

Risk Factors Comparison 2025-03-14 to 2024-03-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Various Described below are certain risks to **and uncertainties could affect** our business. **In addition to the information contained elsewhere in this report** and the ~~other filings that~~ industry in which we **make with** operate. You should carefully consider the **SEC, the risks— risk factors** described below **could have a material impact on**, together with the financial and other information contained in this 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 the trading price of~~ **or our prospects. Our success depends in** part on our ability to grow our business both organically and through strategic acquisitions, and our plans and strategies may not be realized. Our strategic plan includes leveraging our ~~nationwide—~~ **nation-wide** network of dealerships, using our proprietary RideNow Cash Offer technology to grow our pre-owned inventory, reducing our cost structure, and **rationalizing our retail footprint by acquiring strategic new retail locations and closing or consolidating existing retail locations.** The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisition opportunities. ~~The closing or consolidation of existing retail locations may not result in immediate cost savings.~~ These activities can divert management time and focus from operating our business **to addressing acquisition challenges**. We may encounter unforeseen expenses, difficulties, complications, and delays relating to the development and operation of our business and the execution of our business plan, including our organic and acquisition growth strategies. Achieving the anticipated benefits of acquisitions depends in significant part upon our integrating any acquired entity's businesses, operations, processes, and systems in an efficient and effective manner. We have incurred, and expect to continue to incur, a number of non-recurring costs associated with our acquisitions ~~and the closing of.~~ **Our failure to identify, acquire or successfully integrate additional** retail locations ~~Our failure to identify successfully rationalize our dealership footprint could adversely affect our business, financial condition, and results of operations—~~ **operation**. We may not be able to acquire **sufficient the number of** powersports inventory ~~vehicles~~ to satisfy consumer demand or our expectations for the business. A material part of our ~~strategic~~ plan is predicated on being able to have sufficient inventory of powersports vehicles, both new and pre-owned, to satisfy customer demand or meet our financial objectives. New inventory is ultimately controlled by our OEMs and their willingness to allocate inventory to us and their ability to manufacture and distribute a sufficient number of powersports vehicles. ~~While historically manufacturers have taken steps designed to balance production volumes for new vehicles with demand, those steps have not always proven effective.~~ Pre-owned inventory is acquired directly from consumers via our proprietary RideNow Cash Offer technology or consumer trade-in transactions or auctions. If the channels for new or pre-owned vehicle acquisition were disrupted, for example as a result of another COVID-like lockdown, technology challenges, customers holding onto their vehicles due to significant valuation decreases and negative equity positions, non-acceptance of online transactions, poor customer ratings, ~~higher tariffs,~~ or other such events, the Company may not have enough inventory to meet customer demand, which may adversely affect our business, financial condition, and results of operations. We depend on key personnel to operate our business, and if we are unable to retain, attract, and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed. We believe our success will depend on the efforts and talents of our executives and employees, **including Michael Kennedy, our chief executive officer**. In addition, the loss of any senior management or other key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. ~~We have experienced a high level of turnover in our senior management team.~~ Our future success depends on our continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. A limited number of our employees are subject to employment **agreements that include restrictive covenants. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we fail to attract well-qualified employees or retain and motivate existing employees, our business could be materially and adversely affected** 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** In recent periods, we have identified a ~~number of~~ material weaknesses in our internal control over financial reporting. Most recently, we have identified **a** material weaknesses— **weakness in two areas**, as disclosed in this ~~2023—2024~~ Form 10-K. If we are unable to effectively remediate these ~~this~~ material weaknesses— **weakness** 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 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 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. A material weakness is a deficiency, or a combination of deficiencies, in our ICOFR, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be

