agreement and Plan of Merger dated as of September 4, 2020 by and among ADESA, Inc., Showroom Merger Sub, Inc., OPENLANE, Inc., BacklotCars, Inc. and Shareholder Representative Services LLC, as the securityholders representative	8-K	001-34568	2.1	9/8/2020	
2.3	Securities Purchase Agreement, by and among ADESA, Inc., Carwave Holdings LLC, KKR Chevy Aggregator L.P., John Lauer, William Lauer, Joseph Lauer, Lauer Holdings Inc., KKR Chevy Blocker, LLC, KKR-Milton Strategic Partners L.P., KKR DAF Private Assets Fund Designated Activity Company, KKR NGT II (Chevy) Blocker L.P. and KKR NGT II (Chevy) Blocker Parent L.P.	8-K	001-34568	2.1	8/23/2021	
2.4	Securities and Asset Purchase Agreement, dated as of February 24, 2022, by and among OPENLANE, Inc., Carvana Group, LLC and Carvana Co. solely for purposes of Section 10.15 thereof as guarantor	8-K	001-34568	2.1	2/24/2022	
3.1a	Amended and Restated Certificate of Incorporation of OPENLANE, Inc.	10-Q	001-34568	3.1	8/3/2016	

		Incorporated by Reference				
Exhibit No.	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
2.1 +	Separation and Distribution Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	2.1	6/28/2019	
2.2	Agreement and Plan of Merger dated as of September 4, 2020 by and among ADESA, Inc., Showroom Merger Sub, Inc., OPENLANE, Inc., BacklotCars, Inc. and Shareholder Representative Services LLC, as the securityholders representative	8-K	001-34568	2.1	9/8/2020	

2.3	Securities Purchase Agreement, by and among ADESA, Inc., Carwave Holdings LLC, KKR Chevy Aggregator L.P., John Lauer, William Lauer, Joseph Lauer, Lauer Holdings Inc., KKR Chevy Blocker, LLC, KKR-Milton Strategic Partners L.P., KKR DAF Private Assets Fund Designated Activity Company, KKR NGT II (Chevy) Blocker L.P. and KKR NGT II (Chevy) Blocker Parent L.P.	8-K	001-34568	2.1	8/23/2021	
2.4	Securities and Asset Purchase Agreement, dated as of February 24, 2022, by and among OPENLANE, Inc., Carvana Group, LLC and Carvana Co. solely for purposes of Section 10.15 thereof as guarantor	8-K	001-34568	2.1	2/24/2022	
3.1a	Amended and Restated Certificate of Incorporation of OPENLANE, Inc.	10-Q	001-34568	3.1	8/3/2016	
3.1b	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of OPENLANE, Inc.	8-K	001-34568	3.1	5/12/2023	
3.2	Second Amended and Restated By-Laws of OPENLANE, Inc.	8-K	001-34568	3.1	11/4/2014	
3.3	Certificate of Designations Designating the Series A Convertible Preferred Stock	8-K	001-34568	3.1	6/10/2020	
4.1	Indenture, dated as of May 31, 2017, among OPENLANE, Inc., the guarantors party thereto and U.S. Bank National Association, as trustee, including the form of the Notes	8-K	001-34568	4.1	5/31/2017	
4.2	Form of common stock certificate	S-1/A	333-161907	4.15	12/10/2009	

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
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	
10.1	Credit Agreement, dated as of June 23, 2023, among the OPENLANE, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent	8-K	001-34568	10.1	6/26/2023	
10.2 *	Employment Agreement, dated March 1, 2021, between OPENLANE, Inc. and James P. Hallett	8-K	001-34568	10.1	3/2/2021	
10.3a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Eric M. Loughmiller	8-K	001-34568	10.2	3/13/2020	
10.3b *	Letter Agreement, dated January 1, 2023, between OPENLANE, Inc. and Eric M. Loughmiller	10-K	001-34568	10.3b	3/9/2023	
10.4 *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and John C. Hammer	8-K	001-34568	10.1	3/13/2020	
10.5a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Peter J. Kelly	10-Q	001-34568	10.9	5/7/2020	

