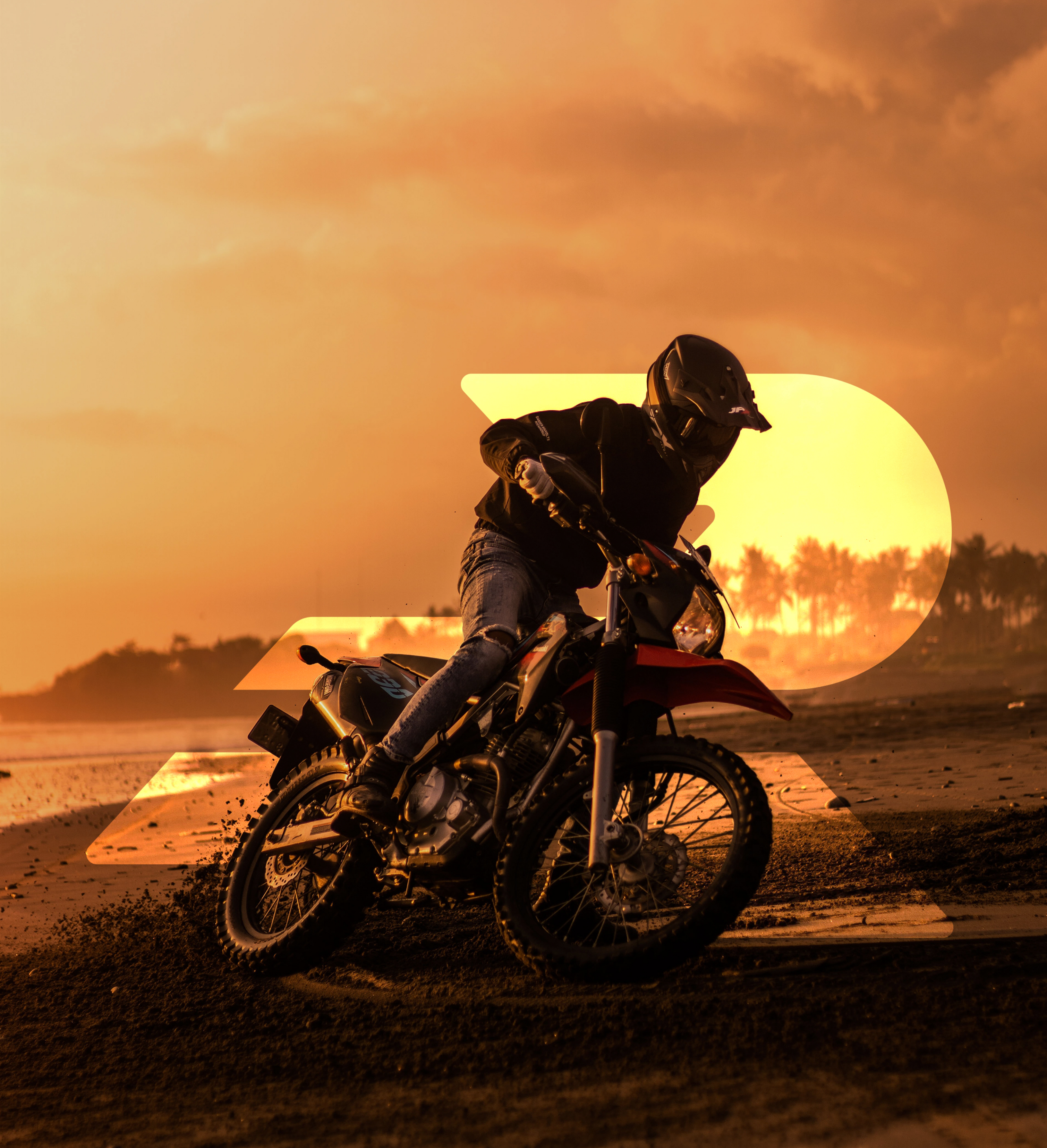
RUMBLE ON

2020 ANNUAL REPORT



Letter to Shareholders

Marshall Chesrown,
Co-founder, Chairman &
Chief Executive Officer

Dear Shareholders,

2020 marked another momentous year for RumbleOn in many ways. Our results demonstrated measurable progress on our objectives to expand our offering, while improving our margin profile and bottom line. We delivered over $416 million in revenue in 2020, drove significant improvements to gross margin, and achieved our first net income positive quarter in Q3 of 2020, an objective we set forth in 2019. Despite the devastating tornado that hit our Nashville facility in March of 2020, the COVID-19 pandemic and unprecedented economic uncertainty, we accomplished our goals and exited the year in a better financial position than when we entered it.

The prescriptive steps we took to improve margins and expand our offering in 2020 cemented RumbleOn as a powersports leader in the United States and enabled us to pursue and complete our business combination with the largest powersports dealer group in the country, RideNow.

Upon completion of the acquisition in August, RumbleOn became the first omnichannel customer experience in powersports. RideNow's extensive geographic footprint of 45 full-service locations across 11 states and strong retail brand, combined with RumbleOn's technology platform and access to pre-owned inventory will make powersport vehicles more accessible to both the enthusiasts and the first time buyers nationwide. Becoming the first omnichannel experience in powersports enables us to utilize tech-driven nationwide inventory aggregation and leverage our e-commerce presence and physical locations to drive sales wherever our customers want to shop.

We have come a very long way since launching RumbleOn in 2017. I am very proud of our accomplishments and I am excited for what lies ahead.

Sincerely,

Marshall Chesrown

Any forward-looking statements in our discussion are based on the expectations, estimates and projections of management as of today and are subject to various assumptions, risks, uncertainties and other factors that are difficult to predict, which could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These statements are not guarantees of future performance, and therefore, undue reliance should not be placed upon them. We refer all of you to our 2020 Form 10-K and other recent filings with the SEC for a more detailed discussion of the risks that could impact the future operating results and financial condition of RumbleOn, Inc. We disclaim any intentions or obligations to update or revise any forward-looking statements, except as required by law.

IN MEMORIAM
STEVEN R. BERRARD
1954 - 2021

Of course so much of the success RumbleOn has achieved has been made possible through the tremendous knowledge, experience, and contributions of our good friend, Co-founder, Director and Chief Financial Officer Steve Berrard, who passed unexpectedly in June.

Steve was a true visionary and a larger than life figure who brought humor, dedication, and unparalleled business acumen to every endeavor he undertook.

Steve’s legacy and business prowess is part of everything we do at RumbleOn. He was, and always will be, the symbol of RumbleOn’s core values and dedication to our employees, our partners, our investors and stockholders, and of course, to the powersports enthusiasts who embrace our mission. Thank you Steve for your service to RumbleOn. You are missed and well remembered.

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

Form 10-K

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

For the fiscal year ended December 31, 2020

☐ **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	**46-3951329**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
901 W Walnut Hill Lane Irving TX	**75038**
(Address of Principal Executive Offices)	(Zip Code)

(214) 771-9952
(Registrant's telephone number, including area code)

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

Title of each class	**Trading Symbol(s)**	**Name of exchange on which registered**
Common Stock, $0.001 par value	**RMBL**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

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

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

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

As of June 30, 2020, the aggregate market value of shares of common stock held by non-affiliates of the registrant was approximately $17.5 million.

The number of shares of Class B Common Stock, $0.001 par value, outstanding on March 26, 2021 was 2,286,404 shares. In addition, 50,000 shares of Class A Common Stock, $0.001 par value, were outstanding on March 26, 2021.

RUMBLEON, INC.

Table of Contents to Annual Report on Form 10-K

for the Year Ended December 31, 2020

PART I

In this Annual Report on Form 10-K, "we," "our," "us," "RumbleOn," and "the Company" refer to RumbleOn Inc. and its consolidated subsidiaries, unless the context requires otherwise.

Forward-Looking and Cautionary Statements

This Annual Report on Form 10-K contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements may appear throughout this Annual Report on Form 10-K, including without limitation, the following sections: Item 1 "Business," Item 1A "Risk Factors," and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations." 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. These forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which 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 this Annual Report on Form 10-K, and in particular, the risks discussed under the caption "Risk Factors" in Item 1A and those discussed in other documents we file with the Securities and Exchange Commission (SEC). We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Market and Industry Data

Some of the market and industry data contained in this Annual Report on Form 10-K are based on independent industry publications or other publicly available information. Although we believe that these independent sources are reliable, we have not independently verified and cannot assure you as to the accuracy or completeness of this information. As a result, you should be aware that the market and industry data contained herein, and our beliefs and estimates based on such data, may not be reliable.

Item 1. Business.

In this Annual Report on Form 10-K (this "Form 10-K"), we refer to RumbleOn, Inc., as "RumbleOn," "RMBL," the "Company," "we," "us," and "our," and similar words. All share amounts included in this Form 10-K have been adjusted for the one-for-twenty reverse stock split of our Class A Common Stock and Class B Common Stock, effective May 20, 2020.

Overview

RumbleOn, Inc.*,* a Nevada corporation, is a technology driven, motor vehicle dealer and e-commerce platform provider disrupting the vehicle supply chain using innovative technology that aggregates, processes and distributes inventory in a faster and more cost-efficient manner.

We operate an infrastructure-light platform that facilitates the ability of all participants in the supply chain, including RumbleOn, other dealers and consumers to Buy-Sell-Trade-Finance-Transport pre-owned vehicles. Our goal is to transform the way VIN-specific pre-owned vehicles are bought and sold by providing users with the most comprehensive, efficient, timely and transparent transaction experiences. While our initial customer facing emphasis through most of 2018 was on motorcycles and other powersports, in 2019 we enhanced our platform to accommodate nearly any VIN-specific vehicle, and via our October 2018 acquisition of Wholesale, Inc., we made a concerted effort to grow our cars and light truck categories. In August 2020, we launched RumbleOn 3.0, bringing traditional brick and mortar powersports dealers across the country online. Then, in March 2021, we announced a definitive agreement to combine our ecommerce platform with the RideNow powersports group, the nation's largest powersports retailer. Completion of this transaction is subject to a number of conditions, but we expect to close the business combination during the second or third quarter of 2021.

Recent Developments

RideNow Transaction

On March 12, 2021, we announced a definitive agreement to combine with the RideNow dealership group, the nation's largest powersports retailer, to create the only omnichannel customer experience in powersports and the largest publicly traded powersports dealership platform (the "RideNow Transaction"). Under the terms of the definitive agreement, we will combine with up to 46 entities operating under the RideNow brand for a total consideration of up to $575.4 million, consisting of $400.4 million of cash and approximately 5.8 million shares of our Class B Common Stock. We will finance the cash consideration through a combination of up to $280.0 million of debt and the remainder through the issuance of new equity. We have has entered into a commitment letter with Oaktree Capital Management, L.P. ("Oaktree") to provide for the debt financing, subject to certain conditions (the "Oaktree Financing"). The number of shares to be issued to RideNow is subject to increase as described in the definitive agreement. The RideNow Transaction is subject to successful completion of the debt and equity financing, RumbleOn stockholder approval, manufacturer approval, other federal and state regulatory approvals, and other customary closing conditions as described in the definitive agreement. We expect to close the RideNow Transaction during the second or third quarter of 2021. The foregoing description of the definitive agreement and debt financing does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Plan of Merger and Equity Purchase Agreement, dated March 12, 2021, Registration Rights and Lock-Up Agreement, dated March 12, 2021, Commitment Letter, dated March 12, 2021, and Warrant, dated March 12, 2021, copies of which are incorporated by reference to this report as Exhibits 2.4, 10.33, 10.31 and 4.11. See the section titled Subsequent Events in the MD&A included in this report for a discussion of the RideNow Transaction and Oaktree Financing.

Our Model

RumbleOn's goal is to disrupt the inefficient, friction-laden pre-owned vehicle supply chain through the use of innovative technology. We have created a modern, technology-based platform to acquire and distribute inventory transparently and efficiently at value-oriented prices. We intend to leverage this platform to maximize the overall profit and return on vehicles that RumbleOn buys/sells for its own account, as well to provide both dealers and consumers technology-based tools, financing and logistics-based solutions to simplify their business or aid them through the complex process of buying/selling a vehicle.

Our model is anchored on powerful technology that enables RumbleOn to efficiently acquire, process (including reconditioning, photos and inspection), market and distribute vehicles to dealers and consumers. Collectively, this allows us to maximize inventory value and reduce inventory risk as we effect the entire vehicle supply chain in a faster and more cost-efficient manner. There are two critical inputs that are key to understanding how we do this: 1) our innovative technology and 2) our inventory management.

Innovative Technology

Technology underpins everything at RumbleOn. If you want to disrupt an industry, you have to have answer two fundamental questions:

1) What can we do to eliminate existing customer pain points?

2) How do we remove friction from a marketplace?

We leverage technology to drive change in an industry that is as old as the automobile or motorcycle itself. At a high-level, we believe there are two main areas where leveraging these innovations provides us a competitive advantage and eliminates existing customer pain points and removes friction from a marketplace – 1) our proprietary supply chain and distribution software and 2) and our mobile-first web application strategy.

We utilize internally developed software and real time APIs to look at the overall supply chain and reconfigure inventory for the purpose of acquisition and distribution. Our technology aggregates multiple data sources in real-time, tracking and cataloging inventory across the country.

We analyze real-time market data to inform our acquisition decisions, continually capturing and archiving such data using advanced algorithms, to calibrate pricing and estimate freight and reconditioning expenses. The values are then used in our Cash Offer tool to quickly determine a fair and reasonable, non-negotiable offer.

Lastly, we continue to enhance our website and mobile application to provide not only a compelling user experience, from the front-end user interface and powerful search tools to enabling secure data, document and payment exchanges between parties, but also to help optimize search engine marketing and lower overall cost of customer acquisition. For example, the RumbleOn app has features such as auto-populating details into the Cash Offer tool when a customer scans their VIN, we introduced simplified uploading of vehicle photos by app users, we integrate technologies to try and block inappropriate content on our Classifieds site, and we are creating fun social experiences like our Road Trip Planner and successful blog campaigns. We announced the launch of RumbleOn 3.0 in August of 2020. At that time, we had more than 18,000 powersport listings on our site, from over 130 dealer locations around the country. We've since massively scaled the offering, and currently have more than 50,000 listings from over 300 dealer locations from coast to coast on our platform.

The business combination with RideNow is a natural evolution of our RumbleOn 3.0 strategy. This combination will create the only omnichannel customer experience in powersports and the largest publicly traded powersports dealership platform. With more than 7,000 powersports dealers in the US and 85% of these dealers who own only a single location, this industry remains ripe for consolidation. Our technology, OEM relationships, winning culture and new financial partners make us the partner of choice for dealers around the country. Many of them, like RideNow, will get to know us through RumbleOn 3.0.

Inventory Management

We believe our ability to access and acquire inventory efficiently and cost effectively, from both consumers and dealers, is a key differentiator for RumbleOn. Using pre-owned retail and wholesale vehicle market data obtained from a variety of internal and external data sources, we evaluate a significant number of vehicles daily across both online and traditional auction/dealer-based channels to determine their fit with end-buyer demand, internal profitability targets and our existing inventory needs by make, model, condition and price point.

The supply of pre-owned vehicles is influenced by a variety of factors, including: the total number of vehicles in operation; the rate of new vehicle sales, which in turn generate pre-owned vehicles; the number of pre-owned vehicles sold or remarketed through our consumer and dealer channels; model-year changes; fleet turnover; seasonality; natural disasters; and economic downturns.

As such, we are very focused on nimbly managing our overall inventory and strive to maintain our current average days to sale under 30 days. We believe this not only minimizes potential impacts on profits from the items described above but also provides us significant competitive benefits; namely: i) we have flexibility to adjust our inventory in response to unforeseen market dynamics – such as adverse weather conditions, including tornadoes and hurricanes, or other events or conditions that impact purchasing decisions, including disruptions in the domestic and global economy due to the COVID-19 pandemic (discussed below); and ii) we can make swift decisions to capitalize on market anomalies or leverage arbitrage opportunities that may benefit our volume and margins in a more consistent fashion.

To support our emphasis on inventory management and reduction of capital investment needs, we leverage a robust partner network that manages the reconditioning, inspections and distribution of our inventory. Our current regional partners are located in the cities below:

Cincinnati, OH; Dallas, TX; Las Vegas, NV;
Atlanta, GA; Statesville, NC; Philadelphia, PA; Nashville, TN;
Orlando, FL; San Diego, CA; San Francisco, CA;
West Palm Beach, FL

Every unit of inventory we acquire is posted immediately to both our website and Dealer Direct virtual inventory tool, as well as sent to one of our regional partners who then uploads photos, prepares detailed inspection reports, reconditions the vehicle to a dealer's expectation and sets the vehicle for live auction sale in the near future. If the vehicle is sold to a consumer, it is reconditioned to the appropriate level for the buyer, which reduces unnecessary reconditioning costs and enables us to protect our margin when selling directly to a dealer who might prefer to manage or perform much of the reconditioning to their standards. More importantly, we are able to quickly establish new regional partners as needed to reduce our cost of sales and freight expense while creating more capacity for over-all sales growth. Currently, there are hundreds of potential expansion locations that welcome the opportunity for their business. These are owned by the likes of Cox Automotive (Manheim); Copart (National Powersports Auctions); KARS (Adesa auctions) just to name a few.

Competitive Positioning

We believe we are disrupting a massive opportunity in the market and unlike others, we are using this data-powered technology to serve consumers, dealers and service providers across the entire supply chain. Our comprehensive offering includes the following:

Dealers	Consumers	Other
Dealer to Consumer Sales	Consumer to Consumer Sales	Lender Listing Site
Dealer to Dealer Sales	Online Cash Offers from RumbleOn	Dealer Listing Site
Online Cash Offers from RumbleOn	Classifieds (including transaction support)	Data Aggregation
Inventory Management	Finance a Purchase	Auction Locations
Dealer Branded Cash Offers	Warranty Products	Transport Providers
Dealer Listing Site	Inspection Services	Inspection Services
Logistics Support	Logistics Support	Peer-to-Peer Payment

Presently we are buying and selling our entire inventory and delivering the same customer experience across our websites – rumbleon.com, *RumbleOn Dealer Direct* and *other URL's also represented as powered by RumbleOn* - providing us with a strategic advantage of having vertical brands. These solutions exist as separate websites and each fills a gap in the legacy buying and selling experience while taking advantage of vertical search of the same inventory across multiple consumer and dealer channels.

RumbleOn.com is our primary national online consumer facing platform. Consumers can currently get a real Cash Offer for their vehicle as well as purchase vehicles through this website. Customers can pay for their vehicle using cash or they may select from a range of finance options from unrelated third parties such as banks or credit unions, as well as RumbleOn Finance, our own financing platform. Additionally, customers have the option to protect their vehicle with Extended Protection Plans ("EPPs") and vehicle appearance protection products as part of our online checkout process. EPPs include extended service plans which are designed to cover unexpected expenses associated with mechanical breakdowns and guaranteed asset protection, which is intended to cover the unpaid balance on a vehicle loan in the event of a total loss of the vehicle or unrecovered theft as well as other traditional protection products.

RumbleOn Dealer Direct is currently being used by multiple dealers which allows them to leverage the RumbleOn inventory as a virtual inventory of their own at wholesale prices without having to wait for auction day.

Wholesale Inc. and GotSpeed (formerly known as AutoSport), Powered by RumbleOn *(as well as any other sub-brands we may utilize)* – The significant local brand awareness these parallel sites provide allows us to take advantage of existing organic search benefits and customer goodwill by creating a locally branded website with most of the same functionality as RumbleOn.com.

RumbleOn Classifieds was launched in December 2018 and is a one-stop free listing site for consumers who wish to pursue peer-to-peer transactions, similar to Craigslist. Consumers list the vehicle at the price they wish. RumbleOn then offers both buyers and sellers a suite of option tools to facilitate the transaction process, including assistance with titles, documentation, third-party inspection, financing, funds-transfer, and logistics. Classifieds allows us to not only buy more inventory from unsuccessful listings, but more importantly provide consumers who were unwilling to accept the RumbleOn Cash Offer price an opportunity to stay in the RumbleOn network.

RumbleOn Finance is our wholly owned consumer finance entity that provides vehicle buyers competitive borrowing alternatives fully underwritten internally. During the second half of 2019, RumbleOn Finance began originating finance transactions on powersports.

Our Market / Competition

We participate in both the automotive and powersports markets.

Automotive

The U.S. used car marketplace is highly fragmented, and we face competition from franchised dealers, who sell both new and used vehicles; independent used car dealers; online and mobile sales platforms; and private parties. There are approximately 18,000 franchised automotive dealerships, which sell both new and used vehicles, as well as approximately 43,000 used car independents in the U.S. according to NADA and Borrell Associates' 2017 Outlook, respectively. Moreover, the top 100 car retailers control approximately 8.6% of the used car market share in 2018 according to Automotive News.

Collectively, there were approximately 273 million registered vehicles in operation in 2018. Additionally, in 2019 automakers sold approximately 17 million new cars and approximately 41 million used cars were sold, many of which were accompanied by trade-ins. Lastly, the National Auto Auction Association and Cox Automotive estimate there are more than 16 million vehicles annual sold through wholesale channels, with approximately 9.6 million sold through auctions , the vast majority of which are run through the two largest auction participants, Manheim and Adesa, 4.9 million dealer-to-dealer and 2.1 direct to consumer or offsite/online.

Based on the large number of new and used vehicles being sold each year, coupled with the relatively small market share of any single used car seller, we believe that both sources of used vehicles, and our ability to sell them, will continue to be sufficient to meet our current and future needs.

Powersports

We currently operate in the powersports and recreational vehicle market with significant scale and breadth of products. The Motorcycle Industry Council estimates that in 2018, 10.1 million U.S. households owned the 12.2 million motorcycles. Of these, 87% of these were on-highway models, our initial targeted segment. According to the Powersports Business 2020 Market Data Book, pre-owned motorcycle registrations were 1 million units in 2019 with new unit sales of approximately 281,179. The owner demographic is favorable to the market outlook as millennials and baby boomers are maturing into the median ranges. The owner group is characterized by brand loyal riding enthusiasts.

Our initial focus was on pre-owned Harley-Davidson motorcycles as it provided a targeted, identifiable segment to establish the functionality of the platform and the RumbleOn brand. Harley-Davidson is a highly regarded and dominant brand in the motorcycle market, (representing approximately 50% market share of new 601cc+ on-road motorcycles according to both Harley-Davidson public filings and the Motorcycle Industry Council) and there were approximately 3.1 million Harley Davidson riders in 2019, up approximately 55,00 from the prior year per the IHS Markit Motorcycles in Operations data. As our business has evolved, we have expanded into other powersports and recreational vehicle with a strong emphasis on the “other" brands of motorcycles (Honda, Yamaha, Kawasaki, Suzuki, etc.), which essentially doubled the available market and is a natural extension as these vehicles are often sold or traded for Harley-Davidson vehicles. The “other" market and dealer profile closely mirror that of the Harley-Davidson market although it is more highly fragmented and the average pre-owned vehicle selling price is less than a pre-owned Harley Davidson. In addition, many of the “other" dealers also retail other powersport vehicles including ATVs, UTVs, snowmobiles and personal watercraft providing RumbleOn an opportunity for product extensions by leveraging existing regional partner relationships.

The ATV, UTV/side-by-side, snowmobile and personal watercraft vehicle, or PWC, markets, are a logical next extension for our platform, as there is significant overlap in the motorcycle dealer base with dealers of these products. According to estimates from the Powersports Business 2020 Market Data Book, approximately 930,000 ATV/UTV/side-by-sides and 55,000 snowmobiles sold world-wide in 2019, and there are estimated to be approximately 1.2 million snowmobiles registered in the United States with another 600,000 in Canada. Lastly, according the Powersports Business 2020 Market Data Book, in 2019 there were more than 73,000 new PWCs sold in the United States and there are currently more than 1.2 million PWCs registered in the United States.

During the third quarter of 2020 we launched RumbleOn.com version 3.0 consistent with our plan to allow dealers to leverage our marketplace to list their inventory and receive corresponding leads for future fees for things such as cash offers, pre-qualification for lending and many others both present and future. At the request of many dealers and as part of the 3.0 launch, we also released our highly anticipated B2B powersports dealer only marketplace we call Dealer Direct, which enabled us to be the first to offer a pure online solution for dealer-to-dealer transactions in powersports. This online dealer platform has proven to be extremely successful for dealers in the auto segment through a host of providers and, while in the early stages, in 2020 we enrolled in excess of 200 dealers with over 40,000 available listings. Dealer Direct has not only allowed for higher margins on our owned inventory distribution but in future periods will allow for revenue from multiple transaction fees charged to dealers. By aggregating inventory on 3.0 from across the country, we are able to offer dealers access to our host of software solutions to improve their business and put them in a position to participate in pure online transactions and while increase our reach with valuable content and data from the site.

The United States pre-owned powersports and recreational vehicle marketplace is highly fragmented, and we face competition from franchised dealers, who sell both new and pre-owned vehicles; independent dealers; online and mobile sales platforms; and private parties. We believe that the principal competitive factors in our industry are delivering an outstanding consumer experience, competitive sourcing of vehicles, breadth and depth of product selection, and value pricing. Our competitors vary in size and breadth of their product offerings. We believe that our principal competitive advantages in pre-owned vehicle sales includes our ability to provide a high degree of customer satisfaction with the buying experience by virtue of our low, no-haggle prices and our 100% online marketplace platform including our website and mobile web application and our ability to make a cash offer to purchase a vehicle with our customer-friendly sales process and our breadth of selection of the most popular makes and models available on our website. In addition, we believe our willingness to make a cash offer to purchase a customer's vehicle, whether or not the customer is buying a vehicle from us, provides a competitive sourcing advantage for vehicle sales allowing us to offer value-oriented pricing. We believe the principal competitive factors for our ancillary products and services include an ability to offer a full suite of products at competitive prices delivered in an efficient manner to the customer. We compete with a variety of entities in offering these products including banks, finance companies, insurance and warranty providers and extended vehicle service contract providers. We believe our competitive strengths in this category will include our ability to deliver products in an efficient manner to customers utilizing our technology and our ability to partner with key participants in each category to offer a full suite of products at competitive prices. Lastly, additional competitors may enter the businesses in which we will operate.

The supply of pre-owned vehicles, including powersports, automobiles and light trucks, is influenced by a variety of factors, including: the total number of vehicles in operation; the rate of new vehicle sales, which in turn generate pre-owned vehicles; and the number of pre-owned vehicles sold or remarketed through our consumer and dealer channels. Based on the large number of new and used vehicles being sold each year, coupled with the relatively small market share of any single used vehicle seller, we believe that both sources of used vehicles, and our ability to sell them, will continue to be sufficient to meet our current and future needs.

Seasonality

Historically, both the automotive and powersport industries have been seasonal with traffic and sales strongest in the spring and summer quarters. Sales and traffic are typically slowest in the winter quarter but increase typically in February and March, coinciding with tax refunds and improved weather conditions. Given this seasonality, coupled with the fact that we are a growing company, leads us to expect our quarterly results of operations, including our revenue, gross profit, profit/loss, and cash flow to vary significantly in the future, based in part on vehicle buying patterns. Over time, we expect to normalize to seasonal trends in both markets, with the corresponding impact that may result from the overall economic conditions.

Nashville Tornado

On March 3, 2020, a severe tornado struck the greater Nashville area causing significant damage to our 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 comprises three components: (1) inventory loss, currently assessed by the insurance carrier at approximately $13,000,000; (2) building and personal property loss, primarily impacting our leased facilities, currently assessed by the insurance carrier at $2,783,000; and (3) loss of business income, for which we have coverage in the amount of $6,000,000.

All three components of our 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 has advanced $5,615,268 against the final settlement. The building insurer has agreed to pay $2,778,000 on the building and personal property loss, reflecting a complete recovery, net of $5,000 reflecting our deductible. The insurer has made an interim payment on the building and personal property loss of $2,269,507 to the landlord. The loss of business income claim is ongoing and remains in the process of negotiation, however, the insurer has advanced $250,000 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.

COVID-19 Pandemic

The rapid spread of COVID-19 since March 2020 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders and shutdowns. These measures have impacted and may further impact all or portions of our workforce and operations, the behavior of our customers, and the operations of our partners, vendors, and suppliers. While the federal and state governments have taken measures to try to contain the COVID-19 pandemic, there is considerable uncertainty regarding such measures and potential future measures. The COVID-19 situation has created an unprecedented and challenging time for our Company. Our current focus is on positioning the Company for a strong recovery when this crisis is over. During 2020 we took steps to reduce our inventory and align our operating expenses to the state of the business. We plan to continue to operate as permitted to support our customers' needs for reliable vehicles and to provide as many jobs as possible for our associates; however, in April 2020 we laid-off 169 associates. Future restrictions on our access to and utilization of our logistics and distribution network, our corporate offices, the inspection and reconditioning centers of our partners, and/or our support operations or workforce, or similar limitations for our partners, vendors, or suppliers, and restrictions or disruptions of transportation, could further limit our ability to conduct our business and have a material adverse effect on our business, operating results, financial condition and prospects. There is no certainty that measures taken by governmental authorities will be sufficient to mitigate the risks posed by the COVID-19 pandemic, and our ability to perform critical functions could be harmed.

Outlook

The COVID-19 pandemic effect on commercial activity and the significant damage sustained to our wholesale automotive business from a tornado in early March 2020 had a significant negative impact on the growth in unit volume and revenue for our powersports, automotive and transportation businesses for the year ended December 31, 2020. Based on the evolving aspects of COVID-19 and uncertainty surrounding its future development, it may continue to have a negative impact on unit volumes and revenue in future periods. Since the significant decrease in demand experienced in early March through mid-April, we have seen monthly unit sales and revenue increase sequentially month-over-month through July 2020. However, during the six-month period ended December 31, 2020, our average days to sale decreased and average selling prices increased as dealers saw high industry-wide market prices. The effect of these higher market prices resulted in lower levels of inventory available to purchase for resale causing a decline in unit sales beginning in September as compared to July and August. This supply and demand imbalance continued to impact the historically seasonally adjusted fourth quarter volume, particularly given the worldwide rise in COVID-19 cases. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

The extent to which the COVID-19 outbreak ultimately impacts our business, sales, results of operations, financial condition, and liquidity will depend on the success of the roll out of the vaccines and the efficacy of the vaccines and other future developments, which are highly uncertain and cannot be predicted. Even after the COVID-19 outbreak has subsided, we may continue to experience significant impacts to our business as a result of its global economic impact, including any economic downturn or recession that has occurred or may occur in the future.

Intellectual Property and Proprietary Rights

Our brand image and intellectual property are an important element of our business strategy. As of December 31, 2020, we have a trademark registration for "RumbleOn" in the United States as well as with the Madrid Protocol, a patent covering near field communications to store and retrieve vehicle information, and various applications pending with the U.S. Patent and Trademark Office.

Government Regulation

Various aspects of our business are or may be subject, directly or indirectly, to U.S. federal and state laws and regulations. Failure to comply with such laws or regulations may result in the suspension or termination of our ability to do business in affected jurisdictions or the imposition of significant civil and criminal penalties, including fines or the award of significant damages against us and our dealers in class action or other civil litigation.

State Motor Vehicle Sales, Advertising and Brokering Laws

The advertising and sale of new or pre-owned motor vehicles is highly regulated by the states in which we do business. Although we do not anticipate selling new vehicles, state regulatory authorities or third parties could take the position that some of the regulations applicable to new vehicle dealers or to the manner in which automobiles, powersports and recreational vehicles are advertised and sold generally are directly applicable to our business. If our products and services are determined to not comply with relevant regulatory requirements, we could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation as well as orders interfering with our ability to continue providing our products and services in certain states. In addition, even absent such a determination, to the extent dealers are uncertain about the applicability of such laws and regulations to our business, we may lose, or have difficulty increasing the number of dealers in our network, which would affect our future growth.

Several states have laws and regulations that strictly regulate or prohibit the brokering of motor vehicles or the making of so-called "bird-dog" payments by dealers to third parties in connection with the sale of motor vehicles through persons other than licensed salespersons. If our products or services are determined to fall within the scope of such laws or regulations, we may be forced to implement new measures, which could be costly, to reduce our exposure to those obligations, including the discontinuation of certain products or services in affected jurisdictions. Additionally, such a determination could subject us to significant civil or criminal penalties, including fines, or the award of significant damages in class action or other civil litigation.

In addition to generally applicable consumer protection laws, many states in which we may do business either have or may implement laws and regulations that specifically regulate the advertising for sale of new or pre-owned automobiles, powersports and recreational vehicles. These state advertising laws and regulations may not be uniform from state to state, sometimes imposing inconsistent requirements on the advertiser. If the content displayed on the websites we operate is determined or alleged to be inaccurate or misleading, we could be subject to significant civil and criminal penalties, including fines, or the award of significant damages in class action or other civil litigation. Moreover, such allegations, even if unfounded or decided in our favor, could be extremely costly to defend, could require us to pay significant sums in settlements, and could interfere with our ability to continue providing our products and services in certain states.

Federal Advertising Regulations

The Federal Trade Commission ("FTC") has authority to take actions to remedy or prevent advertising practices that it considers to be unfair or deceptive and that affect commerce in the United States. If the FTC takes the position in the future that any aspect of our business constitutes an unfair or deceptive advertising practice, responding to such allegations could require us to pay significant damages, settlements, and civil penalties, or could require us to make adjustments to our products and services, any or all of which could result in substantial adverse publicity, loss of participating dealers, lost revenue, increased expenses, and decreased profitability.

Federal Antitrust Laws

The antitrust laws prohibit, among other things, any joint conduct among competitors that would lessen competition in the marketplace. Some of the information that we may obtain from dealers may be sensitive and, if disclosed inappropriately, could potentially be pre-owned by dealers to impede competition or otherwise diminish independent pricing activity. A governmental or private civil action alleging the improper exchange of information, or unlawful participation in price maintenance or other unlawful or anticompetitive activity, even if unfounded, could be costly to defend and adversely impact our ability to maintain and grow our dealer network.

In addition, governmental or private civil actions related to the antitrust laws could result in orders suspending or terminating our ability to do business or otherwise altering or limiting certain of our business practices, including the manner in which we handle or disclose pricing information, or the imposition of significant civil or criminal penalties, including fines or the award of significant damages against us in class action or other civil litigation.

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to continuous change. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, loss of participating dealers, lost revenue, increased expenses, and decreased profitability. Further, investigations by government agencies, including the FTC, into allegedly anticompetitive, unfair, deceptive or other business practices by us, could cause us to incur additional expenses and, if adversely concluded, could result in substantial civil or criminal penalties and significant legal liability.

Employees

As of December 31, 2020, we had approximately 157 full time and two part-time employees.

Corporate History

RumbleOn, Inc. was originally incorporated in the State of Nevada in October 2013 as a development stage company under the name Smart Server, Inc. In July 2016, Berrard Holdings Limited Partnership ("Berrard Holdings") acquired 273,750 shares of common stock of the Company from the prior owner of such shares pursuant to an Amended and Restated Stock Purchase Agreement, dated July 13, 2016. The shares acquired by Berrard Holdings represented 99.5% of the Company's then issued and outstanding shares of common stock. Steven Berrard, a director and our Chief Financial Officer, has voting and dispositive control over Berrard Holdings.

In October 2016, Berrard Holdings sold an aggregate of 165,625 shares of the Company's common stock to Marshall Chesrown, our Chairman of the Board and Chief Executive Officer, and certain other purchasers. The 120,625 shares acquired by Mr. Chesrown represented 43.9% of the Company's then issued and outstanding shares of common stock. The remaining shares owned by Berrard Holdings after giving effect to the transaction represented 39.3% of the Company's then issued and outstanding shares of common stock.

On January 8, 2017, the Company entered into an Asset Purchase Agreement (the "NextGen Agreement") with NextGen Dealer Solutions, LLC ("NextGen"), Halcyon Consulting, LLC ("Halcyon"), and members of Halcyon signatory thereto ("Halcyon Members," and together with Halcyon, the "Halcyon Parties") pursuant to which NextGen agreed to sell to the Company substantially all of the assets of NextGen in exchange for a payment of approximately $750,000 in cash, the issuance to NextGen of 76,191 unregistered shares of Company common stock (the "Purchaser Shares"), the issuance of a subordinated secured promissory note issued by the Company in favor of NextGen in the amount of $1,333,333 (the "Acquisition Note") and the assumption by the Company of certain specified post-closing liabilities of NextGen under the contracts being assigned to the Company as part of the transaction (the "NextGen Acquisition").

On January 9, 2017, the Company's Board of Directors (the "Board") and stockholders holding 318,750 of the Company's issued and outstanding shares of common stock approved an amendment to the Company's Articles of Incorporation (the "Certificate of Amendment") to change the name Smart Server, Inc. to RumbleOn, Inc. and to create an additional class of Company common stock. The Certificate of Amendment became effective on February 13, 2017, after the notice and accompanying Information Statement describing the amendment was furnished to non-consenting stockholders of the Company in accordance with Nevada and Federal securities law.

Immediately before approving the Certificate of Amendment, the Company had authorized 5,000,000 shares of common stock, $0.001 par value (the "Authorized Common Stock"), including 320,000 issued and outstanding shares of common stock (the "Outstanding Common Stock," and together with the Authorized Common Stock, the "Common Stock"). Pursuant to the Certificate of Amendment, the Company designated 50,000 shares of Authorized Common Stock as Class A Common Stock (the "Class A Common Stock"), which Class A Common Stock ranks *pari passu* with all of the rights and privileges of the Common Stock, except that holders of Class A Common Stock are entitled to 10 votes per share of Class A Common Stock issued and outstanding and (ii) all other shares of Common Stock, including all shares of Outstanding Common Stock were deemed Class B Common Stock (the "Class B Common Stock"), which Class B Common Stock are identical to the Class A Common Stock in all respects, except that holders of Class B Common Stock will be entitled to one vote per share of Class B Common Stock issued and outstanding.

On January 9, 2017, the Company's Board and stockholders holding 318,750 of the Company's issued and outstanding shares of common stock approved the issuance to (i) Mr. Chesrown of 43,750 shares of Class A Common Stock in exchange for an equal number of shares of Class B Common Stock held by Mr. Chesrown and (ii) Mr. Berrard of 6,250 shares of Class A Common Stock in exchange for an equal number of shares of Class B Common Stock held by Mr. Berrard.

On February 8, 2017 (the "Closing Date"), RumbleOn and its wholly owned subsidiary NextGen Pro, LLC ("NextGen Pro") completed the NextGen Acquisition in exchange for approximately $750,000 in cash, the Purchaser Shares, the Acquisition Note, and the other consideration described above. The Acquisition Note was originally set to mature on the third anniversary of the Closing Date (the "Maturity Date"). Interest accrues and is paid semi-annually originally (i) at a rate of 6.5% annually from the Closing Date through the second anniversary of such date and (ii) at a rate of 8.5% annually from the second anniversary of the Closing Date through the Maturity Date. In January 2020, the Acquisition Note was amended to extend the Maturity Date to January 31, 2021, modify the interest rate to 10% annually and also provide the holder the option to convert the Acquisition Note at any time at a price of $3.00 per share of Class B Common Stock. The Company's obligations under the Acquisition Note are secured by substantially all the assets of the NextGen Pro pursuant to an Unconditional Guaranty Agreement (the "Guaranty Agreement"), by and among Halcyon and NextGen Pro, and a related Security Agreement between the parties, each dated as of the Closing Date, as amended in January 2020. Under the terms of the Guaranty Agreement, NextGen Pro has agreed to guarantee the performance of all of the Company's obligations under the Acquisition Note.

On October 26, 2018, we entered into an Agreement and Plan of Merger (as amended, the "Merger Agreement") by and among the Company, the Company's newly-formed acquisition subsidiary RMBL Tennessee, LLC, a Delaware limited liability company ("Merger Sub"), Wholesale Holdings, Inc., a Tennessee corporation ("Holdings"), Wholesale, LLC, a Tennessee limited liability company ("Wholesale"), Steven Brewster and Janelle Brewster (each a "Stockholder," and together the "Stockholders"), Steven Brewster, a Tennessee resident, as the representative of each Stockholder (the "Representative"), and Marshall Chesrown and Steven Berrard, providing for the merger (the "Wholesale Merger") of Holdings with and into Merger Sub, with Merger Sub surviving the Wholesale Merger as a wholly-owned subsidiary of the Company. On October 29, 2018, we entered into an Amendment to the Merger Agreement making a technical correction to the definition of "Parent Consideration Shares" contained in the Merger Agreement.

Also, on October 26, 2018, we entered into a Membership Interest Purchase Agreement (the "Purchase Agreement"), by and among the Company, Steven Brewster and Justin Becker (together the "Express Sellers"), and Steven Brewster as representative of the Express Sellers, pursuant to which we acquired all of the membership interests (the "Express Acquisition") in Wholesale Express, LLC, a Tennessee limited liability company ("Wholesale Express").

Wholesale Inc. is one of the largest independent distributors of pre-owned vehicles in the United States and Wholesale Express, LLC is a related logistics company. The Wholesale Merger and the Express Acquisition were both completed on October 30, 2018 (the "Wholesale Closing Date"). As consideration for the Wholesale Merger, we (i) paid cash consideration of $12,353,941, subject to certain customary post-closing adjustments and (ii) issued to the Stockholders 1,317,329 shares (the "Stock Consideration") of our previously designated Series B Non-Voting Convertible Preferred Stock, par value $0.001 (the "Series B Preferred"). As consideration for the Express Acquisition, we paid cash consideration of $4,000,000, subject to certain customary post-closing adjustments. Net proceeds from a private placement completed in October 2018 and $5,000,000 funded under our credit facility were used to partially fund the cash consideration of the Wholesale Merger and the Express Acquisition. Each share of Series B Preferred automatically converted on a one-for-one basis into shares of the Company's Class B Common Stock on March 4, 2019.

