Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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An investment in Harley- Davidson, Inc. involves risks, including those discussed below. These risk factors should be considered carefully before deciding whether to invest in the Company. Operational Risks • The Company' s ability to remain competitive is dependent upon its capability to develop and successfully introduce new, innovative and compliant products. The motorcycle market and electric vehicle market are highly competitive and continue to change in terms of styling preferences and advances in new technologies and, at the same time, are subject to increasing regulations, including **those** related to safety and emissions. Price, reliability, styling, quality ~~,~~ and product features are some of the factors that impact competition in the motorcycle market and electric vehicle market. The Company ~~and LiveWire~~ must continue to distinguish ~~their~~ **its** products from ~~their~~ **its** competitors' products with unique styling and new technologies that consumers desire. Introducing new models may not lead to the desired ~~result~~ **results** ~~of~~ **, including** driving unit sales growth. As the Company incorporates new and different features and technology into its products, the Company must protect its intellectual property from imitators and ensure its products do not infringe the intellectual property of other companies. In addition, these new products must comply with applicable regulations in the markets in which they are sold and satisfy the potential demand for products that produce lower emissions and achieve better fuel economy. The Company must make product advancements to respond to changing consumer preferences, market demands, and legal and regulatory requirements. The Company must also be able to design and manufacture these products and deliver them to a global marketplace in an efficient and timely manner and at prices that are attractive to customers. As a pioneer in a new industry, the Company' s LiveWire segment ~~operations~~ inherently ~~have~~ **has** limited experience designing, testing, manufacturing, marketing and selling electric motorcycles and the Company therefore cannot assure that ~~they~~ **LiveWire** will be able to meet customer expectations. Electric vehicles are inherently new products and electric vehicle companies experience delays in the design, production and commercial release of new products. To the extent the LiveWire segment ~~operations delay~~ **delays** the launch of future models of electric vehicles, ~~their~~ **its** growth prospects could be adversely affected as ~~they~~ **it** may fail to establish or grow ~~their~~ **its** market share. There can be no assurances that the Company will be successful in these endeavors, or that existing and prospective customers will like or want the Company' s new products. • Increased supply of and / or declining prices for used motorcycles and excess supply of new motorcycles may adversely impact retail sales of new motorcycles by the Company' s dealers. The Company has observed that when the supply of used motorcycles increases or the prices for used Harley- Davidson motorcycles decline, there can be reduced demand among retail purchasers for new Harley- Davidson motorcycles (at or near manufacturer' s suggested retail prices). Further, the Company and its dealers can and do take actions that influence the markets for new and used Harley- Davidson motorcycles. For example, introduction of new motorcycle models with significantly different **styling, design,** functionality, technology or other customer satisfiers can result in increased supply of used motorcycles, which could result in declining prices for used motorcycles and prior model- year new motorcycles. Also, while the Company is operating with a remodeled approach to supply and inventory management, that approach may not be effective, or the Company' s competitors could choose to supply new motorcycles to the market in excess of demand at reduced prices, which could also have the effect of reducing demand for new Harley- Davidson motorcycles (at or near manufacturer' s suggested retail prices). Ultimately, reduced demand among retail purchasers for new Harley- Davidson motorcycles leads to reduced shipments by the Company. • The Company faces increasing competition and failure to compete effectively may adversely impact its business and operating results. Many of the Company' s competitors are more diversified than the Company, and they may compete in all segments of the motorcycle market, other powersports markets and / or the automotive market. Also, the Company' s manufacturer' s suggested retail price for its motorcycles is generally higher than its competitors **. If** ~~, and if~~ price becomes a more important factor for consumers in the markets in which the Company competes, the Company may be at a competitive disadvantage. The Company also faces pricing pressure from international competitors who may have the advantage of manufacturing and marketing products in their respective countries, allowing them to sell products at lower prices within **or outside** their respective countries. Furthermore, many competitors headquartered outside the U. S. experience a financial benefit ~~from~~ **when there is** a strengthening in the U. S. dollar relative to their home currency that can enable them to reduce prices to U. S. consumers. The Company and LiveWire Group, Inc. are also subject to policies and actions of the U. S. Securities and Exchange Commission (SEC) and New York Stock Exchange (NYSE). Many major competitors of the Company and LiveWire Group, Inc. are not subject to the requirements of the SEC or the NYSE rules. As a result, the Company or LiveWire Group, Inc. may be required to disclose certain information that may put the Company or LiveWire Group, Inc. at a competitive disadvantage to their principal competitors. Additionally, the Company' s LiveWire segment **is** ~~operations are~~ subject to strong competition in the electric vehicle sector from **many** ~~a growing list of~~ companies **that are at various levels of maturity** , which include several major motorcycle companies that have electric vehicles available today and other current and prospective motorcycle manufacturers that are developing electric vehicles. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect the business, prospects, financial condition and operating results of the LiveWire segment ~~operations~~ . As a result of new entrants into the electric vehicle market, there may be increased competition for component and other parts of LiveWire' s electric vehicles, which may have limited or single- source supply **, or suppliers may be unwilling to provide product at lower volumes** . In addition, the Harley- Davidson Financial Services segment ~~operations~~ faces competition from various banks, insurance companies and other financial institutions that may have access to additional sources of capital at more competitive rates and terms, particularly for borrowers in higher credit tiers. The Company' s responses to these competitive pressures, or its failure to adequately address and respond to these competitive pressures, may have a material adverse effect on the Company’ s business and results of operations. • The Company must prevent and detect issues with its products, components purchased from suppliers and their manufacturing processes to reduce recall campaigns, warranty costs, litigation, product liability claims, delays in new model launches and regulatory investigations. The Company must also complete any recall campaigns within cost expectations. The Company must continually improve and adhere to product development and manufacturing processes and ensure that its suppliers and their sub- tier suppliers adhere to product development and manufacturing processes, to ensure **the Company and its dealers are selling** high **-** quality products that ~~are compliant~~ **meet customer needs and desires and comply** with applicable regulations ~~are sold to retail customers~~ . If product designs or manufacturing processes are defective, the Company could experience delays in new model launches, field actions such as product programs and product recalls, inquiries or investigations from regulatory agencies, and warranty claims and product liability claims, which may involve purported class actions. For example, during the second quarter of 2022, the Company received information from a **Tier 2** ~~third- party sub-~~ supplier concerning a potential regulatory compliance matter relating to the ~~sub-~~ **Tier 2** supplier’ s brake hose assemblies. As a result, out of an abundance of caution, the Company suspended all vehicle assembly and shipments ~~(excluding LiveWire models, which did not utilize the brake hose assemblies at issue)~~ for approximately two weeks during the second quarter of 2022. **In June 2023, the same Tier 2 supplier notified the Company that it was investigating a new, separate potential quality issue with brake hose assemblies produced by the Tier 2 supplier after the Company’ s 2022 production suspension. Due to this issue, the Company was forced to suspend production of most of the motorcycles manufactured at its York facility and run limited motorcycle manufacturing operations there for approximately two weeks.