10.5b *	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	
10.6 *	Employment Agreement, dated April 17, 2023, between OPENLANE, Inc. and Brad S. Lakhia	8-K	001-34568	10.1	4/17/2023	
10.7 *	Employment Agreement, dated October 26, 2021, between OPENLANE, Inc. and James Coyle	10-K	001-34568	10.6	2/23/2022	
10.8a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Sriram Subrahmanyam	10-K	001-34568	10.7a	3/9/2023	
10.8b *	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	
10.9a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Thomas J. Fisher	10-K	001-34568	10.6	2/18/2021	
10.9b *	Engagement Letter, dated August 1, 2022, between OPENLANE, Inc. and Tack Iron, LLC (Thomas J. Fisher)	10-K	001-34568	10.8b	3/9/2023	
10.10 *	KAR Auction Services, Inc. Annual Incentive Program Summary of Terms 2022	10-K	001-34568	10.8	2/23/2022	
10.11 *	KAR Auction Services, Inc. Annual Incentive Program Summary of Terms 2023	10-K	001-34568	10.10	3/9/2023	

		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 the OPENLANE, Inc., the lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent	8-K	001-34568	10.1	6/26/2023	
10.1b	First Amendment Agreement, dated as of January 19, 2024, by and among OPENLANE, Inc., ADESA Auctions Canada Corporation, certain other subsidiaries of OPENLANE, Inc. party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent	8-K	001-34568	10.1	1/22/2024	
10.2a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Peter J. Kelly	10-Q	001-34568	10.9	5/7/2020	
10.2b *	Amendment No. 1 to Employment Agreement, dated March 1, 2021, between OPENLANE, Inc. and Peter J. Kelly	8-K	001-34568	10.2	3/2/2021	
10.3 *	Employment Agreement, dated April 17, 2023, between OPENLANE, Inc. and Brad S. Lakhia	8-K	001-34568	10.1	4/17/2023	
10.4 *	Employment Agreement, dated October 26, 2021, between OPENLANE, Inc. and James Coyle	10-K	001-34568	10.6	2/23/2022	
10.5a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and Sriram Subrahmanyam	10-K	001-34568	10.7a	3/9/2023	
10.5b *	Amendment No. 1 to Employment Agreement, dated May 9, 2022, between OPENLANE, Inc. and Sriram Subrahmanyam	10-K	001-34568	10.7b	3/9/2023	
10.6a *	Employment Agreement, dated March 9, 2020, between OPENLANE, Inc. and James E. Money	10-K	001-34568	10.6	2/21/2024	
10.6b *	Letter Agreement, dated April 1, 2024, between OPENLANE, Inc. and James E. Money					X
10.7a *	Employment Agreement, dated September 4, 2020, between OPENLANE, Inc. and Justin Davis	10-Q	001-34568	10.7	5/4/2022	
10.7b *	Letter Agreement, dated March 5, 2024, between OPENLANE, Inc. and Justin Davis					X
10.8 *	Employment Agreement, dated March 1, 2021, between OPENLANE, Inc. and Scott Anderson	10-K	001-34568	10.8	2/21/2024	

10.9 *	OPENLANE, Inc. Annual Incentive Program Summary of Terms 2023	10-K	001-34568	10.10	3/9/2023	
10.10 *	OPENLANE, Inc. Annual Incentive Program Summary of Terms 2024	10-K	001-34568	10.10	2/21/2024	
10.11a ^	Amended and Restated Purchase and Sale Agreement, dated May 31, 2002, between AFC Funding Corporation and Automotive Finance Corporation	S-4	333-148847	10.32	1/25/2008	
10.11b	Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated June 15, 2004	S-4	333-148847	10.33	1/25/2008	
10.11c	Amendment No. 2 to Amended and Restated Purchase and Sale Agreement, dated January 18, 2007	S-4	333-148847	10.34	1/25/2008	
10.11d ^	Amendment No. 3 to Amended and Restated Purchase and Sale Agreement, dated April 20, 2007	S-4	333-148847	10.35	1/25/2008	
10.11e	Amendment No. 4 to Amended and Restated Purchase and Sale Agreement, dated January 30, 2009	10-K	001-34568	10.19e	2/28/2012	

