Risk Factors Comparison 2024-03-28 to 2023-03-16 Form: 10-K

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Described below are certain risks to our business and the industry in which we operate. You should carefully consider the risks described below, together with the financial and other information contained in this ~~2022~~ **2023** Form 10- K and in our other public disclosures. If any of the following risks occurs, our business, financial condition, results of operations, cash flows, or prospects could be materially and adversely affected. As a result, our future results could differ materially from historical results and from guidance we may provide regarding our expectations for future financial performance and the trading price of our Class B common stock could decline. **Business and Operational** Risks ~~Relating to Our Business We~~ **In recent periods, we** have identified a **number of** material ~~weakness~~ **weaknesses** in our internal control over financial reporting. **Most recently, we have identified material weaknesses in two areas, as disclosed in this 2023 Form 10- K.** If we are unable to effectively remediate ~~this~~ **these** material ~~weakness~~ **weaknesses** and maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, investors could lose confidence in our financial and other public reporting, which would harm our business. We are required to comply with Section 404 of the Sarbanes- Oxley Act (" SOX ") **, which** ~~. Section 404 of SOX~~ requires public companies to maintain effective internal control over financial reporting (" ICOFR "). In particular, we must perform system and process evaluation and testing of our ICOFR **to** ~~allowing~~ --- **allow** management to report on the effectiveness of our ICOFR. In addition, we are required to have our independent registered public accounting firm attest to the effectiveness of our ICOFR. The standard of effectiveness for ICOFR is that we have controls and procedures in place that provide " reasonable assurance that we can produce accurate financial statements on a timely basis. " This process of implementation, evaluation, and attestation is costly and time- consuming. We have hired and may need to continue to employ both internal and external resources with appropriate public company experience and technical accounting knowledge to maintain and evaluate our ICOFR. ~~In~~ **A material weakness is a deficiency,** ~~our~~ - **or a combination of deficiencies, in our ICOFR, such that there is a reasonable possibility that a material misstatement of our** ~~Annual~~ **annual** ~~Report~~ **or interim financial statements will not be prevented or detected** on **a timely basis. We have** ~~Form 10- K for the year ended December 31, 2021 (the " 2021 Form 10- K "), we~~ identified material weaknesses in our ICOFR **in recent periods** ~~relating to our legacy RumbleOn operations~~ . ~~As~~ **For example, we identified and** ~~discussed~~ **disclosed a material weakness** in ~~this~~ **our** 2022 Form 10- K, ~~we have~~ **which has been partially** remediated **. In addition, as discussed** ~~and subsequently tested the impacted controls and have determined that the material weaknesses identified~~ in ~~the~~ **this** ~~2021~~ **2023** Form 10- K **, we** have ~~been remediated as of December 31, 2022. In addition, as discussed in this 2022 Form 10- K, we~~ identified ~~a~~ material ~~weakness~~ **weaknesses** in our ICOFR for the year ended December 31, ~~2022~~ **2023** ~~relating~~ **. These material weaknesses relate** to ~~our~~ **(i) an insufficient number of accounting resources to facilitate an effective** control environment following the integration of the RideNow business and incorporation of **that** ~~the acquired~~ business into the Company' s control environment **and (ii) user access and segregation of duties related to certain information technology systems that support the Company' s financial reporting processes. As a result of these identified material weaknesses, our disclosure controls and procedures as of December 31, 2023 and 2022, respectively, were determined not to be effective at a reasonable assurance level as of each of those dates. Part II, Item 9A of this 2023 Form 10- K describes the remediation plan for the material weaknesses affecting our ICOFR as of December 31, 2023. We cannot assure that the measures we are taking to remediate these material weaknesses will be sufficient or that such measures will prevent future material weaknesses** . If we are unable to effectively remediate ~~this~~ **these** material ~~weakness~~ **weaknesses** and maintain effective **ICOFR** ~~internal control over financial reporting~~ , we may fail to prevent or detect material misstatements in our financial statements, in which case investors may lose confidence in the accuracy and completeness of our financial statements. ~~and service.As a result,our business and results~~ of operations ~~depend~~ **depends** on various aspects of vehicle manufacturers' ~~or OEM' s~~ operations, **many of** which are outside of ~~our~~ **its** control.Our ability to sell new ~~powersports~~ vehicles is dependent on ~~our~~ **its** manufacturers' ability to design and produce,and willingness to allocate and deliver to us,a desirable mix of popular new vehicles that consumers demand.Popular vehicles may often be difficult to obtain from manufacturers for ~~several~~ **a number of** reasons,including the fact that manufacturers generally allocate their vehicles based on sales history **and associated capital expenditures** .Further,if a manufacturer fails to produce desirable vehicles or develops a reputation for producing undesirable vehicles or produces vehicles that do not comply with applicable laws or government regulations,our revenue could be adversely affected as consumers shift their vehicle purchases away from that brand.Although we seek to limit dependence on any one OEM,there can be no assurance the brand mix allocated and delivered to us will be sufficiently diverse to protect us from a significant decline in the desirability of vehicles manufactured by a particular manufacturer or disruptions in a manufacturer' s ability to produce vehicles.For the year ended December 31, ~~2023~~ **2022** ,OEMs representing 10 % or more of RumbleOn' s revenue from new powersports vehicle sales were as follows:Manufacturer (~~Powersports~~ Vehicle Brands):% of Total New Vehicle RevenuePolaris29. ~~3~~ **9** % BRP25. ~~6~~ **1** % Harley- ~~Davidson11~~ **Davidson12** .3 % In addition,the powersports manufacturing supply chain spans the globe.As such,supply chain disruptions may affect the flow of vehicle and parts inventories to an OEM' s manufacturing partners or to us.Such continued disruptions could have a material adverse effect on our business,results of operations,financial condition,and cash flows. ~~We are dependent~~ **Substantial competition