** As permitted by federal law, both the ~~sub-~~ **Tier 2** supplier and the Company leveraged NHTSA’ s standard process to petition the agency for a determination that **both of** the potential non- ~~compliance~~ **compliances** ~~is~~ **are** inconsequential to motor vehicle safety. If NHTSA ~~grants~~ **makes** the ~~Company’ s~~ inconsequentiality ~~petition~~ **determinations requested** , the Company will be exempt from conducting a field action or a recall of its motorcycles related to ~~this~~ **these** ~~matter~~ **matters** . Based on its expectation that **NHTSA** ~~its petition~~ will ~~be granted~~ **make inconsequentiality determinations** , the Company does not expect that ~~this~~ **these** ~~matter~~ **matters** will result in material costs in the future and no such costs have been accrued. However, it is possible that a recall or field action could be required that could cause the Company to incur material costs. Further, LiveWire’ s electric vehicles are highly dependent on software, which is inherently complex and may contain latent defects or errors or be subject to external attacks. Although LiveWire attempts to remedy any issues it observes in its electric vehicles as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not completely satisfy its customers. While LiveWire performs extensive internal testing on its electric vehicles and features, it currently has a limited frame of reference by which to evaluate its long- term quality, reliability, durability and performance characteristics when operating in the field. There can be no assurance that LiveWire will be able to detect and fix all defects in its electric vehicles prior to their sale to or installation for customers. Any product recall in the future, whether initiated by the Company or a supplier, may result in adverse publicity, damage the Company’ s brand image, and adversely affect the Company’ s business, prospects, financial condition and operating results. Such recalls, whether caused by systems or components engineered or manufactured by the Company **, LiveWire** or ~~its~~ **the** suppliers **of either of them** , may involve significant expense, the possibility of lawsuits ~~,~~ and diversion of management’ s attention and other resources, which could adversely affect the Company’ s brand image and the Company’ s business, prospects, financial condition and operating results. While the Company uses reasonable methods to estimate the cost of warranty, recall and product liabilities, and appropriately reflects those in its financial statements, there is a risk the actual costs could exceed estimates and result in damages that are not covered by insurance. Further, selling products with quality issues, the announcement of recalls and the filing of product liability claims (whether or not successful), may also adversely affect the ~~Company’ s~~ reputation and brand strength **of the Company or LiveWire** with a resulting adverse impact on sales. • A significant cybersecurity incident or data privacy breach may adversely affect the Company’ s reputation, revenue and earnings. The Company and certain of its third- party service providers and vendors receive, store and transmit digital personal information in connection with the Company’ s human resources operations, financial services operations, e- commerce, the Harley Owners Group, dealer management, mobile applications and other aspects of its business **. In addition, the Company’ s operations are dependent in many ways on its information systems and those of its third- party service providers and vendors** . The Company’ s information systems, and those of its third- party service providers and vendors, are susceptible to continually evolving cybersecurity risks. Unauthorized parties engage in a regular practice of attempting to gain access to these systems or the information the Company and its third- party service providers and vendors maintain and use through fraud or other means of deceiving the Company' s employees and third- party service providers and vendors. Hardware, software or applications the Company develops or obtains from third- parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security and / or the Company’ s operations. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and may be difficult to anticipate or detect. The Company has implemented and regularly reviews and updates processes and procedures designed to protect against unauthorized access to or use of secured data and to prevent data loss. However, the ever- evolving threats mean the Company and third- party service providers and vendors must continually evaluate and adapt systems and processes, and there is no guarantee that they will be adequate to safeguard against all cybersecurity incidents or misuses of data. The Company and certain of the Company' s third- party providers have experienced information security attacks, but to date they have not materially compromised the Company’ s computing environment or resulted in a material impact on the Company’ s business or operations or the material release of confidential information about its employees, customers, dealers, suppliers or other third parties. Any future significant compromise or breach of the Company’ s data security, whether external or internal, or misuse of customer, employee, dealer, supplier or Company data could result in disruption to the Company’ s operations, significant costs, lost sales, lawsuits with third- parties, fines and penalties, government enforcement actions, unauthorized release of confidential or otherwise protected information, corruption of data, negative impact on the value of investment in research, development and engineering, remediation costs ~~,~~and / or damage to the Company' s reputation. In addition, as the regulatory environment related to information security, data collection and use ~~,~~and privacy becomes increasingly rigorous with new and evolving requirements, compliance could also result in the Company being required to incur additional costs. • The Company ~~new and used Harley- Davidson motorcycles and parts and accessories.Reduced demand for new Harley- Davidson motorcycles ultimately leads to reduced shipments by the Company.• The Company~~ ' s motorcycle operations are dependent upon unionized labor **,and key agreements will expire March 31,2024** .A substantial portion of the hourly production employees working in the Company' s motorcycle operations are represented by unions and covered by collective bargaining agreements.The Company is currently a party to three collective bargaining agreements with local affiliates of the **United Steelworkers of America and the** International Association of Machinists and Aerospace Workers ~~and~~ **.Current collective bargaining agreements with** the United Steelworkers of America **relating to** ~~.Current collective bargaining agreements with~~ hourly employees in Wisconsin will expire ~~in 2024~~ **on March 31** , ~~and the agreement with employees in Pennsylvania will expire in 2027~~ **2024** .There is no certainty that the Company will be successful in negotiating new agreements with ~~these~~ **this** ~~unions~~ - **union** that extend beyond ~~the current expiration dates~~ **March 31,2024** or that ~~these~~ **any** new agreements will be on terms that will allow the Company to be competitive. ~~The Company' s decisions regarding opening,closing,expanding,contracting or restructuring its facilities may require changes to existing or new bargaining agreements.~~ Failure to renew ~~agreements when they~~ - **the** ~~expire~~ **agreements by March 31,2024** or to establish new collective bargaining agreements on terms acceptable to the Company and the ~~unions~~ - **union** could result in ~~the relocation of production facilities,~~ work stoppages or other labor disruptions,which may have a material adverse effect on the Company' s business and results of operations. **The same considerations apply to the agreement with the International Association of Machinists and Aerospace Workers relating to employees in Pennsylvania that will expire on October 15,2027.The Company' s decisions regarding opening,closing,expanding,contracting or restructuring its facilities may require changes to existing or new bargaining agreements.** • The Company ~~incurs substantial costs~~ relies on its suppliers to obtain raw materials and provide component parts for use in the manufacture of its motorcycles **. Inflationary pressures and availability of components and raw materials, or instability in logistics and related costs may negatively impact the Company' s profitability** . The Company may experience supply problems relating to raw materials and components such as component shortages, unfavorable pricing, poor quality, termination of supply of some of the Company' s components or untimely delivery. The prices for these raw materials and components may fluctuate depending on market conditions, which include inflation of raw material costs ~~and the current inflationary environment in the U. S.~~ , exchange rate fluctuations, commodity market volatility, tariffs, embargoes, sanctions, trade policies, and other trade restrictions. In certain circumstances, the Company relies on a single supplier to provide component parts, and a change **or disruption** in this established supply relationship may cause disruption in the Company' s production schedule. In addition, the price and availability of raw materials and component parts from suppliers can be adversely affected by factors outside of the Company' s control such as the supply of a necessary raw material, capacity constraints, labor shortages or disputes, natural disasters or widespread infectious disease like COVID- 19, trade and shipping disruptions, fluctuating costs of ocean freight, wars and trade policies. Further, the Company' s suppliers may experience difficulty in funding their day- to- day cash flow needs because of tightening credit caused by financial market disruption. In addition, adverse economic conditions and related pressure on select suppliers due to difficulties in the global manufacturing arena could adversely affect their ability to supply the Company. The unavailability of any component or supplier could result in production delays, product design changes ~~,~~and impact the Company' s ability to fulfill orders. Changes in laws and policies relating to trade and taxation may also adversely impact the Company' s foreign suppliers. These supplier risks may have a material adverse effect on the Company' s business and results of operations. Such disruptions have resulted in and could further result in manufacturing inefficiencies due to the delay in delivering components for production or having to find alternative components due to lack of availability and could place the Company in an uncompetitive position resulting in a material adverse effect on its operations, financial condition and / or cash flows. The Company' s LiveWire segment **is** ~~operations are~~ dependent on the continued supply of battery cells for the battery packs used in LiveWire' s electric vehicles. While LiveWire has entered into a supply agreement to acquire lithium- ion battery cells, LiveWire may have limited flexibility to immediately change suppliers in the event of any disruption in the supply of those cells, which could then disrupt production of LiveWire' s electric vehicles. • The Company **primarily sells its products at wholesale and must rely to a large extent on a network of dealers and distributors to manage the retail distribution of its products. The Company** depends ~~upon third~~ **on the capability of its distributors and dealers to develop and implement effective retail sales plans to create demand among retail purchasers for the motorcycles and related products and services that the dealers purchase from the Company. If the Company' s distributors and dealers are not successful in these endeavors, or do not appropriately adapt to the evolving retail landscape and implement the Company' s retail strategy, including the creation of an innovative go** - ~~parties~~ to ~~manufacture~~ **- market model blending digital and physical retail formats to create** ~~and~~ - **an experience tailored** to **the local market, then the** ~~supply key semiconductor chip components necessary for its motorcycles. The~~ Company ~~may~~ **will** be unable to ~~find alternative sources~~ **maintain or grow its revenues and meet its financial expectations. Further, there is no assurance that the Company' s retail strategy will be successful. Additionally, distributors and dealers may experience difficulty** in **funding their day- to- day cash flow needs and paying their obligations resulting from adverse business conditions, such as weakened retail sales and tightened credit. If distributors and dealers are unsuccessful, they may exit or be forced to exit the business or, in some cases, the Company may seek to terminate relationships with certain distributors and dealerships. As** a **result, the Company** ~~timely manner and its business~~ could ~~continue~~ **face additional adverse consequences related** to ~~be~~ **the termination of distributor and dealer relationships. Additionally, liquidating a former distributor or dealer' s inventory of new and used motorcycles can add downward**