prevented or detected on a timely basis. We have identified **and disclosed** material weaknesses in our ICOFR in recent periods. For example, ~~we identified and disclosed a material weakness in our 2022 Form 10-K, which has been partially remediated. In addition, as discussed herein in this 2023 Form 10-K, we have identified a material weaknesses-- weakness~~ in our ICOFR for the year ended December 31, ~~2023-2024~~. ~~These This material weaknesses-- weakness relate relates~~ to (i) ~~an insufficient number of accounting resources to facilitate an effective control environment following the integration of the RideNow business and incorporation of that 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 previously~~ identified material weaknesses, our disclosure controls and procedures as of December 31, ~~2024 and 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 ~~2023-2024~~ Form 10-K describes the remediation plan for the material ~~weaknesses-- weakness~~ affecting our ICOFR as of December 31, ~~2023-2024~~. We cannot assure that the measures we are taking to remediate ~~these this~~ material ~~weaknesses--~~ **weakness** will be sufficient or that such measures will prevent future material weaknesses. If we are unable to effectively remediate ~~these this~~ material ~~weaknesses--~~ **weakness** and maintain effective ICOFR, 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. ~~Our success depends in part on..... business could be materially and adversely affected~~. We rely on third-party financing providers to finance a substantial portion of our customers' powersports vehicle purchases and to supply extended protection products ("EPP") to our customers. We rely on third-party financing providers to finance a substantial portion of our customers' powersports vehicle purchases and to supply EPP products to our customers. Accordingly, our revenue and results of operations are partially dependent on the actions of these third parties. Financing and EPP are provided to qualified customers through several third-party financing providers. If one or more of these third-party providers cease to provide financing or EPP to our customers, provide financing to fewer customers or no longer provide financing on competitive terms, make changes to their products or no longer provide their products on competitive terms, it could have a material adverse effect on our business, sales, and results of operations. Additionally, if we were unable to replace the current third-party providers upon the occurrence of one or more of the foregoing events, it could also have a material adverse effect on our business, sales, and results of operations. The success of our business relies heavily on our marketing and branding efforts and our ability to attract new customers, and these efforts may not be successful. We operate dealership locations and our Cash Offer technology under our RideNow brand. In addition, we operate certain dealership locations under OEM brands, such as Harley-Davidson, BMW and Indian. Our growth depends on our ability to attract and retain customers to our retail and online locations. We rely heavily on marketing and advertising to increase the visibility of our operations with potential customers and to drive traffic to our retail and online locations. Some of our methods of marketing and advertising may not be profitable because they may not result in the acquisition of sufficient users such that we may recover these costs by attaining corresponding revenue growth. If we are unable to recover our marketing and advertising costs, it could have a material adverse effect on our growth, results of operations and financial condition. Our efforts to maintain the trust of and deliver value to our users depend on our ability to develop and maintain our RideNow brand and on the reputation of brands we represent in our dealership locations. If our current and potential customers perceive that we are not focused on providing them with a better powersports experience, our reputation will be adversely affected. Consumers are increasingly shopping for new and pre-owned powersports vehicles, vehicle repair and maintenance services, and other vehicle products and services online and through mobile applications, including through third-party online and mobile sales platforms, with which we compete. If we fail to preserve the value of our retail brands, maintain our reputation, or attract consumers, our business could be adversely impacted. ~~Our sales of powersports vehicles and gross profit may be adversely impacted by declining prices for new or pre-owned vehicles and short supply of new or pre-owned vehicles. We believe when prices for pre-owned powersports vehicles have declined, it can have the effect of reducing demand among retail purchasers for new vehicles at or near manufacturer's suggested retail prices. Further, powersports vehicle manufacturers can and do take actions that influence the markets for new and pre-owned vehicles. For example, introduction of new models with significantly different functionality, technology, or other customer satisfiers can result in increased supply of pre-owned vehicles, and a corresponding decrease in price of pre-owned vehicles. Also, while historically manufacturers have taken steps designed to balance production volumes for new vehicles with demand, those steps have not always proven effective. In other instances, manufacturers have chosen to supply new vehicles to the market in excess of demand at reduced prices which has the effect of reducing demand for pre-owned vehicles. During COVID-19, we experienced an imbalance in demand and supply for new and pre-owned powersports vehicles and the price for pre-owned vehicles increased. As a result, we acquired certain pre-owned inventory at elevated prices to ensure a continuous level of supply. As supply of new powersports improved and selling prices returned to more normal, pre-pandemic levels, we were impacted by a \$ 12.6 million write-down of inventory to net realizable value in 2023. If we fail to acquire new or pre-owned inventory in sufficient amounts at competitive market pricing, our sales and gross profit could be materially and adversely affected.~~ Adverse conditions affecting one or more of the powersports manufacturers with which we hold franchises, or their inability to deliver a desirable mix of vehicles, **and** **pre-owned** powersports vehicle retail business. Historically, our retail locations have generated most of their revenue through new powersports vehicle sales and related sales of higher-margin products and services, such as finance and insurance products and vehicle-related parts and service. As a result, our business and results of operations depend on various aspects of vehicle manufacturers' or OEM's operations, which are outside of our control. Our ability to sell new powersports vehicles is dependent on our 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 reasons, including the fact that manufacturers generally allocate their vehicles based on sales history. **If** 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. **In some cases, manufacturers have chosen to supply new vehicles to the market in excess of demand at reduced prices, which can reduce demand for pre-owned vehicles.