

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

Form 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2021**

or

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

For the transition period from _____ to _____

Commission file number **001-38248**

RumbleOn, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

46-3951329

(I.R.S. Employer
Identification No.)

**901 W. Walnut Hill Lane
Irving, Texas**

(Address of principal executive offices)

75038

(Zip Code)

(214) 771-9952

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class B Common Stock, \$0.001 par value	RMBL	The NASDAQ Capital Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	<input type="checkbox"/>

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

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

The number of shares of Class B common stock, \$0.001 par value, outstanding on November 12, 2021 was 14,882,022 shares. In addition, 50,000 shares of Class A common stock, \$0.001 par value, were outstanding on November 12, 2021.

RUMBLEON, INC.
QUARTERLY PERIOD ENDED SEPTEMBER 30, 2021
Table of Contents to Report on Form 10-Q

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements	1
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 3. Quantitative and Qualitative Disclosure About Market Risk	43
Item 4. Controls and Procedures	43

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	44
---	----

Item 1A. Risk Factors	44
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3. Defaults Upon Senior Securities	45
Item 4. Mine Safety Disclosures	45
Item 5. Other Information	45
Item 6. Exhibits	46
SIGNATURES	47

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

RumbleOn, Inc.
Condensed Consolidated Balance Sheets
(dollars in thousands)
(unaudited)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash	\$ 68,268	\$ 1,467
Restricted cash	3,049	2,049
Accounts receivable, net	42,117	9,408
Inventory	171,455	21,360
Prepaid expense and other current assets	4,745	3,446
Total current assets	289,634	37,730
Property and equipment, net	58,929	6,521
Right-of-use assets	92,944	5,690
Goodwill	263,107	26,887
Intangible assets, net	303,560	46
Other assets	3,678	105
Total assets	\$ 1,011,852	\$ 76,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 73,384	\$ 14,193
Floor plan notes payable	87,175	17,812
Current portion of convertible debt	279	563
Current portion of long-term debt	6,151	2,877
Total current liabilities	166,989	35,445
Long-term liabilities:		
Senior secured debt	252,777	—
Convertible debt, net	28,648	27,166
Derivative liabilities	41	17
Notes payable	567	4,691
Long-term portion of operating lease liabilities	85,965	4,370
Long-term portion of financing lease liabilities	40,591	—
Deferred tax liabilities	19,579	—
Other long-term liabilities	7,765	720
Total long-term liabilities	435,933	36,964
Total liabilities	602,922	72,409
Commitments and contingencies (Notes 9, 10, 13, 18)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 0 and 0 shares issued and outstanding as of September 30, 2021 and December 31, 2020	—	—
Class A common stock, \$0.001 par value, 50,000 shares authorized, 50,000 shares issued and outstanding as of September 30, 2021 and December 31, 2020	0.05	0.05
Class B common stock, \$0.001 par value, 100,000,000 shares authorized, 14,881,522 and 2,191,633 shares issued and outstanding as of September 30, 2021 and December 31, 2020	15	2
Additional paid-in capital	548,000	108,949
Accumulated deficit	(134,766)	(104,381)
Class B common stock in treasury, at cost 123,089 and 0 shares as of September 30, 2021 and December 31, 2020	(4,319)	—
Total stockholders' equity	408,930	4,570
Total liabilities and stockholders' equity	\$ 1,011,852	\$ 76,979

See Notes to the Condensed Consolidated Financial Statements.

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2021	2020	2021	2020
Revenue:				
Vehicles Sales				
Powersports	\$ 83,292	\$ 7,303	\$ 121,307	\$ 38,642
Automotive	105,298	99,315	316,655	281,242
Finance and insurance, net	6,180	199	6,998	672
Parts, service and accessories	16,075	—	16,075	—
Transportation and vehicle logistics	10,369	10,440	32,788	25,192
Total revenue	221,214	117,257	493,823	345,748
Cost of revenue				
Powersports	68,295	5,606	97,193	33,692
Automotive	98,773	86,473	293,751	257,046
Parts, service and accessories	8,845	—	8,845	—
Transportation and vehicle logistics	7,914	8,374	25,958	19,325
Cost of revenue before impairment loss	183,827	100,453	425,747	310,063
Impairment loss on automotive inventory	—	—	—	11,738
Total cost of revenue	183,827	100,453	425,747	321,801
Gross profit	37,387	16,804	68,076	23,947
Selling, general and administrative	37,564	13,279	69,077	42,510
Stock-based compensation and other issuances	23,943	—	23,943	—
Insurance recovery	(3,135)	—	(3,135)	(5,615)
Depreciation and amortization	1,717	536	2,948	1,567
Operating income (loss)	(22,702)	2,989	(24,757)	(14,515)
Interest expense	(4,577)	(1,488)	(8,107)	(5,187)
Forgiveness of PPP loan	572	—	572	—
Change in derivative liability	(6,518)	(14)	(8,774)	7
Gain on early extinguishment of debt	—	—	—	188
Income (Loss) before benefit for income taxes	(33,225)	1,487	(41,066)	(19,507)
Benefit for income taxes	10,681	—	10,681	—
Net income (loss)	\$ (22,544)	\$ 1,487	\$ (30,385)	\$ (19,507)
Weighted average number of common shares outstanding - basic and fully diluted	6,939,708	2,234,838	4,178,932	2,165,167
Net income (loss) per share - basic and fully diluted	\$ (3.25)	\$ 0.67	\$ (7.27)	\$ (9.01)

See Notes to the Condensed Consolidated Financial Statements.

RumbleOn, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(dollars in thousands)
(unaudited)

	Class A Common Shares		Class B Common Shares		Additional Paid in Capital	Accumulated Deficit	Class B Common Shares in Treasury		Total Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
Balance, as of December 31, 2020	50,000	\$ 0.05	2,191,633	\$ 2	\$ 108,949	\$ (104,381)	—	\$ —	\$ 4,570
Issuance of common stock for restricted stock units	—	—	94,771	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,734	—	—	—	1,734
Net loss	—	—	—	—	—	(4,451)	—	—	(4,451)
Balance as of March 31, 2021	50,000	0.05	2,286,404	2	110,683	(108,832)	—	—	1,853
Issuance of common stock, net of issuance cost	—	—	1,048,998	1	36,796	—	—	—	36,797
Issuance of common stock for restricted stock units	—	—	7,660	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	702	—	—	—	702
Net loss	—	—	—	—	—	(3,390)	—	—	(3,390)
Balance as of June 30, 2021	50,000	0.05	3,343,062	3	148,181	(112,222)	—	—	35,962
Issuance of common stock, net of issuance cost	—	—	5,053,029	5	154,438	—	—	—	154,443
Issuance of common stock in acquisition	—	—	5,833,333	6	200,952	—	—	—	200,958
Issuance of common stock for restricted stock units	—	—	775,187	1	(1)	—	—	—	—
Issuance of warrant	—	—	—	—	19,700	—	—	—	19,700
Stock-based compensation	—	—	—	—	24,730	—	—	—	24,730
Treasury stock purchases	—	—	(123,089)	—	—	—	123,089	(4,319)	(4,319)
Net loss	—	—	—	—	—	(22,544)	—	—	(22,544)
Balance as of September 30, 2021	50,000	\$ 0.05	14,881,522	\$ 15	\$ 548,000	\$ (134,766)	123,089	\$ (4,319)	\$ 408,930

RumbleOn, Inc.
Condensed Consolidated Statement of Stockholders' Equity
(dollars in thousands)
(unaudited)

	Class A Common Shares		Class B Common Shares		Additional Paid in Capital	Accumulated Deficit	Class B Common Shares in Treasury		Total Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
Balance, as of December 31, 2019	50,000	\$ 0.05	1,111,681	\$ 1	\$ 92,268	\$ (79,382)	—	\$ —	\$ 12,887
Issuance of common stock, net of issuance cost	—	—	1,035,000	1	10,779	—	—	—	10,780
Issuance of common stock for restricted stock units	—	—	4,485	—	—	—	—	—	—
Convertible note exchange	—	—	—	—	2,924	—	—	—	2,924
Stock-based compensation	—	—	—	—	846	—	—	—	846
Net loss	—	—	—	—	—	(22,038)	—	—	(22,038)
Balance as of March 31, 2020	50,000	0.05	2,151,166	2	106,817	(101,420)	—	—	5,399
Issuance of common stock for restricted stock units	—	—	21,610	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	717	—	—	—	717
Adjust for fractional shares in reverse stock split	—	—	7,131	—	—	—	—	—	—
Net income	—	—	—	—	—	1,044	—	—	1,044
Balance as of June 30, 2020	50,000	0.05	2,179,907	2	107,534	(100,376)	—	—	7,160
Issuance of common stock for restricted stock units	—	—	11,726	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	862	—	—	—	862
Net income	—	—	—	—	—	1,487	—	—	1,487
Balance as of September 30, 2020	50,000	\$ 0.05	2,191,633	\$ 2	\$ 108,396	\$ (98,889)	—	—	\$ 9,509

See Notes to the Condensed Consolidated Financial Statements.

RumbleOn, Inc.
Condensed Consolidated Statements of Cash Flows
(dollars in thousands)
(unaudited)

	Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (30,385)	\$ (19,507)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,948	1,568
Amortization of debt discounts	2,284	1,499
Forgiveness of PPP loan	(572)	—
Share based compensation	27,165	2,425
Impairment loss on inventory	—	11,738
Impairment loss on property and equipment	—	178
Loss (gain) from change in value of derivatives	8,774	(7)
Gain on early extinguishment of debt	—	(188)
Deferred taxes	(10,969)	—
Changes in operating assets and liabilities:		
Decrease (increase) in prepaid expenses and other current assets	486	(1,296)
(Increase) decrease in inventory	(33,343)	34,219
(Increase) in accounts receivable	(6,476)	(2,860)
(Increase) decrease in other assets	(3,452)	63
Increase (decrease) in accounts payable and accrued liabilities	16,306	(1,634)
Increase in other liabilities	1,406	—
Decrease in floor plan trade note borrowings	(3,951)	—
Net cash (used in) provided by operating activities	(29,779)	26,198
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash used for acquisition, net of cash received	(365,946)	—
Purchase of property and equipment	(7,613)	(175)
Technology development	(1,266)	(1,598)
Net cash used in investing activities	(374,825)	(1,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from senior secured debt	261,451	8,272
(Repayments of) proceeds from notes payable	(7,974)	789
Increase (decrease) in borrowings from non-trade floor plans	27,688	(47,211)
Net proceeds from PPP loan	—	5,177
Net proceeds from sale of common stock	191,240	10,780
Net cash provided by (used in) financing activities	472,405	(22,193)
NET INCREASE IN CASH	3,516	6,726

CASH AND RESTRICTED CASH AT BEGINNING OF PERIOD

CASH AND RESTRICTED CASH AT END OF PERIOD

\$	71,317	\$	8,958
----	--------	----	-------

See Notes to the Condensed Consolidated Financial Statements.

5

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(dollars in thousands, except per share amounts)

(unaudited)

NOTE 1 – DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Unless the context requires otherwise, references in these financial statements to "RumbleOn," the "Company," "we," "us," and "our" refer to RumbleOn and its consolidated subsidiaries.

Overview

RumbleOn, Inc. was incorporated in October 2013 under the laws of the State of Nevada. We are the nation's first Omnichannel marketplace platform in powersports, leveraging proprietary technology to transform the powersports supply chain from acquisition of supply through distribution of retail and wholesale. RumbleOn provides an unparalleled technology suite, national footprint of physical locations, and full line manufacturer representation to transform the entire customer journey and experience worldwide through technology. Headquartered in the Dallas Metroplex, RumbleOn is revolutionizing the customer experience for outdoor enthusiasts across the country and making powersport vehicles accessible to more people, in more places than ever before. On August 31, 2021 (the "Closing Date"), we completed our business combination with the RideNow Powersports group, the nation's largest powersports retailer group ("RideNow") (see Note 3 - RideNow Transaction below).

Basis of Presentation

The accompanying Condensed Consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim information and with the instructions on Form 10-Q and Rule 10-01 of Regulation S-X pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The Condensed Consolidated financial statements include the accounts of RumbleOn Inc. and its subsidiaries, which are all wholly owned, including RideNow from the Closing Date. In accordance with those rules and regulations, the Company has omitted certain information and notes required by U.S. GAAP for annual consolidated financial statements. In the opinion of management, the Condensed Consolidated financial statements contain all adjustments, except as otherwise noted, necessary for the fair presentation of the Company's financial position and results of operations for the periods presented. The year-end condensed balance sheet data was derived from audited financial statements. These Condensed Consolidated financial statements should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-K (the "2020 Form 10-K") for the year ended December 31, 2020. The results of operations for the three and nine-months ended September 30, 2021 are not necessarily indicative of the results expected for the entire fiscal year. All intercompany accounts and material intercompany transactions have been eliminated.

6

Use of Estimates

The preparation of these Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions. Certain accounting estimates involve significant judgments, assumptions and estimates by management that have a material impact on the carrying value of certain assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period, which management considers to be critical accounting estimates. Such estimates include certain assumptions related to goodwill and other intangible assets, long-lived assets, assets held for sale, accruals for chargebacks against revenue recognized from the sale of finance and insurance products, and estimated tax liabilities. The judgments, assumptions and estimates used by management are based on historical experience, management's experience, and other factors, which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ materially from these judgments and estimates. In particular, the Covid-19 pandemic and the continuing adverse impacts to global economic conditions, as well as the Company's operations, may impact future estimates including, but not limited to inventory valuations, fair value measurements, asset impairment charges and discount rate assumptions.

Comprehensive Income (Loss)

During the three and nine-month periods ended September 30, 2021, and 2020, the Company did not have any other comprehensive income and, therefore, the net loss and comprehensive income (loss) were the same for all periods presented.

Recent Pronouncements

Adoption of New Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which amends the guidance on the impairment of financial instruments by requiring measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2019, and earlier adoption is permitted beginning in the first quarter of fiscal 2019. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates ("ASU 2019-10")*. The purpose of this amendment is to create a two-tier rollout of major updates, staggering the effective dates between larger public companies and all other entities. This granted certain classes of companies, including Smaller Reporting Companies ("SRCs"), additional time to implement major FASB standards, including ASU 2016-13. Larger public companies will still have an effective date for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities are permitted to defer adoption of ASU 2016-13, and its related amendments, until the earlier of fiscal periods beginning after December 15, 2022. Under the current SEC definitions, the Company meets the definition of an SRC as of the ASU 2019-10 issuance date and is adopting the deferral period for ASU 2016-13.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The Company adopted ASU 2019-12 for its fiscal year beginning January 1, 2021, and it did not have a material effect on its consolidated financial statements.

NOTE 2 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Our revenue consists of new vehicles sales, retail and wholesale used vehicle sales, sales of finance and insurance products and sales of parts, service, accessories and apparel. Due to the impact of RideNow's revenue streams, specifically the additions of parts and service, and finance and insurance revenue, the following information is being provided.

New and Used Powersports Vehicles

RumbleOn sells new and used powersports vehicles. The transaction price for a powersports vehicle sale is determined with the customer at the time of sale. Customers often trade in their own powersports vehicle to apply toward the purchase of a retail new or used powersports vehicle. The "trade-in" powersports vehicle is a type of noncash consideration measured at fair value, based on external and internal market data for a specific powersports vehicle, and applied as payment of the contract price for the purchased powersports vehicle.

When the Company sells a new or used powersports vehicle, transfer of control typically occurs at a point in time upon delivery of the vehicle to the customer, which is generally at the time of sale, as the customer is able to direct the use of and obtain substantially all benefits from the powersports vehicle at such time. Except for limited circumstances, the Company does not directly finance its customer's purchases or provide leasing. In many cases, RumbleOn arranges third-party financing for the retail sale or lease of powersports vehicles to customers in exchange for a fee paid to RumbleOn by a third-party financial institution. RumbleOn receives payment directly from the customer at the time of sale or from a third-party financial institution (referred to as contracts-in-transit) within a short period of time following the sale. The Company establishes provisions, which are not significant, for estimated returns and warranties on the basis of both historical information and current trends.

7

Parts and Service

RumbleOn sells parts and vehicle services related to customer-paid repairs and maintenance, repairs and maintenance under manufacturer warranties and extended service contracts, and collision-related repairs. The Company also sells parts through wholesale and retail counter channels.

Each repair and maintenance service is a single performance obligation that includes both the parts and labor associated with the vehicle service. Payment for each vehicle service work is typically due upon completion of the service, which is generally completed within a short period from contract inception. The transaction price for repair and maintenance services is based on the parts used, the number of labor hours applied, and standardized hourly labor rates. The performance obligation for repair and maintenance service are satisfied over time and create an asset with no alternative use and with an enforceable right to payment for performance completed to date. Revenue is recognized over time based on a direct measurement of labor hours, parts and accessories that are allocated to open service and repair orders at the end of each reporting period. As a practical expedient, the time value of money is not considered since repair and maintenance service contracts have a duration of one year or less. The transaction price for wholesale and retail counter parts sales is determined at the time of sale based on the quantity and price of each product purchased. Payment is typically due at time of sale, or within a short period following the sale. RumbleOn establishes provisions, which are not significant, for estimated parts returns based on historical information and current trends. Delivery method of wholesale and retail counter parts vary.

RumbleOn generally considers control of wholesale and retail counter parts to transfer when the products are shipped, which typically occurs the same day as or within a few days of sale. RumbleOn also offers customer loyalty points for parts and services for select franchises. RumbleOn satisfies its performance obligations and recognizes revenue when the loyalty points are redeemed. Amounts deferred related to the customer loyalty programs are insignificant.

Finance and Insurance

RumbleOn sells and receives commissions on the following types of finance and insurance products: extended service contracts, maintenance programs, guaranteed auto protection, tire and wheel protection, and theft protection products, among others. RumbleOn offers products that are sold and administered by independent third parties, including the vehicle manufacturers' captive finance subsidiaries.

Pursuant to the arrangements with these third-party providers, RumbleOn sells the products on a commission basis. For the majority of finance and insurance product sales, RumbleOn's performance obligation is to arrange for the provision of goods and services by another party. RumbleOn's performance obligation is satisfied when this arrangement is made, which is when the finance and insurance product is delivered to the end customer, generally at the time of the vehicle sale. As agent, RumbleOn recognizes revenue in the amount of any fee or commission to which it expects to be entitled, which is the net amount of consideration that it retains after paying the third-party provider the consideration received in exchange for the goods or services to be fulfilled by that party.

RumbleOn's customers are concentrated in the Sunbelt region. There are no significant judgements or estimates required in determining the satisfaction of the performance obligations or the transaction price allocated to the performance obligations. As revenue are recognized at a point-in-time, costs to obtain the customer (i.e. commissions) do not require capitalization.

Transportation and Vehicle Logistics

Vehicle logistics and transportation services revenue is generated primarily by entering into freight brokerage agreements with dealers, distributors, or private party individuals to transport vehicles from a point of origin to a designated destination. The Company's subsidiary, Wholesale Express, provides these services. The transaction price is based on the consideration specified in the customer's contract. A performance obligation is created when the customer under a transportation contract submits a bill of lading for the transport of goods from origin to destination. These performance obligations are satisfied as the shipments move from origin to destination. The freight brokerage agreements are fulfilled by independent third-party transporters. While the Company is primarily responsible for fulfilling to customers, these transporters are obligated to meet our performance obligations and standards. Performance obligations are short-term, with transit days less than one week. Generally, customers are billed either upon shipment of the vehicle or on a monthly basis, and remit payment according to approved payment terms, generally not to exceed 30 days. Revenue is recognized as risks and rewards of transportation of the vehicle are transferred to the owner during delivery. Wholesale Express is considered the principal in the delivery transactions since it is primarily responsible for fulfilling the service. As a result, revenue is recorded gross.

8

Disaggregation of Revenue

The significant majority of RumbleOn's revenue is from contracts with customers. In the following tables, revenue is disaggregated by major lines of goods and services and timing of transfer of goods and services. We have determined that these categories depict how the nature, amount, timing, and uncertainty of our revenue and cash flows are affected by economic factors.

Revenue from contracts with customers consists of the following:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Revenue				
New vehicles	\$ 42,943	\$ —	\$ 42,943	\$ —
Used vehicles				
Powersports	40,349	7,303	78,364	38,642
Automotive	105,298	99,315	316,655	281,242
Total used vehicles	145,647	106,618	395,019	319,884
Total new and used vehicles	188,590	106,618	437,962	319,884
Parts, service and accessories	16,075	—	16,075	—
Finance and insurance, net	6,180	199	6,998	672
Transportation and vehicle logistics	10,369	10,440	32,788	25,192
Total revenue	\$ 221,214	\$ 117,257	\$ 493,823	\$ 345,748
Timing of revenue recognition				
Goods and services transferred at a point in time	\$ 210,920	\$ 117,257	\$ 483,529	\$ 345,748
Good and services transferred over time	10,294	—	10,294	—
Total revenue	\$ 221,214	\$ 117,257	\$ 493,823	\$ 345,748

NOTE 3 – RIDENOW TRANSACTION

On the Closing Date, RumbleOn completed its business combination with RideNow (the "RideNow Transaction"). Pursuant to the Plan of Merger and Equity Purchase Agreement, as amended (the "RideNow Agreement"), on the Closing Date, there were both mergers and transfers of ownership interest comprising in aggregate the RideNow Transaction. For the mergers, five newly-created RumbleOn subsidiaries were merged with and into five RideNow entities ("Merged RideNow Entities") with the Merged RideNow Entities continuing as the surviving corporations and with the Company obtaining ownership of these entities through these mergers and the transfers noted below. Merged RideNow Entities owned powersports retail locations representing approximately 30% of RideNow retail locations. For the transfers of ownership interest, the Company acquired all the outstanding equity interests of 21 entities comprising the remaining 70% of the RideNow's retail locations ("Acquired RideNow Entities," and together with the Merged RideNow Entities, the "RideNow Entities") that directly or indirectly operate the remaining RideNow powersports retail locations.