pressure on new and used motorcycle prices. Further, the unplanned loss of any of the Company’ s distributors or dealers may lead to inadequate market coverage for retail sales of new motorcycles and for servicing previously sold motorcycles, create negative impressions of the Company with its retail customers and adversely ~~impacted~~ -- **impact** ~~if new motorcycles and for servicing previously sold motorcycles,create negative impressions of the Company with its retail customers,and adversely impact~~ the Company’ s ability to collect wholesale receivables that are associated with that dealer.• Weather may impact retail sales by the Company' s dealers.The Company has observed that abnormally cold and / or wet conditions in a region,including impacts from hurricanes or unusual storms,could have the effect of reducing demand or changing the timing for purchases of new and used Harley- Davidson motorcycles and parts and accessories.Reduced demand for new Harley- Davidson motorcycles ultimately leads to reduced shipments by the Company.• The Company **incurs** ~~’ s motorcycle operations are dependent upon unionized labor.A~~ substantial **costs with respect to** ~~portion of the hourly production employees~~ - **employee pension** ~~working in the Company' s motorcycle operations are represented by unions~~ and **healthcare benefits** ~~covered by collective bargaining agreements~~ .The Company **’ s cash funding requirements and** ~~is~~ **its** ~~currently a party to~~ **estimates of liabilities and expenses for pensions and healthcare benefits for both active and retired employees are based on several factors that are outside** ~~three~~ -- **the** ~~collective bargaining agreements with local affiliates~~ **Company’ s control.These factors include funding requirements** of the ~~International Association~~ **Pension Protection Act** of ~~Machinists~~ **2006,the rate used to discount the future estimated liabilities,the rate of return on plan assets,current** and ~~Aerospace Workers~~ **projected healthcare costs,healthcare reform or legislation,retirement age** and **mortality** ~~the United Steelworkers of America~~ . **Changes** ~~Current collective bargaining agreements with hourly employees~~ in ~~Wisconsin will~~ these **factors** ~~manufacturers are unable to provide an~~ **can** ~~adequate supply of semiconductor chips. Semiconductor chips are~~ **impact the expense, liabilities and cash requirements associated with these benefits, which could have** a **material** ~~vital input component to the electrical architecture of the Company' s motorcycles, controlling wide aspects of the motorcycles’ operations. Many of the key semiconductor chips used in the Company' s motorcycles come from single- source or limited- source suppliers, and therefore a disruption with any one manufacturer or supplier in the Company' s supply chain would continue to have an~~ adverse effect on ~~its ability to effectively produce and timely deliver its motorcycles~~ **future results of operations, liquidity or shareholders’ equity** . **In addition, costs associated with** ~~Due to the Company' s reliance on~~ these **benefits may put** ~~semiconductor chips, it is subject to shortages and long lead times in their supply. While the Company has entered into a supply agreement to acquire semiconductor chips, the Company has limited flexibility to immediately change suppliers in the event of any disruption in the supply of those chips, which could then~~ - **the** ~~disrupt production of the~~ Company **under significant cost pressure** ~~' s motorcycles. The Company is in the process of qualifying alternative manufacturers for semiconductor chips,~~ as **compared to its competitors that** ~~needed. The Company has in the past experienced, and~~ may ~~in~~ **not bear** the ~~future experience, semiconductor chip shortages, and the availability and cost~~ **costs** of ~~these components would be difficult to predict. For example, the manufacturers of the Company' s ABS chip and engine control module chip, experienced supply shortages, which impacted their ability to supply the Company with required volumes and impacted the Company' s production capacity. Additionally, these manufacturers may also experience temporary or permanent disruptions in their manufacturing operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, acquisitions, insolvency, changes in legal or regulatory requirements, or other~~ similar ~~problems~~ **benefit plans** . **• A resurgence** ~~In particular, a continued increase in demand for semiconductor chips, combined with the lagging effects~~ of the COVID- 19 pandemic **or emergence of** ~~, has resulted in~~ a ~~severe global shortage of chips. As a result, the Company' s ability to source semiconductor chips used in its motorcycles has been and will likely continue to be adversely affected. This shortage resulted in increased chip delivery lead times, delays in the production of the Company' s motorcycles, and increased costs to source available semiconductor chips. To the extent this semiconductor chip shortage continues, and the Company is unable to mitigate the effects of this shortage, the Company' s ability to deliver sufficient quantities of its motorcycles may be adversely affected. In addition, the Company may be required to incur additional costs and expenses in managing the ongoing semiconductor chips shortage, including additional research and development expenses and engineering design and development costs in the event that~~ new ~~suppliers must be onboarded on~~ **pandemic, epidemic, disease outbreak or other public health crisis** ~~an~~ **and** ~~expedited basis~~ **resulting adverse impact could disrupt the Company’ s operations** . ~~•~~ The ~~Company’ s operations have been and may continue to be disrupted to varying degrees due to the~~ COVID- 19 pandemic ~~. The~~ **in 2020 and the subsequent actions taken to mitigate the** spread **previously impacted the Company' s operations and its ability to carry out its business as usual. It impacted consumer and business behavior and created a disruption in the manufacturing, delivery and overall supply chain** of **vehicle manufacturers and suppliers and initially led to a global decrease in vehicle sales in markets around the world. A** COVID- 19 **resurgence or emergence** ~~and the subsequent actions taken to mitigate the spread have impacted, and may continue to impact, the Company' s operations and ability to carry out its business as usual. The impact~~ of **a new** ~~COVID- 19 and associated variants, including changes in consumer and business behavior,~~ pandemic ~~fears~~ , ~~market downturns, and restrictions on business and individual activities, has at times caused significant volatility in the global economy. The spread of COVID- 19 and associated variants has also created a disruption in the manufacturing, delivery and overall supply chain of vehicle manufacturers and suppliers, and initially led to a global decrease in vehicle sales in markets around the world. During the course of the COVID- 19 pandemic~~ **epidemic** , **disease outbreak or** ~~government authorities implemented numerous measures to try to contain the~~ **other public health crisis** ~~virus, such as travel bans and restrictions, quarantines, stay- at- home or shelter- in- place orders, and business shutdowns. These measures adversely impacted and~~ may ~~in the future continue to~~ adversely impact **in the future** : (i) the Company' s employees and operations; (ii) the operations of the Company' s suppliers, vendors and business partners; (iii) the activities of the Company' s retail customers; (iv) the Company' s production plans, sales and marketing activities; and (v) the Company' s business and results of operations. In addition, the Company is not able to conduct various aspects of its business on a remote basis. ~~These measures by government authorities may remain in place, in whole or in part, for a significant period of time and they are likely to continue to adversely affect the Company' s sales and marketing activities, and its business, prospects, financial condition and operating results.