** 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~~ **2024**, 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 Revenue **Polaris29 RevenuePolaris28. 3-0 % BRP25 BRP22. 6-5 % Harley-Davidson11 Davidson12. 3-4 %** 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. **Vehicles manufactured overseas may also be subject to tariffs, which OEMs may pass on to us.** Such continued disruptions or increased tariffs could have a material adverse effect on our business, results of operations, financial condition, and cash flows. We are dependent on our relationships with the manufacturers of powersports vehicles we sell and 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 on our business, financial condition, results of operations, and cash flows. We are dependent on our relationships with the manufacturers of the vehicles we sell, ~~which~~ **who** can exercise a great deal of control and influence over our day-to-day operations, as a result of the terms of our agreements with them. We may obtain new powersports vehicles from manufacturers, service vehicles, sell new vehicles, and display vehicle manufacturers' trademarks only to the extent permitted under these agreements. The terms of these agreements may conflict with our interests and objectives and may impose limitations on key aspects of our 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, **sell or relocate** dealerships selling a manufacturer's vehicles. From time to time, we may be precluded under agreements with certain manufacturers from acquiring additional **franchises or selling or consolidating existing** franchises, or subject to other adverse actions, 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. 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 adversely affect our future growth. We cannot provide assurance that manufacturers will approve future acquisitions, **dispositions or relocations** 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. We may be subject to product liability claims if people or property are harmed by the products we sell, and we may be adversely impacted by manufacturer safety recalls. We may be subject to product liability claims if people or property are harmed by the products we sell and may be adversely impacted by manufacturer safety recalls. Some of the products we sell may expose us to product liability claims relating to personal injury, death, or environmental or property damage, and may require product recalls or other actions. Although we maintain liability insurance, we cannot be certain that our insurance coverage will be adequate for losses actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. In addition, even if a product liability claim is not successful or is not fully pursued, the negative publicity surrounding a product recall or any assertion that the products sold by ~~us the Company~~ caused property damage or personal injury could damage brand image and our reputation with existing and potential consumers and have a material adverse effect on our business, financial condition and results of operations. In the event of a manufacturer safety recall, we may be required to stop selling certain vehicles, which could impact our revenue and profitability. **Natural disasters, adverse weather and other events can disrupt our business. Our dealerships are concentrated in certain states, including Arizona, Florida and Texas, in which actual or threatened natural disasters and severe weather events (such as tornadoes, earthquakes, wildfires, landslides, hailstorms, floods and hurricanes) may disrupt our store operations, which may adversely impact our business, financial condition, results of operations and cash flows. In addition to business interruption, the powersports retailing business is subject to substantial risk of property loss due to the significant concentration of property at store locations, including property stored outside. Although we have substantial insurance, subject to certain deductibles, limitations and exclusions, we may be exposed to uninsured or under-insured losses that could have a material adverse effect on our business, financial condition, results of operations or cash flows.** Failure to adequately protect our intellectual property could harm our business and operating results. We rely on a combination of ~~patent,~~ trademark, trade secret, and copyright law ~~and as well as on~~ contractual restrictions **with employees and third parties** to protect our intellectual property, including our proprietary **RideNow** Cash Offer technology. These mechanisms 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 **including former employees** 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. The failure to protect our intellectual property, including from unauthorized uses, could erode consumer trust and our brand and have a material adverse effect on our business. Financial Risks We have incurred

