

FREEDOM POWERSPORTS INVESTORS LLC INVESTMENT EXIT SUMMARY

In 2013, Trinity Investors (formerly Trinity Private Equity Group) partnered with Kevin Lackey to acquire two existing powersports dealerships in the DFW area. After these first two initial acquisitions, Freedom grew to 13 locations across the Dallas-Fort Worth, Huntsville, and Atlanta markets by the end of 2018.

In late 2021, Freedom's leadership and Board agreed to sell Freedom to RumbleOn, Inc. The sale of the asset closed in February 2022.



RETURNS SUMMARY

ROUND 1

10.19x MOIC*
33.1% IRR*

ROUND 2

10.15x MOIC*
35.0% IRR*

ROUND 3

6.05x MOIC*
31.6% IRR*

ROUND 4

3.23x MOIC*
27.1% IRR*

EXIT SPOTLIGHT



FOUR EQUITY ROUNDS

Trinity's investment in Freedom consisted of four equity rounds from 2013 to 2016.

\$9.5MM EQUITY INVESTMENT

The aggregate Trinity equity investment was ~\$9.5MM.

\$130MM SALE PRICE

Freedom sold in 2022 for over \$130MM. Significant cash from operating profits was distributed from 2013-2022.

**The Multiple on Invested Capital ("MOIC") and Internal Rate of Return ("IRR") figures presented are net investor returns after all fees and promotes. The return figures include all cash distributions prior to sale, cash that was distributed in connection with the sale, a valuation of the stock component of the transaction at sale, and reasonable expectations for a release of escrows and transaction holdbacks.*



INVESTMENT BACKGROUND

In 2013, Trinity partnered with industry veteran Kevin Lackey to acquire two existing powersports dealerships in Dallas-Fort Worth that would form the foundation of Freedom Powersports (“Freedom”). Led by CEO Kevin Lackey, Freedom sells new and pre-owned motorcycles, utility vehicles, ATVs, boats, and personal watercraft along with ancillary parts and accessories, maintenance, financing, insurance, and warranties. The original business plan involved 1) operating all Freedom dealerships using industry best practices under the direction of Kevin Lackey and a tenured management team, and 2) acquiring nearby “mom and pop” dealerships and consolidating desirable brands into anchor locations in each county across the Dallas-Fort Worth metroplex. Freedom also selectively opened new locations by developing or repurposing buildings in strategic locations. After the first two initial acquisitions in early 2013, Freedom had grown to 13 locations across the Dallas-Fort Worth, Huntsville, and Atlanta markets by the end of 2018. Trinity supplied four rounds of preferred equity totaling roughly \$9.5 million throughout this growth period. Generally, preferred equity proceeds were used to purchase dealerships and related licenses, facilitate the financing of inventory, provide suitable levels of working capital and pay fees/transaction costs. Additionally, separate Trinity partnerships were involved in capitalizing certain of Freedom’s real estate initiatives discussed above.

After assembling a critical mass of dealerships, Freedom’s leadership team and Board worked from 2018 - 2021 to increase sales, improve margins, refine inventory management systems, and drive overall improvement in operations and financial performance. In late 2021, the Board agreed to sell Freedom to RumbleOn, Inc. (NASDAQ: RMBL), a technology-based omnichannel powersports platform. For 2021, Freedom recorded over \$220.0 million of revenue and over \$25.0 million of adjusted EBITDA, representing enormous (1000%+) growth during Trinity’s investment period.

SALE SUMMARY

RumbleOn’s acquisition of Freedom Powersports, which included all business and real estate assets, closed on Friday, February 18, 2022, for an aggregate consideration of approximately \$130.0 million. The transaction was funded with approximately 70% cash and 30% stock.

Kevin Lackey joined the RumbleOn management team as the President of Retail for all Freedom locations.



Photo: freedompowersportsusa.com



INVESTMENT OUTCOME

The total outcome for Trinity investors was much larger than original projections, although the hold period also protracted beyond the original expectation. As discussed above, Trinity funded four rounds of equity between 2013 and 2017. Some investors participated in all four rounds, while others were in just 1, 2 or 3 rounds. Participation levels also varied by investor/round, so returns were somewhat disparate for individual underlying investors. A summary of the outcome by round is included below:

1. Approximate outcome by equity investment round, including all cash distributions, escrows and valuation of stock at close:

ROUND 1	ROUND 2	ROUND 3	ROUND 4
10.19x MOIC*	10.15x MOIC*	6.05x MOIC*	3.23x MOIC*
33.1% IRR*	35.0% IRR*	31.6% IRR*	27.1% IRR*

2. As discussed above, individual investor returns differ based on level of investment in the different rounds. The cash flow profile below is for a representative investor who invested a meaningful amount in all 4 rounds. The last two cash flows (2022 and 2023) in the figure below include the value of RMBL's stock at close and the expected release of transaction escrows. Actual realized returns may differ slightly based on the timing and size of future distributions related to a release of escrow amounts and/or sale of RMBL's stock.

FREEDOM POWERSPORTS	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Round 1 Investment	(\$100,000)	-	-	-	-	-	-	-	-	-	-
Round 2 Investment	(\$100,000)	-	-	-	-	-	-	-	-	-	-
Round 3 Investment		(\$100,000)	-	-	-	-	-	-	-	-	-
Round 4 Investment			-	(\$100,000)	-	-	-	-	-	-	-
Distributions	\$8,115	\$20,000	\$30,000	\$35,000	\$40,000	\$40,000	-	\$293,733	\$453,161	\$1,846,737	\$194,786
TOTAL CASH FLOW	(\$191,885)	(\$80,000)	\$30,000	(\$65,000)	\$40,000	\$40,000	-	\$293,733	\$453,161	\$1,846,737	\$194,786

Total Investment	(\$400,000)
Total Distributions	\$2,961,533
Internal Rate of Return	32.9%
MOIC	7.4x

THIS GRAPH ILLUSTRATES PROJECTED RETURNS FOR AN INVESTOR WITH \$100,000 INVESTMENT IN EACH ROUND

*The Multiple on Invested Capital ("MOIC") and Internal Rate of Return ("IRR") figures presented are net investor returns after all fees and promotes. The return figures include all cash distributions prior to sale, cash that was distributed in connection with the sale, a valuation of the stock component of the transaction at sale, and reasonable expectations for a release of escrows and transaction holdbacks.