On February 3, 2019, the Company completed the acquisition of all of the equity interests of Autosport USA, Inc. ("Autosport"), an independent pre-owned vehicle distributor, pursuant to a Stock Purchase Agreement, dated February 1, 2019 (the "Stock Purchase Agreement"), by and among RMBL Express, LLC, a wholly owned subsidiary of Company, Scott Bennie (the "Seller") and Autosport. Aggregate consideration for the Acquisition consisted of (i) a closing cash payment of $600,000, plus (ii) a fifteen-month $500,000 promissory note in favor of the Seller, plus (iii) a three-year $1,536,000 convertible promissory note in favor of the Seller, plus (iv) contingent earn-out payments payable in the form of cash and/or the Company's Class B Common Stock for up to an additional $787,500 if Autosport achieves certain performance thresholds. In connection with the Acquisition, the Company also paid outstanding debt of Autosport of $235,000 and assumed additional debt of $257,933 pursuant to a promissory note payable to Seller. The fair value of the contingent earn-out payment was considered immaterial at the date of acquisition and was excluded from the purchase price allocation. As of December 31, 2020, there have been no payments earned under the performance thresholds and, as of the date of this filing, the Seller's right to any earnout payments has expired.

Available Information

Our Internet website is www.rumbleon.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act") are available, free of charge, under the Investor Relations tab of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Additionally, the SEC maintains a website located at www.sec.gov that contains the information we file or furnish electronically with the SEC.

Item 1A. Risk Factors

Described below are certain risks to our business and the industry in which we operate. You should carefully consider the risks described below, together with the financial and other information contained in this Annual Report on Form 10-K and in our other public disclosures. If any of the following risks actually occurs, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. As a result, our future results could differ materially from historical results and from guidance we may provide regarding our expectations of our future financial performance, and the trading price of our Class B common stock could decline.

Risk Factors Summary

The following is a summary of the principal factors that make an investment in our securities speculative or risky, all of which are more fully described below in this section. This summary should be read in conjunction with the full description of "Risk Factors" in this section and should not be relied upon as an exhaustive summary of the material risks facing our business. In addition to the following summary and the information in this section, you should consider the other information contained in this Annual Report on Form 10-K before investing in our securities.

Risks Related to Our Business

- We continue to develop and expand our business and these investments may not result in successful growth of our business.
- The development of our business to date may not be indicative of our future growth prospects and, if we continue to grow rapidly, we may not be able to manage our growth effectively.
- We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. If capital is not available on terms acceptable to us or at all, we may not be able to develop and grow our business as anticipated and our business, operating results and financial condition may be harmed.
- The success of our business relies heavily on our marketing and branding efforts, especially with respect to the RumbleOn website and our branded mobile applications, and these efforts may not be successful.
- The failure to develop and maintain our brand could harm our ability to grow unique visitor traffic and to expand our regional partner network.
- We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline, and our business would be adversely affected.
- A significant disruption in service on our website or of our mobile applications could damage our reputation and result in a loss of consumers, which could harm our business, brand, operating results, and financial condition.

- We may be unable to maintain or grow relationships with information data providers or may experience interruptions in the data feeds they provide, which may limit the information that we are able to provide to our users and regional partners as well as adversely affect the timeliness of such information and may impair our ability to attract or retain consumers and our regional partners and to timely invoice all parties.

- If key industry participants, including powersports and recreation vehicle dealers and regional auctions, perceive us in a negative light or our relationships with them suffer harm, our ability to operate and grow our business and our financial performance may be damaged.

- Our sales of powersports/recreation vehicles may be adversely impacted by increased supply of and/or declining prices for pre-owned vehicles and excess supply of new vehicles.

- We rely on a number of third parties to perform certain operating and administrative functions for the Company.

- We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

- Failure to adequately protect our intellectual property could harm our business and operating results.

- We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, results of operations and financial condition.

- We provide transportation services and rely on external logistics to transport vehicles. Thus, we are subject to business risks and costs associated with the transportation industry. Many of these risks and costs are out of our control, and any of them could have a material adverse effect on our business, financial condition and results of operations.

- We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed.

- We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results.

- The ongoing effects of COVID-19 may have a significant negative impact on our business, sales, results of operations, financial condition, and liquidity.

Risks Related to the RideNow Transaction

- Completion of the RideNow Transaction is subject to the conditions contained in the RideNow Agreement and if these conditions are not satisfied, the RideNow Transaction will not be completed.

- Failure to complete the RideNow Transaction could negatively impact our stock price and our future business and financial results.

- The RideNow Transaction will involve substantial costs.

- In connection with the RideNow Transaction, we will incur additional indebtedness, which could adversely affect us, including our business flexibility and will increase our interest expense.

Risks Related to Ownership of our Class B Common Stock

- The trading price for our Class B Common Stock may be volatile and could be subject to wide fluctuations in per share price.

- Our principal stockholders and management own a significant percentage of our stock and an even greater percentage of the Company's voting power and will be able to exert significant control over matters subject to stockholder approval.

- If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

- Anti-takeover provisions may limit the ability of another party to acquire us, which could cause our stock price to decline.

Risks Related to the Company's 6.75% Convertible Senior Notes due 2025 (the "Notes")

- Operating our business requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay the Notes and any other debt.

- We may not have the ability to raise the funds necessary to settle the Notes in cash on a conversion, to repurchase the Notes on a fundamental change, or to repay the Notes at maturity. In addition, the terms of our future debt may contain limitations on our ability to pay cash on conversion or repurchase of the Notes.

- Redemption may adversely affect the return on the Notes.

- The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

- Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the market price of our Class B Common Stock.

- Certain provisions in the indenture governing the Notes may delay or make it more expensive for a third party to acquire us.

Risks Related to Our Business

We ***continue to develop*** and ***expand our business and these investments may not result in successful growth of our business.***

We expect to make significant investments in the further development and expansion of our business and these investments may not result in the development, operation, or growth of our business on a timely basis or at all. We may not generate sufficient revenue and we may incur significant losses in the future for a number of reasons, including a lack of demand for our products and services, increasing competition, weakness in the automotive, powersports and recreational vehicle industries generally, as well as other risks described in these Risk Factors, and we may encounter unforeseen expenses, difficulties, complications and delays, and other unknown factors relating to the development and operation of our business. Accordingly, we may not be able to successfully develop and operate our business, generate revenue, or achieve or maintain profitability.

Our annual and quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to annual and quarterly fluctuations, and they will be affected by numerous factors, including:

- a change in consumer discretionary spending;

- a shift in the mix and type of vehicles we sell which could result in lower sales price and lower gross profit;

- weather, which may impact the ability or desire for potential end customers to consider whether they wish to own a powersports and recreational vehicle;

- the timing and cost of, and level of investment in, development activities relating to our software development and services, which may change from time to time;

- our ability to attract, hire and retain qualified personnel;

- expenditures that we will or may incur to acquire or develop additional product and service offerings;

- future accounting pronouncements or changes in our accounting policies; and
- the changing and volatile U.S., European and global economic environments.

If our annual or quarterly operating results fall below the expectations of investors or securities analysts, the price of our Class B Common Stock could decline substantially. Furthermore, any annual or quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that annual and quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

The development of our business to date may not be indicative of our future growth prospects and, if we continue to grow rapidly, we may not be able to manage our growth effectively.

We expect that, in the future, as our revenue increases, our rate of growth will decline. In addition, we will not be able to grow as fast or at all if we do not accomplish the following:

- maintain and grow our regional partner network;
- increase the number of users of our products and services, and in particular the number of unique visitors to our website and our branded mobile applications;
- increase the number of transactions between our users and both RumbleOn and our regional partners;
- introduce third party ancillary products and services;
- acquire sufficient number of pre-owned vehicles at attractive cost; and
- sell sufficient number of pre-owned vehicles at acceptable prices.

We may not successfully accomplish any of these objectives. We plan to make investments for future growth and we expect to expend substantial financial and other resources on:

- marketing and advertising;
- product and service development; including investments in our website, business processes, infrastructure, inventory, product and service development team and the development of new products and services and new features for existing products; and
- general administration, including legal, accounting and other compliance expenses related to being a public company.

In addition, our anticipated growth may place significant demands on our management and our operational and financial resources. As we grow, we expect to hire additional personnel. Also, our organizational structure will become more complex as we add additional staff, and we will need to ensure we adequately develop and maintain operational, financial and management controls as well as our reporting systems and procedures.

We may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. If capital is not available on terms acceptable to us or at all, we may not be able to develop and grow our business as anticipated and our business, operating results and financial condition may be harmed.

We intend to continue to make investments to support the development and growth of our business and, we may require additional capital to pursue our business objectives and respond to business opportunities, challenges or unforeseen circumstances. Accordingly, we may need to engage in equity or debt financings to secure additional funds. However, additional funds may not be available when we need them, on terms that are acceptable to us, or at all. Volatility in the credit markets may also have an adverse effect on our ability to obtain debt financing. Also, the incurrence of leverage, the debt service requirements resulting therefrom, and the possibility of a need for financing or any additional financing could have important and negative consequences, including the following: (a) the Company's ability to obtain additional financing for working capital, capital expenditures, or general corporate or other purposes may be impaired in the future; (b) certain future borrowings may be at variable rates of interest, which will expose the Company to the risk of increased interest rates; (c) the Company may need to use a portion of the money it earns to pay principal and interest on their credit facilities, which will reduce the amount of money available to finance operations and other business activities, repay other indebtedness, and pay distributions; and (d) substantial leverage may limit the Company's flexibility to adjust to changing economic or market conditions, reduce their ability to withstand competitive pressures and make them more vulnerable to a downturn in general economic conditions.

If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to pursue our business objectives and to respond to business opportunities, challenges or unforeseen circumstances could be significantly limited, and our business, operating results, financial condition and prospects could be adversely affected.

The success of our business relies heavily on our marketing and branding efforts, especially with respect to the RumbleOn website and our branded mobile applications, and these efforts may not be successful.

We believe that an important component of our development and growth will be the business derived from the RumbleOn website and our branded mobile applications. Because RumbleOn is a consumer brand, we rely heavily on marketing and advertising to increase the visibility of this brand with potential users of our products and services.

Our business model relies on our ability to scale rapidly and to decrease incremental user acquisition costs as we grow. Some of our methods of marketing and advertising may not be profitable because they may not result in the acquisition of sufficient users visiting our website and mobile applications such that we may recover these costs by attaining corresponding revenue growth. If we are unable to recover our marketing and advertising costs through increases in user traffic and in the number of transactions by users of our platform, it could have a material adverse effect on our growth, results of operations and financial condition.

The failure to develop and maintain our brand could harm our ability to grow unique visitor traffic and to expand our regional partner network.

Developing and maintaining the RumbleOn brand will depend largely on the success of our efforts to maintain the trust of our users and dealers and to deliver value to each of our users and dealers. If our potential users perceive that we are not focused primarily on providing them with a better pre-owned vehicle buying experience, our reputation and the strength of our brand will be adversely affected.

Complaints or negative publicity about our business practices, our marketing and advertising campaigns, our compliance with applicable laws and regulations, the integrity of the data that we provide to users, data privacy and security issues, and other aspects of our business, irrespective of their validity, could diminish users' and dealers' confidence in and the use of our products and services and adversely affect our brand. There can be no assurance that we will be able to develop, maintain or enhance our brand, and failure to do so would harm our business growth prospects and operating results.

We rely on Internet search engines to drive traffic to our website, and if we fail to appear prominently in the search results, our traffic would decline, and our business would be adversely affected.

We depend in part on Internet search engines and social media such as Google™, Bing™, and Facebook™ to drive traffic to our website. For example, when a user searches the internet for a particular type of powersports or recreational vehicle, we will rely on a high organic search ranking of our webpages in these search results to refer the user to our website. However, our ability to obtain such high, non-paid search result rankings is not within our control. Our competitors' Internet search engine and social media efforts may result in their websites receiving a higher search result page ranking than ours, or Internet search engines could revise their methodologies in a way that would adversely affect our search result rankings. If Internet search engines or social media companies modify their search algorithms or display technologies in ways that are detrimental to us, or if our competitors' efforts are more successful than ours, overall growth in our user base could slow or our user base could decline. Internet search engine providers could provide recreation vehicle dealer and pricing information directly in search results, align with our competitors or choose to develop competing services. Any reduction in the number of users directed to our website through Internet search engines could harm our business and operating results.

A significant disruption in service on our website or of our mobile applications could damage our reputation and result in a loss of consumers, which could harm our business, brand, operating results, and financial condition.

Our brand, reputation and ability to attract consumers, affinity groups and advertisers depend on the reliable performance of our technology infrastructure and content delivery. We may experience significant interruptions with our systems in the future. Interruptions in these systems, whether due to system failures, computer viruses, or physical or electronic break-ins, could affect the security or availability of our products on our website and mobile application, and prevent or inhibit the ability of consumers to access our products. Problems with the reliability or security of our systems could harm our reputation, result in a loss of consumers, dealers and affinity group marketing partners, and result in additional costs.

We intend to locate our communications, network, and computer hardware used to operate our website and mobile applications at facilities in various parts of the country to minimize the risk and create an environment where we can remain online if one of the facilities in which our equipment is housed goes offline. Nevertheless, we will not own or control the operation of these facilities, and our systems and operations will be vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, terrorist attacks, acts of war, electronic and physical break-ins, computer viruses, earthquakes, and similar events. The occurrence of any of these events could result in damage to our systems and hardware or could cause them to fail.

Problems faced by any third-party web hosting providers we may utilize could adversely affect the experience of our consumers. Any third-party web hosting providers could close their facilities without adequate notice. Any financial difficulties, up to and including bankruptcy, faced by any third-party web hosting providers or any of the service providers with whom they contract may have negative effects on our business, the nature and extent of which are difficult to predict. If our third-party web hosting providers are unable to keep up with our growing capacity needs, our business could be harmed.

Any errors, defects, disruptions, or other performance or reliability problems with our network operations could cause interruptions in access to our products as well as delays and additional expense in arranging new facilities and services and could harm our reputation, business, operating results, and financial condition.

We may be unable to maintain or grow relationships with information data providers or may experience interruptions in the data feeds they provide, which may limit the information that we are able to provide to our users and regional partners as well as adversely affect the timeliness of such information and may impair our ability to attract or retain consumers and our regional partners and to timely invoice all parties.

We expect to receive data from third-party data providers, including our partner network, dealer management system data feed providers, data aggregators and integrators, survey companies, purveyors of registration data and possibly others. There may be some instances in which we use this information to collect a transaction fee from those dealers and recognize revenue from the related transactions.

From time to time, we may experience interruptions in one or more data feeds that we receive from third-party data providers, in a manner that affects our ability to operate our business. These interruptions may occur for a number of reasons, including changes to the software used by these data feed providers and difficulties in renewing our agreements with third-party data feed providers. Additionally, when an interruption ceases, we may not always be able to collect the appropriate fees and any such shortfall in revenue could be material to our operating results.

If we are unable to provide a compelling vehicle buying experience to our users, the number of transactions between our users, RumbleOn and dealers will decline, and our revenue and results of operations will suffer harm.

We cannot assure you that we are able to provide a compelling vehicle buying experience to our users and dealers, and our failure to do so will mean that the number of transactions between our users, RumbleOn and dealers will decline, and we will be unable to effectively monetize our user traffic. We believe that our ability to provide a compelling powersport and recreation vehicle buying experience is subject to a number of factors, including:

- our ability to launch new products that are effective and have a high degree of consumer engagement; and
- compliance of our network partners with applicable laws, regulations and the rules of our platform.

If key industry participants, including powersports and recreation vehicle dealers and regional auctions, perceive us in a negative light or our relationships with them suffer harm, our ability to operate and grow our business and our financial performance may be damaged.

We anticipate that we will derive a significant portion of our revenue from by existing vehicle dealers for dealer services we may provide them. In addition, we utilize a select set of regional partners to perform services for our benefit, including, among other things, vehicle reconditioning, vehicle storage and vehicle photography. If our relationships with our network of regional partners suffer harm in a manner that leads to the departure of these regional partners from our network, then our ability to operate our business, grow revenue, and lower our costs will be adversely affected.

We cannot assure you that we will maintain strong relationships with the regional partners in our network or that we will not suffer partner attrition in the future. We may also have disputes with regional partners from time to time, including relating to the collection of fees from them and other matters. We may need to modify our products, change pricing or take other actions to address regional partner concerns in the future. If we are unable to create and maintain a compelling value proposition for regional partners to become and remain in our network, our network will not grow and may begin to decline. If a significant number of these regional partners decided to leave our network or change their financial or business relationship with us, then our business, growth, operating results, financial condition and prospects could suffer. Additionally, if we are unable to attract regional partners to our network, our growth could be impaired.

The growth of our business relies significantly on our ability to increase the number of regional partners and dealers in our network such that we are able to increase the number of transactions between our users and regional partners. Failure to do so would limit our growth.

Our ability to both grow the number of regional partners and dealers in our network and increase the average number of transaction originating from each is an important factor in growing our business. We may be viewed in a negative light by regional partners and dealers, and there can be no assurance that we will be able to maintain or grow the number of regional partners or dealers in our network.

Our ability to grow our complementary product offerings may be limited, which could negatively impact our development, growth, revenue and financial performance.

As we introduce or expand additional offerings for our platform, such as recreation vehicle trade-ins, lead management, transaction processing, financing, maintenance and insurance, we may incur losses or otherwise fail to enter these markets successfully. Our expansion into these markets may place us in competitive and regulatory environments with which we are unfamiliar and involves various risks, including the need to invest significant resources and the possibility that returns on such investments will not be achieved for several years, if at all. In attempting to establish such new product offerings, we may incur significant expenses and face various other challenges, such as expanding our sales force and management personnel to cover these markets and complying with complicated regulations that apply to these markets. In addition, we may not successfully demonstrate the value of these ancillary products to consumers or dealers, and failure to do so would compromise our ability to successfully expand into these additional revenue streams.

We rely on third-party financing providers to finance a portion of our customers' vehicle purchases.

We rely on third-party financing providers to finance a portion of our customers' vehicle purchases. Accordingly, our revenue and results of operations are partially dependent on the actions of these third parties. We provide financing to qualified customers through a number of third-party financing providers. If one or more of these third-party providers cease to provide financing to our customers, provide financing to fewer customers or no longer provide financing on competitive terms, it could have a material adverse effect on our business, sales and results of operations. Additionally, if we were unable to replace the current third-party providers upon the occurrence of one or more of the foregoing events, it could also have a material adverse effect on our business, sales and results of operations. We rely on third-party providers to supply EPP products to our customers. Accordingly, our revenue and results of operations will be partially dependent on the actions of these third parties. If one or more of these third-party providers cease to provide EPP products, make changes to their products or no longer provide their products on competitive terms, it could have a material adverse effect on our business, revenue and results of operations. Additionally, if we were unable to replace the current third-party providers upon the occurrence of one or more of the foregoing events, it could also have a material adverse effect on our business, revenue and results of operations.

Our sales of powersports/recreation vehicles may be adversely impacted by increased supply of and/or declining prices for pre-owned vehicles and excess supply of new vehicles.

We believe when prices for pre-owned vehicles have declined, it can have the effect of reducing demand among retail purchasers for new vehicles (at or near manufacturer's suggested retail prices). Further, vehicle manufacturers can and do take actions that influence the markets for new and pre-owned vehicles. For example, introduction of new models with significantly different functionality, technology or other customer satisfiers can result in increased supply of pre-owned vehicles, and a corresponding decrease in price of pre-owned vehicles. Also, while historically manufacturers have taken steps designed to balance production volumes for new vehicles with demand, those steps have not always proven effective. In other instances, manufacturers have chosen to supply new vehicles to the market in excess of demand at reduced prices which has the effect of reducing demand for pre-owned vehicles.

We rely on a number of third parties to perform certain operating and administrative functions for the Company.

We rely on a number of third parties to perform certain operating and administrative functions for us. We may experience problems with outsourced services, such as unfavorable pricing, untimely delivery of services, or poor quality. Also, these third parties may experience adverse economic conditions due to difficulties in the global economy that could lead to difficulties supporting our operations. In light of the amount and types of functions that we will outsource, these service provider risks could have a material adverse effect on our business and results of operations.

We participate in a highly competitive market, and pressure from existing and new companies may adversely affect our business and operating results.

We face significant competition from companies that provide listings, information, lead generation, and vehicle buying services designed to reach consumers and enable dealers to reach these consumers. We will compete for a share of overall vehicle purchases as well as vehicle dealer's marketing and technology spend. To the extent that vehicle dealers view alternative strategies to be superior to RumbleOn, we may not be able to maintain or grow the number of dealers in our network, we may sell fewer vehicles to users of our platform, and our business, operating results and financial condition will be harmed.

We also expect that new competitors will continue to enter the online vehicle retail industry with competing products and services, which could have an adverse effect on our revenue, business and financial results.

Our competitors could significantly impede our ability to expand our network of dealers and regional auctions and to reach consumers. Our competitors may also develop and market new technologies that render our existing or future products and services less competitive, unmarketable or obsolete. In addition, if our competitors develop products or services with similar or superior functionality to our solutions, we may need to decrease the prices for our solutions in order to remain competitive. If we are unable to maintain our current pricing structure due to competitive pressures, our revenue will be reduced, and our operating results will be negatively affected.

Our current and potential competitors may have significantly more financial, technical, marketing and other resources than we have, and the ability to devote greater resources to the development, promotion, and support of their products and services. Additionally, they may have more extensive recreation vehicle industry relationships than we have, longer operating histories and greater name recognition. As a result, these competitors may be better able to respond more quickly to undertake more extensive marketing or promotional campaigns. If we are unable to compete with these companies, the demand for our products and services could substantially decline.

In addition, if one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could adversely affect our ability to compete effectively. Our competitors may also establish or strengthen cooperative relationships with our current or future third-party data providers, technology partners, or other parties with whom we may have relationships, thereby limiting our ability to develop, improve, and promote our solutions. We may not be able to compete successfully against current or future competitors, and competitive pressures may harm our revenue, business and financial results.

Seasonality or weather trends may cause fluctuations in our unique visitors, revenue and operating results.

Our revenue trends are likely to be a reflection of consumers' vehicle buying patterns. While different types of recreation vehicles are designed for different seasons (motorcycles are typically for non-snow seasons, while snowmobiles are typically designed for winter), our revenue may be cyclical if, for example, powersport and recreation vehicles represent a large percentage of our revenue. Historically, the used vehicle industry has been seasonal with traffic and sales strongest in the spring and summer quarters. Sales and traffic are typically slowest in the fall quarter but increase in February and March, coinciding with tax refund season. Our business will also be impacted by cyclical trends affecting the overall economy, as well as by actual or threatened severe weather events.

We collect, process, store, share, disclose and use personal information and other data, and our actual or perceived failure to protect such information and data could damage our reputation and brand and harm our business and operating results.

We collect, process, store, share, disclose and use personal information and other data provided by consumers, dealers and auctions. We rely on encryption and authentication technology licensed from third parties to effect secure transmission of such information. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Any failure or perceived failure to maintain the security of personal and other data that is provided to us by consumers and dealers could harm our reputation and brand and expose us to a risk of loss or litigation and possible liability, any of which could harm our business and operating results. In addition, from time to time, it is possible that concerns will be expressed about whether our products, services, or processes compromise the privacy of our users. Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy related matters, even if unfounded, could harm our business and operating results.

There are numerous federal, state and local laws around the world regarding privacy and the collection, processing, storing, sharing, disclosing, using and protecting of personal information and other data, the scope of which are changing, subject to differing interpretations, and which may be costly to comply with and may be inconsistent between countries and jurisdictions or conflict with other rules. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, it is possible that these obligations may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices or that new regulations could be enacted. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to consumers or other third parties, or our privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of sensitive information, which may include personally identifiable information or other user data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause consumers and vehicle dealers to lose trust in us, which could have an adverse effect on our business. Additionally, if vendors, developers or other third parties that we work with violate applicable laws or our policies, such violations may also put consumer or dealer information at risk and could in turn harm our reputation, business and operating results.

Failure to adequately protect our intellectual property could harm our business and operating results.

A portion of our success may be dependent on our intellectual property, the protection of which is crucial to the success of our business. We expect to rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our intellectual property. In addition, we will attempt to protect our intellectual property, technology, and confidential information by requiring our employees and consultants to enter into confidentiality and assignment of inventions agreements and third parties to enter into nondisclosure agreements. These agreements may not effectively prevent unauthorized use or disclosure of our confidential information, intellectual property, or technology and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, intellectual property, or technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our website features, software, and functionality or obtain and use information that we consider proprietary.

Competitors may adopt service names similar to ours, thereby harming our ability to build brand identity and possibly leading to user confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of the term "RumbleOn" or "RMBL."

We currently hold the "RumbleOn.com" Internet domain name and various other related domain names. The regulation of domain names in the United States is subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars, or modify the requirements for holding domain names. As a result, we may not be able to acquire or maintain all domain names that use the name RumbleOn or RMBL.

We may in the future be subject to intellectual property disputes, which are costly to defend and could harm our business and operating results.

We may from time-to-time face allegations that we have infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including from our competitors or non-practicing entities.

Patent and other intellectual property litigation may be protracted and expensive, and the results are difficult to predict and may require us to stop offering some features, purchase licenses or modify our products and features while we develop non-infringing substitutes or may result in significant settlement costs.

In addition, we use open-source software in our products and will use open-source software in the future. From time to time, we may face claims against companies that incorporate open-source software into their products, claiming ownership of, or demanding release of, the source code, the open-source software or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open-source license. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our platform or services, any of which would have a negative effect on our business and operating results.

Even if these matters do not result in litigation or are resolved in our favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm our business, our operating results and our reputation.

We operate in a highly regulated industry and are subject to a wide range of federal, state and local laws and regulations. Failure to comply with these laws and regulations could have a material adverse effect on our business, results of operations and financial condition.

We are subject to a wide range of federal, state and local laws and regulations. Our sale and purchase of pre-owned vehicles and related activities, including the sale of complementary products and services, are subject to state and local licensing requirements, federal and state laws regulating advertising of vehicles and related products and services, state laws related to title and registration and state laws regulating the sale of vehicles and related products and services. The applicability of these regulatory and legal compliance obligations is dependent on the evolving interpretations of these laws and regulations and how our operations are, or are not, subject to them. The financing we resell customers is subject to federal and state laws regulating the provision of consumer finance. Our facilities and business operations are subject to laws and regulations relating to environmental protection and health and safety. In addition to these laws and regulations that apply specifically to our business, we are also subject to laws and regulations affecting public companies, including securities laws and Nasdaq listing rules. The violation of any of these laws or regulations could result in administrative, civil or criminal penalties or in a cease-and-desist order against our business operations, any of which could damage our reputation and have a material adverse effect on our business, sales and results of operations. We have incurred and will continue to incur capital and operating expenses and other costs to comply with these laws and regulations.

We currently provide transportation services and rely upon third-party logistics and transportation providers to move vehicles between and among customers, our distribution network partners and auction partners; we and these transportation providers are subject to the regulatory jurisdiction of the United States Department of Transportation (the "DOT") and individual states through which our vehicles travel, which have broad administrative powers with respect to our logistics operations. Vehicle dimensions, driver alcohol and drug testing and driver hours of service are also subject to both federal and state regulation. More restrictive limitations on vehicle weight and size, trailer length and configuration, methods of measurement, driver qualifications or driver hours of service would increase our costs, and if we are unable to pass these cost increases on to our customers, our operating expenses may increase and adversely affect our financial condition, operating results and cash flows. If we or our providers fail to comply with the DOT regulations or regulations become more stringent, we could be subject to increased inspections, audits or compliance burdens. Regulatory authorities could take remedial action including imposing fines or shutting down our operations. If any of these events occur, our financial condition, operating results and cash flows would be adversely affected.

Our sale of pre-owned vehicles, related products and services and third-party finance products is subject to the state and local licensing requirements of the jurisdictions in which we operate. Regulators of jurisdictions where our customers reside but in which we do not have a dealer or financing license could require that we obtain a license or otherwise comply with various state regulations. Despite our belief that we are not subject to the licensing requirements of those jurisdictions, regulators may seek to impose punitive fines for operating without a license or demand we seek a license in those jurisdictions, any of which may inhibit our ability to do business in those jurisdictions, increase our operating expenses and adversely affect our financial condition and results of operations.

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to evolving interpretations and continuous change.

We provide transportation services and rely on external logistics to transport vehicles. Thus, we are subject to business risks and costs associated with the transportation industry. Many of these risks and costs are out of our control, and any of them could have a material adverse effect on our business, financial condition and results of operations.

We provide transportation services and rely on external logistics to transport vehicles between and among customers or distribution network providers, and auction partners. As a result, we are exposed to risks associated with the transportation industry such as weather, traffic patterns, gasoline prices, recalls affecting our vehicle fleet, local and federal regulations, vehicular crashes, insufficient internal capacity, rising prices of external transportation vendors, fuel prices, taxes, license and registration fees, insurance premiums, self-insurance levels, difficulty in recruiting and retaining qualified drivers, disruption of our technology systems, and increasing equipment and operational costs. Our failure to successfully manage our logistics and fulfillment process could cause a disruption in our inventory supply chain and distribution, which may adversely affect our operating results and financial condition.

We depend on key personnel to operate our business, and if we are unable to retain, attract and integrate qualified personnel, our ability to develop and successfully grow our business could be harmed.

We believe our success will depend on the efforts and talents of our executives and employees, including Marshall Chesrown, our Chairman and Chief Executive Officer, and Steven R. Berrard, our Chief Financial Officer. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. Our executive officers are at-will employees, which means they may terminate their employment relationship with us at any time, and their knowledge of our business and industry would be extremely difficult to replace. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business could be materially and adversely affected.

We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and harm our operating results.

Our success will depend, in part, on our ability to grow our business in response to the demands of consumers, dealers and other constituents within the vehicle industry as well as competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, research and development and sales and marketing functions;
- transition of the acquired company's users to our website and mobile applications;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources, and other administrative systems;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures, and policies;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect on our operating results in a given period;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former stockholders, or other third parties.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, or the impairment of goodwill, any of which could harm our financial condition. Also, the anticipated benefits of any acquisitions may not materialize to the extent we anticipate or at all.

The ongoing impact of COVID-19 may have a significant negative impact on our business, sales, results of operations, financial condition, and liquidity.

The global outbreak of COVID-19 resulted in severe disruptions in general economic activities, particularly retail operations, as businesses and federal, state, and local governments take increasingly broad actions to mitigate this public health crisis. We have experienced significant disruption to our business, both in terms of disruption of our operations and the adverse effect on overall economic conditions. These conditions may continue to significantly negatively impact aspects of our business. Our business is also dependent on the continued health and productivity of our associates throughout this crisis.

Individually and collectively, we expect the ultimate consequences of the COVID-19 outbreak may have a significant negative impact on our business, sales, results of operations, financial condition, and liquidity.

The extent to which the COVID-19 outbreak ultimately impacts our business, sales, results of operations, financial condition, and liquidity will depend on the success of the roll out of the vaccines and the efficacy of the vaccines and other future developments, which are highly uncertain and cannot be predicted. Even after the COVID-19 outbreak has subsided, we may continue to experience significant impacts to our business as a result of its global economic impact, including any economic downturn or recession that has occurred or may occur in the future.

Risks Related to the RideNow Transaction

Completion of the RideNow Transaction is subject to the conditions contained in the RideNow Agreement and if these conditions are not satisfied, the RideNow Transaction will not be completed.

The completion of the RideNow Transaction is subject to various closing conditions, including (a) the making of all filings and other notifications required to be made under any Antitrust Law (as defined in the RideNow Agreement) for the consummation of the RideNow Transaction, the expiration or termination of all waiting periods relating thereto, and the receipt of all clearances, authorizations, actions, non-actions, or other consents required from a governmental authority under any Antitrust Law for the consummation of the RideNow Transaction, (b) performance in all respects by each party of its covenants and agreements, (c) the Company obtaining stockholder approval of the RideNow Transaction and related matters, (d) the shares of our Class B Common Stock to be issued as consideration in the RideNow Transaction being approved for listing on Nasdaq, and (e) the receipt of consent to the RideNow Transaction from certain powersports manufacturers.

Many of the conditions to the closing of the RideNow Transaction are not within our control, and we cannot predict with certainty when or if these conditions will be satisfied. The failure to satisfy any of the required conditions could delay the completion of the RideNow Transaction or prevent it from occurring. Any delay in completing the RideNow Transaction could cause us not to realize some or all of the benefits that we expect to achieve if the RideNow Transaction is successfully completed within the expected timeframe. There can be no assurance that the conditions to the closing of the RideNow Transaction will be satisfied or that the RideNow Transaction will be completed or that if completed we will realize the anticipated benefits.

Failure to complete the RideNow Transaction could negatively impact our stock price and our future business and financial results.

If the RideNow Transaction is not completed for any reason, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the RideNow Transaction, we could be subject to a number of negative consequences, including, among others: (i) we may experience negative reactions from the financial markets, including negative impacts on our stock price; (ii) we will still be required to pay certain significant costs relating to the RideNow Transaction, including legal, accounting, and financial advisor costs; and (iii) matters related to the RideNow Transaction (including integration planning) require substantial commitments of our time and resources, which could result in our inability to pursue other opportunities that could be beneficial to us. If the RideNow Transaction is not completed or if completion of the RideNow Transaction is delayed, any of these risks could occur and may adversely affect our business, financial condition, financial results, and stock price.

The RideNow Transaction will involve substantial costs.

We have incurred, and expect to continue to incur, a number of non-recurring costs associated with the RideNow Transaction. The substantial majority of the non-recurring expenses will consist of transaction and regulatory costs related to the RideNow Transaction. We will also incur transaction fees and costs related to formulating and implementing integration plans, including system consolidation costs and employment-related costs. We continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred from the RideNow Transaction and integration. Although we anticipate that the elimination of duplicative costs and the realization of other efficiencies and synergies related to the integration should allow us to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all.

In connection with the RideNow Transaction, we will incur additional indebtedness, which could adversely affect us, including our business flexibility and will increase our interest expense.

We will have increased indebtedness following completion of the RideNow Transaction, which could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing our interest expense. We will also incur various costs and expenses related to the financing of the RideNow Transaction. The amount of cash required to pay interest on our increased indebtedness following completion of the RideNow Transaction and thereby the demands on our cash resources will be greater than the amount of cash flow required to service our indebtedness prior to the RideNow Transaction. The increased levels of indebtedness following completion of the RideNow Transaction could also reduce funds available for working capital, capital expenditures, and other general corporate purposes, and may create competitive disadvantages for us relative to other companies with lower debt levels. If we do not achieve the expected synergies and cost savings from the RideNow Transaction, or if our financial performance after the RideNow Transaction does not meet our current expectations, then our ability to service the indebtedness may be adversely impacted.

Risks Related to Ownership of our Class B Common Stock

The trading price for our Class B Common Stock may be volatile and could be subject to wide fluctuations in per share price.

Our Class B Common Stock is listed for trading on The NASDAQ Capital Market under the trading symbol "RMBL," however historically there has been a limited public market for our Class B Common Stock. The liquidity of any market for the shares of our Class B Common Stock will depend on a number of factors, including:

- the number of stockholders;
- our operating performance and financial condition;
- the market for similar securities;
- the extent of coverage of us by securities or industry analysts; and
- the interest of securities dealers in making a market in the shares of our common stock.

The market price for our Class B Common Stock may be highly volatile and could be subject to wide fluctuations. In addition, the price of shares of our Class B Common Stock could decline significantly if our future operating results fail to meet or exceed the expectations of market analysts and investors and actual or anticipated variations in our quarterly operating results could negatively affect our share price.

Other factors may also contribute to volatility of the price of our Class B Common Stock and could subject our Class B Common Stock to wide fluctuations. These include:

- developments in the financial markets and worldwide or regional economies;
- announcements of innovations or new products or services by us or our competitors;
- announcements by the government relating to regulations that govern our industry;
- significant sales of our Class B Common Stock or other securities in the open market;
- variations in interest rates;
- changes in the market valuations of other comparable companies; and
- changes in accounting principles.

Our principal stockholders and management own a significant percentage of our stock and an even greater percentage of the Company's voting power and will be able to exert significant control over matters subject to stockholder approval.

Our executive officers and directors as a group own shares of our Class A Common Stock and Class B Common Stock representing approximately 31.24% in aggregate of our voting power as of March 26, 2021, including approximately 25.28% in aggregate voting power held by Messrs. Chesrown and Berrard as the only holders of our 50,000 outstanding shares of our Class A Common Stock, which has 10 votes for each one share outstanding. As a result, these stockholders have the ability to exert significant control over matters requiring stockholder approval. For example, these stockholders are able to exert significant control over elections of directors, amendments of our organizational documents' approval of any merger, including the RideNow Transaction, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may believe are in your best interest as a stockholder or to take other action that you may believe are not in your best interest as a stockholder. This may also adversely affect the market price of our Class B Common Stock.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our Class B Common Stock may be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We do not currently or for the foreseeable future intend to pay dividends on our common stock.

We have never declared or paid any cash dividends on our common stock. We currently do not intend to pay cash dividends in the foreseeable future on the shares of common stock. We intend to reinvest any earning in the development and expansion of our business. As a result, any return on your investment in our common stock will be limited to the appreciation in the price of our common stock, if any.

We are currently subject to reduced reporting requirements so long as we are considered a "smaller reporting company" and we cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make our common stock less attractive to investors.

We are currently subject to reduced reporting requirements so long as we are considered a "smaller reporting company". We cannot predict if investors will find our common stock less attractive because we currently rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

Anti-takeover provisions may limit the ability of another party to acquire us, which could cause our stock price to decline.

Nevada law and our charter, bylaws, and other governing documents contain provisions that could discourage, delay or prevent a third party from acquiring us, even if doing so may be beneficial to our stockholders, which could cause our stock price to decline. In addition, these provisions could limit the price investors would be willing to pay in the future for shares of our common stock.

Risks Related to the Company's 6.75% Convertible Senior Notes due 2025 (the "Notes")

Although the Notes are referred to as convertible senior Notes, the Notes are effectively subordinated to any of our future secured debt and structurally subordinated to any liabilities of our subsidiaries.

The Notes rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Notes, equal in right of payment with all of our liabilities that is not so subordinated, effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness, and structurally junior to all indebtedness and other liabilities (including trade payables) of our current or future subsidiaries. In the event of our bankruptcy, liquidation, reorganization, or other winding up, our assets that secure debt ranking senior or equal in right of payment to the Notes will be available to pay obligations on the Notes only after the secured debt has been repaid in full from these assets, and the assets of our subsidiaries will be available to pay obligations on the Notes only after all claims senior to the Notes have been repaid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the Notes then outstanding. The indenture governing the Notes (the "Indenture") does not prohibit us from incurring additional senior debt or any future secured debt, nor does it prohibit any of our current or future subsidiaries from incurring additional liabilities.

As of December 31, 2020, excluding operating lease liabilities and the derivative liability, our total consolidated net indebtedness was $53,108,353, net of unamortized debt discount of $12,045,479. This includes $17,811,626 of secured indebtedness directly attributable to the Company's vehicles in inventory or held for sale, and the security of those lenders includes all of the vehicles financed by such lenders as well as all of the assets of our subsidiaries.

The Notes are our obligations only and a substantial portion of our operations are conducted through, and a substantial portion of our consolidated assets are held by, our subsidiaries.

The Notes are our obligations exclusively. A substantial portion of our operations is conducted through, and a substantial portion of our consolidated assets is held by, our subsidiaries. Accordingly, our ability to service our debt, including the Notes, depends, in part, on the results of operations of our subsidiaries and on the ability of such subsidiaries to provide us with cash, whether in the form of dividends, loans, or otherwise, to pay amounts due on our obligations, including the Notes. However, our subsidiaries are separate and distinct legal entities, are not guaranteeing the Notes, and have no obligation, contingent or otherwise, to make payments on the Notes or to make any funds available for that purpose. In addition, dividends, loans, or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations. Our right to receive any assets of any of our subsidiaries on such subsidiary's bankruptcy, liquidation, or reorganization, and, therefore, the right of the holders of Notes to participate in those assets, will be subject to prior claims of creditors of the subsidiary, including trade creditors, and such subsidiary may not have sufficient assets remaining to make any payments to us as a shareholder or otherwise. We advise holders of Notes that there may not be sufficient assets remaining to pay amounts due on any or all the Notes then outstanding.

Operating our business requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay the Notes and any other debt.

Our ability to make payments of the principal of, to pay interest on, or to refinance the Notes or other indebtedness depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, obtaining additional debt financing, or issuing additional equity securities, any of which may be on terms that are not favorable to us or, in the case of equity securities, highly dilutive. Our ability to refinance the Notes or our other indebtedness will depend on the capital markets, our business, and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. In addition, our future debt agreements may contain restrictive covenants that may prohibit us from adopting any of these alternatives. Our failure to comply with any such covenants could result in an event of default which, if not cured or waived, could result in the acceleration of our debt.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Notes.

We expect that many investors in, and potential purchasers of, the Notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the Notes. Investors would typically implement such a strategy by selling short the Class B Common Stock underlying the Notes and dynamically adjusting their short position while continuing to hold the Notes. Investors may also implement this type of strategy by entering into swaps on our Class B Common Stock in lieu of or in addition to short selling the Class B Common Stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our Class B Common Stock) and securities convertible into or exchangeable for equity securities. Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a "Limit Up-Limit Down" program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any government or regulatory action that restricts the ability of investors in or potential purchasers of the Notes to effect short sales of our Class B Common Stock, borrow our Class B Common Stock, or enter into swaps on our Class B Common Stock could adversely affect the trading price and the liquidity of the Notes.

The trading price for our Class B Common Stock may be volatile and could be subject to wide fluctuations in per share price which could adversely impact the trading price of the Notes.