in powersports sales and services may have a material adverse effect** on our **business** ~~relationships with~~ We have incurred significant indebtedness, which could adversely affect us, including our business flexibility ~~, and will increase our interest expense~~ . **We have a** ~~In connection with the RideNow Transaction and Freedom Transaction, we substantially~~ -- **substantial** ~~increased indebtedness~~ **amount of debt,** which has had and will continue to have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions **,** and **we have a** ~~substantially~~ -- **substantial** ~~increasing our~~ **amount of** interest expense. The ~~increased levels~~ - **level** of indebtedness, including the applicable interest payments, could also reduce funds available for working capital, capital expenditures, and other general corporate purposes, and may create competitive disadvantages for us relative to competitors with lower debt levels. If our financial performance does not meet our current expectations, then our ability to service the indebtedness may be adversely impacted. **At June 30, 2023, the Company was not in compliance with certain leverage ratio financial covenants under the Oaktree Credit Agreement. In consideration of additional covenants with requirements for the Company to monetize certain assets and raise capital through an equity offering and use part of the proceeds to pay down debt, as well as issuing warrants to the lenders, the lenders agreed to eliminate certain performance covenants and make certain financial covenants less restrictive for certain periods, all as discussed in more detail in Note 9. The elimination of the June 30, 2023 leverage ratio financial covenants was made effective as of June 30, 2023, and the lenders agreed that no event of default existed from such leverage ratio financial covenants as of such date. The Company has established internal controls in place to monitor compliance with the financial covenants. In the event that the Company is unable to comply with the current less restrictive covenants, or the original covenants in the future, there is no assurance that the Company will be able to obtain a subsequent adjustment of such financial covenants. The failure to meet financial covenants under the Oaktree Credit Agreement, or to obtain a waiver, would have a material adverse effect on our business, financial condition, and results of operation. We may require additional financing or capital to pursue acquisitions or because of unforeseen circumstances. If financing or capital is not available on terms acceptable to us or at all, we may not be able to develop and grow our business as anticipated and our business, operating results, and financial condition may be harmed. We intend to continue making investments to support the development and growth of our business and to make strategic acquisitions. Additional financing or capital may not be available when we need it, on terms that are acceptable to us, or at all. Although we intend to self- fund our growth initiatives, if we determine to raise additional capital through issuances of equity or debt, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. In addition, we may need to refinance all or a portion of our existing debt. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges, or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition, and prospects could be adversely affected.** We are subject to interest rate risk in connection with our floorplan payables ~~, revolving credit facility,~~ and our other debt instruments that could have a material adverse effect on our profitability. Our floorplan payables, revolving credit facility, and other debt instruments are subject to variable interest rates. Accordingly, our interest expense will fluctuate with changing market conditions and will increase if interest rates rise. Instability or disruptions of the capital markets, including credit markets, or the deterioration of our financial condition due to internal or external factors, could restrict or prohibit our access to capital markets and increase our financing costs. In addition, our net new inventory carrying cost (new vehicle floorplan interest expense net of floorplan assistance that we receive from powersports manufacturers) may increase due to changes in interest rates, inventory levels, and manufacturer assistance. **A** ~~We cannot assure you that a~~ significant increase in interest rates or decrease in manufacturer floorplan assistance ~~would~~ **could** ~~not~~ have a material adverse effect on our business, financial condition, results of operations, or cash flows. The powersports industry is sensitive to unfavorable......, business, and financial results. Restrictive covenants in our debt agreements could limit **the** ~~our growth initiatives and~~ implementation of our business strategy. Our debt agreements impose operating and financial restrictions on us. These restrictions limit our ability and that of our subsidiaries to, among other things: (i) incur additional indebtedness; (ii) make investments or loans; (iii) create liens; (iv) consummate mergers and similar fundamental changes; (v) make restricted payments; (vi) make investments in unrestricted subsidiaries; (vii) enter into transactions with affiliates; and (viii) use proceeds from asset sales. We may be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants under our debt agreements. The restrictions contained in the covenants could: (i) limit our ability to plan for or react to market conditions, to meet capital needs, or otherwise to restrict our activities or business strategy; and (ii) adversely affect our ability to finance our operations, enter into acquisitions or divestitures ~~to~~ **or** engage in other business activities that would be in our interest. A breach of any of these covenants or our inability to comply with the required financial ratios or financial condition tests could result in a default under our debt agreements that, if not cured or waived, could result in acceleration of all indebtedness outstanding thereunder and cross- default rights under our other debt. In addition, in the event of ~~an event of~~ default under our credit facilities, the affected lenders could foreclose on the collateral securing such credit facility and require repayment of all borrowings outstanding thereunder. If the amounts outstanding under the credit facilities or any of our other indebtedness were to be accelerated, our assets may not be sufficient to repay in full the amounts owed to the lenders or to our other debt holders. **Industry Risks The** ~~Seasonality or weather trends may cause fluctuations in our revenue and operating results. Our revenue trends are likely to be a reflection of consumers' vehicle buying patterns. Because different types of recreation vehicles are designed for different seasons, our revenue may be cyclical. Historically, the~~ powersports industry **is sensitive to unfavorable** ~~has been seasonal, with traffic and sales strongest in the spring and summer quarters. Sales and traffic are typically slowest in the fall quarter but increase in spring and summer, coinciding with tax refund season and the coming warmer months. Our business will also be impacted by cyclical trends affecting the overall economy, as well as by actual or threatened severe weather events. Climate change~~ **changes** ~~legislation or regulations restricting emission of greenhouse gases could result~~ in ~~increased operating costs~~ **general economic conditions** and **various** ~~reduced demand for the~~ **other factors** ~~powersports vehicles we sell. The U. S. Environmental Protection Agency has adopted rules under existing provisions of the federal Clean Air Act~~ that ~~require: (1) a reduction in emissions of greenhouse gases from motor vehicles; (2) certain construction~~