~~ In addition, **any such events would likely** ~~the COVID- 19 pandemic has disrupted~~ -- **disrupt** the Company' s supply chain, operations ~~,~~ and ability to carry out its business as usual, including through: (i) a rapid increase in demand; (ii) supply shortages; (iii) significant global shipment delays, including longer shipping times and increased expedited freight costs; (iv) limiting the ability of the Company' s distributors and dealers to operate; (v) delays to some customer purchase decisions; (vi) adversely impacting the ability of the Company' s retail credit customers to meet their loan obligations on a timely basis and making collection efforts more difficult; (vii) disruption to global capital markets impacting the Company' s access to capital, cost of capital ~~,~~ and overall liquidity levels; and (viii) the cancellation or adjustments to the scope of riding and similar events that are important to the Company' s marketing efforts. ~~While many of the actions implemented to mitigate the spread of COVID- 19 have been rolled back in many markets, the continued spread of COVID- 19, and the efforts to avoid that, could do the following, each of which could be material: (i) result in further disruptions of the Company' s supply chain; (ii) again limit the ability of the Company' s distributors and dealers to operate, which could impact their ability to purchase and sell the Company' s products and meet their loan obligations to the Company; (iii) continue to cause some retail customers to delay their purchase decisions, which could cause a decrease in demand for the Company' s product; (iv) continue to adversely impact the ability of the Company' s retail credit customers to meet their loan obligations on a timely basis and make collection efforts more difficult; (v) result in further disruption of global capital markets; and (vi) cause other unpredictable events. The extent to which the COVID- 19 pandemic impacts the Company' s business, prospects, financial condition and operating results will depend on future developments, which are highly uncertain and cannot be predicted, including the duration and spread of the pandemic, its severity, the existence and severity of COVID- 19 variants, the actions to contain the virus or treat its impact, how quickly and to what extent normal economic and operating activities can resume, and whether and to what extent COVID- 19 or variants thereof, re- emerge, spread and impact the Company and its suppliers after normal activities resume.~~ Even ~~after~~ **though** the COVID- 19 pandemic has subsided, the Company may continue to experience an adverse impact to its business as a result of the pandemic' s global economic impact, including any recession that has occurred or may occur in the future. • The Company primarily sells its products at wholesale and...... similar benefit plans. • The Company relies on third- parties to perform certain operating and administrative functions for the Company. Similar to suppliers of raw materials and components, the Company may experience problems with outsourced services, such as unfavorable pricing, untimely delivery of services ~~,~~ or poor quality. Also, these suppliers may experience adverse economic conditions due to changing economic factors that could lead to difficulties supporting the Company' s operations, such as inflation, turnover, and labor strikes or shortages. In light of the amount and types of functions that the Company has outsourced, these service provider risks may have a material adverse effect on the Company' s business and results of operations. • The Company' s operations are dependent upon attracting and retaining skilled employees, including skilled labor, executive officers and other senior leaders. The Company' s future success depends on its continuing ability to identify, hire, develop, motivate, retain and promote skilled personnel for all areas of its organization and to effectively execute reorganization actions within expected costs and realize the expected benefits of those actions. The Company is highly dependent on its senior management, including its Chief Executive Officer, Jochen Zeitz, and other key personnel. The loss of key personnel, including Jochen Zeitz, could adversely affect the Company' s operations and profitability. Further, the Company' s current and future total compensation arrangements, which include benefits and incentive awards, may not be successful in attracting new employees and retaining and motivating the Company' s existing employees. In addition, the Company must cultivate and sustain a work environment where employees are engaged and energized in their jobs to maximize their performance, and the Company must effectively execute reorganization actions. If the Company does not succeed in attracting new personnel, retaining existing personnel, implementing effective succession plans and motivating and engaging personnel, including executive officers, the Company may be unable to develop and distribute products and services and effectively execute its plans and strategies. **• The use by our employees of artificial intelligence tools or technology can adversely impact our business by posing risks to Company confidential or proprietary information and could give rise to legal actions or reputational damage, or otherwise adversely affect our business. The Company' s workforce may use artificial intelligence tools or technology, which may result in the exposure of our confidential or proprietary information to unauthorized third- parties and the misuse of the Company' s intellectual property. Use of artificial intelligence tools or technology may also result in claims against the Company alleging violation of third- party intellectual property rights. Use of artificial intelligence tools or technology may also result in inaccurate results that could cause mistakes in the Company' s decision- making or other business activities, which may have an adverse impact on the Company' s business and results of operations. Further, there is no guarantee that the Company' s training and enforcement of procedures governing the use of artificial intelligence will be adequate to safeguard against the unauthorized use of artificial intelligence tools or technology.** Strategic Risks • The Company may not be able to successfully execute its business plans and strategies. There is no assurance that the Company will be able to execute its business plans and strategies, including the Company' s strategic plan, The Hardwire. The Company' s ability to meet the strategic priorities in The Hardwire depends upon, among other factors, the Company' s ability to: (i **) accurately analyze, predict and react to changing market conditions; (ii**) realize the anticipated business benefits of LiveWire as a separate business; (~~ii~~ **iii**) develop and introduce products, services and experiences on a timely basis that the market accepts, that enable the Company to generate desired sales levels and that provide the desired financial returns, including successfully implementing and executing plans to strengthen and grow its leadership position in Grand American Touring, larger Cruiser, and Trike, focusing on opportunities in profitable segments, and growing its complementary businesses, including HDFS, parts and accessories, ~~and~~ apparel and licensing, and membership and experiences ~~; (iii) successfully carry out its global manufacturing and assembly operations~~ ; (iv) effectively implement changes relating to its dealers and distribution methods, which include the creation of an innovative go- to- market model blending digital and physical retail formats to create an experience tailored to the local market; (v) ~~accurately analyze, predict and react to changing market conditions; (vi)~~ perform in a manner that enables the Company to benefit from market opportunities while competing against existing and new competitors; **and** (~~vii~~ **vi**) optimize long- term value for all stakeholders ~~; and (viii) avoid adverse impacts to its operations and / or demand for its products that may result due to the COVID- 19 pandemic~~ . • The Company may not realize the expected business benefits from LiveWire as a separate business of the Company. The Company expects to maintain a controlling equity ownership of LiveWire as a separate business and significant ongoing commercial relationships with it. There are no assurances that LiveWire as a separate but consolidated business will be able to execute its business plans and strategies. The Company' s ability to realize the expected business benefits from LiveWire ~~as a separate business~~ will be affected by, among other factors: (i) the status of LiveWire ~~as a separate business~~ as an early stage company with a history of losses that is expected to incur significant expenses and continuing losses for several years until it begins significant deliveries of its electric vehicles, which may occur later than expected or not at all; (ii) the ability of LiveWire ~~as a separate business~~ to achieve profitability, which is dependent on the successful development and commercial introduction and acceptance of its electric vehicles, and its services, which may not occur; (iii) that LiveWire ~~as a separate business~~ will be a new entrant into a new space and it may not be able to adequately control the costs of its operations; (iv) the rapidly growing electric vehicle sector and products and services of LiveWire ~~as a separate business~~ are and will be subject to strong competition from a growing list of competitors; (v) the business and prospects of LiveWire ~~as a separate business~~ are heavily dependent on its ability to develop, maintain and strengthen its brand, and it may lose the opportunity to build a critical mass of customers; (vi) the ability of LiveWire ~~as a separate business~~ to execute on its plans to develop, produce, market and sell its electric vehicles; and (vii) the willingness and ability of the retail partners of LiveWire ~~as a separate business~~ , largely drawn from the Company' s traditional motorcycle dealer network, to be able to effectively establish ~~or~~ **and** maintain relationships with customers for electric vehicles. The failure of LiveWire ~~as a separate business~~ to successfully manage these risks may adversely affect the business and results of the Company' s operations. • International sales and operations subject the Company to risks that may have a material adverse effect on its business. International operations and sales remain an important part of the Company' s strategy. Further, international operations and sales are subject to various risks, including political and economic instability, local labor market conditions, the imposition of foreign tariffs (including rebalancing tariffs in response to tariffs the U. S. imposes) and other trade barriers, the impact of foreign government laws and regulations and U. S. laws and regulations that apply to international operations, the effects of income and withholding taxes, governmental expropriation and differences in business practices. The Company may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with international operations and sales that could cause loss of revenues and earnings. Unfavorable changes in the political, regulatory and business climate could have a material adverse effect on the Company' s net sales, financial condition, profitability and cash flows. International sales require modification of products to meet local requirements or preferences, which may impact the Company' s ability to achieve international sales growth. Business practices