Risk Factors Comparison 2024-02-23 to 2023-03-06 Form: 10-K

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LiveWire Group, Inc. is subject to risks and uncertainties, including those discussed below. Discussions of our business and operations included in this Annual Report on Form 10- K should be read together with the risk factors set forth below. Some of these risks and uncertainties, including those described below, may cause our business, financial condition and results of operations to vary, and they may materially or adversely affect our financial performance. The risks and uncertainties described below are not the only ones we face. Other risks and uncertainties, which are not currently known to us or which we currently believe are immaterial, may also materially or adversely affect our business, financial condition and results of operations. References to " electric vehicles " throughout this Risk Factors section refer to both electric motorcycles and electric balance bikes. Summary of Risk Factors Our business is subject to a number of risks and uncertainties, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, strategies or prospects. ~~You~~ **An investment in LiveWire involves risks, including those discussed below. These risk factors** should **be considered** carefully **before deciding whether to** ~~consider these risks and uncertainties when investing~~ --- **invest** in ~~our Common Stock. These risks are discussed more fully below and include, but are not limited to, risks related to~~ the ~~following:~~ **Company.** • We are an early **-** stage company with a history of losses and expect to incur significant expenses and continuing losses for several years. We have yet to achieve positive operating cash flow and, given our projected funding needs, our ability to generate positive cash flow is uncertain **. • Our research and development efforts may not yield the expected results, or results on expected timelines or at expected costs. • Increases in costs, disruption of supply or shortage of materials, including but not limited to, lithium- ion battery cells and key semiconductor chip components necessary for our electric vehicles, could materially and negatively affect our business** . • Our limited operating history makes evaluating our business and future prospects difficult ~~and may increase the risk of your investment~~ . • We may be unable to develop and produce electric vehicles of sufficient quality, on a schedule and at scale, that would appeal to a large customer base ~~. • If we fail to achieve unit sales expectations, our business, prospects, financial condition and operating results could be adversely impacted~~ . • We are a pioneer in a new space. As we scale and expand our business, we may not be able to adequately control the costs of our operations. • The electric vehicle sector is rapidly growing and our products and services are and will be subject to strong competition from a growing list of competitors. • Our business and prospects depend significantly on our ability to build the LiveWire brand and consumers' recognition, acceptance and adoption of the LiveWire brand. We may not succeed in continuing to maintain and strengthen the LiveWire brand. • We have an established standard of quality and associated consumer expectations through our H- D motorcycle lineage. If we are unable to continue providing quality services and customer service, our business and reputation may be materially and adversely affected. • Our relationship with H- D presents potential opportunities, synergies and risks. Our brand and reputation could be materially and negatively affected through negative publicity regarding H- D and its products and services. • We may experience operational and financial risks if we fail to effectively and appropriately separate the LiveWire business from the H- D business. • H- D could make decisions for the benefit of its overall business that could negatively impact our overall business. • Our relationship with H- D may impact our other business relationships or potential business relationships. • Leveraging contract manufacturers, including H- D, KYMCO and other potential partners, to contract manufacture electric vehicles is subject to risks. • If retail partners are unwilling to participate in our go- to- market business model or are unable or ineffective in establishing or maintaining relationships with customers for electric vehicles, it may adversely impact our business. • ~~Our research and development efforts may not yield the expected results, or results on expected timelines or at expected costs. •~~ If we are unable to establish and maintain confidence in our long- term business prospects among customers and analysts and within our industry, or are subject to negative publicity, then our business, prospects, financial condition and operating results may suffer materially. • We, our outsourcing partners, and our suppliers are subject to numerous regulations. Unfavorable changes to, or failure by us, our outsourcing partners or our suppliers to comply with these regulations could materially and negatively affect our business, prospects, financial condition and operating results. • ~~Increases in costs, disruption of supply or shortage of materials, in particular for lithium- ion battery cells and key semiconductor chip components necessary for our electric vehicles, could materially and negatively affect our business. •~~ Electric vehicles are inherently new products. We may experience significant delays in the design, production and launch of our electric vehicles, which could materially and negatively affect our business, prospects, financial condition and operating results. • Our business may suffer if our products or features contain defects or fail to perform as expected. We may choose to or be compelled to undertake product recalls or take other similar actions, which could adversely affect our brand image, business and operating results. • We depend on suppliers, including critical and single sourced suppliers, to deliver components according to schedules, prices, quality and volumes that are acceptable to us. We may be unable to effectively manage these suppliers. Uncertainties in the global economy may negatively impact suppliers and other business partners, which may interrupt the supply chain and require other changes to operations. These and other factors may adversely impact revenues and operating income. • The success of our business depends on the availability of power and charging infrastructure for electric vehicles. Limitations on that infrastructure may negatively impact our business ~~. • We have identified a material weakness in our internal control over financial reporting. If our remediation of the material weakness is not effective or if we fail to develop and maintain appropriate and effective internal control over financial reporting and disclosure controls and procedures, we may suffer harm to our reputation and our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. • The restatement of our 2022 interim consolidated financial statements has subjected us to a~~

~~number of additional risks and uncertainties, including regulatory, stockholder or other actions, loss of investor confidence and negative impacts on the trading price of our Common Stock~~. • We may face challenges in expanding our business and operations internationally and our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Risks Related to Our Business We have incurred net losses since our inception, including net losses of $ **109, 550 thousand, $** 78, 938 thousand ~~,~~ **and** $ 68, 292 ~~thousand and $ 77, 572~~ thousand for the years ended December 31, **2023,** 2022, **and** 2021 ~~and 2020~~, respectively. We believe that we will continue to incur operating and net losses in the future until at least the time we begin significant deliveries of our electric vehicles which may occur later than we expect or not at all. We do not expect to be profitable for the foreseeable future as we invest in our business, build capacity and ramp- up operations, and we cannot assure you that we will ever achieve or be able to maintain profitability in the future. Even if we are able to successfully develop our electric vehicles and attract customers, there can be no assurance that we will be financially successful. For example, as we expand our electric vehicle portfolio, including the introduction of lower- priced electric motorcycles, and expand internationally, we will need to manage costs effectively to sell those products at our expected margins. Failure to become profitable could materially and adversely affect the value of ~~your~~ **our** ~~investment~~ **Common Stock**. If we are ever to achieve profitability, it will be dependent upon the successful development and commercial introduction and acceptance of our electric vehicles, such as the LiveWire One and the S2 Del Mar, and our services, which may not occur. Our business also will at times require significant amounts of working capital to support the growth of additional electric vehicle platforms and electric vehicle models. An inability to generate positive cash flow for the near term may adversely affect our ability to raise needed capital for our business on reasonable terms, diminish supplier or customer willingness to enter into transactions with us, and have other adverse effects that may decrease our long- term viability. There can be no assurance that we will achieve positive cash flow in the near future or at all. **We and our** ~~do not manufacture battery cells,which makes us dependent upon~~ suppliers **may experience** ~~for the relevant technologies.As technologies change,we plan to upgrade our existing models and introduce new models to provide our electric vehicles with the latest technologies,including battery cells,which could involve substantial costs and lower our return on investment for existing models.Even if we are able to keep pace with changes in technologies and develop new models,our prior models could become obsolete more quickly than expected,potentially reducing our return on investment.Increases~~ **increases** in **the** ~~costs~~ **cost** ~~,disruption~~ of **or a sustained interruption in the** supply or shortage of materials **.Any such cost increase**, **supply interruption or shortage could materially and negatively impact our business,prospects,financial condition and operating results.We and our suppliers use various materials** in ~~particular~~ **our businesses and products,including,** for **example,** lithium- ion battery cells ~~and key semiconductor chip components necessary for our electric vehicles,could materially and negatively affect our business.We and our suppliers may experience increases in the cost of or a sustained