Pursuant to the RideNow Agreement, on the Closing Date, the RideNow equity holders received cash in the aggregate amount of \$400,400 and 5,833,333 shares of RumbleOn's Class B common stock. The cash consideration for the RideNow Transaction was funded from (i) the Company's underwritten public offering of 5,053,029 shares of Class B common stock, which resulted in net proceeds of approximately \$154,438 (the "August 2021 Offering"), and (ii) net proceeds of approximately \$261,451 pursuant to the Oaktree Credit Facility entered into on the Closing Date (as further described in Note 9, the "Oaktree Credit Agreement"). The remaining funds received from these financing transactions were used for working capital purposes.

The following table summarizes the consideration paid in cash and equity securities for the acquisitions:

Cash, net of cash acquired	\$ 365,946
Fair value of Class B common stock issued	200,958
Total estimated purchase price consideration ¹	\$ 566,904

¹ The purchase price consideration is subject to a net working capital and debt adjustments. These adjustments are currently under review by management. The amount of these adjustments could not be reasonably estimated as of September 30, 2021, and therefore, no adjustment amount has been reflected in the current estimated purchase price consideration reflected above.

The following amounts represent the preliminary determination of the fair value of the identifiable assets acquired and liabilities assumed from RideNow. RideNow is included in the Powersports reporting segment, including goodwill, as the RideNow business is entirely within the Company's Powersports segment. As of September 30, 2021, we have performed an initial valuation of the amounts below; however, our assessment of these amounts remains open for completion. We expect to finalize the purchase price allocation process in 2022 as we complete our review of valuations. We are required to finalize our purchase price allocations within one year after the Closing Date. Any potential adjustments made could be material in relation to the preliminary values presented below.

Estimated fair value of assets:

Contracts in transit	\$ 10,878
Accounts receivable	15,356
Inventory	116,752
Prepaid expenses	1,785
Right-of-use assets	92,715
Property & equipment	45,801
Franchise rights	282,000
Other intangible assets, net	22,129
Other Assets	119
Total assets acquired	587,535

Estimated fair value of liabilities assumed:

Accounts payable, accrued expenses and other current liabilities	41,616
Notes payable - floor plan	45,626
Lease liabilities	126,302
Deferred tax liability	30,548
Notes payable	6,549
Other long-term liabilities	6,210
Total liabilities assumed	256,851

Total net assets acquired	330,684
Goodwill	236,220
Total consideration	\$ 566,904

The results of operations of RideNow from the Closing Date are included in the accompanying Condensed Consolidated Financial Statements. Acquisition related costs of \$1,558 and \$3,515 were incurred during the three and nine-months ended September 30, 2021, respectively, and are included in Selling, General and Administrative expenses in the Condensed Consolidated Statements of Operations. In addition, the Company elected to accelerate the vesting of restricted stock units ("RSUs") and grant other stock awards in connection with the RideNow Transaction. The total value of these awards is \$23,943 and is reported as stock-based compensation and other issuances in the Condensed Consolidated Statement of Operations.

Supplemental Pro Forma Information

The following supplemental pro forma information presents the financial results as if the RideNow Transaction was completed as of January 1, 2020 for the three and nine-months ended September 30, 2021 and September 30, 2020. Pro forma net income for the three and nine-months ended September 30, 2021, includes the tax benefit of \$10,681 reported in the Condensed Consolidated Statements of Operations.

10

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Pro forma total revenue	\$ 384,724	\$ 337,001	\$ 1,148,597	\$ 1,015,260
Pro forma net income	\$ (6,045)	\$ 9,703	\$ 50,524	\$ 11,102
Net income per share-basic	\$ (0.45)	\$ 0.81	\$ 3.91	\$ 0.93
Weighted average number of shares-basic	13,305,416	11,960,127	12,915,495	11,886,326
Net income per share-fully diluted	\$ (0.45)	\$ 0.81	\$ 3.86	\$ 0.93
Weighted average number of shares-fully diluted	13,305,416	11,960,127	13,083,502	11,886,326

Pro forma adjustments for the three and nine-months ended September 30, 2021, primarily include:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Stock compensation and other administrative costs	\$ 179	\$ 275	\$ 745	\$ 758
Depreciation and amortization	\$ 1,229	\$ 1,844	\$ 4,918	\$ 5,532
Interest expense and amortization of debt discount	\$ 5,563	\$ 8,319	\$ 22,345	\$ 25,185
Income tax provision	\$ (5,575)	\$ 3,234	\$ 13,281	\$ 3,701

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Contracts in transit	\$ 9,218	\$ —
Trade receivables	24,701	8,859
Factory receivables ¹	3,637	—
Finance receivables ²	4,972	2,118
	42,528	10,977
Less: allowance for doubtful accounts	411	1,569
	\$ 42,117	\$ 9,408

¹ Factory receivables represent amounts due primarily from manufacturer for holdbacks, rebates, co-op advertising, warranty and supplier returns.

² Finance receivables originated in connection with the Company's vehicle sales are held for sale and are subsequently sold.

NOTE 5 – INVENTORY

Inventory consists of the following as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
New Vehicles	\$ 53,975	\$ —
Pre-owned vehicles:		
Powersport vehicles	67,843	1,870
Automobiles and trucks	27,185	19,490
Parts, accessories and other	22,452	—
	\$ 171,455	\$ 21,360

Floor plan notes payable as of September 30, 2021 and December 31, 2020 were as follows:

	September 30, 2021	December 31, 2020
Floor plan notes payable - trade	\$ 21,350	\$ —
Floor plan notes payable - non-trade	65,825	17,812

Floor plan notes payable	\$ 87,175	\$ 17,812
--------------------------	-----------	-----------

Floor plan notes payable-trade reflects amounts borrowed to finance the purchase of specific new and, to a lesser extent, used vehicle inventory with corresponding manufacturers' captive finance subsidiaries ("trade lenders"). Floor plan payable-non-trade represents amounts borrowed to finance the purchase of specific new and used vehicle inventories with non-trade lenders. Changes in floor plan notes payable-trade are reported as operating cash flows and changes in floor plan payable-non-trade are reported as financing cash flows in the accompanying Combined Statements of Cash Flows.

New inventory costs are generally reduced by manufacturer holdbacks, incentives, floor plan assistance, and non-reimbursement-based manufacturer advertising rebates, while the related vehicle floor plan payables are reflective of the gross cost of the vehicle. The vehicle floor plan payables, as shown in the above table, will generally also be higher than the inventory cost due to the timing of the sale of a vehicle and payment of the related liability. Vehicle floor plan facilities are due on demand, but in the case of new vehicle inventories, are generally paid within several business days after the related vehicles are sold. Vehicle floor plan facilities are primarily collateralized by vehicle inventories and related receivables.

New vehicle floor plan facilities generally utilize LIBOR or ADB (Average Daily Balance)-based interest rates, which generally ranged between 5.0% and 7.0% as of September 30, 2021. Used vehicle floor plan facilities generally utilize prime, LIBOR or ADB-based interest rates, which ranged between 4.75% and 8.0% as of September 30, 2021. The aggregate capacity to finance our inventory under the new and used vehicle floor plan facilities was \$217,717 as of September 30, 2021.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

The following table summarizes property and equipment, net of accumulated depreciation and amortization as of September 30, 2021, and December 31, 2020:

	September 30, 2021	December 31, 2020
Buildings and improvements	\$ 40,908	\$ —
Leasehold Improvements	6,689	321
Equipment	4,832	—
Furniture and fixtures	297	191
Technology development	12,274	11,008
Vehicles	1,418	241
Total property and equipment	66,418	11,761
Less: accumulated depreciation and amortization	7,489	5,240
Total	\$ 58,929	\$ 6,521

Amortization and depreciation on Property and Equipment is determined on a straight-line basis over the estimated useful lives ranging from three to five years.

As of September 30, 2021, capitalized technology development costs were \$12,066 and capitalized software costs were \$208. Total technology development costs incurred for the three and nine-months ended September 30, 2021 was \$1,008 and \$2,706, respectively, of which \$360 and \$1,266, respectively was capitalized and \$648 and \$1,441, respectively, was charged to expense in the accompanying Condensed Consolidated Statements of Operations. Depreciation expense for the three and nine-months ended September 30, 2021 was \$689 and \$1,920, respectively, which included the amortization of capitalized technology development costs of \$592 and \$1,710, respectively. Total technology development costs incurred for the three and nine-months ended-months ended September 30, 2020 was \$1,164 and \$2,635, respectively, of which \$984 and \$1,598, respectively, was capitalized and \$180 and \$1,037 respectively, was charged to expense in the accompanying Condensed Consolidated Statements of Operations. Depreciation expense for the three and nine-months ended-month periods ended September 30, 2020 was \$536 and \$1,568, respectively, which included the amortization of capitalized technology development costs of \$477 and \$1,367, respectively.

NOTE 7 – INTANGIBLE ASSETS AND GOODWILL

The following is a summary of the carrying amounts of goodwill, franchise rights and other intangible assets as of September 30, 2021 and December 31, 2020.

	September 30, 2021	December 31, 2020
Goodwill	\$ 263,107	\$ 26,887
Other Intangible Assets		
Franchise rights - indefinite life	\$ 282,000	\$ —
Other intangibles	22,175	46
	304,175	46
Less accumulated amortization	615	—
Intangible assets, net	\$ 303,560	\$ 46

The Company evaluates intangible assets for impairment at least annually, or when triggering events occur. No triggering events were noted as of September 30, 2021.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following table summarizes accounts payable and other accrued liabilities as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Accounts Payable	\$ 8,165	\$ 8,168
Accrued Interest	2,977	1,486
Operating lease liability-current portion	7,435	1,630
Financing lease liability-current portion	345	—
Accrued Payroll	22,674	1,080
Customer deposits	5,449	—
State and local taxes	6,591	856
Professional fees	6,969	112
Other accrued expenses	12,779	861
Total	<u>\$ 73,384</u>	<u>\$ 14,193</u>

NOTE 9 – NOTES PAYABLE

Notes payable consisted of the following as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Term Loan Credit Agreement dated August 31, 2021. Amortization payments are required quarterly commencing in the quarter ending December 31, 2021. The Initial Loan Term Facility matures on August 31, 2026. The interest rate as of September 30, 2021 was 9.25%.	\$ 252,777	\$ —
Term Loan Credit Agreement-NextGen dated February 8, 2017. Interest payable semi-annually at 6.5% through February 9, 2019 and 8.5% through February 10, 2020 and 10.0% thereafter through maturity, which was January 31, 2021.	—	833
Notes payable-private placement dated March 31, 2017. Interest payable semi-annually at 8.5% through September 30, 2020 and 10.0% thereafter through maturity, which was June 30, 2021	—	669
Line of Credit- RumbleOn Finance. Line of credit secured by the loans and other assets of RumbleOn Finance, LLC. Interest rate as of September 30, 2021 was 7.25%. Principal and interest is payable on demand.	—	889
Unsecured note payable to P&D Motorcycles in the original amount of \$1,724 with interest rate of 4% through maturity which is July 1, 2022.	1,073	—
Unsecured notes payable to RideNow Management, LLLP, a related party through equal ownership by two directors; monthly principal payments ranging from \$7 to \$13; interest accruing at rates ranging from LIBOR+.6% to LIBOR+1.3%.	1,033	—
Notes payable-PPP Loans dated May 1, 2020. Payments of principal and interest at 1% were deferred until September 1, 2021, at which time the Company will make equal payments of principal and interest through maturity, which is April 1, 2025.	4,612	5,177
Total notes payable and lines of credit	259,495	7,568
Less: Current portion	6,151	2,877
Long-term debt, net of current portion	<u>\$ 253,344</u>	<u>\$ 4,691</u>

Term Loan Credit Agreement

On the Closing Date, the Company entered into the Oaktree Credit Agreement among the Company, as borrower, the lenders party thereto, and Oaktree Fund Administration, LLC, as administrative agent and collateral agent (the "Administrative Agent"). The Oaktree Credit Agreement provides for secured credit facilities in the form of a \$280,000 principal amount of initial term loans (the "Initial Term Loan Facility") and a \$120,000 in aggregate principal amount of delayed draw term loans (the "Delayed Draw Term Loans Facility," and together with the Initial Term Loan Facility, the "Oaktree Credit Facility"). The proceeds from the Initial Term Loan Facility, together with cash on hand, and the proceeds from the August 2021 Offering were used to (i) consummate the RideNow Transaction and (ii) pay fees, expenses and other items related to the consummation of the RideNow Transaction, the August 2021 Offering and to provide for working capital. The proceeds from the Delayed Draw Term Loans Facility, if drawn, will be used to finance acquisitions permitted by the Oaktree Credit Agreement and similar investments or "earn-outs" entered into in connection with acquisitions and to pay fees and expenses relating thereto. Loans under the Delayed Draw Term Loans Facility are subject to customary conditions precedent for facilities of this type including the need to meet certain financial tests and become available six (6) months after the Closing Date and are unavailable to be drawn after the eighteen (18) month anniversary of the Closing Date. The Oaktree Credit Facility also provides for incremental draws for up to an additional \$100,000 in accordance with the terms set forth in the Oaktree Credit Agreement, which may be used for acquisitions or working capital.

The loan is reported on the balance sheet as senior secured debt and was recorded net of debt discount of \$27,223. The debt discount includes the warrant for \$10,950 that was previously recorded as a deferred finance charge. See Note 11-Stockholders' Equity for a more detailed discussion of the warrant. The debt discount also includes fees incurred in from our investment bankers and other debt issuance expenses. Borrowings under the Oaktree Credit Facility bear interest at a rate per annum equal, at the Company's option, to either (a) LIBOR (with a floor of 1.00%), plus an applicable margin of 8.25% or (b) a fluctuating adjusted base rate in effect from time to time, plus an applicable margin of 7.25%. At the Company's option, one percent (1.00%) of such interest may be payable in kind. The interest rate as of September 30, 2021 was 9.25%. Interest expense for the three and nine-months ended September 2021 was \$2,666, which included debt amortization of \$509.

The Oaktree Credit Agreement contains affirmative and negative covenants customary for facilities of its type which, among other things, generally limit (with certain exceptions including those for permitted acquisitions and floor plan financing): mergers, amalgamations or consolidations; the incurrence of additional indebtedness (including guarantees); the incurrence of additional liens; the sale, license, lease, transfer or other disposition of assets; certain investments; transactions with affiliates; payments of certain indebtedness; and other activities customarily restricted in such agreements. Beginning in the first full calendar quarter after the Closing Date, the Credit Agreement requires that (i) Consolidated Total Net Leverage Ratio not be greater than 4.25 to 1.00; (ii) Consolidated Senior Secured Net Leverage Ratio not be greater than 3.75 to 1.00, and (iii) its Liquidity not be less than \$25,000 (each term as defined in the Oaktree Credit Agreement).

On the last business day of each calendar quarter, beginning with the first full fiscal quarter ending after the Closing Date (or with regard to the Delayed Draw Term Loans Facility, beginning with the first full fiscal quarter ending after the applicable funding dates), the Company is required to make amortization payments in an aggregate principal amount equal to 0.25% of the aggregate principal amount of the Initial Term Loan Facility (or with regard to the Delayed Draw Term Loans Facility funded on the applicable funding date). Borrowings under the Oaktree Credit Facility mature five (5) years after the Closing Date.

The Company is permitted to make voluntary prepayments of the loans and is obligated to make mandatory prepayments with regard to excess cash flow and out of the proceeds of certain asset sales and other recovery events and debt and certain equity issuances. Optional prepayments, mandatory prepayments out of the proceeds of debt and certain equity issuances, or an acceleration of the loans following an event of default will subject the Company to payment of certain fees, as defined in the Oaktree Credit Agreement, if such acceleration occurs on or before the thirty-six (36) month anniversary of the Closing Date.

Obligations under the Oaktree Credit Agreement are secured by a first-priority lien on substantially all of the assets of the Company and its wholly owned subsidiaries (the "Subsidiary Guarantors") although certain assets of the Company and Subsidiary Guarantors are subject to a first-priority lien in favor of floor plan lenders, and such liens and priority are subject to certain other exceptions. The Subsidiary Guarantors also guarantee the obligations of the Company under the Oaktree Credit Agreement.

The Oaktree Credit Agreement contains customary events of default for facilities of this type. If an event of default under the Oaktree Credit Agreement occurs and is continuing, the commitments to make available the Delayed Draw Term Loan Facility may be terminated and the principal amount outstanding under the Oaktree Credit Agreement, together with all accrued and unpaid interest and other amounts owed thereunder, may be declared immediately due and payable.

Oaktree Warrant

In connection with providing the debt financing for the RideNow Transaction, and pursuant to the Commitment Letter executed on March 15, 2021, the Company issued warrants to purchase \$40,000 shares of Class B common stock to Oaktree Capital Management, L.P. and its lender affiliates (the "Oaktree Warrants"). In connection with the August 2021 Offering, the exercise price of the Warrants was set at \$33.00 per share and the aggregate number of shares of Class B common stock underlying the Oaktree Warrants was set at 1,212,121. The Oaktree Warrants are immediately exercisable on the Closing Date and expire eighteen (18) months after the Closing.

Line of Credit- RumbleOn Finance Facility

On June 23, 2020, RumbleOn Finance, LLC, a wholly owned subsidiary of the Company ("RumbleOn Finance"), entered into a loan agreement providing for up to \$2,500 in proceeds (the "ROF Facility") with CL Rider Finance, L.P. ("CL Rider"). In connection with the ROF Facility, RumbleOn Finance pledged its assets to CL Rider to secure the ROF Facility and executed a promissory note in favor of the CL Rider pursuant to which the ROF Facility will accrue interest at an initial rate not lower than 7% per annum. The ROF Facility is payable on demand by CL Rider. Interest expense on the ROF Facility for the three and nine-months ended September 30, 2021 was \$0 and \$71, respectively.

Notes Payable

NextGen

On February 8, 2017, in connection with the acquisition of NextGen, the Company issued a subordinated secured promissory note in favor of NextGen (which note was subsequently assigned to Halcyon in February 2018) in the amount of \$1,333. Halcyon was affiliated with Kartik Kakarala, a former director of the Company. Interest accrues and will be paid semi-annually (i) at a rate of 6.5% annually from the closing date through the second anniversary of such date; (ii) at a rate of 8.5% annually from the second anniversary of the closing date through February 10, 2020; and (iii) 10.0% thereafter through the maturity date. The Company's obligations under the NextGen Note are secured by substantially all the assets of NextGen Pro LLC ("NetGen Pro"), pursuant to an Unconditional Guaranty Agreement (the "Guaranty Agreement"), by and among NextGen and NextGen Pro, and a related Security Agreement between the parties, each dated as of February 8, 2017. As discussed below, the note was exchanged for a new note in January 2020, which extended the maturity date of the note until January 31, 2021. Interest expense on the NextGen Note for the three and nine-months ended September 30, 2021 was \$0 and \$7, respectively. Interest expenses on the NextGen Note for the three and nine-months ended September 30, 2020, was \$21 and \$66, respectively.

Private Placement

On March 31, 2017, the Company completed funding of the second tranche of the 2016 Private Placement. The investors were issued 58,096 shares of Class B common stock of the Company and promissory notes (the "Private Placement Notes") in the amount of \$667, in consideration of cancellation of loan agreements having an aggregate principal amount committed by the purchasers of \$1,350. The Private Placement Notes matured on January 31, 2021. Interest accrued at a rate of 6.5% annually from the closing date through the second anniversary of such date; at a rate of 8.5% annually from the second anniversary of the closing date through March 31, 2020; and at a rate of 10% thereafter through the Maturity Date. Based on the relative fair values attributed to the Class B common stock and promissory notes issued in the 2016 Private Placement, the Company recorded a debt discount on the promissory notes of \$667 with the corresponding amounts recorded as an addition to paid-in capital. The debt discount was fully amortized to interest expense at the scheduled maturity of the Private Placement Notes in January 2021 using the effective interest method. The effective interest rate at June 30, 2021 was 26.0%. Interest expense on the Private Placement Notes was \$0 and \$18, respectively for the three and nine months ended September 30, 2021. Interest expense for the three and nine-months ended September 30, 2020 was \$17 and \$125, respectively, which included debt discount amortization of \$0 and \$76, respectively. On January 31, 2021, a payment of \$371 was made on the Private Placement Note and the remaining balance of \$297 was extended through June 30, 2021. The Private Placement Notes were paid in full on July 1, 2021.