that may be accepted in other countries can violate U. S. or other laws that apply to the Company. Violations of laws that apply to the Company' s foreign operations, such as the U. S. Foreign Corrupt Practices Act, could result in severe criminal or civil sanctions, could disrupt the Company' s business and result in an adverse effect on the Company' s reputation, business and results of operations. • The Company' s success depends upon the continued strength of the Harley- Davidson brand. The Company believes that the Harley- Davidson brand has significantly contributed to the success of its business and that maintaining and enhancing the brand is critical to **maintaining and** expanding its customer base. Failure to protect the brand from infringers or to grow or maintain the value of the Harley- Davidson brand may have a material adverse effect on the Company' s business and results of operations. Further, third- parties with whom the Company has business relationships **or that have, or are perceived to have, close ties to the brand** , including its brand ambassadors and influencer network, may fail to represent the brand in a manner consistent with the Company' s brand image or act in a manner that harms the Company' s reputation, which could cause immediate harm to the Company' s reputation and brand. The reputations of the Company' s brand ambassadors **and influencer network** could **negatively** impact how consumers view the Company' s products or brand. The use of social media by the Company, its brand ambassadors **, its influencer network** , and its consumers has increased the risk that its brand and reputation could be negatively impacted. The speed and reach of information dissemination have drastically increased with the use of social media. The dissemination of information via social media has given users the ability to organize collective actions such as boycotts and other brand- damaging behaviors more effectively and could harm the Company' s brand or business, regardless of the information' s accuracy. The harm may be immediate, without affording the Company an opportunity for redress or correction and may have an adverse effect on the Company' s business, financial condition and results of operations. In addition, an increase in the use of social media for product promotion and marketing may increase the burden on the Company to monitor compliance of such materials and increase the risk that such materials could contain problematic product or marketing claims in violation of applicable regulations. The Company' s reputation may also be adversely affected by inappropriate use of its marks or name, including potential negative publicity, loss of confidence ~~,~~ or other damage to the Company' s image due to licensed use. • The timing and amount of the Company' s share repurchase strategy ~~is~~ **are** subject to a number of uncertainties. The Company' s Board of Directors has authorized the Company' s discretionary repurchase of outstanding common stock to be ~~systematically~~ completed in the open market or through privately negotiated transactions. The amount and timing of share repurchases are based on a variety of factors that could cause the Company to limit, suspend ~~,~~ or delay future stock repurchases. Such factors include, but are not limited to: (i) unfavorable market and economic conditions, (ii) the trading price of its common stock, (iii) the nature and magnitude of other investment opportunities available to the Company from time to time, (iv) legal constraints on trading at certain times; and (v) the availability of cash. Delaying, limiting or suspending the Company' s stock repurchase program may negatively affect performance versus earnings per share targets, and ultimately its stock price. • The Company' s insurance coverage strategy may not be adequate to protect it from all business risks. The Company may be subject, in the ordinary course of business, to losses resulting from product liability, accidents, acts of God and other claims against it, for which the Company may have no insurance coverage. Its policies may include significant deductibles or self- insured retentions, policy limitations and exclusions, and the Company **maintains a captive insurance subsidiary. Therefore, the Company** cannot be certain that its insurance coverage will be sufficient to cover all future losses or claims against it. A loss that is uninsured or ~~which~~ **that** exceeds policy limits may require the Company to pay substantial amounts, which may harm the Company' s financial condition and operating results. Financial Risks • The HDFS segment **is** ~~operations are~~ exposed to credit risk on its retail and wholesale finance receivables. Credit risk is the risk of loss arising from a failure by a customer, including the Company' s dealers, to meet the terms of any contract with HDFS. Credit losses are influenced by general business and economic conditions, including inflation, unemployment rates, bankruptcy filings, recessionary conditions and other factors that negatively affect household incomes, as well as contract terms and customer credit profiles. Credit losses are also influenced by the markets for new and used motorcycles, and the Company and its dealers can and do take actions that impact those markets. For example, the introduction of new models by the Company that represent significant upgrades on previous models may result in increased supply or decreased demand in the market for used Harley- Davidson branded motorcycles, including those motorcycles that serve as collateral or security for credit that HDFS has extended. This in turn could adversely impact the prices at which repossessed motorcycles may be sold, which may lead to increased credit losses for HDFS. **Further, even when HDFS does exercise its rights to seek repossession of collateral, there is no assurance that a motorcycle will be successfully repossessed, which also may lead to increased credit losses for HDFS.** Negative changes in general business, economic or market factors may have an additional adverse impact on the Company' s financial services credit losses and future earnings. The Company believes **that** HDFS' s retail credit losses ~~may~~ **will** continue to ~~increase~~ **change** over time due to changing consumer credit behavior, **macroeconomic conditions including the impact of inflation and** HDFS' s efforts to increase prudently structured loan approvals to sub- prime borrowers **. In addition** , **HDFS' s efforts to adjust underwriting criteria based on market** and ~~new financing programs~~ **economic conditions and actions** that ~~may result in different loan performance~~ **the Company has taken and could take** ~~than~~ **that** ~~the Company~~ **impact motorcycle values may impact HDFS** ' s ~~existing programs~~ **retail credit losses** . • The Company is exposed to market risk from changes in foreign currency exchange rates, commodity prices and interest rates. The Company sells its products globally and in most markets outside the U. S. those sales are made in the foreign country' s local currency. As a result, a weakening in those foreign currencies relative to the U. S. dollar can adversely affect the Company' s revenue and margin, and cause volatility in its results of operations. Furthermore, many competitors headquartered outside the U. S. experience a financial benefit from a strengthening in the U. S. dollar relative to their home currency that can enable them to reduce prices to U. S. consumers. The Company is also subject to risks associated with changes in prices of commodities. Earnings from the Company' s financial services business are affected by changes in interest rates. In certain regions, including North America and Europe, financing for new vehicle sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. ~~As~~ **When** benchmark interest rates rise, rates available to consumers for new vehicle financing ~~have risen~~ - **rise** as well, which may make the Company' s motorcycles less affordable to customers or steer customers to less expensive motorcycles that would be less profitable for the Company, adversely affecting the Company' s financial condition and operating results. Additionally, if consumer interest rates increase substantially or if financial service providers, including Harley- Davidson Financial Services, tighten lending standards or restrict their lending to certain classes of credit, customers may not desire or be able to obtain financing to purchase the Company' s motorcycles. As a result, a substantial increase in customer interest rates or tightening of lending standards could have a material adverse effect on the Company' s business, prospects, financial condition and operating results. Although the Company uses derivative financial instruments to some extent to manage a portion of its exposure to foreign currency exchange rates, commodity prices ~~,~~ and interest rate risks, the Company does not attempt to manage its entire expected exposure, and these derivative financial instruments generally do not extend beyond one year **, except for the Company' s cross- currency swaps related to foreign denominated debt, the duration of which corresponds with the duration of the hedged debt,** and may expose the Company to credit risk in the event of counterparty default to the derivative financial instruments. There can be no assurance that in the future the Company will successfully manage these risks. • The HDFS segment **is** ~~operations are~~ highly dependent on accessing capital markets to fund operations at competitive interest rates, the Company' s access to capital and its cost of capital are highly dependent upon its credit ratings, and any negative credit rating actions may adversely affect its earnings and results of operations. Liquidity is essential to the Company' s financial services business. Disruptions in financial markets may cause lenders and institutional investors to reduce or cease to loan money to borrowers, including financial institutions. The Company' s HDFS segment ~~operations~~ may be negatively affected by difficulty in raising capital in the long- term and short- term capital markets. These negative consequences may in turn adversely affect the Company' s business and results of operations in various ways, including through higher costs of capital and reduced funds available through its HDFS segment ~~operations~~ to provide loans to dealers and their retail customers. Additionally, the ability of the Company and its HDFS segment ~~operations~~ to access unsecured capital markets is influenced by their short- term and