interruption in the supply or shortage of materials.Any such cost increase,supply interruption or shortage could materially and negatively impact our business,prospects,financial condition and operating results.We and our suppliers use various materials in our businesses and products,including,for example,lithium-ion battery cells~~ ,semiconductor chips and steel,and the prices for these materials fluctuate.The available supply of these materials may be unstable,depending on market conditions and global demand.For example,COVID- 19, **including associated variants,** the **recent** conflict in Ukraine ~~,the Israeli- Palestinian military conflict,~~ and inflationary pressure,may cause disruptions to and delays in our operations,including shortages and delays in the supply of certain parts,including semiconductors,materials and equipment necessary for the production of our vehicles,and the various internal designs and processes we may adopt in an effort to remedy or mitigate impacts of such disruptions and delays may result in higher costs.In addition,our business also depends on the continued supply of battery cells for our electric vehicles.We are exposed to multiple risks relating to lithium - ion battery cells.These risks include,but are not limited to:• an increase in the cost,or decrease in the available supply,of materials used in the cells,including as a result of new regulation;• disruption in the supply of cells due to quality issues or recalls by battery cell manufacturers;and • fluctuations in the value of any foreign currencies in which battery cell and related raw material purchases are or may be denominated against the US dollar.Our business is dependent on the continued supply of battery cells for the battery packs used in **our electric vehicles.While LiveWire is entering into a supply agreement to acquire lithium- ion battery cells,there is still a risk of disruption in the supply of those cells,which could then disrupt production of** our electric vehicles.The Arrow powertrain will utilize the industry- standard 21700 cylindrical cell form factor that enables rapid implementation of alternate cells from a wide variety of manufacturers with minimal mechanical changes and targeted adjustments to the BMS algorithms.LiveWire' s ongoing cell manufacturer relationship development,cell assessment,and cell characterization work positions LiveWire to respond in a nimble manner to potential disruptions.However,there is still a risk of disruption to production if a need arises to change suppliers with insufficient advance notice.Semiconductor chips and other electronics subcomponents are also a vital input component to the electrical architecture of our electric vehicles,controlling wide aspects of the electric vehicles' operations.Many of the key semiconductor chips and electronics subcomponents used in our electric vehicles come from single- source or limited- source suppliers,and therefore,a disruption with any one manufacturer or supplier in our supply chain could have an adverse effect on our ability to effectively produce and timely deliver our electric vehicles.Due to our reliance on these semiconductor chips and electronics subcomponents,we are subject to the risk of shortages and long lead times in their supply.While LiveWire has entered into supply agreements to acquire some of the critical semiconductor chips and electronics subcomponents,we may have limited flexibility to immediately change suppliers in the event of any disruption in the supply of those chips and electronics subcomponents,which could then disrupt production of our electric vehicles.LiveWire has in the past experienced,and we may in the future experience,semiconductor chip and electronics subcomponents shortages,and the availability and cost of these components would be difficult to predict.In particular,increased demand for semiconductor chips in 2020,due in part to the COVID- 19 pandemic and increased demand for consumer electronics that use these chips,has resulted in a severe global shortage of chips in 2021 ~~,~~ **and** 2022 ~~and 2023~~ ,which we expect to continue ~~in 2024~~ as a consequence of the **continuing**

COVID- 19 pandemic,inflation of raw material costs ~~,~~ **and** the conflict in Ukraine ~~and the Israeli- Palestinian military conflict~~ .As a result,our ability to source semiconductor chips used in our electric vehicles could continue to be adversely affected.This shortage may result in increased chip delivery lead times,delays in the production of our electric vehicles,and increased costs to source available semiconductor chips.For example,we faced supply constraints related to certain components including those impacted by the global semiconductor chip shortages.To the extent this semiconductor chip shortage continues,and we are unable to mitigate the effects of this shortage,our ability to deliver sufficient quantities of our electric vehicles could be adversely affected.In addition,we may be required to incur additional costs and expenses in managing ongoing semiconductor chip shortages,including additional research and development expenses and engineering design and development costs in the event that new suppliers must be onboarded on an expedited basis.Furthermore,fluctuations or shortages in petroleum and **other** ~~changes in~~ economic conditions may cause us to experience significant increases in freight charges and material costs.Substantial increases in the prices for our materials or prices charged to us,such as those charged by battery cell or semiconductor chip suppliers,would increase our operating costs and could reduce our margins.For example,due to the **recent** global semiconductor supply shortage,other supply chain issues including the COVID- 19 pandemic,the conflict in Ukraine, ~~the Israeli- Palestinian military conflict,~~ and the current inflationary environment in the United States,the cost of input materials,components and processes required to produce our electric vehicles is expected to increase,and we may need to increase the **prices of our electric vehicles in response to these cost pressures.Price increases and other measures taken by us to offset higher costs could materially and adversely affect our reputation and brand,result in negative publicity and loss of customers and sales,and adversely affect our business,prospects,financial condition and operating results.In addition,a growth in popularity of electric vehicles without a significant expansion in battery cell production capacity could result in shortages which would result in increased materials costs to us and would impact our projected manufacturing and delivery timelines,and adversely affect our business,prospects,financial condition and operating results.** H- D began making initial deliveries of our predecessor electric motorcycle, the Harley- Davidson LiveWire, in September 2019 ~~, and we~~ **. We then** launched the LiveWire One model in July 2021 **followed by a** ~~and we initially launched 100~~ special launch edition **of the** S2 Del Mar ~~’ s~~ in May 2022 **with full production and sales beginning in the third quarter of 2023** . In 2019, H- D acquired STACYC Inc. and began selling electric balance bikes, which are currently sold under the STACYC and H- D ~~IRONe~~ brands, as well as through private label arrangements. As ~~entirely~~ new products, there is ~~no~~ **limited** historical basis for making judgments on the demand for our electric vehicles, our ability to develop, produce and deliver electric vehicles, or our profitability in the future. It is difficult to predict our future revenues and appropriately budget for our expenses, and trends may emerge in this quickly evolving industry that may be outside our visibility and may affect our business. You should consider our business and prospects in light of the risks and challenges we face as a pioneer in a new industry, including with respect to our ability to continuously advance our electric vehicle technologies; develop safe, reliable and quality electric vehicles that appeal to customers; deliver and service a large volume of electric vehicles; turn profitable; build a globally recognized and respected brand cost- effectively; expand our electric vehicles lineup; navigate the evolving regulatory environment; improve and maintain our operational efficiency; manage supply chain effectively; adapt to changing market conditions, including technological developments and changes in competitive landscape; and manage our growth effectively. While our Electric Motorcycles segment currently focuses on the LiveWire One and the S2 Del Mar, we expect our product roadmap to expand beyond the LiveWire One **and the S2 Del Mar** and introduce new models in other categories or using other technologies that we have less experience in as we may adjust our strategies and plans from time to time to remain competitive as a pioneer in a new industry. If we fail to address any or all of these risks and challenges, our business may be materially and adversely affected. We may be unable to develop and produce electric vehicles of sufficient quality, on a schedule and at scale that would appeal to a large customer base. Our business depends in large part on our ability to develop, market, produce and sell our electric vehicles. The continued development of and the ability to sell our electric vehicles at scale, including the LiveWire One, the S2 Del Mar, and future electric vehicles, are and will be subject to risks, including with respect to: • our ability to secure necessary funding; • our ability to develop and launch a light model electric vehicle at scale and at competitive profit margins for our business; • our ability to negotiate and execute definitive agreements, and maintain arrangements on reasonable terms, with our various suppliers for hardware, software or services necessary to engineer or manufacture parts or components of our electric vehicles; • securing necessary components, services or licenses on acceptable terms and in a timely manner; • delays by us in delivering final component designs to our suppliers; • our ability to accurately produce electric vehicles within specified design tolerances; • quality controls, including within our production operations, that prove to be ineffective or inefficient; • defects in design and / or manufacture that cause our electric vehicles not to perform as expected or that require repair, field actions, product recalls or design changes; • delays, disruptions or increased costs in our third- party outsourcing partners' and our third- party suppliers' supply chain, including raw material supplies; • other delays, cost overruns and backlog in manufacturing and research and development of new models; • obtaining required regulatory approvals and certifications; • compliance with environmental, safety and similar regulations; and • our ability to attract, recruit, hire, retain and train skilled employees. Historically, motorcycle customers have expected motorcycle manufacturers to periodically introduce new and improved vehicle models. To meet these expectations, we intend to introduce new electric motorcycle models and enhanced versions of existing models. The electric vehicle market is new and quickly evolving. As a pioneer in a new industry, we inherently have limited experience as a company, designing, testing, manufacturing, marketing and selling our electric motorcycles and therefore cannot assure you that we will be able to meet customer expectations. Any of the foregoing could have a material adverse effect on our business, prospects, financial condition and operating results ~~. The electric vehicle market is becoming increasingly competitive. Increasing competition may lead to lower vehicle- unit sales and increased inventory, which may result in downward price pressure. Our ability to successfully achieve unit sales expectations will be fundamental to our future success in existing and new markets and our market share. We cannot assure you that we will~~