Our Class B Common Stock is listed for trading on The NASDAQ Capital Market under the trading symbol "RMBL," however historically there has been a limited public market for our Class B Common Stock. The liquidity of any market for the shares of our Class B Common Stock will depend on a number of factors, including:

- the number of stockholders;
- our operating performance and financial condition;
- the market for similar securities;
- the extent of coverage of us by securities or industry analysts; and
- the interest of securities dealers in making a market in the shares of our common stock.

The market price for our Class B Common Stock may be highly volatile and could be subject to wide fluctuations. In addition, the price of shares of our Class B Common Stock could decline significantly if our future operating results fail to meet or exceed the expectations of market analysts and investors and actual or anticipated variations in our quarterly operating results could negatively affect our share price.

Other factors may also contribute to volatility of the price of our Class B Common Stock and could subject our Class B Common Stock to wide fluctuations. These include:

- developments in the financial markets and worldwide or regional economies;
- announcements of innovations or new products or services by us or our competitors;
- announcements by the government relating to regulations that govern our industry;
- significant sales of our Class B Common Stock or other securities in the open market;
- variations in interest rates;
- changes in the market valuations of other comparable companies; and
- changes in accounting principles.

A decrease in the market price of our Class B Common Stock would likely adversely impact the trading price of the Notes. The market price of our Class B Common Stock could also be affected by possible sales of our Class B Common Stock by investors who view the Notes as a more attractive means of investing in us and by hedging or arbitrage trading activity that we expect to develop involving our Class B Common Stock. This trading activity could adversely affect the trading price of the Notes.

We may incur substantially more debt in the future or take other actions which would intensify the risks discussed in these risk factors.

We and our subsidiaries may be able to incur substantial additional debt in the future (including secured debt), subject to the restrictions contained in our debt instruments. We are not restricted under the terms of the indenture governing the Notes from incurring additional debt, securing existing or future debt, refinancing our debt, repurchasing our stock, pledging our assets, making investments, paying dividends, guaranteeing debt, or taking a number of other actions that are not limited by the terms of the indenture governing the Notes, any of which could have the effect of diminishing our ability to make payments on the Notes when due.

We may not have the ability to raise the funds necessary to settle the Notes in cash on a conversion, to repurchase the Notes on a fundamental change, or to repay the Notes at maturity. In addition, the terms of our future debt may contain limitations on our ability to pay cash on conversion or repurchase of the Notes.

Holders of the Notes have the right to require us to repurchase all or a portion of their Notes on the occurrence of a fundamental change at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, *plus* accrued and unpaid interest, if any, to, but excluding the fundamental change repurchase date, as described in the Indenture. In addition, on conversion of the Notes, unless we elect to deliver only shares of our Class B Common Stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Notes being converted. Moreover, we are required to repay the Notes in cash at their maturity unless earlier converted or repurchased. Our ability to meet our obligations to holders of the Notes depends on our operating results and cash flow. However, we may not have enough available funds on hand or be able to obtain financing at the time we are required to make payments with respect to Notes at maturity, on surrender for repurchase, or on conversion.

In addition, our ability to repurchase the Notes or to pay cash on conversions of the Notes may be limited by law, regulations, or agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the indenture governing the Notes or to pay any cash payable on future conversions of the Notes or at maturity as required by such indenture would constitute a default under such indenture. A default under such indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments on conversions of the Notes, if settled in cash.

Redemption may adversely affect the return on the Notes.

We may not redeem the Notes prior to January 14, 2023. We may redeem for cash all or any portion of the Notes, at our option, on or after January 14, 2023 if the last reported sale price of our Class B Common Stock has been at least 130% of the conversion price of the Notes then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. We may choose to redeem some or all of the Notes, including at times when prevailing interest rates are relatively low. Holders of the Notes may not be able to reinvest the proceeds from the redemption of the Notes in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of such Notes will be entitled to convert their Notes at any time during specified periods at their option. If any holder elects to convert its Notes, unless we elect to satisfy our conversion obligation by delivering only shares of our Class B Common Stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current liability rather than a long-term liability, which would result in a material reduction of our net working capital and may harm our business.

Conversion of the Notes may dilute the ownership interest of our stockholders or may otherwise depress the market price of our Class B Common Stock.

The conversion of some or all of the Notes may dilute the ownership interests of our stockholders. On conversion of the Notes, we have the option to pay or deliver, as the case may be, cash, shares of our Class B Common Stock, or a combination of cash and shares of our Class B Common Stock. In addition, in certain circumstances, we will make an interest make-whole payment to a converting holder which may be paid in cash or shares of our common stock. If we elect to settle our conversion obligation (or the interest make-whole payment) in shares of our Class B Common Stock or a combination of cash and shares of our Class B Common Stock, any sales in the public market of our Class B Common Stock issuable on such conversion could adversely affect prevailing market prices of our Class B Common Stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our Class B Common Stock could depress the market price of our Class B Common Stock.

Future sales of our Class B Common Stock or equity-linked securities in the public market could lower the market price for our Class B Common Stock and adversely impact the trading price of the Notes.

In the future, we may raise funds by selling additional equity, equity-linked securities, or debt securities. In addition, a substantial number of shares of our Class B Common Stock is reserved for issuance on the exercise of stock options, settlement of restricted stock units, and conversion of the Notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our Class B Common Stock. The issuance and sale of substantial amounts of our Class B Common Stock or equity-linked securities, or the perception that such issuances and sales may occur, could adversely affect the trading price of the Notes and the market price of our Class B Common Stock, and impair our ability to raise capital through the sale of additional equity or equity-linked securities.

Holders of Notes are not entitled to any rights with respect to our Class B Common Stock, but they will be subject to all changes made with respect to them to the extent our conversion obligation includes shares of our Class B Common Stock.

Holders of Notes are not entitled to any rights with respect to our Class B Common Stock (including, without limitation, rights to receive any dividends or other distributions on our Class B Common Stock) prior to the conversion date relating to such Notes (if we have elected to settle the conversion by delivering only shares of our Class B Common Stock, other than paying cash in lieu of delivering any fractional share) or the last trading day of the observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our Class B Common Stock in respect of the conversion). But, holders of Notes will be subject to all changes affecting our Class B Common Stock. For example, if an amendment is proposed to our certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date with respect to any Notes surrendered for conversion, then the holder surrendering such Notes will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting our Class B Common Stock.

The conditional conversion feature of the Notes could result in holders receiving less than the value of our Class B Common Stock into which the Notes would otherwise be convertible.

Prior to the close of business on the business day immediately preceding July 1, 2024, holders may convert their Notes only if specified conditions are met. If the specific conditions for conversion are not met, holders will not be able to convert their Notes during that period, and they may not be able to receive the shares of Class B Common Stock (or the value of such shares in cash or a combination of cash and shares of Class B Common Stock) into which the Notes would otherwise be convertible.

On conversion of the Notes, holders may receive less valuable consideration than expected because the value of our Class B Common Stock may decline after holders exercise their conversion rights but before we settle our conversion obligation.

Under the Notes, a converting holder will be exposed to fluctuations in the value of our Class B Common Stock during the period from the date such holder surrenders Notes for conversion until the date we settle our conversion obligation.

On conversion of the Notes, we have the option to pay or deliver, as the case may be, cash, shares of our Class B Common Stock, or a combination of cash and shares of our Class B Common Stock (including, if applicable, any interest make-whole payment we elect, or are deemed to have elected to satisfy by delivering shares of our Class B Common Stock). If we elect to satisfy our conversion obligation in cash or a combination of cash and shares of our Class B Common Stock, the amount of consideration that holders will receive on conversion of their Notes will be determined by reference to the volume-weighted average price of our Class B Common Stock for each trading day in a 40-trading day observation period and an interest make-whole payment, if applicable.

Accordingly, if the price of our Class B Common Stock decreases during the applicable period, the amount and value of consideration holders receive will be adversely affected. In addition, if the market price of our Class B Common Stock at the end of such period is below the volume-weighted average price of our Class B Common Stock during such period, the value of any shares of our Class B Common Stock that holders will receive in satisfaction of our conversion obligation will be less than the value used to determine the number of shares that holders will receive.

If we elect to satisfy our conversion obligation only in shares of our Class B Common Stock on conversion of the Notes, we will, subject to the blocker provisions to the extent applicable, be required to deliver the shares of our Class B Common Stock, together with cash for any fractional share, on the second business day following the conversion date (provided that, with respect to any conversion date following the regular record date immediately preceding the maturity date where physical settlement applies to the related conversion, we will settle any such conversion on the maturity date). Accordingly, if the price of our Class B Common Stock decreases during this period, the value of the shares that holders receive will be adversely affected and would be less than the conversion value of the Notes on the conversion date.

The increase in the conversion rate for Notes converted in connection with a make-whole fundamental change or a notice of redemption may not adequately compensate holders for any lost value of their Notes as a result of such transaction or redemption.

If a make-whole fundamental change occurs prior to the maturity date for the Notes or if we deliver a notice of redemption with respect to the Notes, we will, under certain circumstances, increase the conversion rate for the Notes by a number of additional shares of our Class B Common Stock for Notes converted in connection with such make-whole fundamental change or notice of redemption. The increase in the conversion rate will be determined based on the date on which the make-whole fundamental change occurs or becomes effective, or the date we deliver the notice of redemption, as the case may be, and the price paid (or deemed to be paid) per share of our Class B Common Stock in the make-whole fundamental change or determined with respect to the notice of redemption, as the case may be. The increase in the conversion rate for Notes converted in connection with a make-whole fundamental change or a notice of redemption may not adequately compensate you for any lost value of your Notes as a result of such transaction or redemption. In addition, if the "stock price" (as defined in the Indenture) is greater than $1.00 per share or less than the Make-Whole Adjustment Reference Price (as defined in the Indenture"), no additional shares of Class B Common Stock will be added to the conversion rate. Moreover, in no event will the conversion rate per $1,000 principal amount of Notes as a result of this adjustment exceed 61.6523 shares of Class B Common Stock, subject to adjustment in the same manner as the conversion rate for the Notes.

Our obligation to increase the conversion rate for Notes converted in connection with a make-whole fundamental change or a notice of redemption could be considered a penalty, in which case the enforceability would be subject to general principles of reasonableness and equitable remedies.

The conversion rate of the Notes may not be adjusted for dilutive events.

The conversion rate of the Notes is subject to adjustment for certain events, including, but not limited to, the issuance of certain stock dividends on our Class B Common Stock, the issuance of certain rights or warrants, subdivisions or combinations of our Class B Common Stock, distributions of capital stock, indebtedness, or assets, cash dividends, and certain issuer tender or exchange offers as described under the Indenture. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of Class B Common Stock for cash, that may adversely affect the trading price of the Notes or our Class B Common Stock. An event that adversely affects the value of the Notes may occur, and that event may not result in an adjustment to the conversion rate. We have no obligation to consider the specific interests of the holders of the Notes in engaging in any such offering or transaction.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the Notes.

On the occurrence of a fundamental change, you have the right to require us to repurchase all or a portion of your Notes. However, the fundamental change provisions do not afford protection to holders of Notes in the event of other transactions that could adversely affect the Notes. For example, transactions such as leveraged recapitalizations, refinancing's, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the Notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the Notes, even though each of these transactions could increase the amount of our indebtedness or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of Notes.

Certain provisions in the indenture governing the Notes may delay or make it more expensive for a third party to acquire us.

Certain provisions in the indenture governing the Notes may make it more difficult or expensive for a third party to acquire us. For example, the indenture governing the Notes requires us, at the noteholders' election, to repurchase the Notes for cash on the occurrence of a fundamental change and, in certain circumstances, to increase the conversion rate for a holder that converts its Notes in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Notes or increase the conversion rate, which could make it more costly for a third party to acquire us. Furthermore, the indenture for the Notes prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the Notes. These and other provisions in the indenture could deter or prevent a third party from making bids to acquire us even when the acquisition may be favorable to you.

Holders of Notes are not entitled to receive any shares of our Class B Common Stock otherwise deliverable upon conversion of the Notes to the extent that such receipt would cause such holders to become, directly or indirectly, a beneficial owner of shares of our Class B Common Stock in excess of 4.99% of the total number of the shares of our Class B Common Stock then issued and outstanding.

Notwithstanding anything to the contrary herein, holders of Notes are not entitled to receive any shares of our Class B Common Stock otherwise deliverable upon conversion of the Notes to the extent, but only to the extent, that such receipt would cause such holders to become, directly or indirectly, the "beneficial owner" (within the meaning of Section 13(d) under the Exchange Act and the rules promulgated thereunder) of our Class B Common Stock in excess 4.99% of the total number of the shares of our Class B Common Stock then issued and outstanding. Any purported delivery of shares of our Class B Common Stock upon conversion of the Notes shall be void and have no effect to the extent, but only to the extent, that such delivery would result in any person becoming the beneficial owner of shares of our Class B Common Stock outstanding at such time in excess of the beneficial ownership limits then applicable to such person.

As a result of the beneficial ownership limits, shares of Class B Common Stock otherwise deliverable upon conversion of Notes may be delayed, or never delivered at all. These limitations on beneficial ownership may force you to sell shares of our Class B Common Stock or other securities you own in order to receive shares you would otherwise be entitled to receive upon conversion. If holders convert their Notes and do not receive any shares otherwise deliverable upon conversion, we are not responsible for any lost value due to a delayed delivery, or if they are never delivered as a result of the conversion restrictions described above.

We cannot assure you that an active trading market will develop for the Notes.

Prior to the 2020 Note Offering (as defined below), there has been no trading market for the Notes, and we do not intend to apply to list the Notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. We have been informed by the initial purchaser that it intended to make a market in the Notes after the 2020 Note Offering. However, the initial purchaser may cease its market-making at any time without notice. The liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. We cannot assure you that an active trading market will develop for the Notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. In that case you may not be able to sell your Notes at a particular time or you may not be able to sell your Notes at a favorable price.

Any adverse rating of the Notes may cause their trading price to fall.

We do not intend to seek a rating on the Notes. However, if a rating service were to rate the Notes and if such rating service were to lower its rating on the Notes below the rating initially assigned to such Notes or otherwise announce its intention to put such Notes on credit watch, the trading price of the Notes could decline.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Powersports and Automotive Segments

We currently maintain our corporate offices at 901 W Walnut Hill Lane, Irving, Texas 75038, and we occupy a small administrative office in Las Vegas to support the development of our RumbleOn Finance business. Aggregate annual rent for these two facilities is approximately $510,000 plus, in Las Vegas, our proportionate shares of the landlord’s excess operating costs. The term of the Irving, TX lease expires in Q2 2023; however we can elect to extend the term for up to seven years at a rate equal to the lesser of (i) prevailing rental rates at the time of renewal or (ii) 105% of the annual Base Rent for the immediately preceding term. The Las Vegas, NV lease expires in Q3 2022 and we have a single five (5) year renewal option with a minimum annual increase of 3% each year of the renewal period.

We have a facility in the greater Nashville, TN metropolitan area that we assumed as part of the acquisition of Wholesale, Inc. It is intended to serve three main purposes: i) as a general office/administrative location, ii) a staging and reconditioning property, and iii) as a retail sales location where we display vehicles and operate a traditional used car sales lot. The underlying lease in Nashville expires on Q4 2021 and we have two (2) renewal options, each of which provides for five (5) additional years with ten percent (10%) increase in the base rent. The total rent for the facility is currently approximately $25,000 per month. In March 2020, the facility took a direct hit from a tornado and most of the facility was destroyed. Since that time, we have cleared the property of all but one structure we were able to remediate and we have placed several temporary trailers on the property to house administrative and salespersons as we work through the rebuilding process with the landlord; we expect a new retail storefront to be open on the property in 2022. Our use of the property for vehicle staging and reconditioning resumed in Q3 2020.

We lease space in West Palm Beach, FL to support the operations of our GotSpeed retail location; we believe we pay market rates, the term of this lease run through December 2023, and we have an option to extend the lease for an additional two years with approximately 5% annual increases in each year.

The Company is a tenant at two facilities that serve as fulfillment centers – one in Arlington, Texas, and another in Ocoee, Florida. The locations will allow those from whom we purchase vehicles to drop them off as well as serve as pick-up locations for customers who have purchased vehicles from us and elected not to have the vehicle delivered to their home. The Arlington, TX facility is approximately 7,000 square feet and the Ocoee, FL center is approximately 56,000 square feet. Aggregate rent on these two facilities is approximately $525,000. We have less than twelve (12) months remaining on the Arlington, TX but have three one-year renewal options; the Ocoee facility is under lease through mid-2025 with the ability to lease it for up to five additional years.

In April 2020 we sublet our former corporate headquarters in Coppell, TX to a third party, and in Q2 2020 due to COVID-19 we ceased operations of a newly opened fulfillment center in Las Vegas. In October 2020 we began marketing the Las Vegas facility for sublease, and in January 2021 we entered a sublease effective as of the same month. The term of each sublease encompasses the initial term of the respective primary lease, and the collective monthly rent charged in the subleases covers all but a de minimis portion of our monthly exposure to these two facilities.

Vehicle Logistics and Transportation Services

The needs of the Vehicle Logistics and Transportation Services segment of our operations are currently serviced out of a 5,800 sq. ft. facility we lease in Mesa, AZ, as well as a portion of space we have in Nashville, TN. For the majority of 2020 we also had to make rent payment for two facilities we had vacated however those leases have terminated and we have no remaining obligations on them. Our lease on the Mesa, AZ location runs through Q2 2023 and our annual rent is approximately $120,000.

Item 3. Legal Proceedings.

We are not a party to any material legal proceedings other than ordinary routine litigation incidental to our business.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchase Of Equity Securities

Market Information

As of October 29, 2017, our Class B Common Stock has been listed on the Nasdaq Global Select Market ("NASDAQ") under the symbol RMBL. Before October 29, 2017, our common stock traded on the OTCQB Market under the symbol RMBL, and before January 1, 2017, our common stock was not traded, except for 250 shares, which traded on the OTC Markets Pink Sheets on January 22, 2016.

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. 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 Annual Report on Form 10-K for the Reverse Stock Split.

Holders of Common Stock

As of March 26, 2021, we had approximately 38 stockholders of record of 2,286,404 issued and outstanding shares of Class B Common Stock and two holders of record of 50,000 issued and outstanding shares of Class A Common Stock.

Dividends

We have never declared or paid any cash dividends. We currently do not intend to pay cash dividends in the foreseeable future on the shares of common stock. We intend to reinvest any earning in the development and expansion of our business. Any cash dividends in the future to common stockholders will be payable when, as and if declared by our board of directors, based upon the Board's assessment of:

- our financial condition;
- earnings;
- need for funds;
- capital requirements;
- prior claims of preferred stock to the extent issued and outstanding; and
- other factors, including any applicable law.

Therefore, there can be no assurance that any dividends on the common stock will ever be paid.

Item 6. Selected Financial Data

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The management's discussion and analysis of financial condition and results of operations should be read in conjunction with the audited financial statements and accompanying notes included in this annual report.

Overview

We are a technology driven, motor vehicle dealer and e-commerce platform provider disrupting the vehicle supply chain using innovative technology that aggregates, processes and distributes inventory in a faster and more cost-efficient manner.

We operate an infrastructure-light platform that facilitates the ability of all participants in the supply chain, including RumbleOn, other dealers and consumers to Buy-Sell-Trade-Finance-Transport pre-owned vehicles. Our goal is to transform the way VIN-specific pre-owned vehicles are bought and sold by providing users with the most comprehensive, efficient, timely and transparent transaction experience. While our initial customer facing emphasis through most of 2018 was on motorcycles and other powersports vehicles, we continue to enhance our platform to accommodate nearly any VIN-specific vehicle including motorcycles, ATVs, boats, RVs, cars and trucks. Since our acquisitions of Wholesale, Inc. ("Wholesale") in October 2018 and Autosport USA, Inc. ("Autosport") in February 2019, we have significantly increased our sales of cars and light trucks ("automotive"). Of the 18,024 vehicles we sold in 2020, 12,741 (70.7%) were automotive and 5,283 (29.3%) were powersports vehicles. In 2019, we sold 43,143 vehicles of which 29,952 (69.4%) were automotive and 13,191 (30.6%) were powersports vehicles. In August 2020, we launched RumbleOn 3.0, bringing traditional brick and mortar powersports dealers across the country online. Then, in March 2021, we announced a definitive agreement to combine our ecommerce platform with the RideNow powersports group, the nation's largest powersports retailer as discussed further below.

RideNow Transaction

On March 12, 2021, we announced a definitive agreement to combine with the RideNow dealership group, the nation's largest powersports retailer, to create the only omnichannel customer experience in powersports and the largest publicly traded powersports dealership platform (the "RideNow Transaction"). Under the terms of the definitive agreement, we will combine with up to 46 entities operating under the RideNow brand for a total consideration of up to $575.4 million, consisting of $400.4 million of cash and approximately 5.8 million shares of our Class B Common Stock. We will finance the cash consideration through a combination of up to $280.0 million of debt and the remainder through the issuance of new equity. We have has entered into a commitment letter with Oaktree Capital Management, L.P. ("Oaktree") to provide for the debt financing, subject to certain conditions (the "Oaktree Financing"). The number of shares to be issued to RideNow is subject to increase as described in the definitive agreement. The RideNow Transaction is subject to successful completion of the debt and equity financing, RumbleOn stockholder approval, manufacturer approval, other federal and state regulatory approvals, and other customary closing conditions as described in the definitive agreement. We expect to close the RideNow Transaction during the second or third quarter of 2021. The foregoing description of the definitive agreement and debt financing does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Plan of Merger and Equity Purchase Agreement, dated March 12, 2021, Registration Rights and Lock-Up Agreement, dated March 12, 2021, Commitment Letter, dated March 12, 2021, and Warrant, dated March 12, 2021, copies of which are incorporated by reference to this report as Exhibits 2.4, 10.33, 10.31 and 4.11. See the section titled Subsequent Events in this MD&A for a discussion of the RideNow Transaction and Oaktree Financing.

COVID-19 Update

The rapid spread of COVID-19 since March 2020 has resulted in authorities implementing numerous measures in an attempt to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders and shutdowns. These measures have impacted and may further impact all or portions of our workforce and operations, the behavior of our customers, and the operations of our partners, vendors, and suppliers. While the federal and state governments have taken measures to try to contain the COVID-19 pandemic, there is considerable uncertainty regarding such measures and potential future measures. The COVID-19 situation has created an unprecedented and challenging time for our Company. Our current focus is on positioning the Company for a strong recovery when this crisis is over. During 2020 we took steps to reduce our inventory and align our operating expenses to the state of the business. We plan to continue to operate as permitted to support our customers' needs for reliable vehicles and to provide as many jobs as possible for our associates; however, in April 2020 we laid off 169 associates. Future restrictions on our access to and utilization of our logistics and distribution network, our corporate offices, the inspection and reconditioning centers of our partners, and/or our support operations or workforce, or similar limitations for our partners, vendors, or suppliers, and restrictions or disruptions of transportation, could further limit our ability to conduct our business and have a material adverse effect on our business, operating results, financial condition and prospects. There is no certainty that measures taken by governmental authorities will be sufficient to mitigate the risks posed by the COVID-19 pandemic, and our ability to perform critical functions could be harmed.

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, including as a result of the COVID-19 pandemic, 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.

Nashville Tornado

On March 3, 2020, a severe tornado struck the greater Nashville area causing 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 comprises three components: (1) inventory loss, currently assessed by the insurance carrier at approximately $13,000,000; (2) building and personal property loss, currently assessed by the insurance carrier at $2,783,000; and (3) loss of business income, for which the Company has coverage in the amount of $6,000,000.

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 has advanced $5,615,268 against the final settlement. The insurer has agreed to pay $2,778,000 on the building and personal property loss, reflecting limits of $2,783,000 net of a $5,000 deductible and has made an interim payment on the building and personal property loss of $2,269,507 to the landlord. The loss of business income claim is ongoing and remains in the process of negotiation, however, the insurer has advanced $250,000 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.

Outlook

The COVID-19 pandemic effect on commercial activity and the significant damage sustained to our wholesale automotive business from a tornado in early March 2020 had a significant negative impact on the growth in unit volume and revenue for our powersports, automotive and transportation businesses for the year ended December 31, 2020. Based on the evolving aspects of COVID-19 and uncertainty surrounding its future development, it may continue to have a negative impact on unit volumes and revenue in future periods. Since the significant decrease in demand experienced in early March through mid-April, we have seen monthly unit sales and revenue increase sequentially month-over-month through July 2020. However, during the six-month period ended December 31, 2020, our average days to sale decreased and average selling prices increased as dealers saw high industry-wide market prices. The effect of these higher market prices resulted in lower levels of inventory available to purchase for resale causing a decline in unit sales beginning in September as compared to July and August. This supply and demand imbalance continued to impact the historically seasonally adjusted fourth quarter volume, particularly given the worldwide rise in COVID-19 cases. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

The extent to which the COVID-19 outbreak ultimately impacts our business, sales, results of operations, financial condition, and liquidity will depend on the success of the roll out of the vaccines and the efficacy of the vaccines and other future developments, which are highly uncertain and cannot be predicted. Even after the COVID-19 outbreak has subsided, we may continue to experience significant impacts to our business as a result of its global economic impact, including any economic downturn or recession that has occurred or may occur in the future.

Reportable Segments

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 and automotive segments consist of the distribution of pre-owned vehicles. The powersports segment consists of the distribution of principally motorcycles, while the automotive segment distributes cars and trucks. In addition, the powersports segment includes the activities of our finance company operations. Our vehicle logistics and transportation service segment provides nationwide automotive transportation services primarily between dealerships and auctions. The accounting policies of the segments are the same and are described in Note 1 – "Description of Business and Significant Accounting Policies" in the accompanying Notes to the Consolidated Financial Statements.

	For Year Ended December 31, 2020				For the Year Ended December 31, 2019			
	Revenue	Revenue%	Gross Profit	GP%	Revenue	Revenue%	Gross Profit	GP%
Segment								
Powersports	$ 47,526,127	11.4%	$ 7,465,556	15.7%	$101,008,976	12.0%	$ 12,335,461	12.2%
Automotive	337,084,959	81.0%	28,284,328	8.4%	717,042,511	85.3%	31,728,617	4.4%
Transportation	31,816,157	7.6%	7,615,928	23.9%	22,577,860	2.7%	6,553,898	29.0%
Subtotal	416,427,243	100.0%	43,365,812	10.4%	840,629,347	100.0%	50,617,976	6.0%
Impairment loss (1)	-	-	(11,738,413)	(2.8)%	-	-	-	-
	$416,427,243	100.0%	$ 31,627,399	7.6%	$840,629,347	100.0%	$ 50,617,976	6.0%

(1) Impairment Loss resulting from the Nashville Tornado.

Key Operation Metrics - Powersports and Automotive Segments

We regularly review a number of metrics, to evaluate our vehicle distribution business, measure our progress, and make strategic decisions. Our key operating metrics reflect what we believe will be the key drivers of our growth, including increasing brand awareness, maximizing the opportunity to source the purchase of low-cost pre-owned vehicles from consumers and dealers while enhancing the selection of vehicles we make available to our customers. Our key operating metrics also demonstrate our ability to translate these drivers into sales and to monetize these retail sales through a variety of product offerings. For the year ended December 31, 2020, the amounts reflected below and in the tables that follow in this section do not include expenditures of $343,820 and $796,365 for the powersports and automotive segments, respectively, that represent costs that are not attributed to specific vehicles.

Powersports	2020	2019
Vehicles sold	5,283	13,191
Average days to sale	43	34
Total vehicle revenue	$47,526,127	$101,008,976
Gross profit	$ 7,809,376	$ 12,335,461

Automotive	2020	2019
Vehicles sold	12,741	29,952
Average days to sale	46	23
Total vehicle revenue	$337,084,959	$717,042,511
Gross profit	$ 29,080,693	$ 31,728,617

Vehicles Sold

We define vehicles sold as the number of pre-owned vehicles sold to consumers and dealers in each period, net of returns under our various return policies. We view vehicles sold as a key measure for several reasons. First, vehicles sold is the primary driver of our revenue and, indirectly, gross profit, since vehicle sales enable multiple complementary revenue streams, including financing, vehicle service contracts and trade-ins. Second, vehicles sold increases the base of available customers for referrals and repeat sales. Third, vehicles sold is an indicator of our ability to successfully scale our logistics, fulfillment, and customer service operations. The uncertainty and continuously evolving aspects of COVID-19 may continue to impact the number of units sold in future periods.

Average Days to Sale

We define average days to sale as the average number of days between vehicle acquisition by us and delivery to a customer for all pre-owned vehicles sold in a period. However, this metric does not include any pre-owned vehicles that remain unsold at period end. We view average days to sale as a useful metric due to its impact on pre-owned vehicle average selling price. The uncertainty and continuously evolving aspects of COVID-19 may continue to impact the average days to sale in future periods.

Revenue

Revenue is primarily comprised of pre-owned vehicle sales We sell pre-owned vehicles through consumer and dealer sales channels. These multiple sales channels provide us the opportunity to maximize profitability through increased sales volume and lower average days to sale by selling to the channel where the opportunity is the greatest at any given time based on customer demand, market conditions or inventory availability. The number of pre-owned vehicles sold to any given channel may vary from period to period based on customer demand, market conditions and available inventory. Subject to the impact of COVID-19 on our results, 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 as well as direct response channels to efficiently source and scale our addressable markets while expanding our suite of product offerings to consumers and dealers who may wish to trade-in or to sell us their vehicle independent of a retail or wholesale 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. The uncertainty and continuously evolving aspects of COVID-19 may continue to impact our revenue in future periods.

Gross Profit

Gross profit is generated on pre-owned vehicle sales from the difference between the vehicle selling price and our cost of revenue associated with acquiring the vehicle and preparing it for sale. The aggregate dollar gross profit achieved are primarily through dealer sales. Pre-owned vehicles sold through our B2B "Dealer Direct" platform generally have the highest dollar gross profit since the vehicle is sold directly to the dealer without a third-party auction. Pre-owned vehicles sold to dealers through third party auctions are sold at market. Gross margin percent is gross profit as a percentage of pre-owned vehicle sales. Factors affecting gross profit and margin from period to period include the mix of pre-owned vehicles we acquire, 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 to opportunistically raise or lower our prices relative to market to take advantage of supply or demand imbalances, which could temporarily lead to average selling prices and gross profits increasing or decreasing in any given channel. The uncertainty and continuously evolving aspects of COVID-19 may continue to impact our gross profit in future periods.

Key Operations Metrics – Powersports

	2020	2019
Key Operation Metrics:		
Vehicles sold	**5,283**	**13,191**
Total Powersports Revenue	$47,526,127	$101,008,976
Gross profit	$ 7,809,376	$ 12,335,461
Gross profit per vehicle	$ 1,478	$ 935
Gross margin	16.4%	12.2%
Average selling price	$ 8,996	$ 7,657
Consumer:		
Vehicles sold	**458**	**955**
Total Consumer Revenue	$ 5,330,008	$ 8,295,615
Gross profit	$ 1,815,239	$ 2,058,743
Gross profit per vehicle	$ 3,963	$ 2,156
Gross margin	34.1%	24.8%
Average selling price	$ 11,638	$ 8,687
Dealer:		
Vehicles sold	**4,825**	**12,236**
Total Dealer Revenue	$42,196,119	$ 92,713,361
Gross profit	$ 5,994,137	$ 10,276,718
Gross profit per vehicle	$ 1,242	$ 840
Gross margin	14.2%	11.1%
Average selling price	$ 8,745	$ 7,577

Key Operations Metrics – Automotive

	2020	2019 (1)
Key Operation Metrics:		
Total vehicles sold	**12,741**	**29,952**
Total Automotive Revenue	$337,084,959	$717,042,511
Gross profit	$ 29,080,693	$ 31,728,617
Gross profit per vehicle	$ 2,282	$ 1,059
Gross margin	8.6%	4.4%
Average selling price	$ 26,457	$ 23,940
Consumer:		
Vehicles sold	**1,336**	**2,792**
Total Consumer Revenue	$ 39,933,457	$ 75,950,236
Gross profit	$ 4,578,072	$ 9,939,683
Gross profit per vehicle	$ 3,427	$ 3,560
Gross margin	11.5%	13.1%
Average selling price	$ 29,890	$ 27,203
Dealer:		
Vehicles sold	**11,405**	**27,160**
Total Dealer Revenue	$297,151,502	$641,092,275
Gross profit	$ 24,502,621	$ 21,788,934
Gross profit per vehicle	$ 2,148	$ 802
Gross margin	8.2%	3.4%
Average selling price	$ 26,054	$ 23,604

(1) Inclusive only of Autosport as of February 3, 2019 (the "Autosport Acquisition Period").

Key Operation Metrics - Vehicle Logistics and Transportation Services Segment

We regularly review a number of metrics, to evaluate our vehicle logistics and transportation business, measure our progress, and make strategic decisions. Our key operating metrics reflect what we believe will be the key drivers of our growth, including increasing brand awareness, and maximizing the opportunity to drive increased transportation and logistics unit volume. Our key operating metrics also demonstrate our ability to translate these drivers into revenue and increased profitability.

	2020	2019
Revenue	$35,887,132	$31,931,488
Vehicles delivered	61,314	77,449
Gross profit	$ 7,615,928	$ 6,553,898
Gross profit per vehicle delivered	$ 124	$ 85

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 transaction price is based on the consideration specified in the customer's contract. The freight brokerage agreements are fulfilled by independent third-party transporters who are obligated to meet our performance obligations and standards. Generally, customers are billed either upon shipment of the vehicle or on a monthly basis, and remit payment according to approved payment terms. Revenue is recognized as risks and rewards of transportation of the vehicle is 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. In the normal course of operations, Wholesale Express also provides transportation services to Wholesale. Revenue and cost of revenue for these services for the year ended December 31, 2020 and December 31, 2019 was $4,070,975 and $9,353,628, respectively, and was eliminated in the consolidated financial statements for the years ended December 31, 2020 and 2019, respectively.

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 party individuals. Vehicles delivered is the primary driver of revenue and in turn profitability in the vehicle logistics and transportation services segment.

Gross Profit

Gross profit is generated on the difference between the price received from a customer under a freight brokerage agreement for the transport of a vehicle from a point of origin to a designated destination minus our cost to contract an independent third-party transporter to fulfill our obligation under the freight brokerage agreement with the customer. We define gross profit per vehicle delivered as the aggregate gross profit in a given period divided by the number of pre-owned vehicles delivered in that period. Gross margin percent is gross profit as a percentage of pre-owned vehicle delivered.

COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue for our powersports and automotive segments is derived from our online marketplace and auctions and primarily includes the sale of pre-owned vehicles to consumer and dealers.

Revenue from our vehicle logistics and transportation service segment is derived by providing automotive transportation services between dealerships and auctions throughout the United States.

The Company recognizes revenue using a five-step model that includes: (1) identify the contract; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) performance obligations are satisfied. Based on the manner in which we historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of our revenue recognition, and we recognized no cumulative effect adjustment upon adoption. See Item 8 of Part II, Financial Statements and Supplementary Data—Note 1— "Description of Business and Significant Accounting Policies – Revenue Recognition" for a further description of the Company's revenue recognition.

Pre-owned Vehicle Sales

Pre-owned vehicle sales are primarily comprised of revenue from pre-owned vehicle sales.

We sell pre-owned vehicles through consumer and dealer sales channels. These multiple sales channels provide us the opportunity to maximize profitability through increased sales volume and lower average days to sale by selling to the channel where the opportunity is the greatest at any given time based on customer demand, market conditions or inventory availability. The number of pre-owned vehicles sold to any given channel may vary from period to period based on customer demand, market conditions and available inventory.

Pre-owned vehicle sales represent the aggregate sales of pre-owned vehicles to consumers and dealers through our website or at auctions. We expect pre-owned vehicle sales to increase as we begin to utilize a combination of brand building as well as 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 affecting pre-owned vehicle sales include the number of retail pre-owned vehicles sold and the average selling price of these vehicles.

The number of pre-owned vehicles we sell depends on our volume of website traffic, volume of cash offers made, our inventory levels and selection, the effectiveness of our branding and marketing efforts, the quality of our customer sales experience, our volume of referrals and repeat customers, the competitiveness of our pricing, competition and general economic conditions. On a quarterly basis, the number of pre-owned vehicles we sell is also affected by seasonality, with demand for pre-owned vehicles reaching the high point in the first half of each year, commensurate with the timing of tax refunds, and diminishing through the rest of the year, with the lowest relative level of pre-owned vehicle sales expected to occur in the fourth calendar quarter.

Our average retail selling price depends on the mix of pre-owned vehicles we acquire and hold in inventory, retail market prices in our markets, our average days to sale, and our pricing strategy. We may choose to shift our inventory mix to higher or lower cost pre-owned vehicles, or to opportunistically raise or lower our prices relative to market to take advantage of supply or demand imbalances, which could temporarily lead to average selling prices increasing or decreasing.

The number of pre-owned vehicles sold to dealers at auctions is determined based on a number of factors including: (i) filling auction sales channel market demand opportunities to maximize sales and gross margin; (ii) a need to balance the Company's overall inventory mix and quantity levels against days to sales targets; and (iii) a need to liquidate those pre-owned vehicles that do not meet the Company's quality standards to be sold through Rumbleon.com.

Vehicle Logistics and Transportation Services

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 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 all risks and rewards of transportation of the vehicle are transferred to the owner during delivery.

Cost of Revenue – Pre-owned Vehicles Sales

Cost of revenue is primarily comprised of cost of pre-owned vehicle sales.

Cost of pre-owned vehicle sales to consumers and dealers includes the cost to acquire pre-owned vehicles and the reconditioning and transportation costs associated with preparing these vehicles for resale. Vehicle acquisition costs are driven by the mix of vehicles we acquire, the source of those vehicles and supply and demand dynamics in the vehicle market. Reconditioning costs are billed by third-party providers and include parts, labor, and other repair expenses directly attributable to specific pre-owned vehicles. Transportation costs consist of costs incurred to transport the vehicles from the point of acquisition. Cost of pre-owned vehicle sales also includes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

Cost of Revenue – Vehicle Logistics and Transportation Services

Cost of vehicle transportation and logistics services primarily include the costs of independent third-party transporters to deliver a vehicle from a point of origin to a designated destination.

Selling, General and Administrative Expense

Selling, general and administrative expenses include costs and expenses for compensation and benefits, advertising and marketing, development and operating our product procurement and distribution system, managing our logistics system, and other corporate overhead expenses, including expenses associated with technology development, legal, accounting, finance, and business development. Selling, general and administrative expenses will continue to increase substantially in future periods as we execute and aggressively expand our business through increased marketing spending and the addition of management and support personnel to ensure we adequately develop and maintain operational, financial and management controls as well as our reporting systems and procedures, but we anticipate they will decline as a percentage of sales revenue.

Depreciation and Amortization

Depreciation and amortization is comprised of the: (i) amortization of capitalized and acquired technology development; and (ii) depreciation of vehicles, leasehold improvements, furniture and equipment. Depreciation and amortization will continue to increase as continued investments are made in connection with the expansion and growth of the business.

Interest Expense

Interest expense includes interest incurred on notes payable and other long-term debt, which was used to fund startup costs and expenses, technology development, inventory, our transportation fleet, property and equipment and the acquisition of NextGen.

Seasonality

The volume of vehicles sold will generally fluctuate from quarter-to-quarter. This seasonality is caused by several factors including weather, the timing of pre-owned vehicles available for sale from selling consumers, the availability and quality of vehicles, holidays, and the seasonality of the retail market for pre-owned vehicles. As a result, revenue and operating expenses related to volume will fluctuate accordingly on a quarterly basis. The fourth calendar quarter typically experiences lower used vehicle auction accessibility as well as additional costs associated with the holidays and winter weather.

RESULTS OF OPERATIONS

The following table provides our results of operations for the year ended December 31, 2020 and 2019, including key financial information relating to our business and operations. This financial information should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8 of Part II. The results of operations of Autosport are included in the Company's Consolidated Financial Statements for the year ended December 31, 2019 for the Autosport Acquisition Period. In this Management's Discussion and Analysis of Financial Condition and Results of Operations, no comparable information is discussed with respect to Autosport for the periods before the Autosport Acquisition Date.

	For the Year ended December 31, 2020					
	Powersports	Automotive	Vehicle Logistics and Transportation Services	Elimination(1)	Total	2019(2)
Revenue:						
Pre-owned vehicle sales						
Powersports	$ 46,653,668	$ -	-	-	$ 46,653,668	$101,008,976
Automotive (2)	-	337,084,959	-	-	337,084,959	717,007,436
Transportation and vehicle logistics	-	-	35,887,132	(4,070,975)	31,816,157	22,577,860
Other	872,459	-	-	-	872,459	35,075
Total revenue	47,526,127	337,084,959	35,887,132	(4,070,975)	416,427,243	840,629,347
	-	-	-	-	-	-
Cost of revenue:	-	-	-	-	-	-
Powersports	40,060,571	-	-	-	40,060,571	88,673,515
Automotive (2)	-	308,800,631	-	-	308,800,631	685,313,894
Transportation	-	-	28,271,204	(4,070,975)	24,200,229	16,023,962
Cost of revenue before impairment loss	40,060,571	308,800,631	28,271,204	(4,070,975)	373,061,431	790,011,371
Impairment loss	-	11,738,413	-	-	11,738,413	-
Total cost of revenue	40,060,571	320,539,044	28,271,204	(4,070,975)	384,799,844	790,011,371
Gross profit	$ 7,465,556	$ 16,545,915	$ 7,615,928	$ -	$ 31,627,399	$ 50,617,976

(1) Intercompany freight services from Wholesale Express are eliminated in the consolidated financial statements.
(2) Inclusive only of the Autosport Acquisition Period.