significant indebtedness, which could adversely affect us, including our business flexibility. We have a substantial 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 substantial amount..... limit the 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. **They also impose certain financial test ratios and financial condition tests that we must satisfy in future periods to remain in compliance with the terms applicable to our debt.** We may be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive **or financial** 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 or engage in other business activities that would be in our interest. **We have incurred** and **we have expect to incur** a substantial amount of interest expense. **The Our** 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~~ **2024**, the Company was not in compliance with certain leverage ratio financial covenants under the ~~Oaktree~~ **Credit Agreement as of such date**. **In consideration of additional covenants with requirements for** **As a result, we entered into Amendment No.8 to the Company Credit Agreement, which among other things, revised the applicable leverage ratios and increased the minimum liquidity covenant to monetize certain assets and \$ 30.0 million. We subsequently entered into Amendment No.9 to the Credit Agreement, which among other things, permitted us to raise capital through an equity offering and use part of in December 2024. We have established internal controls in place to monitor compliance with** 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 **A breach of any of these covenants or our inability to comply with the required financial ratios or financial condition tests - test** could result in a default under our debt agreements that, if not cured or waived, could result in **the** acceleration of all indebtedness outstanding thereunder and cross- default rights under our other debt. **There is no assurance that the Company will be able to comply with these covenants, or if we fail to remain in compliance, will be able to obtain relief from such financial covenants in the future. The failure to meet financial covenants under the Credit Agreement, or to obtain a waiver, would have a material adverse effect on our business, financial condition, and results of operations.** In addition, in the event of default under our ~~credit~~ **Credit facilities Agreement**, 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 **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. Although we currently intend to self-fund our growth initiatives, under certain circumstances we may determine that it is necessary or advisable to raise additional financing or capital. Additional financing or capital may not be available when we need it, on terms that are acceptable to us, or at all. If we decide to raise additional capital through issuances of equity, 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 2023, our three largest stockholders backstopped our \$ 100.0 million rights offering, and in 2024 they provided \$ 30.0 million in incremental capital commitments, which included a \$ 10.0 million backstopped rights offering. If we decide to raise additional debt, our existing stockholders may be subject to the risks associated with higher leverage. 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, or we are unable to obtain additional capital, including from any of our stockholders, 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. Our purchases of new and pre-owned powersports vehicles are financed primarily through floor plan facilities, which may be reduced or terminated. We utilize multiple vehicle floor plan facilities to finance a substantial amount of our new and pre-owned inventory. The facilities for new and certain pre-owned inventory are provided by OEMs or by their captive financing companies and secured by the inventory financed. A facility for certain pre-owned inventory is provided by two of our largest stockholders. A decrease in the availability of this type of financing, or an increase in the cost of such financing, could prevent us from carrying adequate levels of inventory, which may limit product offerings and could lead to reduced revenues. If we are unable to obtain adequate financing or financing on terms satisfactory to us, our ability to sell certain powersports vehicles may be reduced, which could adversely affect our business, operating results and financial condition. We are subject to interest rate risk in connection with our floorplan payables and our other debt instruments that could have a material adverse effect on our profitability. Our floorplan payables, Credit Agreement 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 significant increase in interest rates or decrease in manufacturer floorplan assistance could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Industry Risks The powersports 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, our ability to implement our strategy and our results of operations. Our performance is impacted by general economic conditions, 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. 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 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 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 have experienced, 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 condition, and results of operation. 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. **Changes in trade policies, including the imposition of tariffs, may have a material adverse impact on the Company' s business, results of operations and profitability. In January 2025, the global tariff landscape began to quickly change with the U. S. implementing new or increased tariffs on various foreign countries, either generally or with respect to certain products. Certain foreign countries may change their tariff policies in response to changes in the U. S. tariff policy. We acquire certain new unit inventory from OEMs that is manufactured in countries that may be subject to new or increased tariffs, including Mexico, Canada and China. In addition, tariffs could increase the costs of components for new units and / or other products that we sell and have the potential to disrupt existing supply chains. An increase in the costs of the goods that we sell could make them less affordable for customers, which would negatively impact customer demand and have a material adverse impact on our business and results of operations. It is uncertain whether OEMs will pass through increased costs to us, which would result in a negative impact on our profitability. It is impossible to predict with any certainty the effects that any new tariffs may ultimately have on our industry or our financial condition.