~~be able to achieve unit sales expectations. If we are unable to achieve unit sales expectations, our business, prospects, financial condition and operating results could be adversely impacted~~ . We have a short operating history in the electric vehicle industry, which is continuously evolving. Through our partnership with H- D and retail partners, comprised largely of existing H- D dealers, we have partners with extensive experience selling internal combustion engine motorcycles at scale. Despite this experience, the electric motorcycle industry is new, and there are no guarantees that this experience will result in sales of electric motorcycles at a comparable scale. We will require significant capital to develop and grow our business, including developing and producing our electric vehicles, establishing or expanding design, research and development, production and building our brand. We have incurred and expect to continue incurring significant expenses, including research and development expenses, raw material procurement costs, sales and distribution expenses, as we build our brand and market our electric vehicles, and general and administrative expenses as we scale our operations, identify and commit resources to investigate new areas of demand and incur costs as a public company, which will impact our profitability. Our ability to become profitable in the future is dependent on the design, development and marketability of our product portfolio while also controlling costs to achieve expected margins. If we are unable to efficiently design, develop, market, deploy, distribute and service our electric vehicles, our margins, profitability and prospects could be materially and adversely affected. Both the vehicle industry generally, and the electric motorcycle sector in particular, are highly competitive, and our Electric Motorcycle segment will be competing for sales with both leading internal combustion engine- focused companies and smaller electric motorcycle- focused companies. Several major motorcycle companies currently have electric motorcycles available, and other current and prospective motorcycle manufacturers are also developing electric motorcycles. STACYC is a category creator for electric balance bikes. There have been some competitors who have entered the market, but we expect competition to grow as the market shifts to younger riders and more players begin to make serious investments in the category. Factors affecting competition include product performance and quality, technological innovation, customer experience, brand differentiation, product design, pricing and manufacturing scale and efficiency. Increased competition may lead to lower vehicle unit sales and increased inventory, which may result in downward price pressure and adversely affect our business, prospects, financial condition and operating results. We also expect competition for electric vehicles to intensify due to increased demand and a regulatory push for alternative fuel vehicles, continuing globalization and consolidation in the worldwide automotive industry. Further, as a result of new entrants in the electric vehicle market, we may experience increased competition for components and other parts of our electric vehicles, including internal competition between our Electric Motorcycle and STACYC segments, which may have limited or single- source supply. Our business and prospects are heavily dependent on our ability to develop, maintain and strengthen our brand. If we do not continue to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Promoting and positioning our brand will likely depend significantly on our ability to provide high- quality electric vehicles and engage with our customers as intended. In addition, our ability to develop, maintain and strengthen our brand will depend heavily on the success of our customer development and branding efforts. Such efforts mainly include building a community of customers engaged with our branding initiatives, such as at automotive shows and events. To effectively build our brand with a new customer in a new industry, such efforts may be non- traditional and may not achieve the desired results. To promote our brand, we may be required to change our customer development and branding practices, which could result in substantially increased expenses, including the potential to use traditional media such as television, radio and print and engage celebrity talent or brand ambassadors. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results may be materially and adversely impacted. In addition, if negative incidents occur or are perceived to have occurred, whether or not such incidents are our fault, we could be subject to adverse publicity. In particular, given the popularity of social media, any negative publicity, whether true or not, could quickly proliferate and materially and negatively affect consumer perceptions and confidence in the LiveWire brand. Furthermore, there is the risk of potential adverse publicity related to our manufacturing partners or other partners whether or not such publicity is related to their collaboration with us. Our ability to successfully position our brand could also be adversely affected by perceptions about the quality of our competitors' vehicles. In addition, from time to time, our electric vehicles may be evaluated and reviewed by third parties. Any negative reviews or reviews that compare us unfavorably to competitors could adversely affect consumer perception about our electric vehicles. Our business and prospects heavily depend on our ability to develop, maintain and strengthen the LiveWire standard of quality and associated consumer expectations, including maintaining the established standard of quality and associated consumer expectations through our H- D motorcycle lineage. If we are not able to establish, maintain and strengthen the LiveWire standard of quality and associated consumer expectations with our brand, we may lose the opportunity to build a critical mass of customers. Our ability to develop, maintain and strengthen the LiveWire brand will depend heavily on our ability to provide high- quality electric vehicles and engage with our customers as intended, as well as the success of our customer development and marketing efforts. If we do not develop and maintain a strong brand associated with the LiveWire brand, our business, prospects, financial condition and operating results could be materially and adversely impacted. Our relationship with H- D presents potential opportunities, synergies and risks for us. However, the association of our business and brand to H- D and its business could subject us to reputational and regulatory risks. Any negative developments with respect to H- D may materially and adversely affect our business and brand. Additionally, the anticipated benefits of the synergies with H- D may not be realized or the value of goodwill and other intangible assets could be impacted by one or more continuing unfavorable events or trends, which could result in significant impairment charges. The occurrence of any of these events could have a material adverse effect on our business, prospects, financial condition and operating results. We may experience operational and financial risks in connection with separating from H- D if we are unable to: • successfully separate the operations, as well as the accounting, financial controls, management information, technology, data, human resources and other administrative systems and functions, of H - D from our operations and systems; • successfully identify, validate, qualify and contract with replacement or second- source manufacturing, engineering, development and testing service providers (or stand up such capabilities internally) to act as second sources or replacement sources of such services in the event H- D is unable to provide such services or our agreements with H- D to provide the same expire or are terminate; • successfully identify and realize potential synergies with H- D; and • fully identify potential risks and liabilities associated with H- D, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities, litigation or other claims in connection with H- D, including claims from terminated employees, former stockholders, H- D dealers, or other third parties, and other known and unknown liabilities. As a result of the Separation, H- D, through the Legacy **ElectricSoul, LLC (the " Legacy** LiveWire Equityholder **")** , is our majority stockholder. To ensure we are making decisions that benefit our business and our stockholders, we have a conflicts committee (the " Conflicts Committee ") of the board of directors of LiveWire (the " Board ") to review and approve any matter involving a conflict of interest between us and H- D. Outside of our business, H- D may make certain decisions that benefit its overall business, including its relationships with its suppliers and dealers, that could negatively impact our overall business, including our supplier partnerships, pricing, approach to manufacturing or ability to expand distribution. These decisions by H- D about its business may have a material and adverse effect on our business, prospects, financial condition and operating results. H- D has many longstanding business relationships that we expect to largely be able to leverage to our benefit through our relationship with H- D. Our relationship with H- D may also affect our ability to develop and maintain our own relationships with companies providing services and capabilities to, or for the benefit of, our business, including supply, distribution, marketing and