

Buy:

**OPENLANE**

Ticker: **KAR**

**ALPHA** **CHALLENGE**  
Kenan-Flagler Business School  
The University of North Carolina

**Dec. 4, 2025**

**Team Number: 2**

**Student Names:** ParaagMegharaj, Katja Muller, Athreya Ramkumar

**Current Price:** \$24.93 | **1Y Target Price:** \$33 (33% Upside)

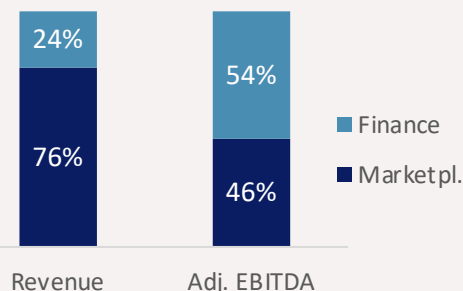
# Who is OPENLANE (NYSE: KAR), and how do they make money?

OPENLANE is the leading **digital** auction platform within the **used vehicle wholesale** market – and operates through two reportable segments

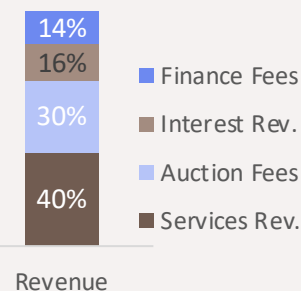
## Corporate History:

- **1989:** ADESA enters vehicle remarketing; two rounds IPO and take private...
- **2009:** 3<sup>rd</sup> IPO in 2009 as KAR Global
- **2011:** acquires OPENLANE, **private label OEM closed market** capabilities
- **2019:** divests salvage biz
- **2020:** acquires Backlot Cars, digital-first marketplace focused on dealers-as-sellers
- **2022:** sells physical auction biz to Carvana

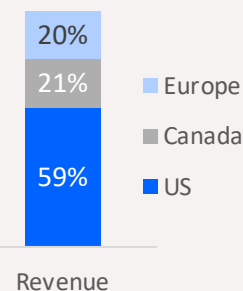
### By Business



### By Revenue Model<sup>1</sup>



### By Geography



2024 figures

## Marketplace

*Bringing together buyers and sellers...across both closed and open platforms*

- **Private-label, closed platforms**, with members-only access
- **Open marketplace**, company branded
- **Ancillary services** (transport, inspection, guarantees)



## Finance

*60 day floorplan loans for independent dealers*



Offered at 1000 different inventory sources

# Thesis: OPENLANE was slow out of the pit – post-divestiture of the physical auction house business – but has since taken 5<sup>th</sup> gear, using legacy frontrunner ADESA’s structural advantage in Off-Lease to accelerate into the digital-first era

*The Street appreciates the post-Covid recovery ahead for OPENLANE’s bread-and-butter Off-Lease business – but does not appreciate how its Off-Lease dominance will drive share gains on the Dealer-to-Dealer side of the business*

## Thesis Point

## Level of Differentiation

## What Market Is Getting ( ✓ ) / Missing ( X )

1

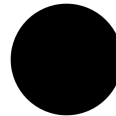
Auction earnings from **SECULARLY GROWING LEASE RETURNS** will accrue largely to OPENLANE, due to its long-standing dominance in the segment



- ✓ Off-Lease volume growth: post-Covid normalization
- X Secular volume growth: EV’s
- X Pricing growth
- X Quantifying two bites at the apple: up & downstream

2

OPENLANE will continue **GAINING SHARE IN FRAGMENTED DEALER to DEALER** segment (“D2D”)



- ✓ The secular shift to hybrid / digital via user preference
- X Strength in Off-Lease segment supporting growth in D2D segment, and OPENLANE executing well
- X OPENLANE’s ability to *actively* take share from physical

3

**OPERATING LEVERAGE** in Marketplace business is underappreciated, as 50% of volumes are sourced from sticky OEM relationships

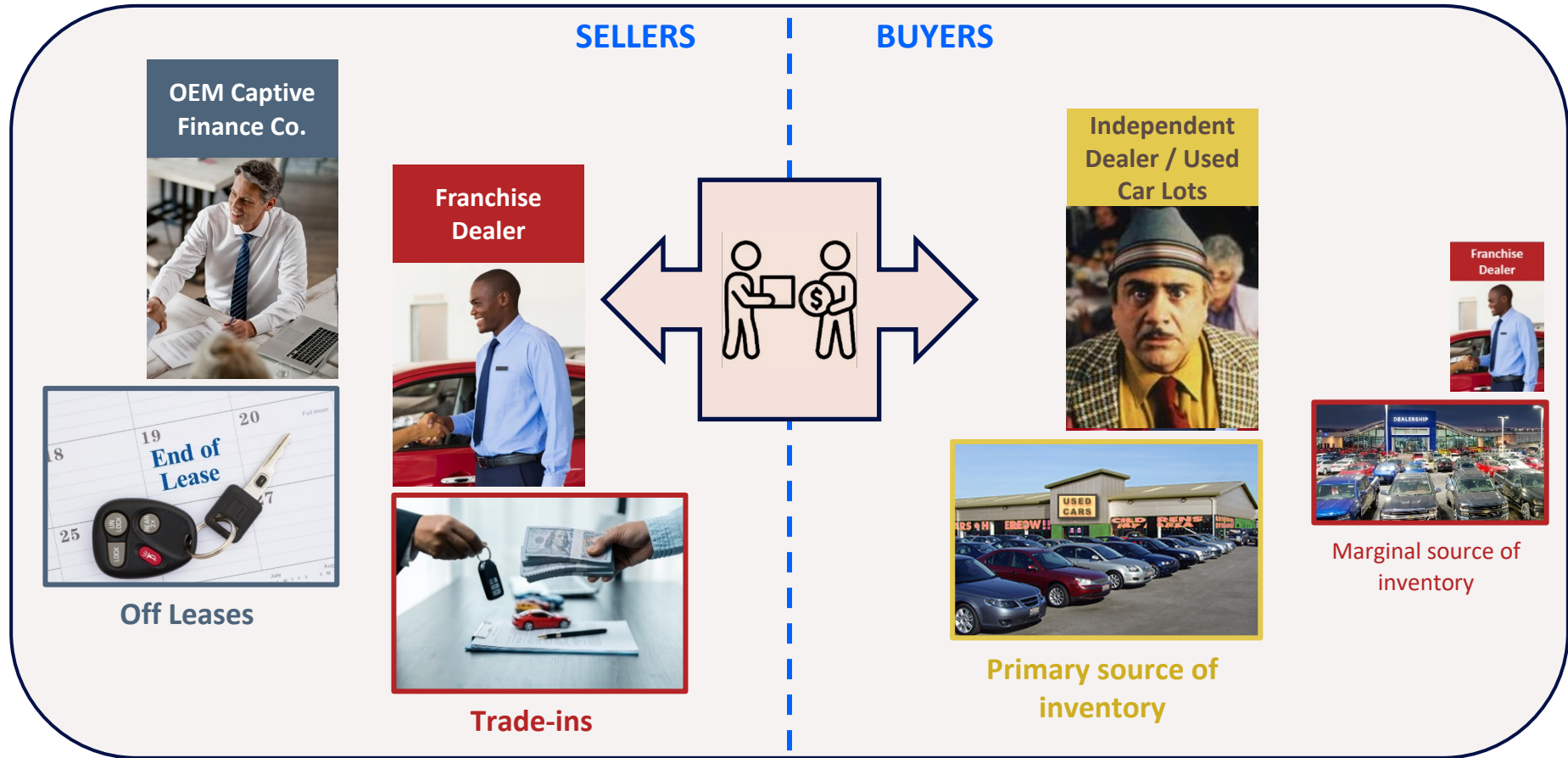


- ✓ Digital-first model's asset-lite advantage vs. legacy biz
- X Volume of growth ahead, therefore magnitude of margin gains