Exchange of Notes Payable

Certain of the Company's investors extended the maturity of currently outstanding promissory notes, and exchanged such notes for new notes (the "New Investor Notes"), pursuant to that certain Note Exchange Agreement, dated January 14, 2020 (the "Investor Note Exchange Agreement"), by and between the Company and each investor thereto, including Halcyon, such New Investor Note for an aggregate principal amount of \$833 (after taking account of a \$500 pay down of the previously outstanding Halcyon note), Blue Flame Capital, LLC ("Blue Flame"), an entity affiliated with Dennar Dixon, a director of the Company, such New Investor Note for an aggregate principal amount of \$99, and Mr. Dixon, individually, such New Investor Note for an aggregate principal amount of \$273. The Halcyon and Blue Flame outstanding principal plus accrued interest were paid in full on January 31, 2021. The remaining outstanding principal plus accrued interest of the New Investor Notes was paid in full on July 1, 2021.

Bridge Loan

On March 12, 2021, in anticipation of the RideNow Transaction, the Company and its subsidiary, NextGen Pro, executed a secured promissory note with BRF Finance Co., LLC ("BRF Finance"), an affiliate of B. Riley Securities, Inc., pursuant to which BRF Finance loaned the Company \$2,500 (the "Bridge Loan"). The Bridge Loan matures on the earlier of September 30, 2021 or upon the issuance of debt or equity above a threshold. The Bridge Loan plus accrued interest at 12% was paid in full on the Closing Date. Interest expense on the Bridge Loan for the three and nine-months ended September 30, 2021, was \$53 and \$147, respectively.

PPP Loans

On May 1, 2020, the Company, and its wholly owned subsidiaries Wholesale and Wholesale Express (together, the "Subsidiaries," and with the Company, the "Borrowers"), each entered into loan agreements and related promissory notes (the "SBA Loan Documents") to receive U.S. Small Business Administration Loans (the "SBA Loans") pursuant to the Paycheck Protection Program (the "PPP") established under the CARES Act, in the aggregate amount of \$5,177 (the "Loan Proceeds"). Pursuant to the terms of the SBA Loan Documents, the Borrowers can apply for and receive forgiveness for all, or a portion of the loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for certain permissible purposes as set forth in the PPP, including, but not limited to, payroll costs, mortgage interest, rent or utility costs (collectively, "Qualifying Expenses"), and on the maintenance of employee and compensation levels during a certain time period following the funding of the PPP Loans. In July, 2021, we applied to obtain forgiveness of the PPP Loans and received approval for the forgiveness totaling \$564 in September, 2021. The balance of the

PPP loans of \$4,612 is still under review by the SBA and the Company can provide no assurance that it will obtain forgiveness of this remaining balance in whole or in part. As of September 30, 2021, payments on this remaining loan balance commenced September 1, 2021 and the loans mature on April 25, 2025.

Interest expense on the PPP Notes for the three and nine-months ended September 30, 2021 was \$13 and \$39, respectively. Interest expense on the PPP Notes for the three and nine-months ended September 30, 2020 was \$12 and \$19 respectively.

NOTE 10 – CONVERTIBLE NOTES

As of September 30, 2021, the outstanding convertible promissory notes net of debt discount and issue costs are summarized as follows:

	September 30, 2021			December 31, 2020		
	Principal Amount	Debt Discount	Carrying Amount	Principal Amount	Debt Discount	Carrying Amount
Convertible senior notes	\$ 38,750	\$ 10,102	\$ 28,648	\$ 38,750	\$ 11,737	\$ 27,013
\$1,536 unsecured note	448	169	279	1,024	308	716
Total convertible notes	39,198	10,271	28,927	39,774	12,045	27,729
Less: Current portion	448	169	279	768	205	563
Convertible debt, net of current portion	\$ 38,750	\$ 10,102	\$ 28,648	\$ 39,006	\$ 11,840	\$ 27,166

Convertible Senior Notes

On May 9, 2019, the Company entered into a purchase agreement (the "Old Notes Purchase Agreement") with JMP Securities LLC ("JMP Securities") to issue and sell \$30,000 in aggregate principal amount of its 6.75% Convertible Senior Notes due 2024 (the "Old Notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") (the "2019 Note Offering"). On January 10, 2020, the Company entered into a Note Exchange and Subscription Agreement, as amended by a Joinder Agreement (together, the "New Note Purchase Agreement"), with the investors in the 2019 Note Offering, pursuant to which the Company agreed to complete (i) a note exchange pursuant to which \$30,000 of the Old Notes would be cancelled in exchange for a new series of 6.75% Convertible Senior Notes due 2025 (the "New Notes," and together with the Old Notes, the "Public Notes") and (ii) the issuance of additional New Notes in a private placement (the "2020 Note Offering"). On January 14, 2020, the Company closed the 2020 Note Offering. The proceeds for the 2020 Note Offering after deducting for payment of accrued interest on the Old Notes and offering-related expenses were approximately \$8,272.

The New Notes were issued pursuant to an Indenture (the "New Indenture"), by and between the Company and the Trustee. The New Notes bear interest at 6.75% per annum, payable semiannually on January 1 and July 1, beginning on July 1, 2020. The New Notes may bear additional interest under specified circumstances relating to the Company's failure to comply with its reporting obligations under the New Indenture or if the New Notes are not freely tradable as required by the New Indenture. The New Notes mature on January 1, 2025, unless earlier converted, redeemed, or repurchased pursuant to their terms.

The initial conversion rate of the New Notes is 25 shares of Class B common stock per \$1 principal amount of New Notes, which is equal to an initial conversion price of \$40.00 per share. The conversion rate is subject to adjustment in certain events as set forth in the New Indenture but will not be adjusted for any accrued and unpaid interest. In addition, upon the occurrence of a "make-whole fundamental change" (as defined in the New Indenture), the Company will, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elects to convert its New Notes in connection with such make-whole fundamental change. Before July 1, 2024, the New Notes will be convertible only under circumstances as described in the New Indenture. No adjustment to the conversion rate as a result of conversion or a make-whole fundamental change adjustment will result in a conversion rate greater than 62.0 shares per \$1 in principal amount.

The New Indenture contains a "blocker provision" which provides that no holder (other than the depository with respect to the notes) or beneficial owner of a New Note shall have the right to receive shares of the Class B common stock upon conversion to the extent that, following receipt of such shares, such holder or beneficial owner would be the beneficial owner of more than 4.99% of the outstanding shares of the Class B common stock.

The New Notes are not redeemable by the Company before January 14, 2023. The Company may redeem for cash all or any portion of the New Notes, at its option, on or after January 14, 2023 if the last reported sale price of the Class B common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the New Notes.

The New Notes rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the New Notes; equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of current or future subsidiaries of the Company (including trade payables).

The New Notes are subject to events of default typical for this type of instrument. If an event of default, other than an event of default in connection with certain events of bankruptcy, insolvency or reorganization of the Company or any significant subsidiary, occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding New Notes by notice to the Company and the Trustee, may declare 100% of the principal and accrued and unpaid interest, if any, on all the New Notes then outstanding to be due and payable.

As of September 30, 2021, the conditions allowing holders of the New Notes to convert have not been met and therefore the New Notes are not yet convertible.

The Company accounted for the exchange of the Old Notes and the issuance of the New Notes in accordance with the conversion guidance in ASC 470-20 "Debt – Debt with Conversion and Other Option" (ASC 470-20) and determined that the exchange of the Old Notes for the New Notes required derecognition of the Old Notes given that the difference in the fair value of the embedded conversion feature of the New Notes relative to the Old Notes was in excess of 10 percent of the Old Notes conversion feature fair value. In derecognizing the Old Notes, the Company recognized a gain of \$188 equal to difference between the fair value of the Old Notes liability immediately prior to extinguishment and the carrying amount of the liability component of the Old Notes, including any unamortized debt issuance costs. The remaining consideration of \$2,593 was allocated to the reacquisition of the equity component and recognized as a reduction of stockholder's equity.

The New Notes were accounted for in accordance with FASB ASC 470, *Debt* and ASC 815, *Derivatives and Hedging*, which required bifurcation of the liability and equity components. The Company determined the carrying amount of the liability component was \$25,280 and represents the present value of the New Notes cash flows using an implied discount rate of 18.7%, which is a yield applicable to similar debt instruments that do not have the conversion feature. After allocation of the initial proceeds to the liability components, the remaining amount was allocated to the equity component and recorded as additional paid in capital. The Company recorded \$13,529, in total debt discount related to the New Notes which included \$60 of debt issuance costs. The Company allocates transaction costs related to the issuance of the New Notes to the liability and equity components using the same proportions as the initial carrying value of the New Notes. The \$60 of transaction costs attributable to the debt component are being amortized to interest expense using the effective interest method over the term of the New Notes. Transaction costs attributable to the equity component were \$41 and are netted with the equity component of the New Notes in stockholders' equity. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. The Company further valued a derivative liability in connection with the interest make-whole provision at \$11 on the issuance date based on a lattice model. This amount was recorded as a debt discount and is amortized to interest expense over the term of the New Notes using the effective interest rate. The derivative liability is remeasured at each reporting date with an increase in value of \$7 and \$25 being recorded in change in derivative liability in the Condensed Consolidated Statement of Operations for the three and nine-months ended September 30, 2021, respectively. The value of the derivative liability as of September 30, 2021 was \$41.

The interest expense recognized with respect to the Convertible Notes was as follows:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Contractual interest expense	\$ 654	\$ 654	\$ 1,308	\$ 1,912
Amortization of debt discount	569	479	2,290	1,367
Total interest expense	\$ 1,223	\$ 1,133	\$ 3,598	\$ 3,279

Convertible Notes-Autosport USA

On February 3, 2019, in connection with the Autosport Acquisition, the Company issued a (i) \$500 Promissory Note and (ii) a \$1,536 Convertible Note in favor of the seller. The \$500 Promissory Note was repaid in full in 2020. The \$1,536 Convertible Note matures on January 31, 2022 and accrues interest at a rate of 6.5% per annum. Any interest and principal due under the Convertible Note is convertible into shares of the Company's Class B common stock at a conversion price of \$115.00 per share, (i) at the Seller's option, or (ii) at the Buyer's option, on any day that (a) any portion of the principal of the Convertible Note remains unpaid and (b) the weighted average trading price of the Company's Class B common stock on Nasdaq for the twenty (20) consecutive trading days preceding such day has exceeded \$140.00 per share. The maximum number of shares issuable pursuant to the Convertible Note is 2,449 shares of the Company's Class B common stock. Interest expense on the Convertible Note for the three and nine-months ended September 30, 2021 was \$51 which included \$37 of debt discount amortization as compared to interest expense of \$52 which included \$20 of debt discount amortization for the same periods of 2020.

NOTE 11 – STOCKHOLDER EQUITY

Share-Based Compensation

On June 30, 2017, the Company's shareholders approved a Stock Incentive Plan (as amended, the "Plan") allowing for the issuance of RSUs, stock options ("Options"), Performance Units, and other equity awards (collectively "Awards"). As of September 30, 2021, the number of shares authorized for issuance under the Plan was 2,700,000 shares of Class B common stock. To date, most RSU and Option awards are service/time based vested over a period of up to three years. The Company has also granted performance-based awards and market condition-based awards with vesting schedules that are typically dependent on achieving a particular objective within thirty-six months.

The Company estimates the fair value of awards granted under the Plan on the date of grant. In the case of time or service based RSU awards, the fair value is the price of the Class B common stock on the date of the award. Performance Awards use the share prices of the Class B common stock but the Company, both at grant and each subsequent quarter, considers whether to apply a discount to the fair value in situations where the Company believes there is risk that the relevant performance metrics may not be met. Options are calculated using the Black-Scholes option valuation model while market-condition based awards are estimated using a Monte Carlo simulation model as these awards are tied to a market condition. Both the Black-Scholes and Monte-Carlo simulations utilize multiple input variables to determine the probability of the Company's Class B stock price being at certain prices over certain time periods, resulting in an implied value to the holder.

In connection with the closing of the RideNow Transaction, the Company accelerated all the outstanding RSU awards for all participants and waived certain market-based share price hurdles for all market-based awards. This waiver was accounted for as a modification of the awards. The fair value of the awards was remeasured as of effective date of the waiver, and the change in fair value was fully expensed given the concurrent delivery of such shares. In addition, in connection with the execution of the executive employment agreements entered into with each Messrs. Chesrown, Coulter, Levy, and Tkach, (the "Executive Employment Agreements"), Messrs. Coulter and Tkach were granted service-based RSUs and market based awards were granted to each of Messrs. Chesrown, Coulter, Tkach, and Levy. The cost of the acceleration of these RSU awards and other stock issuances of \$23,943 has been reported in the Condensed Consolidated Statement of Operations for the three and nine-months ended September 30, 2021 as stock-based compensation and other issuances.

On September 30, 2021, the Audit Committee approved the issuance of 154,731 shares of the Company's Class B common stock as a gift of a death benefit to the estate of Mr. Berrard, or as instructed by the estate of Mr. Berrard. Mr. Berrard was one of the Company's founders. Also, on August 30, 2021, the Audit Committee approved a gift of a death benefit to the estate of Mr. Berrard, or as instructed by the estate of Mr. Berrard, in an amount equal to (1) \$1,500, which shall be paid in equal weekly installments beginning October 1, 2021 and ending June 30, 2024 and (2) the cash bonus paid to the Company's Chief Executive Officer each quarter over the same period ending June 30, 2024, if and when paid to the Chief Executive Officer in accordance with the Company's Executive Incentive Program. The Company accrued the liability for approximately \$1,300 during the three-months ended September 30, 2021.

We generally expense the grant-date fair value of all awards on a straight-line basis over the vesting period. However, the acceleration of awards as described above resulted in the awards being expensed in the three-months ended September 30, 2021. The following table reflects the stock-based compensation for the three and nine-months ended September 30, 2021 and September 30, 2020.

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Restricted Stock Units	\$ 24,722	\$ 847	\$ 27,142	\$ 2,379

Options	8	15	23	46
Total stock-based compensation	\$ 24,730	\$ 862	\$ 27,165	\$ 2,425

As of September 30, 2021, there are 2,551 Options and 524,578 RSUs outstanding. The total unrecognized compensation expense related to outstanding equity awards was approximately \$2,955, which the Company expects to recognize over a weighted-average period of approximately 35 months.

January 2020 Offering

On January 14, 2020, the Company closed its public offering of 1,035,000 shares of Class B common stock at a price to the public of \$11.40 per share ("2020 Public Offering"), which included the full exercise of the underwriter's option to purchase an additional 135,000 shares from RumbleOn. The Company raised approximately \$10,780 in net proceeds for working capital and general corporate purposes.

Reverse Stock Split

On May 18, 2020, the Company filed a Certificate of Change to the Company's Articles of Incorporation with the Secretary of State of the State of Nevada to effect a one-for-twenty reverse stock split of its issued and outstanding Class A common stock and Class B common stock (the "Reverse Stock Split"). The Reverse Stock Split was effective at 12:01 a.m., Eastern Time, on May 20, 2020. No fractional shares were issued as a result of the Reverse Stock Split. There was a 7,131 fractional share adjustment as a result of rounding up to the nearest whole share in connection with the Reverse Stock Split. The authorized preferred stock of the Company was not impacted by the Reverse Stock Split. The Company has retrospectively adjusted the per share and share amounts included in this Quarterly Report on Form 10-Q for the Reverse Stock Split.

April 2021 Offering

On April 8, 2021, the Company closed its public offering of 1,048,998 shares of Class B common stock at a price to the public of \$38.00 per share (the "April 2021 Offering"). The Company raised approximately \$36,797 in net proceeds for working capital and general corporate purposes.

August 2021 Offering

On August 31, 2021, the Company closed its the August 2021 Offering of 5,053,029 shares of Class B common stock at a price to the public of \$33.00 per share, which included the full exercise of the underwriter's option to purchase an additional 659,090 shares from RumbleOn. The Company raised approximately \$154,443 in net proceeds for the RideNow Transaction and for working capital.

Warrant

At inception of the Commitment Letter, the Company accounted for the Oaktree Warrant as a liability with the initial offset as a deferred financing charge as the Oaktree Warrant was issued in lieu of a commitment fee connected to the debt financing of the RideNow Transaction. The initial warrant liability and deferred financing charge recognized was \$10,950. The warrant liability was subject to remeasurement at each balance sheet date and any change in fair value was recognized as a component of change in derivative liability in the Condensed Consolidated Statements of Operations. The fair value of the Warrant was estimated using a Monte Carlo simulation based on a combination of level 1 and level 2 inputs. There was no gain or loss recorded related to the Warrant liability during the three-months ended March 31, 2021 as there was no significant changes in the fair value between March 12, 2021 and March 31, 2021. For the three months ended June 30, 2021, the fair value of the warrant liability was increased \$2,224 to \$13,174. On August 31, 2021, the fair value of the warrant liability was increased \$6,526 to \$19,700. Upon closing of the RideNow Transaction, the Oaktree Under ASC 815-40, warrants were considered equity linked contracts indexed to RumbleOn's stock and therefore met the equity classification guidance. As a result, the \$19,700 was reclassified to additional paid-in-capital. The \$10,950 deferred financing charge was reclassified as part of the debt discount related to the Oaktree Credit Agreement. The recognition of the warrant liability and deferred financing charge and the reclassification of the warrant liability to additional paid-in-capital and the reclassification of the deferred financing charge to debt discount are non-cash items.

NOTE 12 – SELLING, GENERAL AND ADMINISTRATIVE

The following table summarizes the detail of selling, general and administrative expense for the three and nine-months ended September 30, 2021 and September 30, 2020:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Compensation and related costs	\$ 12,669	\$ 7,169	\$ 26,983	\$ 20,496
Advertising and marketing	4,241	840	7,799	4,330
Technology development and software	686	180	1,513	1,037
Facilities cost	3,576	751	4,774	1,718
General and administrative	16,392	4,339	28,008	14,929
	<u>\$ 37,564</u>	<u>\$ 13,279</u>	<u>\$ 69,077</u>	<u>\$ 42,510</u>

NOTE 13 – LOSS CONTINGENCIES AND INSURANCE RECOVERIES

On March 3, 2020, a severe tomado struck the greater Nashville area (the "Nashville Tornado") causing significant damage to the Company's facilities including property and equipment and other contents and inventory held for sale. The Company maintains insurance coverage for damage to its facilities and inventory, as well as business interruption insurance. The loss was comprised of three components: (1) inventory loss, assessed by the insurance carrier at approximately \$13,000; (2) building and personal property loss, primarily impacting our leased facilities, assessed by the insurance carrier at \$2,783; and (3) loss of business income, for which the company has coverage in the amount of \$6,000.

All three components of the Company's loss claim have been submitted to its insurers. The Company's inventory claim is subject to a dispute with the carrier as to the applicable policy limits applicable to the loss; however, the insurer has paid \$5,615 in July 2020 and \$3,135 in July 2021. Therefore, the total payments received thus far against the final settlement are \$8,750. The insurer has agreed to pay \$2,778 on the building and personal property loss, reflecting limits of \$2,783, net of a \$5 deductible. The insurer has made an interim payment on the building and personal property loss of \$2,270 to the landlord. The loss of business income claim is ongoing and remains in the process of negotiation, however, the insurer has advanced \$250 against the final settlement. The Company believes there will be a recovery of all three loss components, however no assurance can be

given regarding the amounts, if any, that will be ultimately recovered or when any such recoveries will be made.

As a result of the damage caused by the Nashville Tornado, the Company concluded that the utility of the inventory damaged by the storm was impaired as a result of physical damage sustained. Whether the impairment is caused by physical destruction or an adverse change in the utility of the inventory, entities should assess whether an inventory impairment or write-off is required in accordance with ASC 330-10-35-1 through 35-11, which address adjustments of inventory balances to the lower of cost or market and requires that when there is evidence that the utility of goods will be less than cost, the difference is recognized as a loss of the current period. For the nine-months ended September 30, 2020, the Company recorded an impairment loss on inventory of \$11,738 comprised of \$4,454 for vehicles that were a total loss and \$7,285 in loss in value for vehicles partially damaged and subject to repair. The impairment loss is reported in cost of revenue in the September 30, 2020 Condensed Consolidated statements of operations. Additionally, \$178 of the net book value of the property and equipment destroyed by the Nashville Tornado was expensed.

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

The following table includes supplemental cash flow information, including noncash investing and financing activity for the nine-months ended September 30, 2021 and 2020:

	Nine-Months Ended September 30,	
	2021	2020
Cash paid for interest	\$ 3,553	\$ 3,615

The following table provides a reconciliation of cash and restricted cash reported within the accompanying Condensed Consolidated balance sheets that sum to the total of the same amounts shown in the accompanying Condensed Consolidated statements of cash flows as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Cash	\$ 68,268	\$ 1,467
Restricted cash (1)	3,049	2,049
Total cash, and restricted cash	\$ 71,317	\$ 3,516

(1) Amounts included in restricted cash represent the deposits required under the Company's debt financings.