long- term credit ratings. If the Company' s credit ratings are downgraded or its ratings outlook is negatively changed, then the Company' s cost of borrowing could increase, which may result in reduced earnings and reduced interest margins, and the Company' s access to capital may be disrupted or impaired. Legal, Regulatory & Compliance Risks • Changes in trade policies, including the imposition of tariffs, their enforcement and downstream consequences, may have a material adverse impact on the Company' s business, results of operations and outlook. Tariffs and / or other developments with respect to trade policies, trade agreements and government regulations could have a material adverse impact on the Company' s business, financial condition and results of operations. Without limitation, (i) tariffs currently in place **or prior tariffs that have been suspended could be reinstated** , (ii) the imposition by the U. S. government of new tariffs on imports to the U. S. and / or (iii) the imposition by foreign countries of tariffs on U. S. origin products could materially increase: (a) the cost of Harley- Davidson products that the Company is offering for sale in relevant countries, (b) the cost of certain products that the Company sources from foreign manufacturers and (c) the prices of certain raw materials that the Company utilizes. The Company may not be able to pass such increased costs on to distributors, dealers or customers **. Also** , ~~and~~ the Company may ~~not~~ be ~~able~~ **unable** to secure sources of certain products and materials that are not subject to tariffs **, or are subject to lower tariffs,** on a timely basis. Such developments could have a material adverse impact on the Company' s business, financial condition and results of operations. As an example, in 2018, the European Union (EU) placed an incremental tariff on U. S. origin motorcycles imported into the EU. Subsequently, in April 2021, the Binding Origin Information (BOI) decisions that allowed the Company to supply its EU market with certain of its motorcycles produced at its Thailand manufacturing facility at a reduced tariff rate were revoked. The revocation of the BOI ~~decsions~~ **decisions** effectively classified all motorcycles the Company imports into the EU as U. S. origin products, subjecting them to the incremental tariff. On October 30, 2021, the U. S. agreed not to apply Section 232 duties and allow duty- free importation of steel and aluminum from the EU at a historical- based volume and the EU agreed to suspend related tariffs on U. S. products, including the incremental tariff on motorcycles imported into the EU from the U. S. ~~(Tariff Resolution).~~ The **agreement** ~~Tariff Resolution~~ became effective on January 1, 2022 **. In December 2023, the EU extended its tariff suspension to March 31, 2025** and ~~will remain in effect until~~ **the U. S. extended its tariff suspension to** December 31, ~~2023~~ **2025** . The U. S. and EU **continue** ~~will monitor and review the operation of the Tariff Resolution, seeking to conclude the~~ negotiations on **a resolution related to the trade conflict on** steel and aluminum tariffs ~~by the end date of the Tariff Resolution~~ . These negotiations are ongoing and there are no assurances the U. S. and EU will reach a resolution that concludes the trade conflict on steel and aluminum tariffs beyond the expiration of the **suspensions** ~~Tariff Resolution on December 31, 2023~~ . Increased tariffs on motorcycles imported into the EU from the U. S. or any of the Company' s other facilities may adversely impact the Company' s sales and profitability. In addition, the U. S. government imposed increased tariffs on imports from China (Section 301 tariffs), which has resulted in higher costs for components and products sourced from China. The ongoing impact of these tariffs will depend on future trade discussions between the U. S. and China or the Company’ s ability to avoid or offset these costs should the tariffs remain in place. • The Company must comply with governmental laws and regulations that are subject to change and involve significant costs. The Company’ s sales and operations in areas outside the U. S. are subject to foreign laws, regulations and the legal systems of foreign courts or tribunals. These laws and policies governing operations of foreign- based companies may result in increased costs or restrictions on the ability of the Company to sell its products in certain countries. U. S. laws and policies affecting foreign trade and taxation may also adversely affect the Company' s international sales operations. The Company’ s U. S. sales and operations are subject to governmental policies and regulatory actions of agencies of the United States Government, including the United States Environmental Protection Agency (EPA), SEC, National Highway Traffic Safety Administration, U. S. Department of Labor and Federal Trade Commission. In addition, the Company’ s sales and operations are also subject to laws and actions of state legislatures and other local regulators, including dealer statutes and licensing laws. Changes in regulations, changes in interpretations of regulations by governmental agencies, or the imposition of additional regulations may have a material adverse effect on the Company’ s business and results of operations. The Company' s LiveWire segment ~~operations~~ , its third- party outsourcing partners, and its suppliers are or may be subject to substantial regulation under foreign, federal, state, and local laws. The **Company’ s** ~~evaluation of the requirements for licenses, approvals, certificates and government authorizations necessary to manufacture, sell, deploy or service electric vehicles in the jurisdictions in which the~~ LiveWire segment ~~operations operate or intend to operate continues, and to the extent not already taken, actions necessary will be taken to comply. The Company’ s LiveWire segment operations~~ may experience difficulties in obtaining or complying with various licenses, approvals, certifications and other governmental authorizations necessary to manufacture, sell, deploy or service its electric vehicles in any of these jurisdictions. If the Company’ s LiveWire segment ~~operations~~ , its third- party outsourcing partners or its suppliers are unable to obtain or comply with any of the licenses, approvals, certifications or other governmental authorizations necessary to carry out operations in the jurisdictions in which LiveWire or they currently operate, or those jurisdictions in which LiveWire or they plan to operate in the future, the Company’ s business, prospects, financial condition and operating results could be materially adversely affected. Tax – The Company is subject to income and non- income based taxes in the U. S. federal and state jurisdictions and in various foreign jurisdictions. Significant judgment is required in determining the Company' s worldwide income tax liabilities and other tax liabilities. The Company believes that it complies with applicable tax laws. If the governing tax authorities have a different interpretation of the applicable laws or if there is a change in tax laws, the Company' s financial condition and / or results of operations may be adversely affected. To the extent there are considerable changes to tax laws, the Company may need to readjust its tax strategy, and may not be able to take full advantage of, or fully mitigate the adverse impacts of, such changes. Environmental – Many of the Company' s products are subject to statutory and regulatory requirements governing emissions, noise and other matters, including standards imposed by the EPA, state regulatory agencies, such as the California Air Resources Board, and regulatory agencies in certain foreign countries where the Company’ s motorcycle products are sold. The Company is also subject to statutory and regulatory requirements governing emissions and noise in the conduct of the Company’ s manufacturing operations. Any significant change to the regulatory requirements governing emissions and noise may substantially increase the cost of manufacturing the Company’ s products. If the Company fails to meet existing or new requirements, then the Company may be unable to produce and sell certain products or may be subject to fines or penalties. Electric Vehicles- The Company' s LiveWire segment **is** ~~operations are~~ subject to substantial regulation. Unfavorable changes to, or failure to comply with, current or future regulations could substantially harm the Company’ s business and its operating results. Increased environmental, safety, emissions or other regulations may result in higher costs, cash expenditures and / or sales restrictions. Regulations related to the electric vehicle industry and alternative energy are currently evolving and the Company’ s LiveWire segment ~~operations face~~ **faces** risks associated with changes to these regulations, such as: (i) the imposition of a carbon tax or the introduction of a cap- and- trade system on electric utilities, either of which could increase the cost of electricity and thereby the cost of operating an electric vehicle; (ii) new state regulations of electric vehicles fees could discourage consumer demand for electric vehicles; (iii) the increase of subsidies for alternative fuels such as corn and ethanol could reduce the operating cost of vehicles that use such alternative fuels and gasoline, and thereby reduce the appeal of electric vehicles; (iv) changes to the regulations governing the assembly and transportation of battery cells could increase the cost of battery cells or make such commodities more difficult to obtain; (v) changes in regulation, for example relating to the noise required to be emitted by electric vehicles, may impact the design or function of electric vehicles, and thereby lead to decreased consumer appeal; (vi) changes in regulations governing the range and miles per gallon of gasoline ~~–~~equivalent calculations could lower LiveWire' s electric vehicles' ratings, making electric vehicles less appealing to consumers; and (vii) the amendment or rescission of the CAFE standards could reduce new business opportunities for the LiveWire business. To the extent compliance with new regulations is cost prohibitive, the Company' s business, prospects, financial condition and operating results could be materially and adversely affected. Financial Services – **The** HDFS segment **is** ~~operations are~~ governed by a wide range of U. S. federal and state and foreign laws that regulate financial and lending institutions, and financial services activities. In the U. S. for