operations. Depending upon the relationship between H- D and these other companies, the other companies may be less willing or unwilling to develop and maintain relationships with us. Additionally, they may favor our competitors or may view us as competitors because of our relationship with H- D. We may also enter into certain agreements with H- D pursuant to which we and / or H- D have continuing obligations to provide services to each other. Our inability to maintain the business relationships necessary to maintain and grow our business may materially and negatively impact our results. A key financial benefit to our business is our asset- light operating model in which we rely on contract manufacturers to produce our electric vehicles. We have secured the experience and expertise of H- D and KYMCO to serve as our long- term contract manufacturing partners to provide manufacturing, procurement, logistics and distribution services for our platforms and certain other products. If these contract manufacturing agreements terminate or expire, or if H- D or KYMCO fail to perform or meet our expected quality standards, timelines, capacity requirements, costs, manufacturing capabilities or manufacturing footprint, we may need to engage another third - party contract manufacturer or build our own in-house manufacturing capabilities, which could cause us to incur significant cost and expense. Additionally, our recourse against H- D for their failure to perform or meet our expected quality standards is limited. We do not currently have alternate manufacturing arrangements in place so it may take time to transition to another contract manufacturer, and there is no guarantee that they would be able to meet our capacity, capability or quality requirements, or otherwise be an effective and acceptable manufacturing solution. Any of the foregoing could adversely affect our business, prospects, financial condition and operating results. We employ a go- to- market business model whereby our revenue is generated primarily by sales through retail partners, which are largely drawn from H- D' s traditional motorcycle dealer network while we also seek to develop new retail partners. We depend on the capability of these retail partners to develop and implement effective retail sales plans to create demand among retail purchasers for our electric vehicles and related products and services that the retail partners may purchase from us. We provide our retail partners with specific training and programs to assist them in selling our products, but there can be no assurance that these steps will be effective ~~, and restrictions on travel and other limitations as a result of health pandemics, including the COVID- 19 pandemic, may undermine our efforts to provide training and build relationships~~ . If our retail partners are not able to establish, maintain and strengthen our brand, we may lose the opportunity to build a critical mass of customers. Our retail partners' ability to develop, maintain and strengthen their relationships with customers for electric vehicles will depend heavily on our ability to provide high- quality electric vehicles and engage with our customers as intended, as well as the success of our customer development and marketing efforts. The electric vehicle industry is intensely competitive, and we may not be successful in building, maintaining and strengthening our relationship with customers. If we do not develop and maintain a strong brand, our business, prospects, financial condition and operating results could be materially and adversely impacted. Some of these retail partners may also market, sell and support offerings that may be competitive with ours, may devote more resources to the marketing, sales and support of such competitive offerings or may have incentives to promote other offerings to the detriment of our own. Our retail partners could subject us to lawsuits, potential liability, and reputational harm if, for example, any of our retail partners misrepresents the functionality of our electric vehicles to customers or violates laws or our or their corporate policies. Our ability to achieve revenue growth in the future will depend, in part, on our success in maintaining successful relationships with our retail partners, identifying additional retail partners, including in new markets, and training our retail partners to independently sell our electric vehicles. If our retail partners are unsuccessful in selling electric vehicles, or if we are unable to enter into arrangements with or retain a sufficient number of high- quality retail partners in each of the regions in which we sell our electric vehicles and keep them motivated to sell our electric vehicles, our business, prospects, financial condition and operating results could be adversely affected. Our research and development efforts may not...... potentially reducing our return on investment. Customers may be less likely to purchase our electric vehicles if they are not convinced that our business will succeed or that our service and support and other operations will continue in the long- term. Similarly, suppliers and other third parties may be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed. Accordingly, to build and maintain our business, we must maintain confidence among customers, suppliers, analysts, ratings agencies and other parties in our electric vehicles, long- term financial viability and business prospects. Maintaining such confidence may be complicated by certain factors, including those that are largely outside of our control, such as our limited operating history; customer unfamiliarity with our electric vehicles and electric vehicles and electric motorcycles in general; any delays in scaling production, delivery and service operations to meet demand; competition and uncertainty regarding the future of our electric vehicles and electric vehicles and electric motorcycles in general;

and our production and sales performance compared with market expectations. We, our outsourcing partners, and our suppliers are subject to numerous regulations. Unfavorable changes to, or failure by us, our outsourcing partners or our suppliers to comply with, these regulations could materially and negatively affect our business, prospects, financial condition and operating results. We and our electric vehicles, and vehicles in general, as well as our third- party outsourcing partners and our suppliers, are or will be subject to substantial regulation under foreign, federal, state and local laws. We continue to evaluate requirements for licenses, approvals, certificates and governmental authorizations necessary to manufacture, sell, deploy or service our electric vehicles in the jurisdictions in which we plan to operate and, to the extent we have not already, intend to take such actions necessary to comply. We may experience difficulties in obtaining or complying with various licenses, approvals, certifications and other governmental authorizations necessary to manufacture, sell, deploy or service our electric vehicles in any of these jurisdictions. If we, our third - party outsourcing partners or our suppliers are unable to obtain or comply with any of the licenses, approvals, certifications or other governmental authorizations necessary to carry out our operations in the jurisdictions in which we or they currently operate, or those jurisdictions in which we or they plan to operate in the future, our business, prospects, financial condition and operating results could be materially adversely affected. We expect to incur significant costs in complying with these regulations. Regulations related to the electric and alternative energy vehicle industry are evolving and we face risks associated with changes to these regulations, including, but not limited to: • increased support for other alternative fuel systems, which could have an impact on the acceptance of our electric vehicles; and • increased sensitivity by regulators to the needs of established automobile and motorcycle manufacturers, which could lead them to pass regulations that could reduce the compliance costs of such established manufacturers or mitigate the effects of government efforts to promote alternative fuel vehicles. To the extent the laws change, our electric vehicles may not comply with or be positioned to take advantage of applicable foreign, federal, state or local laws, which may have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition and operating results could be adversely affected. We and our suppliers may experience increases......, financial condition and operating results. Our future business depends in large part on our ability to execute on our plans to develop, produce, market and sell our electric vehicles. Electric vehicle companies experience delays in the design, production and commercial release of new products. To the extent we delay the launch of future models of electric vehicles, our growth prospects could be adversely affected as we may fail to establish or grow our market share. Furthermore, we rely on contract manufacturers for the manufacturing of electric vehicles. We could experience delays if our contract manufacturers do not meet agreed upon timelines or experience capacity constraints. Additionally, we rely on third - party suppliers for the provision and development of the key components and materials used in our electric vehicles. To the extent our suppliers experience any delays in providing ~~us~~ **our outsourced manufacturing partners** with or developing necessary components, we could experience delays in delivering on our timelines. See "- Increases in costs, disruption of supply or shortage of materials, in particular for lithium- ion battery cells, could materially and negatively affect our business. " The battery' s range and life will deteriorate with usage and time, which, if material, could negatively influence potential customers' decisions to purchase our electric vehicles. All lithium- ion batteries are consumable components that become less effective as they chemically age. As lithium- ion batteries chemically age, the amount of charge they can hold diminishes, which may result in a perceptible decrease in range for an electric vehicle. This can be referred to as the battery' s maximum capacity, i. e., the measure of battery capacity relative to when it was new. In addition, a battery' s ability to deliver maximum instantaneous performance, or " peak power, " may decrease and impact acceleration performance in an electric vehicle. A normal battery is designed to retain up to 80 % of its original capacity after 30, 000 miles when operating under normal conditions. Although common to all electric vehicles, lithium- ion battery aging may negatively influence potential customers' electric vehicle purchase decisions. If