# Quick context on Used Vehicle Wholesale: WHO, WHAT / WHY, and WHERE?

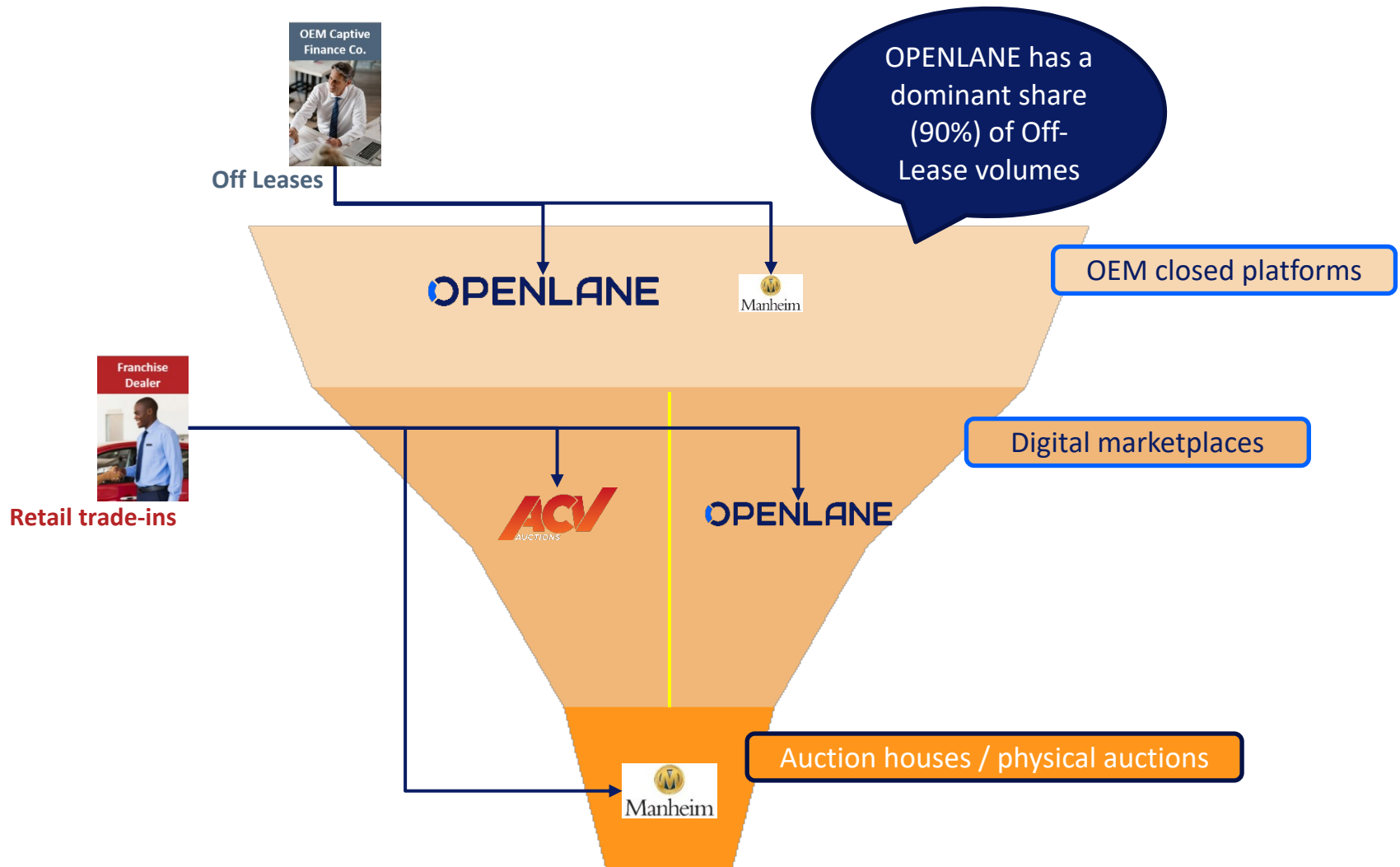
Vehicles bought and sold between parties who are **NOT the end consumers**



## Where the transactions take place varies:

- Direct, via relationships *[not captured in industry data]*
- On closed marketplaces, with member-only access (i.e., OEM <> franchise dealer networks)
- On open, digital exchanges like OPENLANE, ACV Auctions
- At the physical auction houses where cars are run consecutively “through the lane”

# OPENLANE plays across all parts of the funnel except the physical auction end-of-the-line

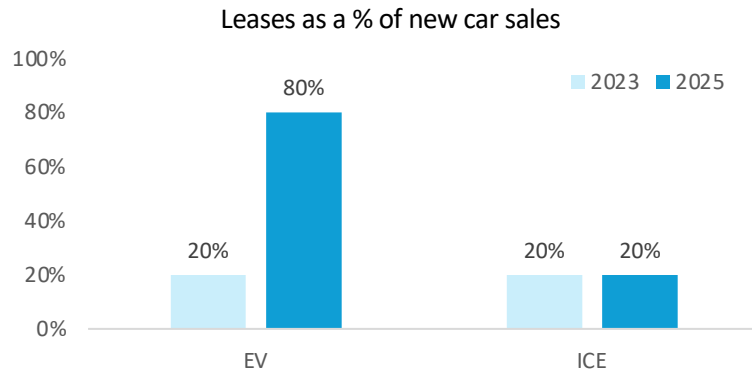


# Off-Lease Volumes at an Inflection Point due to Rising EV Adoption Leading to 14.4% CAGR in Volumes

Massive growth in off-lease volumes upcoming will accrue primarily to OPENLANE who has **90% share in the segment**

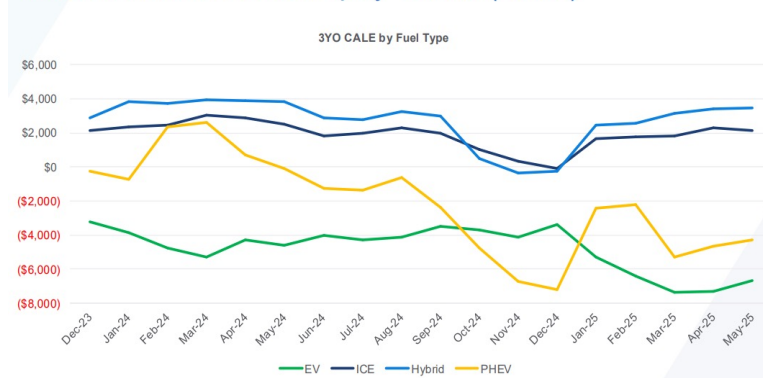
## EVs Will Drive Higher Auction Volumes

- ✓ Rising EV penetration (**8% in 2025 to 14% in 2028**) → higher proportion of cars coming off lease
- ✓ Higher depreciation → more units forced into auctions

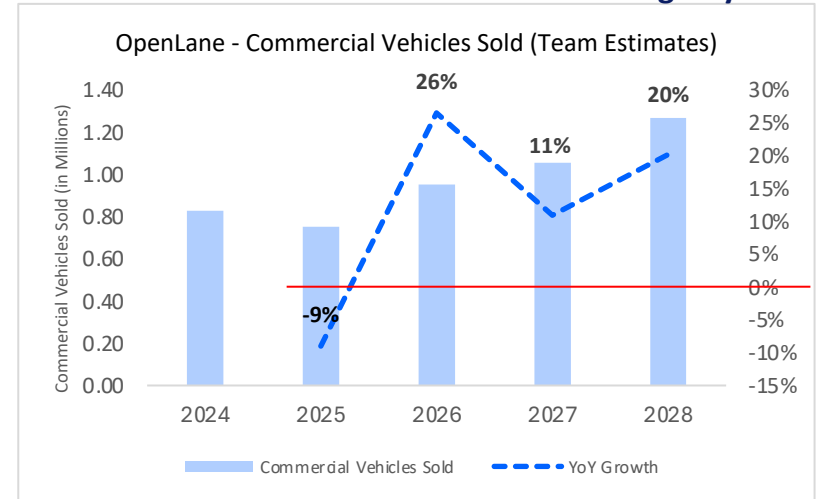


## EV owners are less likely to buy-out their vehicle at end-of-lease due to negative equity

### Cox Automotive Lease Equity Trends (CALE)



## Off-Lease Sales to Accelerate Meaningfully

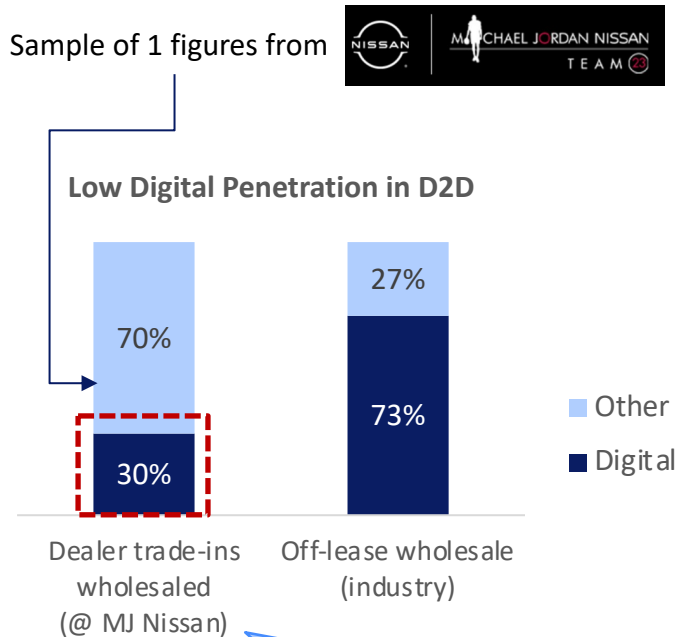


Marketplace - Commercial (In Millions)	2026E	2027E	2028E
Volume - Our Estimates	0.95	1.05	1.27
Consensus Volumes	0.84	1.00	NA
Delta - Volumes (%)	13%	5%	NA
Revenue - Our Estimates	712	811	1000
Consensus Revenues	633	745	NA
Delta - Revenues (%)	13%	9%	
35% of Consolidated Revenues			