52 38

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.12a ^	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	
10.12b	Amendment No. 1 to Amended and Restated Purchase and Sale Agreement, dated June 15, 2004	S-4	333-148847	10.33	1/25/2008	
10.12c	Amendment No. 2 to Amended and Restated Purchase and Sale Agreement, dated January 18, 2007	S-4	333-148847	10.34	1/25/2008	
10.12d ^	Amendment No. 3 to Amended and Restated Purchase and Sale Agreement, dated April 20, 2007	S-4	333-148847	10.35	1/25/2008	
10.12e	Amendment No. 4 to Amended and Restated Purchase and Sale Agreement, dated January 30, 2009	10-K	001-34568	10.19e	2/28/2012	
10.12f	Amendment No. 5 to Amended and Restated Purchase and Sale Agreement, dated April 25, 2011	10-K	001-34568	10.19f	2/28/2012	
10.13 +	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	
10.14 +	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	
10.15	Form of Indemnification Agreement	8-K	001-34568	10.1	12/17/2013	
10.16a *	KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan, as Amended June 10, 2014	DEF 14A	001-34568	Appendix A	4/29/2014	
10.16b *	First Amendment to the KAR Auction Services, Inc. 2009 Omnibus Stock and Incentive Plan	10-K	001-34568	10.24b	2/18/2016	
10.16c *	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	
10.17 *	KAR Auction Services, Inc. Amended and Restated Employee Stock Purchase Plan	10-Q	001-34568	10.27	8/5/2020	

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

Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.24 *	Form of Non-Qualified Stock Option Award Agreement	10-K	001-34568	10.30	2/18/2021	
10.25 *	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	
10.26 *	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	
10.27 *	Form of 2022 Amended and Restated Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA)	10-Q	001-34568	10.25	11/2/2022	
10.28 *	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	
10.29	Transition Services Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.1	6/28/2019	
10.30	Tax Matters Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.2	6/28/2019	
10.31	Employee Matters Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.3	6/28/2019	
10.32	Investment Agreement, dated as of May 26, 2020, by and between OPENLANE, Inc. and Ignition Parent LP	8-K	001-34568	10.1	5/27/2020	
10.33a	Investment Agreement, dated as of May 26, 2020, by and between OPENLANE, Inc. and Periphas Capital GP, LLC	8-K	001-34568	10.2	5/27/2020	
10.33b	Assignment and Assumption Agreement, dated as of June 9, 2020, by and between Periphas Capital GP, LLC and Periphas Kanga Holdings, L.P.	10-K	001-34568	10.37b	2/18/2021	
10.34	Registration Rights Agreement, dated as of June 10, 2020, by and among OPENLANE, Inc. and Ignition Parent LP	8-K	001-34568	10.1	6/10/2020	
10.35	Registration Rights Agreement, dated as of June 29, 2020, by and between OPENLANE, Inc. and Periphas Kanga Holdings, LP	8-K	001-34568	10.1	6/29/2020	
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

Exhibit No.	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.27 *	Form of 2023 Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA and Relative Total Shareholder Return)	10-K	001-34568	10.27	3/9/2023	
10.28 *	Form of 2024 Performance-Based Restricted Stock Unit Agreement (Cumulative Adjusted EBITDA and Relative Total Shareholder Return)	10-K	001-34568	10.28	2/21/2024	

10.29	Transition Services Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.1	6/28/2019	
10.30	Tax Matters Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.2	6/28/2019	
10.31	Employee Matters Agreement, dated as of June 27, 2019, by and between OPENLANE, Inc. and IAA, Inc.	8-K	001-34568	10.3	6/28/2019	
10.32	Investment Agreement, dated as of May 26, 2020, by and between OPENLANE, Inc. and Ignition Parent LP	8-K	001-34568	10.1	5/27/2020	
10.33a	Investment Agreement, dated as of May 26, 2020, by and between OPENLANE, Inc. and Periphas Capital GP, LLC	8-K	001-34568	10.2	5/27/2020	
10.33b	Assignment and Assumption Agreement, dated as of June 9, 2020, by and between Periphas Capital GP, LLC and Periphas Kanga Holdings, L.P.	10-K	001-34568	10.37b	2/18/2021	
10.34	Registration Rights Agreement, dated as of June 10, 2020, by and among OPENLANE, Inc. and Ignition Parent LP	8-K	001-34568	10.1	6/10/2020	
10.35	Registration Rights Agreement, dated as of June 29, 2020, by and between OPENLANE, Inc. and Periphas Kanga Holdings, LP	8-K	001-34568	10.1	6/29/2020	
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101	The following materials from OPENLANE, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statements of Income for the three months ended March 31, 2024 and 2023; (ii) the Consolidated Statements of Comprehensive Income for the three months ended March 31, 2024 and 2023; (iii) the Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023; (iv) the Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2024 and 2023; (v) the Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023; and (vi) the Condensed Notes to Consolidated Financial Statements.					X

		Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
101	The following materials from OPENLANE, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2023 and 2022; (ii) the Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2023 and 2022 (iii) the Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022; (iv) the Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2023 and 2022; (v) the Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022; and (vi) the Condensed 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.