Powersports and Automotive Segments

The following table provides our results of operations for the years ended December 31, 2020 and 2019 for the powersports and automotive segments, including key financial information relating to these segments. Our vehicle distribution segment consists of the distribution of powersports and automotive vehicles, as further described below. This financial information should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8 of Part II. The results of operations of Autosport are included in the Company's Consolidated Financial Statements for the year ended December 31, 2019 for the Autosport Acquisition Period. In this Management's Discussion and Analysis of Financial Condition and Results of Operations, no comparable information is discussed with respect to Autosport for the periods before the Autosport Acquisition Date.

	2020	2019
Revenue:		
Pre-owned vehicle sales:		
Powersports	$ 47,526,127	$101,008,976
Automotive (1)	337,084,959	717,042,511
Total vehicle revenue	384,611,086	818,051,487
Cost of revenue:		
Powersports	40,060,571	88,673,515
Automotive (1)	308,800,631	685,313,894
Total cost of revenue before impairment loss	348,861,202	773,987,409
Impairment loss on automotive inventory	11,738,413	-
Total cost of revenue	360,599,615	773,987,409
Gross profit	24,011,471	44,064,078
Selling, general and administrative	48,720,614	82,006,331
Insurance recovery proceeds	(5,615,268)	-
Depreciation and amortization	2,136,877	1,779,021
Operating loss	(21,230,752)	(39,721,274)
Interest expense	(6,633,260)	(7,186,418)
Decrease in derivative liability	10,806	1,302,500
(Loss) on early extinguishment of debt	188,164	(1,499,250)
Net loss before provision for income taxes	(27,665,042)	(47,104,442)
Benefit for income taxes	-	-
Net loss	$ (27,665,042)	$ (47,104,442)

(1) Inclusive only of the Autosport Acquisition Period.

Total revenue decreased by $433,440,401 to $384,611,086 for the year ended December 31, 2020 compared to $818,051,487 for the same period of 2019. Total powersports vehicle revenue decreased by $53,482,849 to $47,526,127 for the year ended December 31, 2020 compared to $101,008,976 for the same period of 2019. Total automotive revenue decreased by $379,957,552 to $337,084,959 for the year ended December 31, 2020 compared to $717,042,511 for the same period of 2019. The decrease was primarily due to a decrease in the number of pre-owned vehicles sold to 18,024 for the year ended December 31, 2020 as compared to 43,143 for the same period of 2019, which was partially offset by an increase in the average selling price per unit to $21,339 for the year ended December 31, 2020 compared to $18,961 for the year ended December 31, 2019. The decrease in vehicles sold resulted from (i) the adverse impact of COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; (ii) a reduction in automotive unit sales resulting from the significant damage to the Company’s operating facilities and inventory held for sale in Nashville as a result of the March 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iv) a reduction in per vehicle advertising expenditures. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Total cost of revenue before impairment loss decreased $425,126,207 to $348,861,202 for the year ended December 31, 2020 compared to $773,987,409 for the same period of 2019. The decrease was primarily due to the decrease in the number of pre-owned vehicles sold for the year ended December 31, 2020 as compared to the same period of 2019**.** Powersports total cost of revenue decreased by $48,612,944 to $40,060,571 for the year ended December 31, 2020 as compared to the same period of 2019. Automotive total cost of revenue decreased by $376,513,263 to $308,800,631 for the year ended December 31, 2020 as compared to $685,313,894 for the same period of 2019**.**

Powersports

The following table provides the results of operations for the year ended December 31, 2020 and 2019 for our powersports segment, including key financial information relating to the powersports business. This financial information should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8 of Part II.

	2020	2019
Powersports		
Vehicle revenue:		
Consumer	$ 5,330,008	$ 8,295,615
Dealer	42,196,119	92,713,361
Total vehicle revenue	$47,526,127	$101,008,976
Vehicle cost of revenue		
Consumer	$ 3,860,463	$ 6,236,872
Dealer	36,200,108	82,436,643
Total vehicle cost of revenue	$40,060,571	$ 88,673,515
Vehicle gross profit:		
Consumer	$ 1,469,545	$ 2,058,743
Dealer	5,996,011	10,276,718
Total vehicle gross profit	$ 7,465,556	$ 12,335,461
Vehicles sold:		
Consumer	458	955
Dealer	4,825	12,236
Total vehicles Sold	5,283	13,191
Gross profit per vehicle:		
Consumer	$ 3,209	$ 2,156
Dealer	$ 1,243	$ 840
Total	$ 1,413	$ 935
Gross margin per vehicle:		
Consumer	27.6%	24.8%
Dealer	14.2%	11.1%
Total	15.7%	12.2%
Average vehicle selling price:		
Consumer	$ 11,638	$ 8,687
Dealer	$ 8,745	$ 7,577
Total	$ 8,996	$ 7,657

Powersports Vehicle Revenue

Total powersports vehicle revenue decreased by $53,482,849 to $47,526,127 for the year ended December 31, 2020 compared to $101,008,976 for the same period of 2019. The decrease in powersports revenue was primarily due to a decrease in the number of pre-owned vehicles sold to 5,283 for the year ended December 31, 2020 as compared to 13,191 for the same period of 2019, offset by an increase in the average selling price per vehicle to $8,996 for the year ended December 31, 2020 from $7,657 for the same period of 2019. The decrease in vehicles sold and increase in average selling price resulted from (i) the adverse impact of COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; (ii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iii) a reduction in per vehicle advertising expenditures. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Total powersports vehicle revenue from the sale to consumers decreased by $2,965,607 to $5,330,008 for the year ended December 31, 2020 compared to $8,295,615 for the same period of 2019. The decline in powersports revenue was primarily due to the decrease in the number of pre-owned vehicles sold to 458 for the year ended December 31, 2020 compared to 955 for the same period of 2019, which was partially offset by an increase in the average selling price per vehicle to $11,638 for the year ended December 31, 2020 from $8,687 for the same period of 2019. The decrease in vehicles sold and increase in average selling price per unit for the year ended December 31, 2020 as compared to the same period of 2019 resulted from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; (ii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iii) a reduction in per vehicle advertising expenditures. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Total powersports vehicle revenue from the sale to dealers decreased by $50,517,242 to $42,196,119 for the year ended December 31, 2020 compared to $92,713,361 for the same period of 2019. The decline in powersports revenue was primarily due to the decrease in the number of pre-owned vehicles sold to 4,825 for the year ended December 31, 2020 compared to 12,236 for the same period of 2019, which was partially offset by an increase in the average selling price per vehicle to $8,745 for the year ended December 31, 2020 from $7,577 for the same period of 2019. The decrease in vehicles sold and increase in average selling price per unit for the year ended December 31, 2020 as compared to the same period in 2019 resulted from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; and (ii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iii) a reduction in per vehicle advertising expenditures. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Powersports Cost of Revenue

Total powersport cost of vehicle revenue decreased by $48,612,944 to $40,060,571 for the year ended December 31, 2020 compared to $88,673,515 for the same period of 2019. The decrease was primarily due to a decrease in the number of vehicles purchased and sold for the year ended December 31, 2020 compared to the same period of 2019. The decrease in the number of vehicles purchased and sold resulted from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iii) a reduction in per vehicle advertising expenditures. Total cost of vehicle revenue for the year ended December 31, 2020 consisted of: (i) the acquisition cost of vehicles sold to consumers and dealers of $37,745,349 from the sale of 5,283 pre-owned vehicles at an average acquisition cost of $7,145; (ii) aggregate reconditioning and transportation costs of $1,971,402; and (iii) other cost not attributed to a specific vehicle of $343,820 which included a $340,268 write down of vehicle inventory to the lower of cost or net realizable value resulting from the negative impact on our sales channels from reduced commercial activity stemming from COVID-19. For the year ended December 31, 2019, the $88,673,515 cost of vehicle revenue consisted of: (i) the acquisition cost of vehicles sold to consumers and dealers of $85,143,181 from the sale of 13,191 pre-owned vehicles at an average acquisition cost of $6,455; and (ii) aggregate reconditioning and transportation costs of $3,530,334.

Total powersport cost of vehicle revenue from sales to consumers decreased by $2,376,409 to $3,860,463 for the year ended December 31, 2020 as compared to $6,236,872 the same period of 2019. The decrease was primarily due to a decrease in the number of vehicles purchased and sold for the year ended December 31, 2020 compared to the same period of 2019. The decrease in the number vehicles purchased and sold result from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iii) a reduction in per vehicle advertising expenditures. Total cost of consumer vehicle revenue for the year ended December 31, 2020 consisted of: (i) the acquisition cost of vehicles sold to consumers of $3,189,739 from the sale of 458 pre-owned vehicles at an average acquisition cost of $6,964; (ii) aggregate reconditioning and transportation costs of $325,030; and (iii) other costs of $345,694 not attributed to a specific vehicle. For the year ended December 31, 2019, cost of vehicle revenue consisted of: (i) the acquisition cost of vehicles sold to consumers of $5,824,586 from the sale of 955 pre-owned vehicles at an average acquisition cost of $6,099; and (ii) aggregate reconditioning and transportation costs of $412,286.

Powersport cost of vehicle revenue from the sale to dealers decreased by $46,236,535 to $36,200,108 for the year ended December 31, 2020 as compared to $82,436,643 for the same period in 2019. The decrease was primarily due to a decrease in the number of vehicles purchased and sold for the year ended December 31, 2020 compared to the same period of 2019. The decrease in the number vehicles purchased and sold resulted from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iii) a reduction in per vehicle advertising expenditures. Total cost of dealer vehicle revenue for the year ended December 31, 2020 consisted of: (i) the acquisition cost of vehicles sold to dealers of $34,555,610 from the sale of 4,825 pre-owned vehicles at an average acquisition cost of $7,162; (ii) aggregate reconditioning and transportation costs of $1,646,372; and (iii) other costs reimbursements of $(1,874) not attributable to a specific vehicle. Total cost of dealer vehicle revenue for the year ended December 31, 2019 consisted of: (i) the acquisition cost of vehicles sold to dealers of $79,318,595 from the sale of 12,236 pre-owned vehicles at an average acquisition cost of $6,482; and (ii) aggregate reconditioning and transportation costs of $3,118,048.

Automotive

The following table provides the results of operations for the year ended December 31, 2020 and 2019 for the automotive segment including key financial information relating to the automotive business. The results of operations of Autosport are included in the Company's Consolidated Financial Statements for the year ended December 31, 2019 for the Autosport Acquisition Period. This financial information should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8 of Part II. In this Management's Discussion and Analysis of Financial Condition and Results of Operations, no comparable information is discussed with respect to Autosport for the periods before the Autosport Acquisition Date.

	2020	2019[1]
Automotive		
Vehicle revenue:		
Consumer	$ 39,933,457	$ 75,950,236
Dealer	297,151,502	641,092,275
Total vehicle revenue	$ 337,084,959	$ 717,042,511
Vehicle cost of revenue		
Consumer	$ 36,193,470	$ 66,010,553
Dealer	272,607,161	619,303,341
Total vehicle cost of revenue	$ 308,800,631	$ 685,313,894
Gross profit:		
Consumer	$ 3,739,987	$ 9,939,683
Dealer	24,544,341	21,788,934
Total vehicle gross profit	$ 28,284,328	$ 31,728,617
Vehicles sold		
Consumer	1,336	2,792
Dealer	11,405	27,160
Total vehicles sold	12,741	29,952
Gross profit per vehicle		
Consumer	$ 2,799	$ 3,560
Dealer	$ 2,152	$ 802
Total	$ 2,220	$ 1,059
Gross margin per vehicle		
Consumer	9.4%	13.1%
Dealer	8.3%	3.4%
Total	8.4%	4.4%
Average selling price:		
Consumer	$ 29,890	$ 27,203
Dealer	$ 26,054	$ 23,604
Total	$ 26,457	$ 23,940

(1) Inclusive only of the Autosport Acquisition Period.

Automotive Revenue

Total automotive revenue decreased by $379,957,552 to $337,084,959 for the year ended December 31, 2020 compared to $717,042,511 for the same period of 2019. The decrease in automotive revenue was primarily due to a decrease in the number of pre-owned vehicles sold to 12,741 for the year ended December 31, 2020 as compared to 29,952 for the same period of 2019, offset by an increase in the average selling price per vehicle to $26,457 for the year ended December 31, 2020 from $23,940 for the same period of 2019. The decrease in vehicles sold and increase in average selling price resulted from (i) the adverse impact of COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; (ii) a reduction in units available for sale as a result of the significant damage to the Company's operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; (iv) a reduction in per vehicle advertising expenditures; and (v) a shift in inventory mix available for sale resulting in higher average sales prices. As the impact of COVID-19 abates over time, we anticipate that unit purchasing levels and sales will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if future spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Total automotive revenue from the sale to consumers decreased by $36,016,779 to $39,933,457 for the year ended December 31, 2020 compared to $75,950,236 for the same period of 2019. The decline in consumer revenue was primarily due to the decrease in the number of vehicles sold to 1,336 for the year ended December 31, 2020 compared to 2,792 for the same period of 2019, which was partially offset by an increase in the average selling price per vehicle to $29,890 for the year ended December 31, 2020 from $27,203 for the same period of 2019. The decrease in vehicles sold and increase in average selling price per unit for the year ended December 31, 2020 as compared to the same period of 2019 resulted from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; (ii) a reduction in units available for sale as a result of the significant damage to the Company's operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; (iv) a reduction in per vehicle advertising expenditure; and (v) a shift in inventory mix available for sale resulting in higher average sales prices.

Total automotive revenue from the sale to dealers decreased by $343,940,773 to $297,151,502 for the year ended December 31, 2020 compared to $641,092,275 for the same period of 2019. The decline in dealer revenue was primarily due to the decrease in the number of vehicles sold to 11,405 for the year ended December 31, 2020 compared to 27,160 for the same period of 2019, which was partially offset by an increase in the average selling price per vehicle to $26,054 for the year ended December 31, 2020 from $23,604 for the same period of 2019. The decrease in vehicles sold and increase in average selling price per unit for the year ended December 31, 2020 as compared to the same period in 2019 resulted from: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales but higher average selling prices and gross margins due to the supply and demand imbalance; (ii) a reduction in units available for sale as a result of the significant damage to the Company's operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado;; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; (iv) a reduction in per vehicle advertising expenditures; and (v) a shift in inventory mix available for sale resulting in higher average sales prices.

Automotive Cost of Revenue

Total automotive cost of vehicle revenue before impairment loss decreased by $376,513,263 to $308,800,631 for the year ended December 31, 2020 compared to $685,313,894 for the same period of 2019. The decrease was primarily due to a decrease in vehicles sold for the year ended December 31, 2020 compared to the same period of 2019. The decrease in vehicles purchased and sold was a result of: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) a reduction in units available for sale as a result of the significant damage to the Company's operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iv) a reduction in per vehicle advertising expenditures. Total cost of vehicle revenue for the year ended December 31, 2020 consisted of: (i) the acquisition cost of vehicles sold to consumers and dealers of $300,978,562 from the sale of 12,741 pre-owned vehicles at an average acquisition cost of $23,623; (ii) aggregate reconditioning and transportation costs of $7,025,704; and (iii) net other cost not attributed to a specific vehicle of $796,365 which included a $898,542 write down of vehicle inventory to the lower of cost or net realizable value resulting from the negative impact on our sales channels from reduced commercial activity stemming from COVID-19. Total cost of revenue for the year ended December 31, 2019 was $685,313,894, which included $66,010,553 from the sales to consumers and $619,303,341 from sales to dealers. For the year ended December 31, 2019, the $685,313,894 cost of vehicle revenue consisted of: (i) the acquisition cost of vehicles sold to consumers and dealers of $673,039,189 from the sale of 29,952 pre-owned vehicles at an average acquisition cost of $22,471 and (ii) aggregate reconditioning and transportation costs of $12,274,705.

Total cost of revenue from the sale to consumers decreased by $29,817,083 to $36,193,470 for the year ended December 31, 2020 compared to $66,010,553 for 2019. The decrease was primarily due to a decrease in vehicles sold in 2020 compared to 2019. The decrease in vehicles purchased and sold was a result of (i) the adverse impact of COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) a reduction in unit available for as a result of the significant damage to the Company's operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado;; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; (iv) a reduction in per vehicle advertising expenditures. The total cost of consumer vehicle revenue for the year ended December 31, 2020 consisted of: (1) the acquisition cost of vehicles sold to consumers of $34,326,522 from the sale of 1,336 pre-owned vehicles at an average acquisition cost of $25,694; (ii) aggregate reconditioning and transportation costs of $1,028,863 and (iii) net other cost not attributed to a specific vehicle of $838,085. For the year ended December 31, 2019, the $66,010,553 cost of consumer vehicle revenue consisted of: (i) the acquisition cost of vehicles sold to consumers of $64,409,956 from the sale of 2,792 pre-owned vehicles at an average acquisition cost of $23,069 and (ii) aggregate reconditioning and transportation costs of $1,600,597.

Total cost of revenue from the sale to dealers decreased by $346,696,180 to $272,607,161 for the year ended December 31, 2020 compared to $619,303,341 for 2019. The decrease was primarily due to a decrease in vehicles sold for the year ended December 31, 2020 compared to the same period of 2019. The decrease in vehicles purchased and sold was a result of: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) a reduction in units available for sale as a result of the significant damage to the Company's operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iv) a reduction in per vehicle advertising expenditures. The total cost of dealer vehicle revenue for the year ended December 31, 2020 consisted of: (1) the acquisition cost of vehicles sold to dealers of $266,652,040 from the sale of 11,405 pre-owned vehicles at an average acquisition cost of $23,380; (ii) aggregate reconditioning and transportation costs of $5,996,841; and (iii) other cost reimbursements of $41,720 not attributed to a specific vehicle. For the year ended December 31, 2019, the $619,303,341 cost of dealer vehicle revenue consisted of: (i) the acquisition cost of vehicles sold to dealers of $608,629,233 from the sale of 27,160 pre-owned vehicles at an average acquisition cost of $22,409 and (ii) aggregate reconditioning and transportation costs of $10,674,108.

Vehicle Logistics and Transportation Services Segment

The following table provides our results of operations for the year ended December 31, 2020 and 2019 for our vehicle logistics and transportation services segment, including key financial information relating to this segment. This financial information should be read in conjunction with our audited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 8 of Part II.

	2020	2019
Vehicle Logistics and Transportation Services		
Total revenue	$35,887,132	$31,931,488
Cost of revenue	28,271,204	25,377,590
Gross profit	7,615,928	6,553,898
Selling, general and administrative	4,938,734	4,617,920
Depreciation and amortization	6,063	7,405
Operating income	2,671,131	1,928,573
Interest expense	5,064	1,186
Net income before income tax	$ 2,666,067	$ 1,927,387
Vehicles delivered	61,314	77,449
Revenue per delivery	$ 585	$ 412
Gross profit per delivery	$ 124	$ 85
Gross margin per delivery	21.2%	20.5%

Vehicle Logistics and Transportation Services Revenue

Total logistic and transportation service revenue increased by $3,955,644 to $35,887,132 for the year ended December 31, 2020 compared to $31,931,488 for 2019. The increase in revenue for the year ended December 31, 2020 resulted from the increased in average revenue per vehicle delivered of $585 compared to $412 for 2019 offset by a decrease in the total vehicles delivered to 61,314 compared to 77,449 for 2019. The increase in average revenue per vehicle delivered was a result of: (i) our more disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (ii) an increase in commercial activity during 2020 as compared to 2019 resulting in a greater demand for transportation services, as sales channels, marketing activities and supply chains progressed towards normalized activity levels. The greater demand resulted in a significant increase in the market rates charged per unit delivered; and (iii) increased emphasis on sales through implementation of sales performance improvement plans. As the impact of COVID-19 abates over time, we anticipate that vehicles transported, and revenue will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, distributors, or private party individuals, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

In the normal course of operations, the Company utilizes transportation services of Wholesale Express. For the years ended December 31, 2020 and 2019, intercompany freight services provided by Wholesale Express was $4,070,975 and $9,353,628, respectively and was eliminated in the consolidated financial statements.

Vehicle Logistics and Transportation Services Cost of Revenue

Total logistic and transportation service cost of revenue increased by $2,893,614 to $28,271,204 for the year ended December 31, 2020 compared to $25,377,590 for 2019. The increase in cost of revenue for the year ended December 31, 2020 resulted from the increased in average cost of revenue per vehicle delivered to $461 compared to $328 for 2019 offset by a decrease in the total vehicles delivered to 61,314 as compared to 77,449 for 2019. The increase in average cost of revenue per vehicle delivered was a result of an increase in commercial activity during 2020 as compared to 2019 resulting in a greater demand for transportation services, as sales channels, marketing activities and supply chains began to progress towards normalized pre-COVID-19 activity levels. The greater demand resulted in a significant increase in the market rates charged per unit delivered. As the impact of COVID-19 abates over time, we anticipate that vehicles transported, and revenue will return to or exceed levels experienced in the first quarter of 2020 as we increase penetration in existing markets and add new dealers, distributors, or private party individuals, however we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business. Included in cost of revenue for the year ended December 31, 2020 and 2019, was freight services purchases from Wholesale Express of $4,070,975 and $9,353,628, respectively and was eliminated in the consolidated financial statements.

Selling, general and administrative

	2020	2019
Selling general and administrative:		
Compensation and related costs	$25,734,308	$33,502,020
Advertising and marketing	5,287,284	18,228,262
Professional fees	3,148,381	2,542,357
Technology development	1,421,138	2,408,338
General and administrative	18,068,237	29,943,272
	$53,659,348	$86,624,249

Selling, general and administrative expenses decreased by $32,964,901 to $53,659,348 for the year ended December 31, 2020 compared to $86,624,249 for the same period of 2019. The decrease in selling, general and administrative for the year ended December 31, 2020 was a result of: (i) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability, which resulted in the sale of fewer vehicles and a corresponding reduction in related selling expenses, sales related compensation, and marketing spend for the year ended December 31, 2020 as compared to 2019; (ii) a reduction in automotive vehicle sales resulting from the significant damage to the Company's operating facilities and inventory held for sale in Nashville as a result of the March 3, 2020 tornado; and (iii) a reduction in staffing levels and adjusted purchasing levels to align with demand and market conditions and a deferral of discretionary growth expenditures such as travel, facilities, information technology investments due to the adverse impact of COVID-19 on commercial activity.

Compensation and related costs decreased by $7,767,712 to $25,734,308 for the year ended December 31, 2020 compared to $33,502,020 for the same period of 2019. The decrease was primarily due to a reduction in headcount associated with our response to the impact of COVID-19 on our business. In early April 2020 we significantly reduced our staffing in an effort to position our business to be lean and flexible in this period of lower demand and higher uncertainty with the goal of preparing the Company for a strong recovery when the outbreak is contained. The company had 157 full-time and two part-time employees at December 31, 2020 as compared to 300 full-time employees on December 31, 2019. As the impact of COVID-19 abates over time, we anticipate that unit volume levels and sales will return to or exceed levels experienced in the first quarter of 2020. At that time, we will take a measured approach to increasing our headcount, which will result in an increase in sales related and marketing compensation in absolute dollar terms but a decrease in these expenses as a percentage of total revenue. However, we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Advertising and marketing decreased by $12,940,978 to $5,287,284 for the year ended December 31, 2020 compared to $18,228,262 for the same period of 2019. The decrease was a result of: (i) the adverse impact of the COVID-19 pandemic resulting in significantly reduced commercial activity, including a decrease in unit purchases and sales of vehicles; (ii) a reduction in unit sales resulting from the significant damage to the Company's operating facilities and inventory held for sale in Nashville as a result of the March 3, 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iv) a reduction in per vehicle advertising expenditures. As the impact of COVID-19 abates over time, we anticipate that unit volume levels and sales will return to or exceed levels experienced in the first quarter of 2020. At that time, we will take a measured approach to increasing our marketing spend, which will result in an increase in marketing expenses in absolute dollar terms but a decrease in marketing expense as a percentage of total revenue. However, we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Professional fees increased by $606,024 to $3,148,381 for the year ended December 31, 2020 compared to $2,542,357 for the same period of 2019. The increase was primarily a result of professional fees and costs incurred in connection with our insurance claims and other matters attributed to the Nashville Tornado, and legal, accounting and other professional fees and expenses incurred in connection with the activities associated with operating the business. Fees and expenses were incurred for: (i) equity financings; (ii) debt financings; (iii) general corporate matters; (iv) the preparation of quarterly and annual financial statements; and (v) the preparation and filing of regulatory reports required of the Company for public reporting purposes. For additional information, see Note 4 - "Acquisitions," Note 8 - "Notes Payable and Lines of Credit" and Note 9 - "Stockholders' Equity," in the accompanying Notes to the Condensed Consolidated Financial Statements.

Technology development expenses decreased by $987,200 to $1,421,138 for the year ended December 31, 2020 compared to $2,408,338 for the same period of 2019. The decrease was a result of the negative impact of COVID-19 resulting from sheltering-in-place and significantly reduced commercial activity, resulting in a temporary reduction in discretionary growth expenditures on information technology spending. Total technology costs and expenses incurred for the year ended December 31, 2020 were $3,529,743 of which $2,145,055 was capitalized. For the year ended December 31, 2019, total technology costs and expenses incurred were $5,494,081 of which $3,085,743 was capitalized. For the year ended December 31, 2020, a third-party contractor billed $602,873 of the total technology development costs as compared to $1,028,884 for the same period of 2019. The amortization of capitalized technology development costs for the year ended December 31, 2020 was $1,887,305 as compared to $1,436,088 for the same period of 2019. As the impact of COVID-19 abates over time, we anticipate that unit volume levels and sales will return to or exceed levels experienced in the first quarter of 2020. At that time, we will take a measured approach to increasing our technology development expenses as we continue to upgrade and enhance our technology infrastructure, invest in our products, expand the functionality of our platform and provide new product offerings. We also expect technology development expenses to continue to be affected by variations in the amount of capitalized internally developed technology.

General and administrative expenses decreased by $11,875,035 to $18,068,237 for the year ended December 31, 2020 compared to $29,943,272 for the same period of 2019. The decrease was primarily due to a decrease in vehicles sold for the year ended December 31, 2020 compared to the same period of 2019 which resulted in a $7,513,991 reduction in auction and floor plan fees for the year ended December 31, 2020 as compared to 2019. The decrease in vehicles purchased and sold was a result of: (i) the adverse impact of the COVID-19 pandemic on commercial activity resulting in lower levels of inventory available for purchase causing lower unit sales due to the supply and demand imbalance; (ii) a reduction in units available for sale as a result of the significant damage to the Company’s operating facilities and inventory held for sale in Nashville resulting from the March 2020 tornado; (iii) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability; and (iv) a reduction in per vehicle advertising expenditures. Additionally, in connection with the adverse impact of the COVID-19 pandemic on commercial activity we implemented a reduction in administrative costs and expenses as well as purchasing levels to align with demand and market conditions and deferred discretionary growth expenditures such as travel, facility cost and other business expenses which resulted in a decrease in these costs and expenses of $2,511,044, net of a $739,581 increase in rent expense for new facilities for the year ended December 31, 2020 as compared to 2019. Included in General and administrative expenses for the year ended December 31, 2019 is the recognition of an impairment loss on goodwill of $1,850,000. As the impact of COVID-19 abates over time and commercial activity increases, we anticipate that unit volume levels and sales will return to or exceed levels experienced in the first quarter of 2020. At that time, we will take a measured approach to increasing our general and administrative spending, which will result in an increase in in general and administrative expenses in absolute dollar terms but decrease as a percentage of total revenue. However, we can provide no assurance as to when and how quickly COVID-19 impacts will continue to abate or if spikes in COVID-19 infections will further negatively impact the economy generally or our business.

Depreciation and Amortization

Depreciation and amortization increased by $356,513 to $2,142,939 for the year ended December 31, 2020 compared to $1,786,426 for the same period of 2019. The increase in depreciation and amortization is a result of the cumulative investments made in connection with the development of the business which included capitalized technology acquisition and development costs of $2,145,055 and $174,786 in additions to property and equipment for the year ended December 31, 2020 as compared to $3,085,743 of capitalized technology acquisition and development costs and $119,748 in additions to property and equipment for the year ended December 31, 2019. The decrease in capitalized technology acquisition and development costs for the year ended December 31, 2020 as compared to the same period of 2019 was a result of a temporary reduction in discretionary growth expenditures on information technology spending due to the negative impact of COVID-19 and the effect of sheltering-in-place and significantly reduced commercial activity. For the year ended December 31, 2020, amortization of capitalized technology development was $1,887,305 as compared to $1,436,088 for the same period of 2019. Depreciation and amortization on vehicle, furniture, equipment and leasehold improvements was $255,634 as compared to $350,338 for the same period of 2019.

Interest Expense

Interest expense decreased by $549,279 to $6,638,325 for the year ended December 31, 2020 compared to $7,187,604 for the same period of 2019. Interest expense consists of interest on the: (i) Hercules Loan; (ii) Private Placement Notes; (iii) the subordinated secured promissory note issued to NextGen (the "NextGen Note"); (iv) the Credit Facility and the NextGear Credit Line (each as defined below) (together, the "Line of Credit-Floor Plans"); (v) PPP Loans; (vi) convertible senior notes; and (vii) the notes issued in connection with the Autosport Acquisition (the "Convertible Notes-Autosport"). The decrease in interest expense for the year ended December 31, 2020 as compared to the same period of 2019 was primarily from a reduction in total indebtedness outstanding which included amounts outstanding under floor plan lines of credit which was a result of a decrease in the number of vehicles sold to 18,024 compared to 43,143 for 2019, and reductions in principal balances under various notes. Interest expense on the Private Placement Notes for the year ended December 31, 2020 was $140,136 and included $75,601 of discount amortization compared to interest expense of $316,091, which included $259,396 of debt discount amortization for 2019. Interest expense on the NextGen Note the year ended December 31, 2020 was $87,128 compared to $110,484 for 2019. Interest expense on the Line of Credit-Floor Plans for the year ended December 31, 2020 was $1,712,068 compared to $3,239,293 for 2019. Interest expense for the year ended December 31, 2020, on the PPP Loans was $30,960. Interest expense for the year ended December 31, 2020 on the convertible senior notes was $4,433,485 and included $1,867,313 of debt discount amortization compared to interest expense of $2,523,064, which included $1,218,064 of debt discount amortization for 2019. Interest expense for the year ended December 31, 2020 on the Convertible Notes-Autosport USA was $186,751 and included $84,131 of debt discount amortization compared to interest expense for year ended December 31, 2019 of 228,001, which included $103,095 of debt discount amortization. There was no interest expense on the Hercules Loan in 2020 compared to interest expense for year ended December 31, 2019 of 758,466, which included $342,841 of debt discount amortization. See Part II, Financial Statements and Supplementary Data—Note 8—"Notes Payable and Lines of Credit " for additional discussion.

On May 14, 2019, the Company made a payment to Hercules Capital Inc. ("Hercules") of $11,134,696, representing the principal, accrued and unpaid interest, fees, costs and expenses outstanding under its Loan and Security Agreement (the "Loan Agreement") with Hercules dated April 30, 2018 (the "Hercules Indebtedness"). Upon the payment, all outstanding indebtedness and obligations of the Company owed to Hercules under the Loan Agreement were paid in full, and the Loan Agreement was terminated. The Company used a portion of the net proceeds from the Note Offering (described below) to pay the Hercules Indebtedness. In accordance with the guidance in ASC 470-50, Debt, the Company accounted for the extinguishment of the Hercules Loan Agreement as an extinguishment and recognized a loss on early extinguishment of debt of $1,499,250 for the year ended December 31, 2019 the Consolidated Statements of Operations. The loss on early extinguishment consisted primarily of the prepayment penalty paid to Hercules and unamortized debt discounts including the remaining portion of warrant values and debt issuance costs.

Loss Contingencies and Insurance Recoveries

On March 3, 2020, a severe tornado struck the greater Nashville area causing 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 $13,000,000; (2) building and personal property loss, primarily impacting our leased facilities, assessed by the insurance carrier at $2,783,000; and (3) loss of business income, for which the company has coverage in the amount of $6,000,000.

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 has advanced $5,615,268 against the final settlement. The insurer has agreed to pay $2,778,000 on the building and personal property loss, reflecting limits of $2,783,000 net of a $5,000 deductible. The insurer has made an interim payment on the building and personal property loss of $2,269,507 to the landlord. The loss of business income claim is ongoing and remains in the process of negotiation, however, the insurer has advanced $250,000 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 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. During the year ended December 31, 2020 the Company recorded an impairment loss on inventory of $11,738,413 comprised of $4,453,775 for vehicles that were a total loss and $7,284,638 in loss in value for vehicles partially damaged and subject to repair. The impairment loss is reported in cost of revenue in the consolidated statements of operations. On July 23, 2020, the insurer made an advance against the final settlement of the damage claim on inventory of $5,615,268. This recovery has been recorded as a separate component of operating loss in the Consolidated Statement of Operations for the year ended December 31, 2020.

Derivative Liability

In connection with the Notes, a derivative liability was recorded at issuance with an interest make-whole provision of $20,673 based on a lattice model using a stock price of $14.60, an estimated volatility of 55.0% and risk-free rate rates over the entire 10-year yield curve. This amount was recorded as a debt discount and is amortized to interest expense over the term of the Notes using the effective interest rate. The derivative liability is remeasured at each reporting date with the change in value of $10,806 and $1,302,500, respectively being recorded in the Statements of Operations for the year ended December 31, 2020 and 2019. The value of the derivative liability as of December 31, 2020 is $16,694 as compared to $27,500 on December 31, 2019.

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 loss adjusted to add back interest expense including debt extinguishment and depreciation and amortization, and certain charges and expenses, such as goodwill impairment, impairment loss on automotive inventory, impairment loss on plant & equipment, insurance recovery proceeds, non-cash stock-based compensation, change in derivative liability, litigation expenses, severance, new business development and other non-recurring costs, as these 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 loss for the periods presented:

	2020	2019
Net loss	$(24,998,975)	$(45,177,053)
Add back:		
Interest expense (including debt extinguishment)	6,450,161	8,686,854
Depreciation and amortization	2,142,939	1,786,426
EBITDA	(16,405,875)	(34,703,773)
Adjustments		
Goodwill impairment	-	1,850,000
Impairment loss on automotive inventory	11,738,413	-
Impairment loss on plant & equipment	177,626	-
Insurance recovery proceeds	(5,615,268)	-
Non-cash stock-based compensation	2,978,236	3,836,518
Change in derivative liability	(10,806)	(1,302,500)
Litigation expenses	1,295,717	61,446
Severance	-	1,079,438
New business development	-	1,224,523
Other Non-recurring costs	51,387	1,578,220
	$ (5,790,570)	**$(26,376,128)**

Liquidity and Capital Resources

We generate cash from the sale of used vehicles and providing vehicle logistics and transportation services for used vehicles. We generate additional cash flows through our financing activities including our short-term revolving inventory floor plan facilities, the issuance of long-term notes, and new issuances of equity. Historically, cash generated from financing activities has funded growth and expansion and strategic initiatives and we expect this to continue in the future.

Our ability to service our debt and fund working capital, capital expenditures, and business development efforts will depend on our ability to generate cash from operating and financing activities, which is subject to our future operating performance, as well as to general economic, financial, competitive, legislative, regulatory, and other conditions, some of which may be beyond our control. Our future capital requirements will depend on many factors, including our rate of revenue growth, our expansion of our various lines of business and the timing and extent of our spending to support our technology and software development efforts.

In connection with the RideNow Transaction, on March 12, 2021, we 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 us $2.5 million (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 is secured by certain intellectual property assets held by our subsidiary, NextGen Pro, LLC. Interest will accrue on the Bridge Loan until maturity (by acceleration or otherwise) at a rate of 12% annually. The foregoing description of the Bridge Loan does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Secure Promissory Note, dated March 12, 2021, a copy of which is incorporated by reference to this report as Exhibit 10.31.

The Company's consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which assumes the continuity of operations, the realization of assets and the satisfaction of liabilities as they come due in the normal course of business. Management believes that current working capital, results of operations, and existing financing arrangements are sufficient to fund operations for at least one year from the financial statement date.

We had the following liquidity resources available as of December 31, 2020 and December 31, 2019:

	2020	2019
Cash and cash equivalents	$ 1,466,831	$ 49,660
Restricted cash [(1)]	2,049,056	6,676,622
Total cash, cash equivalents, and restricted cash	3,515,887	6,726,282
Availability under short-term revolving facilities	2,188,374	35,839,030
Committed liquidity resources available	$ 5,704,261	$42,565,312

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

On January 14, 2020, the Company closed a public offering at a public price of $11.40 per share (the "2020 Public Offering"). On January 16, 2020, the Company received notice of the Underwriters' intent to exercise the over-allotment option in full (the "Over-allotment Exercise"). On January 17, 2020, the Company closed the Over-allotment Exercise. The Over-allotment Exercise increased the aggregate number of shares sold in the 2020 Public Offering to 1,035,000. Including the Over-allotment Exercise, proceeds from the 2020 Public Offering, after deducting the 7.0% underwriter's commission and $75,000 for underwriter expenses, were $10,780,080.

Also on January 10, 2020, the Company entered into a Note Exchange and Subscription Agreement, as amended by the Joinder Agreement, with the investors in the 2019 Note Offering (as defined below), pursuant to which the Company agreed to complete (i) a note exchange pursuant to which $30,000,000 of the Old Notes (as defined below) would be cancelled in exchange for a new series of 6.75% Convertible Senior Notes due 2025 (the "New Notes"), and (ii) the issuance of additional New Notes in a private placement in reliance on the exemption from registration provided by Rule 506 of Regulation D of the Securities Act as a sale not involving any public offering. On January 14, 2020, the Company closed the 2020 Note Offering. The proceeds for the 2020 Note Offering, after deducting for the payment of accrued interest and offering-related expenses, but exclusive of company costs were $8,272,375.

On May 9, 2019, the Company entered into a purchase agreement with JMP Securities LLC to issue and sell $30,000,000 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"). The proceeds for the 2019 Note Offering after deducting the initial purchaser's discounts, advisory fees, and related offering expenses, were approximately $27,385,500.

As of December 31, 2020, and 2019, excluding operating lease liabilities and the derivative liability, the outstanding principal amount of indebtedness was $53,108,353 and $82,585,522, respectively, summarized in the table below. See Note 8 — Notes Payable and Lines of Credit and Note 20 – Subsequent Events to our consolidated financial statements included in Part II, Item 8, Financial Statements and Supplementary Data of this Annual Report on Form 10-K for further information on our debt.

	December 31,	
Asset-based financing:	2020	2019
Inventory	$ 17,811,626	$ 59,160,970
Total asset-based financing	17,811,626	59,160,970
Secured notes payable	2,391,361	2,000,334
Unsecured senior convertible notes	39,774,000	31,901,843
PPP loans	5,176,845	-
Total debt	65,153,832	93,063,147
Less: unamortized discount and debt issuance costs	(12,045,479)	(10,477,625)
Total debt, net	$ 53,108,353	$ 82,585,522

The following table sets forth a summary of our cash flows for the year ended December 31, 2020 and 2019:

	2020	2019
Net cash provided by (used in) operating activities	$ 17,143,227	$(39,747,330)
Net cash used in investing activities	(2,281,405)	(3,871,223)
Net cash (used in) provided by financing activities	(18,072,217)	34,559,933
Net (decrease) increase in cash	$ (3,210,395)	$ (9,058,620)

Operating Activities

Our primary sources of operating cash flows result from the sales of used vehicles and ancillary products. Our primary uses of cash from operating activities are purchases of inventory, cash used to acquire customers, technology development and personnel-related expenses. For the year ended December 31, 2020, net cash provided by operating activities was $17,143,227, an increase of $56,890,557 compared to net cash used in operating activities of $39,747,330 for the same period of 2019. The increase in our net cash provided by operating activities was primarily due to: (i) a $32,094,116 decrease in our net loss, which excluded aggregate impairment losses on inventory and plant and equipment of $11,916,039. In addition, the Company received a $5,615,268 insurance recovery due to the Nashville tornado; and (ii) a $19,181,173 of changes in operating assets and liabilities, primarily vehicle inventory, accounts receivable and accounts payable. The change in net loss was a result of: (i) our continued disciplined approach to sales volume and margin growth as we took prescriptive steps to accelerate profitability, which resulted in the sale of fewer vehicles and a corresponding reduction in related selling expenses, sales related compensation, marketing and general and administrative spend for the year ended December 31, 2020; and (ii) a reduction in staffing levels, adjusted purchasing levels to align with demand and market conditions and a deferral of discretionary growth expenditures such as travel, facilities, information technology investments due to the adverse impact of the COVID-19 pandemic on commercial activity

Investing Activities

Our primary use of cash for investing activities is for technology development and acquisitions to expand our operations. Cash used in investing activities for the year ended December 31, 2020 was $2,281,405, a decrease of $1,589,818 compared to 2019. The decrease results from a reduction in technology spending and no acquisition activities during the year ended December 31, 2020 as compared to 2019. The decrease in technology spending for the year ended December 31, 2020 as compared to the same period of 2019 was a result of a reduction in staffing levels, adjusted purchasing levels and a deferral of discretionary growth expenditures due to the adverse impact of the COVID-19 pandemic on commercial activity. The Company acquired Autosport in February 2019 which included a cash payment of $835,000.

Financing Activities

Cash flows from financing activities primarily relate to our short and long-term debt activity and proceeds from equity issuances which have been used to provide working capital and for general corporate purposes, including paying down our short-term revolving facilities. Cash used in financing activities was $18,072,217 for the year ended December 31, 2020 compared to net cash provided by financing activities of $34,559,933 for 2019. The $52,632,150 decrease in cash provided by financing activities for the year ended December 31, 2020 as compared to the same period of 2019 was a result of a: (i) $43,322,228 increase in repayments on floor plan lines of credit; (ii) a reduction in net proceeds of $4,916,575 received from notes payable; and (iii) a reduction in net proceeds from equity offerings of $4,393,347 for the year ended December 31, 2020 as compared to the same period of 2019.