# While ACV overtook OPENLANE in D2D volumes in 2024, OPENLANE's cross-sell opportunities off of platform breadth are paying off, with growth re-accelerating

*In the D2D segment, ~18K US franchise dealers wholesale a portion of their trade-in vehicle inventory; digital penetration in this segment is low given fragmentation, with continued long-term share gains to online expected*

## The Opportunity: Increased digital penetration in dealer-supplied wholesale

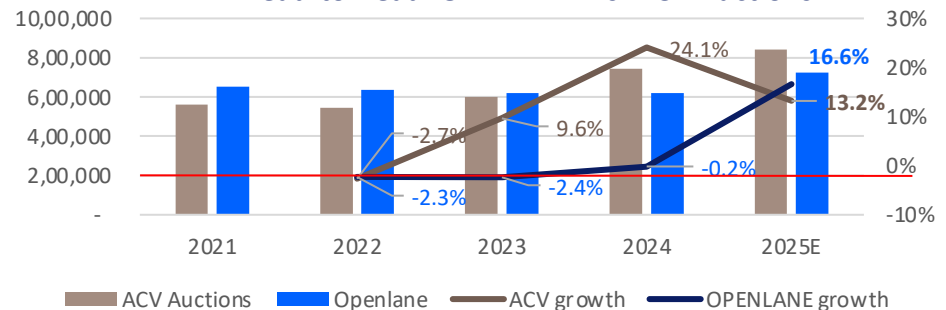


MJ Nissan sells 70% of its trade-ins **direct to independents**

## How OPENLANE captures share

- **Value proposition vs. local-only, relationship-driven market:** Direct to independent avoids a middle man taking a cut, but OPENLANE can very often get the seller a higher price due to larger # of bidders engaged
- **Lowest cost auction provider:** should give the company an edge vs. its digital-only competitor ACV
- **Cross-sell to existing dealer relationships:** The company is targeting:
  - (i) Greater participation on the **SELLER** side of the marketplace, going after franchise dealers already doing business with OPENLANE in the OEM private-label business
  - (ii) Greater participation on the **BUYER** side, registering Finance segment dealers not yet transacting on Marketplace (registration up from 40% to 49% in Q3-25, not all active yet)

## D2D head-to-head: OPENLANE vs. ACV Auctions



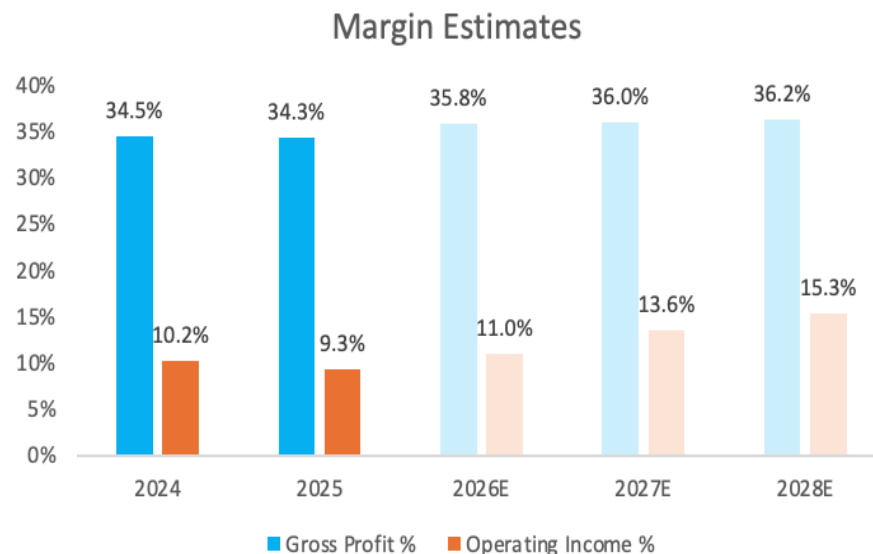
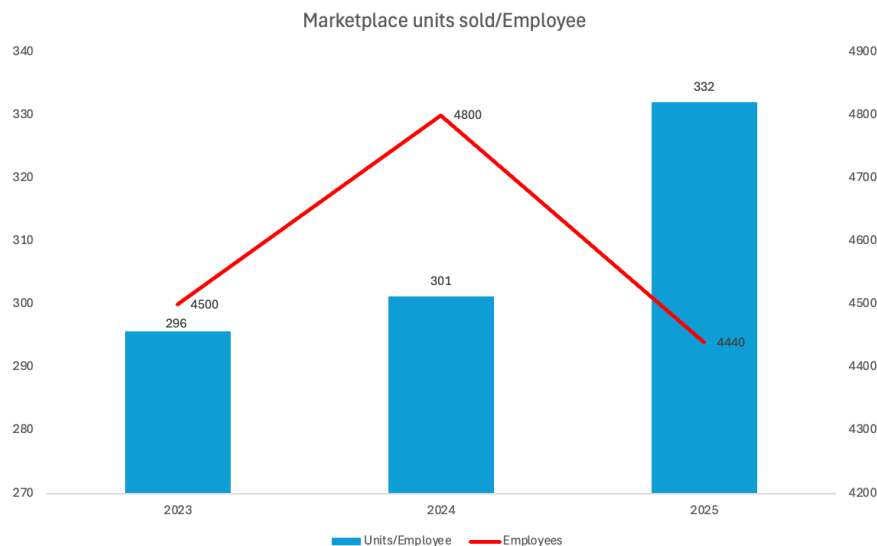
# Volume recovery 2026 onwards unlocks meaningful margin expansion due to operating leverage

*We expect Adj EBITDA margins to improve by 500bps+ in the next 3 years*

## Margin Expansion Drivers –

- ✓ Physical auctions (ADESA) divested in 2022 transforming Openlane into an asset-light digital marketplace with reduced handling costs and no occupancy costs
- ✓ Significant operating leverage demonstrated with **45% incremental gross margins** and **22.5% incremental operating margins** in 2025
- ✓ Peer benchmark analysis (ACV Auctions) suggests a **70/30 fixed–variable cost structure**
- ✓ Predominant fixed cost base will lead to sustained margin expansion as volumes grow
- ✓ Marketplace units sold per employee rose from 296 to 332 (+12%) from 2023–2025, highlighting strong efficiency gains in one of Openlane’s largest cost buckets

## Operating Leverage Flow-through





# Valuation – Converging Valuation Signals Point to 33% Upside

## SOTP

Marketplace Segment			
Method 1 - Forward PE		Method 2 - EV/EBITDA	
2027E NOPAT (\$M)	108	2027E EBITDA (\$M)	196
1Y Forward PE multiple	30	EV/EBITDA	17.5
		2026 EV (M)	3425
		Debt Apportioned to Marketplace (50%)	275
2026 Equity Value (\$M)	3233	2026 Equity Value (\$M)	3150
Weight	50%	Weight	50%
Weighted Average Target Equity Value		3191	

Finance Segment	
Book Value	659
P/B multiple	1.5
Equity Value (\$M)	988
Target Equity Value (\$M)	4180
Current Marketcap (\$M)	3141
Upside	33%

## Absolute Valuation based on Forward PE & EV/EBITDA

2026 Target Price			
	Downside	Base	Upside
2027E EPS	1.26	1.55	1.73
Forward P/E	18	24	25
2026 Target Price	23	37	43
2027E EBITDA (\$M)	306	357	389
Forward EV/EBITDA Multiple	9	12	12
Enterprise Value (\$M)	2754	4281	4663
(-) Net Debt (M)	550	550	550
Equity Value (\$M)	2204	3731	4113
Shares Outstanding (M)	126	126	126
Target Price	17.5	30	33
Average Target Price	20	33	38
Upside/(Downside)	-19%	34%	52%

Assumptions	Bear	Base	Bull
Revenue - 2Y CAGR	9.1%	10.9%	13.2%
Average Operating Inc. %	10.6%	12.3%	13.1%

Price target supported by Sum-of-the-parts valuation and absolute valuation.