our electric vehicles contain design or manufacturing defects that cause them not to perform as expected or that require repair, our ability to develop, market and sell our products and services may be materially and negatively affected, and we may experience delivery delays, product recalls, product liability, breach of warranty and consumer protection claims and significant warranty and other expenses. In particular, our 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 we attempt to remedy any issues we observe in our electric vehicles as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not completely satisfy our customers. While we perform extensive internal testing on our electric vehicles and features, we currently have a limited frame of reference by which to evaluate their long- term quality, reliability, durability and performance characteristics when operating in the field. There can be no assurance that we will be able to detect and fix all defects in our electric vehicles prior to their sale to or installation for customers. Despite safety and quality reviews, the Consumer Product Safety Commission or other applicable regulatory bodies may require, or we may voluntarily institute, the recall, repair or replacement of our electric vehicles if our electric vehicles are found not to be in compliance with applicable standards or regulations. Any product recall in the future, whether initiated by a regulator, us or a supplier, and whether the product recall involves our or a competitor' s product, may result in adverse publicity, damage our brand image, and adversely affect our business, prospects, financial condition and operating results. Such recalls, whether caused by systems or components engineered or manufactured by us or our suppliers, may involve significant expense, the possibility of lawsuits, and diversion of management' s attention and other resources, which could adversely affect our brand image and our business, prospects, financial condition and operating results. We depend on suppliers, including critical and single source suppliers, to deliver components according to schedules, prices, quality and volumes that are acceptable to us. We may be unable to effectively manage these suppliers. Uncertainties in the global economy may negatively impact suppliers and other business partners, which may interrupt the supply chain and require other changes to operations. These and other factors may adversely impact revenues and operating income. Our success will be dependent upon our ability to enter into supplier agreements and maintain our relationships with existing suppliers who are critical to the output and production of our electric vehicles. The supply agreements we may enter into with suppliers in the future may have provisions where such agreements can be terminated in various circumstances, including potentially without cause. If our suppliers become unable to provide, or experience delays in providing, components or if the supply agreements we enter into are terminated, it may be difficult to find replacement components. Additionally, our products contain parts that we purchase from single- source or limited- source suppliers, for which no immediate or readily available alternative supplier exists. While we believe that we would be able to establish alternate supply relationships and can obtain or engineer replacement components for our single- source components, we may be unable to do so in the short- term (or at all) at prices or quality levels that are acceptable to us. In addition, as we evaluate opportunities and take steps to insource certain components and parts, supply arrangements with current or future suppliers (with respect to other components and parts offered by such suppliers) may be available on less favorable terms or not at all, especially in light of the increases in materials pricing. Unexpected changes in business conditions, materials pricing, including inflation of raw material costs, labor issues, wars, trade policies, natural disasters, health epidemics ~~such as the global COVID- 19 pandemic~~ , trade and shipping disruptions, port congestions and other factors beyond our or our suppliers' control could also affect these suppliers' ability to deliver components to us or to remain solvent and operational. For example, a global shortage of semiconductor chips has been reported since early 2021 and has caused challenges in the manufacturing industry and impacted our supply chain and production as well. Additionally, if our suppliers do not accurately forecast and effectively allocate production or if they are not willing to allocate sufficient production to us, it may reduce our access to components and require us to search for new suppliers. The unavailability of any component or supplier could result in production delays, product design changes and loss of access to important technology and tools for producing and supporting our products, as well as impact our capacity expansion and our ability to fulfill our obligations under customer contracts. Moreover, significant increases in our production or product design changes by us may in the future require us to procure additional components in a short amount of time. Our suppliers may not be willing or able to sustainably meet our timelines or our cost, quality and volume needs, or to do so may cost us more, which may require us to replace them with other sources. In addition, if our suppliers experience substantial financial difficulties, cease operations or otherwise face business disruptions, we would be required to take measures to ensure components and materials remain available. Any disruption could affect our ability to deliver electric vehicles and could increase our costs and negatively affect our liquidity and financial performance. Also, if a supplied vehicle component becomes the subject of a product recall, we may be required to find an alternative component, which could increase our costs and cause vehicle production delays. Additionally, we may become subject to costly litigation surrounding the component. If we do not enter into long- term supply agreements with guaranteed pricing for our parts or components, we may be exposed to fluctuations in prices of components, materials and equipment comprising the products purchased from our contract manufacturers, including H- D. Agreements for the purchase of battery cells contain or are likely to contain pricing provisions that are subject to adjustments based on changes in market prices of key commodities. Substantial increases in the prices for such components, materials and equipment would increase our operating costs and could reduce our margins if we cannot recoup the increased costs. Any attempts to increase the announced or expected prices of our electric vehicles in response to increased costs could be viewed negatively by our potential customers and could adversely affect our business, prospects, financial condition and operating results. As we continue to grow, we may not be able to effectively manage our growth, which could negatively impact our brand and financial performance. We intend to expand our operations significantly, which will require hiring, retaining and training new personnel, controlling expenses, establishing facilities, and implementing administrative infrastructure, systems, and processes. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Risks that we face in undertaking this expansion include, among others: • attracting and ~~hiring~~ **retaining** skilled and qualified personnel to support our expanded operations at existing facilities or operations at any facilities we may construct or acquire in the future; • managing a larger organization with a great number of employees in different divisions and geographies; • training and integrating new employees into our operations to meet the growing demands of our business; • controlling expenses and investments in anticipation of expanded operations; • establishing or expanding design, manufacturing and sales; • managing regulatory requirements, permits and labor issues and controlling costs in connection with the construction of additional facilities or the expansion of existing facilities; and • implementing and enhancing administrative infrastructure, systems and processes. Furthermore, we have limited experience to date in high volume production of our electric vehicles, and we cannot ensure that we will be able to continue to partner with reliable contract manufacturers and reliable sources of component supply that will enable us to meet the quality, price, engineering, design and production standards, as well as the production volumes, required to successfully market our electric vehicles as our operations expand. Any failure to effectively manage our growth could negatively impact our brand and financial performance. Unexpected termination of leases or failure to renew the lease of our existing premises or to renew such leases at acceptable terms could materially and adversely affect our business. We currently lease the premises for our research and development facility, retails stores and offices. We cannot assure you that we would be able to renew the relevant lease agreements without substantial additional cost or increase in the rental cost payable by us. If a lease agreement is renewed at a rent substantially higher than the current rate, or currently existing favorable terms granted by the lessor are not extended, our business and results of operations may be adversely affected. Additionally, if our sublease at our Company- owned dealership location is either terminated or not renewed by our landlord and we do not have an existing alternate dealership location, that could jeopardize our dealer license, which would impact our ability to make direct sales to consumers and could materially and adversely affect our business. We may be unable to complete environmental, social and governance (" ESG ") initiatives, in whole or in part, which could lead to less opportunity for us to have ESG investors and partners and could negatively impact ESG - focused investors when evaluating us. There has been increased focus, including by consumers, investors, employees and other stockholders, as well as by governmental and non- governmental organizations, on ESG matters generally and with regard to our industry specifically. We have undertaken, and plan to continue undertaking, ESG initiatives. Any failure by us to meet our commitments or loss of confidence on the part of customers, investors, employees, brand partners and other stockholders as it relates to our ESG initiatives could negatively impact our brand, our 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 our ESG initiatives may result in increased costs in our supply chain, fulfillment, and / or corporate business operations, and could deviate from our initial estimates and have a material adverse effect on our business and financial condition. In addition, regulation, standards and research regarding ESG initiatives could change and become more onerous for both us and our third- party suppliers and vendors to meet successfully. Evolving data and research could undermine or refute our current claims and beliefs that we have made in reliance on current research, which could also result in costs, a decrease in revenue, 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 law 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 we will manage such issues successfully or that we will successfully meet society' s ESG expectations or achieve our financial goals. **Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain ESG- related matters. Both advocates and opponents to certain ESG matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business.