NOTE 15 – INCOME TAXES

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted in response to the Covid-19 pandemic. The Company does not expect the provisions of the legislation to have a significant impact on the effective tax rate or income tax payable and deferred income tax positions of the Company.

As of December 31, 2020, the Company provided a full valuation allowance on the net deferred tax assets of \$23,744. On a quarterly basis, management assesses the recovery of its deferred tax assets by considering whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. As a result of the RideNow Transaction, management anticipates that the Company will have taxable income in 2022 and future years, and undertook an in-depth IRS Code Section 382 Ownership Change Analysis to determine what limitations exist on the utilization of Federal and state net operating loss carryforwards. Based on this analysis, management has concluded that a valuation allowance of \$12,000 should be provided as of September 30, 2021.

The components of the income tax provision from continuing operations for the three and nine-months ended September 30, 2021 and September 30, 2020 are as follows:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Current				
Federal	\$ —	\$ —	\$ —	\$ —
State	288	—	288	—
Total current income tax benefit	288	—	288	—
Deferred				
Federal	(10,756)	—	(10,756)	—
State	(213)	—	(213)	—
Total deferred income tax benefit	(10,969)	—	(10,969)	—
Income tax benefit	\$ (10,681)	\$ —	\$ (10,681)	\$ —

A reconciliation of the statutory U.S. Federal income tax rate to the Company's effective income tax rate for the nine-months ended September 30, 2021 and the year ended December 31, 2020 is set forth below.

	September 30, 2021	December 31, 2020
U.S. Federal statutory rate	21.0%	21.0%
State and local, net of Federal benefit	3.3%	5.0%
Permanent & other differences	(16.3)%	(1.4)%
Valuation allowance	18.0%	(24.6)%
Effective tax rate	26.0%	—%

Deferred income taxes reflected on the balance sheet as of September 30, 2021 and December 31, 2020, reflect the net tax effect of temporary differences between amounts recorded for financial reporting purposes and amounts used for tax purposes. These differences are summarized below.

	September 30, 2021	December 31, 2020
Deferred tax assets		
Net operating loss carryforward	\$ 26,449	\$ 21,495
Business interest carryforward	2,586	1,651
Stock-based compensation	11	518
Accounts receivable allowance	118	362
Lease liabilities	22,987	1,569
Inventory reserve	5	27
Basis difference in goodwill	965	352
Accrued liabilities	116	123
Property and equipment	—	373
Total deferred tax assets	53,237	26,470
Deferred tax liabilities		
Basis difference in property and equipment	6,609	—
Franchise rights	28,048	—
Other intangible assets	2,200	—
Right-of-use assets	22,790	1,478
Debt issuance costs amortization	1,169	1,248
Total deferred tax liabilities	60,816	2,726
Net deferred tax asset (liability) before valuation allowance	(7,579)	23,744
Valuation allowance	(12,000)	(23,744)
Net deferred income tax liabilities	\$ (19,579)	\$ —

NOTE 16 – LOSS PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average common shares and common share equivalents outstanding during the period. The diluted earnings per share attributable to common stockholders is computed giving effect to all potential dilutive common stock equivalents outstanding for the period. For purposes of this calculation, 524,578 of RSUs, 2,551 of stock options, 1,212,121 of Oaktree Warrants to purchase shares of Class B common stock, 16,531 of other warrants and 982,107 shares of Class B common stock issuable in connection with convertible debt are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as the effect is antidilutive.

The Company applies the two-class method of calculating earnings per share, but as the rights of the Series B Non-Voting Convertible Preferred Stock and Class A and Class B common stock are identical, except in respect of voting, basic and diluted earnings per share are the same for all classes. Weighted average number of shares outstanding of Class A common stock, Class B common stock, and Series B Preferred for the three and nine months ended September 30, 2021 were 50,000, 6,889,708 and 0 and 50,000, 4,128,932 and 0, respectively.

NOTE 17 – RELATED PARTY TRANSACTIONS

Promissory Notes

As of December 31, 2020, the Company had promissory notes of \$371 and accrued interest of \$9 due to Blue Flame Capital, LLC ("Blue Flame"), an entity controlled by a Denmark Dixon, a director of the Company. The promissory notes were issued in connection with the completion of the 2016 Private Placement on March 31, 2017 and exchanged in January 2020 for New Investor Notes. The Blue Flame Notes plus accrued interest were paid in full on January 31, 2021. Interest expense on the promissory notes for the three and nine-months ended September 30, 2021, and 2020 was \$3 and \$92, respectively, which included debt discount amortization of \$0 and \$42, respectively. The interest was charged to interest expense in the Condensed Consolidated Statements of Operations.

August 2021 Offering

On August 31, 2021, we completed the August 2021 Offering. Denmark Dixon, a director of the Company, purchased an aggregate of 13,636 shares of Class B common stock in the Offering at the public price of \$33.00 per share.

RideNow Leases

In connection with the RideNow Transaction, the Company entered into related party leases for 24 properties consisting of dealerships and offices. Each related party lease is with a wholly owned subsidiary of the Company as the tenant and an entity controlled by William Coulter and/or Mark Tkach, each a director and executive officer of the Company, as the landlord. The initial aggregate base rent payment for all 24 leases is approximately \$1,229 per month, and each lease commenced a new 20-year term on September 1, 2021, with each lease containing annual 2% increases on base rent. The Company is still in the process of finalizing its purchase price allocation and related fair values of assets and liabilities, including the RideNow leases.

RideNow Reinsurance Products

Each of the operating entities owned by the Company that own retail powersport stores which sell motorcycles and various off-road vehicles also sell extended service contracts, prepaid maintenance, "GAP insurance," theft protection and tire and wheel products on their vehicles. These products sold to customers of these stores are offered by RPM One ("RPM"), which is an after-market third-party provider of these products commonly used in the industry. A affiliate reinsurance companies controlled by and owned primarily by William Coulter and/or Mark Tkach participate in the underwriting profits of these RPM products. The sales representatives employed by these operating companies are incentivized to offer the products sold by RPM. The total amount generated by these affiliate companies attributable to the ownership interests of Mr. Coulter and Mr. Tkach

was approximately \$7,000 in 2019 and approximately \$8,400 in 2020. The Audit Committee of the Board of Directors (the "Board") of the Company (the "Audit Committee") is in the process of reviewing the terms and rates of these entities.

Notes Payable to RideNow Management, LLLP

The Company has notes payable to RideNow Management, LLLP, a entity owned equally by two directors of \$1,033.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

We determine whether an arrangement is a lease at inception and whether such leases are operating or financing leases. For each lease agreement, the Company determines its lease term as the non-cancellable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option. We use these options in determining our capitalized financing and right-of-use assets and lease liabilities. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. To determine the discount rate to use in determining the present value of the lease payments, we use the rate implicit in the lease if determinable, otherwise we use our incremental borrowing rate.

The following table reflects the balance sheet presentation of our lease assets and liabilities:

Leases	Classification	September 30, 2021	December 31, 2020
Assets:			
Operating	Right of use assets	\$ 92,944	\$ 5,690
Finance	Property and equipment, net	40,738	—
Total right-of-use assets		<u>\$ 133,682</u>	<u>\$ 5,690</u>
Liabilities:			
Current			
Operating	Accounts payable and accrued liabilities	\$ 7,435	\$ 1,630
Finance	Accounts payable and accrued liabilities	345	—
Non-Current			
Operating	Long-term portion of operating lease liabilities	85,965	4,370
Finance	Long-term portion of financing lease liabilities	40,591	—
Total lease liabilities		<u>\$ 134,336</u>	<u>\$ 6,000</u>

Operating lease expense is recognized on a straight-line basis over the lease term. Total operating lease expenses for the three and nine-months ended September 30, 2021 and 2020 are provided in the table below.

The weighted-average remaining lease term and discount rate for the Company's operating and financing leases are as follows:

	September 30, 2021
Weighted average lease term-operating leases	9.0 years
Weighted average lease term-finance leases	20.0 years
Weighted average discount rate-operating leases	9.5%
Weighted average discount rate-finance leases	15.0%

The following table provides information related to the lease costs of finance and operating leases for three and nine-month periods ended September 30, 2021 and September 30, 2020:

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2021	2020	2021	2020
Operating lease cost	\$ 2,364	\$ 763	\$ 3,544	\$ 1,627
Finance lease costs:				
Amortization of ROU assets	170	—	170	—
Interest on lease liabilities	511	—	511	—
Total lease cost	<u>\$ 3,045</u>	<u>\$ 763</u>	<u>\$ 4,225</u>	<u>\$ 1,627</u>

Supplemental cash flow information related to operating leases for the nine-months ended September 30, 2021, is set forth below:

	September 30, 2021
Cash payments for operating leases	<u>\$ 487</u>

The following table summarizes the future minimum payments for operating and financing leases as of September 30, 2021, due in each year ending December 31,

Leases	Operating Leases	Financing Leases
2021	\$ 4,434	\$ 1,452
2022	17,710	5,848
2023	16,868	5,965
2024	16,090	6,085
2025	14,023	6,206
Thereafter	181,073	115,277
Total lease payments	250,198	140,833
Less imputed interest	(156,798)	(99,897)
Present value of lease liabilities	\$ 93,400	\$ 40,936

Legal Matters

From time to time, the Company is involved in various claims and legal actions that arise in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, as of September 30, 2021 and December 31, 2020, the Company does not believe that the ultimate resolution of any legal actions, either individually or in the aggregate, will have a material adverse effect on its financial position, results of operations, liquidity, and capital resources.

Future litigation may be necessary to defend the Company by determining the scope, enforceability and validity of third-party proprietary rights or to establish its own proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources, and other factors.

NOTE 19 – SEGMENT REPORTING

Business segments are defined as components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing operating performance. Our operations are organized by management into operating segments by line of business. We have determined that we have three reportable segments as defined in generally accepted accounting principles for segment reporting: (1) powersports, (2) automotive and (3) vehicle logistics and transportation. Our powersports segment consists of the sale of new and used powersports vehicles principally through retail and, to a lesser extent, through wholesale distribution channels. Our automotive segment consist of the distribution of pre-owned cars and trucks through wholesale distribution channels. Our vehicle logistics and transportation service segment provide nationwide automotive transportation services between dealerships and auctions. Our vehicle logistics and transportation service reportable segment has been determined to represent one operating segment and reporting unit.

The following table summarizes financial measures by which management allocates resources to its segments in each of our reportable segments and other key metrics.

	Powersports	Automotive	Vehicle Logistics and Transportation	Eliminations ⁽¹⁾	Total
Three-Months Ended September 30, 2021					
Total assets	\$ 1,189,868	\$ 443,084	\$ 14,210	\$ (635,310)	\$ 1,011,852
Revenue	105,547	105,298	11,597	(1,228)	221,214
Operating income (loss)	(27,524)	3,835	987	—	(22,702)
Depreciation and amortization	1,684	23	10	—	1,717
Interest expense	(4,073)	(503)	(1)	—	(4,577)
Change in derivative liability	(6,518)	—	—	—	(6,518)
Three-Months Ended September 30, 2020					
Total assets	48,784	41,284	10,518	(26,871)	73,715
Revenue	7,502	99,315	11,415	(975)	117,257
Operating income (loss)	(4,028)	6,246	771	—	2,989
Depreciation and amortization	506	28	2	—	536
Interest expense	(1,196)	(292)	—	—	(1,488)
Change in derivative liability	(14)	—	—	—	(14)
Nine-Months Ended September 30, 2021					
Total assets	1,189,868	443,084	14,210	(635,310)	1,011,852
Revenue	144,380	316,655	36,145	(3,357)	493,823
Operating income (loss)	(35,604)	8,234	2,613	—	(24,757)
Depreciation and amortization	2,855	76	17	—	2,948
Interest expense	(6,651)	(1,451)	(5)	—	(8,107)
Change in derivative liability	(8,774)	—	—	—	(8,774)
Nine-Months Ended September 30, 2020					
Total assets	48,784	41,284	10,518	(26,871)	73,715
Revenue	39,314	281,242	28,657	(3,465)	345,748
Operating income (loss)	(15,733)	(935)	2,153	—	(14,515)
Depreciation and amortization	1,450	111	6	—	1,567
Interest expense	(3,581)	(1,605)	(1)	—	(5,187)
Change in derivative liability	7	—	—	—	7
Gain on early extinguishment of debt	188	—	—	—	188

(1) Intercompany investment balances related to the acquisitions of RideNow, Wholesale and Wholesale Express, LLC ("Wholesale Express") and receivables and other

balances related to intercompany freight services of Wholesale Express are eliminated in the Condensed Consolidated Balance Sheets. Revenue and costs for these intercompany freight services have been eliminated in the Condensed Consolidated Statements of Operations.

NOTE 20 – SUBSEQUENT EVENTS

On November 8, 2021, the Company entered into a Membership Interest Purchase Agreement (the "Freedom Agreement") with the Sellers (as defined in the Freedom Agreement), Freedom Powersports Real Estate LLC ("FPS-RE"), and Trinity Private Equity Group, LLC, as the representative of the Sellers.

The Agreement provides that the Company will acquire 100% of the equity in the Acquired Companies (as defined in the Freedom Agreement) in exchange for proceeds, net of approximately \$27,780 in mortgage debt at FPS-RE to be assumed or refinanced by RumbleOn, of approximately \$100,000 (the "Net Proceeds") through a combination of cash (the "Cash Consideration") and up to 30% of the Net Proceeds in shares of the Company's Class B common stock (the "Share Consideration") to be valued at the 10-day VWAP (as defined in the Agreement) before closing. Ten percent (10%) of the Cash Consideration and ten percent (10%) of the Share Consideration and an additional \$500 will be escrowed at the closing and will be released to Sellers in accordance with the terms of the Freedom Agreement. The Company does not anticipate raising additional equity capital to finance the Cash Consideration.

Each of the Company and the Sellers has provided customary representations, warranties, and covenants in the Agreement. The completion of the transaction is subject to various closing conditions, including the receipt of all manufacturer consents to the transaction.

Both the Company and the Sellers' Representative have the right to terminate the Freedom Agreement if the closing of the transaction does not occur on or before January 31, 2022, subject to rights of the parties to extend the termination date for up to three (3) consecutive periods of thirty (30) days, as set forth in the Agreement.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements, the accompanying notes, and the MD&A included in our most recent Annual Report on Form 10-K, as well as our Condensed Consolidated Financial Statements and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Form 10-Q").

Unless differences among reportable segments are material to an understanding of our business taken as a whole, we present the discussion in this MD&A on a consolidated basis. Terms not defined in this MD&A have the meanings ascribed to them in the Condensed Consolidated Financial Statements included in this Form 10-Q. All dollars are reported in thousands, except per share amounts and per unit amounts.

Organization

RumbleOn was incorporated in October 2013 under the laws of the State of Nevada as SmartServer, Inc. In 2016, following the acquisition of SmartServer by RumbleOn founders Marshall Chesrown and Steven Berrard, we changed our name to RumbleOn, Inc. Since that time, we have grown our business through organic development and strategic acquisitions into the first and only true omnichannel powersports retailer. Headquartered in the Dallas Metroplex, RumbleOn is revolutionizing the customer experience for outdoor enthusiasts across the country and making powersport vehicles accessible to more people, in more places than ever before.

Overview

RumbleOn is the nation's first technology-based omnichannel marketplace in powersports, leveraging proprietary technology to transform the powersports supply chain from acquisition of supply through distribution of retail and wholesale. RumbleOn provides an unparalleled technology suite and ecommerce experience, national footprint of physical locations, and full line manufacturer representation to transform the entire customer experience. Our goal is to integrate the best of both the physical and the digital, and make the transition between the two seamless.

We buy and sell new and used vehicles through multiple company-owned websites and affiliate channels, as well as via our proprietary cash offer tool and network of more than 40 company-owned retail distribution locations, primarily located in the Sunbelt. Deepening our presence in existing markets and expanding into new markets through strategic acquisitions helps perpetuate our flywheel. Our cash offer technology brings in high quality inventory, which attracts more riders and drives volume in used unit sales. This flywheel enables us to quickly and effectively gain market share. As a result of our growth to date, RumbleOn enjoys a leading, first-mover position in the highly fragmented \$100 billion+ powersports market.

RumbleOn's powersports business offers motorcycles, all-terrain vehicles, utility terrain vehicles, personal watercraft, and all other powersports products, parts, apparel, and accessories. Facilitating our platform, RumbleOn's retail distribution locations represent all major manufacturers ("OEMs"), including the OEMs and their representative brands, including those listed below.

RumbleOn's OEMs and Representative Brands

BMW Motorrad USA	Polaris
Bombardier Recreational Products	Scarab
Can-Am	Sea-Doo
Ducati	Ski-Doo
Harley-Davidson	Slingshot
Honda	Speed UTV
Indian	SSR Motorsports
Kawasaki	Suzuki
Kayo Sports	Timbersled
KTM	Triumph
Manitou	Yamaha

RumbleOn leverages technology and data to streamline operations, improve profitability, and drive lifetime engagement by offering a best-in-class customer experience with unmatched omnichannel capabilities. Our omnichannel platform offers consumers the fastest, easiest, and most transparent transactions available in powersports. RumbleOn customers have access to the most comprehensive powersports vehicle offering, including the ability to buy, sell, trade, and finance online, in store at any of our bricks-and-mortar locations, or both. RumbleOn offers financing solutions for consumers; trusted physical retail and service locations; online or in-store instant cash offers, and access to pre-owned inventory; apparel, parts, service, and accessories; vehicle transportation and logistics; and virtual inventory listings from third-party partner dealers through our dealer platform. In addition to our powersports operations, we also operate in complementary businesses including the brokerage of vehicle transportation and the wholesale automotive business.

Going forward we plan to accelerate our growth via strategic acquisitions of well-run dealerships, continued expansion of our fulfillment center network, and the development of value-added ancillary product and service offerings (both physical and online) that provide our customers the opportunity to engage with our brands wherever and however they like.

Outlook

The onset of the Covid-19 pandemic in 2020 and associated impacts on economic activity had adverse effects on our results of operations and financial condition during the nine months ended September 30, 2021 and September 30, 2020. The rebound of our business began during the six-month period ended December 31, 2020 with our gross profit per vehicle rising as dealers saw higher industry-wide market prices and margins. These trends, exacerbated by significantly lower new vehicle production due to manufacturing slowdowns, computer chip shortages, and logistic/transportation impacts continued through September 30, 2021 and we expect these conditions to continue through the fourth quarter of 2021 (collectively, the reduced production, increase in gross margin per vehicle, supply chain mechanics, and related items, referred to in this Form 10-Q as "Demand/Supply Imbalances"). The effect of these Demand/Supply Imbalances required that we adjust our inventory management to align with market conditions, resulting in lower levels of inventory and lower unit sales during the period. As the impact of Covid-19 and Demand/Supply Imbalances abate over time, we anticipate that inventory purchasing levels and revenue will increase as we increase penetration in existing markets and add new dealers. Additionally, we expect industry-wide increased gross margin per vehicle to return to historical levels. We must note, however, that we can provide no assurance as to how quickly the adverse impacts of Covid-19 and the Demand/Supply Imbalances on these market trends will abate or what impact this may have on our business, operation, or financial results.

KEY OPERATING METRICS

We regularly review a number of key operating metrics to evaluate our segments, measure our progress, and make operating decisions. Our key operating metrics reflect what we believe will be the primary drivers of our business, including increasing brand awareness, maximizing the opportunity to source vehicles from consumers and dealers, and enhancing the selection and timing of vehicles we make available for sale to our customers. Our key operating metrics also enhance management's ability to translate this information into sales through multiple sales channels. The Key Operations Metrics table below includes the results of the RideNow Entities exclusively for the month of September 2021. Please note that RideNow's July and August results are not reflected in the presentation below. The RideNow Entities have certain lines of business, including new vehicle sales, material finance and insurance revenue, and parts and service revenue, that RumbleOn did not have prior to the RideNow Transaction. As such increases in these line items are primarily the result of the RideNow Transaction and that most period-over-period metrics and results of operations comparisons (as opposed to per unit amounts) reflect the impact of the RideNow Transaction (the "Acquisition Effect").

Powersports and Automotive Segments

Revenue

Revenue is comprised of vehicle sales, finance and insurance products bundled with retail vehicle sales ("F&I"), and parts, service, and accessories/merchandise ("PSA"). We sell both new and pre-owned vehicles through retail and wholesale channels; automotive sales are almost exclusively via wholesale channels and therefore represent a very small portion of the F&I. These sales channels provide us the opportunity to maximize profitability through increased sales volume and lower average days to sale by selling through the channel where the opportunity is the greatest at any given time based on customer demand, market conditions or inventory availability. The number of vehicles sold to any given channel may vary from period to period. Subject to the lingering impact of Covid-19 and the resulting Demand/Supply Imbalances, as discussed elsewhere in this MD&A, we expect pre-owned vehicle sales to increase as we begin to utilize a combination of brand building and direct response channels to efficiently source and scale our addressable markets while expanding our suite of product offerings to consumers who may wish to trade-in or to sell us their vehicle independent of a retail sale. Factors primarily affecting pre-owned vehicle sales include the number of retail pre-owned vehicles sold and the average selling price of these vehicles.