example, these laws include the federal Truth- in- Lending Act, Equal Credit Opportunity Act ~~and~~ **,** Fair Credit Reporting **Act, the Servicemembers Civil Relief Act, the unfair, deceptive and abusive practices (UDAAP) provisions of the Dodd- Frank Wall Street Reform and Consumer Protection Act, and the consumer data privacy and security provisions of the Gramm- Leach Bliley** Act. HDFS operations originate the majority of its consumer loans through its subsidiary, Eaglemark Savings Bank, a Nevada state thrift chartered as an Industrial Loan Company. U. S. federal and state bodies may in the future impose additional laws, regulations and supervision over the financial services industry. Violations of, or non- compliance with, relevant laws and regulations may limit the ability of HDFS to collect all or part of the principal or interest on applicable loans, may entitle the borrower to rescind the loan or obtain a refund of amounts previously paid, could subject HDFS to payment of damages, civil fines, or criminal penalties and administrative sanctions and could limit the number of loans eligible for HDFS securitization programs. Such regulatory requirements and associated supervision also could limit the discretion of HDFS in operating its business, such as through the suspension or revocation of any charter, license or registration at issue, as well as the imposition of administrative sanctions, including" cease and desist" orders. The Company cannot assure that the applicable laws or regulations will not be amended or construed in ways that are adverse to HDFS, that new laws and regulations will not be adopted in the future, or that laws and regulations will not attempt to limit the interest rates or convenience fees charged by HDFS, any of which may adversely affect the business of HDFS or its results of operations. The Dodd- Frank Wall Street Reform and Consumer Protection Act (Dodd- Frank Act) is a sweeping piece of legislation impacting financial services and the full effect continues to evolve as regulations that are intended to implement the Dodd- Frank Act are adopted, and the text of the Dodd- Frank Act is analyzed by stakeholders and the courts. The Dodd- Frank Act also created the Consumer Financial Protection Bureau (the Bureau). The Bureau has significant enforcement and rule- making authority in the area of consumer financial products and services. The direction that the Bureau will take, the regulations it will adopt, and its interpretation of existing laws and regulations are all elements that are not yet fully known and subject to change. **The Bureau and the Federal Trade Commission (" FTC ") regularly investigate the products, services and operations of those engaged in vehicle finance activities. As a result of such investigations, both the Bureau and the FTC have announced various enforcement actions against lenders and servicers in the past few years involving significant penalties, consent orders, cease and desist orders and similar remedies that, if applicable to us or the products and services we offer, may require us to cease or alter certain business practices, which could have a material adverse effect on our results of operations, financial condition, and liquidity.** Compliance may be costly and could affect operating results as the implementation of new forms, processes, procedures and controls and infrastructure may be required. Compliance may create operational constraints and place limits on pricing. Failure to comply, as well as changes to laws and regulations, or the imposition of additional laws and regulations, could affect HDFS' earnings, limit its access to capital, limit the number of loans eligible for HDFS securitization programs and have a material adverse effect on HDFS' business and results of operations. The Bureau also has supervisory authority over certain non- bank larger participants in the vehicle financing market, which includes a non- bank subsidiary of HDFS, allowing the Bureau to conduct comprehensive and rigorous on- site examinations that could result in enforcement actions, fines, changes to processes and procedures, product- related changes or consumer refunds ~~,~~ or other actions. • The Company' s operations may be affected by greenhouse **gas** emissions and climate change and related regulations. Climate change is receiving increasing attention worldwide. Many scientists, legislators and others attribute climate change to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. The U. S. Congress has previously considered and may in the future implement restrictions on greenhouse gas emissions. In addition, several U. S. states, including states where the Company has manufacturing facilities, have previously considered and may in the future implement greenhouse gas registration and reduction programs. Energy security and availability and its related costs affect all aspects of the Company' s manufacturing operations worldwide, including the Company' s supply chain. The Company' s manufacturing facilities use energy, including electricity and natural gas, and certain of the Company' s facilities emit amounts of greenhouse gas that may be affected by these legislative and regulatory efforts. Greenhouse gas regulation could increase the price of the electricity the Company purchases, increase costs for use of natural gas, potentially restrict access to or the use of natural gas, require the Company to purchase allowances to offset the Company' s own emissions or result in an overall increase in costs of raw materials, any one of which could increase the Company' s costs, reduce competitiveness in a global economy or otherwise negatively affect the Company' s business, operations or financial results. Many of the Company' s suppliers face similar circumstances. Physical risks to the Company' s business operations as identified by the Intergovernmental Panel on Climate Change and other expert bodies include scenarios such as sea level rise, extreme weather conditions and resource shortages. Extreme weather may disrupt the production and supply of component parts or other items such as natural gas, a fuel necessary for the manufacture of motorcycles and their components. Supply disruptions would raise market rates and jeopardize the continuity of motorcycle production. Further, in response to concerns about global climate changes and related changes in consumer preferences, the Company is likely to face greater regulatory, customer and investor pressure to develop products that generate less emissions **and to generate less emissions in all phases of its operations** . ~~This~~ **In addition, reaching the Company' s goal to achieve net zero carbon emissions by 2050** will require the Company to spend additional funds on research, product development and implementation costs, and subject the Company to the risk that the Company' s competitors may respond to these pressures in a manner that gives them a competitive advantage. For example, both the United Kingdom (UK) and EU passed legislation in 2022 to end fossil fuel car sales in ~~2030~~ **2035** and 2040, respectively. While these laws target fossil fuel cars, the ongoing concerns about global climate and related changes in consumer preferences could lead to a similar ban on internal combustion engines, which would have a material adverse effect on the Company' s business and results of operations. ~~Further~~ **Additionally** , in the near term, the Company will not be primarily focused on electric vehicles but will be channeling its focus in this area through its majority investment in LiveWire Group, Inc. As a result, the separation of the LiveWire business may adversely affect the Company' s efforts to develop electric vehicles outside of the LiveWire business, at least in the near term, and that could have longer- term negative impacts on the Company' s ability to offer electric vehicles in response to pressure to develop products that generate less emissions. • Regulations related to materials that the Company purchases to use in its products could cause the Company to incur additional expenses and may have other adverse consequences. Laws or regulations impacting the Company' s supply chain, such as the UK Modern Slavery Act and the Uyghur Forced Labor Prevention Act, could affect the sourcing and availability of some of the raw materials that the Company uses in the manufacturing of its products and the apparel and licensing products sourced from its suppliers. The Company' s supply chain is complex, and if it is not able to fully understand its supply chain and effectively mitigate any issues, then the Company may face reputational challenges with customers, investors **, regulators** or others and other adverse consequences. For example, many countries in which the Company distributes its products are introducing regulations that require knowledge and disclosure of virtually all materials and chemicals in the Company' s products. Accordingly, the Company could incur significant costs related to the process of complying with these laws, including potential difficulty or added costs in satisfying the disclosure requirements. • The Company is subject to anti- corruption, anti- bribery, anti- money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject the Company to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect the Company' s business, results of operations, financial condition and reputation. The Company is subject to anti- corruption, anti- bribery, anti- money laundering and similar laws and regulations in various jurisdictions in which it conducts or in the future may conduct activities, including the U. S. Foreign Corrupt Practices Act (" FCPA "), the U. K. Bribery Act 2010 (the " U. K. Bribery Act "), and other anti- corruption laws and regulations. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. The Company' s policies and procedures designed to ensure compliance with these regulations may not be sufficient and its directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which the Company may be held responsible. The Company' s business also must be conducted in compliance with applicable economic and trade sanctions laws and regulations, such as those administered and enforced by the U. S. Department of Treasury' s Office of Foreign Assets Control, the U. S. Department of State, the U. S. Department of Commerce, the United Nations Security Council and other relevant sanctions authorities. The Company' s global operations expose the Company to the risk of violating, or being accused of violating, anti- corruption laws and economic and trade sanctions laws and regulations. The Company' s failure to comply with these laws and regulations may expose it to reputational harm as well as significant penalties, including criminal fines, imprisonment, civil fines, disgorgement of profits, injunctions and debarment from government contracts, as well as other remedial measures. Investigations of alleged violations can be expensive and disruptive. Despite the Company' s compliance efforts and activities, it cannot assure compliance by its employees or representatives for which it may be held responsible, and any such violation could materially adversely affect the Company' s reputation, business, prospects, financial condition and operating results. Non- compliance with anti- corruption, anti- bribery, anti- money laundering or financial and economic sanctions laws could subject the Company to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, prospects, financial condition and operating results. In addition, changes in economic sanctions laws in the future could adversely impact the Company' s business and investments in its common stock. • The Company may be unable to complete environmental, social and governance, or ESG initiatives, in whole or in part, which could lead to less opportunity for it to have ESG investors and partners and could negatively impact ESG- focused investors when evaluating the Company. There has been increased focus, including by consumers, investors, employees and other stakeholders, as well as by governmental and non- governmental organizations, on environmental, social and governance matters generally and with regard to the motorcycle industry specifically. The Company has undertaken, and plans to continue undertaking, ESG initiatives. **For example, the Company aims to achieve net zero carbon emissions by 2050.** Any failure by the Company to meet its commitments or loss of confidence on the part of customers, investors, employees, brand partners and other stakeholders as it relates to its ESG initiatives could negatively impact its brand, its business, prospects, financial condition and operating results. These impacts could be difficult and costly to overcome, even if such concerns were based on inaccurate or misleading information. In addition, achieving the Company' s ESG initiatives may result in increased costs in its supply chain, fulfillment, or corporate business operations, and **such costs** could deviate from its initial estimates and have a material adverse effect on our business and financial condition. In addition, standards and research regarding ESG initiatives could change and become more onerous both for the Company and its third- party suppliers and vendors to meet successfully. Evolving data and research could undermine or refute the Company' s current claims and beliefs that it has made in reliance on current research, which could also result in costs, a decrease in revenue, changes to projections or plans, and negative market perception that could have a material adverse effect on our business and financial condition. A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company’ s efforts and impacts on climate change and human rights, ethics and compliance with laws, and the role of the company’ s board of directors in supervising various sustainability issues. In light of investors’ increased focus on ESG matters, there can be no certainty that the Company will manage such issues successfully, or that it will successfully meet investors' or society’ s ESG expectations, which could have a material adverse ~~affect~~ **effect** on its business and financial ~~conditions~~ **condition** and operating results. ~~Finally, while~~ **While** the Company may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the **associated** costs ~~associated therewith~~. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved in measuring and reporting on many ESG matters **. Further, expanding mandatory disclosures regarding ESG reporting may expand the nature, scope and complexity of ESG matters the Company is required to control, assess and report upon. For example, the EU' s Corporate Sustainability Reporting Directive (CSRD) went into effect in January 2023 and requires companies that operate in the EU to make disclosures across environmental, social and governance topics. Additionally, in October 2023, California enacted climate reporting legislation, making California the first state in the U. S. to impose requirements on greenhouse gas emissions disclosure and mandate reporting on climate- related financial risks. There can be no certainty that the Company will manage such issues successfully, including the associated costs** . General Risks • Changes in general economic and business conditions, tightening of credit and retail markets, political events or other factors may adversely impact dealers’ retail sales. The motorcycle industry is impacted by general economic conditions over which motorcycle manufacturers have little control. These factors can weaken the retail environment and lead to weaker demand for discretionary purchases, such as the Company' s motorcycles. Weakened economic conditions in certain business sectors and geographic areas can also result in reduced demand for the Company' s products. Tightening of credit can limit the availability of funds from financial institutions and other lenders and sources of capital which could adversely affect the ability of retail consumers to obtain loans for the purchase of motorcycles from lenders, including HDFS. ~~Should general~~ **For example, recent** ~~economic~~ **macroeconomic** conditions **have impacted** ~~or~~ **our customers globally** ~~motorcycle industry demand decline~~, **with inflationary pressures creating affordability challenges and high interest rates contributing to delays in customers' decisions to upgrade to new models, adversely impacting dealers' retail sales and** the Company ~~’~~ **'** s results of operations **. • Geopolitical conditions, including regional conflicts, terrorism, war,** and **international disputes could cause damage or disruption to commerce and the economy, and thus have a material adverse effect on the Company’ s** financial condition **and operating results** ~~may be substantially adversely affected~~. The motorcycle industry can also be affected by political events and other factors over which motorcycle manufacturers have little control. ~~• Geopolitical conditions~~ **For example, the ongoing conflict between Russia and Ukraine could lead to significant market and other disruptions** , including ~~market and other disruptions,including~~ significant volatility in commodity prices and supply and prices of energy resources,instability in financial markets,supply chain interruptions,political and social instability,changes in consumer or purchaser preferences as well as increases in cyberattacks and espionage **,which could adversely affect the Company’ s business,financial condition and operating results** .The ongoing conflict has led to an unprecedented expansion of sanctions programs imposed by the United States,European Union,United Kingdom,Canada,Switzerland,Japan and other countries against Russia,Belarus,the Crimea Region of Ukraine,the so- called Donetsk People’ s Republic and the so- called Luhansk People’ s Republic.The Company has ~~suspended~~ **ceased** its ~~business~~ **operations** in Russia ~~.~~ **and** ~~While~~ **while** the Company has not experienced any material interruptions to its infrastructure,supplies,technology systems or networks needed to support its operations or significant costs due to the conflict,the Company cannot provide assurance that will remain the case. **Further,recent escalation** ~~The Company has no way to predict the progress or outcome of the conflict~~ in regional conflicts, **including** ~~terrorism, war, and international disputes could cause damage or disruption to commerce and~~ the ~~economy,~~ **ongoing military conflict between Israel** and ~~thus have~~ **Hamas,** a ~~material adverse effect~~ **U. S. designated Foreign Terrorist Organization, the Red Sea conflict involving attacks** on **commercial ships by** the **Houthis** ~~Company’ s financial condition and operating results. Recent escalation~~ in ~~regional conflicts~~ **the Red Sea** , ~~including~~ **and** the risk of increased tensions between China and Taiwan, could result in increased pressure on our supply chain, which could increase the cost of manufacturing. The Company has a number of suppliers in China and a Long- Term Collaboration Agreement (LTCA) with Zhejiang Qianjiang Motorcycle Co., Ltd. and a conflict between China and Taiwan may impact the Company' s supply chain and projects related to the ~~LCTA~~ **LTCA** . The length, impact and outcome of international conflicts are highly unpredictable, and such conflicts could lead to significant volatility in commodity prices and supply and prices of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as increases in cyberattacks and espionage, which could impact the Company' s financial condition and operating results. • The ongoing conflict between Russia and Ukraine could...... unknown period of time. • The Company is and may in the future become subject to legal proceedings and commercial or contractual disputes. ~~The uncertainty~~ **Potential future lawsuits or other claims, or future adverse developments** associated with ~~substantial~~ **existing** unresolved **lawsuits and other** claims **,** ~~and lawsuits~~ may harm the Company’ s business, financial condition, reputation and brand. The defense of ~~the~~ **these** lawsuits **or other claims** may result in the ~~expenditures~~ **expenditure** of significant financial resources and the diversion of management’ s time and attention away from business operations. In addition, ~~although~~ the Company ~~is unable to determine the amount, if any, that it~~ may be required to ~~pay~~ **make payments** in connection with the resolution of ~~the~~ lawsuits **or other claims** by settlement or otherwise, **and** any such payment may have a material adverse effect on the Company' s business and results of operations. ~~Refer to Note 16 of the Notes to Consolidated financial statements for a discussion of certain legal proceedings in which the Company is involved~~ . The Company disclaims any obligation to update these risk factors or any other forward- looking statements. The Company assumes no obligation, and specifically disclaims any such obligation, to update these risk factors or any other forward- looking statements to reflect actual results, changes in assumptions or other factors affecting such forward- looking statements.