** While we 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. 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. In addition, emerging regulation requiring additional ESG public disclosure by certain companies in a number of jurisdictions and / or additional ESG obligations (for example, in relation to supply chains) may lead to heightened scrutiny of our ESG performance, to the extent we are required to publish additional information in relation to our ESG performance or to meet such additional ESG obligations **. For example, the SEC has published proposed rules that require companies to provide significantly expanded climate - related disclosures in their periodic reporting, which may require us to incur significant additional costs to comply, including the implementation of significant additional internal controls processes and procedures regarding matters that have not been subject to such controls in the past, and impose increased oversight obligations on our management and board of directors. The SEC' s Fall 2023 regulatory agenda indicates that the SEC intends to take final action on its ESG reporting rules in April 2024. In addition, California has recently enacted climate disclosure laws that may require us to report on our greenhouse gas emissions, climate - related financial risks and other climate - related matters. Furthermore, industry and market practices may further develop to become even more robust than what is required under any new laws and regulations, and we may have to expend significant efforts and resources to keep up with market trends and stay competitive among our peers, which could result in higher associated compliance costs and penalties for failure to comply with such laws and regulations. Additionally, many of our customers and suppliers may be subject to similar expectations, which may augment or create additional risks** . To the extent that our ESG initiatives are deemed to be insufficient by stakeholders, this may lead to a negative impact on our business. Demand for our electric vehicles will depend in part upon the availability of public charging infrastructure. We do not plan to develop or invest in our own network of charging stations, but will instead rely on the use of at - home charging, which makes up the majority of electric vehicle charging today, along with a growing publicly accessible charging infrastructure provided by third parties and the government. We have limited experience in the actual provision of charging solutions to customers, and the facilitation of these services is subject to challenges, which include: • successful integration with existing third- party charging networks, including obtaining necessary licenses for charging solutions on commercially acceptable terms; • inadequate capacity or over capacity in certain areas, security risks or risk of damage to vehicles, charging equipment or real or personal property; • access to sufficient charging infrastructure; • the potential for lack of customer acceptance of our charging solutions; and • the risk that government support for electric vehicle and alternative fuel solutions and infrastructure may not continue. While the prevalence of charging stations generally has been increasing, charging station locations are significantly less widespread than gas stations. Some potential customers may choose not to purchase our electric vehicles because of the lack of a more widespread charging infrastructure. To provide our customers with access to sufficient charging infrastructure, we will rely on the availability and successful integration of our electric vehicles with third- party charging networks. Any failure of third- party charging networks to meet customer expectations or needs, including quality of experience, could impact the demand for electric vehicles, including ours. For example, where charging bays exist, the number of electric vehicles could oversaturate the available charging bays, leading to increased wait times and dissatisfaction for customers. To the extent we are unable to meet user expectations or experience difficulties in facilitating access to charging solutions, our reputation and business, prospects, financial condition and operating results may be materially and adversely affected. Our electric vehicles use lithium- ion battery cells. When not properly managed, lithium- ion battery cells have been observed to catch fire or vent smoke and flame on rare occasions. If our electric vehicles exhibit those conditions, it could have a negative effect on our reputation and business. The battery packs within our electric vehicles make use of lithium- ion cells. If not properly managed or subject to environmental stresses, lithium- ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium- ion cells. While the battery pack is designed to contain any single cell' s release of energy without spreading to neighboring cells, a field or testing failure of battery packs in our electric vehicles could occur, which could result in bodily injury or death and could subject us to lawsuits, product recalls or redesign efforts, all of which would be time consuming and expensive and could materially and negatively affect our brand image and results of operation. Also, negative public perceptions regarding the suitability of lithium- ion cells for automotive applications, the social and environmental impacts of mineral mining or procurement associated with the constituents of lithium- ion cells, or any future incident involving lithium- ion cells, such as a vehicle or other fire, could materially and adversely affect our reputation and business. Our industry and its technology are rapidly evolving and may be subject to unforeseen changes. Developments in alternative technologies or improvements in current and future enabling and competitive technologies may adversely affect the demand for our electric vehicles. We may be unable to keep up with changes in electric vehicle technology or alternatives to electricity as a fuel source, and as a result, our competitiveness may suffer. Developments in alternative technologies, such as advanced diesel, hydrogen, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine or the cost of gasoline, may materially and adversely affect our business and prospects in ways we do not currently anticipate. Existing and other battery cell technologies, fuels or sources of energy may emerge as customers' preferred alternative to our electric vehicles. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced alternative fuel and electric vehicles, which could result in the loss of competitiveness of our electric vehicles, decreased revenue and a loss of market share to competitors. Our research and development efforts may not be sufficient to adapt to changes in alternative fuel and electric vehicle technology. As technologies change, we plan to upgrade or adapt our electric vehicle with the latest technology. However, our electric vehicles may not compete effectively with alternative systems if we are not able to source and integrate the latest technology into our electric vehicles. Additionally, the introduction and integration of new technologies into our electric vehicles may increase our costs and capital expenditures required for the production and manufacture of our electric vehicles **. In addition** , **upgrades** and ~~if~~ **adaptations to our vehicles will also require, from time to time, planned and temporary manufacturing shutdowns. Plant shutdowns, whether associates with product changes or other factors, can have a negative impact on our revenues. If** we are unable to cost efficiently implement ~~such~~ **new** technologies, our business, prospects, financial condition and operating results could be materially and adversely affected. Our future growth and success are dependent upon consumers' adoption of, and their demand for, two- and three- wheeled electric vehicles in a sector that is generally competitive, cyclical and volatile. Our future growth is dependent on the demand for, and upon consumers' willingness to adopt two- and three- wheeled electric vehicles and, even if electric vehicles become more mainstream, consumers choosing us over other electric vehicles manufacturers. Demand for electric vehicles may be affected by factors directly impacting electric vehicle prices or the cost of purchasing and operating electric vehicles such as sales and financing incentives, prices of raw materials and parts and components, cost of fuel and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in downward price pressure and adversely affect our business, prospects, financial condition and operating results. In addition, the demand for our electric vehicles and services will highly depend upon the adoption by consumers of new energy vehicles in general and electric motorcycles and electric balance bikes in particular. The market for new energy vehicles is still rapidly evolving, characterized by rapidly changing technologies, competitive pricing and competitive factors, evolving government regulation and industry standards, and changing consumer demands and behaviors. Other factors that may influence the adoption of alternative fuel vehicles, and specifically electric vehicles, include: • perceptions about electric vehicles quality, safety, design, performance and cost, especially if adverse events or accidents occur that are linked to the quality or safety of electric vehicles, whether or not such electric vehicles are produced by us or other manufacturers; • perceptions about electric vehicles' safety in general, in particular safety issues that may be attributed to the use of advanced technology, including electric vehicles systems; • range anxiety, including the decline of an electric vehicle' s range resulting from deterioration over time in the battery' s ability to hold