Gross Profit

Gross profit generated on vehicle sales reflects the difference between the vehicle selling price and the cost of revenue associated with acquiring the vehicle and preparing it for sale. Cost of revenue includes the vehicle acquisition cost, inbound transportation cost, and particularly for pre-owned vehicles, reconditioning costs (collectively, we refer to reconditioning and transportation costs as "Recon and Transport"). The aggregate gross profit and gross profit per vehicle vary across vehicle type, make, model, etc. as well as through retail and wholesale channels, and with regard to gross profit per vehicle, are not necessarily correlated with the sale price. Vehicles sold through retail channels generally have the highest dollar gross profit per vehicle given the vehicle is sold directly to the consumer. Pre-owned vehicles sold through wholesale channels, including directly to other dealers or through auction channels, including via our dealer-to-dealer auction market, generally have lower margins and don't include other ancillary gross profit attributable to financing and accessories. Factors affecting gross profit from period to period include the mix of new compared to used vehicles sold, the distribution channel through which they are sold, the sources from which we acquired such inventory, retail market prices, our average days to sale, and our pricing strategy. We may opportunistically choose to shift our inventory mix to higher or lower cost vehicles, or opportunistically raise or lower our prices relative to market to take advantage of supply or demand imbalances in our sales channels, which could temporarily lead to average selling prices and gross profits increasing or decreasing in any given channel.

Vehicles Sold

We define vehicles sold as the number of vehicles sold through both wholesale and retail channels in each period, net of returns. Vehicles sold is the primary driver of our revenue and, indirectly, gross profit. Vehicles sold also enables complementary revenue streams, such as financing. Vehicles sold increases our base of customers and improves brand awareness and repeat sales. Vehicles sold also provides the opportunity to successfully scale our logistics, fulfillment, and customer service operations.

Total Gross Profit per Unit

Total gross profit per unit is the aggregate gross profit of the Company in a given period, divided by units sold in that period including gross profit generated from the sale of the new and used vehicles, income related to the origination loans originated to finance the vehicle, commissions on sales of variable service contracts, revenue from guaranteed asset protection waiver coverage, gross profit on the sale of parts, accessories and merchandise, and gross profit generated from wholesale sales of vehicles.

Vehicle Logistics and Transportation Services Segment

Revenue

Revenue is derived from freight brokerage agreements with dealers, distributors, or private party individuals to transport vehicles from a point of origin to a designated destination. The freight brokerage agreements are fulfilled by independent third-party transporters who must meet our performance obligations and standards. Wholesale Express is considered the principal in the delivery transactions since it is primarily responsible for fulfilling the service. In the normal course of operations, Wholesale Express also provides transportation services to Wholesale.

Vehicles Delivered

We define vehicles delivered as the number of vehicles delivered from a point of origin to a designated destination under freight brokerage agreements with dealers, distributors, or private parties. Vehicles delivered are the primary driver of revenue and in turn profitability in the vehicle logistics and transportation services segment.

Total Gross Profit Per Unit

Total gross profit per vehicle transported represents the difference between the price received from non-affiliated customers and our cost to contract an independent third-party transporter divided by the number of third party vehicles transported.

Results of Operations

			RumbleOn Metrics (on a GAAP Basis)				
			Three-Months Ended		Nine-Months Ended		
			Sept 2021	Sept 2020	Sept 2021	Sept 2020	
Powersports	Revenue	New retail vehicles	\$ 42,943	\$ 0	\$ 42,943	\$ 0	
		Used vehicles					
		Retail	19,926	311	19,926	4,243	
		Wholesale	20,423	6,992	58,438	34,399	
		Total used vehicle revenue	40,349	7,303	78,364	38,642	
		Finance and insurance, net	6,180	199	6,998	672	
		Parts and service and other	16,075	0	16,075	0	
		Total Revenue	\$ 105,547	\$ 7,502	\$ 144,380	\$ 39,314	
	Gross Profit	New retail vehicles	\$ 8,146	\$ 0	\$ 8,146	\$ 0	
		Used vehicles					
		Retail	3,139	76	3,139	407	
		Wholesale	3,712	1,620	12,829	4,541	
		Total used vehicle gross profit	6,851	1,696	15,968	4,948	
		Finance and insurance, net	6,180	199	6,998	672	
		Parts and service and other	7,230	0	7,230	0	
		Total gross profit	\$ 28,407	\$ 1,895	\$ 38,342	\$ 5,620	
	Vehicle Sales	New retail vehicles	2,485	0	2,485	0	
		Used vehicles					
		Retail	1,336	30	1,336	455	
		Wholesale	1,669	717	5,086	3,968	
		Total used vehicles	3,005	747	6,422	4,423	
		Total vehicles sold	5,490	747	8,907	4,423	
	Revenue per vehicle	New retail vehicles	\$ 17,281	\$ 0	\$ 17,281	\$ 0	
		Used vehicles					
		Retail	\$ 14,915	\$ 10,365	\$ 14,915	\$ 9,325	
		Wholesale	\$ 12,239	\$ 9,752	\$ 11,491	\$ 8,669	
		Used vehicle	\$ 13,429	\$ 9,777	\$ 12,203	\$ 8,737	
		Finance and insurance, net	\$ 1,617	\$ 6,619	\$ 1,831	\$ 1,478	
		Parts and service and other	\$ 4,207	\$ 0	\$ 4,207	\$ 0	
		Total Revenue per vehicle	\$ 27,623	\$ 250,057	\$ 37,786	\$ 86,405	
		Gross Profit per vehicle	New retail vehicles	\$ 3,278	\$ N/A	\$ 3,278	\$ N/A
			Used vehicle	\$ 2,280	\$ 2,271	\$ 2,487	\$ 1,119
			Finance and insurance	\$ 1,617	\$ 6,619	\$ 1,831	\$ 1,478
			Parts and service	\$ 1,892	\$ 0	\$ 1,892	\$ 0
			Total Gross Profit ²	\$ 5,542	\$ 63,178	\$ 8,142	\$ 12,353
Automotive		Revenue	\$ 105,298	\$ 99,315	\$ 316,655	\$ 281,242	
		Gross Profit ³	\$ 6,525	\$ 12,842	\$ 22,905	\$ 12,459	
		Vehicles sold	3,028	3,516	8,822	10,954	
		Revenue per vehicle	\$ 34,775	\$ 28,247	\$ 35,894	\$ 25,675	
		Gross Profit per vehicle	\$ 2,155	\$ 3,652	\$ 2,596	\$ 1,137	
Transportation		Revenue	\$ 11,597	\$ 11,415	\$ 36,145	\$ 28,657	
		Gross Profit	\$ 2,455	\$ 2,067	\$ 6,829	\$ 5,867	
		Vehicles transported	20,284	21,238	62,693	61,456	
		Revenue per vehicle transported	\$ 572	\$ 537	\$ 577	\$ 466	
		Gross Profit per vehicle transported	\$ 121	\$ 97	\$ 109	\$ 95	
	Revenue	Powersports	\$ 89,472	\$ 7,502	\$ 128,305	\$ 39,314	
		Automotive	105,298	99,315	316,655	281,242	
		Transportation and logistics	11,597	11,415	36,145	28,657	
		Parts and service and other	16,075	0	16,075	0	
		Total revenue	\$ 222,442	\$ 118,232	\$ 497,180	\$ 349,213	
	Gross Profit	Powersports	\$ 21,176	\$ 1,895	\$ 31,112	\$ 5,621	

Total Company	Financial Overview	Automotive	\$ 6,525	\$ 12,842	\$ 22,905	\$ 12,459
		Transportation and logistics	\$ 2,455	\$ 2,067	\$ 6,829	\$ 5,867
		Parts and service and other	\$ 7,230	0	\$ 7,230	0
		Total Gross Profit	\$ 37,387	\$ 16,804	\$ 68,076	\$ 23,947
		Effects of the Nashville Tomado	—	7,879	—	(1,215)
		Gross Profit as reported in the Consolidated Statements of Operations ³	337,387	16,804	68,076	23,947
		Total SG&A	\$ 37,564	\$ 13,279	\$ 69,077	\$ 42,510
		Net Income (Loss) before Income Tax	\$ (33,227)	\$ 1,487	\$ (41,066)	\$ (19,507)
		Adjusted EBITDA	\$ 3,616	\$ 4,720	\$ 6,679	\$ (3,142)
	Unit Metrics	Vehicles Sold				
		Retail	3,821	30	3,821	455
		Wholesale	4,697	4,233	13,908	14,922
		Total Vehicles Sold	8,518	4,263	17,729	15,377
		Revenue per Unit Sold				
		Retail	\$ 18,071	\$ 16,984	\$ 18,285	\$ 10,803
		Wholesale	\$ 26,768	\$ 25,114	\$ 26,970	\$ 21,191
		Other	\$ 3,249	\$ 2,678	\$ 2,946	\$ 1,864
		Total Revenue	\$ 26,116	\$ 27,734	\$ 28,044	\$ 22,747
		Gross Profit per Unit				
		Retail	\$ 4,571	\$ 9,163	\$ 4,785	\$ 2,373
		Wholesale ³	\$ 2,179	\$ 1,555	\$ 2,569	\$ 1,221
		Other	\$ 1,137	\$ 485	\$ 3,679	\$ 382
		Total Gross Profit	\$ 4,389	\$ 2,094	\$ 3,840	\$ 1,636

- (1) Per unit values calculated as revenue or gross profit, as applicable, divided by its respective units sold, except the other and total categories, which are divided by total used units sold.
- (2) Total Gross profit per vehicle retailed is calculated by dividing the sum of new vehicle, used vehicle, and finance, and insurance gross profit by total retail vehicle unit sales.
- (3) Automotive gross profit included an inventory reserve adjustment on \$7,879 related to the Nashville Tomado.

Results of Operations

POWERSPORTS

Revenue

Three-Months Ended September 30, 2021 Compared to September 30, 2020. Total powersports revenue, including F&I and PSA, increased by \$98,045 to \$105,547 for the three-months ended September 30, 2021 compared to \$7,502 for the same period in 2020. The Acquisition Effect specific to new vehicles, F&I, and PSA revenue accounted for approximately \$65,000 of the increase, with the balance attributable to a 2,258 increase in the number of used vehicles sold coupled with a 37.4% increase in the revenue per used unit sold from \$9,777 to \$13,429. The total number of vehicles sold increased by 4,743 to 5,490 for the three-months ended September 30, 2021. Exclusive of F&I and PSA, revenue per new unit was \$17,281. In addition to the Acquisition Effect, the Demand/Supply Imbalances contributed to the increase in the number of used vehicles sold as well as the increase in the average selling price of such units.

Nine-Months Ended September 30, 2021 Compared to September 30, 2020. Total powersports revenue, including F&I and PSA, increased by \$105,066 to \$144,380 for the nine-months ended September 30, 2021 compared to \$39,314 for the same period of 2020. The Acquisition Effect specific to new vehicles, F&I, and PSA revenue accounted for approximately \$65,000 of the increase, with the balance attributable to a 1,999 increase in the number of used vehicles sold coupled with a 39.7% increase in the revenue per used unit sold from \$8,737 to \$12,203. The total number of vehicles sold increased by 4,484 to 8,907 for the nine-months ended September 30, 2021. Exclusive of F&I and PSA, revenue per new unit was \$17,281. In addition to the Acquisition Effect, the Demand/Supply Imbalances contributed to the increase in the number of used vehicles sold as well as the increase in the average selling price of such units.

Gross Profit

Three-Months Ended September 30, 2021 Compared to September 30, 2020. Powersports vehicles gross profit, including F&I and PSA, increased by \$26,512 to \$28,407 for the three-months ended September 30, 2021 compared to \$1,895 for the same period of 2020. The increase in gross profit was primarily due to 4,743 unit increase in the total vehicles sold in 2021 compared to 2020 and the Acquisition Effect specific to new vehicles, F&I, and PSA which accounted for \$21,357 of the increase and supplemented a 0.4% increase in gross profit per used vehicle. Total used vehicle gross profit, exclusive of F&I and PSA, increased by \$5,155 based on a 2,258 increase in the number of used vehicles sold.

Nine-Months Ended September 30, 2021 Compared to September 30, 2020. Powersports gross profit, including F&I and PSA, increased by \$32,722 to \$38,342 during the nine-months ended September 30, 2021 compared to \$5,620 for the same period of 2020. This increase in gross profit was primarily due to the Acquisition Effect specific to new vehicles, F&I, and PSA which accounted for \$21,702 of the increase.

AUTOMOTIVE

Revenue

Three-Months Ended September 30, 2021 Compared to September 30, 2020. Total automotive vehicle revenue increased by \$5,983 to \$105,298 for the three-months ended September 30, 2021 compared to \$99,315 for the same period in 2020. The increase in automotive revenue was primarily due to a 23.1% increase in revenue per vehicle which

partially offset a decrease of 488 vehicles sold.

Nine-Months Ended September 30, 2021 Compared to September 30, 2020. Total automotive vehicle revenue increased by \$35,413 to \$316,655 for the nine-months ended September 30, 2021 compared to \$281,242 for the same period of 2020. The 12.6% increase in revenue occurred despite a 19.5% decrease in the total number of automotive units sold from 10,954 to 8,822. The revenue per vehicle for the nine-months ended September 30, 2021 was \$35,894 as compared to \$25,675 for the nine-months ended September 30, 2020, a 39.8% year-over-year increase resulting from the effects of Demand/Supply Imbalances, the Nashville Tornado, and the 2020 effect of shelter-in-place orders and other responses to Covid-19.

Gross Profit

Three-Months Ended September 30, 2021 Compared to September 30, 2020. Automotive vehicle gross profit, excluding the benefit of the 2020 impairment accounting relative to the Nashville Tornado, decreased by \$6,317 to \$6,525 for the three-months ended September 30, 2021 compared to the same period in 2020. The decrease was attributable to a 49.2% increase in the gross profit per vehicle from \$3,652 to \$2,155 offset by a decrease in the number of units sold.

Nine-Months Ended September 30, 2021 Compared to September 30, 2020. Automotive vehicle gross profit, excluding the benefit of the 2020 impairment accounting relating to the Nashville Tornado, profit increased by \$10,446 to \$22,905 for the nine-months ended September 30, 2021. The increase was attributable to the continued impact of the Demand/Supply Imbalances. On a comparable basis, the gross profit per vehicle sold has increased from \$1,137 to \$2,596.

VEHICLE LOGISTICS AND TRANSPORTATION SERVICES

Revenue

Three-Months Ended September 30, 2021 Compared to September 30, 2020. Total revenue, inclusive of intercompany freight services provided to Wholesale of \$1,228, which is eliminated in the Condensed Consolidated Financial Statements, increased by \$182 to \$11,597 for the three-months ended September 30, 2021 compared to \$11,415 for the same period in 2020. The increase in total revenue for the period ended September 30, 2021 resulted from the transport of 20,284 vehicles and revenue per vehicle transported of \$572 compared to revenue from the transport of 21,238 vehicles and revenue per vehicle transported of \$537 for the same period of 2020. The 4.5% decrease in the number of units transported was offset by a 6.4% increase in the average revenue per unit shipped, primarily driven by the continued Demand/Supply imbalances and proactive pricing management.

Nine-Months Ended September 30, 2021 Compared to September 30, 2020. Total revenue, inclusive of intercompany freight services provided to Wholesale of \$3,357, which is eliminated in the Condensed Consolidated Financial Statements, increased by \$7,488 to \$36,145 for the nine-months ended September 30, 2021 compared to \$28,657 for the same period in 2020. The increase in total revenue for the nine-month period ended September 30, 2021 resulted from the transport of 62,693 vehicles at revenue per vehicle transported of \$577 compared to revenue from the transport of 61,456 vehicles at a revenue per vehicle transported of \$466 for the same period of 2020. The continued Demand/Supply Imbalances and proactive pricing by management contributed to these increases.

Gross Profit

Three-Months Ended September 30, 2021 Compared to September 30, 2020. Total gross profit for the three-months ended September 30, 2021 increased \$388 to \$2,455, or \$121 per vehicle transported, as compared to \$2,067, or \$97 per vehicle transported for the same period in 2020. The increased gross profit was attributed to an increase in revenue per vehicles transported as well as higher gross profit per vehicle transported.

Nine-Months Ended September 30, 2021 Compared to September 30, 2020. Total gross profit for the nine-months ended September 30, 2021 increased \$962 to \$6,829, or \$109 per vehicle transported, as compared to \$5,867 or \$95 per vehicle transported for the same period in 2020. The increased gross profit was attributed to an increase in the number of vehicles transported, higher revenue per vehicle transported and gross profit per vehicle transported.

Selling, General and Administrative

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2021	2020	2021	2020
Selling general and administrative:				
Compensation and related costs	\$ 12,669	\$ 7,169	\$ 26,983	\$ 20,496
Advertising and marketing	4,241	840	7,799	4,330
Technology development and software	686	180	1,513	1,037
Facilities	3,576	751	4,774	1,718
General and administrative	16,392	4,339	28,008	14,929
	<u>\$ 37,564</u>	<u>\$ 13,279</u>	<u>\$ 69,077</u>	<u>\$ 42,510</u>

Selling, general and administrative expenses increased by \$24,285 and \$26,567, respectively, for the three and nine-months ended September 30, 2021 compared to the same periods in 2020. In each case other than technology development and software, the increases were the result of the Acquisition Effect, with over 1,800 additional employees, marketing initiatives at the store level, general and administrative costs associated with a larger team, and lease/facility expense related to 40+ new locations from the RideNow acquisition. In the case of technology and development, in the third quarter of 2021 we began some strategic technology projects focused on inventory management, infrastructure, and integration efforts. Notwithstanding the preceding, both the Nashville Tornado and the nationwide economic slowdown of Covid-19 late in the first quarter of 2020 lasting until the spring of 2021, resulted in artificially lower costs incurred in 2020.

Depreciation and Amortization

Depreciation and amortization increased by \$1,181 and \$1,381, respectively, for the three and nine-months ended September 30, 2021, compared to the same periods of 2020. Of the increase in both periods, \$170 is to the amortization of right-of-use assets resulting from the RideNow Acquisition, and \$614 of it is associated to various non-compete agreements entered into by Messrs. Tkach, Coulter and other shareholders or employees who entered into non-compete agreements related to RideNow Transaction with an aggregate value of approximately \$20,000, which amount will be amortized over an average life of thirty-six months.

Interest Expense

Interest expense increased by \$3,089 and \$2,920, respectively, for the three and nine-months ended September 30, 2021 compared to the same periods of 2020. In each such period, the primary driver of such increase is an increase of \$125 of floor plan interest and the interest expense of \$2,666 for the Oaktree Credit Facility, which included debt amortization of \$509.

Loss Contingencies and Insurance Recoveries

On March 3, 2020, the Nashville Tornado caused significant damage to the Company's facilities including contents and inventory held for sale. The Company maintains insurance coverage for damage to its facilities and inventory, as well as business interruption insurance. The loss was comprised of three components: (1) inventory loss, assessed by the insurance carrier at approximately \$13,000; (2) building and personal property loss, primarily impacting our leased facilities, assessed by the insurance carrier at \$2,783; and (3) loss of business income, for which the company has coverage in the amount of \$6,000.

All three components of the Company's loss claim have been submitted to its insurers. The Company's inventory claim is subject to a dispute with the carrier as to the policy limits applicable to the loss; however, the insurer advanced \$5,615 in July 2020 and \$3,134 in July 2021. Therefore, the total payments received thus far against the final settlement are \$8,750. The insurer has agreed to pay \$2,778 on the building and personal property loss, reflecting limits of \$2,783 net of a \$5 deductible. The insurer has made interim payments on the building and personal property loss of \$2,626. The loss of business income claim is ongoing and remains in the process of negotiation, however, the insurer has advanced \$250 against the final settlement. The Company believes there will be a recovery of all three loss components, however no assurance can be given regarding the amounts, if any, that will be ultimately recovered or when any such recoveries will be made.

As a result of the damage caused by the Nashville Tornado the Company concluded that the utility of the inventory damaged by the storm was impaired as a result of physical damage sustained. Whether the impairment is caused by physical destruction or an adverse change in the utility of the inventory, entities should assess whether an inventory impairment or write-off is required in accordance with ASC 330-10-35-1 through 35-11, which address adjustments of inventory balances to the lower of cost or market and requires that when there is evidence that the utility of goods will be less than cost, the difference is recognized as a loss of the current period. For the nine-months ended September 30, 2020, the Company recorded an impairment loss on inventory of \$11,738 comprised of \$4,454 for vehicles that were a total loss and \$7,285 in loss in value for vehicles partially damaged and subject to repair. The impairment loss is reported in cost of revenue in the September 30, 2020, Condensed Consolidated Statements of Operations. Additionally, \$178 of the net book value of the property and equipment destroyed by the Nashville Tornado was expensed.

Derivative Liability

In connection with our various financings, we undertake an analysis of each financial instrument to determine the appropriate accounting treatment, including which, if any require bifurcation into liability and equity components. We have determined that each of the New Notes and the Warrant have a liability component that needs to be remeasured each reporting period with the change in value recorded in the Statements of Operations.