# Valuation Comparables

Market Data				PE		EV/EBITDA		EBITDA %	ROA	ROE	ROIC	Revenue	EPS	P/BV
Company	Ticker	Price	Mkt Cap (\$M)	2026	2027	2026	2027					FWD 2YR CAGR	FWD 2YR CAGR	
Openlane (consensus)	KAR			17.5x	13.7x	14.2x	12.2x	22.2%	2.9%	7.0%	6.8%	7.4%	21.1%	
<b>Openlane (Team Estimates)</b>	KAR	24.5	3607	17.7x	13.4x	12.1x	9.9x	22.2%	2.9%	7.0%	6.8%	10.7%	61.0%	
<b>Auction Market Comparables</b>														
Copart	CPRT	41.0	40114	24.2x	22.2x	16.7x	15.4x	41.2%	16.8%	18.6%	18.4%	5.3%	7.3%	
ACV Auctions	ACVA	6.6	1210	30.3x	17.0x	13.6x	8.4x	-3.6%	-6.6%	-16.3%	-11.5%	13.9%	52.6%	
Carvana A	CVNA	313.3	71260	45.2x	34.2x	16.7x	13.2x	11.0%	7.3%	43.5%	9.0%	25.7%	35.8%	
<b>Average</b>				33.2x	24.5x	15.7x	12.3x	16.2%	5.8%	15.3%	5.3%	15.0%	31.9%	
<b>Financial Comparables</b>														
Ally Financial	ALLY	38.5	11854	7.1x	6.3x				0.3%	4.2%	2.3%			0.9x
Synchrony Finl	SYF	74.6	27398	8.0x	7.2x				3.0%	21.6%	11.4%			1.7x
<b>Average</b>				7.6x	6.8x				1.7%	12.9%	6.8%			1.3x

Peer comparables for Openlane. The analysis implies a consolidated 33x PE multiple, we apply a more conservative 24x PE multiple. The discount is driven due to lower margins in online auction marketplace but higher revenue and EPS projections.

## Competitive Pressure in the Digital Space

- Openlane faces strong competition from ACV Auctions.
- **Mitigation:**
- Vertical integration with Commercial wholesale segment gives Openlane first pass on huge volume of newer and higher quality used vehicles.

## Series A Convertible Preferred stock

- Higher dividend obligation (7%) and risk of diluting existing equity holders
  - **Mitigation:**
- OPENLANE has repurchased 53% of the Preferred Stock for \$559M in cash, funded with a new \$550M secured term loan (SOFR + 2.5%). Buyback price was set at \$29.70 per share.

## Macroeconomic Risk

A Portion of Openlane's revenue is linked to broader economy, volume and value of vehicles flowing in the wholesale market.

## AFC - Increase in loss ratios

An increase in loan-loss ratios will affect Net Income

**Mitigation:**

AFC has historically contained loan loss ratios at 2%. Management is guiding to further reduce loan losses toward 1.5%

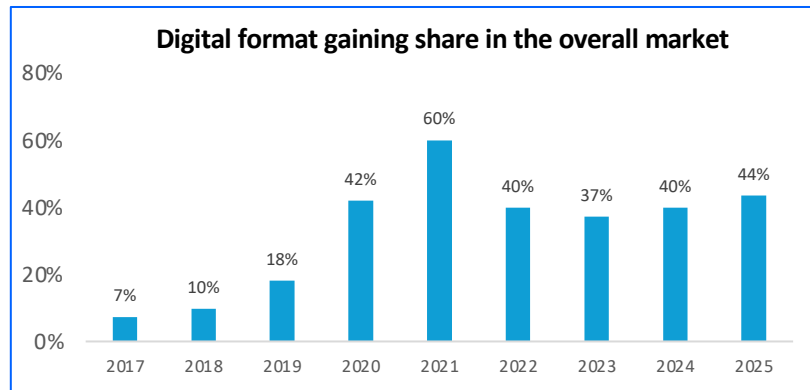
# Questions?



# Appendix

## The secular trend: away from in-person bidding at auction houses to online bidding and digital-only exchanges

Year	Estimated Digital Auction Share	Source/Comments
2005	~0–5%	Incipient online lanes
2015	10–15%	Rapid adoption, simulcast
2020	25–30%	Pandemic peak, all major platforms online
2023	~28%	OPENLANE CEO quarterly commentary
2025	Under 30%	CEO Q3 2025 call: “market over 70% physical”






### NAAA survey data (a/o Apr. 2024, at CAR)

- About 50% of vehicles were sold to in-lane bidders and 50% were sold to online bidders or buyers.
- 52% of dealer vehicles were purchased by in-lane buyers and 48% were purchased by online buyers.
- Among commercial vehicles, 47% were bought in-lane, and 53% were purchased online.
- Conversion rates for in-lane simulcast sales: For dealer vehicles it was 52% in 2023, while commercial vehicles came in at 68%.

## Industry Data

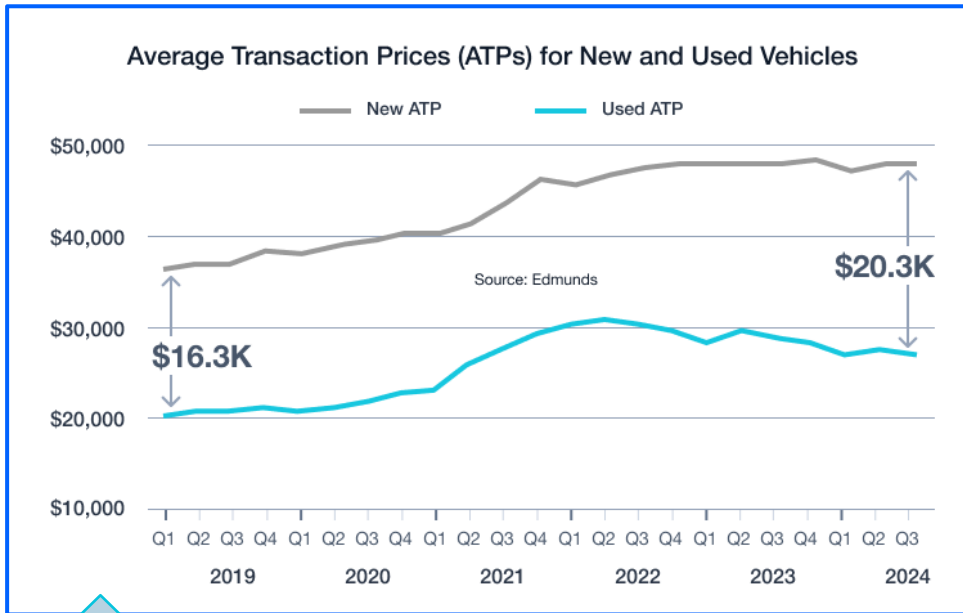
*Data sources vary in their coverage: Manheim reports are usually based on their own auction data (representing ~70% of US physical business); NAAA is a physical auction aggregate; and digital-only auctions have no ready-made aggregates*

Org:	Commonly Used Name:	Brief description of underlying data	Types of data available
	<i>various</i>	<b>Manheim sales data</b>	<ul style="list-style-type: none"> <li>– ASP</li> <li>– Volumes</li> <li>– Conversion rates</li> <li>– Transaction types (in-lane, simulcast, digital-only)</li> </ul>
 National Auto Auction Association  *includes Manheim auctions!	NAAA survey data	<b>Member sales data</b> , from all member auctions in N. America (n = 340)	
	AuctionNet data	More <b>granular sales data</b> from subset of members (n = 265)	<ul style="list-style-type: none"> <li>– 200M historical records, and 130K new auction transactions <i>weekly</i></li> <li>– Detailed cuts: by vehicle type, seller segment, powertrain, region</li> <li>– Pricing trends</li> </ul>
 National Automobile Dealers Association	NADA data	Data from the nation's 16,957 franchised light-vehicle dealers	<ul style="list-style-type: none"> <li>– 15.9M light-duty vehicles sold in 2024</li> <li>– \$1.2T in sales</li> <li>– Inventory</li> <li>– Days' supply</li> <li>– New- and used-vehicle consumer info: Lease rates, loan terms, monthly payments</li> </ul>

# NEW vs. USED

## Appendix: Improved Used Car Affordability Positions Openlane for a Volume Rebound

Q3-2024

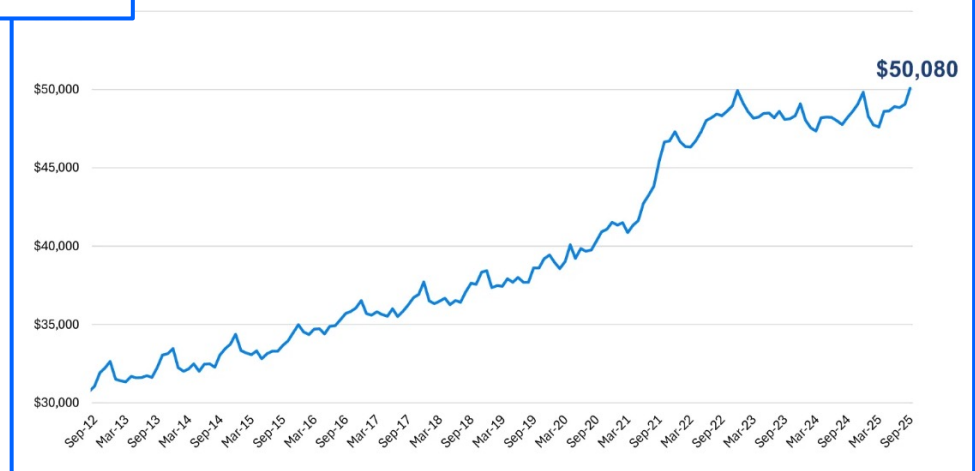


**Average Price Gap Between New and Used Vehicles Surpasses \$20K for the First Time Ever in Q3**

New transaction and survey data from Edmunds highlights why many shoppers expecting to buy a new vehicle will likely turn to the used lot for their next deal