Liquidity

The accompanying consolidated financial statements of the Company have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern. The Company has incurred losses from inception through December 31, 2020 and may incur additional losses in the future. As the Company continues to expand its business, build its brand name and awareness and continues technology and software development efforts, it may need access to additional capital. Historically, the Company has raised additional equity or debt instruments to fund the expansion; refer to Note 8 — NOTES PAYABLE and Note 9 — STOCKHOLDER'S EQUITY. Management believes that current working capital, availability of equity under its current shelf registration statement, results of operations, and expected continued inventory financing are sufficient to fund operations for at least one year from the financial statement issuance date.

The worldwide spread of the COVID-19 outbreak has resulted in a global slowdown of economic activity which decreased demand for a broad variety of goods and services, while also disrupting sales channels, marketing activities and supply chains for an unknown period of time until the outbreak is contained. This is impacting the Company's business and the powersport, automotive and transport industries as a whole. The Company has positioned its business today to be lean and flexible in this period of lower demand and higher uncertainty with the goal of preparing the Company for a strong recovery as the crisis is contained. The Company believes its online business model allows it to quickly respond to market demand or changes in the businesses it operates as the COVID-19 pandemic continues.

Off-Balance Sheet Arrangements

As of December 31, 2020, 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.

Subsequent Events

RideNow Definitive Agreement

On March 12, 2021, the Company entered into a Plan of Merger and Equity Purchase Agreement (the "RideNow Agreement") with RO Merger Sub I, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub I"), RO Merger Sub II, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub II"), RO Merger Sub III, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub III"), RO Merger Sub IV, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub IV," and together with Merger Sub I, Merger Sub II, and Merger Sub III, the "Merger Subs"), C&W Motors, Inc., an Arizona corporation, Metro Motorcycle, Inc., an Arizona corporation, Tucson Motorcycles, Inc., an Arizona corporation, and Tucson Motorsports, Inc., an Arizona corporation, William Coulter, an individual ("Coulter"), Mark Tkach, an individual ("Tkach" and together with Coulter, the "Principal Owners"), and certain other persons who own equity interests in the Acquired Companies (as defined in the RideNow Agreement) and execute a Seller Joinder (as defined in the RideNow Agreement) (together with the Principal Owners, the "Sellers" and each, a "Seller"), and Tkach, as the representative of the Sellers (the "Sellers' Representative"). The Acquired Companies own and operate powersports retail dealerships under the RideNow brand which include sales, financing, and parts and service of new and used motorcycles, ATVs, UTVs, scooters, side by sides, sport bikes, cruisers, watercraft, and other vehicles and ancillary businesses and activities relating thereto.

The RideNow Agreement provides that, upon the terms and subject to the conditions set forth in the RideNow Agreement, (i) the Company will acquire all of the equity interests (the "Equity Purchases") in the Transferred Entities (as defined in the RideNow Agreement), (ii) Merger Sub I will merge with and into C&W Motors, Inc., with C&W Motors, Inc. continuing as a surviving corporation, (iii) Merger Sub II will merge with and into Metro Motorcycle, Inc., with Metro Motorcycle, Inc. continuing as a surviving corporation, (iv) Merger Sub III will merge with and into Tucson Motorcycles, Inc., with Tucson Motorcycles, Inc. continuing as a surviving corporation, and (v) Merger Sub IV will merge with and into Tucson Motorsports, Inc., with Tucson Motorsports, Inc. continuing as a surviving corporation, in each case under the laws of the State of Arizona and each as a wholly-owned subsidiary of the Company (the "Mergers"). The Equity Purchases and the Mergers will result in the acquisition from the Sellers of up to 46 Acquired Companies (the "RideNow Transaction"). The RideNow Transaction is expected to close (the "Closing") in the second or third quarter of 2021. Effective as of the Closing, Tkach and Coulter will become executive officers and directors of the Company.

The RideNow Agreement provides that the Company will acquire the Acquired Companies in exchange for (i) $400,400,000 in cash plus or minus any adjustments for net working capital and closing indebtedness, and (ii) shares of the Company's Class B Common Stock having a value of $175,000,000 (the "Closing Payment Shares"), valued equally, on a per share basis, based upon the lowest value of (A) $30.00; (B) the VWAP of the Company's Class B Common Stock for the twenty (20) trading days immediately preceding the Closing, and (C) the value on a per share basis paid for the Class B Common Stock or any shares underlying securities convertible into or exercisable for Class B Common Stock by any person which purchases Class B Common Stock or any shares underlying securities convertible into or exercisable for Class B Common Stock from the Company from the date of the RideNow Agreement until the Closing not including purchases of Class B Common Stock underlying currently outstanding options, warrants, convertible notes, or other derivative securities. Ten percent (10%) of the Closing Payment Shares will be escrowed at Closing and will be released pursuant to the terms of the RideNow Agreement. The Company will finance the cash consideration through a combination of approximately $280,000,000 of debt provided by the Initial Lender (as defined below) and through the issuance of new equity for the remainder thereof.

Each of the Company, the Merger Subs, and the Sellers has provided customary representations, warranties and covenants in the RideNow Agreement. The completion of the RideNow Transaction is subject to various closing conditions, including (a) the making of all filings and other notifications required to be made under any Antitrust Law (as defined in the RideNow Agreement) for the consummation of the RideNow Transaction, the expiration or termination of all waiting periods relating thereto, and the receipt of all clearances, authorizations, actions, non-actions, or other consents required from a governmental authority under any Antitrust Law for the consummation of the RideNow Transaction, (b) performance in all respects by each party of its covenants and agreements, (c) the Company obtaining stockholder approval of the RideNow Transaction and related matters, (d) the Closing Payment Shares being approved for listing on Nasdaq, and (e) the receipt of consent to the RideNow Transaction from certain powersports manufacturers.

Certain RideNow minority equity holders are not initially parties to the RideNow Agreement and some of such minority holders have rights of first refusal (“ROFR”) with respect to the RideNow entity in which they own a stake. If any of these equity holders either decide not to sell their interests to the Company or to exercise their ROFR, RumbleOn will not be able to acquire all of the Equity Interests of the Acquired Companies, or in certain cases any interests in an Acquired Company, and the consideration payable therefor in the RideNow Transaction will be correspondingly reduced. RideNow anticipates that all minority owners will participate in the RideNow Transaction and that no minority owners will exercise their ROFR, but there is no assurance this will occur.

The RideNow Agreement contains certain termination rights for both the Company and the Sellers' Representative. Both the Company and the Sellers' Representative have the right to terminate the RideNow Agreement if the Closing does not occur on or before June 30, 2021, subject to certain rights of the parties to extend the termination date to July 31, 2021, as set forth in the RideNow Agreement.

Commitment Letter

On March 12, 2021, the Company entered into a commitment letter (the “Commitment Letter”) with Oaktree Capital Management, L.P. (“Oaktree”). The Commitment Letter provides that, subject to the conditions set forth therein, Oaktree or certain funds or accounts within its Strategic Credit Strategy (the “Initial Lender”) commits to provide senior secured term loan facilities in an aggregate principal amount of up to $400,000,000 (the “Credit Facility”), comprised of (i) an initial advance of $280,000,000 to fund the RideNow Transaction, consummate the Refinancing (as defined in the Commitment Letter) and pay the RideNow Transaction costs and (ii) a delayed draw term facility of up to $120,000,000 to fund permitted acquisitions and similar investments and related fees and expenses.

The Credit Facility interest rates will be, at the option of the Company, (a) Adjusted LIBOR (as defined in the Commitment Letter) plus 8.25%, of which (i) Adjusted LIBOR plus 7.25% shall be paid in cash and (ii) 1.00% shall be payable in kind or (b) ABR (as defined in the Commitment Letter) plus 7.25%, of which (i) ABR plus 6.25% shall be paid in cash and (ii) 1.00% shall be payable in kind. The Credit Facility shall mature on the fifth anniversary of the Closing date of the RideNow Transaction (subject to extension with the consent of only the extending lender).

The Company and its subsidiaries will grant certain security interests to the Initial Lender to secure the Credit Facility, subject to certain exceptions and permitted liens, all to be more fully set forth in the definitive documentation for the Credit Facility. The Credit Facility will be subject to prepayment with the proceeds of certain events including 50% of excess cash flow, 100% of certain asset sales, 100% of proceeds of certain debt issuances, and 50% of certain public or private equity financings. The Commitment Letter provides that the Credit Facility will contain customary affirmative and negative covenants, and events of default, subject to certain carve-outs and exceptions as more fully described in the Commitment Letter.

The commitment to provide the Credit Facility is subject to certain conditions, including: the receipt of customary closing documents, completion of applicable “know your customer” requests and delivery of documentation related thereto, no material adverse change, delivery of customary financial reporting, specified representations and warranties, perfection of certain security interests, and delivery of customary legal opinions. The Company will pay certain fees and expenses in connection with obtaining the Credit Facility.

Warrant

In connection with the Commitment Letter, in lieu of a commitment fee, the Company has agreed to issue to Oaktree a warrant to purchase a number of shares of Class B Common Stock at an exercise price per share to be determined either at Closing or at termination of the Commitment Letter (the “Warrant”). If issued at Closing, the Warrant will be for that number of shares equal to $40,000,000 divided by the lowest price per share at which equity is issued in connection with financing the RideNow Transaction, which price shall also be the exercise price. If issued in connection with a termination of the Commitment Letter, the Warrant will be issued to purchase that number of shares equal to five percent (5%) of the Company's fully diluted market capitalization at the close of business on the day after a termination of the Commitment Letter is publicly announced divided by the weighted average price of the Company's Class B Common Stock for the five days immediately preceding such date, which price shall also be the exercise price. The Warrant is immediately exercisable upon the Closing or five days after the termination of the Commitment Letter and expires eighteen (18) months after the Closing or termination of the Commitment Letter.

Bridge Loan

Also in connection with the RideNow Transaction, on March 12, 2021, the Company and its subsidiary, NextGen Pro, LLC (“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 has loaned the Company $2,500,000 (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 is secured by certain intellectual property assets held by NextGen Pro as set forth in Exhibit A to the secured promissory note. Interest will accrue on the Bridge Loan until maturity (by acceleration or otherwise) at a rate of 12% annually.

Certificate of Amendment and Changes to Incentive Plan

In contemplation of the RideNow Transaction, on March 9, 2021, the Board of Directors (the "Board") approved, subject to stockholder approval, (i) an amendment to the Articles of Incorporation of the Company to increase the number of shares of authorized Class B Common Stock to 100,000,000 (the "Certificate of Amendment"), and (ii) an amendment to the RumbleOn, Inc. 2017 Stock Incentive Plan (the "Incentive Plan") to increase the authorized shares of Class B Common Stock available under the Incentive Plan from 700,000 shares to 2,700,000 shares and extend the term of the Incentive Plan for an additional ten years.

Registration Rights and Lock-Up Agreement

In connection with the RideNow Transaction, on March 12, 2021, the Company entered into a registration rights and lock-up agreement, by and among the Company and certain equity holders of the Acquired Companies (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement (i) the Company agreed to file a resale registration statement for the Registrable Securities (as defined in the Registration Rights Agreement) no later than thirty (30) days following the Closing, and to use commercially reasonable efforts to cause it to become effective as promptly as practicable following such filing, (ii) the equity holders were granted certain piggyback registration rights with respect to registration statements filed subsequent to the Closing, and (iii) the Lock-Up Holders (as defined in the Registration Rights Agreement) agreed, subject to certain customary exceptions, not to sell, transfer or dispose of any Company common stock for a period of one hundred and eighty (180) days from the Closing.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with United States generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions, impacting our reported results of operations and financial condition.

Certain accounting policies involve significant judgments and assumptions by management, which have a material impact on the carrying value of assets and liabilities and the recognition of income and expenses. Management considers these accounting policies to be critical accounting policies. The estimates and assumptions used by management are based on historical experience and other factors, which are believed to be reasonable under the circumstances. The significant accounting policies and estimates which we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described below. Refer to Note 1 — Description of Business and Summary of Significant Accounting Policies of the consolidated financial statements included in Part II, Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K, for more detailed information regarding our critical accounting policies.

Revenue Recognition

We adopted ASC 606, *Revenue from Contracts with Customers* on January 1, 2018 using the modified retrospective method. ASC 606 prescribes a five-step model that includes: (1) identify the contract; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) performance obligations are satisfied. Based on the manner in which we historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of our revenue recognition, and we recognized no cumulative effect adjustment upon adoption.

For vehicles sold at wholesale to dealers we satisfy our performance obligation for vehicles sales when the wholesale purchaser obtains control of the underlying vehicle, which is upon delivery when the transfer of title, risks and rewards of ownership and control pass to the dealer. We recognize revenue at the amount we expect to receive for the pre-owned vehicle, which is the fixed price determined at the auction. The purchase price of the wholesale vehicle is typically due and collected within 30 days of delivery of the wholesale vehicle.

For vehicles sold to consumers the purchase price is set forth in the customer contracts at a stand-alone selling price which is agreed upon prior to delivery. We satisfy our performance obligation for pre-owned vehicle sales upon delivery when the transfer of title, risks and rewards of ownership and control pass to the customer. We recognize revenue at the agreed upon purchase price stated in the contract, including any delivery charges, less an estimate for returns. Our return policy allows customers to initiate a return during the first three days after delivery. Estimates for returns are based on an analysis of historical experience, trends and sales data. Changes in these estimates are reflected as an adjustment to revenue in the period identified. The amount of consideration received for pre-owned vehicle sales to consumers includes noncash consideration representing the value of trade-in vehicles, if applicable, as stated in the contract. Prior to the delivery of the vehicle, the payment is received, or financing has been arranged. Payments from customers that finance their purchases with third parties are typically due and collected within 30 days of delivery of the pre-owned vehicle. In future periods additional provisions may be necessary due to a variety of factors, including changing customer return patterns due to the maturation of the online vehicle buying market, macro- and micro-economic factors that could influence customer return behavior and future pricing environments. If these factors result in adjustments to sales returns, they could significantly impact our future operating results. Revenue exclude any sales taxes, title and registration fees, and other government fees that are collected from customers.

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 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 is 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.

Valuation of Inventory

Pre-owned vehicle inventory is accounted for pursuant to ASC 330, *Inventory* and consists of pre-owned vehicles primarily acquired from consumers and includes the cost to acquire and recondition a pre-owned vehicle. Reconditioning costs are billed by third-party providers and includes parts, labor, and other repair expenses directly attributable to a specific vehicle. Transportation costs are expensed as incurred. Pre-owned inventory is stated at the lower of cost or net realizable value. Vehicle inventory cost is determined by specific identification. Net realizable value is based on the estimated selling price less costs to complete, dispose and transport the vehicles. Selling prices are derived from historical data and trends, such as sales price and inventory turn data of similar vehicles, as well as independent market resources. Each reporting period, the Company recognizes any necessary adjustments to reflect pre-owned vehicle inventory at the lower of cost or net realizable value, which is recognized in cost of revenue in our Consolidated Statements of Operations.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Goodwill is tested for impairment annually as of December 31, or whenever events or changes in circumstances indicate that an impairment may exist.

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. Each of these segments are considered separate reporting units for purposes of goodwill testing. In performing our annual goodwill impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing qualitative factors, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative test is unnecessary and our goodwill is not considered to be impaired. However, if based on the qualitative assessment we conclude that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if we elect to bypass the optional qualitative assessment as provided for under GAAP, we proceed with performing the quantitative impairment test.

Due to the significant decline in the Company’s stock price and the economic effect of COVID-19, the Company determined a triggering event for Goodwill impairment existed as of March 31, 2020. As a result, the Company performed a quantitative impairment analysis for the Automotive segment. The Company’s impairment test indicated no impairment existed as the estimated fair value of the reporting unit exceeded its carrying value at March 31, 2020. In connection with its annual goodwill impairment test as of December 31, 2020, the Company performed impairment assessments by reviewing qualitative factors for each of its reporting units. The results of the assessments indicated that it was not more likely than not that the fair value of the reporting units were greater than the carrying values and no goodwill impairment was determined to exist for the years ended December 31, 2020.

In connection with its annual goodwill impairment test as of December 31, 2019 for the three reporting units we performed quantitative impairment testing of the fair value of our reporting units using an income and market valuation approach. The income valuation approach estimates our enterprise value using a net present value model, which discounts projected free cash flows of our business using the weighted average cost of capital as the discount rate. We also validated the fair value for each reporting unit using the income approach by calculating a cash earnings multiple and determining whether the multiple was reasonable compared to recent market transactions completed in the industry. As part of that assessment, we also reconcile the estimated aggregate fair values of our reporting units to our market capitalization. We believe this reconciliation process is consistent with a market participant perspective. This consideration would also include a control premium that represents the estimated amount an investor would pay for our equity securities to obtain a controlling interest, and other significant assumptions including revenue and profitability growth, profit margins, residual values and the cost of capital. For the year ended December 31, 2019, we recognized an impairment loss on goodwill of $1,850,000 related to powersports, which is recorded in selling, general and administrative expenses in the Consolidated Statement of Operations. No goodwill impairment resulted from the quantitative impairments tests of the remaining reporting units as of December 31, 2019.

Newly Issued Accounting Pronouncements

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet while also disclosing key information about those lease arrangements. Under the new guidance, lease classification as either a finance lease or an operating lease will affect the pattern and classification of expense recognition in the income statement. The classification criteria to distinguish between finance and operating leases are generally consistent with the classification criteria to distinguish between capital and operating leases under existing lease accounting guidance. This pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2018. We adopted the new standard for our fiscal year beginning January 1, 2019.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 8. Financial Statements and Supplementary Data.

See Index to Financial Statements and Financial Statement Schedules beginning on page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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 December 31, 2020. 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 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 recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. These internal controls are designed to provide reasonable assurance that the reported financial information is presented fairly, that disclosures are adequate and that the judgments inherent in the preparation of financial statements are reasonable. There are inherent limitations in the effectiveness of any system of internal controls, including the possibility of human error and overriding of controls. Consequently, an effective internal control system can only provide reasonable, not absolute, assurance with respect to reporting financial information.

Our internal control over financial reporting includes policies and procedures that: (i) pertain to maintaining records that in reasonable detail accurately and fairly reflect our transactions; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements in accordance with generally accepted accounting principles and the receipts and expenditures of company assets are made and in accordance with our management and directors authorization; and (iii) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Management has undertaken an assessment of the effectiveness of our internal control over financial reporting based on the framework and criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2020.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to the temporary rules of the Securities and Exchange Commission that permit the company to provide only the management's report in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

Below are the names of and certain information regarding our executive officers and directors:

Name	Age	Position
Marshall Chesrown	63	Chief Executive Officer and Chairman
Steven R. Berrard	66	Chief Financial Officer and Director
Adam Alexander	49	Director
Denmar Dixon	59	Director
Richard A. Gray, Jr.	73	Director
Peter Levy	50	Chief Operating Officer
Michael Marchlik	48	Director
Kevin Westfall	65	Director

Marshall Chesrown has served as our Chief Executive Officer and Chairman since October 24, 2016. Mr. Chesrown has over 35 years of leadership experience in the automotive retail sector. From December 2014 to September 2016, Mr. Chesrown served as Chief Operating Officer and as a director of Vroom.com, an online direct car retailer ("Vroom"). Mr. Chesrown served as Chief Operating Officer of AutoAmerica, an automotive retail company, from May 2013 to November 2014. Previously, Mr. Chesrown served as the President of Chesrown Automotive Group from January 1985 to May 2013, which was acquired by AutoNation, Inc., a leading automotive retail company, in 1997. Mr. Chesrown served as Senior Vice President of Retail Operations for AutoNation from 1997 to 1999. From 1999 to 2013, Mr. Chesrown served as the Chairman and Chief Executive Officer of Blackrock Development, a real estate development company widely known for development of the nationally recognized Golf Club at Black Rock. Mr. Chesrown filed for personal bankruptcy in May 2013, which petition was discharged in January 2017.

We believe that Mr. Chesrown possesses attributes that qualify him to serve as a member of our Board, including his extensive experience in the automotive retail sector.

Steven R. Berrard has served as our Chief Financial Officer since January 9, 2017 and served as Interim Chief Financial Officer from July 13, 2016 through January 9, 2017 and as Chief Executive Officer from July 13, 2016 through October 24, 2016. Mr. Berrard served as Secretary from July 13, 2016 through June 30, 2017 and has served on our Board since July 13, 2016. Mr. Berrard has served as a director of BurgerFi International, Inc. (“BurgerFi”) since December 15, 2020, and serves as Chair of the Audit Committee and a member of the Compensation Committee and Nominating Committee of BurgerFi. Mr. Berrard serves as a director of Lionheart Acquisition Corp. II (“Lionheart”) since August 13, 2020, and serves as Chair of the Audit Committee and a member of the Compensation Committee of Lionheart. Mr. Berrard served as a director of Walter Investment Management Corp. ("Walter Investment") from 2010 until May 2017. Mr. Berrard served on the Board of Directors of Swisher Hygiene Inc., a publicly traded industry leader in hygiene solutions and products, from 2004 until May 2014. Mr. Berrard is the Managing Partner of New River Capital Partners, a private equity fund he co-founded in 1997. Mr. Berrard was the co-founder and Co-Chief Executive Officer of AutoNation from 1996 to 1999. Prior to joining AutoNation, Mr. Berrard served as President and Chief Executive Officer of the Blockbuster Entertainment Group, at the time the world's largest video store operator. Mr. Berrard served as President of Huizenga Holdings, Inc., a real estate management and development company, and served in various positions with subsidiaries of Huizenga Holdings, Inc. from 1981 to 1987. Mr. Berrard was employed by Coopers & Lybrand (now PricewaterhouseCoopers LLP ("PwC")) from 1976 to 1981. Mr. Berrard currently serves on the Board of Directors of Pivotal Fitness, Inc., a chain of fitness centers operating in a number of markets in the United States. He has previously served on the Boards of Directors of Jamba, Inc., (2005 – 2009), Viacom, Inc., (1987 – 1996), Birmingham Steel (1999 – 2002), HealthSouth (2004 – 2006), and Boca Resorts, Inc. (1996 – 2004). Mr. Berrard earned his B.S. in Accounting from Florida Atlantic University.

We believe that Mr. Berrard's management experience and financial expertise is beneficial in guiding our strategic direction. He has served in senior management and on the Board of several prominent, publicly traded companies. In several instances, he has led significant growth of the businesses he has managed. In addition, Mr. Berrard has served as the Chairman of the audit committee of several boards of directors.

Adam Alexander has served on our Board since July 15, 2020. Mr. Alexander co-founded CA Global Partners, a full-service auction and liquidation company in 1997. Since 2010, CA Global Partners has expanded globally managing hundreds of auction and liquidation projects in the UK, Europe, Asia, Australia, and Africa as well as all across North America.

Mr. Alexander attended Pepperdine University where he received a BS in Business Management, and subsequently received an MBA in Global Business which was jointly conferred by NYU Stern, HEC School of Management in Paris, and the London School of Economics and Political Science.

We believe that Mr. Alexander possesses attributes that qualify him to serve as a member of our Board, including his extensive understanding of auction projects and business operations.

Denmar Dixon has served on our Board since January 9, 2017. Mr. Dixon served as a director of Walter Investment from April 2009 (and for its predecessor since December 2008) until June 2016. Effective October 2015, Mr. Dixon was appointed Chief Executive Officer and President of Walter Investment and served until his resignation effective June 2016. In 2008, Mr. Dixon founded Blue Flame Capital, LLC, a consulting, financial advisory and investment firm. Before forming Blue Flame, Mr. Dixon spent 23 years with Banc of America Securities, LLC and its predecessors. At the time of his retirement, Mr. Dixon was a Managing Director in the Corporate and Investment Banking group and held the position of Global Head of the Basic Industries Group of Banc of America Securities.

We believe that Mr. Dixon possesses attributes that qualify him to serve as a member of our Board, including his extensive business development, mergers and acquisitions and capital markets/investment banking experience within the financial services industry. As a director, he provides significant input into, and is actively involved in, leading our business activities and strategic planning efforts. Mr. Dixon has significant experience in the general industrial, consumer and business services industries.

Richard A. Gray, Jr., has served on our Board since October 1, 2017. Mr. Gray has served as President of Gray & Co. Realtors, Inc., a licensed real estate service provider he founded, since 1987. Gray & Co. Realtors has been involved in the development, liquidation, the joint venture, and management of commercial real estate, representing both U.S. investors and foreign investors, and since 1998, has also been involved in raising venture capital for startup and additional round funding for public companies in the technology sector. Before Gray & Co. Realtors, he served as a broker at Wiggins Gray Interests, a company focused on development of retail and office properties in Dallas Fort Worth Metroplex, as well as office, industrial, land and retail brokerage from 1985 to 1987. Before Wiggins Gray Interests, he served at Hudson & Hudson Realtors from 1973 to 1985, Murray Investment Company from 1971 to 1973, and Borden Chemical Company from 1969 to 1971. Mr. Gray has also served as a director of the Cystic Fibrosis Foundation, Migra Tech, and Equitable Bank. Mr. Gray received his BBA from Texas Tech University.

We believe that Mr. Gray possesses attributes that qualify him to serve as a member of our Board, including his extensive experience in funding technology sector public companies.

Peter Levy has served as our Chief Operating Officer since May 20, 2019. From November 2017 to May 2019, Mr. Levy served as our Senior Vice President of Operations overseeing the day-to-day inventory logistics, auctions, dealer networks, and managing the teams responsible for driving sales within the Company. Mr. Levy is a seasoned and highly respected operating executive who has been involved in the automotive industry for over 25 years. Also, Mr. Levy's distinguished career includes multiple executive and management level positions within the industry at companies such as AutoNation and Automotive Remarketing Services, all focusing on business development and creative uses of technology to gain market share. Mr. Levy graduated from Indiana University with a B.S. in Marketing and Finance.

Michael Marchlik has served on our Board since May 6, 2020. Mr. Marchlik has served as the Co-Chief Executive Officer of the Advisory Services division of B. Riley Financial, Inc., formally known as Great American Group ("GA"), since April 2017 and is responsible for overseeing the operations and client service efforts for lenders, sponsors and borrowers. Prior to that, he served as a Partner and National Sales and Marketing Director of GA from January 2010 to April 2017, as Executive Vice President, Western Region of GA from January 2004 to December 2009, as Senior Vice President of Sales, Western Region of GA from June 2001 to December 2003, and as Director of Operations at GA from July 1996 to May 2001. With decades of experience in all segments of the asset disposition and valuation industries, he has a deep understanding of corporate transactional services, credit structure and asset-based valuation, lending solutions and business operations. Mr. Marchlik attended Northeastern University in Boston where he received a Bachelor of Science in Finance.

We believe that Mr. Marchlik possesses attributes that qualify him to serve as a member of our Board, including his extensive understanding of corporate transactional services, credit structure and asset-based valuation, lending solutions and business operations.

Kevin Westfall has served on our Board since January 9, 2017. Mr. Westfall has served as Chairman of Prime Automotive Group since January 2020. Mr. Westfall was a co-founder and served as Chief Executive Officer of Vroom from January 2012 through November 2015. Previously, from March 1997 through November 2011, Mr. Westfall served as Senior

Vice President of Sales and Senior Vice President of Automotive Finance at AutoNation. Mr. Westfall was a founder of BMW Financial Services in 1990 and served as its President until March 1997. Mr. Westfall also served as Retail Lease Manager of Chrysler Credit Corporation from 1987 until 1990 and as President of World Automotive Imports and Leasing from 1980 until 1987.

We believe that Mr. Westfall possesses attributes that qualify him to serve as a member of our Board, including his more than 30 years of executive experience in automotive retail and finance operations.

Corporate Governance Principles and Code of Ethics

Our Board is committed to sound corporate governance principles and practices. Our Board's core principles of corporate governance are set forth in our Corporate Governance Principles. In order to clearly set forth our commitment to conduct our operations in accordance with our high standards of business ethics and applicable laws and regulations, our Board also adopted a Code of Business Conduct and Ethics, which is applicable to all directors, officers and employees. A copy of the Code of Business Conduct and Ethics and the Corporate Governance Principles are available on our corporate website at www.rumbleon.com. You also may obtain without charge a printed copy of the Code of Ethics and Corporate Governance Principles by sending a written request to: Investor Relations, RumbleOn, Inc., 901 W Walnut Hill Lane, Irving, Texas 75038. Amendments or waivers of the Code of Business Conduct and Ethics will be provided on our website within four business days following the date of the amendment or waiver.

Board of Directors

The business and affairs of our company are managed by or under the direction of the Board. The Board is currently composed of seven members. The Board has not appointed a lead independent director; instead the presiding director for each executive session is rotated among the Chairs of the committees of our Board.

The Board held five meetings and took four actions by unanimous written consent during the year ended December 31, 2020. In 2020, each person serving as a director attended at least 75% of the total number of meetings of our Board and any Board committee on which he served.

During 2020, the Board established a Special Committee of independent directors to review strategic alternatives. The members of the Special Committee are Denmar Dixon (Chair), Adam Alexander, Richard Gray, and Kevin Westfall. The Special Committee held five meetings and took one action by unanimous written consent during the year ended December 31, 2020.

Our directors are expected to attend our Annual Meeting of Stockholders. Any director who is unable to attend our Annual Meeting is expected to notify the Chairman of the Board in advance of the Annual Meeting. All of our directors serving at the time of the 2020 Annual Meeting of Stockholders were in attendance.

Board Committees

Pursuant to our bylaws, our Board may establish one or more committees of the Board however designated, and delegate to any such committee the full power of the Board, to the fullest extent permitted by law.

Our Board has established three separately designated standing committees to assist the Board in discharging its responsibilities: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee. The charters for our Board committees set forth the scope of the responsibilities of that committee. The Board will assess the effectiveness and contribution of each committee on an annual basis. These charters are available at www.rumbleon.com, and you may obtain a printed copy of any of these charters by sending a written request to: Investor Relations, RumbleOn, Inc., 901 W Walnut Hill Lane, Irving, Texas 75038.

Audit Committee. The current members of the Audit Committee are Messrs. Marchlik (chair), Dixon, and Westfall. Also, Messrs. Alexander and Gray served on the Audit Committee through January 5, 2021. The Board has determined that Mr. Marchlik is an "audit committee financial expert," as defined in Item 407 of Regulation S-K.

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities by overseeing our accounting and financial processes and the audits of our financial statements. The independent auditor is ultimately accountable to the Audit Committee, as representatives of the stockholders. The Audit Committee has the ultimate authority and direct responsibility for the selection, appointment, compensation, retention and oversight of the work of our independent auditor that is engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for us (including the resolution of disagreements between management and the independent auditors regarding financial reporting), and the independent auditor must report directly to the Audit Committee. The Audit Committee also is responsible for the review of proposed transactions between us and related parties. For a complete description of the Audit Committee's responsibilities, you should refer to the Audit Committee Charter. The Audit Committees held four meetings and took one action by unanimous written consent during the year ended December 31, 2020.

Compensation Committee. The current members of the Compensation Committee are Messrs. Alexander (chair), Gray, and Marchlik. Also, Messrs. Westfall (chair) and Dixon served on the Compensation Committee through January 5, 2021. The Compensation Committee was established to, among other things, administer and approve all elements of compensation and awards for our executive officers. The Compensation Committee has the responsibility to review and approve the business goals and objectives relevant to each executive officer's compensation, evaluate individual performance of each executive in light of those goals and objectives, and determine and approve each executive's compensation based on this evaluation. For a complete description of the Compensation Committee's responsibilities, you should refer to the Compensation Committee Charter. The Compensation Committee held two meetings and took one action by unanimous written consent during the year ended December 31, 2020.

Nominating and Corporate Governance Committee. The current members of the Nominating and Corporate Governance Committee are Messrs. Dixon (chair), Alexander, and Marchlik. Also, Mr. Gray served on the Nominating and Corporate Governance Committee through January 5, 2021. The Nominating Committee is responsible for identifying individuals qualified to become members of the Board or any committee thereof; recommending nominees for election as directors at each annual stockholder meeting; recommending candidates to fill any vacancies on the Board or any committee thereof; and overseeing the evaluation of the Board. For a complete description of the Nominating and Corporate Governance Committee's responsibilities, you should refer to the Nominating and Corporate Governance Committee Charter. The Nominating and Corporate Governance Committees held two meetings and took one action by unanimous written consent during the year ended December 31, 2020.

The Nominating and Corporate Governance Committee will consider all qualified director candidates identified by various sources, including members of the Board, management and stockholders. Candidates for directors recommended by stockholders will be given the same consideration as those identified from other sources. The Nominating and Corporate Governance Committee is responsible for reviewing each candidate's biographical information, meeting with each candidate and assessing each candidate's independence, skills and expertise based on a number of factors. While we do not have a formal policy on diversity, when considering the selection of director nominees, the Nominating and Corporate Governance Committee considers individuals with diverse backgrounds, viewpoints, accomplishments, cultural background and professional expertise, among other factors.

Item 11. Executive Compensation.

Executive and Director Compensation

Summary Compensation Table

The following table provides the compensation paid to our principal executive officer and other executive officers whose total compensation exceeded $100,000 for the years ended December 31, 2020 and December 31, 2019.

Name and Principal Position	Fiscal Year	Salary	Bonus	Stock Awards[1]	Total
Marshall Chesrown					
Chief Executive Officer	2020	$ 366,923	$ 90,000	394,027	$ 850,950
	2019	$ 360,000	$ 200,000	-	$ 560,000
Steven R. Berrard					
Chief Financial Officer	2020	$ 366,923	$ 90,000	394,024	$ 850,947
	2019	$ 360,000	$ 200,000	-	$ 560,000
Peter Levy					
Chief Operating Officer	2020	$ 305,769	$ 162,500	364,060	$ 832,329
	2019	$ 280,273	$ 50,500	204,000	$ 534,773

(1) Stock awards reflect the grant date fair value of restricted stock units determined pursuant to FASB ASC Topic 718 awarded during the calendar year, excepting that 2019 does not include the grant date fair value of performance and market based restricted stock units granted to each of Mr. Chesrown and Mr. Berrard in the amount of $838,000 and to Mr. Levy in the amount of $204,250, each as determined pursuant to FASB ASC Topic 718, which restricted stocks unit were terminated as described below under the section titled Executive Employment Arrangement.

Executive Employment Arrangement

At no time has the Company entered into employment agreements or arrangements with Messrs. Chesrown, Berrard or Levy. Accordingly, Messrs. Chesrown, Berrard and Levy are employees as the Company's Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, respectively, on an at-will basis.

On May 25, 2019, the Compensation Committee approved an increase in the annual base salary for Marshall Chesrown and Steven Berrard from $240,000 to $360,000, retroactive to January 1, 2019. The Compensation Committee also approved a discretionary bonus of up to $500,000 for each of Messrs. Chesrown and Berrard payable as follows: (i) $100,000 payable immediately in connection with the Company's performance for the quarter ended March 31, 2019 and the launch of the Company's finance business, (ii) $100,000 upon reaching the revenue target approved by the Committee for the year ending December 31, 2019 and payable upon completion of the Company's audited financial statements for the year ending December 31, 2019, (iii) $100,000 payable upon achieving powersports and automotive unit sales with a target average gross margin per unit approved by the Committee at any time through December 31, 2019, and (iv) $100,000 payable in two equal installments upon achieving a certain percentage of revenue and gross margin targets approved by the Committee for the quarters ended June 30, 2019 and September 30, 2019. Messrs. Chesrown and Berrard each achieved and were paid $200,000 under the bonus plan.

The Committee also approved grants of up to 20,000 restricted stock units ("RSUs") for each of Messrs. Chesrown and Berrard, which vest as follows: (i) 5,000 RSUs vest after two consecutive quarters of $1.00 or greater operating income and trailing four quarter revenue targets approved by the Committee at any time through September 30, 2020, (ii) 5,000 RSUs vest at such time as the shares of Class B Common Stock trade at a minimum closing price of $200.00 per share for 30 consecutive trading days at any time through September 30, 2020, and (iii) 10,000 RSUs vest at such time as the shares of Class B Common Stock trade at a minimum closing price of $300.00 per share for thirty consecutive trading days at any time through September 30, 2020. Messrs. Chesrown and Berrard received these RSUs on June 3, 2019 (the "CEO and CFO RSUs").

On August 22, 2019, the Compensation Committee approved two separate RSU grants to Mr. Levy.

- First, a grant of 2,500 RSUs to Mr. Levy, which vest (1) 20% on the last day of the ninth month following the grant date, (2) 7.5% every three months on the last day of each three month period beginning on the last day of the twelfth month following the grant date through the last of the twenty-first month following the grant date and (3) 12.5% every three months on the last day of each three month period beginning on the last day of the twenty-fourth month following the grant date through the last day of the thirty-first month following the grant date.

- Second, grant of up to 5,000 RSUs to Mr. Levy, which vest as follows: (i) 1,250 RSUs vest after two consecutive quarters of $1.00 or greater operating income and trailing four quarter revenue of $900,000,000 at any time through September 30, 2020, (ii) 1,250 RSUs vest at such time as the shares of Class B Common Stock trade at a minimum closing price of $200.00 per share for 30 consecutive trading days at any time through September 30, 2020, and (iii) 2,500 RSUs vest at such time as the shares of Class B Common Stock trade at a minimum closing price of $300.00 per share for 30 consecutive trading days at any time through September 30, 2020 (the "COO RSUs", collectively with the CEO and CFO RSUs, the "Executive RSUs")

On May 27, 2020, the Committee terminated the Executive RSUs.

On July 15, 2020, the Committee approved the 2020 cash bonus incentive plan. The Committee established a target bonus ranging from approximately 70% to 115% of base salary for each executive officer, including Messrs. Chesrown, Berrard and Levy, with a payout based on achievement of specific financial and operational performance objectives. The current base salaries for the executive officers are as follows: Marshall Chesrown - $360,000; Steven Berrard - $360,000; and Peter Levy - $300,000.

Also, on July 15, 2020, the Committee approved grants of RSUs pursuant to the Plan for Messrs. Chesrown, Berrard and Levy as follows: Mr. Chesrown – 19,544 RSUs, Mr. Berrard – 19,544 RSUs and Mr. Levy – 16,287. These RSUs vest (i) 20.0% on the thirteenth month after the grant date, (ii) an additional 30.0% during the subsequent twelve months, and (iii) the final 50.0% during the following twelve months.

Also, on July 15, 2020, the Committee approved grants of RSUs pursuant to the Plan for Messrs. Chesrown, Berrard and Levy as follows: Mr. Chesrown – 66,668 RSUs, Mr. Berrard – 66, 666 RSUs, and Mr. Levy – 66,666. These RSUs vest as follows: one third shall vest on the first trading day after the Company's Class B Common Stock closes at a stock price of $50 per share or greater for 30 consecutive trading days; one third shall vest on the first trading day after the Company's Class B

Common Stock closes at a stock price of $100 per share or greater for 30 consecutive trading days; and one third shall vest on the first trading day after the Company's Class B Common stock closes at a stock price of $200 per share or greater for 30 consecutive trading days. These RSUs have a term of 30 months.

Also, in March 2021, the Committee completed its annual grant of RSUs to company employees, including the grant of 38,521 RSUs to each of Messrs. Chesrown, Berrard and Levy, subject to shareholder approval of the Plan Increase (as defined below). These RSUs vest (i) 20.0% on the thirteenth month after the grant date, (ii) an additional 30.0% during the subsequent twelve months, and (iii) the final 50.0% during the following twelve months.

Non-Employee Director Compensation

The only method of non-employee director compensation is the grant of RSUs. The Company does not pay a cash retainer, meeting fee, committee membership fee or other such stipend, however the Company does reimburse each non-employee director for fees travel and expenses related to their attendance, if and when incurred.

On July 15, 2020, the Committee approved the annual compensation for the Company's non-employee directors of $150,000 of RSUs to be granted upon a director's initial appointment or election to the Board of Directors and thereafter at the beginning of each calendar year. These RSUs vest quarterly, and are subject to prorata vesting if a director leaves the Board of Directors before the end of each quarterly vesting period. On July 15, 2020, the Committee approved the 2020 calendar year grants of RSUs for each non-employee directors in the amount of $150,000, except Messrs. Alexander and Marchlik received grants of RSUs in the amount of $69,451 and $117,436, respectively.

The following table summarizes the compensation paid to our non-employee directors for the year ended December 31, 2020.

Name	Stock Awards [1]	Total
Adam Alexander [2]	$ 69,451	$ 69,451
Denmar Dixon	$ 150,000	$ 150,000
Richard Gray	$ 150,000	$ 150,000
Kartik Kakarala [3]	$ -	$ -
Mike Marchlik [4]	$ 117,436	$ 117,436
Kevin Westfall	$ 150,000	$ 150,000

(1) Stock awards reflect the grant date fair value of restricted stock units determined pursuant to FASB ASC Topic 718 awarded during the calendar year.

(2) Mr. Alexander joined the Board of Directors on July 15, 2020.

(3) Mr. Kakarala resigned effective July 15, 2020.

(4) Mr. Marchlik joined the Board of Directors on May 6, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Security Ownership of Certain Beneficial Owners and Management

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. In accordance with the SEC rules, shares of our common stock that may be acquired upon exercise or vesting of equity awards within 60 days of the date of the table below are deemed beneficially owned by the holders of such options and are deemed outstanding for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage of ownership of any other person.

As of March 26, 2021, 50,000 shares of Class A Common Stock and 2,286,404 shares of Class B Common Stock were issued and outstanding. The following table sets forth information with respect to the beneficial ownership of our common stock as of March 26, 2021, by (i) each of our directors and executive officers, (ii) all of our directors and executive officers as a group, and (iii) each stockholder known by us to be the beneficial owner of more than 5% of our common stock. To the best of our knowledge, except as otherwise indicated, each of the persons named in the table has sole voting and investment power with respect to the shares of common stock beneficially owned by such person, except to the extent such power may be shared with a spouse. To our knowledge, none of the shares listed below are held under a voting trust or similar agreement, except as noted. To our knowledge, there is no arrangement, including any pledge by any person of our securities or any of our parents, the operation of which may at a subsequent date result in a change in control of our company.