~~and operating permit reviews for greenhouse gas emissions from certain large stationary sources; and (3) monitoring and reporting of greenhouse gas emissions from specified sources on an annual basis. The adoption of any laws or regulations requiring significant increases in fuel economy requirements or new federal or state restrictions on emissions of greenhouse gases from our operations or on vehicles and automotive fuels in the U. S.~~ could ~~adversely~~ affect demand for ~~those vehicles and require us to incur costs to reduce emissions of greenhouse gases associated with our operations. We collect, process, store, share, disclose and use personal information and other data, and our actual or~~ **our products** ~~perceived failure to protect such information and data could damage our reputation and brand~~ -- **and services** ~~and harm our business and operating results. We collect~~ , process, store, share, disclose...... litigation and possible liability, any of which ~~could harm our business and operating results. In addition, from time to time, it is possible that concerns will be expressed about whether our products, services, or processes compromise the privacy of our users. Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy related matters, even if unfounded, could harm our business and operating results. There are numerous federal, state, and local laws around the world regarding privacy and the collection, processing, storing, sharing, disclosing, using, and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with and may be inconsistent between countries and jurisdictions or conflict with other rules. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy- related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices or that new regulations could be enacted. Any failure or perceived failure by us to comply with our privacy policies, our privacy- related obligations to consumers or other third parties, or our privacy- related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other user data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause consumers and vehicle dealers to lose trust in us, which could have an adverse effect on our business. Additionally, if vendors, developers, or other third parties that we work with violate applicable laws or our policies, such violations may also put consumer or dealer information at risk and could in turn harm our reputation, business, and operating results. Failure to adequately protect our intellectual property could harm our business and operating results. A portion of our success may be dependent on our intellectual property, the protection of which is crucial to the success of our business. We expect to rely on a combination of patent, trademark, trade secret, and copyright law and contractual restrictions to protect our intellectual property. In addition, we will attempt to protect our intellectual property, technology, and confidential information by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property, or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property, or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software, and functionality or obtain and use information that we consider proprietary. Competitors may adopt service names similar to ours, thereby harming our ability to build brand identity and possibly leading to user confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the term" RumbleOn" or" RMBL." We currently hold numerous Internet domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top- level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain all domain names that use the name RideNow, RumbleOn, or RMBL. We may in the future be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results. We may from time- to- time face allegations that we have infringed the trademarks, copyrights, patents, and other intellectual property rights of third parties, including from our competitors or non- practicing entities. Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering some features, purchase licenses, or modify our products and features while we develop non- infringing substitutes or may result in significant settlement costs. In addition, we use open- source software in our products and will use open- source software in the future. From time to time, we may face claims against companies that incorporate open- source software into their products, claiming ownership of, or demanding release of, the source code, the open- source software or derivative works that were developed using such software, or otherwise seeking to enforce the terms, of the applicable open- source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our platform or services, any of which would have a negative effect on our business and operating results. Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, our operating results and our reputation. We provide transportation services and rely on external logistics to transport vehicles. Thus, we are subject to business risks and costs associated with the transportation industry. Many of these risks and costs are out of our control, and any of them~~ could have a material adverse effect on our business, ~~financial condition,~~ **our ability to implement our strategy** and **our** results of operations. We provide transportation services and rely on...... and increasing equipment and operational costs. Our **performance** ~~failure to successfully manage our logistics and fulfillment process could cause a disruption in our inventory supply chain and distribution, which may adversely affect our operating results and financial condition. A failure to obtain or maintain adequate insurance coverage could adversely affect our results of operations. Although we have been able to obtain reasonably priced insurance coverage to meet our requirements in the past, there~~ is ~~no assurance that we will be able to do so in the future. For example, catastrophic events can result in decreased coverage limits, more limited coverage,~~