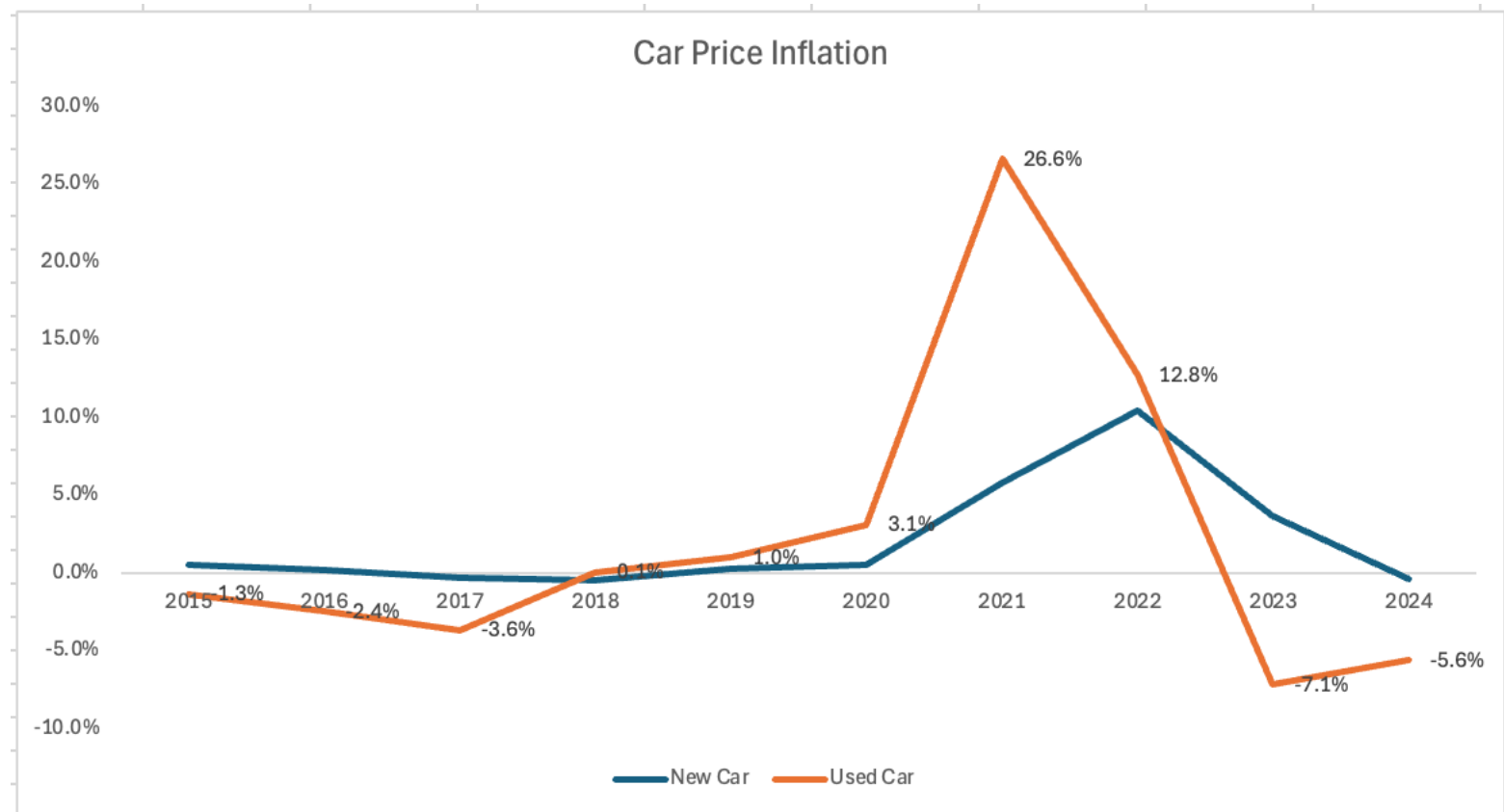
**Kelley Blue Book Report: New-Vehicle Average Transaction Price Hits Record High in September, Surges Past \$50,000 for the First Time Ever**

New-Vehicle Average Transaction Price



Q3-2025





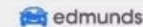
### Q3 New EV Sales — Record Sales and Share

Sales surge 29.6% year over year, pushing market share to a record 10.5%



prior peak set in Q4 2024 by nearly 20%. During the third quarter, electric vehicles accounted for 10.5% of total vehicle sales, also a new record and a significant increase from the 8.6% share in the same period last year.

### Days to Turn, Average Transaction Price and Mileage for 3-Year-Old Vehicles (Q3 2025)

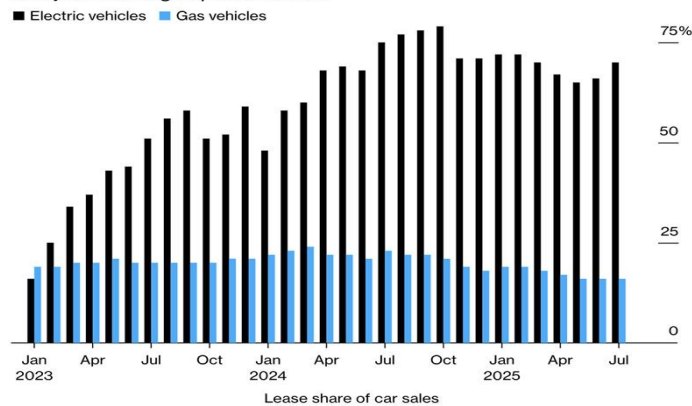


There is one distinguishing factor for fast sellers: full electrification

Powertrain	DTT	ATP	Mileage
EV	34	\$29,922	35,661
HEV	40	\$30,736	43,973
Diesel	41	\$52,956	51,776
Gas	43	\$31,044	39,525
PHEV	47	\$34,092	35,026

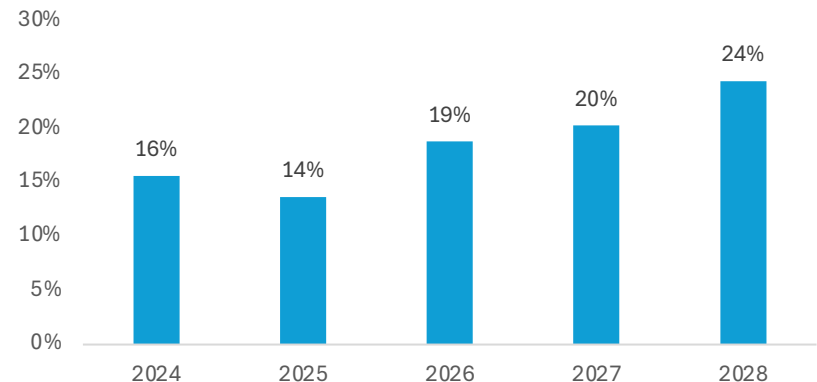
### EV Buyers Prefer Leases

Leases now account for nearly three in four EV transactions, compared with just 16% of gas-powered cars.



Source: Edmunds.com

### Off-Lease as a % of Total New Car Sales



# Streamlined and Restructured: Openlane Is Now a Digital-First Auction Platform

## Acquisitions

- ✓ 2011: Openlane, **digital auction** business
- ✓ 2018ish: DRIVIN, **AI/ML for predictive pricing**
- ✓ 2018ish: TradeRev, **digital auction** business

## Divestitures

- ✓ 2019: IAA, **salvage** business
- ✓ 2022: ADESA, **physical auction** business
- ✓ 2024: Hightech Locksmiths, automotive **keys** business

OPENLANE

Our Company ▾

Media Center

Investors

Careers

“Sophisticated and advanced platform possible, said Karsten. “We’ve successfully aggregated millions of data points across KAR’s diverse portfolio of companies while fortifying our technical foundation. This gives us the broad flexibility to deliver both out-of-the-box and bespoke solutions for our unique upstream customers.”

Further fueling OPENLANE are new data science and artificial intelligence capabilities developed by two of KAR’s recent acquisitions, DRIVIN and TradeRev. DRIVIN analyzes data from thousands of dealers and millions of vehicles each day to provide customers informed predictive pricing recommendations. Further, DRIVIN’s targeted seller-buyer matching algorithms can connect upstream vehicles with a curated list of buyers where the greatest demand exists. And with TradeRev’s “H” artificial intelligence engine, customers can capture consistent and accurate condition report images in just seconds. Together, these capabilities help customers maximize the speed, outcome, and economic impact of their overall upstream business.

“Ultimately, a successful upstream program is all about portfolio management – holistically optimizing outcomes and effectively mitigating risk,” said Kayne Grau, co-Founder of DRIVIN and President of KAR’s Data as a Service group. “DRIVIN translates data into clear, actionable intelligence for dealers, and we’re excited to be working with OPENLANE customers to deploy these powerful insights. Together, we’re creating a more informed, data-driven marketplace where both sides of the transaction can benefit.”