Unless otherwise noted below, the address of each person listed on the table is c/o RumbleOn, Inc., 901 W Walnut Hill Lane, Irving, Texas 75038.

Beneficial Owner Executive Officers and Directors	**Class A Common Stock Beneficially Owned**	**Percentage of Class A Common Stock Beneficially Owned (%)(1)**	**Class B Common Stock Beneficially Owned**	**Percentage of Class B Common Stock Beneficially Owned (%)(2)**
Marshall Chesrown(3)	43,750	87.5%	95,750 (7)	4.19%
Steven Berrard(4)	6,250	12.5%	108,500 (7)	4.75%
Denmar Dixon(5)	-	-	98,110 (8)	4.29%
Kevin Westfall	-	-	23,088 (9)	1.01%
Adam Alexander	-	-	9,781 (10)	*%
Peter Levy	-	-	9,943 (7)(11)	*%
Richard Gray	-	-	23,818 (12)	1.04%
Michael Marchlik	-	-	11,908 (13)	*%
All executive officers and directors as a group (8 persons)(6)	-	-	380,989 (14)	16.59%

**Represents beneficial ownership of less than 1%.*

(1) *Based on 50,000 shares of Class A Common Stock issued and outstanding as of March 26, 2021. The Class A Common Stock has ten votes for each share.*

(2) *Based on 2,286,404 shares of Class B Common Stock issued and outstanding as of March 26, 2021. The Class B Common Stock has one vote for each share.*

(3) *As of March 26, 2021, Mr. Chesrown has voting power representing approximately 19.14% of our outstanding common stock.*

(4) *Shares are owned directly through Berrard Holdings, a limited partnership controlled by Steven R. Berrard. Mr. Berrard has the sole power to vote and the sole power to dispose of each of the shares of common stock which he may be deemed to beneficially own. As of March 26, 2021, Mr. Berrard has voting power representing approximately 6.14% of our outstanding common stock.*

(5) *62,642 shares are owned directly through Blue Flame Capital, LLC, an entity controlled by Mr. Dixon, 638 shares are held by Mr. Dixon's spouse, 75 shares are held by Mr. Dixon's son and 31,930 shares are directly held by Mr. Dixon (including 2,641 shares held in a joint account with Mr. Dixon's spouse). Mr. Dixon has the sole power to vote and the*

sole power to dispose of each of the shares of common stock which he may be deemed to beneficially own. As of March 26, 2021, Mr. Dixon has voting power representing 3.42% of our outstanding common stock.

(6) As of March 26, 2021, all directors and executive officers as a group have voting power representing approximately 31.24% of our outstanding common stock.

(7) Does not include the following performance based restricted stock units for Messrs. Chesrown, Berrard and Levy: Mr. Chesrown – 66,668 restricted stock units, Mr. Berrard – 66, 666 restricted stock units, and Mr. Levy – 66,666. These restricted stock units vest as follows: one third shall vest on the first trading day after the Company's Class B Common Stock closes at a stock price of $50 per share or greater for 30 consecutive trading days; one third shall vest on the first trading day after the Company's Class B Common Stock closes at a stock price of $100 per share or greater for 30 consecutive trading days; and one third shall vest on the first trading day after the Company's Class B Common stock closes at a stock price of $200 per share or greater for 30 consecutive trading days.

(8) Includes 1,239 restricted stock units that have vested and are pending delivery and 1,586 restricted stock units that will vest within 60 days.

(9) Includes 510 restricted stock units that have vested and are pending delivery and 1,378 restricted stock units that will vest within 60 days.

(10) Includes 1,232 restricted stock units that will vest within 60 days.

(11) Includes 1,042 restricted stock units that have vested and are pending delivery and 396 restricted stock units that will vest within 60 days.

(12) Includes 510 restricted stock units that have vested and are pending delivery and 1,378 restricted stock units that will vest within 60 days.

(13) Includes 1,232 restricted stock units that will vest within 60 days.

(14) Includes 3,301 restricted stock units that have vested and are pending delivery and 7,202 restricted stock units that will vest within 60 days.

In connection with the RideNow Transaction, we will issue approximately 5.8 million shares of our Class B Common Stock to the Sellers and additional shares of our Class B Common Stock in connection with the anticipated issuance of new equity to finance the cash consideration. These issuances of our Class B Common Stock may be deemed a change in control.

Securities Authorized for Issuance Under Equity Compensation Plans

On January 9, 2017, our Board approved the adoption of the Incentive Plan subject to stockholder approval at our 2017 Annual Meeting of Stockholders. On June 30, 2017, the Incentive Plan was approved by our stockholders at the 2017 Annual Meeting of Stockholders. The purposes of the Incentive Plan are to attract, retain, reward and motivate talented, motivated and loyal employees and other service providers, or the Eligible Individuals, by providing them with an opportunity to acquire or increase a proprietary interest in our company and to incentivize them to expend maximum effort for the growth and success of our company, so as to strengthen the mutuality of the interests between such persons and our stockholders. The Incentive Plan allows us to grant a variety of stock-based and cash-based awards to Eligible Individuals. On May 10, 2018, the Board approved, subject to stockholder approval, an amendment to the Incentive Plan to increase the number of shares of Class B Common Stock authorized for issuance under the Incentive Plan from twelve percent (12%) of all issued and outstanding Class B Common Stock from time to time to 100,000 shares of Class B Common Stock (the "Plan Increase"). On June 25, 2018, the Plan Increase was approved by our stockholders at the 2018 Annual Meeting of Stockholders. On May 20, 2019, the Company's stockholders approved another amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 100,000 shares of Class B Common Stock to 200,000 shares of Class B Common Stock. On August 25, 2020 the Company's stockholders approved another amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 200,000 to 700,000 shares of Class B Common Stock. In contemplation of the RideNow Transaction, on March 9, 2021, the Board approved, upon the recommendation of the Compensation Committee, subject to stockholder approval, an amendment to the Incentive Plan to increase the authorized shares of Class B Common Stock available under the Incentive Plan from 700,000 shares to 2,700,000 shares and extend the terms of the Incentive Plan for an additional ten years (the "Plan Increase"). We have not maintained any other equity compensation plans since our inception.

The following table provides information as of December 31, 2020, with respect to all of our compensation plans under which equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exerciseof outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by stockholders	446,594[(1)]	195,507[(2)]
Equity compensation plans not approved by stockholders	-	-

(1) Represents restricted stock units or options outstanding under the Incentive Plan.
(2) Represents securities remaining available for future issuance under the Incentive Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

We have been a party to the following transactions since January 1, 2019, in which the amount involved exceeds $120,000 and in which any director, executive officer, or holder of more than 5% of any class of our voting stock, or any member of the immediate family of or entities affiliated with any of them, had or will have a material interest.

November 2016 Private Placement

On November 28, 2016, we completed a private placement with certain purchasers, with respect to the sale of an aggregate of 45,000 shares of common stock of the Company at a purchase price of $30.00 per share for total consideration of $1,350,000 (the "2016 Private Placement"). In connection with the 2016 Private Placement, the Company also entered into loan agreements with the investors pursuant to which the investors would loan the Company their pro rata share of up to $1,350,000 in the aggregate upon our request any time on or after January 31, 2017 and before November 1, 2020, pursuant to the terms of a convertible promissory note attached to the loan agreements.

In connection with the 2016 Private Placement, Blue Flame, an entity controlled by Denmar Dixon, one of the Company's directors, paid $250,000 for 45,000 shares of the Company's Class B Common Stock.

On March 31, 2017, we completed funding of the second tranche of the 2016 Private Placement, pursuant to which the investors each received their pro rata share of (1) 58,096 shares of common stock and (2) the Private Placement Notes, in the amount of $667,000, and cancellation of loan agreements having an aggregate principal amount committed by the purchasers of $1,350,000. The Private Placement Notes were not convertible. As a result, Blue Flame and Mr. Dixon received 32,276 shares of Class B Common Stock and promissory notes in the aggregate principal amount of $370,556 (the "Blue Flame Notes").

Halcyon Acquisition Note

On February 8, 2017, in connection with the acquisition of NextGen, the Company issued the Acquisition Note in favor of NextGen (which note was subsequently assigned to Halcyon Consulting, LLC ("Halcyon"), an entity affiliated with Kartik Kakarala, a former director of the Company in February 2018) in the amount of $1,333,334. Interest accrued and was paid semi-annually (i) at a rate of 6.5% annually from the closing date through the second anniversary of such date and (ii) at a rate of 8.5% annually from the second anniversary of the closing date through the Maturity Date. Upon the occurrence of any event of default, the outstanding balance under the Acquisition Note would become immediately due and payable upon election of the holder. The Company's obligations under the Acquisition Note were secured by substantially all the assets of NextGen 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. Under the terms of the Guaranty Agreement, NextGen Pro agreed to guarantee the performance of all the Company's obligations under the Acquisition Note.

2020 Note Exchange

In connection with the closing of the 2020 Public Offering and the 2020 Note Offering, the Company repaid $500,000 plus accrued interest related to the Acquisition Note, and certain of the Company's investors extended the maturity of currently outstanding promissory notes, including the Blue Flame Notes and the Acquisition Note, 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 (the "Investors"), including Halcyon, such New Investor Note for an aggregate principal amount of $833,333, Blue Flame, such New Investor Note for an aggregate principal amount of $99,114 and Mr. Dixon, individually, such New Investor Note for an aggregate principal amount of $272,563. The New Investor Notes, having an aggregate principal amount of approximately $1.5 million, matured on January 31, 2021, and were convertible at any time at the Investor's option at a price of $60.00 per share. In connection with the issuance of the New Investor Notes, the Company also entered into a Security Agreement, dated as of January 14, 2020 with the Investors, pursuant to which the Company granted to the Investors a security interest in certain collateral to secure, on a pro rata basis based on the percentage equal to the amount of principal outstanding on each New Investor Note divided by the amount of principal outstanding on all of the New Investor Notes to each Investor.

On January 31, 2021, the Company paid $837,672 and $384,292, representing the total outstanding principal plus accrued interest on the New Investor Notes held by (1) Halcyon and (2) Blue Flame and Mr. Dixon, respectively.

Nashville Leases

In connection with the acquisition of Wholesale, we entered into leases for two facilities in the greater Nashville area owned by Mr. Brewster, a former 5% or greater holder of our Class B Common Stock. One of the leases was terminated in 2019. The other location has a lease term expiring on October 30, 2021, for which we have two (2) renewal options, each of which provides for five (5) additional years with a ten percent (10.0%) increase in the base rent. The rent for the current location is approximately $25,000 per month, and is further described in *Item 2 - Properties*.

Related Party Transaction Policy

In May 2017, our Board adopted a formal policy that our executive officers, directors, holders of more than 5.0% of any class of our voting securities, and any member of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a related party transaction with us without the prior consent of the Audit Committee, or other independent members of our Board if it is inappropriate for the Audit Committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, principal stockholder, or any of their immediate family members or affiliates, in which the amount involved exceeds $120,000 must first be presented to the Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, the Audit Committee is to consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction.

Director Independence

Our Board has determined that all of our directors, other than Messrs. Chesrown, and Berrard qualify as "independent" directors in accordance with the listing requirements of The NASDAQ Stock Market. The NASDAQ independence definition includes a series of objective tests regarding a director's independence and requires that the Board make an affirmative determination that a director has no relationship with us that would interfere with such director's exercise of independent judgment in carrying out the responsibilities of a director. There are no family relationships among any of our directors or executive officers.

Item 14. Principal Accounting Fees and Services.

The following table sets forth Grant Thornton's fees for the years ended December 31, 2020 and 2019.

	2020	2019
Audit fees[(1)]	$ 475,200	$ 340,000
Tax fees	-	-
All other fees	-	-
Total	$ 475,200	$ 340,000

(1) Includes fees for audits of our annual financial statements, reviews of the related quarterly financial statements and services that are normally provided by the independent accountants in connection with statutory and regulatory filings or engagements, including reviews of documents filed with the SEC.

Policy for Approval of Audit and Permitted Non-Audit Services

The Audit Committee has adopted a policy and related procedures requiring its pre-approval of all audit and non-audit services to be rendered by its independent registered public accounting firm. These policies and procedures are intended to ensure that the provision of such services do not impair the independent registered public accounting firm's independence. These services may include audit services, audit related services, tax services and other services. The policy provides for the annual establishment of fee limits for various types of audit services, audit related services, tax services and other services, within which the services are deemed to be pre-approved by the Audit Committee. The independent registered public accounting firm is required to provide to the Audit Committee back up information with respect to the performance of such services.

All services provided by Grant Thornton during the fiscal year ended December 31, 2020 and 2019 were approved by the Audit Committee. The Audit Committee has delegated to its Chair the authority to pre-approve services, up to a specified fee limit, to be rendered by the independent registered public accounting firm and requires that the Chair report to the Audit Committee any pre-approved decisions made by the Chair at the next scheduled meeting of the Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) We have filed the following documents as part of this Annual Report on Form 10-K:

1. The financial statements listed in the "Index to Financial Statements" on page F-1 are filed as part of this report.
2. Financial statement schedules are omitted because they are not applicable, or the required information is shown in the financial statements or notes thereto.
3. Exhibits included or incorporated herein: See below.

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated October 26, 2018, by and among RumbleOn, Inc., RMBL Tennessee, LLC, Wholesale Holdings, Inc., Steven Brewster and Janet Brewster, Wholesale, LLC, and Steven Brewster as representative, and for limited purposes, Marshall Chesrown and Steven R. Berrard. (Incorporated by reference to Exhibit 2.1 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
2.2	Amendment to the Agreement and Plan of Merger, dated October 29, 2018, by and among RumbleOn, Inc., RMBL Tennessee, LLC, Wholesale Holdings, Inc., Steven Brewster and Janet Brewster, Wholesale, LLC, and Steven Brewster as representative (Incorporated by reference to Exhibit 2.2 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
2.3	Membership Interest Purchase Agreement, dated October 26, 2018, by and among RumbleOn, Inc. Steven Brewster, Justin Becker, and Steven Brewster as representative. (Incorporated by reference to Exhibit 2.3 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
2.4	Plan of Merger and Equity Purchase Agreement, dated March 12, 2021 (Incorporated by reference to Exhibit 2.1 in the Company's Current Report on Form 8-K, filed on March 15, 2021).
3.1	Articles of Incorporation filed on October 24, 2013 (Incorporated by reference to Exhibit 3(i)(a) in the Company's Registration Statement on Form S-1/A, filed on March 20, 2014).
3.2	By-Laws, as Amended (Incorporated by reference to Exhibit 3.2 in the Company's Annual Report on Form 10-K, filed on February 14, 2017).
3.3	Certificate of Amendment to Articles of Incorporation, filed on February 13, 2017 (Incorporated by reference to Exhibit 3.3 in the Company's Annual Report on Form 10-K, filed on February 14, 2017).
3.4	Certificate of Amendment to Articles of Incorporation, filed on June 25, 2018 (Incorporated by reference to Exhibit 3.1 in the Company's Current Report on Form 8-K, filed on June 28, 2018).
3.5	Certificate of Designation for the Series B Preferred Stock (Incorporated by reference to Exhibit 3.1 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
3.6	Certificate of Change (Incorporated by reference to Exhibit 3.1 in the Company's Current Report on Form 8-K, filed on May 19, 2020).
4.1	Registration Rights Agreement, dated February 8, 2017 (Incorporated by reference to Exhibit 10.2 in the Company's Annual Report on Form 10-K, filed on February 14, 2017).
4.2	Stockholder's Agreement, dated October 24, 2016 (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on October 28, 2016).
4.3	Sample Stock Certificate – Class B Common Stock (Incorporated by reference to Exhibit 4.4 in the Company's Registration Statement on Form S-1/A filed on September 27, 2017).
4.4	Form of Warrant to Purchase Class B Common Stock, dated October 18, 2017 (Incorporated by reference to Exhibit 4.1 in the Company's Current Report on Form 8-K, filed October 24, 2017).
4.5	Warrant, dated April 30, 2018 (Incorporated by reference to Exhibit 4.1 in the Company's Current Report on Form 8-K, filed on May 1, 2018).
4.6	Warrant to Purchase Class B Common Stock, dated October 30, 2018 (Incorporated by reference to Exhibit 4.1 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
4.7	Indenture, dated January 14, 2020, between RumbleOn, Inc. and Wilmington Trust National Association (Incorporated by reference to Exhibit 4.1 in the Company's Current Report on Form 8-K, filed on January 16, 2020).
4.8	Form of 6.75% Convertible Senior Note due 2025 (included as Exhibit A to the Indenture filed as Exhibit 4.8) (Incorporated by reference to Exhibit 4.2 in the Company's Current Report on Form 8-K, filed on May 15, 2019).

4.9	Form of Registration Rights Agreement, dated January 14, 2020 (Incorporated by reference to Exhibit 4.3 in the Company's Current Report on Form 8-K, filed on May 15, 2019).
4.10	Description of Registrant's Securities (Incorporated by reference to Exhibit 4.11 in the Company's Annual Report on Form 10-K, filed on May 29, 2020).
4.11	Warrant, dated March 12, 2021 (Incorporated by reference to Exhibit 4.1 in the Company's Current Report on Form 8-K, filed on March 15, 2021).
10.1	2017 RumbleOn, Inc. Stock Incentive Plan + (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on January 9, 2017).
10.2	Unconditional Guaranty Agreement (Incorporated by reference to Exhibit 10.12 in the Company's Annual Report on Form 10-K, filed on February 14, 2017).
10.3	Security Agreement (Incorporated by reference to Exhibit 10.13 the Company's Annual Report on Form 10-K, filed on February 14, 2017).
10.4	NextGen Promissory Note, dated February 8, 2017 (Incorporated by reference to Exhibit 10.1 in the Company's Quarterly Report on Form 10-Q, filed on May 15, 2017).
10.5	RumbleOn, Inc. Form of Promissory Note (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on April 5, 2017).
10.6	Inventory Financing and Security Agreement, by and among RMBL Missouri, LLC, Ally Bank and Ally Financial, Inc., dated February 16, 2018 (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on February 23, 2018).
10.7	Addendum to Inventory Financing and Security Agreement, by and among RMBL Missouri, LLC, Ally Bank and Ally Financial, Inc., dated February 16, 2018 (Incorporated by reference to Exhibit 10.2 in the Company's Current Report on Form 8-K, filed on February 23, 2018).
10.8	Cross Collateral, Cross Default and Guaranty Agreement, by and among Ally Bank, Ally Financial, Inc., RumbleOn, Inc., and RMBL Missouri, LLC, dated February 16, 2018 (Incorporated by reference to Exhibit 10.3 in the Company's Current Report on Form 8-K, filed on February 23, 2018).
10.9	General Security Agreement, by and among RumbleOn, Inc., Ally Bank and Ally Financial, Inc., dated February 16, 2018 (Incorporated by reference to Exhibit 10.4 in the Company's Current Report on Form 8-K, filed on February 23, 2018).
10.10	Amendment to the RumbleOn, Inc. 2017 Stock Incentive Plan. + (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on June 28, 2018).
10.11	Registration Rights Agreement, dated October 30, 2018, by and among RumbleOn, Inc., Steven Brewster and Janet Brewster, and Steven Brewster as representative (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
10.12	Escrow Agreement, dated October 30, 2018, by and among RumbleOn, Inc., Steven Brewster as representative, and Continental Stock Transfer and Trust Company (Incorporated by reference to Exhibit 10.2 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
10.13	Demand Promissory Note and Loan and Security Agreement, dated October 30, 2018, by and between NextGear Capital, Inc. and Wholesale, LLC (Incorporated by reference to Exhibit 10.4 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
10.14	Corporate Guaranty, in favor of NextGear Capital, Inc., dated October 30, 2018 (Incorporated by reference to Exhibit 10.5 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
10.15	Form of Securities Purchase Agreement, dated October 25, 2018 (Incorporated by reference to Exhibit 10.6 in the Company's Current Report on Form 8-K, filed on October 31, 2018).
10.16	Purchase Agreement, dated May 9, 2019, between the Company and JMP Securities LLC (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on May 15, 2019).
10.17	Form of Securities Purchase Agreement, dated May 9, 2019 (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on May 15, 2019).
10.18	Amendment to the RumbleOn, Inc. 2017 Stock Incentive Plan. + (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on May 22, 2019).
10.19	Form of Note Exchange & Subscription Agreement, dated January 10, 2020 (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on January 16, 2020).
10.20	Form of Joinder & Amendment, dated January 10, 2020 (Incorporated by reference to Exhibit 10.2 in the Company's Current Report on Form 8-K, filed on January 16, 2020).
10.21	Form of Investor Note Exchange Agreement, dated January 10, 2020 (Incorporated by reference to Exhibit 10.3 in the Company's Current Report on Form 8-K, filed on January 16, 2020).
10.22	Form of New Investor Note, dated January 10, 2020 (Incorporated by reference to Exhibit 10.4 in the Company's Current Report on Form 8-K, filed on January 16, 2020).

10.23	Form of Security Agreement, dated January 14, 2020 (Incorporated by reference to Exhibit 10.5 in the Company's Current Report on Form 8-K, filed on January 16, 2020).
10.24	COVID-19 Stimulus Customer Agreement, dated May 1, 2020, by and between Wood & Huston Bank and RumbleOn, Inc. (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on May 7, 2020).
10.25	COVID-19 Stimulus Customer Agreement, dated May 1, 2020, by and between Wood & Huston Bank and Wholesale, Inc. (Incorporated by reference to Exhibit 10.2 in the Company's Current Report on Form 8-K, filed on May 7, 2020).
10.26	COVID-19 Stimulus Customer Agreement, dated May 1, 2020, by and between Wood & Huston Bank and Wholesale Express, LLC. (Incorporated by reference to Exhibit 10.3 in the Company's Current Report on Form 8-K, filed on May 7, 2020).
10.27	Paycheck Protection Program Note, dated May 1, 2020, executed by RumbleOn, Inc. (Incorporated by reference to Exhibit 10.4 in the Company's Current Report on Form 8-K, filed on May 7, 2020).
10.28	Paycheck Protection Program Note, dated May 1, 2020, executed by Wholesale, Inc. (Incorporated by reference to Exhibit 10.5 in the Company's Current Report on Form 8-K, filed on May 7, 2020).
10.29	Paycheck Protection Program Note, dated May 1, 2020, executed by Wholesale Express, LLC (Incorporated by reference to Exhibit 10.6 in the Company's Current Report on Form 8-K, filed on May 7, 2020).
10.30	Amendment to the RumbleOn, Inc. 2017 Stock Incentive Plan. + (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on August 26, 2020).
10.31	Commitment Letter, dated March 12, 2021 (Incorporated by reference to Exhibit 10.1 in the Company's Current Report on Form 8-K, filed on March 15, 2021).
10.32	Secured Promissory Note, dated March 12, 2021 (Incorporated by reference to Exhibit 10.2 in the Company's Current Report on Form 8-K, filed on March 15, 2021).
10.33	Registration Rights and Lock-Up Agreement, dated March 12, 2021 (Incorporated by reference to Exhibit 10.3 in the Company's Current Report on Form 8-K, filed on March 15, 2021).
21.1	Subsidiaries
23.1	Consent of Grant Thornton LLP
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act
32.1*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act
32.2*	Certification pursuant to Section 906 of the Sarbanes-Oxley Act
101.INS	XBRL Instance Document.
101.SCG	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Furnished herewith

\+ Management Compensatory Plan

Item 16. Form 10-K Summary.

Registrants may voluntarily include a summary of information required by Form 10-K under this Item 16. The Company has elected not to include such summary information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 31, 2021

By: /s/ Marshall Chesrown
Marshall Chesrown
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Marshall Chesrown Marshall Chesrown	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 31, 2021
/s/ Steven R. Berrard Steven R. Berrard	Director and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 31, 2021
/s/ Adam Alexander Adam Alexander	Director	March 31, 2021
/s/ Denmar Dixon Denmar Dixon	Director	March 31, 2021
/s/ Richard A. Gray, Jr. Richard A. Gray, Jr.	Director	March 31, 2021
/s/ Michael Marchlik Michael Marchlik	Director	March 31, 2021
/s/ Kevin Westfall Kevin Westfall	Director	March 31, 2021

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
RumbleOn Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of RumbleOn, Inc. (a Nevada corporation) and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Quantitative goodwill impairment assessment of the Automotive reporting unit

As described in Note 1 to the consolidated financial statements, management performs its annual goodwill impairment test on December 31 or earlier upon occurrence of an indicator of potential impairment. During the first quarter of 2020, management determined indicators of potential impairment existed and as a result performed a quantitative impairment test of its Automotive reporting unit as of March 31, 2020. The Company's impairment test indicated no impairment existed as the estimated fair value of the reporting unit exceeded its carrying value as of March 31, 2020. We identified the goodwill valuation impairment assessment of the Automotive reporting unit performed during the first quarter of 2020 to be a critical audit matter.

The principal considerations for our determination that the goodwill impairment assessment performed during the first quarter of 2020 is a critical audit matter include the significant judgments and assumptions management makes when estimating the fair value measurement of the Automotive reporting unit. Estimates of future performance and market conditions used to arrive at the net present value of future cash flows, which is used within the goodwill impairment analysis, are subjective in nature. In particular, the Company's fair value estimate was sensitive to assumptions including the discount rate and revenue growth rates, which are affected by expectations about future market or economic conditions. Auditing the fair value measurement involved a high degree of auditor judgment, subjectivity, and audit effort in evaluating management's significant assumptions. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Our audit procedures related to the goodwill impairment assessment during first quarter of 2020 for the Automotive reporting unit included the following, among others. We evaluated management's ability to accurately forecast revenues and cash flows by comparing actual results to management's historical forecasts. With the assistance of a valuation specialist we assessed the methodologies and underlying assumptions used including the application of the discount rate by the Company.

Fair value determination used in the Convertible Note Exchange

As described further in Note 8 to the consolidated financial statements, the Company entered into a Note Exchange and Subscription Agreement to exchange the previous $30 million in convertible notes ("Old Note") issued in 2019 for a new series of $38 million Convertible Senior Notes ("New Note") issued in 2020 which was determined as an extinguishment of debt. To determine the gain on extinguishment of the Old Note, the Company measured the fair value of the Old Note and New Note. The debt agreement contains an equity conversion feature and a make-whole interest provision, which were bifurcated into liability and equity components. The fair value of the liability and equity components at inception are deducted from the carrying value of the Notes and amortized to interest expense using the effective interest method over the life of the Notes. We identified the determination of the fair value measurements of the debt instruments and allocation of proceeds between equity and liability components, at the date of the exchange to be a critical audit matter.

The principal considerations for the determination that the fair value measurement of the convertible debt instruments and allocation of proceeds between equity and liability components is a critical audit matter are the requirements of significant auditor judgment and effort. A high degree of auditor judgment and subjectivity was required in assessing the reasonableness of the significant assumptions utilized in the determination of the respective fair values which included the discount rate and stock price volatility. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Our audit procedures related to the fair value determination of the convertible debt instruments and allocation of proceeds between liability and equity components included the following, among others. We traced significant key terms including the stated interest rate and conversion price to the respective agreements. With the assistance of a valuation specialist we developed an independent expectation related to the fair values and assessed the reasonableness of the methodology and underlying assumptions, including the discount rate and stock price volatility used by the Company.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2019.

Dallas, Texas
March 31, 2021

RumbleOn, Inc.
Consolidated Balance Sheets
as of December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash	$ 1,466,831	$ 49,660
Restricted cash	2,049,056	6,676,622
Accounts receivable, net	9,407,960	8,482,707
Inventory	21,360,441	57,381,281
Prepaid expense and other current assets	3,446,225	1,210,474
Total current assets	37,730,513	73,800,744
Property and equipment, net	6,521,446	6,427,674
Right-of-use assets	5,689,637	6,040,287
Goodwill	26,886,563	26,886,563
Other assets	151,076	237,823
Total assets	$ 76,979,235	$113,393,091
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 12,707,448	$ 12,421,094
Accrued interest payable	1,485,854	749,305
Current portion of convertible debt, net	562,502	1,363,590
Current portion of long-term debt	20,688,651	59,160,970
Total current liabilities	35,444,455	73,694,959
Long -term liabilities:		
Notes payable	4,691,181	1,924,733
Convertible debt, net	27,166,019	20,136,229
Derivative liabilities	16,694	27,500
Operating lease liabilities and other long-term liabilities	5,090,221	4,722,101
Total long-term liabilities	36,964,115	26,810,563
Total liabilities	72,408,570	100,505,522
Commitments and contingencies (Notes 4, 7, 8, 9, 13, 16)		
Stockholders' equity:		
Class B Preferred stock, $0.001 par value, 10,000,000 shares authorized, 0 and 0 shares issued and outstanding as of December 31, 2020 and 2019, respectively	-	-
Common A stock, $0.001 par value, 50,000 shares authorized, 50,000 shares issued and outstanding as of December 31, 2020 and 2019, respectively	50	50
Common B stock, $0.001 par value, 4,950,000 shares authorized, 2,191,633 and 1,111,681 shares issued and outstanding as of December 31, 2020 and 2019, respectively	2,192	1,112
Additional paid in capital	108,949,204	92,268,213
Accumulated deficit	(104,380,781)	(79,381,806)
Total stockholders' equity	4,570,665	12,887,569
Total liabilities and stockholders' equity	$ 76,979,235	$113,393,091

See Accompanying Notes to Financial Statements.

RumbleOn, Inc.
Consolidated Statements of Operations
For the Two Years Ended December 31, 2020 and 2019

	2020	2019
Revenue:		
Pre-owned vehicle sales:		
Powersports	$ 46,653,668	$101,008,976
Automotive	337,084,959	717,042,511
Transportation and vehicle logistics	31,816,157	22,577,860
Other	872,459	
Total revenue	416,427,243	840,629,347
Cost of revenue:		
Powersports	40,060,571	88,673,515
Automotive	308,800,631	685,313,894
Transportation and vehicle logistics	24,200,229	16,023,962
Cost of revenue before impairment loss	373,061,431	790,011,371
Impairment loss on automotive inventory	11,738,413	-
Total cost of revenue	384,799,844	790,011,371
Gross profit	31,627,399	50,617,976
Selling, general and administrative	53,659,348	86,624,249
Insurance recovery proceeds	(5,615,268)	-
Depreciation and amortization	2,142,939	1,786,426
Operating loss	(18,559,620)	(37,792,699)
Interest expense	(6,638,325)	(7,187,604)
Decrease in derivative liability	10,806	1,302,500
Gain (loss) on early extinguishment of debt	188,164	(1,499,250)
Net loss before provision for income taxes	(24,998,975)	(45,177,053)
Benefit for income taxes	-	-
Net loss	$ (24,998,975)	$ (45,177,053)
Weighted average number of common shares outstanding - basic and fully diluted	2,184,441	1,114,714
Net loss per share - basic and fully diluted	$ (11.44)	$ (40.53)

See Accompanying Notes to Financial Statements.

RumbleOn, Inc.
Consolidated Statement of Stockholders' Equity
For the Two Years Ended December 31, 2020 and 2019

	Preferred Shares		Common A Shares		Common B Shares		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**			
Balance, December 31, 2018	1,317,329	$ 1,317	50,000	$ 50	874,315	$ 874	$ 65,016,379	$ (34,201,114)	$ 30,817,506
Cumulative effect of accounting change (see Note 1)	-	-	-	-	-	-	-	(3,639)	(3,639)
Equity component of convertible senior notes, net of issuance costs	-	-	-	-	-	-	7,745,625	-	7,745,625
Issuance of common stock for restricted stock units	-	-	-	-	12,675	13	(13)	-	-
Beneficial conversion feature on convertible notes	-	-	-	-	-	-	495,185	-	495,185
Conversion of preferred shares to common stock	(1,317,329)	(1,317)	-	-	65,866	66	1,251	-	-
Issuance of common stock	-	-	-	-	158,825	159	15,173,268	-	15,173,427
Stock-based compensation	-	-	-	-	-	-	3,836,518	-	3,836,518
Net loss	-	-	-	-	-	-	-	(45,177,053)	(45,177,053)
Balance, December 31, 2019	-	-	50,000	$ 50	1,111,681	$ 1,112	$ 92,268,213	$ (79,381,806)	$ 12,887,569
Issuance of common stock, net of issuance cost	-	-	-	-	1,035,000	1,035	10,779,045	-	10,780,080
Issuance of common stock for restricted stock units	-	-	-	-	37,821	38	(38)	-	-
Adjustment for fractional shares in reverse stock split	-	-	-	-	7,131	7	(7)	-	-
Convertible note exchange	-	-	-	-	-	-	2,923,755	-	2,923,755
Stock-based compensation	-	-	-	-	-	-	2,978,236	-	2,978,236
Net loss	-	-	-	-	-	-	-	(24,998,975)	(24,988,975)
Balance, December 31, 2020	-	-	50,000	$ 50	2,191,633	2,192	$108,949,204	$(104,380,781)	$ 4,570,655

See Accompanying Notes to Financial Statements.

RumbleOn, Inc.
Consolidated Statements of Cash Flows
For the Two Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(24,998,975)	$(45,177,053)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,142,939	1,786,426
Amortization of debt discount	2,027,046	1,664,000
Bad debt expense	310,721	1,123,739
Stock based compensation expense	2,978,236	3,836,518
Impairment loss on inventory	11,738,413	-
Impairment loss on property and equipment	177,626	-
Gain from change in value of derivatives	(10,806)	(1,302,500)
Loss from extinguishment of debt	(188,164)	1,499,250
Goodwill impairment	-	1,850,000
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(1,235,974)	2,037,023
(Increase) decrease in inventory	24,282,427	(2,327,754)
(Increase) in prepaid expenses and other current assets	(2,235,751)	(113,529)
(Increase) decrease in other assets	86,747	(135,645)
Increase in other liabilities	720,067	-
(Decrease) increase in accounts payable and accrued liabilities	152,126	(5,031,073)
Increase in accrued interest payable	1,196,549	543,268
Net cash provided by (used in) operating activities	17,143,227	(39,747,330)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash used for acquisitions	-	(835,000)
Proceeds from sales of property and equipment	38,436	169,268
Technology development	(2,145,055)	(3,085,743)
Purchase of property and equipment	(174,786)	(119,748)
Net cash used in investing activities	(2,281,405)	(3,871,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable and convertible debt	8,272,375	27,455,537
Repayments for notes payable	(1,767,758)	(10,857,500)
Net proceeds from (payments on) lines of credit	(40,533,759)	2,788,469
Proceeds from PPP Loan	5,176,845	-
Proceeds from sale of common stock	10,780,080	15,173,427
Net cash (used in) provided by financing activities	(18,072,217)	34,559,933
NET CHANGE IN CASH	(3,210,395)	(9,058,620)
CASH AND RESTRICTED CASH AT BEGINNING OF PERIOD	6,726,282	15,784,902
CASH AND RESTRICTED CASH AT END OF PERIOD	$ 3,515,887	$ 6,726,282

See Accompanying Notes to Financial Statements.

Notes to Financial Statements

NOTE 1 –DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization

RumbleOn, Inc. (the "Company") was incorporated in October 2013 under the laws of the State of Nevada, as Smart Server, Inc. ("Smart Server"). On February 13, 2017, the Company changed its name from Smart Server, Inc. to RumbleOn, Inc.

Description of Business

In July 2016, Berrard Holdings Limited Partnership ("Berrard Holdings") acquired 99.5% of the common stock of the Company from the principal stockholder. Shortly after the Berrard Holdings common stock purchase, the Company began exploring the development of a capital light e-commerce platform facilitating the ability of both consumers and dealers to Buy-Sell-Trade-Finance pre-owned vehicles in one online location and in April 2017, the Company launched its platform. The Company's goal was to transform the way pre-owned vehicles are bought and sold by providing users with the most efficient, timely and transparent transaction experience. While the Company's initial customer facing emphasis through most of 2018 was on motorcycles and other powersports, the Company continues to enhance its platform to accommodate nearly any VIN-specific vehicle including motorcycles, ATVs, boats, RVs, cars and trucks, and via its acquisition of Wholesale, Inc. in October 2018, the Company wanted to make a concerted effort to grow its cars and light truck categories.

On October 26, 2018, the Company entered into an Agreement and Plan of Merger (as amended, the "Merger Agreement") with the Company's newly-formed acquisition subsidiary RMBL Tennessee, LLC, a Delaware limited liability company ("Merger Sub"), Wholesale Holdings, Inc., a Tennessee corporation ("Holdings"), Wholesale, LLC, a Tennessee limited liability company ("Wholesale"), Steven Brewster and Janelle Brewster (each a "Stockholder," and together the "Stockholders"), Steven Brewster, a Tennessee resident, as the representative of each Stockholder (the "Representative"), and Marshall Chesrown and Steven R. Berrard, providing for the merger of Holdings with and into Merger Sub, with Merger Sub surviving the merger as a wholly-owned subsidiary of the Company (the "Wholesale Transaction"). On October 29, 2018, the Company entered into an Amendment to the Merger Agreement making a technical correction to the definition of "Parent Consideration Shares" contained in the Merger Agreement.

Also, on October 26, 2018, the Company entered into a Membership Interest Purchase Agreement (the "Purchase Agreement"), by and among the Company, Steven Brewster and Justin Becker (together the "Express Sellers"), and Steven Brewster as representative of the Express Sellers, pursuant to which the Company acquired all of the membership interests (the "Express Transaction," and together with the Wholesale Transaction, the "Transactions") in Wholesale Express, LLC, a Tennessee limited liability company ("Wholesale Express"). The Transactions were both completed on October 30, 2018 (the "Acquisition Date"). As consideration for the Wholesale Transaction, the Company (i) paid cash consideration of $12,353,941, subject to certain customary post-closing adjustments, and (ii) issued to the Stockholders 1,317,329 shares (the "Stock Consideration") of the Company's Series B Non-Voting Convertible Preferred Stock, par value $0.001 (the "Series B Preferred"). As consideration for the Express Transaction, the Company paid cash consideration of $4,000,000, subject to certain customary post-closing adjustments. Wholesale Inc. is one of the largest independent distributors of pre-owned vehicles in the United States and Wholesale Express, LLC is a related logistics company.

On February 3, 2019, the Company completed the acquisition (the "Autosport Acquisition") of all of the equity interests of Autosport USA, Inc. ("Autosport"), an independent pre-owned vehicle distributor, pursuant to a Stock Purchase Agreement, dated February 1, 2019 (the "Stock Purchase Agreement"), by and among RMBL Express, LLC (the "Buyer"), a wholly owned subsidiary of Company, Scott Bennie (the "Seller") and Autosport. Aggregate consideration for the Autosport Acquisition consisted of (i) a closing cash payment of $600,000, plus (ii) a fifteen-month $500,000 promissory note (the "Promissory Note") in favor of the Seller, plus (iii) a three-year $1,536,000 convertible promissory note (the "Convertible Note") in favor of the Seller, plus (iv) contingent earn-out payments payable in the form of cash and/or the Company's Class B Common Stock (the "Earn-Out Shares") for up to an additional $787,500 if Autosport achieves certain performance thresholds. In connection with the Autosport Acquisition, the Buyer also paid outstanding debt of Autosport of $235,000 and assumed additional debt of $257,933 pursuant to a promissory note payable to Seller (the "Second Convertible Note").

Serving both consumers and dealers, through its online marketplace platform, the Company makes cash offers for the purchase of pre-owned vehicles. In addition, the Company offers a large inventory of pre-owned vehicles for sale along with third-party financing and associated products. The Company's operations are designed to be scalable by working through an infrastructure and capital light model that is achievable by virtue of a synergistic relationship with both dealers and regional partners, which are primarily auctions. The Company utilizes regional partners in the acquisition of pre-owned vehicles to provide inspection, reconditioning and distribution services. These regional partners earn incremental revenue and enhance profitability through fees from inspection, reconditioning and distribution programs.

Our business model is driven by our proprietary technology platform. Our initial platform was acquired in February 2017, through our acquisition of substantially all of the assets of NextGen Dealer Solutions, LLC ("NextGen"). Since that time, we have expanded the functionality of that platform through a significant number of high-quality technology development projects and initiatives. Included in these new technology development projects and initiatives are modules or significant upgrades to the existing platforms for: (i) Retail and dealer online auctions; (ii) native IOS and Android apps; (iii) new architecture on website design and functionality; (iv) RumbleOn Marketplace; (v) redesigned cash offer tool;(vi) deal-jacket tracking tool; (vii) inventory tracking tool; (viii) CRM and multiple third-party integrations; (ix) new analytics and machine learning initiatives; and (x) IT monitoring infrastructure.

The rapid spread of COVID-19 since March 2020 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders and shutdowns. These measures have impacted and may further impact all or portions of our workforce and operations, the behavior of our customers, and the operations of our partners, vendors, and suppliers. While the federal and state governments have taken measures to try to contain the COVID-19 pandemic, there is considerable uncertainty regarding such measures and potential future measures. The COVID-19 situation has created an unprecedented and challenging time for our Company. Our current focus is on positioning the Company for a strong recovery when this crisis is over. During 2020 we took steps to reduce our inventory and align our operating expenses to the state of the business. We plan to continue to operate as permitted to support our customers' needs for reliable vehicles and to provide as many jobs as possible for our associates; however, in April 2020 we laid-off 169 associates. Future restrictions on our access to and utilization of our logistics and distribution network, our corporate offices, the inspection and reconditioning centers of our partners, and/or our support operations or workforce, or similar limitations for our partners, vendors, or suppliers, and restrictions or disruptions of transportation, could further limit our ability to conduct our business and have a material adverse effect on our business, operating results, financial condition and prospects. There is no certainty that measures taken by governmental authorities will be sufficient to mitigate the risks posed by the COVID-19 pandemic, and our ability to perform critical functions could be harmed.