~~and increased premium costs or deductibles. If we are unable to obtain adequate insurance coverage, we would be subject to increased out- of- pocket expenses in the event of a claim and we may not be able to procure certain contracts, either of which could materially adversely affect our financial position, results of operations, cash flows, or liquidity. Our cash could be adversely affected if the financial institutions in which we hold our cash fail. The company maintains cash deposits in Federal Deposit Insurance Corporation (“ FDIC ”) insured banks. At any given time, the bank deposit balances may exceed the FDIC insurance limits. These balances could be impacted if one or more of the financial institutions in which we deposit monies fail or is subject to other adverse conditions in the financial or credit markets. The COVID- 19 pandemic and associated impacts on economic activity have and may continue to have material adverse effects on our business, results of operations, financial condition, and cash flows. The COVID- 19 pandemic began negatively impacting the global economy in the first quarter of 2020 and continued to affect the global economy and supply chain throughout 2022. The pandemic has affected both consumer demand and the global supply of powersports vehicles, increasing demand for powersports vehicles at times, while also negatively impacting powersports manufacturers' ability to produce enough inventory to meet demand. Inventory constraints driven by Demand / Supply Imbalances, coupled with strong consumer demand, have led, at times, to low new and used vehicle inventory and a high new and used vehicle pricing environment, which has driven retail new powersports vehicle unit sales volumes lower across the industry since the onset of the COVID- 19 pandemic. New powersports vehicle and certain parts production levels began to improve in mid- 2022; however, there is a risk that higher production levels and new powersports vehicle inventory on hand may not result in incremental retail new vehicle sales volume, which could result in vehicle price discounts that could adversely impact our revenues and other financial results. The powersports retail industry is sensitive to unfavorable changes in general economic conditions and various other factors that could affect demand for our products and services, which could have a material adverse effect on our business and results of operations. Future performance at our retail locations will be~~ impacted by general economic conditions ~~including:~~ **, such as** changes in employment levels ~~;~~ **,** consumer demand, preferences and confidence levels ~~;~~ **,** the availability and cost of credit ~~;~~ **,** fuel prices ~~;~~ **,** levels of discretionary personal income ~~;~~ **, inflation,** and interest rates. ~~rates.~~ Recently,inflation has increased throughout the U.S.economy.Inflation can adversely affect us by increasing the costs of labor,fuel and other costs as well as by reducing demand for powersports vehicles.In addition,rapid changes in fuel prices can cause shifts in consumer preferences ~~which~~ **that** are difficult to accommodate given the long lead- time of inventory acquisition.Inflation is also often accompanied by higher interest rates,which could reduce the fair value of our outstanding debt obligations.Changes in interest rates can also significantly impact new and ~~used~~ **pre- owned powersports** vehicle sales and vehicle affordability due to the direct relationship between interest rates and monthly loan payments,a critical factor for many powersports buyers,and the impact interest rates have on customers’ borrowing capacity and disposable income. ~~We~~ We **have experienced** ~~are also subject to economic~~ , ~~competitive~~ **and continue to experience, increases in the prices of labor, fuel** , and other **costs of providing service. These impacts related to inflation could have a material adverse effect on our business, financial** ~~conditions~~ - **condition, and results of** ~~prevailing in the various markets in which we operate~~ **operation** ~~our retail locations, even if those conditions are not prominent nationally~~ . Retail powersports sales are cyclical and historically have experienced periodic downturns characterized by oversupply and weak demand, which could result in a need to lower the prices at which we sell our powersports offering, which would reduce revenue per vehicle sold and margins. Additionally, a shift in consumer’ s vehicle preferences driven by pricing, fuel costs or other factors may have a material adverse effect on our revenue, margins, and results of operations. ~~Adverse conditions affecting one~~ **We participate in a highly competitive market** ~~or~~ **for** ~~more of the~~ powersports **products and services** ~~manufacturers with which we hold franchises~~ , **and pressure from existing and** ~~or their inability to deliver a desirable mix of vehicles could have a material adverse effect on our~~ new ~~vehicle retail~~ **companies may adversely affect our** business ~~. Historically, our retail locations have generated most of their revenue through new vehicle sales~~ and **operating** ~~related sales of higher- margin products and services, such as finance and insurance products and vehicle- related parts and service. As a result, business and~~ results of operations depends on various aspects of...... a material adverse effect on our business . The powersports retail and service industry is highly competitive with respect to price, service, location, and selection. Our competition includes: (i) franchised ~~powersport~~ **powersports** dealerships in its markets that sell the same or similar new and ~~used~~ **pre- owned** vehicles; (ii) privately negotiated “ peer- to- peer ” sales of ~~used~~ **pre- owned** ~~powersport~~ **powersports** vehicles; (iii) other ~~used~~ **pre- owned** ~~powersport~~ **powersports** vehicle retailers, including regional and national rental companies; (iv) internet- based ~~used~~ **pre- owned** ~~powersport~~ **powersports** vehicle brokers that sell ~~used~~ **pre- owned** vehicles to consumers; (v) service center and parts supply chain stores; and (vi) independent service and repair shops. We do not have a material cost advantage over other retailers in purchasing new **powersports** vehicles from manufacturers. We typically rely on our advertising, merchandising, sales expertise, service reputation, strong local branding, and location to sell our products. Because our dealer agreements grant only a non- exclusive right to sell a manufacturer’ s product within a specified market area, our revenue, gross profit, and overall profitability may be materially adversely affected if competing dealerships expand their market share. Further, our vehicle manufacturers may