New Notes

In connection with the issuance of the New Notes, a derivative liability was recorded at issuance with an interest make-whole provision of \$21 based on a lattice model using a stock price of \$14.60, and estimated volatility of 55.0% and risk-free rates over the entire 10-year yield curve.

The change in value of the derivative liability for the three and nine-months ended September 30, 2021 was \$6,518 and \$8,774, respectively, and is included in change in derivative liability in the Condensed Consolidated Statement of Operations. The value of the derivative liability as of September 30, 2021 and December 31, 2020 was \$41 and \$17, respectively.

Oaktree Warrant

At inception of the Commitment Letter, the Company accounted for the Oaktree Warrant as a liability with the initial offset as a deferred financing charge as the Oaktree Warrant was issued in lieu of a commitment fee connected to the debt financing of the RideNow Transaction. The initial warrant liability and deferred financing charge recognized was \$10,950. The warrant liability was subject to remeasurement at each balance sheet date and any change in fair value was recognized as a component of change in derivative liability in the Condensed Consolidated Statements of Operations. The fair value of the Warrant was estimated using a Monte Carlo simulation based on a combination of level 1 and level 2 inputs. There was no gain or loss recorded related to the Warrant liability during the three-months ended March 31, 2021 as there was no significant changes in the fair value between March 12, 2021 and March 31, 2021. For the three months ended June 30, 2021, the fair value of the warrant liability was increased \$2,224 to \$13,174. On August 31, 2021, the fair value of the warrant liability was increased \$6,526 to \$19,700. Upon closing of the RideNow Transaction, the Oaktree Warrants were considered equity linked contracts indexed to RumbleOn's stock and therefore met the equity classification guidance. As a result, the \$19,700 was reclassified to additional paid-in-capital. The \$10,950 deferred financing charge was reclassified as part of the debt discount related to the Term Loan Credit Agreement. The recognition of the warrant liability and deferred financing charge are non-cash items.

Stock Based Compensation

In connection with the closing of the RideNow Transaction and the execution of the Executive Employment Agreements, the Company accelerated the vesting of and/or waived certain market-based share price hurdles for all then outstanding RSUs for all participants, which resulted in excess of \$22,000 of incremental shares based compensation for both the three and nine-month periods ending on September 30, 2021.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income as a measure of operating performance or cash flows or as a measure of liquidity. Non-GAAP financial measures are not necessarily calculated the same way by different companies and should not be considered a substitute for or superior to U.S. GAAP.

Adjusted EBITDA is defined as net income (loss) adjusted to add back interest expense (including debt extinguishment), depreciation and amortization, changes in derivative liabilities and certain recoveries, charges and expenses, such as an insurance recovery, non-cash stock-based compensation costs, acquisition related costs, PPP loan forgiveness, and other non-recurring costs, as these recoveries, charges and expenses are not considered a part of our core business operations and are not an indicator of ongoing, future company performance.

Adjusted EBITDA is one of the primary metrics used by management to evaluate the financial performance of our business. We present Adjusted EBITDA because we believe it is frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe it is helpful in highlighting trends in our operating results, because it excludes, among other things, certain results of decisions that are outside the control of management, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure and capital investments.

The following tables reconcile Adjusted EBITDA to net income (loss) for the periods presented:

	Three-months Ended September 30		Nine-months Ended September 30	
	2021	2020	2021	2020
Net income (loss)	\$ (22,544)	\$ 1,487	\$ (30,385)	\$ (19,507)
Add back:				
Interest expense (including debt extinguishment)	4,577	1,488	8,107	4,999
Depreciation and amortization	1,717	536	2,948	1,567
Income tax benefit	(10,681)	—	(10,681)	—
Change in derivative liabilities	6,518	14	8,774	(7)
EBITDA	(20,413)	3,525	(21,237)	(12,948)
Adjustments:				
Impairment loss on automotive inventory	—	—	—	11,738
Insurance recovery	—	—	—	178
Insurance proceeds	(3,135)	—	(3,135)	(5,615)
Stock-based compensation ¹	24,730	863	26,457	2,425
Acquisition costs associated with the RideNow Transaction	1,558	—	3,515	—
Other non-recurring costs	1,448	332	1,651	1,080
PPP loan forgiveness	(572)	—	(572)	—
Adjusted EBITDA	\$ 3,616	\$ 4,720	\$ 6,679	\$ (3,142)

(1) Stock based compensation includes the vesting of all then outstanding RSU awards upon the closing of the RideNow Transaction.

Liquidity and Capital Resources

Our primary sources of liquidity are available cash, amounts available under our floor plan lines of credit, and monetization of our retail loan portfolio. In addition, the Oaktree Credit Facility provides for up to \$120,000 in additional financing beginning six-months after the Closing Date that may be used for acquisitions and up to an additional \$100,000 in incremental financing that may be used for acquisitions and working capital purposes, under the terms set forth in such agreement. As previously disclosed, we took certain measures in response to the COVID-19 pandemic that included, rationalizing costs and expenses and adjusting inventory levels to align with sales trends. During the nine-months ended September 30, 2021, we completed two public offerings that provided net proceeds of \$191,240 and obtained the Oaktree Credit Facility and initially provided net proceeds of \$261,451 that was used to finance a portion of the cash consideration for the RideNow Transaction. Given these activities, and the acquisition of RideNow, we believe we have appropriate liquidity, access to capital and financial resources to support our operations and continue to expand our business.

Our financial statements reflect estimates and assumptions made by management that affect the carrying values of the Company's assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. The judgments, assumptions and estimates used by management are based on historical experience, management's experience, and other factors, which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ materially from these judgments and estimates, which could have a material impact on the carrying values of the Company's assets and liabilities and the results of operations. We will continue to evaluate the nature and extent of the impact to our business and our results of operations and financial condition as conditions evolve as a result of the Covid-19 pandemic and the resulting Demand/Supply Imbalances.

We had the following liquidity resources available as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Cash	\$ 68,268	\$ 1,467
Restricted cash ⁽¹⁾	3,049	2,049
Total cash, cash equivalents, and restricted cash	71,317	3,516
Availability under short-term revolving facilities	130,542	2,188
Committed liquidity resources available	\$ 201,859	\$ 5,704

(1) Amounts included in restricted cash represent the deposits required under the Company's short-term revolving facilities.

As of September 30, 2021 and December 31, 2020, excluding operating lease liabilities and the derivative liability, the outstanding principal amount of indebtedness was \$373,492 and \$53,109, respectively, summarized in the table below. See "Note 9 — Notes Payable," "Note 10 — Convertible Notes," and "Note 11 — Stockholders Equity" to our Condensed Consolidated financial statements included above.

	September 30, 2021	December 31, 2020
Asset-Based Financing:		
Inventory	\$ 87,175	\$ 17,812
Total asset-based financing	87,175	17,812
Secured notes payable	280,000	2,391
Unsecured senior convertible notes	39,198	39,774
PPP and other loans	6,718	5,177
Total debt	413,091	65,154
Less: unamortized discount and debt issuance costs	(37,494)	(12,045)
Total debt, net	\$ 375,597	\$ 53,109

The following table sets forth a summary of our cash flows for the nine-months ended September 30, 2021 and September 30, 2020:

	Nine-months Ended September 30	
	2021	2020
Net cash (used in) provided by operating activities	\$ (29,779)	\$ 26,198
Net cash used in investing activities	(374,825)	(1,773)
Net cash provided by financing activities	472,405	(22,193)
Net increase in cash	\$ 67,801	\$ 2,232

Operating Activities

Our primary sources of operating cash flows result from the sales of used vehicles and ancillary products and floor plan borrowings for our inventory purchases. Our primary use of cash from operating activities are purchases of inventory, cash used to acquire customers, and personnel-related expenses. For the nine-months ended September 30, 2021, net cash used in operating activities was \$29,779, an increase of \$55,977 in cash used in operating activities compared to net cash provided by operating activities of \$26,198 for the nine-months ended September 30, 2020. This increase was principally due to the increase in inventory of \$33,343 in 2021 compared to a decrease of \$34,219 in inventory in 2020.

Investing Activities

Net cash used in investing activities increased \$373,052 to \$374,825 for the nine-months ended September 30, 2021 compared to \$1,773 for the same period in 2020. Our primary use of cash for investing activities for the nine-months ended September 30, 2021 was the \$365,946 net cash used for the RideNow Transaction, \$1,266 used for technology development and \$7,613 for purchases of other property and equipment to expand our operations.

Financing Activities

Cash provided by financing activities was \$472,405 for the nine-months September 30, 2021, compared to net cash used in financing activities of \$22,193. For the nine-months ended September 30, 2021, the increase of \$494,598 in cash provided from financing activities was primarily due to the net proceeds of \$36,796 received in connection with the April 2021 Offering, and the \$261,451 and \$154,438 in new senior secured debt and proceeds from the August 2021 Offering, respectively that were obtained to finance the cash consideration for the RideNow Transaction, and additional borrowings under our non-trade floor plans.

Off-Balance Sheet Arrangements

As of September 30, 2021, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Other matters

On September 30, 2021, the Audit Committee approved the issuance of 154,731 shares of the Company's Class B common stock as a gift of a death benefit to the estate of Mr. Berrard, or as instructed by the estate of Mr. Berrard. Also, on August 30, 2021, the Audit Committee approved a gift of a death benefit to the estate of Mr. Berrard, or as instructed by the estate of Mr. Berrard, in an amount equal to (1) \$1,500, which shall be paid in equal weekly installments beginning October 1, 2021 and ending June 30, 2024 and (2) the cash bonus paid to the Company's Chief Executive Officer each quarter over the same period ending June 30, 2024, if and when paid to the Chief Executive Officer in accordance with the Company's Executive Incentive Program. The Company accrued the liability for such amounts during the three-months ended September 30, 2021.

Critical Accounting Policies and Estimates

See "Note 1 — Description of Business and Significant Accounting Policies," included in Part I, Item 1, Financial Statements, of this Form 10-Q for accounting pronouncements and material changes to our critical accounting policies since December 31, 2020. There have been no other material changes to our critical accounting policies and use of estimates from those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 2020 Form 10-K, other than the use of estimates for the Oaktree Warrant, as described above.

Forward-Looking and Cautionary Statements

This Form 10-Q, as well as information included in oral statements or other written statements made or to be made by us, contain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are neither historical facts nor assurances of future performance. These forward-looking statements are based on our current, reasonable expectations and assumptions, which expectations and assumptions are subject to risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in our Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on March 31, 2021, and the risks discussed under the caption "Risk Factors" included in our definitive Proxy Statement on Schedule 14A filed with the SEC on July 1, 2021, and this Form 10-Q. Given these risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, except as required by law.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

This item is not applicable as we are currently considered a smaller reporting company.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to

allow for timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2021. Based on this evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), our Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2021.

Changes in Internal Control Over Financial Reporting

On August 31, 2021, the Company completed the RideNow Transaction. In accordance with the general guidance issued by the staff of the SEC, the RideNow Entities will be excluded from the scope of management's report on internal control over financial reporting for the year ending December 31, 2021. As part of the ongoing integration of the RideNow Entities, we are in the process of incorporating the controls and related procedures of the RideNow Entities. Other than incorporating the RideNow Entities' controls, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We have performed additional analyses and other procedures to enable management to conclude that our condensed consolidated financial statements included in this report fairly, in all material respects, our financial condition and results of operations as of and for the three and nine-months ended September 30, 2021.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On July 29, 2021, William Miller (the "Plaintiff") filed a Complaint against the Company and its Board (collectively, the "Defendants"). Plaintiff alleged violations of Sections 14(a) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78n(a) and 78t(a), and Rule 14a-9 promulgated thereunder, 17 C.F.R. § 240.14a-9, in connection with the RideNow Transaction. The Plaintiff sought injunctive relief preliminarily and permanently enjoining Defendants from proceeding with, consummating, or closing the RideNow Transaction and any vote on the RideNow Transaction, unless and until Defendants disclosed and disseminate additional disclosures to Company shareholders. Plaintiff also sought rescission and rescissory damages if the RideNow Transaction closes, attorneys' fees and costs, as well as a declaration that Defendants violated Sections 14(a) and 20(a) of the Exchange Act, and Rule 14a-9 promulgated thereunder. On July 30, 2021, the Company's shareholders approved the issuance of the shares of Class B common stock in connection with the RideNow Transaction and related proposals. The Plaintiff did not serve Defendants with the Complaint and, on October 13, 2021, the Plaintiff voluntarily dismissed the Complaint without prejudice.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, except for the risks relating to the RideNow Transaction, which are discussed in our definitive Proxy Statement on Schedule 14A filed with the SEC on July 1, 2021, and as set forth below.

Risks Related to Covid-19 and Economic Activity

The Covid-19 pandemic and associated impacts on economic activity may have material adverse effects on our business, results of operations, financial condition, and cash flows.

The onset of the Covid-19 pandemic in 2020 and associated impacts on economic activity, including lower new vehicle production due to manufacturing slowdowns, computer chip shortages, and logistic/transportation challenges, had adverse effects on our results of operations and financial condition during the nine months ended September 30, 2021 and September 30, 2020. We expect these conditions to continue through the fourth quarter of 2021. The effect of these Demand/Supply Imbalances required that we adjust our inventory management to align with market conditions, resulting in lower levels of inventory and lower unit sales during the period. The Covid-19 pandemic and associated impacts on economic activity may have material adverse effects on our business, results of operations, financial condition, and cash flows, and we can provide no assurance as to the duration of the adverse impacts of Covid-19 and the Demand/Supply Imbalances on our business, operation, or financial results.

Risks Related to the Combined Company following the RideNow Transaction

RumbleOn may experience difficulties integrating RideNow's businesses.

Achieving the anticipated benefits of the RideNow Transaction will depend in significant part upon RumbleOn integrating the RideNow Entities' businesses, operations, processes, and systems in an efficient and effective manner. The actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration may not be realized. The companies may not be able to accomplish the integration process smoothly, successfully, or on a timely basis. The necessity of coordinating geographically separated organizations, systems of controls, and facilities and addressing possible differences in business backgrounds, corporate cultures, and management philosophies may increase the difficulties of integration. The companies operate numerous systems and controls, including those involving management information, accounting and finance, legal and regulatory compliance, inventory intake and control, sales, billing, employee benefits, and payroll. The integration of operations following the RideNow Transaction requires the dedication of significant management and external resources, which may temporarily distract management's attention from the day-to-day business of the combined company and be costly. Employee uncertainty and lack of focus during the integration process may also disrupt the business and results of the combined company. Any inability of management to successfully and timely integrate the companies could have a material adverse effect on the business and results of operations of the combined company.

The RideNow Entities were not subject to Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act") regulations and, therefore, they may lack the internal controls of a public company, which could ultimately affect our ability to ensure compliance with the requirements of Section 404 of the Sarbanes-Oxley Act.

The RideNow Entities were not previously subject to Sarbanes-Oxley Act regulations and accordingly were not required to establish and maintain an internal control infrastructure meeting the standards promulgated under the Sarbanes-Oxley Act. Our assessment of our internal control over financial reporting as of September 30, 2021 did not include the internal control structure of the RideNow Entities, which were acquired during our quarterly period ended September 30, 2021.

Although our management will continue to review and evaluate the effectiveness of our internal control over financial reporting in light of the RideNow Transaction, we cannot provide any assurance that there will be no significant deficiencies or material weaknesses in the internal control environment of the RideNow Entities. Any significant

If we are unable to maintain effective 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.

We are in the process of integrating our internal control over financial reporting and our other control environments with those of the RideNow Entities. In the course of integration, we may encounter difficulties and unanticipated issues combining our respective accounting systems due to the complexity of our financial reporting processes. We may also identify errors or misstatements that could require accounting adjustments. If we are unable to integrate and maintain effective internal control over financial reporting of the combined company, timely or at all, 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 reports and the market price of our securities may decline.

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

As of September 30, 2021, the Audit Committee approved the issuance of 154,731 shares of the Company's Class B common stock as a gift of a death benefit to the estate of Steven R. Berrard, the Company's former Chief Financial Officer and a director, or as instructed by the estate of Mr. Berrard. These shares were issued in lieu of restricted stock units that Mr. Berrard would have received in connection with the consummation of the RideNow Transaction and in recognition of Mr. Berrard's significant contributions to the RideNow Transaction. These shares were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
2.1	Second Amendment to Plan of Merger and Equity Purchase Agreement, dated July 20, 2021 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on July 27, 2021).
3.1	Amendment to the Amended Bylaws of RumbleOn, Inc., dated August 31, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
3.2	Certificate of Amendment (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 4, 2021).
4.1	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.1	First Amendment to Warrant to Purchase Class B Common Stock, dated July 15, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 16, 2021).
10.2	Fourth Amendment to RumbleOn, Inc. 2017 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 4, 2021).
10.3	Credit Agreement, dated August 31, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.4	First Supplemental Indenture, dated August 31, 2021 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.5+	Executive Employment Agreement, dated August 31, 2021, between Marshall Chesrown and RumbleOn, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.6+	Executive Employment Agreement, dated August 31, 2021, between William Coulter and RumbleOn, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.7+	Executive Employment Agreement, dated August 31, 2021, between Mark Tkach and RumbleOn, Inc. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.8+	Executive Employment Agreement, dated August 31, 2021, between Peter Levy and RumbleOn, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
10.9+	Executive Employment Agreement, dated August 31, 2021, between Beverley Rath and RumbleOn, Inc. (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on September 7, 2021).
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certifications of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certifications of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

SIGNATURES

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

RUMBLEON, INC.

Date: November 15, 2021

By: /s/ Marshall Chesrown
Marshall Chesrown
Chief Executive Officer
(Principal Executive Officer)

Date: November 15, 2021

By: /s/ Beverley Rath
Beverley Rath
Interim Chief Financial Officer and Controller
(Principal Financial Officer and Principal Accounting Officer)

RumbleOn, Inc.
RESTATED 2017 STOCK INCENTIVE PLAN

1. ESTABLISHMENT, EFFECTIVE DATE AND TERM

RumbleOn, Inc., a Nevada corporation, hereby establishes the RumbleOn, Inc. 2017 Stock Incentive Plan. The Effective Date of the Plan shall be the later of: (i) the date the Plan was approved by the Board, and (ii) the date the Plan was approved by stockholders of Company in accordance with the laws of the State of Nevada. Unless earlier terminated pursuant to Section 14(k) hereof, the Plan shall terminate on the tenth anniversary of the Fourth Amendment to the Plan. Capitalized terms used herein are defined in Annex A attached hereto.

2. PURPOSE

The purpose of the Plan is to enable the Company to attract, retain, reward, and motivate Eligible Individuals by providing them with an opportunity to acquire or increase a proprietary interest in the Company and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between the Eligible Individuals and the stockholders of the Company.

3. ELIGIBILITY

Awards may be granted under the Plan to any Eligible Individual, as determined by the Committee from time to time, on the basis of their importance to the business of the Company, pursuant to the terms of the Plan.

4. ADMINISTRATION

(a) Committee. The Plan shall be administered by the Committee, which shall have the full power and authority to take all actions, and to make all determinations not inconsistent with the specific terms and provisions of the Plan and deemed by the Committee to be necessary or appropriate to the administration of the Plan, any Award granted or any Award Agreement entered into hereunder. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect as it may determine in its sole discretion. The decisions by the Committee shall be final, conclusive, and binding with respect to the interpretation and administration of the Plan, any Award, or any Award Agreement entered into under the Plan.

(b) Delegation to Officers or Employees. The Committee may designate officers or employees of the Company to assist the Committee in the administration of the Plan. The Committee may delegate authority to officers or employees of the Company to grant Awards and execute Award Agreements or other documents on behalf of the Committee in connection with the administration of the Plan, subject to whatever limitations or restrictions the Committee may impose and in accordance with applicable law.

(c) Designation of Advisors. The Committee may designate professional advisors to assist the Committee in the administration of the Plan. The Committee may employ such legal counsel, consultants, and agents as it may deem desirable for the administration of the Plan and may rely upon any advice and any computation received from any such counsel, consultant, or agent. The Company shall pay all expenses and costs incurred by the Committee for the engagement of any such counsel, consultant, or agent.

(d) Participants Outside the U.S. In order to conform with the provisions of local laws and regulations of foreign countries which may affect the Awards or the Participants, the Committee shall have the sole discretion to (i) modify the terms and conditions of the Awards granted under the Plan to Eligible Individuals located outside the United States; (ii) establish subplans with such modifications as may be necessary or advisable under the circumstances present by local laws and regulations; and (iii) take any action which it deems advisable to comply with or otherwise reflect any necessary governmental regulatory procedures, or to obtain any exemptions or approvals necessary with respect to the Plan or any subplan established hereunder.

(e) Liability and Indemnification. No Covered Individual shall be liable for any action or determination made in good faith with respect to the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. The Company shall, to the maximum extent permitted by applicable law and the Articles of Incorporation and Bylaws of the Company, indemnify and hold harmless each Covered Individual against any cost or expense (including reasonable attorney fees reasonably acceptable to the Company) or liability (including any amount paid in settlement of a claim with the approval of the Company), and amounts advanced to such Covered Individual necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. Such indemnification shall be in addition to any rights of indemnification such individuals may have under other agreements, applicable law or under the Articles of Incorporation or Bylaws of the Company. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by a Covered Individual with regard to Awards granted to such Covered Individual under the Plan or arising out of such Covered Individual's own fraud or bad faith.