** We participate in a highly competitive market for powersports products and services, and pressure from existing and new companies may adversely affect our business and operating results. The powersports retail and service industry is highly competitive with respect to price, service, location, and selection. Our competition includes: (i) franchised powersports dealerships in ~~its~~ **our** markets that sell the same or similar new and pre- owned vehicles; (ii) privately negotiated " peer- to- peer " sales of pre- owned powersports vehicles; (iii) other pre- owned powersports vehicle retailers ~~, including regional and national rental companies~~; (iv) internet- based pre- owned powersports vehicle brokers that sell 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 **and services**. 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 **RideNow** Cash Offer technology provides us with a competitive advantage in purchasing pre- owned powersports vehicles directly from customers. However, there are 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 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 these companies, the demand for our vehicles, products, and services could substantially decline. In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. We may 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, and on- demand transportation service providers. In addition, customers can bring in- house some of the services we provide to them. 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, or the breadth of services offered by some of our competitors, we may be unable to retain, or attract, customers, which would adversely affect our business. 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 **on new or leasing terms pre-owned vehicles**; (iv) warranties on new and pre- owned vehicles; and (v) sponsorship of 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 our results of operations, cash flows, and financial condition. Seasonality or weather trends may cause fluctuations in our revenue and operating results. Our revenue trends are likely to be a reflection of consumers' powersports vehicle buying patterns. Because different types of vehicles are designed for different seasons, our revenue may be cyclical. Historically, the powersports industry has been seasonal, with traffic and sales strongest in the spring and summer quarters. Sales and traffic are typically slowest in the winter but increase in spring and summer, coinciding with tax refund season and the coming warmer months. Our business is also impacted by cyclical trends affecting the overall economy, as well as by actual or threatened severe weather events, **such as hurricanes, tornadoes, and wildfires**. We provide transportation services through external carriers to transport vehicles, including transportation providers that own or operate their own equipment, and we are subject to business risks and costs associated with the transportation industry. We provide transportation services through external carriers 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, 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 to successfully manage our transportation services and fulfillment process could cause a disruption in our inventory supply chain and distribution, which may adversely affect our operating results and financial condition. Technology Risks We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline, and our business would be adversely affected. We depend in part on Internet search engines and social media to drive traffic to our corporate website and to the websites of our dealer network. For example, when a user searches the internet for a particular type of powersports vehicle, we rely on a high organic search ranking of our webpages in these search results to refer the user to our websites. However, our ability to obtain such high, non- paid search result rankings is not within our control. Our competitors' Internet search engine and social media efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. If Internet search engines or social media companies modify their search algorithms or display technologies in ways that are detrimental to us, or if our competitors' efforts are more successful than ours, overall growth in our customer base could slow or our customer base could decline. Internet search engine providers could provide powersports vehicle dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Any reduction in the number of users directed to our websites through Internet search engines could harm our business and operating results. A significant disruption in service on our websites could damage our reputation and result in a loss of consumers, which could harm our business, brand, operating results, and financial condition. Our brand, reputation, and ability to attract consumers depend on the reliable performance of our technology infrastructure and content delivery. We may experience significant interruptions with our systems. Interruptions in these systems, whether due to system failures, computer viruses, or physical or electronic break- ins, could affect the security or availability of our products on our websites, and prevent or inhibit the ability of consumers to access our products. Problems with the reliability or security of our systems could harm our reputation, result in a loss of consumers and dealers, and result in additional costs. We locate our communications, network, and computer hardware used to operate our website **and mobile applications** at facilities in various parts of the country to minimize the risk and create an environment where we can remain online if one of the facilities in which our equipment is housed goes offline. Nevertheless, we do not own or control the operation of these facilities, and our systems and operations may be vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break- ins, computer viruses, earthquakes, and similar events. The occurrence of any of these events could result in damage to our systems and hardware or could cause them to fail. Problems faced by any third- party web hosting providers we may utilize could adversely affect the experience of our consumers. Any third- party web hosting providers could close their facilities without adequate notice. Any financial difficulties, up to and including bankruptcy, faced by any third- party web hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third- party web hosting providers are unable to keep up with our growing capacity needs, our business could be harmed. Any errors, defects, disruptions, or other performance or reliability problems with our network operations could cause interruptions in access to our products, as well as delays and additional expense in arranging new facilities and services, and could harm our reputation, business, operating results, and financial condition. **Disruptions or**