decide to award additional franchises in our markets in ways that negatively impact our sales. We **believe that our proprietary Cash Offer technology provides us with a competitive advantage in purchasing pre- owned powersports vehicles directly from customers. However, there** are ~~dependent on~~ **low barriers to enter the online marketplace for powersports and we expect that competitors, both new and existing, will continue to enter the online marketplace with competing brands, business models, products, and services, which could make it difficult to acquire inventory, attract customers, and sell vehicles at a profitable price. Some of these companies have significantly greater resources than we do and may be able to provide customers access to a greater inventory of powersports vehicles at lower prices** ~~our~~ - **or purchase vehicles from consumers at higher prices while delivering a competitive overall experience. Our current and potential competitors may have significantly greater financial, technical, marketing, and other resources than we have, and the ability to devote greater resources to the development, promotion and support of**

their products and services. Additionally, they may have more extensive industry relationships **, longer operating histories, and greater name recognition than we have. As a result, these competitors may be able to respond more quickly** with **new technologies and to undertake more extensive marketing or promotional campaigns. If we are unable to compete with** ~~the~~ **these** ~~manufacturers of~~ **companies, the demand for our** vehicles ~~we sell~~ **, products,** and **services** ~~are subject to restrictions imposed by these vehicle manufacturers. Any of these restrictions or any changes or deterioration of these relationships~~ could ~~have a material adverse effect~~ **substantially decline. In addition, if** ~~on~~ **one** ~~our~~ **or more** ~~business, financial condition, results~~ of **our competitors were to merge** ~~operations, and cash flows. We are dependent on our~~ **or** ~~relationships~~ **partner** with **another** ~~the manufacturers~~ of **our competitors** ~~the vehicles we sell~~, ~~which have~~ the **change in the competitive landscape could adversely affect our** ability to **compete effectively** ~~exercise a great deal of control and influence over our day-to- day operations, as a result of the terms of its our agreements with them~~. We may ~~obtain new vehicles from manufacturers~~ **not be able to compete successfully against current or future competitors** , **and competitive pressures may harm our revenue, business, and financial results. There is substantial competition in the transportation services industry. Competition in the transportation services industry is intense and broad- based. We compete against traditional and non- traditional companies, including transportation providers that own or operate their own equipment, third- party freight brokers, technology services companies, freight brokers, carriers offering transportation services services, and on- demand transportation** service ~~vehicles~~ **providers. In addition** , ~~sell new vehicles, and display vehicle manufacturers' trademarks only~~ **customers can bring in- house some of the services we provide** to ~~the~~ **them** ~~extent permitted under~~ **. Increased competition could reduce our market opportunity and create downward pressure on rates, which could adversely affect our revenue, gross profit and results of operation. Many of our competitors are larger than us and may devote resources to the development of services and technologies. If we are unable to compete with** these **additional offerings,** ~~agreements. The terms of these agreements may conflict with our~~ **or the breadth** ~~interests and objectives and may impose limitations on key aspects~~ of **services offered by some of** our **competitors** ~~operations, including our acquisition strategy. For example, manufacturers can set performance standards with respect to sales volume, sales effectiveness, and customer satisfaction, and require us to obtain manufacturer consent before we can acquire dealerships selling a manufacturer' s vehicles. From time to time~~, we may be **unable to** ~~precluded under agreements with certain~~ **retain** ~~manufacturers from acquiring additional franchises~~, or **attract** ~~subject to other adverse actions~~, **customers** ~~to the extent we are not meeting certain performance criteria at existing stores until performance improves in accordance with the agreements, subject to applicable state franchise laws. In addition, many vehicle manufacturers place limits on the total number of franchises that any group of affiliated dealerships may own and certain manufacturers place limits on the number of franchises or share of total brand vehicle sales that may be maintained by an affiliated dealership group on a national, regional or local basis, as well as limits on store ownership in contiguous markets~~, which ~~limits may be applicable to the Company as a result of the Transaction. If we reach any of these limits, we may be prevented from making further acquisitions, or we may be required to dispose of certain dealerships, which could~~ **would** adversely affect our ~~future growth. We cannot provide assurance that manufacturers will approve future acquisitions timely, if at all, which could significantly impair the execution of our acquisition strategy. Manufacturers can also establish new franchises or relocate existing franchises, subject to applicable state franchise laws. The establishment or relocation of franchises in our current markets could have a material adverse effect on the~~ business ~~, financial condition, and results of operations of our retail locations in the market in which the action is taken~~. If **powersports** vehicle manufacturers reduce or discontinue sales incentive, warranty, or other promotional programs, our financial condition, results of operations, and cash flows may be materially adversely affected. We benefit from sales incentive, warranty, and other promotional programs of **powersports** vehicle manufacturers that are intended to promote and support their respective new vehicle sales. Key incentive programs include: (i) customer rebates on new vehicles; (ii) dealer incentives on new vehicles; (iii) special financing or leasing terms; (iv) warranties on new and ~~used~~ **pre- owned** vehicles; and (v) sponsorship of ~~used~~ **pre- owned** vehicle sales by authorized new vehicle dealers. Vehicle manufacturers often make changes to their incentive programs. Any reduction or discontinuation of manufacturers' incentive programs for any reason, including a supply and demand imbalance, may reduce our sales volume which, in turn, could have a material adverse effect on ~~its~~ **our** results of operations, cash flows, and financial