5. SHARES OF COMMON STOCK SUBJECT TO PLAN

(a) Shares Available for Awards. The Common Stock that may be issued pursuant to Awards granted under the Plan shall be treasury shares or authorized but unissued shares of the Common Stock. The maximum number of shares of Class B Common Stock that may be issued pursuant to Awards granted under the Plan shall be 2,700,000.

(b) Limitations on Incentive Stock Options. With respect to the shares of Class B common stock issuable pursuant to this Section, a maximum of 2,700,000 of such shares may be subject to grants of Incentive Stock Options.

(c) Reduction of Shares Available for Awards. Upon the granting of an Award, the number of shares of Common Stock available for issuance under this Section for the granting of further Awards shall be reduced as follows:

(i) In connection with the granting of an Option or Stock Appreciation Right, the number of shares of Common Stock shall be reduced by the number of shares of Common Stock subject to the Option or Stock Appreciation Right;

(ii) In connection with the granting of an Award that is settled in Common Stock, other than the granting of an Option or Stock Appreciation Right, the number of shares of Common Stock shall be reduced by the number of shares of Common Stock subject to the Award; and

(iii) Awards settled in cash or property other than Common Stock shall not count against the total number of shares of Common Stock available to be granted pursuant to the Plan.

(d) Cancelled, Forfeited, or Surrendered Awards. Notwithstanding anything to the contrary in this Plan, if any award under this Plan is cancelled, forfeited or terminated for any reason prior to exercise, delivery or becoming vested in full, the shares of Common Stock that were subject to such Award shall, to the extent cancelled, forfeited or terminated, immediately become available for future Awards granted under this Plan; provided, however, that any shares of Common Stock subject to an Award which is cancelled, forfeited or terminated in order to pay the exercise price of a stock option, purchase price or any taxes or tax withholdings on an award shall not be available for future

(e) Recapitalization. If the outstanding shares of Common Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities by reason of any recapitalization, reclassification, reorganization, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock of the Company or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, an appropriate and proportionate adjustment shall be made by the Committee to: (i) the aggregate number and kind of shares of Common Stock available under the Plan (including, but not limited to, the limits of the number of shares of Common Stock described in Section 5(b)), (ii) the calculation of the reduction of shares of Common Stock available under the Plan, (iii) the number and kind of shares of Common Stock issuable pursuant to outstanding Awards granted under the Plan and/or (iv) the Exercise Price of outstanding Options or Stock Appreciation Rights granted under the Plan. No fractional shares of Common Stock or units of other securities shall be issued pursuant to any such adjustment under this Section 5(e), and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit. Any adjustments made under this Section 5(e) with respect to any Incentive Stock Options must be made in accordance with Code Section 424.

6. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

(a) Grant of Restricted Stock and Restricted Stock Units. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Restricted Stock or Restricted Stock Units, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of Restricted Stock and Restricted Stock Units shall satisfy the requirements as set forth in this Section.

(b) Restrictions. The Committee shall impose such restrictions on any Restricted Stock or Restricted Stock Unit granted pursuant to the Plan as it may deem advisable including, without limitation, time-based vesting restrictions or the attainment of Performance Goals. The determination with respect to achievement of Performance Goals shall be made pursuant to Section 9 hereof.

(c) Certificates and Certificate Legend. With respect to a grant of Restricted Stock, the Company may issue a certificate evidencing such Restricted Stock to the Participant or issue and hold such shares of Restricted Stock for the benefit of the Participant until the applicable restrictions expire. The Company may legend the certificate representing Restricted Stock to give appropriate notice of such restrictions. In addition to any such legends, each certificate representing shares of Restricted Stock granted pursuant to the Plan shall bear the following legend:

"Shares of stock represented by this certificate are subject to certain terms, conditions, and restrictions on transfer as set forth in the RumbleOn, Inc. 2017 Stock Incentive Plan (the "Plan"), and in an agreement entered into by and between the registered owner of such shares and RumbleOn, Inc. (the "Company"), dated __, 20__ (the "Award Agreement"). A copy of the Plan and the Award Agreement may be obtained from the Secretary of the Company."

(d) Removal of Restrictions. Except as otherwise provided in the Plan, shares of Restricted Stock shall become freely transferable by the Participant upon the lapse of the applicable restrictions. Once the shares of Restricted Stock are released from the restrictions, the Participant shall be entitled to have the legend required by paragraph (c) above removed from the share certificate evidencing such Restricted Stock and the Company shall pay or distribute to the Participant all dividends and distributions held in escrow by the Company with respect to such Restricted Stock, if any.

(e) Stockholder Rights. Unless otherwise provided in an Award Agreement, until the expiration of all applicable restrictions, (i) the Restricted Stock shall be treated as outstanding, (ii) the Participant holding shares of Restricted Stock may exercise full voting rights with respect to such shares, and (iii) the Participant holding shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such shares while they are so held. If any such dividends or distributions are paid in shares of Common Stock, such shares shall be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Notwithstanding anything to the contrary, at the discretion of the Committee, all such dividends and distributions may be held in escrow by the Company (subject to the same restrictions on forfeitability) until all restrictions on the respective Restricted Stock have lapsed. Holders of the Restricted Stock Units shall not have any of the rights of a stockholder, including the right to vote or receive dividends and other distributions, until Common Stock shall have been issued in the Participant's name pursuant to the Restricted Stock Units.

(f) Termination of Service. Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all unvested shares of Restricted Stock and Restricted Stock Units held by the Participant and any dividends or distributions held in escrow by the Company with respect to Restricted Stock shall be forfeited immediately and returned to the Company. Notwithstanding this paragraph, to the extent applicable, all grants of Restricted Stock and Restricted Stock Units that vest solely upon the attainment of Performance Goals shall be treated pursuant to the terms and conditions that would have been applicable under Section 9 as if such grants were Awards of Performance Shares. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested shares of Restricted Stock or Restricted Stock Units held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

(g) Payment of Common Stock with respect to Restricted Stock Units. Notwithstanding anything to the contrary herein, unless otherwise provided in the Award agreement, Common Stock will be issued with respect to Restricted Stock Units no later than March 15 of the year immediately following the year in which the Restricted Stock Units are first no longer subject to a substantial risk of forfeiture as such term is defined in Section 409A of the Code and the regulations issued thereunder ("RSU Payment Date"). In the event that Participant has elected to defer the receipt of Common Stock pursuant to an Award Agreement beyond the RSU Payment Date, then the Common Stock will be issued at the time specified in the Award Agreement or related deferral election form. In addition, unless otherwise provided in the Award Agreement, if the receipt of Common Stock is deferred past the RSU Payment Date, Dividend Equivalents on the Common Stock covered by Restricted Stock Units shall be deferred until the RSU Payment Date.

7. OPTIONS

(a) Grant of Options. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Options to purchase such number of shares of Common Stock and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of an Option shall satisfy the requirements set forth in this Section.

(b) Type of Options. Each Option granted under the Plan may be designated by the Committee, in its sole discretion, as either (i) an Incentive Stock Option, or (ii) a Non-Qualified Stock Option. Options designated as Incentive Stock Options that fail to continue to meet the requirements of Code Section 422 shall be re-designated as Non-Qualified Stock Options automatically on the date of such failure to continue to meet such requirements without further action by the Committee. In the absence of any designation, Options granted under the Plan will be deemed to be Non-Qualified Stock Options.

(c) Exercise Price. Subject to the limitations set forth in the Plan relating to Incentive Stock Options, the Exercise Price of an Option shall be fixed by the

Committee and stated in the respective Award Agreement, provided that the Exercise Price of the shares of Common Stock subject to such Option may not be less than Fair Market Value of such Common Stock on the Grant Date, or if greater, the par value of the Common Stock.

(d) Limitation on Repricing. Unless such action is approved by the Company's stockholders in accordance with applicable law: (i) no outstanding Option granted under the Plan may be amended to provide an Exercise Price that is lower than the then-current Exercise Price of such outstanding Option (other than adjustments to the Exercise Price pursuant to Sections 5(e) and 11); (ii) the Committee may not cancel any outstanding Option and grant in substitution therefore new Awards under the Plan covering the same or a different number of shares of Common Stock and having an Exercise Price lower than the then-current Exercise Price of the cancelled Option (other than adjustments to the Exercise Price pursuant to Sections 5(e) and 11); and (iii) the Committee may not authorize the repurchase of an outstanding Option which has an Exercise Price that is higher than the then-current fair market value of the Common Stock (other than adjustments to the Exercise Price pursuant to Sections 5(e) and 11).

(e) Limitation on Option Period. Subject to the limitations set forth in the Plan relating to Incentive Stock Options, Options granted under the Plan and all rights to purchase Common Stock thereunder shall terminate no later than the tenth anniversary of the Grant Date of such Options, or on such earlier date as may be stated in the Award Agreement relating to such Option. In the case of Options expiring prior to the tenth anniversary of the Grant Date, the Committee may in its discretion, at any time prior to the expiration or termination of said Options, extend the term of any such Options for such additional period as it may determine, but in no event beyond the tenth anniversary of the Grant Date thereof.

(f) Limitations on Incentive Stock Options. Notwithstanding any other provisions of the Plan, the following provisions shall apply with respect to Incentive Stock Options granted pursuant to the Plan.

(i) Limitation on Grants. Incentive Stock Options may only be granted to Section 424 Employees. The aggregate Fair Market Value (determined at the time such Incentive Stock Option is granted) of the shares of Common Stock for which any individual may have Incentive Stock Options which first become vested and exercisable in any calendar year (under all incentive stock option plans of the Company) shall not exceed \$100,000. Options granted to such individual in excess of the \$100,000 limitation, and any Options issued subsequently which first become vested and exercisable in the same calendar year, shall automatically be treated as Non-Qualified Stock Options.

(ii) Minimum Exercise Price. In no event may the Exercise Price of a share of Common Stock subject an Incentive Stock Option be less than 100% of the Fair Market Value of such share of Common Stock on the Grant Date.

(iii) Ten Percent Stockholder. Notwithstanding any other provision of the Plan to the contrary, in the case of Incentive Stock Options granted to a Section 424 Employee who, at the time the Option is granted, owns (after application of the rules set forth in Code Section 424(d)) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company, such Incentive Stock Options (i) must have an Exercise Price per share of Common Stock that is at least 110% of the Fair Market Value as of the Grant Date of a share of Common Stock, and (ii) must not be exercisable after the fifth anniversary of the Grant Date.

(g) Vesting Schedule and Conditions. No Options may be exercised prior to the satisfaction of the conditions and vesting schedule provided for in the Plan and in the Award Agreement relating thereto.

(h) Exercise. When the conditions to the exercise of an Option have been satisfied, the Participant may exercise the Option only in accordance with the following provisions. The Participant shall deliver to the Company a written notice stating that the Participant is exercising the Option and specifying the number of shares of Common Stock which are to be purchased pursuant to the Option, and such notice shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised, by one or more of the methods provided for in the Plan. An attempt to exercise any Option granted hereunder other than as set forth in the Plan shall be invalid and of no force and effect.

4

(i) Payment. Payment of the Exercise Price for the shares of Common Stock purchased pursuant to the exercise of an Option shall be made by one of the following methods:

(i) by cash, certified or cashier's check, bank draft or money order;

(ii) through the delivery to the Company of shares of Common Stock which have been previously owned by the Participant for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes; such shares shall be valued, for purposes of determining the extent to which the Exercise Price has been paid thereby, at their Fair Market Value on the date of exercise; without limiting the foregoing, the Committee may require the Participant to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in the Company incurring any liability under Section 16(b) of the Exchange Act; or

(iii) by any other method which the Committee, in its sole and absolute discretion and to the extent permitted by applicable law, may permit, including, but not limited to through a "cashless exercise sale and remittance procedure" pursuant to which the Participant shall concurrently provide irrevocable instructions (1) to a brokerage firm approved by the Committee to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable federal, state and local income, employment, excise, foreign and other taxes required to be withheld by the Company by reason of such exercise and (2) to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale.

(j) Termination of Employment. Unless otherwise provided in an Award Agreement, upon the termination of the employment or other service of a Participant with Company for any reason, all of the Participant's outstanding Options (whether vested or unvested) shall be subject to the rules of this paragraph. Upon such termination, the Participant's unvested Options shall expire. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason (i) any unvested Options held by the Participant shall vest in whole or in part, at any time subsequent to such termination of employment or other service, and/or (ii) a Participant or the Participant's estate, devisee or heir at law (whichever is applicable), may exercise an Option, in whole or in part, at any time subsequent to such termination of employment or other service and prior to the termination of the Option pursuant to its terms that are unrelated to termination of service. Unless otherwise determined by the Committee, temporary absence from employment or other service because of illness, vacation, approved leaves of absence or military service shall not constitute a termination of employment or other service.

(i) Termination for Reason Other Than Cause, Disability or Death. If a Participant's termination of employment or other service is for any reason other than death, Disability, Cause or a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause, any Option held by such Participant may be exercised, to the extent exercisable at termination, by the Participant at any time within a period not to exceed ninety (90) days from the date of such termination, but in no event after the termination of the Option pursuant to its terms that are unrelated to termination of service.

(ii) Disability. If a Participant's termination of employment or other service with the Company is by reason of a Disability of such Participant, any Option held by such Participant may be exercised, to the extent exercisable at termination, by the Participant at any time within a period not to exceed one (1) year

after such termination, but in no event after the termination of the Option pursuant to its terms that are unrelated to termination of service; provided, however, that if the Participant dies within such period, any vested Option held by such Participant upon death shall be exercisable by the Participant's estate, devisee or heir at law (whichever is applicable) for a period not to exceed one (1) year after the Participant's death, but in no event after the termination of the Option pursuant to its terms that are unrelated to termination of service.

(iii) Death. If a Participant dies while in the employment or other service of the Company, any Option held by such Participant may be exercised, to the extent exercisable at termination, by the Participant's estate or the devisee named in the Participant's valid last will and testament or the Participant's heir at law who inherits the Option, at any time within a period not to exceed one (1) year after the date of such Participant's death, but in no event after the termination of the Option pursuant to its terms that are unrelated to termination of service.

(iv) Termination for Cause. In the event the termination is for Cause or is a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause (without regard to any notice or cure period requirement), any Option held by the Participant at the time of such termination shall be deemed to have terminated and expired upon the date of such termination.

8. STOCK APPRECIATION RIGHTS

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Stock Appreciation Rights, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of a Stock Appreciation Right shall satisfy the requirements as set forth in this Section.

(b) Terms and Conditions of Stock Appreciation Rights. Unless otherwise provided in an Award Agreement, the terms and conditions (including, without limitation, the limitations on the Exercise Price, exercise period, repricing and termination) of the Stock Appreciation Right shall be substantially identical (to the extent possible taking into account the differences related to the character of the Stock Appreciation Right) to the terms and conditions that would have been applicable under Section 7 above were the grant of the Stock Appreciation Rights a grant of an Option.

(c) Exercise of Stock Appreciation Rights. Stock Appreciation Rights shall be exercised by a Participant only by written notice delivered to the Company, specifying the number of shares of Common Stock with respect to which the Stock Appreciation Right is being exercised.

(d) Payment of Stock Appreciation Right. Unless otherwise provided in an Award Agreement, upon exercise of a Stock Appreciation Right, the Participant or Participant's estate, devisee or heir at law (whichever is applicable) shall be entitled to receive payment, in cash, in shares of Common Stock, or in a combination thereof, as determined by the Committee in its sole and absolute discretion. The amount of such payment shall be determined by multiplying the excess, if any, of the Fair Market Value of a share of Common Stock on the date of exercise over the Fair Market Value of a share of Common Stock on the Grant Date, by the number of shares of Common Stock with respect to which the Stock Appreciation Rights are then being exercised. Notwithstanding the foregoing, the Committee may limit in any manner the amount payable with respect to a Stock Appreciation Right by including such limitation in the Award Agreement.

9. PERFORMANCE SHARES AND PERFORMANCE UNITS

(a) Grant of Performance Shares and Performance Units. Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Performance Shares and Performance Units, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of a Performance Share or a Performance Unit shall satisfy the requirements as set forth in this Section.

(b) Performance Goals. Performance Goals will be based on one or more of the following criteria, as determined by the Committee in its absolute and sole discretion: (i) the attainment of certain target levels of, or a specified increase in, the Company's enterprise value or value creation targets; (ii) the attainment of certain target levels of, or a percentage increase in, the Company's after-tax or pre-tax profits including, without limitation, that attributable to the Company's continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase relating to, the Company's operational cash flow or working capital, or a component thereof; (iv) the attainment of certain target levels of, or a specified decrease relating to, the Company's operational costs, or a component thereof; (v) the attainment of a certain level of reduction of, or other specified objectives with regard to limiting the level of increase in all or a portion of bank debt or other of the Company's long-term or short-term public or private debt or other similar financial obligations of the Company, which may be calculated net of cash balances and/or other offsets and adjustments as may be established by the Committee; (vi) the attainment of a specified percentage increase in earnings per share or earnings per share from the Company's continuing operations; (vii) the attainment of certain target levels of, or a specified percentage increase in, the Company's net sales, revenues, net income or earnings before income tax or other exclusions; (viii) the attainment of certain target levels of, or a specified increase in, the Company's return on capital employed or return on invested capital; (ix) the attainment of certain target levels of, or a percentage increase in, the Company's after-tax or pre-tax return on stockholder equity; (x) the attainment of certain target levels in the fair market value of the Company's Common Stock; (xi) the growth in the value of an investment in the Common Stock assuming the reinvestment of dividends; and/or (xii) the attainment of certain target levels of, or a specified increase in, EBITDA (earnings before income tax, depreciation and amortization). In addition, Performance Goals may be based upon the attainment by a subsidiary, division or other operational unit of the Company of specified levels of performance under one or more of the measures described above. Further, the Performance Goals may be based upon the attainment by the Company (or a subsidiary, division, facility or other operational unit of the Company) of specified levels of performance under one or more of the foregoing measures relative to the performance of other corporations. To the extent permitted under Code Section 162(m) of the Code (including, without limitation, compliance with any requirements for stockholder approval), the Committee may, in its sole and absolute discretion: (i) designate additional business criteria upon which the Performance Goals may be based; (ii) modify, amend or adjust the business criteria described herein; or (iii) incorporate in the Performance Goals provisions regarding changes in accounting methods, corporate transactions (including, without limitation, dispositions or acquisitions) and similar events or circumstances. Performance Goals may include a threshold level of performance below which no Award will be earned, levels of performance at which an Award will become partially earned and a level at which an Award will be fully earned.

(c) Terms and Conditions of Performance Shares and Performance Units. The applicable Award Agreement shall set forth (i) the number of Performance Shares or the dollar value of Performance Units granted to the Participant; (ii) the Performance Period and Performance Goals with respect to each such Award; (iii) the threshold, target and maximum shares of Common Stock or dollar values of each Performance Share or Performance Unit and corresponding Performance Goals; and (iv) any other terms and conditions as the Committee determines in its sole and absolute discretion. The Committee shall establish, in its sole and absolute discretion, the Performance Goals for the applicable Performance Period for each Performance Share or Performance Unit granted hereunder. Performance Goals for different Participants and for different grants of Performance Shares and Performance Units need not be identical. Unless otherwise provided in an Award Agreement, a holder of Performance Units or Performance Shares is not entitled to the rights of a holder of Common Stock.

(d) Determination and Payment of Performance Units or Performance Shares Earned. Following the end of a Performance Period, the Committee shall determine the extent to which Performance Shares or Performance Units have been earned on the basis of the Company's actual performance in relation to the established Performance Goals as set forth in the applicable Award Agreement and shall certify these results in writing. Unless otherwise provided in an Award Agreement, the Committee shall determine in its

sole and absolute discretion whether payment with respect to the Performance Share or Performance Unit shall be made in cash, in shares of Common Stock, or in a combination thereof.

(e) Termination of Employment. Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all of the Participant's outstanding Performance Shares and Performance Units shall be subject to the rules of this Section.

(i) Termination for Reason Other Than Death or Disability. If a Participant's employment or other service with the Company terminates prior to the expiration of a Performance Period with respect to any Performance Units or Performance Shares held by such Participant for any reason other than death or Disability, the outstanding Performance Units or Performance Shares held by such Participant for which the Performance Period has not yet expired shall terminate upon such termination of employment or other service with the Company and the Participant shall have no further rights pursuant to such Performance Units or Performance Shares.