As one additional option for customers, OPENLANE is also offering the power of TradeRev as an additional auction layer in the upstream funnel. Vehicles not otherwise sold upstream can be automatically launched into TradeRev’s live, one-hour digital auction marketplace, exposing those vehicles to thousands of additional North American dealers.

# Appendix - Value Added Primary Research Summary

## Expert Calls

### **Founder, BacklotCars, Acquired by KAR in 2020**

#### Key Insights:

- Digital penetration in Commercial wholesale marketplace
- Made it possible to sell old (low-end) vehicles with newer (higher-end) models on the same digital marketplace
- Primary factors influencing used wholesale market are vehicle equity value and used car prices.

### **Investor Relation, Openlane**

#### Key Insights:

- Majority buyers in the marketplace are independent dealers
- Wholesale market headwinds (2021 – 2025), people keeping their vehicle at end-of-lease jumped from 30% to 70% cause severe decrease in the volumes. This rate is expected to come down to ~30% again which will drive the volumes in coming year.
- Commercial versus marketplace revenue insights. Marketplace is higher revenue segment due to higher fees.
- Total wholesale market is still around 70% physical.

## Dealer visits

### **KIA and Nissan dealerships**

#### Key Insights:

- Inspections for certified pre owned's (commercial seg) are done by the dealership (so all inspection revenues are likely on the d2d side with the trade-ins).
- Relationship between wholesale and auction markets

# Appendix: P&L Model

		Openlane as we know it (2023-2025)					year going into rel Val
All figures in millions of U.S. Dollar except per share items.		2022	2023	2024	2025 <sub>p</sub>	2026 <sub>E</sub>	2027 <sub>E</sub>
x	CONSOLIDATED:						
	Auction fees	370.3	395.3	443.8	461.6	552.8	618.1
	Service revenue	590.3	619.7	586.6	616.2	745.1	841.2
	Purchased vehicle sales	182.9	236.7	327.0	327.0	327.0	327.0
	Finance revenue	385.7	444.0	431.1	432.1	452.1	474.7
x	Revenues	1,529.2	1,695.7	1,788.5	1,837.0	2,077.0	2,261.0
	Cost of services (exclusive of D&A)	(834.3)	(867.6)	(956.3)	(993.1)	(1,181.6)	(1,288.6)
	Gross Profit	694.9	828.1	832.2	843.9	895.4	972.4
	Finance interest expense	(79.0)	(130.6)	(123.5)	(110.1)	(153.0)	(141.2)
	Provision for credit losses	(18.6)	(59.2)	(54.3)	(45.6)	(53.3)	(56.1)
	Selling, general and administrative	(436.3)	(421.8)	(408.6)	(425.8)	(397.5)	(418.3)
	Depreciation and amortization	(100.2)	(101.5)	(95.2)	(92.1)	(64.2)	(50.1)
	Goodwill and other intangibles impairment	-	(250.8)	31.6	-	-	-
	Operating profit	94.7	(135.8)	182.2	170.3	227.5	306.7
	Interest expense	(40.2)	(25.2)	(21.8)	(22.4)	(35.3)	(35.3)
	Other income / expense, net	1.3	15.6	(2.5)	0	0	0
	Loss on extinguishment of debt	(17.2)	(1.1)	-	0	0	0
	Income (loss) from continuing operations, before income taxes	38.6	(146.5)	157.9	147.9	192.2	271.4
	Income taxes	(10.0)	(8.3)	(48.0)	(40.78)	(53.28)	(75.93)
	Effective tax rate	25.9%	-5.7%	30.4%	27.6%	27.7%	28.0%
	Income (loss) from continuing operations	28.6	(154.8)	109.9	107.1	139.0	195.5
	Net income (loss)	241.2	(154.1)	109.9	107.1	139.0	195.5
	Consolidated Margins						
	Gross Margin (%)	45.4%	48.8%	46.5%	45.9%	43.1%	43.0%
	SG&A as % of revenue (consol.)	28.5%	24.9%	22.8%	23.2%	19.1%	18.5%
	Adj. EBITDA Margin	10.5%	12.8%	13.7%			
	Operating Margin (%)	6.2%	-8.0%	10.2%	9.3%	11.0%	13.6%
	Profit Margin (%)	15.8%	-9.1%	6.1%	5.8%	6.7%	8.6%

## Appendix: Revenue Build – Off Lease

<i><u>sale year</u></i>	2023	2024	2025	2026	<b>Key Assumptions:</b>
Total Car Sales	15.5	16	16.8	17	Annual Sales Volume for used whole vehicle market, including physical and digital marketplace.
ICE	14.5	14.6	15.3	15.3	
EV	1	1.4	1.5	1.7	
ICE	93.50%	91.30%	91.00%	90.00%	
EV	6.50%	8.75%	9.00%	10%	
ICE-Lease ratio	20%	20%	20%	20%	Number of vehicles returned to the dealer at end-of-lease.
EV-Lease ratio	30%	45%	80%	80%	
<i><u>off lease 3 yrs later</u></i>	2026	2027	2028	2029	
ICE Off-Lease	2.9	2.92	3.06	3.06	ICE and EV off-lease volume calculated based on ICE-lease ratio
EV-OffLease	0.3	0.63	1.21	1.36	
<b>Total Off-Lease</b>	<b>3.2</b>	<b>3.6</b>	<b>4.3</b>	4.4	
Off-Lease sold in Auctions	1.9	2.1	2.6	2.7	60% of Total Off-Lease sold in Auctions
Openlane's Listings	1.728	1.917	2.3058	2.3868	Openlane has 90% Market Share if Off-Lease
<b>Openlane's Volume Sold</b>	<b>0.950</b>	<b>1.054</b>	<b>1.268</b>	1.313	55% conversion rate on Openlane

# Appendix: Margin Build – Margin Expansion

## ACV Auctions Investor Day 2025 Transcript

Okay. So Mike Waterman took you through kind of our land and expanse strategy. Same principles apply to profitability. After we land and then we expand, we move up the profitability curve, all right? So last year – and before maybe I'll get to that first, if you look at all those fixed versus variable components that I just took you to and you average it in total, for all of our OpEx, it's a 70%-30% mix, 70% fixed, 30% variable, okay? So that's kind of the backdrop.

### Openlane Actuals

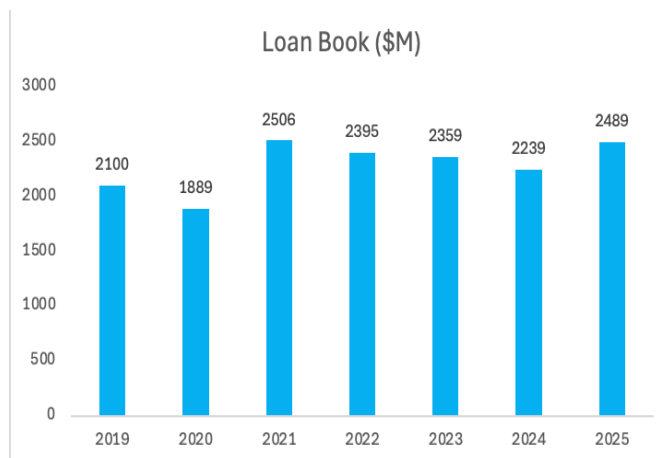
Marketplace Segment	2024	2025
Incremental Revenue	106	131
Incremental COGS	25	71
Incremental SG&A	-12	30
Incremental GP	80	59
Incremental EBIT	93	29
<b>Incremental GP %</b>	<b>75.47%</b>	<b>45.04%</b>
<b>Incremental EBIT %</b>		<b>22.40%</b>

SG&A Projections	2026E	2027E	2028E
SG&A - Variable	-129.1	-142.0	-162.6
SG&A - Fixed	-268.3	-276.4	-284.7
<b>SG&amp;A - Total</b>	<b>-397.5</b>	<b>-418.3</b>	<b>-447.3</b>

In-line with Revenue growth  
5% CAGR

## Appendix: AFC (Finance Business) ROA Tree

*Openlane's Financing Business Delivers Consistently Strong ROA Through Cycles*



After a period of disciplined, market-aligned loan book growth, renewed management focus positions the division for success in a growing end-market

ROA Tree	
Interest Revenue	10.50%
Finance Interest Expense	5.70%
<b>Net Interest Margin</b>	<b>4.80%</b>
Fee Income	8.70%
<b>Net Finance Margin</b>	<b>13.50%</b>
Operating Expenses	5.70%
Pre-Provision Operating Profit	7.80%
Provision for credit loss	2.00%
ROA (pre-tax)	5.80%
<b>ROA (post-tax)</b>	<b>4.35%</b>