The extent to which the COVID-19 outbreak ultimately impacts our business, sales, results of operations, financial condition, and liquidity will depend on the success of the roll out of the vaccines and the efficacy of the vaccines and other future developments, which are highly uncertain and cannot be predicted. Even after the COVID-19 outbreak has subsided, we may continue to experience significant impacts to our business as a result of its global economic impact, including any economic downturn or recession that has occurred or may occur in the future.

Basis of Presentation

The accompanying 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"). All of the Company's subsidiaries are wholly owned. The consolidated financial statements include the accounts of RumbleOn Inc. and its wholly owned subsidiaries (the Company). All intercompany accounts and material intercompany transactions have been eliminated.

Liquidity

The accompanying consolidated financial statements of the Company have been prepared in conformity with U.S. GAAP, which contemplate continuation of the Company as a going concern. The Company has incurred losses from inception through December 31, 2020 and may incur additional losses in the future. As the Company continues to expand its business, build its brand name and awareness and continues technology and software development efforts, it may need access to additional capital. Historically, the Company has raised additional equity or debt instruments to fund the expansion; refer to Note 8 — NOTES PAYABLE and Note 9 — STOCKHOLDER'S EQUITY. Management believes that current working capital, availability of equity under its current shelf registration statement, results of operations, and expected continued inventory financing are sufficient to fund operations for at least one year from the financial statement issuance date.

The worldwide spread of the COVID-19 outbreak has resulted in a global slowdown of economic activity which decreased demand for a broad variety of goods and services, while also disrupting sales channels, marketing activities and supply chains for an unknown period of time until the outbreak is contained. This is impacting the Company's business and the powersport, automotive and transport industries as a whole. The Company has positioned its business today to be lean and flexible in this period of lower demand and higher uncertainty with the goal of preparing the Company for a strong recovery as the crisis is contained. The Company believes its online business model allows it to quickly respond to market demand or changes in the businesses it operates as the COVID-19 pandemic continues.

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. 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 novel COVID-19 pandemic and the resulting 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.

Loss Per Share

The Company follows the FASB Accounting Standards Codification ("ASC") Topic 260-Earnings per share. Basic earnings per common share ("EPS") calculations are determined by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year. Diluted earnings (loss) per common share calculations are determined by dividing net income (loss) by the weighted average number of common shares and dilutive common share equivalents outstanding. During periods when common stock equivalents, if any, are anti-dilutive they are not considered in the computation. Common share and dilutive common share equivalents include: (i) Class A common: (ii) Class B common; (iii) Class B participating preferred shares; (iv) restrictive stock units; (v) stock options; (vi) warrants to acquire Class B common stock; and (vii) shares issued in connection with convertible debt.

Revenue Recognition

Revenue for our powersports and automotive segments is derived from our online marketplace and auctions and primarily includes the sale of pre-owned vehicles to consumer and dealers.

Revenue from our vehicle logistics and transportation service segment is derived by providing automotive transportation services between dealerships and auctions throughout the United States.

We adopted ASC 606, *Revenue from Contracts with Customers* on January 1, 2018 using the modified retrospective method. ASC 606 prescribes a five-step model that includes: (1) identify the contract; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when (or as) performance obligations are satisfied. Based on the manner in which we historically recognized revenue, the adoption of ASC 606 did not have a material impact on the amount or timing of our revenue recognition, and we recognized no cumulative effect adjustment upon adoption.

For vehicles sold at wholesale to dealers we satisfy our performance obligation when the wholesale purchaser obtains control of the underlying vehicle, which is upon delivery when the transfer of title, risks and rewards of ownership and control pass to the dealer. We recognize revenue at the amount we expect to receive for the used vehicle, which is the fixed price determined at the auction. The purchase price of the wholesale vehicle is typically due and collected within 30 days of delivery of the wholesale vehicle.

For vehicles sold to consumers the purchase price is set forth in the customer contracts at a stand-alone selling price which is agreed upon prior to delivery. We satisfy our performance obligation for used vehicle sales upon delivery when the transfer of title, risks and rewards of ownership and control pass to the customer. We recognize revenue at the agreed upon purchase price stated in the contract, including any delivery charges, less an estimate for returns. Our return policy allows customers to initiate a return during the first three days after delivery. Estimates for returns are based on an analysis of historical experience, trends and sales data. Changes in these estimates are reflected as an adjustment to revenue in the period identified. The amount of consideration received for used vehicle sales to consumers includes noncash consideration representing the value of trade-in vehicles, if applicable, as stated in the contract. Prior to the delivery of the vehicle, the payment is received, or financing has been arranged. Payments from customers that finance their purchases with third parties are typically due and collected within 30 days of delivery of the used vehicle. In future periods additional provisions may be necessary due to a variety of factors, including changing customer return patterns due to the maturation of the online vehicle buying market, macro- and micro-economic factors that could influence customer return behavior and future pricing environments. If these factors result in adjustments to sales returns, they could significantly impact our future operating results. Revenue exclude any sales taxes, title and registration fees, and other government fees that are collected from customers.

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 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.

Purchase Accounting for Business Combinations

The Company accounts for acquisitions by allocating the fair value of the consideration transferred to the fair value of the assets acquired and liabilities assumed on the date of the acquisition and any remaining difference is recorded as goodwill. Adjustments may be made to the preliminary purchase price allocation when facts and circumstances that existed on the date of the acquisition surface during the allocation period subsequent to the preliminary purchase price allocation, not to exceed one year from the date of acquisition. Contingent consideration is recorded at fair value based on the facts and circumstances on the date of the acquisition and any subsequent changes in the fair value are recorded through earnings each reporting period. During the year ended December 31, 2019, the Company finalized the preliminary purchase price allocation recorded at the acquisition date for Wholesale Express and made a measurement period adjustment to the preliminary purchase price allocation which resulted in a decrease in goodwill of $334,861. The Company made this measurement period adjustment to reflect facts and circumstances related to accounts receivable and accounts payable that existed as of the acquisition date and did not result from intervening events subsequent to such date.

Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed in business combinations. Goodwill is tested for impairment annually as of December 31, or whenever events or changes in circumstances indicate that an impairment may exist. 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. In performing our annual goodwill impairment test, we first review qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing qualitative factors, we determine that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the quantitative test is unnecessary and our goodwill is not considered to be impaired. However, if based on the qualitative assessment we conclude that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if we elect to bypass the optional qualitative assessment as provided for under GAAP, we proceed with performing the quantitative impairment test.

Due to the significant decline in the Company's stock price and the economic effect of COVID-19, the Company determined a triggering event for Goodwill impairment existed as of March 31, 2020. As a result, the Company performed a quantitative impairment analysis for the Automotive segment. The Company's impairment test indicated no impairment existed as the estimated fair value of the reporting unit exceeded its carrying value at March 31, 2020. In connection with its annual goodwill impairment test as of December 31, 2020, the Company performed impairment assessments by reviewing qualitative factors for each of its reporting units. The results of the assessments indicated that it was not more likely than not that the fair value of the reporting units were less than the carrying values and no goodwill impairment was determined to exist for the years ended December 31, 2020.

In connection with its annual goodwill impairment test as of December 31, 2019 for the three reportable segments we performed quantitative impairment testing of the fair value of our reporting units using an income and market valuation approach. The income valuation approach estimates our enterprise value using a net present value model, which discounts projected free cash flows of our business using the weighted average cost of capital as the discount rate. We also validated the fair value for each reporting unit using the income approach by calculating a cash earnings multiple and determining whether the multiple was reasonable compared to recent market transactions completed in the industry. As part of that assessment, we also reconcile the estimated aggregate fair values of our reporting units to our market capitalization. We believe this reconciliation process is consistent with a market participant perspective. This consideration would also include a control premium that represents the estimated amount an investor would pay for our equity securities to obtain a controlling interest, and other significant assumptions including revenue and profitability growth, profit margins, residual values and the cost of capital. For the year ended December 31, 2019, we recognized an impairment loss on goodwill of $1,850,000 related to powersports, which is recorded in selling, general and administrative expenses in the Consolidated Statement of Operations. No goodwill impairment resulted from the quantitative impairments tests of the remaining reporting units as of December 31, 2019.

Leases

Effective January 1, 2019, the Company adopted ASC 842, Leases. In accordance with ASC 842, the Company first determines if an arrangement contains a lease and the classification of that lease, if applicable, at inception. This standard requires the recognition of right-of-use ("ROU") assets and lease liabilities for the Company's operating leases. For contracts with lease and non-lease components, the Company has elected not to allocate the contract consideration, and to account for the lease and non-lease components as a single lease component. The Company has also elected not to recognize a lease liability or ROU asset for leases with a term of 12 months or less and recognize lease payments for those short-term leases on a straight-line basis over the lease term in the Consolidated Statements of Operations. Operating leases are included in Right-of-use assets, Accounts payable and accrued liabilities and Operating lease liabilities, long-term portion in the Consolidated Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments under the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The implicit rate within the Company's leases is generally not determinable and therefore the incremental borrowing rate at the lease commencement date is utilized to determine the present value of lease payments. The determination of the incremental borrowing rate requires judgment. Management determines the incremental borrowing rate for each lease using the Company's estimated borrowing rate, adjusted for various factors including level of collateralization, term and currency to align with the terms of the lease. The ROU asset also includes any lease prepayments, offset by lease incentives. Certain of the Company's leases include options to extend or terminate the lease. An option to extend the lease is considered in connection with determining the ROU asset and lease liability when the Company is reasonably certain that the option will be exercised. An option to terminate is considered unless the Company is reasonably certain the option will not be exercised.

Other Assets

Included in "Other assets" on the Company's Consolidated Balance Sheets are amounts related to acquired internet domain names which are considered to be an indefinite lived intangible assets. Indefinite lived intangible assets are tested for impairment, at a minimum, on an annual basis using an income approach or sooner whenever events or changes in circumstances indicate that an asset may be impaired. There was no impairment of indefinite lived assets as of December 31, 2020 and 2019.

Long-Lived Assets

Property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If such assets or asset groups are considered to be impaired, the impairment to be recognized will be measured by the amount by which the carrying amount of the assets or asset groups exceeds the related fair values. The Company also performs a periodic assessment of the useful lives assigned to the long-lived assets. For the year ended December 31, 2020, the Company recorded an impairment loss on property and equipment of $177,626 due to the Nashville Tornado. No impairment charges on property and equipment were recorded during the year ended December 31, 2019. See Note 5 — Property and Equipment, Net for additional information on property and equipment.

Technology Development Costs

Technology development costs are accounted for pursuant to ASC 350, Intangibles — *Goodwill and Other.* Technology development costs include internally developed software and website applications that are used by the Company for its own internal use and to provide services to its customers, which include consumers, dealer partners and ancillary service providers. Under the terms of these customer arrangements the Company retains the revenue generating technology and hosts the applications on its servers and mobile applications. The customer does not have a contractual right to take possession of the software during the term of the arrangement and are not permitted to run the software itself or contract with another party unrelated to the entity to host the software. Technology development costs consist principally of (i) development activities including payroll and related expenses billed by a third-party contractor involved in application, content, production, maintenance, operation, and platform development for new and existing products and services, (ii) technology infrastructure expenses, and (iii) costs of Company employees devoted to the development and maintenance of software products. Technology and content costs for design, maintenance and post-implementation stages of internal-use software and general website development are expensed as incurred. For costs incurred to develop new website functionality as well as new software products and significant upgrades to existing internally used platforms or modules, capitalization begins during the application development stage and ends when the software is available for general use. Capitalized technology development is amortized on a straight-line basis over periods ranging from 3 to 5 years. The Company will perform periodic assessment of the useful lives assigned to capitalized software applications. Additionally, the Company from time-to-time may abandon additional development activities relating to specific software projects or applications and charge accumulated costs to technology development expense in the period such determination is made.

Vehicle Inventory

Vehicle inventory is accounted for pursuant to ASC 330, *Inventory* and consists of the cost to acquire and recondition a pre-owned vehicle. Reconditioning costs are billed by third-party providers and includes parts, labor, and other repair expenses directly attributable to a specific vehicle. Pre-owned inventory is stated at the lower of cost or net realizable value. Pre-owned vehicle inventory cost is determined by specific identification. Net realizable value is the estimated selling price less costs to complete, dispose and transport the vehicles. Selling prices are derived from historical data and trends, such as sales price and inventory turn times of similar vehicles, as well as independent market resources. Each reporting period, the Company recognizes any necessary adjustments to reflect pre-owned vehicle inventory at the lower of cost or net realizable value through cost of revenue in the accompanying Consolidated Statements of Operations.

Accounts Receivable, Net

Accounts receivable, net of an allowance for doubtful accounts, includes certain amounts due from customers. The Company estimates the allowance for doubtful accounts for accounts receivable by considering a number of factors, including overall credit quality, age of outstanding balances, historical write-off experience and specific account analysis that projects the ultimate collectability of the outstanding balances. Ultimately, actual results could differ from these assumptions. The allowance for doubtful accounts was approximately $1,569,086 and $1,034,919 as of December 31, 2020 and 2019, respectively.

Cash and Cash Equivalents

The Company considers all cash accounts and all highly liquid short-term investments purchased with an original maturity of three months or less to be cash or cash equivalents. As of December 31, 2020, and 2019, the Company did not have any investments with maturities greater than three months. At times, the Company has cash balances in domestic bank accounts that exceed Federal Deposit Insurance Corporation limits. The Company has not experienced any losses related to these cash concentrations.

Restricted Cash

In connection with the execution of the Inventory Financing and Security Agreement (the "Credit Facility") by and among the Company's subsidiary, RMBL Missouri, LLC ("RMBL MO"), Ally Bank ("Ally") and Ally Financial, Inc., dated February 16, 2018 the parties entered into a Credit Balance Agreement, and so long as the Company owes any debt to Ally or until the bank otherwise consents, the Company agreed to maintain a Credit Balance at Ally of 1) at least 10.0% of the amount of the Company's approved and available credit line under the Credit Facility and 2) no greater than 25.0% of the total principal amount owed to Ally for inventory financed under the Credit Facility. The Credit Facility ended in February 2020.

In connection with the inventory financing contract (the "NextGear Facility"), entered into by the Company, its wholly owned subsidiary RMBL Tennessee, Inc, Wholesale, Inc. and NextGear Capital, Inc. ("NextGear"), dated October 30, 2018, Wholesale, as borrower, entered into a $70,000,000 floorplan vehicle financing credit line (the "NextGear Credit Line") with NextGear Capital, Inc. ("NextGear"). During the quarter ended September 30, 2020 the Company and NextGear agreed to reduce the credit line to $55,000,000 with Wholesale and Autosport limiting the aggregate amount of advances under the credit line to $20,000,000 through June 30, 2021, at which time the credit line will be repaid in full. Advances under the NextGear Credit Line require Wholesale to maintain at least $2,000,000 cash collateral in a reserve account in favor of NextGear, which amount is subject to change in NextGear's sole discretion.

Upon the satisfaction of all obligations and the termination by NextGear of the NextGear Facility, NextGear will return to Wholesale, Inc., upon its written request to NextGear no earlier than ten (10 business days from the date the obligations were indefeasibly paid and satisfied in full and the NextGear Facility and terminated by Lender.

Property and Equipment, Net

Property and equipment is stated at cost less accumulated depreciation and amortization and consists of capitalized technology development costs, furniture and equipment. Depreciation and amortization is recorded on a straight-line basis over the estimated useful life of the assets. Costs of significant additions, renewals and betterments, are capitalized and depreciated. Maintenance and repairs are charged to expense when incurred.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2020 and December 31, 2019. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, prepaid expenses and accounts payable. Fair values were assumed to approximate carrying values for cash and payables because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

ASC Topic 820-10-30-2-*Fair Value Measurement* establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are from sources independent of the Company, whereas unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: The preferred inputs to valuation efforts are "quoted prices in active markets for identical assets or liabilities," with the caveat that the reporting entity must have access to that market. Information at this level is based on direct observations of transactions involving the same assets and liabilities, not assumptions, and thus offers superior reliability. However, relatively few items, especially physical assets, actually trade in active markets.

Level 2: FASB acknowledged that active markets for identical assets and liabilities are relatively uncommon and, even when they do exist, they may be too thin to provide reliable information. Inputs other than quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, are Level 2 inputs.

Level 3: If inputs from levels 1 and 2 are not available, FASB acknowledges that fair value measures of many assets and liabilities are less precise. The board describes Level 3 inputs as "unobservable," and limits their use by saying they "shall be used to measure fair value to the extent that observable inputs are not available." This category allows "for situations in which there is little, if any, market activity for the asset or liability at the measurement date". Earlier in the standard, FASB explains that "observable inputs" are gathered from sources other than the reporting company and that they are expected to reflect assumptions made by market participants.

Embedded Conversion Features

The Company evaluates embedded conversion features within convertible debt under ASC 815, Derivatives and Hedging to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20; Debt with Conversion and Other Options. Under the ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for our convertible debt instruments is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on the consolidated balance sheets and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the notes. As a result, we are required to record non-cash interest expense as a result of the amortization of the discounted carrying value of the convertible debt to their face amount over the term of the convertible debt.

From time to time, the Company has issued convertible notes that have conversion prices that create an embedded beneficial conversion feature pursuant to the guidelines established by the ASC Topic 470-20. The Beneficial Conversion Feature ("BCF") of a convertible security is normally characterized as the convertible portion or feature of certain securities that provide a rate of conversion that is below market value or in-the-money when issued. The Company records a BCF related to the issuance of a convertible security when issued and also records the estimated fair value of any conversion feature issued with those securities. Beneficial conversion features that are contingent upon the occurrence of a future event are recorded when the contingency is resolved. The debt discount is amortized to interest expense over the life of the note using the effective interest method. The Company calculates the fair value of the conversion feature embedded in any convertible security using either a) the Black Scholes valuation model or b) an open-form binomial option pricing model ("lattice model") that simulates, in a non-linear, risk-neutral framework, the stock price of the Company's common stock.

Common Stock Warrants

The Company accounts for common stock warrants in accordance with applicable accounting guidance provided in Accounting Standards Codification (ASC) 815, *Derivatives and Hedging – Contracts in Entity's Own Equity*, as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreement. Any warrants that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) provided that such warrants are indexed to the Company's own stock is classified as equity. The Company classifies as assets or liabilities any warrants that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control), (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement) or (iii) that contain reset provisions that do not qualify for the scope exception. The Company assesses classification of its common stock warrants at each reporting date to determine whether a change in classification between assets and liabilities is required. The Company's freestanding derivatives financing satisfy the criteria for classification as equity instruments as these warrants do not contain cash settlement features or variable settlement provision that cause them to not be indexed to the Company's own stock. There are 16,530 warrants to purchase common stock outstanding at December 31, 2020 consisting of: (i) 10,913 warrants issued to underwriters in connection with the October 23, 2017 public offering of Class B common stock; (ii) 5,617 warrants issued to Hercules in connection with the 2018 financings.

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260); *Distinguishing Liabilities from Equity* (Topic 480); Derivatives and Hedging (Topic 815): Accounting for Certain Financial Instruments with Down Round Features. The amendments of this ASU update the classification analysis of certain equity-linked financial instruments, or embedded features, with down round features, as well as clarify existing disclosure requirements for equity-classified instruments. When determining whether certain financial instruments should be classified as liabilities or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock. The guidance in this ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. The Company adopted ASU 2017-11 during 2018. The adoption of this standard did not have a material effect on the Company's Consolidated Financial Statements.

Debt Issuance Costs

Debt issuance costs are accounted for pursuant to FASB ASU 2015-03*, "Simplifying the Presentation of Debt Issuance Costs"* ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts.

Cost of Revenue

Cost of vehicle sales includes the cost to acquire vehicles and the reconditioning and transportation costs associated with preparing the vehicles for resale. Vehicle acquisition costs are driven by the mix of vehicles the Company acquires, the source of those vehicles, and supply and demand dynamics in the vehicle market. Reconditioning costs are billed by third-party providers and include parts, labor, and other repair expenses directly attributable to specific vehicles. Transportation costs consist of costs incurred to transport the vehicles from the point of acquisition. Cost of revenue also includes any necessary adjustments to reflect vehicle inventory at the lower of cost or net realizable value.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include costs and expenses for compensation and benefits, advertising to consumers and dealers, development and operating our product procurement and distribution system, managing our logistics system, transportation cost associated with selling vehicles, establishing our dealer partner arrangements, and other corporate overhead expenses, including expenses associated with technology development, legal, accounting, finance, and business development.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred and are included in Selling, general and administrative expenses in the accompanying Consolidated Statements of Operations. Advertising and marketing expenses was $5,287,284 and $18,228,262 for the years ended December 31, 2020 and 2019, respectively.

Stock-Based Compensation

On June 30, 2017 the Company's shareholders approved a Stock Incentive Plan (the "Plan") reserving for issuance under the Plan in the form of restricted stock units ("RSUs"), stock options ("Options"), Performance Units, and other equity awards (collectively "Awards") for our employees, consultants, directors, independent contractors and certain prospective employees who have committed to become an employee (each an "Eligible Individual") of up to 12.0% of the shares of Class B Common Stock outstanding from time to time. On June 25, 2018, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 12.0% of the Company's issued and outstanding shares of Class B Common Stock from time to time to 100,000 shares of Class B Common Stock (the "First Plan Amendment"). On May 20, 2019, the Company's stockholders approved another amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 100,000 shares of Class B Common Stock to 200,000 shares of Class B Common Stock (the "Second Plan Amendment"). On August 25, 2020, the Company's stockholders approved another amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 200,000 shares of Class B Common Stock to 700,000 shares of Class B Common Stock (the "Third Plan Amendment"). To date, the vesting of RSU and Option awards is service / time based. Substantially all service/time based RSU and Option awards issued typically vest over a three-year period approximating the following vesting schedule: (i) 20.0% vesting anywhere from eight-months to thirteen months after grant date, (ii) an additional 30.0% during the subsequent twelve months of the initial vesting, and (iii) the final 50.0% during the following twelve months. Performance-based awards and market condition-based awards granted to date have vesting schedules that are typically dependent on achieving a particular objective within thirty (30) 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 based on the share 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 a apply discount to the fair 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-Sholes 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; the 2020 market-condition based awards assumed expected volatility to be 125% and a risk-free interest rate of 1.0%. We generally expense the grant-date fair value of all awards on a straight-line basis over the vesting period.

During the year ended December 31, 2020, the Company granted 416,685 RSUs and 250 Options under the Plan to members of the Board of Directors, officers and employees. Compensation expense for the years ended December 31, 2020 and 2019 was $2,978,236 and $3,836,518, respectively, and is included in selling, general and administrative expenses in the consolidated statements of operations. At December 31, 2020, total unrecognized compensation cost related to awards issued under the Plan and still outstanding and unvested was $3,258,746 and the weighted average period over which this cost is expected to be recognized is approximately 1.04 years.

Income Taxes

The Company follows ASC Topic 740, *Income Taxes,* for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

The Company applies a more-likely-than-not recognition threshold for all tax uncertainties. ASC Topic 740 only allows the recognition of those tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities. As of December 31, 2020, the Company reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a fifty percent likelihood of being sustained upon examination by the taxing authorities, therefore this standard has not had a material effect on the Company.

The Company does not anticipate any significant changes to its total unrecognized tax positions within the next 12 months.

Recent Pronouncements

Adoption of New Accounting Standards.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 requires that the rights and obligations created by leases with a duration greater than 12 months be recorded as assets and liabilities on the balance sheet of the lessee. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company has adopted this standard as of January 1, 2019 using the modified retrospective approach for all leases entered into before the effective date. The Company has also elected the option, as permitted in ASU 2018-11, Leases (Topic 842): Targeted Improvements, whereby initial application of the new lease standard would occur at the adoption date and a cumulative-effect adjustment, if any, would be recognized to the opening balance of retained earnings in the period of adoption. For comparability purposes, the Company will continue to comply with previous disclosure requirements in accordance with existing lease guidance for all periods presented in the year of adoption. The Company has elected the practical expedients permitted under the transition guidance which enabled the Company: (1) to carry forward the historical lease classification; (2) not to reassess whether expired or existing contracts are or contain leases; and (3) not to reassess the treatment of initial direct costs for existing leases. In addition, the Company has made an accounting policy election to keep leases with an initial term of 12 months or less off the balance sheet. Upon adoption of this standard on January 1, 2019, the Company recognized a total operating lease liability in the amount of $3,118,038, representing the present value of the minimum rental payments remaining as of the adoption date and a right-of-use asset in the amount of $3,114,399. The cumulative effect of this accounting change of $3,639 is included in the accumulated deficit for the year ended December 31, 2020. The standard did not have a material impact on the Company's consolidated statements of operations or statements of cash flows.

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. Finance receivables originated in connection with the Company's vehicle sales are held for sale and are subsequently sold. At December 31, 2020 and 2019, finance receivables were $2,117,809 and $147,893, respectively.

NOTE 2 –ACCOUNTS RECEIVABLE, NET

Accounts receivable consists of the following as of December 31,

	2020	2019
Trade	$ 8,859,237	$ 9,369,733
Finance	2,117,809	147,893
	10,977,046	9,517,626
Less: allowance for doubtful accounts	1,569,086	1,034,919
	$ 9,407,960	$ 8,482,707

NOTE 3 – INVENTORY

Inventory consists of the following as of December 31,

	2020	2019
Pre-owned vehicles:		
Powersport vehicles	$ 1,869,830	$10,365,050
Automobiles and trucks	19,592,896	47,599,433
	21,462,726	57,964,483
Less: Reserve	102,285	583,202
	$21,360,441	$57,381,281

NOTE 4 – ACQUISITIONS

On February 3, 2019, the Company completed the Autosport Acquisition pursuant to the Stock Purchase Agreement, by and among the Buyer, the Seller and Autosport. Aggregate consideration for the Autosport Acquisition consisted of (i) a closing cash payment of $600,000, plus (ii) the Promissory Note in favor of the Seller, plus (iii) the Convertible Note in favor of the Seller, plus (iv) contingent earn-out payments payable in the form of cash and/or the Company's Class B Common Stock for up to an additional $787,500 if Autosport achieves certain performance thresholds. In connection with the Autosport Acquisition, the Buyer also paid outstanding debt of Autosport of $235,000 and assumed debt of $257,933 pursuant to the Second Convertible Note. The fair value of the contingent earn-out payment was considered immaterial at the date of acquisition and was excluded from the purchase price allocation. As of December 31, 2020, there have been no payments earned under the performance threshold. See Note 1 – Description of Business and Significant Accounting Policies for additional information on the Autosport Acquisition.

The following table summarizes the final allocation of the purchase price based on the estimated fair value of the acquired assets and assumed liabilities of Autosport as of December 31, 2019.

Purchase price consideration:	
Cash	$ 835,000
$1,536,000 convertible note	1,536,000
$500,000 promissory note	500,000
$257,933 Promissory note	257,933
Total purchase price consideration	$ 3,128,933
Estimated fair value of assets:	
Accounts receivable	3,177,660
Inventory	2,862,004
	6,039,664
Estimated fair value of accounts payable and other	5,875,009
Excess of assets over liabilities	164,655
Goodwill	2,964,278
Total net assets acquired	$ 3,128,933

Supplemental pro forma unaudited information (unaudited)

There were no acquisitions in 2020. Pro forma adjustments for the year ended December 31, 2019 related to the Autosport Acquisition primarily include adjustments to reflect the: (i) amortization of stock compensation expense of $18,351; and (ii) interest expense of $20,174.

	Year Ended December 31,
Unaudited	2019
Pro forma revenue	$ 846,947,956
Pro forma net loss	$ (45,296,568)
Loss per share - basic and fully diluted	$ (40.37)
Weighted-average common shares and common stock equivalents outstanding basic and fully diluted	1,122,058

NOTE 5 – PROPERTY AND EQUIPMENT, NET

The following table summarizes property and equipment, net of accumulated depreciation and amortization as of December 31,

	2020	2019
Vehicles	$ 240,603	$ 158,327
Furniture and equipment	191,047	448,074
Technology development and software	11,008,302	8,863,247
Leasehold improvements	321,082	246,135
Total property and equipment	11,761,035	9,715,783
Less: accumulated depreciation and amortization	5,239,589	3,288,109
Total	$ 6,521,446	$ 6,427,674

Amortization and depreciation on Property and Equipment is determined on a straight-line basis over the estimated useful lives ranging from 3 to 5 years.

On December 31, 2020, capitalized technology development costs were $10,800,292 which includes $2,900,000 of software acquired in the NextGen transaction. Total technology development costs incurred was $3,529,743 for the year ended December 31, 2020 of which $2,145,055, was capitalized and $1,384,688, was charged to expense in the accompanying Consolidated Statements of Operations. Depreciation expense for the year ended December 31, 2020 was $2,142,939, which included the amortization of capitalized technology costs of $1,887,305. Total technology development costs incurred was $5,494,082 for the year ended December 31, 2019 of which $3,085,743 was capitalized and $2,408,338 was charged to expense in the accompanying Consolidated Statements of Operations. Depreciation expense for the year ended December 31, 2019 was $1,786,426, which included the amortization of capitalized technology costs of $1,436,088.

NOTE 6 – INTANGIBLE ASSETS AND GOODWILL

Following is a summary of the changes in the carrying amount of goodwill and other indefinite-lived asset during the years ended December 31, 2020 and 2019.

	Goodwill	Indefinite Lived Intangible Assets
Balance at December 31, 2018	$26,107,146	$ 45,515
Acquisitions	2,964,278	-
Impairment	(1,850,000)	-
Measurement period adjustment	(334,861)	-
Balance at December 31, 2019	26,886,563	45,515
Acquisitions	-	-
Impairment	-	-
Balance at December 31, 2020	$26,886,563	$ 45,515

The following is a summary of the changes in the carrying amount of goodwill by reportable segment during the years ended December 31, 2020 and 2019.

	Powersports	Automotive	Vehicle Logistics	Total
Balance at December 31, 2018	$ 1,850,000	$23,074,775	$ 1,182,371	$26,107,146
Acquisitions	-	2,964,278	-	2,964,278
Impairment	(1,850,000)	-	-	(1,850,000)
Measurement period adjustment	-	-	(334,861)	(334,861)
Balance at December 31, 2019	-	26,039,053	847,510	26,886,563
Acquisitions	-	-	-	-
Impairment	-	-	-	-
Balance at December 31, 2020	$ -	$26,039,053	$ 847,510	$26,886,563

We test for impairment of our intangible assets at least annually. During the year ended December 31, 2020, we did not recognize any impairment loss on goodwill. During the year ended December 31, 2019, we recognized an impairment loss on goodwill of $1,850,000 related to powersports, which is recorded in selling, general and administrative expenses in the Consolidated Statement of Operations. During the quarter ended September 30, 2019, the Company finalized the preliminary purchase price allocation recorded at the acquisition date for Wholesale Express and made a measurement period adjustment to the preliminary purchase price allocation which resulted in a decrease in goodwill of $334,861. The Company made this measurement period adjustment to reflect facts and circumstances related to accounts receivable and accounts payable that existed as of the acquisition date and did not result from intervening events subsequent to such date.

NOTE 7 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

The following table summarizes accounts payable and other accrued liabilities as of December 31, 2020 and 2019:

	2020	2019
Accounts payable	$ 8,167,957	$ 8,730,624
Operating lease liability-current portion	1,630,002	1,423,610
Accrued payroll	1,079,771	715,658
State and local taxes	856,341	912,062
Other accrued expenses	973,377	639,140
Total	$12,707,448	$12,421,094

NOTE 8 – NOTES PAYABLE AND LINES OF CREDIT

Notes payable consisted of the following as of December 31,

	2020	2019
Notes payable-NextGen dated February 8, 2017. Interest is payable semi-annually at 6.5% through February 9, 2019 and 8.5% through February 10, 2020 and 10.0% thereafter through maturity, which is January 31, 2021.	$ 833,334	$ 1,333,334
Notes payable-private placement dated March 31, 2017. Interest is payable semi-annually at 8.5% through March 31, 2020 and 10.0% thereafter through maturity which is June 30, 2021. Unamortized debt discount was $0 and $75,601 as of December 31, 2020 and December 31, 2019, respectively.	669,175	667,000
Line of credit-floor plan Ally dated February 16, 2018. Facility provides up to $25,000,000 of available credit secured by vehicle inventory and other assets. Interest rate at December 31, 2019 was 7.05%. Principal and interest are payable on demand.	-	8,419,897
Line of credit-floor plan NextGear dated October 30, 2018. Secured by vehicle inventory and other assets. Interest rate at December 31, 2020 was 4.75%. Principal and interest is payable on demand.	17,811,626	50,741,073
Revolving Line of Credit note secured by the loans and other assets of RumbleOn Finance, LLC. Interest rate at December 31, 2020 was 7.25%	888,852	-
PPP Loans dated May 1, 2020. Payments of principal and interest 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.	5,176,845	-
Less: Debt discount	-	(75,601)
Total notes payable and lines of credit	25,379,832	61,085,703
Less: Current portion	20,688,651	59,160,970
Long-term portion	$ 4,691,181	$ 1,924,733

As of December 31, 2020, future principal debt payments are due as follows:

2021	$ 485,664
2022	1,391,145
2023	1,405,367
2024	1,419,732
2025	474,936
Total debt payments	$ 5,176,845

Line of Credit-Floor Plan-NextGear

On October 30, 2018, Wholesale, as borrower, entered into a floorplan vehicle financing credit line (the "NextGear Credit Line") with NextGear. As of the date of this filing, based on on-going discussions with NextGear, we will limit our advances under the NextGear Credit Line for Wholesale and Autosport to $55,000,000 with Wholesale and Autosport limiting the aggregate amount of advances under the credit line to $20,000,000 through June 30, 2021, at which time the credit line will be repaid in full. Advances under the NextGear Credit Line will bear interest at an initial per annum rate of 5.25%, based upon a 360-day year, and compounded daily, and the per annum interest rate will vary based on a base rate, plus the contract rate, which is currently negative 2.0%, until the outstanding liabilities to NextGear are paid in full. Interest expense on the line of credit-floor plan for the years ended December 31, 2020 and 2019, was $1,634,802 and $2,697,591, respectively.

Line of Credit-Floor Plan-Ally

On February 16, 2018, the Company, through its wholly owned subsidiary RMBL MO entered into an Inventory Financing and Security Agreement (the "Credit Facility") with Ally and Ally Financial, Inc., a Delaware corporation ("Ally" together with Ally Bank, the "Lender"), pursuant to which the Lender could provide up to $25,000,000 in financing, or such lesser sum which may be advanced to or on behalf of RMBL MO from time to time, as part of its floorplan vehicle financing program. Advances under the Credit Facility required that the Company maintain 10.0% of the advance amount as restricted cash. Advances under the Credit Facility bore interest at a per annum rate designated from time to time by the Lender and were determined using a 365/360 simple interest method of calculation, unless expressly prohibited by law. Interest expense on the Credit Facility for the years ended December 31, 2020 and 2019 was $77,266 and $541,702, respectively. The Ally Line of Credit ended in February 2020.

Loan Agreement-Hercules Capital Inc.

On May 14, 2019, the Company made a payment to Hercules Capital Inc. ("Hercules") of $11,134,695, representing the principal, accrued and unpaid interest, fees, costs and expenses outstanding under its Loan and Security Agreement (the "Loan Agreement") with Hercules dated April 30, 2018 (the "Hercules Indebtedness"). Upon the payment, all outstanding indebtedness and obligations of the Company owed to Hercules under the Loan Agreement were paid in full, and the Loan Agreement has been terminated. The Company used a portion of the net proceeds from the Note Offering (described below) to pay the Hercules Indebtedness. In accordance with the guidance in ASC 470-50, *Debt*, the Company accounted for the extinguishment of the Hercules Loan Agreement as an extinguishment and recognized a loss on early extinguishment of debt of $1,499,250 for the year ended December 31, 2019 in the Consolidated Statements of Operations. The loss on early extinguishment consisted primarily of the prepayment penalty paid to Hercules and unamortized debt discounts including the remaining portion of warrant values and debt issuance costs.

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 $1,333,334. 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 10.0% thereafter through the Maturity Date. Upon the occurrence of any event of default, the outstanding balance under the NextGen Note shall become immediately due and payable upon election of the holder. The Company's obligations under the NextGen Note are secured by substantially all the assets of NextGen 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. Under the terms of the Guaranty Agreement, NextGen Pro has agreed to guarantee the performance of all the Company's obligations under the NextGen Note. 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 Credit Facility for the years ended December 31, 2020 and 2019 was $87,128 and $110,484, respectively. The NextGen Note plus accrued interest was paid in full on January 31, 2021.

Private Placement

On March 31, 2017, the Company completed funding of the second tranche of the 2016 Private Placement (as defined below). 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 $667,000, in consideration of cancellation of loan agreements having an aggregate principal amount committed by the purchasers of $1,350,000. Under the terms of the Private Placement Notes, interest shall accrue on the outstanding and unpaid principal amounts until paid in full. The Private Placement Notes mature on January 31, 2021. Interest accrues 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. Upon the occurrence of any event of default, the outstanding balance under the Private Placement Notes shall become immediately due and payable upon election of the holders. 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 $667,000 with the corresponding amounts recorded as an addition to paid-in capital. The debt discount was amortized to interest expense until the scheduled maturity of the Private Placement Notes in January 2021 using the effective interest method. The effective interest rate at December 31, 2020 was 26.0%. Interest expense on the Private Placement Notes was $140,136 and $316,091, respectively for the years ended December 31, 2020 and 2019, which included debt discount amortization of $75,601 and $70,565, respectively for the years ended December 31, 2020 and 2019. On January

31, 2021, a payment of $371,000 was made on the Private Placement Note and the remaining balance of $297,411 was extended through June 30, 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 (the "Investors"), including Halcyon, an entity affiliated with Kartik Kakarala, a former director of the Company, such New Investor Note for an aggregate principal amount of $833,333 (after taking account of a $500,000 pay down of the previously outstanding Halcyon note), Blue Flame Capital, LLC ("Blue Flame"), an entity affiliated with Denmar Dixon, a director of the Company, such New Investor Note for an aggregate principal amount of $99,114, and Mr. Dixon, individually, such New Investor Note for an aggregate principal amount of $272,563. The Halcyon and Blue Flame outstanding principal plus accrued interest were paid in full on January 31, 2021.

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 $5,176,845 (the "Loan Proceeds"). The Borrowers received the Loan Proceeds on May 1, 2020, and under the SBA Loan Documents, the SBA Loans had an initial maturity date of April 30, 2022 and an annual interest rate of 1.0%. Payment of principal and interest, to be paid monthly, on the PPP Loans can be prepaid by the Company at any time and was originally deferred through October 30, 2020. On October 7, 2020, the Small Business Administration published guidance of its interpretation of the CARES ACT and of the Paycheck Protection Program Interim Final Rules that indicates, pursuant to the PPP Flexibility Act of 2020, the deferral period for borrow payments of principal, interest and fees on all PPP was extended 10 months after the borrower's loan forgiveness period. Additionally, the SBA lender agreed to extend the maturity pursuant to the Interim Final Rules. As a result, monthly equal payments of principal and interest will begin September 1, 2021, with the last payment due April 1, 2025.

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. The Company used a portion of the proceeds of the PPP Loans for Qualifying Expenses. However, no assurance is provided that the Company will be able to obtain forgiveness of the PPP Loans in whole or in part. The Company and its PPP lender have not yet discussed extending the maturity, nor has the Company applied for loan forgiveness. Interest expense on the PPP Notes for the year ended December 31, 2020 as $30,960.

Convertible Notes

As of December 31, 2020, the outstanding convertible promissory notes net of debt discount and issue costs are summarized as follows:

	December 31, 2020			December 31, 2019		
	Face Amount	Debt Discount	Carrying Amount	Face Amount	Debt Discount	Carrying Amount
Convertible senior notes	$38,750,000	$11,737,521	$27,012,479	$30,000,000	$10,402,024	$19,597,976
Convertible notes-Autosport						
$1,536,000 unsecured note	1,024,000	307,958	716,042	1,536,000	379,616	1,156,384
$500,000 unsecured note	-	-	-	500,000	6,092	493,908
$257,933 unsecured note	-	-	-	257,933	6,382	251,551
	39,774,000	12,045,479	27,728,521	32,293,933	10,794,114	21,499,819
Less: Current portion	(768,000)	(205,498)	(562,502)	(1,461,933)	(98,343)	(1,363,590)
Long-term portion	$39,006,000	$11,839,981	$27,166,019	$30,832,000	$10,695,771	$20,136,229

Convertible Senior Notes

On May 9, 2019, the Company entered into a purchase agreement (the "Purchase Agreement") with JMP Securities LLC ("JMP Securities") to issue and sell $30,000,000 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"). The Company paid JMP Securities a fee of 7.0% of the gross proceeds in the 2019 Note Offering. The proceeds for the 2019 Note Offering after deducting the initial purchaser's discounts, advisory fees, and related offering expenses, were approximately $27,385,500.

The Old Notes were issued on May 14, 2019 pursuant to an Indenture (the "Old Indenture") by and between the Company and Wilmington Trust, National Association, as trustee (the "Trustee"). The Purchase Agreement included customary representations, warranties and covenants by the Company and customary closing conditions. Under the terms of the Purchase Agreement, the Company agreed to indemnify JMP Securities against certain liabilities. The Old Notes bore interest at 6.75% per annum, payable semiannually on May 1 and November 1 of each year, beginning on November 1, 2019. The Old Notes could bear additional interest under specified circumstances relating to the Company's failure to comply with its reporting obligations under the Old Indenture or if the Old Notes were not freely tradeable as required by the Old Indenture. The Old Notes would have matured on May 1, 2024, unless earlier converted, redeemed or repurchased pursuant to their terms.

The initial conversion rate of the Old Notes was 8.6956 shares of Class B Common Stock, per $1,000 principal amount of the Old Notes, subject to adjustment (which is equivalent to an initial conversion price of approximately $115.00 per share, subject to adjustment). The conversion rate was subject to adjustment in some events but would not have been adjusted for any accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change (as defined in the Old Indenture), the Company would, in certain circumstances, increase the conversion rate by a number of additional shares for a holder that elected to convert its Old Notes in connection with such make-whole fundamental change.