(ii) Termination of Employment for Death or Disability. If a Participant's employment or other service with the Company terminates by reason of the Participant's death or Disability prior to the end of a Performance Period, the Participant, or the Participant's estate, devisee or heir at law (whichever is applicable) shall be entitled to a payment of the Participant's outstanding Performance Units and Performance Shares, pursuant to the terms of the Plan and the Participant's Award Agreement; provided, however, that the Participant shall be deemed to have earned only that proportion (to the nearest whole unit or share) of the Performance Units or Performance Shares granted to the Participant under such Award as the number of full months of the Performance Period which have elapsed since the first day of the Performance Period for which the Award was granted to the end of the month in which the Participant's termination of employment or other service, bears to the total number of months in the Performance Period, subject to the attainment of the Performance Goals associated with the Award as certified by the Committee. The remaining Performance Units or Performance Shares and any rights with respect thereto shall be canceled and forfeited.

10. OTHER AWARDS

Awards of shares of Common Stock, phantom stock and other Awards that are valued in whole or in part by reference to, or otherwise based on, Common Stock, may also be made, from time to time, to Eligible Individuals as may be selected by the Committee. Such Common Stock may be issued in satisfaction of Awards granted under any other plan sponsored by the Company or compensation payable to an Eligible Individual. In addition, such Awards may be made alone or in addition to or in connection with any other Award granted hereunder. The Committee may determine the terms and conditions of any such Award. Each such Award shall be evidenced by an Award Agreement between the Eligible Individual and the Company which shall specify the number of shares of Common Stock subject to the Award, any consideration therefore, any vesting or performance requirements, and such other terms and conditions as the Committee shall determine in its sole and absolute discretion.

7

11. CHANGE IN CONTROL

Upon the occurrence of a Change in Control, the Committee may, in its sole and absolute discretion, provide on a case by case basis that (i) all Awards shall terminate, provided that Participants shall have the right, immediately prior to the occurrence of such Change in Control and during such reasonable period as the Committee in its sole discretion shall determine and designate, to exercise any Award, (ii) all Awards shall terminate, provided that Participants shall be entitled to a cash payment equal to the Change in Control Price with respect to shares subject to the vested portion of the Award net of the Exercise Price thereof, if applicable, (iii) in connection with a liquidation or dissolution of the Company, the Awards, to the extent vested, shall convert into the right to receive liquidation proceeds net of the Exercise Price (if applicable), (iv) accelerate the vesting of Awards and (v) any combination of the foregoing. In the event that the Committee does not terminate or convert an Award upon a Change in Control of the Company, then the Award shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring, or succeeding corporation (or an affiliate thereof).

12. CHANGE IN STATUS OF PARENT OR SUBSIDIARY

Unless otherwise provided in an Award Agreement or otherwise determined by the Committee, in the event that an entity or business unit which was previously a part of the Company is no longer a part of the Company, as determined by the Committee in its sole discretion, the Committee may, in its sole and absolute discretion: (i) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may become immediately exercisable or vested, without regard to any limitation imposed pursuant to this Plan; (ii) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may remain outstanding, may continue to vest, and/or may remain exercisable for a period not exceeding one (1) year, subject to the terms of the Award Agreement and this Plan; and/or (iii) treat the employment or other services of a Participant performing services for such entity or business unit as terminated, if such Participant is not employed by the Company or any entity that is a part of the Company, immediately after such event.

13. REQUIREMENTS OF LAW

(a) Violations of Law. The Company shall not be required to make any payments, sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the individual exercising the Award, the Participant or the Company of any provisions of any law or regulation of any governmental authority, including without limitation any provisions of the Sarbanes-Oxley Act, and any other federal or state securities laws or regulations. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Award, the issuance of shares pursuant thereto or the grant of an Award to comply with any law or regulation of any governmental authority.

(b) Registration. At the time of any exercise or receipt of any Award, the Company may, if it shall determine it necessary or desirable for any reason, require the Participant (or Participant's heirs, legatees or legal representative, as the case may be), as a condition to the exercise or grant thereof, to deliver to the Company a written representation of present intention to hold the shares for their own account as an investment and not with a view to, or for sale in connection with, the distribution of such shares, except in compliance with applicable federal and state securities laws with respect thereto. In the event such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the Participant (or Participant's heirs, legatees or legal representative, as the case may be) upon the Participant's exercise of part or all of the Award or receipt of an Award and a stop transfer order may be placed with the transfer agent. Each Award shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the issuance or purchase of the shares thereunder, the Award may not be exercised in whole or in part and the restrictions on an Award may not be removed unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company in its sole discretion. The Participant shall provide the Company with any certificates, representations and information that the Company requests and shall otherwise cooperate with the Company in obtaining any listing, registration, qualification, consent or approval that the Company deems necessary or appropriate. The Company shall not be obligated to take any affirmative action in order to cause the exercisability or vesting of an Award, to cause the exercise of an Award or the issuance of shares pursuant thereto, or to cause the grant of Award to comply with any law or regulation of any governmental authority.

(c) Withholding. The Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the grant or exercise of an Award, or the removal of restrictions on an Award including, but not limited to: (i) the withholding of delivery of shares of Common Stock until the holder reimburses the Company for the amount the Company is required to withhold with respect to such taxes; (ii) the canceling of any number of shares of Common Stock issuable in an amount sufficient to reimburse the Company for the amount it is required to so withhold; (iii) withholding the amount due from any such person's wages or compensation due to such person; or (iv) requiring the Participant to pay the Company cash in the amount the Company is required to withhold with respect to such taxes.

(d) Governing Law. The Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada.

14. GENERAL PROVISIONS

(a) Award Agreements. All Awards granted pursuant to the Plan shall be evidenced by an Award Agreement. Each Award Agreement shall specify the terms and conditions of the Award granted and shall contain any additional provisions as the Committee shall deem appropriate, in its sole and absolute discretion (including, to the extent that the Committee deems appropriate, provisions relating to confidentiality, non-competition, non-solicitation and similar matters). The terms of each Award Agreement need not be identical for Eligible Individuals provided that each Award Agreement shall comply with the terms of the Plan.

(b) Purchase Price. To the extent the purchase price of any Award granted hereunder is less than par value of a share of Common Stock and such purchase price is not permitted by applicable law, the per share purchase price shall be deemed to be equal to the par value of a share of Common Stock.

(c) Dividends and Dividend Equivalents. Except as set forth in the Plan, an Award Agreement or provided by the Committee in its sole and absolute discretion, a Participant shall not be entitled to receive, currently or on a deferred basis, cash or stock dividends, Dividend Equivalents, or cash payments in amounts equivalent to cash or stock dividends on shares of Common Stock covered by an Award. The Committee in its absolute and sole discretion may credit a Participant's Award with Dividend Equivalents with respect to any Awards. To the extent that dividends and distributions relating to an Award are held in escrow by the Company, or Dividend Equivalents are credited to an Award, a Participant shall not be entitled to any interest on any such amounts. The Committee may not grant Dividend Equivalents to an Award subject to performance-based vesting to the extent that the grant of such Dividend Equivalents would limit the Company's deduction of the compensation payable under such Award for federal tax purposes pursuant to Code Section 162(m).

(d) Deferral of Awards. The Committee may from time to time establish procedures pursuant to which a Participant may elect to defer, until a time or times later than the vesting of an Award, receipt of all or a portion of the shares of Common Stock or cash subject to such Award and to receive Common Stock or cash at such later time or times, all on such terms and conditions as the Committee shall determine. The Committee shall not permit the deferral of an Award unless counsel for the Company determines that such action will not result in adverse tax consequences to a Participant under Section 409A of the Code. If any such deferrals are permitted, then notwithstanding anything to the contrary herein, a Participant who elects to defer receipt of Common Stock shall not have any rights as a stockholder with respect to deferred shares of Common Stock unless and until shares of Common Stock are actually delivered to the Participant with respect thereto, except to the extent otherwise determined by the Committee.

(e) Prospective Employees. Notwithstanding anything to the contrary, any Award granted to a Prospective Employee shall not become vested prior to the date the Prospective Employee first becomes an employee of the Company.

(f) Stockholder Rights. Except as expressly provided in the Plan or an Award Agreement, a Participant shall not have any of the rights of a stockholder with respect to Common Stock subject to the Awards prior to satisfaction of all conditions relating to the issuance of such Common Stock, and no adjustment shall be made for dividends, distributions or other rights of any kind for which the record date is prior to the date on which all such conditions have been satisfied.

(g) Transferability of Awards. A Participant may not Transfer an Award other than by will or the laws of descent and distribution. Awards may be exercised during the Participant's lifetime only by the Participant. No Award shall be liable for or subject to the debts, contracts, or liabilities of any Participant, nor shall any Award be subject to legal process or attachment for or against such person. Any purported Transfer of an Award in contravention of the provisions of the Plan shall have no force or effect and shall be null and void, and the purported transferee of such Award shall not acquire any rights with respect to such Award. Notwithstanding anything to the contrary, the Committee may in its sole and absolute discretion permit the Transfer of an Award to a Participant's "family member" as such term is defined in the Form S-8 Registration Statement under the Securities Act of 1933, as amended, under such terms and conditions as specified by the Committee. In such case, such Award shall be exercisable only by the transferee approved of by the Committee. To the extent that the Committee permits the Transfer of an Incentive Stock Option to a "family member", so that such Option fails to continue to satisfy the requirements of an incentive stock option under the Code such Option shall automatically be re-designated as a Non-Qualified Stock Option.

(h) Buyout and Settlement Provisions. Except as prohibited in Section 7(d) of the Plan, the Committee may at any time on behalf of the Company offer to buy out any Awards previously granted based on such terms and conditions as the Committee shall determine which shall be communicated to the Participants at the time such offer is made.

(i) Use of Proceeds. The proceeds received by the Company from the sale of Common Stock pursuant to Awards granted under the Plan shall constitute general funds of the Company.

(j) Modification or Substitution of an Award. Subject to the terms and conditions of the Plan, the Committee may modify outstanding Awards, provided that, except as expressly provided in the Plan, no modification of an Award shall adversely affect any rights or obligations of the Participant under the applicable Award Agreement without the Participant's consent. Nothing in the Plan shall limit the right of the Company to pay compensation of any kind outside the terms of the Plan.

(k) Amendment and Termination of Plan. The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Common Stock as to which Awards have not been granted; *provided, however*, that the approval of the stockholders of the Company in accordance with applicable law and the Articles of Incorporation and Bylaws of the Company shall be required for any amendment: (i) that changes the class of individuals eligible to receive Awards under the Plan; (ii) that increases the maximum number of shares of Common Stock in the aggregate that may be subject to Awards that are granted under the Plan (except as permitted under Section 5 or Section 11 hereof); (iii) the approval of which is necessary to comply with federal or state law (including without limitation Section 162(m) of the Code and Rule 16b-3 under the Exchange Act) or with the rules of any stock exchange or automated quotation system on which the Common Stock may be listed or traded; or (iv) that proposed to eliminate a requirement provided herein that the stockholders of the Company must approve an action to be undertaken under the Plan. Except as expressly provided in the Plan, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair rights or obligations under any Award theretofore granted under the Plan. Awards granted prior to the termination of the Plan may extend beyond the date the Plan is terminated and shall continue subject to the terms of the Plan as in effect on the date the Plan is terminated.

(l) Section 409A and 162(m) of the Code. With respect to Awards subject to Section 409A or 162(m) of the Code, this Plan is intended to comply with the requirements of such Sections, and the provisions hereof shall be interpreted in a manner that satisfies the requirements of such Sections and the related regulations, and the Plan shall be operated accordingly. If any provision of this Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict.

(m) Notification of 83(b) Election. If in connection with the grant of any Award, any Participant makes an election permitted under Code Section 83(b), such

Participant must notify the Company in writing of such election within ten (10) days of filing such election with the Internal Revenue Service.

(n) Disclaimer of Rights. No provision in the Plan, any Award granted hereunder, or any Award Agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of or other service with the Company or to interfere in any way with the right and authority of the Company either to increase or decrease the compensation of any individual, including any holder of an Award, at any time, or to terminate any employment or other relationship between any individual and the Company. The grant of an Award pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

10

(o) Unfunded Status of Plan. The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to such Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

(p) Nonexclusivity of Plan. The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Board in its sole and absolute discretion determines desirable.

(q) Other Benefits. No Award payment under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any agreement between a Participant and the Company, nor affect any benefits under any other benefit plan of the Company now or subsequently in effect under which benefits are based upon a Participant’s level of compensation.

(r) Headings. The section headings in the Plan are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

(s) Pronouns. The use of any gender in the Plan shall be deemed to include all genders, and the use of the singular shall be deemed to include the plural and vice versa, wherever it appears appropriate from the context.

(t) Successors and Assigns. The Plan shall be binding on all successors of the Company and all successors and permitted assigns of a Participant, including, but not limited to, a Participant’s estate, devisee, or heir at law.

(u) Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

(v) Notices. Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered by hand, to the Company, to its principal place of business, Attention: Human Resources, and if to the holder of an Award, to the address as appearing on the records of the Company.

11

ANNEX A

DEFINITIONS

“Award” means any Restricted Stock Unit, Common Stock, Option, Performance Share, Performance Unit, Restricted Stock, Stock Appreciation Right or any other award granted pursuant to the Plan.

“Award Agreement” means a written agreement entered into by the Company and a Participant setting forth the terms and conditions of the grant of an Award to such Participant.

“Board” means the board of directors of the Company.

“Cause” means, with respect to a termination of employment or other service with the Company, a termination of employment or other service due to a Participant’s dishonesty, fraud, or willful misconduct; *provided, however*, that if the Participant and the Company have entered into an employment agreement or consulting agreement which defines the term Cause, the term Cause shall be defined in accordance with such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether Cause exists for purposes of the Plan.

“Change in Control” means: (i) any Person (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by stockholders of the Company in substantially the same proportions as their ownership of Company Common Stock) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) or more of the value of the Company’s then outstanding securities (the “Majority Owner”); provided, however, that no Change in Control shall occur under this paragraph (i) unless a person who was not a Majority Owner at some time after the Effective Date becomes a Majority Owner after the Effective Date; (ii) a merger, consolidation, reorganization, or other business combination of the Company with any other entity, other than a merger or consolidation which would result in the securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) by value of the securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (iii) the consummation of the sale or disposition by the Company of all or substantially all of its assets other than (x) the sale or disposition of all or substantially all of the assets of the Company to a Person or Persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the securities of the Company by value at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the stockholders of the Company.

However, to the extent that Section 409A of the Code would cause an adverse tax consequence to a Participant using the above definition, the term “Change in Control” shall have the meaning ascribed to the phrase “Change in the Ownership or Effective Control of a Corporation or in the Ownership of a Substantial Portion of the Assets of a Corporation” under Treasury Department Regulation 1.409A-3(i)(5), as revised from time to time in either subsequent regulations or other guidance, and in the event that such regulations are withdrawn or such phrase (or a substantially similar phrase) ceases to be defined, as determined by the Committee.

“Change in Control Price” means the price per share of Common Stock paid in any transaction related to a Change in Control of the Company.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Committee” means a committee or sub-committee of the Board consisting of two or more members of the Board, none of whom shall be an officer or other salaried employee of the Company, and each of whom shall qualify in all respects as a “non-employee director” as defined in Rule 16b-3 under the Exchange Act, and as an “outside director” for purposes of Code Section 162(m). If no Committee exists, the functions of the Committee will be exercised by the Board; *provided, however*, that a Committee shall be created prior to the grant of Awards to a Covered Employee and that grants of Awards to a Covered Employee shall be made only by such Committee. Notwithstanding the foregoing, with respect to the grant of Awards to non-employee directors, the Committee shall be the Board.

“Common Stock” means the Class B common stock, par value \$0.001 per share, of the Company or any other security into which such common stock shall be changed as contemplated by the adjustment provisions of Section 5 of the Plan.

“Company” means RumbleOn, the subsidiaries of RumbleOn and all other entities whose financial statements are required to be consolidated with the financial statements of RumbleOn pursuant to United States generally accepted accounting principles, and any other entity determined to be an affiliate of RumbleOn as determined by the Committee in its sole and absolute discretion.

“Covered Employee” means “covered employee” as defined in Code Section 162(m)(3).

“Covered Individual” means any current or former member of the Committee, any current or former officer or director of the Company, or, if so determined by the Committee in its sole discretion, any individual designated pursuant to Section 4(c).

“Disability” means a “permanent and total disability” within the meaning of Code Section 22(e)(3); *provided, however*, that if a Participant and the Company have entered into an employment or consulting agreement which defines the term Disability for purposes of such agreement, Disability shall be defined pursuant to the definition in such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether a Disability exists for purposes of the Plan.

“Dividend Equivalents” means an amount equal to the cash dividends paid by the Company upon one share of Common Stock subject to an Award granted to a Participant under the Plan.

“Eligible Individual” means any employee, consultant, officer, director (employee or non-employee director) or independent contractor of the Company and any Prospective Employee to whom Awards are granted in connection with an offer of future employment with the Company.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exercise Price” means the purchase price per share of each share of Common Stock subject to an Award.

“Fair Market Value” means, unless otherwise required by the Code, as of any date, the last sales price reported for the Common Stock on the day immediately prior to such date (i) as reported by the national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the Financial Industry Regulatory Authority, Inc., or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; *provided, however*, that the Committee may modify the definition of Fair Market Value to reflect any changes in the trading practices of any exchange or automated system sponsored by the Financial Industry Regulatory Authority, Inc. on which the Common Stock is listed or traded. If the Common Stock is not readily traded on a national securities exchange or any system sponsored by the Financial Industry Regulatory Authority, Inc., the Fair Market Value shall be determined in good faith by the Committee.

“Grant Date” means, unless otherwise provided by applicable law, the date on which the Committee approves the grant of an Award or such later date as is specified by the Committee and set forth in the applicable Award Agreement.

“Incentive Stock Option” means an “incentive stock option” within the meaning of Code Section 422.

“Non-Qualified Stock Option” means an Option which is not an Incentive Stock Option.

“Option” means an option to purchase Common Stock granted pursuant to Sections 6 of the Plan.

“Participant” means any Eligible Individual who holds an Award under the Plan and any of such individual’s successors or permitted assigns.

“Performance Goals” means the specified performance goals which have been established by the Committee in connection with an Award.

“Performance Period” means the period during which Performance Goals must be achieved in connection with an Award granted under the Plan.

“Performance Share” means a right to receive a fixed number of shares of Common Stock, or the cash equivalent, which is contingent on the achievement of certain Performance Goals during a Performance Period.

“Performance Unit” means a right to receive a designated dollar value, or shares of Common Stock of the equivalent value, which is contingent on the achievement of Performance Goals during a Performance Period.

“Person” shall mean any person, corporation, partnership, limited liability company, joint venture or other entity or any group (as such term is defined for purposes of Section 13(d) of the Exchange Act), other than a Parent or subsidiary of the Company.

“Plan” means this RumbleOn, Inc. 2016 Stock Incentive Plan.

“Prospective Employee” means any individual who has committed to become an employee or independent contractor of the Company within sixty (60) days from the date an Award is granted to such individual.

“Restricted Stock” means Common Stock subject to certain restrictions, as determined by the Committee, and granted pursuant to Section 8 hereunder.

“Restricted Stock Unit” means a right, granted under this Plan, to receive Common Stock upon the satisfaction of certain conditions, or if later, at the end of a specified deferral period following the satisfaction of such conditions.

“Section 424 Employee” means an employee of the Company or any “subsidiary corporation” or “parent corporation” as such terms are defined in and in accordance with Code Section 424. The term “Section 424 Employee” also includes employees of a corporation issuing or assuming any Options in a transaction to which Code Section 424(a) applies.

“Stock Appreciation Right” means the right to receive all or some portion of the increase in value of a fixed number of shares of Common Stock granted pursuant to Section 7 hereunder.

“RumbleOn” means RumbleOn, Inc., a Nevada corporation.

“Transfer” means, as a noun, any direct or indirect, voluntary or involuntary, exchange, sale, bequeath, pledge, mortgage, hypothecation, encumbrance, distribution, transfer, gift, assignment or other disposition or attempted disposition of, and, as a verb, directly or indirectly, voluntarily or involuntarily, to exchange, sell, bequeath, pledge, mortgage, hypothecate, encumber, distribute, transfer, give, assign or in any other manner whatsoever dispose or attempt to dispose of.

Restated October __, 2021

CERTIFICATION

I, Marshall Chesrown, certify that:

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

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

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

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

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

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

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

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

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

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

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

November 15, 2021

By: /s/ Marshall Chesrown
 Marshall Chesrown
 Chairman and Chief Executive Officer
 (Principal Executive Officer)

CERTIFICATION

I, Beverley Rath, certify that:

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

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

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

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

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

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

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

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

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

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

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

November 15, 2021

By: /s/ Beverley Rath
 Beverley Rath
 Interim Chief Financial Officer
 (Principal Financial Officer and Principal Accounting Officer)

**CERTIFICATION PURSUANT
TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of RumbleOn, Inc. (the “Company”) for the period ended September 30, 2021, as filed with the U.S. Securities and Exchange Commission (the “Report”), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge and belief, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 15, 2021

By: /s/ Marshall Chesrown

Marshall Chesrown
Chairman and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT
TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report on Form 10-Q of RumbleOn, Inc. (the “Company”) for the period ended September 30, 2021, as filed with the U.S. Securities and Exchange Commission (the “Report”), the undersigned hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge and belief, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 15, 2021

By: /s/ Beverley Rath
Beverley Rath
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)