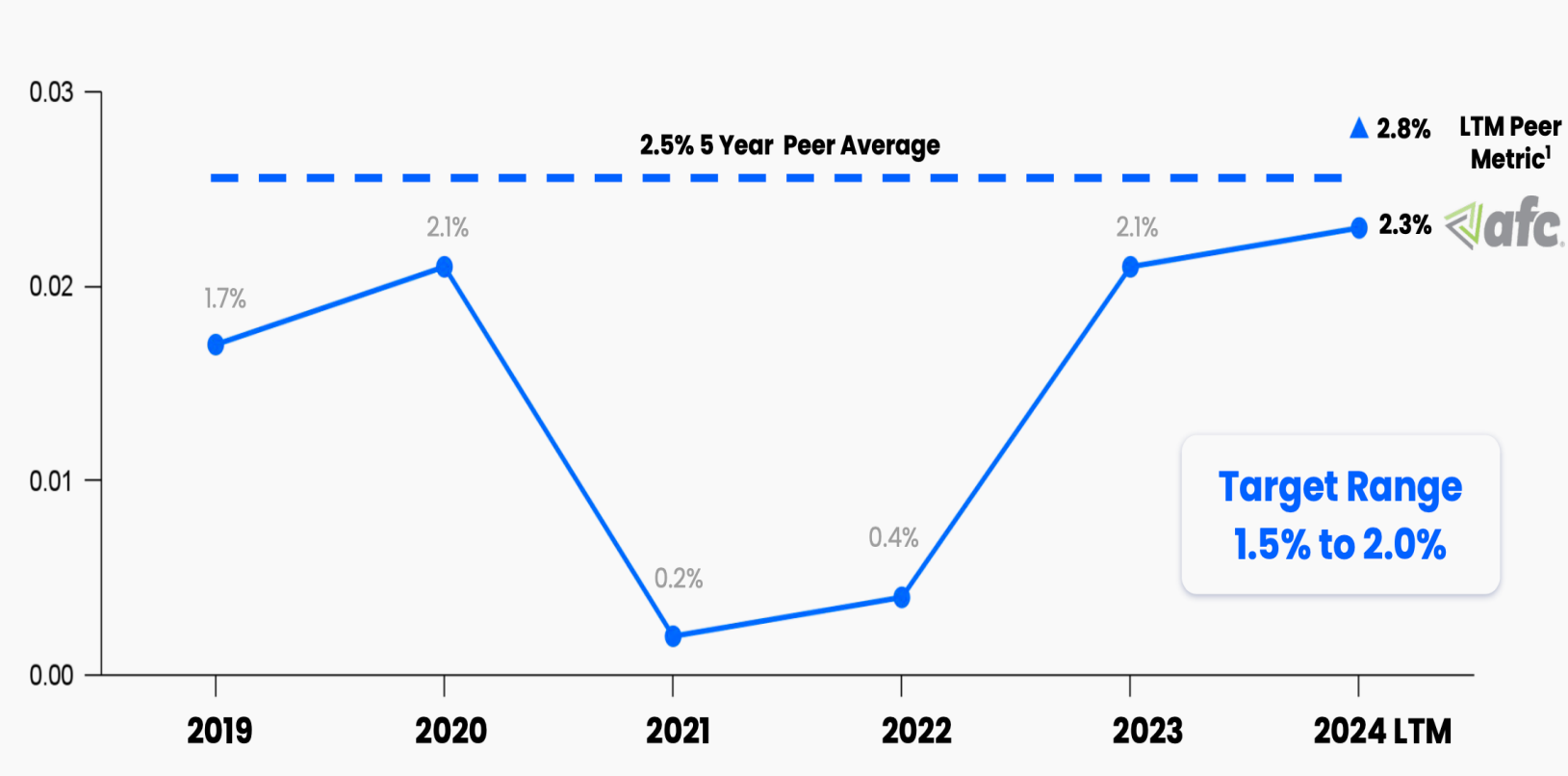
AFC Finance	2019	2020	2021	2022	2023	2024
Interest Revenue	8.0%	6.2%	5.6%	8.5%	10.5%	10.3%
Finance Interest Expense	3.0%	2.1%	1.6%	3.3%	5.5%	5.5%
<b>Net Interest Margin</b>	<b>5.0%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>5.2%</b>	<b>5.0%</b>	<b>4.8%</b>
Fee Income	8.8%	8.3%	6.1%	7.6%	8.3%	8.9%
Net Finance Margin	13.8%	12.5%	10.1%	12.8%	13.3%	13.7%
<b>Opex</b>	<b>7.2%</b>	<b>6.8%</b>	<b>4.0%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.7%</b>
Pre-Provision Operating Profit	6.6%	5.7%	6.1%	7.9%	8.0%	8.0%
Provision for credit loss	1.7%	2.0%	0.1%	0.4%	2.1%	2.1%
ROA (pre-tax)	4.9%	3.6%	6.0%	7.5%	5.8%	5.9%
<b>ROA (post-tax)</b>	<b>4.0%</b>	<b>3.0%</b>	<b>5.1%</b>	<b>6.4%</b>	<b>4.7%</b>	<b>4.5%</b>



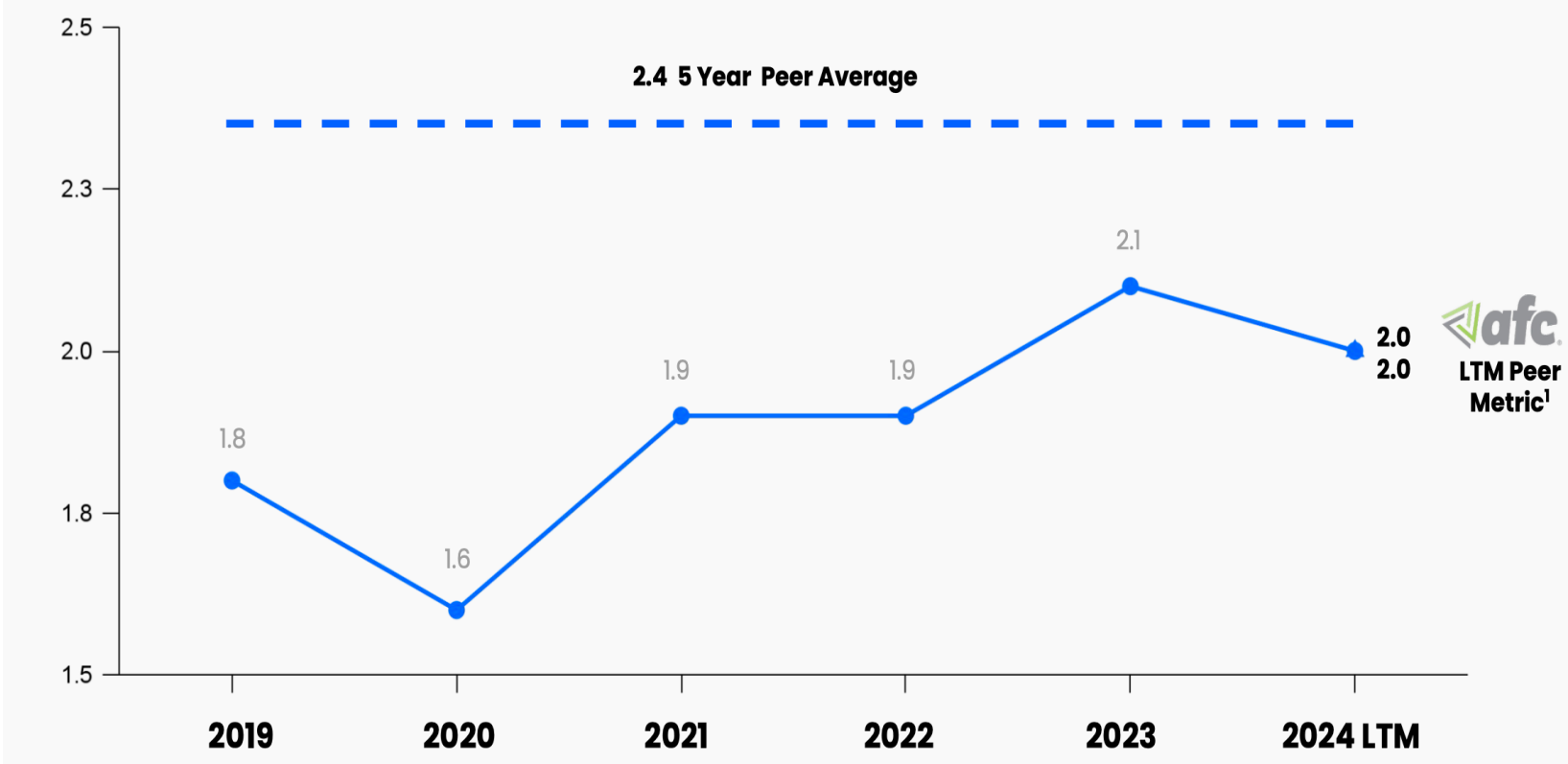
# Appendix: AFC Finance Loss Ratios are Industry Leading

Openlane's marketplace gives its finance arm a disposal advantage by enabling rapid resale of repossessed vehicles

## Credit Loss Rate



## Comparably Lower Relative Leverage Enhances Returns



## Appendix: Key Management Overview

Name / Title	Years at KAR	Experience
Peter J. Kelly / CEO & Director	14	He founded OPENLANE US and later became CEO of OPENLANE and Recovery Database Network, has held several president/CEO roles, previously worked at Taylor Woodrow, and holds degrees from University College Dublin and Stanford.
Sriram Subrahmanyam / Executive VP-Operations & President-Services	3	He has held senior operations and engineering roles at UAL/United Airlines, BrightPoint, ADESA, Perdoceo, and Ingram Micro, and holds degrees from BIT Mesra and Purdue.
Bradley Herring / CFO & Executive Vice President	<1	He held CFO and senior finance roles at Equifax, Fiserv, Enfusion, Elavon, and Shift4, and holds undergraduate and MBA degrees from the Scheller College of Business.
James P. Coyle / EVP & President-North American Market Place	4	He held leadership roles at RealSelf, Amazon, Sears, and Varsity Tutors, and holds a degree from Indiana University.
Lisa A. Price / Chief People Officer & Executive Vice President	18	She was Corporate Counsel at ADESA and holds degrees from Ball State University and Indiana University Maurer School of Law.