condition. We provide transportation services ~~through~~ **and rely on** external ~~carriers~~ **logistics** to transport vehicles between and among customers or distribution network providers,and auction partners.As a result,we are exposed to risks associated with the transportation industry such as weather,traffic patterns,gasoline prices,recalls affecting our ~~service providers~~ **vehicle fleet** ,local and federal regulations,vehicular crashes,insufficient internal capacity,rising prices of external transportation vendors,fuel prices,taxes,license and registration fees,insurance premiums,self- insurance levels,difficulty in recruiting and retaining qualified drivers,disruption of our technology systems,and increasing equipment and operational costs. ~~Our failure~~ If state laws that protect powersports retailers are repealed, or weakened, our retail locations may be more susceptible to termination, non- renewal, or renegotiation of their dealer agreements, which could have a material adverse effect on our business, results of operations, and financial condition. Applicable state laws generally provide that a vehicle manufacturer may not terminate or refuse to renew a dealer agreement unless it has first provided the dealer with written notice setting forth " good cause " and stating the grounds for termination or non- renewal. Some state laws allow dealers to file protests or petitions or allow them to attempt to comply with the manufacturer' s criteria within a notice period to avoid ~~the~~ termination or non- renewal. Our agreements with certain manufacturers contain provisions that, among other things, attempt to limit the protections available to dealers under these laws, and, though unsuccessful to date, manufacturers' ongoing lobbying efforts may lead to the repeal or revision of these laws. If these laws are repealed in the states in which we operate, manufacturers may be able to terminate our franchises without providing advance notice, an opportunity to cure or a showing of good cause. Without the protection of these state laws, it may also be more difficult for us to renew dealer agreements upon expiration. Changes in laws that provide manufacturers the ability to terminate our dealer agreements could materially adversely affect our business, financial condition, and results of **operations. Climate change legislation or regulations restricting emission of greenhouse gases could result in increased operating costs and reduced demand for the powersports vehicles we sell. The U. S. Environmental Protection Agency has adopted rules under existing provisions of the federal Clean Air Act that require: (1) a reduction in emissions of greenhouse gases from motor vehicles; (2) certain construction and operating permit reviews for greenhouse gas emissions from certain large stationary sources; and (3) monitoring and reporting of greenhouse gas emissions from specified sources on an annual basis. The adoption of any laws or regulations requiring significant increases in fuel economy requirements or new federal or state restrictions on emissions of greenhouse gases from our operations or on vehicles and automotive fuels in the U. S. could adversely affect demand for those vehicles and require us to incur costs to reduce emissions of greenhouse gases associated with our** operations. We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with current or new laws and regulations could have a material adverse effect on our business, results of operations, financial condition, cash flows and reputation. We are subject to a wide range of federal, state, and local laws and regulations, such as those relating to motor vehicle, retail installment sales, leasing, finance and insurance, marketing, licensing, consumer protection, consumer privacy, escheatment, anti- money laundering, environmental, vehicle emissions and fuel economy, and health and safety. The regulatory bodies that regulate our business include, at the federal level: the Consumer Financial Protection Bureau, the FTC, the DOT, the Occupational Health and Safety Administration, the Department of Justice, and the Federal Communications Commission; at the state level: various state dealer licensing authorities, state consumer protection agencies including state attorney general offices, and state financial and insurance regulatory agencies; and at the municipal level our business is regulated by various municipal authorities covering licensing, zoning, occupancy, and tax obligations. We are subject to compliance audits of our operations by many of these authorities. Vehicle Sales. Our sale and purchase of **powersports** vehicles, both new and pre- owned, related products and services and third- party finance products, are subject to the state and local dealer licensing requirements in the jurisdictions in which we have retail ~~or wholesale~~ locations. Regulators of jurisdictions where our customers reside, but in which we do not have a dealer or financing license could require that we obtain a license or otherwise comply with various state regulations. Despite our belief that we are not subject to the licensing requirements of those jurisdictions in which we do not have a physical presence, regulators may seek to impose punitive fines for operating without a license or demand we seek a license in those jurisdictions, any of which may inhibit our ability to do business in those jurisdictions, increase our operating expenses and adversely affect our financial condition and results of operations. Consumer Finance. The financing we offer customers is subject to federal and state laws regulating the advertising and provision of consumer finance options, the collection of consumer credit and financial information, along with requirements related to online payments and electronic funds transfers ~~, of whether RumbleOn Finance or a third- party is the entity extending credit to such customers~~ . Most states regulate retail installment sales, including setting a maximum interest rate, caps on certain fees, or maximum amounts financed. In addition, certain states require that finance companies file a notice of intent or have a sales finance license or an installment sellers license in order to solicit or originate installment sales in that state. Logistics and Transportation. Our ~~Wholesale~~ Express ~~logistics~~ **transportation services** ~~operations~~ - **operation** , which brokers and facilitates the transportation of vehicles primarily between and among dealers, is subject to motor- carrier rules and regulations promulgated by the DOT and the states through which their customers' vehicles are transported. Additionally, the vendors whom ~~Wholesale~~ Express relies upon are subject to federal and state regulation concerning transport vehicle dimensions, transport vehicle conditions, driver motor vehicle record history, driver alcohol and drug testing, and driver