breaches involving our or our third- party providers' IT systems could interrupt our operations, compromise our reputation, expose us to litigation, government enforcement actions and costly response measures and could have a material adverse effect on our business, financial condition and results of operations. We rely on the integrity, security and successful functioning of our computer systems, hardware, software, technology infrastructure, and online sites and networks (collectively, "IT Systems") across our operations. While we own and operate certain parts of our IT Systems, we also rely on critical third- party service providers for an array of IT Systems and related products and services. We use IT Systems for external and internal functions, such as to support product sales, track inventory information at our store locations, and to aggregate daily sales, margin and promotional information. We also use IT Systems to report and audit our operational results. We and our third- party providers may experience cyberattacks and security incidents. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities or incidents to avoid a material adverse impact to our IT Systems or business. There can also be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our IT Systems. Because we make extensive use of third- party suppliers and service providers, such as cloud services that support our internal and customer- facing operations, successful cyberattacks that disrupt or result in unauthorized access to third- party IT Systems can materially impact our operations and financial results. We cannot guarantee that any costs and liabilities incurred in relation to an attack or incident will be covered by our existing insurance policies or that applicable insurance will be available to us in the future on economically reasonable terms or at all. Any adverse impact to the availability, integrity or successful functioning of our IT Systems could result in interruptions in our services, noncompliance with certain laws and regulations, negative publicity, damage to our customer and supplier relationships, exposure to litigation, regulatory investigations, and lost sales, fines, penalties, lawsuits and remediation costs, any or all of which could have a material adverse effect on our business, financial condition and results of operations.

We collect, process, store, share, disclose and use personal information and other data, and our actual or perceived failure to protect such information and data could damage our reputation and brand and harm our business and operating results. We collect, process, store, share, disclose, and use personal information and other data provided by consumers, dealers and auctions. We rely on encryption and authentication technology licensed from third parties to effect secure transmission of such information. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any failure or perceived failure to maintain the security of personal and other data that is provided to us by consumers and dealers could harm our reputation and brand and expose us to a risk of loss or 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 our OEM partners 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.

Regulatory and Government Risks 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 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 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. 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 Express transportation services 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 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 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 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 **and emissions of greenhouse gases**. 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.

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.

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 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. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, results of operations and financial condition. We are subject to various legal proceedings **from time to time, which can require significant expenditures**. If the outcomes of these proceedings are adverse to us, it ~~could have a material adverse effect on our business, results of operations and financial condition. We are subject to various litigation matters from time to time, which~~ could have a material adverse effect on our business, results of operations and financial condition. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, or by governmental entities in civil or criminal investigations and 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, injunctive relief and criminal and 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 ~~18 1, 2024~~ **2025**, three of our stockholders beneficially owned approximately 54. ~~38~~ **38** % of the Company' s voting power and are ~~either~~ **either** members of our Board ~~of Directors~~ **or have the right to appoint a member to our Board**. As a result, these ~~individuals~~ **three stockholders** 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 **three** 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 analysts issue adverse or misleading opinions regarding our stock or cease to publish research or reports about our business, 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 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. 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