## Appendix: Capital Allocation

- ✓ Over the past six years, the company has reshaped its portfolio into a digital-first marketplace and prioritized balance-sheet cleanup and discipline
- ✓ ADESA's sale proceeds in 2021 was used to pay down debt
- ✓ Management is now focused on cleaning up the preferred stock – bought back 50% and will convert the rest to common shares by 2026.

Capital Allocation	2020	2021	2022	2023	2024
Net Operating Cash Flow	365.90	412.60	-466.60	228.70	276.30
Capex	-101.40	-64.20	-60.90	-52.00	-53.00
<b>Free Cash Flow</b>	<b>264.50</b>	<b>348.40</b>	<b>-527.50</b>	<b>176.70</b>	<b>223.30</b>
<u>Use of Cash</u>					
M&A	-395.80	-519.60	39.40	-102.70	80.70
Net Debt Paydown	-590.30	401.30	-789.10	-51.90	-83.10
Preferred Dividends	0.00	0.00	-22.20	-44.40	-44.40
<b>FCF available to equity holders</b>	<b>-721.60</b>	<b>230.10</b>	<b>-1,299.40</b>	<b>-22.30</b>	<b>176.50</b>

## Appendix: Marketplace Segment - Common Size

*Openlane has transformed into a digital-only marketplace 2023 onwards*

<u>Marketplace</u>	2019	2020	2021	2022	2023	2024	2025
<b>Total Revenue</b>	100%	100%	100%	100%	100%	100%	100%
COGS	62.6%	62.8%	63.5%	67.4%	70.6%	71.0%	68.8%
<b>Gross Profit</b>	37%	37%	37%	32.6%	29.4%	29.0%	<b>31.2%</b>
Provision for Credit Loss	0%	0%	0%	0%	1%	0%	0%
SG&A	20%	27%	33%	35%	30%	26%	26%
<b>EBITDA</b>	<b>17%</b>	<b>11%</b>	<b>3%</b>	<b>-2%</b>	<b>-1%</b>	<b>2%</b>	<b>5%</b>
D&A	6%	9%	9%	8%	1%	1%	0%
<b>EBIT</b>	<b>11%</b>	<b>1%</b>	<b>-5%</b>	<b>-10%</b>	<b>-2%</b>	<b>1%</b>	<b>4%</b>

As CEO of OPENLANE it is my privilege to lead a world class team that is committed to making wholesale easy so our customers can be more successful.

We accomplish this through industry leading technologies, and our vision is to build and operate the world's greatest digital marketplaces for used vehicles.

My tenure as CEO has been characterized by significant positive change. We committed the business to a digital future, divested of physical assets, de-levered the company by paying off debt, consolidated our technology platforms and rebranded the company (from KAR Global to OPENLANE).

We also hired great digital talent.

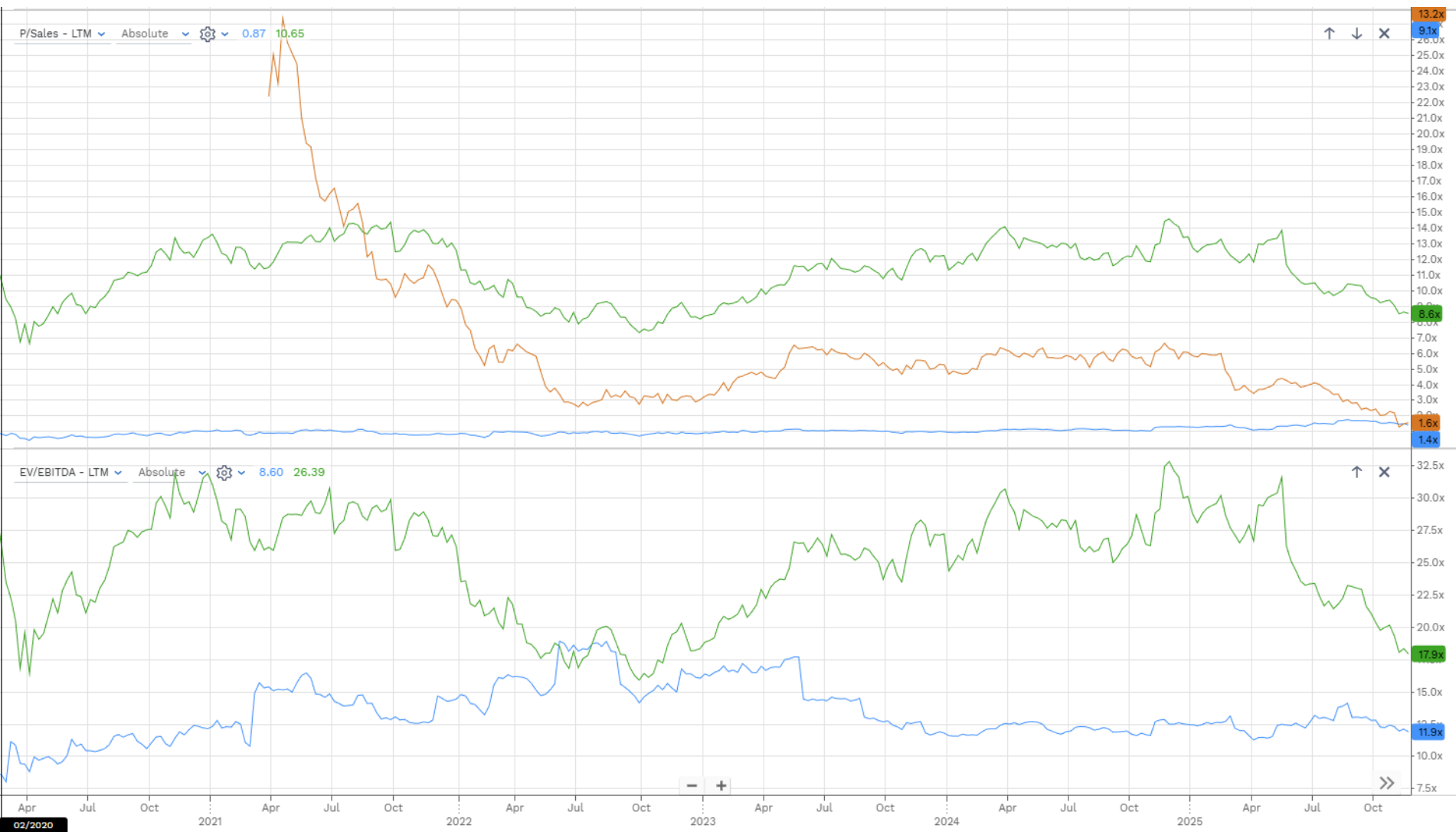
The company today is very different from how it was in 2021 but builds on that legacy. I am very optimistic for the future of OPENLANE and our industry.

## Appendix: Top Shareholders

Type	%OS
BlackRock Fund Advisors	13.32
The Vanguard Group, Inc.	10.24
Burgundy Asset Management Ltd.	7.97
Dimensional Fund Advisors LP	6.01
SSgA Funds Management, Inc.	3.97
Neuberger Berman Investment Advisers LLC	3.32
Brown Advisory LLC	3.00
American Century Investment Management, Inc.	2.80
Fidelity Management & Research Co. LLC	2.63
Geode Capital Management LLC	2.44
Hawk Ridge Capital Management LP	2.26
Invesco Advisers, Inc.	1.78
Harris Associates LP	1.58
Charles Schwab Investment Management, Inc.	1.49
Sunriver Management LLC	1.40
Insiders / Stakeholders	1.38

# Appendix: Multiple Comparison

Openlane has historically traded at a lower multiple than ACVA and Copart, which are perceived as pure-play, asset-light digital marketplace commanding higher multiple due to faster scalable growth. With divestiture of ADESA, market was re-rating Openlane in 2022–23, however off-lease volumes were depressed in 2023-24 causing market multiple to reflect this negative sentiment.



# Appendix: Stock Price History