hours of service. More restrictive limitations on vehicle weight and size, condition, trailer length and configuration, methods of measurement, driver qualifications, or driver hours of service may increase the costs charged to ~~Wholesale~~ Express by its vendors, which may adversely affect our financial condition, operating results, and cash flows. If we fail to comply with the DOT regulations or if those regulations become more stringent, we could be subject to increased inspections, audits, or compliance burdens. Regulatory authorities could take remedial action including imposing fines, suspending, or shutting down our ~~Wholesale~~ Express operations. Environmental Laws and Regulations. We are subject to a variety of federal, state, and local environmental laws and regulations that pertain to our operations. The regulations concern material storage, air quality, waste handling, and water pollution control. The regulations also regulate our use and operation of gasoline storage tanks, gasoline dispensing equipment, oil tanks, and paint booths among other things. Our business involves the use, handling, and disposal of hazardous materials and wastes, including motor oil, gasoline, solvents, lubricants, paints, and other substances. We manage our compliance through permitting and operational control. Facilities and Personnel. Our facilities and business operations are subject to laws and regulations relating to environmental protection and health and safety, and our employment practices are subject to various laws and regulations, including complex federal, state, and local wage and hour and anti- discrimination laws. We may also be liable for employee misconduct and violations of laws or regulations to which we are subject. Federal Advertising Regulations. The FTC has authority to take actions to remedy or prevent advertising practices that it considers to be unfair or deceptive and that affect commerce in the United States. If the FTC takes the position in the future that any aspect of our business constitutes an unfair or deceptive advertising practice, responding to such allegations could require us to pay significant damages, settlements, and civil penalties, or could require us to make adjustments to our products and services, any or all of which could result in substantial adverse publicity, loss of participating dealers, lost revenue, increased expenses, and decreased profitability. Federal Antitrust Laws. The antitrust laws prohibit, among other things, any joint conduct among competitors that would lessen competition in the marketplace. Some of the information that we may obtain from dealers may be sensitive and, if disclosed inappropriately, could potentially be **used** ~~pre- owned~~ by dealers to impede competition or otherwise diminish independent pricing activity. A governmental or private civil action alleging the improper exchange of information, or unlawful participation in price maintenance or other unlawful or anticompetitive activity, even if unfounded, could be costly to defend and adversely impact our ability to maintain and grow our dealer network. In addition, governmental or private civil actions related to the antitrust laws could result in orders suspending or terminating our ability to do business or otherwise altering or limiting certain of our business practices, including the manner in which we handle or disclose pricing information, or the imposition of significant civil or criminal penalties, including fines or the award of significant damages against us in class action or other civil litigation. Other. In addition to these laws and regulations that apply specifically to our business, we are also subject to laws and regulations affecting public companies, including securities laws and Nasdaq listing rules. The violation of any of these laws or regulations could result in administrative, civil or criminal penalties or in a cease- and- desist order against our business operations, any of which could damage our reputation and have a material adverse effect on our business, sales and results of operations. We have incurred and will continue to incur capital and operating expenses and other costs to comply with these laws and regulations. The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to evolving interpretations and continuous change. Violation of the laws or regulations to which we are subject could result in consumer class actions or other lawsuits, government investigations, and administrative, civil, or criminal sanctions against us and, which may include significant fines and penalties that could have a material adverse effect on our business, financial condition and future prospects. We are subject to **various legal proceedings** ~~risks associated with imported product restrictions or limitations, foreign trade and currency fluctuations~~ . ~~Our business involves~~ **If the outcomes of** ~~the~~ **these proceedings** ~~sale of vehicles, parts, or vehicles composed of parts that~~ are **adverse to us** ~~manufactured outside the United States. As a result~~ , ~~its~~ **it** ~~operations are subject to risks of doing business outside of the United States and importing merchandise, including import duties, exchange rates, trade restrictions, work stoppages, natural or man- made disasters, and general political and socio- economic conditions in other countries. The United States or the countries from which our products are imported may, from time to time, impose new quotas, duties, tariffs, or other restrictions or limitations, or adjust presently prevailing quotas, duties, or tariffs. The imposition of new, or adjustments to prevailing, quotas, duties, tariffs, or other restrictions or limitations~~ could have a material adverse effect on our business, **results of operations and** financial condition **. We are subject to various legal proceedings. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business** , results of operations ~~,~~ and ~~cash flows~~ **financial condition** . ~~Relative weakness~~ **We are subject to various litigation matters from time to time, which could have a material adverse effect on our business, results** of ~~the U~~ **operations and financial condition** . ~~S. dollar~~ **Claims arising out of actual or alleged violations of law could be asserted** against ~~foreign currencies~~ **us by individuals, either individually or through class actions, or by governmental entities** in **civil or criminal investigations** ~~the future may result in an~~ **and** ~~increase in~~ **proceedings. These claims could be asserted under a variety of laws including, but not limited to, consumer finance laws, consumer protection laws, intellectual property laws, privacy laws, labor and employment laws, securities laws, employee benefit laws, tax laws and environmental laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense** costs ~~to us and in the retail