SIGNATURE

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

OPENLANE, Inc.
(Registrant)

Date: November May 1, 2023 2024

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

EXHIBIT 10.6b

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April 1, 2024

Dear Jim:

This letter agreement ("Agreement") is entered into as of April 1, 2024 ("Effective Date"), and confirms the terms of the agreement OPENLANE, Inc. ("OPENLANE") and James E. Money ("you") have reached with respect to consulting services to assist OPENLANE in the transition of the President of AFC role.

1. Services. You will provide certain consulting services related to the transition of the President of AFC role (the "Services"). You agree that you are an independent contractor of OPENLANE, and this Agreement will not be construed to create any association, partnership, joint venture, employment or agency relationship between you and OPENLANE.

2. Fees. In consideration of the Services, OPENLANE will pay you $400,000, payable in monthly installments, along with an amount equal to the cost of eighteen months of COBRA premiums. Except for out-of-pocket expenses pre-approved by OPENLANE, you will be responsible for expenses you incur in connection with the Services. You will be responsible for the reporting and payment of all taxes arising out of your receipt of fees hereunder.

3. Term. The Agreement will terminate on December 31, 2024.

4. Confidentiality. You acknowledge that you will be granted access to certain trade secrets as well as other confidential, proprietary and/or non-public information of or regarding OPENLANE or its subsidiaries (“Confidential Information”). Except as may be expressly authorized by OPENLANE in writing, or as may be required by law after providing notice to OPENLANE, you agree not to disclose any Confidential Information to any third party for as long as such information remains confidential (or as limited by applicable law). Pursuant to the federal Defend Trade Secrets Act of 2016, you will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to your 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.

5. Continuing Obligations. You acknowledge and agree that you will continue to be bound by your post-employment obligations under that certain Employment Agreement dated March 9, 2020 between you and OPENLANE (“Employment Agreement”), including the restrictive covenants contained in Section 7 thereof (the “RCA”). In consideration of the payments and benefits described in Section 2 above, you further agree that the one-year restricted period identified in Sections 7(e) and (f) of the RCA is hereby extended six months (for a total of eighteen months), and the RCA is incorporated herein by reference as if directly set forth herein and will survive the termination of this Agreement. Except as provided in this Section 5, nothing in this Agreement is intended to modify, amend, or supersede the Employment Agreement or RCA in any manner.

Please indicate your agreement with the above terms by signing below.

Sincerely,

OPENLANE, Inc.

/s/ PETER KELLY
Peter Kelly, CEO

Accepted and agreed,

/s/ JAMES E. MONEY
James E. Money

EXHIBIT 10.7b

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March 5, 2024

Dear Justin:

This letter agreement confirms the terms of the agreement OPENLANE, Inc. (“OPENLANE”) and Justin Davis (“you”) have reached with respect to consulting services to assist OPENLANE in the transition of the President of BacklotCars role through June 30, 2024.

As we discussed, you will consult with respect to transitional matters from time to time as reasonably requested by OPENLANE. In consideration of the transition support, OPENLANE will pay you $240,000 plus an amount equal to the cost of twelve months of COBRA premiums. You will be responsible for the reporting and payment of all taxes arising out of your receipt of the payments described above.

Please indicate your agreement with the above terms by signing below.

Sincerely,

/s/ PETER KELLY
Peter Kelly
Chief Executive Officer
OPENLANE, Inc.

Accepted and agreed,

/s/ JUSTIN DAVIS
Justin T. Davis

EXHIBIT 31.1

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

I, Peter J. Kelly, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ PETER J. KELLY

Peter J. Kelly
Chief Executive Officer

Date: November 1, 2023 May 1, 2024

EXHIBIT 31.2

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

I, Brad S. Lakhia, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ BRAD S. LAKHIA

Brad S. Lakhia
Executive Vice President and Chief Financial Officer

Date: November 1, 2023 May 1, 2024

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of OPENLANE, Inc. (the "Company") for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter J. Kelly, as Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ PETER J. KELLY

Peter J. Kelly
Chief Executive Officer

Date: November 1, 2023 May 1, 2024

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of OPENLANE, Inc. (the "Company") for the period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad S. Lakhia, as Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ BRAD S. LAKHIA

Brad S. Lakhia
Executive Vice President and Chief Financial Officer

Date: November 1, 2023 May 1, 2024

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