The Old Notes were not redeemable by the Company prior to the May 6, 2022. The Company could have redeemed for cash all or any portion of the Old Notes, at its option, on or after May 6, 2022 if the last reported sale price of the Company's Class B Common Stock had been at least 150.0% 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 100.0% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund was provided for the Old Notes. If redeemed, the Company would have made an interest make-whole payment to the converting holder equal to the sum of the present values of the scheduled payments of interest that would have been made on the Old Notes to be converted had such Old Notes remained outstanding from the conversion date through the earlier of the date that is two years after the conversion date and June 15, 2022.

In connection with the 2019 Note Offering, the Company entered into a registration rights agreement with JMP Securities, pursuant to which the Company agreed to file with the SEC a resale shelf registration statement providing for the resale of the Old Notes and the shares of Class B Common Stock issuable upon conversion of the Old Notes. This resale registration statement was filed on August 22, 2019 and declared effective on August 30, 2019.

On January 10, 2020, the Company entered into a Note Exchange and Subscription Agreement, as amended by a Joinder Agreement (together, the "New Note Agreement"), with the investors in the 2019 Note Offering, pursuant to which the Company agreed to complete (i) a note exchange pursuant to which $30,000,000 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 "Notes") and (ii) the issuance of additional New Notes in a private placement in reliance on the exemption from registration provided by Rule 506 of Regulation D of the Securities Act as a sale not involving any public offering (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 $8,272,375.

The New Notes were issued on January 14, 2020 pursuant to an Indenture (the "New Indenture"), by and between the Company and the Trustee. The New Note Agreement includes customary representations, warranties and covenants by the Company and customary closing conditions. The New Notes bear interest at 6.75% per annum, payable semiannually on January 1 and July 1 of each year, 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 tradeable 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 $1,000 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 $1,000 in principal amount.

The New Indenture contains a "blocker provision" which provides that no holder (other than the depositary 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 the 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 100.0% 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 100.0% of the principal of and accrued and unpaid interest, if any, on all the New Notes then outstanding to be due and payable.

In connection with the 2020 Note Offering, on January 14, 2020, the Company entered into a registration rights agreement with the Note Investors, pursuant to which the Company has agreed to file with the SEC a shelf registration statement registering the sale, on a continuous or delayed basis, of all of the New Notes and to use its commercially reasonable efforts to cause the shelf registration statement to become or be declared effective under the Securities Act no later than May 29, 2020 (which date was adjusted for certain intervening events, including the COVID-19 pandemic). The registration statement was filed on June 19, 2020 and declared effective on June 30, 2020. In connection with the filing of the registration statement, the Company deregistered the Old Notes previously registered for resale.

As of December 31, 2020, 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 the 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 $188,164 equal to difference between the fair value of the Old Notes liability immediately prior to extinguishment and the carry amount of the liability component of the Old Notes, including any all-unamortized debt issuance costs. The remaining consideration of $2,593,163 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 $25,280,430 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 $13,529,141 in total debt discount related to the New Notes which included $59,571 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 $59,571 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 $40,669 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 $20,673 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 value of the derivative liability increased to $137,488 as of March 31, 2020. The derivative liability is remeasured at each reporting date with an increase in value of $10,806 being recorded in other income for the year ended December 31, 2020. The value of the derivative liability as of December 31, 2020 was $16,694.

The interest expense recognized with respect to the Convertible Senior Notes for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Contractual interest expense	$ 2,566,171	$ 1,305,000
Amortization of debt discounts	1,867,313	1,218,064
Total	$ 4,433,485	$ 2,523,064

Convertible Notes-Autosport USA

On February 3, 2019, in connection with the Autosport Acquisition, the Company issued (i) the Promissory Note, and (ii) the Convertible Note in favor of the Seller. In connection with the Autosport Acquisition, the Buyer also assumed additional debt of $257,933 pursuant to the Second Convertible Note.

The $500,000 Promissory Note had a term of fifteen months and accrued interest at a simple rate of 5.0% per annum. Interest under the Promissory Note was payable upon maturity. In June 2020, principal payments of $122,000 were made and the promissory note maturity date was extended to October 1, 2020. Any interest and principal due under the Promissory Note was convertible, at the Buyer's option into shares of the Company's Class B Common Stock at a conversion price equal to the weighted average trading price of the Company's Class B Common Stock on the Nasdaq Stock Exchange for the twenty (20) consecutive trading days preceding the conversion date. The Buyer elected not to convert any principal or interest and the loan has been repaid in full.

The $1,536,000 Convertible Note matures on January 31, 2022 accrues interest at a rate of 6.5% per annum. Interest under the Convertible Note is payable monthly for the first 12 months, and thereafter monthly payments of amortized principal and interest will be due. 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 15,962 shares of the Company's Class B Common Stock.

The Second Convertible Note had a term of one year and accrued interest at a simple rate of 5.0% per annum. The Note was repaid in full during the year ended December 31, 2020.

For the years ended December 31, 2020 and 2019, interest expense on the convertible notes was $187,751 and $228,001, respectively, and included $84,131 and $103,095, respectively of debt discount amortization.

NOTE 9 – STOCKHOLDERS' EQUITY

Share-Based Compensation

On June 30, 2017 the Company's shareholders approved a Stock Incentive Plan (the "Plan") reserving for issuance under the Plan in the form of restricted stock units ("RSUs"), stock options ("Options"), Performance Units, and other equity awards (collectively "Awards") for our employees, consultants, directors, independent contractors and certain prospective employees who have committed to become an employee (each an "Eligible Individual") of up to 12.0% of the shares of Class B Common Stock outstanding from time to time. On June 25, 2018, the Company's shareholders approved an amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 12.0% of the Company's issued and outstanding shares of Class B Common Stock from time to time to 100,000 shares of Class B Common Stock (the "First Plan Amendment"). On May 20, 2019, the Company's stockholders approved another amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 100,000 shares of Class B Common Stock to 200,000 shares of Class B Common Stock (the "Second Plan Amendment"). On August 25, 2020, the Company's stockholders approved another amendment to the Plan to increase the number of shares authorized for issuance under the Plan from 200,000 shares of Class

B Common Stock to 700,000 shares of Class B Common Stock (the "Third Plan Amendment"). To date, the vesting of RSU and Option awards is service / time based. Substantially all service/time based RSU and Option awards issued typically vest over a three-year period approximating the following vesting schedule: (i) 20.0% vesting anywhere from eight-months to thirteen months after grant date, (ii) an additional 30.0% during the subsequent twelve months of the initial vesting, and (iii) the final 50.0% during the following twelve months. Performance-based awards and market condition-based awards granted to date have vesting schedules that are typically dependent on achieving a particular objective within thirty (30) months. The Company estimates the fair value of awards granted under the Plan on the date of grant.

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 based on the share 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 a apply discount to the fair 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-Sholes 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; the 2020 market-condition based awards assumed expected volatility to be 125% and a risk-free interest rate of 1.0%. We generally expense the grant-date fair value of all awards on a straight-line basis over the vesting period.

	For the Years Ended December 31,	
	2020	2019
Restricted stock units	$ 2,957,415	$ 3,812,993
Options	20,821	23,525
Total stock-based compensation	$ 2,978,236	$ 3,836,518

As of December 31, 2020, unrecognized stock-based amortization related to outstanding RSU and stock awards and the related weighted-average period over which it is expected to be recognized subsequent to December 31, 2020 is presented in the table below. Total unrecognized equity will be adjusted for actual forfeitures.

	Unrecognized Stock Based Compensations Related to Outstanding Awards	Remaining Weighted-Average Amortization Period (in years)
Restricted stock units	$ 3,210,906	1.08
Options	47,840	.83
Total unrecognized stock-based amortization	$ 3,258,746	1.91

Restricted Stock Units

RSU activity during the years ending December 31, 2020 and December 31, 2019 was as follows:

	Number of RSUs		Weighted - Average Grant Date Fair Value
Outstanding at December 31, 2018	75,389	$	104.63
Granted	80,050	$	60.81
Vested	(9,000)	$	86.54
Forfeited	(16,501)	$	61.45
Outstanding at December 31, 2019	129,938	$	99.00
Granted	416,435	$	6.60
Vested	(35,274)	$	87.91
Forfeited	(67,256)	$	98.53
Outstanding at December 31, 2020	443,843	$	13.26
Expected to vest	443,843	$	13.26

Non-qualified Stock Options

Non-qualified stock options allow recipients to purchase shares of Class B common stock at a fixed exercise price. The fixed exercise price is equal to the price of a share of Class B common stock at the time of grant. The options expire ten years after the grant date and typically vest 20% between nine-months and one-year after the grant date and thereafter in quarterly installments of 7.5% and 12.5% during the 2nd and 3rd vesting years, respectively.

	Number of Options		Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)		Aggregate Intrinsic Value
Outstanding at December 31, 2018	-		n/a			n/a
Options granted	5,608		78.10			n/a
Options exercised	-		n/a			n/a
Options forfeited or expires	(521)		81.60			n/a
Outstanding at December 31, 2019	5,087		78.10	9.6		n/a
Options granted	250	$	61.40		$	n/a
Options exercised	-		n/a			n/a
Options forfeited or expires	(2,586)		74.72		$	n/a
Outstanding at December 31, 2020	2,751	$	79.76	8.7	$	n/a
Vested / exercisable at December 31, 2020	937		80.13	8.7	$	n/a
Expected to vest as of December 31, 2020	2,751		79.57	8.7	$	n/a

Fair value of all option awards is based on the share price of the Class B Common Stock on the date of the award and is calculated using the Black-Scholes option valuation model using the assumptions in the following table:

		2020		2019
Risk-free rate		0.3%		1.5%
Expected volatility		194.75%		85.0%
Expected life (in years)		5.48		5.75
Expected dividend yield		-		-
Weighted average grant date fair value per option	$	29.66	$	34.20

Security Offerings

On February 11, 2019, the Company completed an underwritten public offering of 63,825 shares of its Class B Common Stock at a price of $111.00 per share for net proceeds to the Company of $6,543,655. The completed offering included 8,325 shares of Class B Common Stock issued upon the underwriter's exercise in full of its over-allotment option.

On May 9, 2019, the Company entered into a Securities Purchase Agreement with certain accredited investors (the "Investors") pursuant to which the Company agreed to sell in a private placement (the "Private Placement") an aggregate of 95,000 shares of its Class B Common Stock, at a purchase price of $100.00 per share. JMP Securities served as the placement agent for the Private Placement. The Company paid JMP Securities a fee of 7.0% of the gross proceeds in the Private Placement. The Private Placement closed on May 17, 2019. The proceeds for the Private Placement, after deducting commissions and related offering expenses, were $8,665,000.

2020 Public Offering

On January 14, 2020, pursuant to an underwritten public offering, the Company issued 900,000 shares of Class B Common Stock at a public price of $11.40 per share (the "2020 Public Offering"). On January 16, 2020, the Company received notice of the Underwriters' intent to exercise the over-allotment option in full (the "Over-allotment Exercise"). On January 17, 2020, the Company issued an additional 135,000 shares of Class B Common Stock and closed the Over-allotment Exercise. The Over-allotment Exercise increased the aggregate number of shares sold in the 2020 Public Offering to 1,035,000. Including the Over-allotment Exercise, net proceeds from the 2020 Public Offering, after deducting the 8.0% underwriter's commission and $75,000 for underwriter expenses, were $10,780,080. Certain of the Company's officers and directors participated in the 2020 Public Offering.

The Company used the net proceeds of the 2020 Public Offering for working capital and general corporate purposes, which included further technology development, increased spending on marketing and advertising and capital expenditures necessary to grow the business.

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 Annual Report on Form 10-K for the Reverse Stock Split.

NOTE 10 – COMMON STOCK WARRANTS

In connection with the October 23, 2017 public offering of 145,500 shares of Class B common stock the Company issued to underwriters warrants to purchase 10,913 shares of Class B common stock, which was equal to 7.5% of the aggregate number of shares of Class B common stock sold in the Offering. The Warrants are exercisable at a per share price of $126.50, which was equal to 115.0% of the Offering price per share of the shares sold in the Offering and mature on April 20, 2023. In April, 2018, pursuant to the Loan Agreement by and among Hercules Capital, the Company, and its wholly owned subsidiaries, the Company issued Hercules a warrant to purchase 4,091 (increasing to 5,455 if a fourth tranche in the principal amount of up to $5,000,000 is advanced at the parties agreement) shares of the Company's Class B Common Stock (the "Hercules April Warrant") at an exercise price of $110.00 per share (the "Hercules April Warrant Price"). The Hercules April Warrant is immediately exercisable and expires on April 30, 2023. In October, 2018, under an amendment to the Loan Agreement, the company issued Hercules a warrant to purchase 1,048 shares of the Company's Class B Common Stock (the "Hercules October Warrant") at an exercise price of $143.13 per share (the "Hercules October Warrant Price"). The Hercules October Warrant is immediately exercisable and expires on October 30, 2023. The Hercules warrants contain anti-dilutive provisions that increase the number of shares covered by the warrants in the event the Company makes a New Issuance (as defined in the Loan Agreement) for no consideration or consideration that is less than the Warrant Prices. The following table summarizes the warrants outstanding as of December 31, 2020 and 2019:

	2020	2019
Warrants outstanding at the beginning of the year	16,530	16,051
New warrant issuances to Hercules	-	-
Adjustment to the Hercules warrants due to the anti-dilutive provisions	-	479
Warrants outstanding at the end of the year	16,530	16,530

The Company has classified the warrants as equity in accordance with ASC 815. The fair value of the warrants were valued at issuance using the Black-Scholes option pricing model with the following assumptions:

	Underwriter Warrants	Hercules April Warrants	Hercules October Warrants
Warrants exercise price	$ 126.50	$ 110.00	$ 143.20
Fair value price per share of common stock	$ 110.00	$ 101.40	$ 114.60
Volatility	62.0%	70.0%	70.0%
Expected term remaining (years)	5.0	5.0	5.0
Risk-free interest rate	1.31%	2.79%	2.94%
Discount for lack of marketability	20.0%	20.0%	20.0%
Dividend yield	-	-	-
Fair value at initial valuation date	$ 505,273	$ 208,369	$ 59,292

NOTE 11 – SELLING, GENERAL AND ADMINISTRATIVE

The following table summarizes the detail of selling, general and administrative expense for the years ended December 31,

	2020	2019
Compensation and related costs	$25,734,308	$33,502,020
Advertising and marketing	5,287,284	18,228,262
Professional fees	3,148,381	2,542,357
Technology development	1,421,138	2,408,338
General and administrative	18,068,237	29,943,272
	$53,659,348	$86,624,249

NOTE 12 – LOSS CONTINGENCIES AND INSURANCE RECOVERIES

On March 3, 2020, a severe tornado struck the greater Nashville area causing 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 $13,000,000; (2) building and personal property loss, primarily impacting our leased facilities, assessed by the insurance carrier at $2,783,000; and (3) loss of business income, for which the company has coverage in the amount of $6,000,000.

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 has advanced $5,615,268 against the final settlement. The insurer has agreed to pay $2,778,000 on the building and personal property loss, reflecting limits of $2,783,000 net of a $5,000 deductible. The insurer has made an interim payment on the building and personal property loss of $2,269,507 to the landlord. The loss of business income claim is ongoing and remains in the process of negotiation, however, the insurer has advanced $250,000 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 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. During the year ended December 31, 2020 the Company recorded an impairment loss on inventory of $11,738,413 comprised of $4,453,775 for vehicles that were a total loss and $7,284,638 in loss in value for vehicles partially damaged and subject to repair. The impairment loss is reported in cost of revenue in the consolidated statements of operations. On July 23, 2020, the insurer made an advance against the final settlement of the damage claim on inventory of $5,615,268. This recovery has been recorded as a separate component of operating loss for the year ended December 31, 2020.

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

The following table includes supplemental cash flow information, including noncash investing and financing activity for the years ended December 31, 2020 and 2019:

	2020	2019
Cash paid for interest	$ 3,834,758	$ 4,888,070
Convertible notes payable issued in acquisition	$ -	$ 2,293,933

The following table provides a reconciliation of cash and restricted cash reported within the accompanying consolidated balance sheets that sum to the total of the same amounts shown in the accompanying consolidated statements of cash flows as of December 31,

	December 31,	
	2020	2019
Cash and cash equivalents	$ 1,466,831	$ 49,660
Restricted cash (1)	2,049,056	6,676,622
Total cash, cash equivalents, and restricted cash	$ 3,515,887	$ 6,726,282

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

NOTE 14 – INCOME TAXES

U.S. Tax Reform

On December 22, 2017, legislation commonly known as the Tax Cuts and Jobs Act, or the Act, was signed into law. The Tax Act, among other changes, reduced the U.S. federal corporate tax rate from 35.0% to 21.0%, required taxpayers to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and created new taxes on certain foreign sourced earnings. For the two years ended December 31, 2020, the Company did not have any foreign subsidiaries and the international aspects of the Tax Act are not applicable.

In connection with the initial analysis of the impact of the Tax Act, the Company remeasured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 26.0% including state income taxes. The remeasurement of the Company's deferred tax balance was primarily offset by application of its valuation allowance. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was enacted in response to the novel coronavirus (COVID-19) pandemic. The CARES Act includes numerous provisions relating to, among other things, refundable payroll tax credits, deferment of employer portion of certain payroll taxes, net operating loss amounts and carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. Due to the recent enactment of the CARES Act, the Company is currently analyzing the potential impacts of this legislation on its financial position and results of operations.

Deferred income taxes reflect the net tax effect of temporary difference between amounts recorded for financial reporting purposes and amounts used for tax purposes. The major components of deferred tax assets and liabilities are as follows as of December 31,

	2020	2019
Deferred tax assets:		
Net operating loss carryforward	$ 21,494,873	$ 17,380,733
Business interest carryforward	1,651,179	645,165
Stock-based compensation	518,320	1,287,424
Accounts receivable allowance	361,606	269,403
Lease liabilities	1,568,773	1,599,651
Inventory reserve	26,574	151,815
Basis difference in goodwill	351,993	385,570
Accrued liabilities	122,644	-
Property and equipment	372,896	191,259
Total deferred income tax assets	26,468,858	21,911,020
Deferred tax liabilities:		
Right-of-use assets	1,478,224	1,572,368
Debt issuance costs amortization	1,248,455	28,818
Total deferred tax liabilities	2,726,679	1,601,186
Net deferred tax asset before valuation allowance	23,742,179	20,309,834
Valuation allowance	(23,742,179)	(20,309,834)
Net deferred taxes	$ -	$ -

A reconciliation of the statutory U.S. Federal income tax rate to the Company's effective income tax rate for the years ended December 31, 2020 and 2019.

	2020	2019
U.S. Federal statutory rate	21.0%	21.0%
State and local, net of federal benefit	5.0%	5.0%
Permanent difference	(1.4)%	(1.1)%
Valuation allowance	(24.6)%	(24.9)%
Effective tax rate	-%	-%

No current provision for Federal income taxes was recorded for the years ended December 31, 2020 and 2019 due to the Company's operating losses. As of December 31, 2020 and 2019, the Company has operating loss carryforwards of $82,733,046 and $66,717,013, respectively, a portion of which begin to expire in 2033. We have provided a valuation allowance on the deferred tax assets of $23,742,179 and $20,309,834 for the periods ended December 31, 2020 and 2019, respectively. In assessing the recovery of the deferred tax assets, management considers 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.

NOTE 15 – LOSS PER SHARE

The Company computes basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for participating securities. Under the two-class method, basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighed-average number of shares of common stock outstanding during the period. The diluted net loss 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, 443,843 of RSUs, 2,751 of stock options, 16,530 of warrants to purchase shares of Class B Common Stock 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.

In connection with the Company's acquisition of Wholesale, the Company issued 1,317,329 shares of Series B Non-Voting Convertible Preferred Stock. The rights of the holder of the Series B Preferred and Class A and Class B Common Stock are identical, except with respect to voting. The Series B Preferred automatically converted to Class B Common Stock 21 days after the mailing of a definitive information statement prepared in accordance with Regulation 14C of the Exchange Act, without further action on the part of the Company, to the holders of Series B Preferred. The conversion of Series B Preferred to Class B Common was effected on March 4, 2019. 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 Stock at December 31, 2020 were 50,000, 2,191,633, and 0, respectively.

NOTE 16 – RELATED PARTY TRANSACTIONS

As of December 31, 2020 and 2019, the Company had promissory notes of $370,556 and $370,556 and accrued interest of $9,370 and $23,731, respectively, due to Blue Flame, an entity controlled by a Denmar 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. Interest expense on the promissory notes due to Blue Flame, for the years ended December 31, 2020 and 2019 was $77,853 and $183,286, respectively, which included debt discount amortization of $42,001 and $144,409, respectively. The interest was charged to interest expense in the Consolidated Statements of Operations. The Blue Flame Notes plus accrued interest were paid in full on January 31, 2021.

Nashville Leases

In connection with the acquisition of Wholesale, we entered into leases for two facilities in the greater Nashville area owned by Mr. Brewster, a former 5% or greater holder of our Class B Common Stock. One of the leases was terminated in 2019. The other location has a lease term expiring on October 30, 2021, for which we have two (2) renewal options, each of which provides for five (5) additional years with a ten percent (10.0%) increase in the base rent. The rent for the current location is approximately $25,000 per month.

NOTE 17 – 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 right-of-use assets and lease liabilities. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determine the present value of the lease payments.

Operating lease expense is recognized on a straight-line basis over the lease term. Total operating lease expenses for the year ended December 31, 2020 and 2019 was $2,200,288 and $1,661,649, respectively. The current portion of our operating lease liabilities as of December 31, 2020 is $1,630,002 and is included in accounts payable and accrued liabilities. The long-term portion of our operating lease liabilities as of December 31, 2020 is $4,370,154.

The weighted-average remaining lease term and discount rate for our operating leases are as follows:

	2020
Weighted-average remaining lease term	3.7
Weighted-average discount rate	6.2%

Supplemental cash flow information related to operating leases for the year ended December 31, 2020 was as follows:

	2020
Cash payments for operating leases	$ 1,691,637
New operating lease assets obtained in exchange for operating lease liabilities	$ 2,901,318

The following table summarizes the future minimum payments for operating leases at December 31, 2020 due in each year ending December 31,

2021	$ 1,957,188
2022	1,955,037
2023	1,222,866
2024	835,309
2025	553,334
thereafter	285,500
Total lease payments	6,809,234
Less imputed interest	(809,078)
Present value of lease liabilities	$ 6,000,156

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 December 31, 2020 and 2019, 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 18 – CONCENTRATIONS

The Company is dependent on third-party providers of wholesale vehicle auctions. The Company is dependent on their ability to provide services on a timely basis and at favorable pricing terms. The loss of these principal providers or a significant reduction in service availability could have a material adverse effect on the Company. The Company believes that its relationships with these providers are satisfactory.

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 and automotive segments consist of the distribution of pre-owned vehicles. The powersports segment consists of the distribution principally of motorcycles and other powersports vehicles, while the automotive segment distributes cars and trucks. Our vehicle logistics and transportation service segment provides 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 accounting policies of the segments are the same and are described in Note 1.

The following table summarizes revenue, operating income (loss), Depreciation and Amortization and interest expense which are the measure by which management allocates resources to its segments to each of our reportable segments.

	Powersports	Automotive	Vehicle Logistics and Transportation	Eliminations(1)	Total
Year Ended December 31, 2020					
Total assets	$ 45,694,127	$ 47,841,306	$ 10,535,065	$ (27,091,263)	76,979,235
Revenue	$ 47,526,127	$337,084,959	$ 35,887,132	$ (4,070,975)	416,427,243
Operating income (loss)	$ (19,865,965)	$ (1,364,786)	$ 2,671,131	$ -	(18,559,620)
Depreciation and amortization	$ 1,997,142	$ 139,734	$ 6,063	$ -	2,142,939
Interest expense	$ (4,793,732)	$ (1,839,529)	$ (5,064)	$ -	(6,638,325)
Gain on early extinguishment of debt	$ 188,164	$ -	$ -	$ -	188,164
Year Ended December 31, 2019					
Total assets	$ 55,992,165	$ 77,033,326	$ 7,921,578	$ (27,553,978)	113,393,091
Revenue	$101,008,976	$717,042,511	$ 31,931,488	$ (9,353,628)	840,629,347
Operating income (loss)	$ (34,402,724)	$ (5,318,549)	$ 1,928,574	$ -	(37,792,699)
Depreciation and amortization	$ 1,543,023	$ 235,998	$ 7,405	$ -	1,786,426
Interest expense	$ (4,453,549)	$ (2,732,869)	$ (1,186)	$ -	(7,187,604)
Loss on early extinguishment of debt	$ (1,499,250)	$ -	$ -	$ -	(1,499,250)

(1) *Intercompany investment balances related to the acquisitions of Wholesale, Inc. and Wholesale Express, and receivables and other balances related intercompany freight services of Wholesale Express are eliminated in the Consolidated Balance Sheets. Revenue and costs for these intercompany freight services have been eliminated in the Consolidated Statements of Operations.*

NOTE 20 – SUBSEQUENT EVENTS

RideNow Definitive Agreement

On March 12, 2021, the Company entered into a Plan of Merger and Equity Purchase Agreement (the "RideNow Agreement") with RO Merger Sub I, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub I"), RO Merger Sub II, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub II"), RO Merger Sub III, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub III"), RO Merger Sub IV, Inc., an Arizona corporation and wholly owned subsidiary of the Company ("Merger Sub IV," and together with Merger Sub I, Merger Sub II, and Merger Sub III, the "Merger Subs"), C&W Motors, Inc., an Arizona corporation, Metro Motorcycle, Inc., an Arizona corporation, Tucson Motorcycles, Inc., an Arizona corporation, and Tucson Motorsports, Inc., an Arizona corporation, William Coulter, an individual ("Coulter"), Mark Tkach, an individual ("Tkach" and together with Coulter, the "Principal Owners"), and certain other persons who own equity interests in the Acquired Companies (as defined in the RideNow Agreement) and execute a Seller Joinder (as defined in the RideNow Agreement) (together with the Principal Owners, the "Sellers" and each, a "Seller"), and Tkach, as the representative of the Sellers (the "Sellers' Representative"). The Acquired Companies own and operate powersports retail dealerships under the RideNow brand which include sales, financing, and parts and service of new and used motorcycles, ATVs, UTVs, scooters, side by sides, sport bikes, cruisers, watercraft, and other vehicles and ancillary businesses and activities relating thereto.

The RideNow Agreement provides that, upon the terms and subject to the conditions set forth in the RideNow Agreement, (i) the Company will acquire all of the equity interests (the "Equity Purchases") in the Transferred Entities (as defined in the RideNow Agreement), (ii) Merger Sub I will merge with and into C&W Motors, Inc., with C&W Motors, Inc. continuing as a surviving corporation, (iii) Merger Sub II will merge with and into Metro Motorcycle, Inc., with Metro Motorcycle, Inc. continuing as a surviving corporation, (iv) Merger Sub III will merge with and into Tucson Motorcycles, Inc., with Tucson Motorcycles, Inc. continuing as a surviving corporation, and (v) Merger Sub IV will merge with and into Tucson Motorsports, Inc., with Tucson Motorsports, Inc. continuing as a surviving corporation, in each case under the laws of the State of Arizona and each as a wholly-owned subsidiary of the Company (the "Mergers"). The Equity Purchases and the Mergers will result in the acquisition from the Sellers of up to 46 Acquired Companies (the "RideNow Transaction"). The RideNow Transaction is expected to close (the "Closing") in the second or third quarter of 2021. Effective as of the Closing, Tkach and Coulter will become executive officers and directors of the Company.

The RideNow Agreement provides that the Company will acquire the Acquired Companies in exchange for (i) $400,400,000 in cash plus or minus any adjustments for net working capital and closing indebtedness, and (ii) shares of the Company's Class B Common Stock having a value of $175,000,000 (the "Closing Payment Shares"), valued equally, on a per share basis, based upon the lowest value of (A) $30.00; (B) the VWAP of the Company's Class B Common Stock for the twenty (20) trading days immediately preceding the Closing, and (C) the value on a per share basis paid for the Class B Common Stock or any shares underlying securities convertible into or exercisable for Class B Common Stock by any person which purchases Class B Common Stock or any shares underlying securities convertible into or exercisable for Class B Common Stock from the Company from the date of the RideNow Agreement until the Closing not including purchases of Class B Common Stock underlying currently outstanding options, warrants, convertible notes, or other derivative securities. Ten percent (10%) of the Closing Payment Shares will be escrowed at Closing and will be released pursuant to the terms of the RideNow Agreement. The Company will finance the cash consideration through a combination of approximately $280,000,000 of debt provided by the Initial Lender (as defined below) and through the issuance of new equity for the remainder thereof.

Each of the Company, the Merger Subs, and the Sellers has provided customary representations, warranties and covenants in the RideNow Agreement. The completion of the RideNow Transaction is subject to various closing conditions, including (a) the making of all filings and other notifications required to be made under any Antitrust Law (as defined in the RideNow Agreement) for the consummation of the RideNow Transaction, the expiration or termination of all waiting periods relating thereto, and the receipt of all clearances, authorizations, actions, non-actions, or other consents required from a governmental authority under any Antitrust Law for the consummation of the RideNow Transaction, (b) performance in all respects by each party of its covenants and agreements, (c) the Company obtaining stockholder approval of the RideNow Transaction and related matters, (d) the Closing Payment Shares being approved for listing on Nasdaq, and (e) the receipt of consent to the RideNow Transaction from certain powersports manufacturers.

Certain RideNow minority equity holders are not initially parties to the RideNow Agreement and some of such minority holders have rights of first refusal ("ROFR") with respect to the RideNow entity in which they own a stake. If any of these equity holders either decide not to sell their interests to the Company or to exercise their ROFR, RumbleOn will not be able to acquire all of the Equity Interests of the Acquired Companies, or in certain cases any interests in an Acquired Company, and the consideration payable therefor in the RideNow Transaction will be correspondingly reduced. RideNow anticipates that all minority owners will participate in the RideNow Transaction and that no minority owners will exercise their ROFR, but there is no assurance this will occur.

The RideNow Agreement contains certain termination rights for both the Company and the Sellers' Representative. Both the Company and the Sellers' Representative have the right to terminate the RideNow Agreement if the Closing does not occur on or before June 30, 2021, subject to certain rights of the parties to extend the termination date to July 31, 2021, as set forth in the RideNow Agreement.

Commitment Letter

On March 12, 2021, the Company entered into a commitment letter (the "Commitment Letter") with Oaktree Capital Management, L.P. ("Oaktree"). The Commitment Letter provides that, subject to the conditions set forth therein, Oaktree or certain funds or accounts within its Strategic Credit Strategy (the "Initial Lender") commits to provide senior secured term loan facilities in an aggregate principal amount of up to $400,000,000 (the "Credit Facility"), comprised of (i) an initial advance of $280,000,000 to fund the RideNow Transaction, consummate the Refinancing (as defined in the Commitment Letter) and pay the RideNow Transaction costs and (ii) a delayed draw term facility of up to $120,000,000 to fund permitted acquisitions and similar investments and related fees and expenses.

The Credit Facility interest rates will be, at the option of the Company, (a) Adjusted LIBOR (as defined in the Commitment Letter) plus 8.25%, of which (i) Adjusted LIBOR plus 7.25% shall be paid in cash and (ii) 1.00% shall be payable in kind or (b) ABR (as defined in the Commitment Letter) plus 7.25%, of which (i) ABR plus 6.25% shall be paid in cash and (ii) 1.00% shall be payable in kind. The Credit Facility shall mature on the fifth anniversary of the Closing date of the RideNow Transaction (subject to extension with the consent of only the extending lender).

The Company and its subsidiaries will grant certain security interests to the Initial Lender to secure the Credit Facility, subject to certain exceptions and permitted liens, all to be more fully set forth in the definitive documentation for the Credit Facility. The Credit Facility will be subject to prepayment with the proceeds of certain events including 50% of excess cash flow, 100% of certain asset sales, 100% of proceeds of certain debt issuances, and 50% of certain public or private equity financings. The Commitment Letter provides that the Credit Facility will contain customary affirmative and negative covenants, and events of default, subject to certain carve-outs and exceptions as more fully described in the Commitment Letter.

The commitment to provide the Credit Facility is subject to certain conditions, including: the receipt of customary closing documents, completion of applicable "know your customer" requests and delivery of documentation related thereto, no material adverse change, delivery of customary financial reporting, specified representations and warranties, perfection of certain security interests, and delivery of customary legal opinions. The Company will pay certain fees and expenses in connection with obtaining the Credit Facility.

Warrant

In connection with the Commitment Letter, in lieu of a commitment fee, the Company has agreed to issue to Oaktree a warrant to purchase a number of shares of Class B Common Stock at an exercise price per share to be determined either at Closing or at termination of the Commitment Letter (the "Warrant"). If issued at Closing, the Warrant will be for that number of shares equal to $40,000,000 divided by the lowest price per share at which equity is issued in connection with financing the RideNow Transaction, which price shall also be the exercise price. If issued in connection with a termination of the Commitment Letter, the Warrant will be issued to purchase that number of shares equal to five percent (5%) of the Company's fully diluted market capitalization at the close of business on the day after a termination of the Commitment Letter is publicly announced divided by the weighted average price of the Company's Class B Common Stock for the five days immediately preceding such date, which price shall also be the exercise price. The Warrant is immediately exercisable upon the Closing or five days after the termination of the Commitment Letter and expires eighteen (18) months after the Closing or termination of the Commitment Letter.

Bridge Loan

Also in connection with the RideNow Transaction, on March 12, 2021, the Company and its subsidiary, NextGen Pro, LLC ("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 has loaned the Company $2,500,000 (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 is secured by certain intellectual property assets held by NextGen Pro as set forth in Exhibit A to the secured promissory note. Interest will accrue on the Bridge Loan until maturity (by acceleration or otherwise) at a rate of 12% annually.

Certificate of Amendment and Changes to Incentive Plan

In contemplation of the RideNow Transaction, on March 9, 2021, the Board of Directors (the "Board") approved, subject to stockholder approval, (i) an amendment to the Articles of Incorporation of the Company to increase the number of shares of authorized Class B Common Stock to 100,000,000 (the "Certificate of Amendment"), and (ii) an amendment to the RumbleOn, Inc. 2017 Stock Incentive Plan (the "Incentive Plan") to increase the authorized shares of Class B Common Stock available under the Incentive Plan from 700,000 shares to 2,700,000 shares and extend the term of the Incentive Plan for an additional ten years.

Registration Rights and Lock-Up Agreement

In connection with the RideNow Transaction, on March 12, 2021, the Company entered into a registration rights and lock-up agreement, by and among the Company and certain equity holders of the Acquired Companies (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement (i) the Company agreed to file a resale registration statement for the Registrable Securities (as defined in the Registration Rights Agreement) no later than thirty (30) days following the Closing, and to use commercially reasonable efforts to cause it to become effective as promptly as practicable following such filing, (ii) the equity holders were granted certain piggyback registration rights with respect to registration statements filed subsequent to the Closing, and (iii) the Lock-Up Holders (as defined in the Registration Rights Agreement) agreed, subject to certain customary exceptions, not to sell, transfer or dispose of any Company common stock for a period of one hundred and eighty (180) days from the Closing.

Exhibit 31.1

CERTIFICATION

I, Marshall Chesrown, certify that:

(1) I have reviewed this Annual Report on Form 10-K 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.

March 31, 2021

By: /s/ Marshall Chesrown
Marshall Chesrown
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Steven R. Berrard, certify that:

(1) I have reviewed this Annual Report on Form 10-K 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.

March 31, 2021	By:	/s/ Steven R. Berrard
		Steven R. Berrard

Exhibit 32.1

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

In connection with the accompanying Annual Report on Form 10-K of RumbleOn, Inc. (the "Company") for the year ended December 31, 2020, 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.

March 31, 2021

By: /s/ Marshall Chesrown
Marshall Chesrown
Chairman and Chief Executive Officer

Exhibit 32.2

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

In connection with the accompanying Annual Report on Form 10-K of RumbleOn, Inc. (the "Company") for the year ended December 31, 2020, 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.

March 31, 2021

By: /s/ Steven R. Berrard
Steven R. Berrard
Chief Financial Officer

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

BOARD OF DIRECTORS

Marshall Chesrown
Co-Founder, Chairman & Chief Executive Officer, RumbleOn, Inc.

William Coulter
Executive Vice Chairman, RumbleOn, Inc.

Mark Tkach
Chief Operating Officer, RumbleOn, Inc.

Peter Levy
President, RumbleOn, Inc.

Adam Alexander
Co-Founder, CA Global Partners

Denmar Dixon
Managing Partner, Blue Flame Capital, LLC

Richard A. Gray Jr.
President, Gray & Co. Realtors, Inc.

Michael Marchlik
Co-Chief Executive Officer, Advisory Services division of B. Riley Financial Inc.

Kevin Westfall
Chairman, Prime Automotive Group

EXECUTIVE OFFICERS

Marshall Chesrown
Co-Founder, Chairman and Chief Executive Officer

William Coulter
Executive Vice Chairman

Mark Tkach
Chief Operating Officer

Peter Levy
President

Beverley Rath
Interim Chief Financial Officer & Controller

ANNUAL MEETING

The annual meeting will be held on Thursday, November 18, 2021 at 8:00 am Central Time, at 901 W. Walnut Hill Lane, Irving, Texas 75038, Conference Room A.

INVESTOR RELATIONS

Shareholders are advised to review financial information and other disclosures about RumbleOn contained in its 2020 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Proxy Statement and other SEC filings, as well as press releases and earnings announcements by accessing the Company's website at **investors.rumbleon.com** or at **sec.gov**.

INVESTOR INQUIRIES SHOULD BE DIRECTED TO

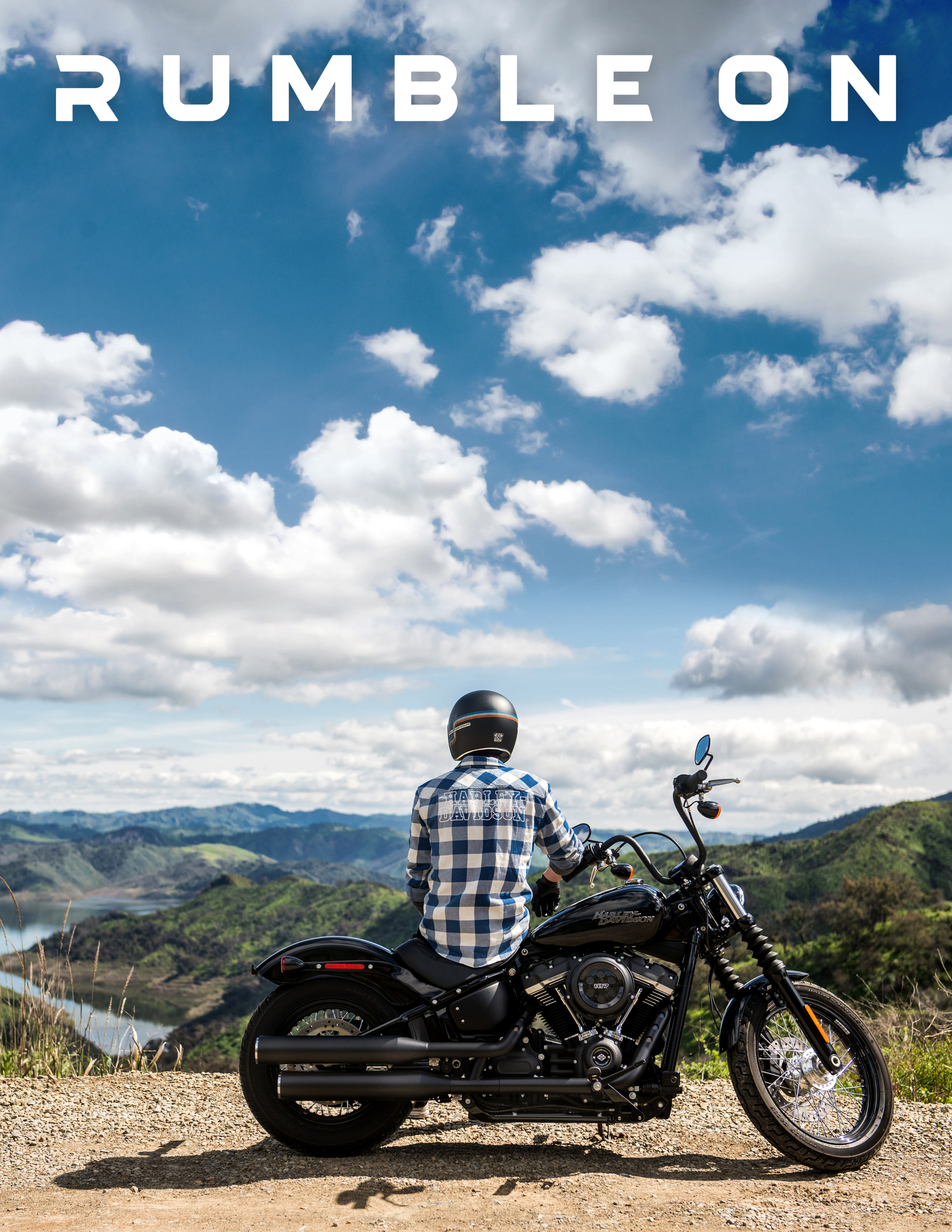
The Blueshirt Group:
Whitney Kukulka
investors@rumbleon.com

INDEPENDENT AUDITORS

Dixon Hughes Goodman, LLP

TRANSFER AGENT

West Coast Stock Transfer, Inc.


RUMBLEON
HARLEY-DAVIDSON
HARLEY-DAVIDSON