price of such vehicles or parts~~ , **injunctive relief** ~~which could discourage consumers from purchasing such vehicles~~ and **criminal** ~~adversely impact its revenue~~ and ~~profitability~~ **civil fines and penalties including, but not limited to, suspension or revocation of licenses to conduct business** . Risks Related to Ownership of our Class B Common Stock Our largest stockholders may have the ability to exert substantial influence over actions to be taken or approved by our stockholders. At March ~~15~~ **18** , ~~2023~~ **2024** , ~~two~~ **three** of our stockholders beneficially owned approximately ~~32~~ **54** . ~~5~~ **3** % of the Company' s voting power **and are members of our Board of Directors** . As a result, these individuals may have the ability to exert substantial influence over actions to be taken or approved by our stockholders **, including the election of directors and the approval of any merger, consolidation, or sale of all or substantially all of our assets. This concentration of voting power could delay, defer, or prevent a change in control or delay or prevent a merger, consolidation, takeover, or other business combination involving us on terms that other stockholders may desire, which, in each case, could adversely affect the market price of our Class B common stock** . Also, in the future, these stockholders may acquire or dispose of shares of our Class B common stock and thereby increase or decrease their ownership stake in us. Significant fluctuations in the levels of ownership of our largest stockholders could impact the volume of trading, liquidity, and market price of our Class B common stock. **The market price of our Class B common stock has been, and may continue to be, highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. Our Class B common stock has experienced extreme volatility in recent periods. The fluctuations in the market price of our Class B common stock are in response to numerous factors, including factors that have little or nothing to do with us or our performance, and these fluctuations could materially reduce the price of our Class B common stock. These factors include, among other things, business conditions in our markets and the general state of the securities markets, changes in capital markets that affect the perceived availability of capital to companies in our industry, governmental legislation or regulation, and general economic and market conditions, such as recessions and downturns in the United States or global economy. In addition, the stock market historically has experienced significant price and volume fluctuations. These fluctuations are often unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of our Class B common stock, which may make it difficult for you to resell shares of our Class B common stock owned by you at times or at prices that you find attractive.** If securities ~~or industry~~ analysts ~~do not~~ **issue adverse or misleading opinions regarding our stock or cease to** publish research or reports about our business ~~, or if they issue an adverse or misleading opinion regarding our stock~~ , our stock price and trading volume could decline. The trading market for our Class B common stock may be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property **,** or our stock performance, or if our operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. We do not currently or for the foreseeable future intend to pay dividends on our common stock. We have never declared or paid any cash dividends on our common stock. We currently do not intend to pay cash dividends in the foreseeable future on the shares of common stock. We intend to reinvest any ~~earning~~ **earnings** in the development and expansion of our business. As a result, any return on your investment in our common stock will be limited to the appreciation in the price of our common stock, if any. We are currently subject to reduced reporting requirements so long as we are considered a ~~"~~**“**smaller reporting company ~~"~~**”** and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors. We are currently subject to reduced reporting requirements so long as we are considered a ~~"~~**“**smaller reporting company. ~~"~~**”** We cannot predict if investors will find our common stock less attractive because we currently rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. ~~We are subject to risks associated with proxy contests and other actions of activist stockholders. Publicly traded companies have increasingly become subject to campaigns by activist investors advocating specific corporate actions. On March 15, 2023, two former directors and current shareholders, William Coulter and Mark Tkach, issued a press release regarding their announced intention to nominate five individuals for three seats that they believe are up for election at our 2023 Annual Meeting of Stockholders. Our Board of Directors welcomes open communications with all of our stockholders. However, if the Company and Messrs. Coulter and Tkach cannot reach an agreement in connection with their proposed nominations, there may be a contested election at the Company' s 2023 Annual Meeting of Stockholders. A proxy contest or related activities on the part of any activist stockholders, could adversely affect our business for a number of reasons, including the following: • Responding to proxy contests and other actions by activist stockholders can be costly and time- consuming, disrupting our operations and diverting the attention of our Board of Directors, management, and our employees ; • Perceived uncertainties as to the future direction of the Company may result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel, business partners, customers, and others important to our success, any of which could negatively affect our business and our results of operations and financial condition; • A successful proxy contest could result in a change in control of our Board, and such an event could subject us to certain contractual obligations under several material agreements ; and • If nominees advanced by activist stockholders are elected or appointed to our Board with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plans or to realize long- term value from our assets, and this could in turn have an adverse effect on our business and on our results of operations and financial condition.~~ Anti- takeover provisions may limit the ability of another party to acquire us, which could adversely impact our stock price. Nevada law and our charter, bylaws, and other governing documents contain provisions that could discourage, delay or prevent a third party from acquiring us, even if doing so may be beneficial to our stockholders, which could cause our stock price to decline. In addition, these provisions could limit the price investors would be willing to pay in the future for shares of our common stock.