a charge; • the availability of new energy vehicles; • the availability of service and charging stations for electric vehicles; • the costs and challenges of installing home charging equipment, including for multi- family, rental and densely populated urban housing; • the environmental consciousness of consumers, and their adoption of electric vehicles; • the occurrence of negative incidents, or perception that negative incidents have occurred, with respect to our or our competitors' electric vehicles resulting in adverse publicity and harm to consumer perceptions in electric vehicles generally; • the higher initial upfront purchase price of electric vehicles, despite lower cost of ongoing operating and maintenance costs, compared to internal combustion engines vehicles; • perceptions about and the actual cost of alternative fuel **, including the capacity and reliability of the electric grid** ; • belief that electric vehicles may subject riders and passengers to greater risks because electric vehicles are quieter compared to internal combustion engine vehicles; • regulatory, legislative and political changes; and • macroeconomic factors. The unavailability, reduction or elimination of government and economic incentives or government policies that are favorable for electric vehicles and domestically- produced vehicles could have a material adverse effect on our business, prospects, financial condition and operating results. Any reduction, elimination, or discriminatory application of government subsidies and economic incentives because of policy changes, or the reduced need for such subsidies and incentives due to the perceived success of the electric vehicle or other reasons, may result in the diminished competitiveness of the alternative fuel and electric vehicle industry generally or our electric vehicles in particular. Additionally, federal, state and local laws may impose additional barriers to electric vehicle adoption, including additional costs. For example, many states have enacted laws imposing additional registration fees for certain hybrid and electric vehicles to support transportation infrastructure, such as highway repairs and improvements, which have traditionally been funded through federal and state gasoline taxes. Any of these conditions could materially and adversely affect the growth of the alternative fuel automobile markets and our business, prospects, financial condition and operating results. While the ~~recently passed~~ Inflation Reduction Act included certain federal tax credits and other incentives for alternative energy production and alternative fuel, there is no guarantee these programs will be renewed or extended in the future. Moreover, the Inflation Reduction Act did not include federal tax credits for electric vehicles with two wheels, such as our electric motorcycles. If current **state** tax incentives **for two wheeled vehicles expire** and **if new** federal **and state** tax incentives for two wheeled vehicles are not ~~available~~ **enacted** in the future, our business, prospects, financial condition and operating results could be materially and negatively affected. Our electric motorcycles' quiet performance compared to internal combustion engine motorcycles may subject riders to greater risks. Our electric motorcycles are quieter compared to internal combustion engine motorcycles, which may subject riders to greater risks. To the extent accidents associated with our quieter electric motors occur, we could be subject to liability, negative publicity, government scrutiny and further regulation. Any of these results could materially and adversely affect our business, prospects, financial condition and operating results. Vehicle retail sales depend heavily on affordable interest rates and availability of credit for vehicle financing and a substantial increase in interest rates could materially and adversely affect our business, prospects, financial condition and operating results. 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 interest rates have risen, market rates for new vehicle financing have also risen, which may make our electric vehicles less affordable to customers or steer customers to less expensive vehicles that would be less profitable for us, adversely affecting our financial condition and operating results. Additionally, all sales of electric motorcycles and related products to independent dealers in the US and Canada are financed through Harley- Davidson Financial Services, Inc. (" HDFS "), therefore we face the risk that HDFS could change its lending policies in the future, which could have a material adverse effect on our business, prospects, financial condition and operating results. Additionally, if consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, customers may not desire or be able to obtain financing to purchase our electric vehicles. As a result, a substantial increase in customer interest rates or tightening of lending standards could have a material adverse effect on our business, prospects, financial condition and operating results. Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our business, prospects, financial condition and operating results. As our electric vehicles are produced, we will need to maintain warranty reserves to cover warranty- related claims. If our warranty reserves are insufficient to cover future warranty claims on our electric vehicles, our business, prospects, financial condition and operating results could be materially and adversely affected. We record and adjust warranty reserves based on changes in estimated costs and actual warranty costs. However, as we have limited operating experience with our electric motorcycles, we have limited experience with warranty claims for these electric motorcycles and other electric vehicles and with estimating warranty reserves. In the future, we may become subject to significant and unexpected warranty expenses. There can be no assurances that then- existing warranty reserves will be sufficient to cover all claims. We may become subject to product liability claims, which could materially and negatively affect our financial condition and liquidity if we are not able to successfully defend or insure against such claims. We may become subject to product liability claims, which could materially and negatively affect our financial condition and liquidity. The vehicle, motorcycle and bicycle industries experience an abundance of product liability claims. We face the risk of significant monetary exposure to claims in the event our electric vehicles do not perform as expected or contain design, manufacturing, or warning defects and to claims without merit, or in connection with malfunctions resulting in personal injury or death. Moreover, a product liability claim could generate substantial negative publicity about our electric vehicles and business and inhibit or prevent commercialization of other future electric motorcycle vehicles or electric balance bikes, which could have a material adverse effect on our financial condition and liquidity. Any insurance coverage might not be sufficient to cover all potential product liability claims. Any lawsuit seeking significant monetary damages either in excess of our coverage or outside of our coverage may have a material adverse effect on our reputation and financial condition and liquidity. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we face liability for our products and are forced to make a claim under our policies. We depend on revenue generated from a limited number of models and in the foreseeable future will be significantly dependent on a limited number of models. H- D began making initial deliveries of our predecessor electric motorcycle, the Harley- Davidson LiveWire, in September 2019 ~~, and we~~ **. We then** launched the LiveWire One model in July 2021 **followed by a** ~~and we initially launched 100~~ special launch edition **of the** S2 Del Mar ~~' s~~ in May 2022 **with full production and sales beginning in the third quarter of 2023** . For the foreseeable future, the Electric Motorcycles segment will depend on revenue generated from a limited number of models. Historically, motorcycle customers have come to expect a variety of vehicle models offered in a company' s fleet and new and improved vehicle models to be introduced frequently. STACYC' s current product portfolio starts with 12- and 16- inch electric balance bikes built for 3 to 8 year- old riders. STACYC has recently developed an 18- and 20- inch electric balance bike that expanded the range of STACYC riders from 3 to 12 years old. For the foreseeable future, STACYC will depend on revenue generated from these limited number of models, until STACYC can expand the range of STACYC riders. Given that for the foreseeable future our business will depend on a limited number of models, to the extent a particular model is not well received by the market, our sales volume, business, prospects, financial condition and operating results could be materially and adversely affected. STACYC depends on significant customers for a substantial portion of its revenue. If STACYC fails to retain or expand its customer relationships or significant customers reduce their purchases, its revenue could decline significantly. STACYC depends on a small number of significant customers for its sales, and a small number of customers have historically accounted for a material portion of its revenue. The loss of any one of its significant customers, a significant customers inability to perform under their contracts, significant customers termination or failure to renew their contracts with STACYC, or a significant customers default in payment could cause STACYC' s revenue to decline materially. For the near future, STACYC may continue to derive a significant portion of its revenue from a small number of customers. For the ~~fiscal year~~ **twelve months** ended December 31, ~~2022~~ **2023** , one customer accounted for approximately ~~47~~ **44** % of STACYC' s revenue **, respectively** . Loss of a significant customer or a significant reduction in pricing or order volume from a significant customer could materially reduce STACYC' s revenue and operating results in any reporting period. In addition, STACYC is subject to credit risk of its customers, and its operating results depend on receipt of timely payments from its customers. Any delay in payment by its customers may have an adverse effect on revenue and operating results. There is no assurance that STACYC will be able to collect all or any of the amounts owed to it in a timely matter. If any of its customers face unexpected situations such as financial difficulties, it may not be able to receive full or any payment of the uncollected sums or enforce any judgment debts against such clients, and its business, prospects, financial condition and operating results could be materially and adversely affected. ~~As a public company, LiveWire has significant requirements for enhanced financial reporting and internal controls. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. If we are unable to establish or maintain appropriate internal financial reporting controls and procedures, it could cause us to fail to meet our reporting obligations on a timely basis, result in material misstatements in our consolidated financial statements, and harm our operating results. In addition, we will be required, pursuant to Section 404, to furnish a report by our management on, among other things, the effectiveness of our internal control over financial reporting in our 2023 Annual Report on Form 10- K. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the United States (" GAAP "). This assessment will need to include disclosure of any material weaknesses identified by management in its internal control over financial reporting. The rules governing the standards that must be met for management to assess its internal control over financial reporting are complex and require significant documentation, testing, and possible remediation. If we are no longer an " emerging growth company, " our auditors will be required to issue an attestation report on the effectiveness of our internal controls on an annual basis. In connection with the implementation of the necessary practices and procedures related to internal control over financial reporting, we have identified and may again in the future identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by the Sarbanes- Oxley Act for compliance with the requirements of Section 404. In addition, LiveWire may encounter problems or delays in completing the remediation of any deficiencies identified by its independent registered public accounting firm in connection with the issuance of its attestation report. Our testing, or the subsequent testing (if required) by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity' s financial statements will not be prevented or detected on a timely basis. Any material weaknesses could result in a material misstatement of our annual or quarterly consolidated financial statements or disclosures that may not be prevented or detected. The existence of any material weakness would require management to devote significant time and incur significant expense to remediate any such material weakness, and management may not be able to remediate any such material weakness in a timely manner. If we fail to implement the requirements of Section 404 in the required timeframe once we are no longer an emerging growth company, we may be subject to sanctions or investigations by regulatory authorities, including the SEC and the NYSE. Furthermore, if we are unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by regulatory authorities. Failure to implement or maintain effective internal control over financial reporting and disclosure controls and procedures required of public companies could also restrict our future access to the capital markets. During the finalization of our 2022 consolidated financial statements, our management determined that a material weakness existed in our internal control over financial reporting as the design of controls to correctly recognize revenue and the related cost of goods sold in accordance with GAAP were ineffective and resulted in our STACYC segment prematurely recognizing revenue related to deliveries to a customer of STACYC electric balance bikes without batteries, which were shipped separately a short time later. We should have recognized revenue when the batteries were completely delivered, which was required for us to be able to recognize revenue for the bikes as a finished unit. Accordingly, the Audit Committee of our Board of Directors, in consultation with members of our management, concluded that our interim financial statements for the three months ended March 27, 2022, the three and six months ended June 26, 2022 and the three months ended September 25, 2022, should no longer be relied upon. To remediate this material weakness, we have begun requiring one shipment for all complete electric balance bikes to satisfy the performance obligation, with any exceptions requiring review by the Chief Accounting Officer and / or the Chief Financial Officer for appropriate accounting under GAAP. Additionally, we are enhancing our control structure over the STACYC segment and implementing a control to require all material changes to business operations and new or amended contracts to be reviewed by the Chief Accounting Officer and / or the Chief Financial Officer for accounting impacts in accordance with GAAP. We are also enhancing our controls related to the review of material, manual journal entries to ensure the review is being completed by the appropriate level of management for assessment of accounting impacts in accordance with GAAP. We cannot assure you the measures we are taking to remediate the material weakness will be sufficient to remediate the material weakness or that they will prevent future material weaknesses. Additional material weaknesses or failure to maintain effective internal control over financial reporting could cause us to fail to meet our reporting obligations as a public company and may result in a further restatement of our financial statements for prior periods. If we are unable to remediate our existing material weakness or identify additional material weaknesses and are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Common Stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other~~

~~regulatory authorities, which could require additional financial and management resources. We are restating our interim financial statements for the three months ended March 27, 2022, the three and six months ended June 26, 2022 and the three months ended September 25, 2022, respectively, due to errors relating to ineffective controls to correctly recognize revenue and the related cost of goods sold in accordance with GAAP. Specifically, prior to the completion of the Business Combination, we delivered to a customer electric balance bikes without batteries, which were delivered separately a short time later. We have determined that we had prematurely recognized revenue at the time of delivery of the bikes of $ 1, 013 thousand and $ 1, 742 thousand in the first and second quarters of 2022, respectively, with a related understatement of revenue in the third quarter of 2022 of $ 2, 755 thousand. The batteries were completely delivered by the third quarter of 2022, which was required for us to be able to recognize revenue for the bikes as a finished unit. As a result of the restatement, we have become subject to a number of risks and uncertainties, including possible stockholder or other litigation, in connection with the restatement.~~ We may face challenges in expanding our business and operations internationally, and our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Our business plan includes operations in international markets, including **, but not limited to,** Germany, France, Netherlands, Switzerland, United Kingdom **,** and Canada, as well as prioritizing the Asia Pacific markets of Japan, South Korea, China, Australia **,** and **Taiwan** ~~New Zealand~~, and eventual expansion into other international markets. We will face risks associated with any potential international operations, including possible unfavorable legal, regulatory, political and economic risks, which could materially and negatively affect our business. We anticipate having international operations and subsidiaries that are subject to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. Furthermore, conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We will be subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our electric vehicles and require significant management attention. These risks include: • conforming our electric vehicles to various international regulatory requirements where our electric vehicles are sold and serviced, which requirements may change over time; • expenditures related to foreign lawsuits and liability; • difficulties in staffing and managing foreign operations; • difficulties establishing relationships with, or disruption in the supply chain from, international suppliers; • difficulties attracting customers in new jurisdictions; • difficulties in attracting effective distributors, dealers or sales agents, as the case may be; • foreign government taxes, regulations and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us in the United States, and foreign tax and other laws limiting our ability to repatriate funds to the United States; • fluctuations in foreign currency exchange rates and interest rates, including risks related to any foreign currency swap or other hedging activities we undertake; • United States and foreign government trade restrictions, tariffs and price or exchange controls; • foreign labor laws, regulations and restrictions; • changes in diplomatic and trade relationships; • laws and business practices favoring local companies; • difficulties protecting or procuring intellectual property; • the adoption of the LiveWire brand versus competitive foreign brands; • political instability, natural disasters, war or events of terrorism and health epidemics, such as the COVID- 19 pandemic ~~or~~ **,** the conflict in Ukraine **or the Israeli- Palestinian conflict** ; and • the strength of international economies. If we fail to successfully address these risks, our business, prospects, financial condition and operating results could be materially and adversely affected. We are subject to risks associated with exchange rate fluctuations, interest rate changes, commodity and credit risk. We operate in numerous markets worldwide and are exposed to risks stemming from fluctuations in currency and interest rates. The exposure to currency risk will be mainly linked to differences in the geographic distribution of our manufacturing and commercial activities, resulting in cash flows from sales being denominated in currencies different from those of purchases or production activities. Although we may manage risks associated with fluctuations in currency and interest rates and commodity prices through financial hedging instruments, significant changes in currency or interest rates or commodity prices could have a material adverse effect on our business, prospects, financial condition and operating results. In addition, we may use various forms of financing to cover future funding requirements for our activities and changes in interest rates can affect our ~~net revenues,~~ finance costs ~~,~~ and margins. 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. **We are** ~~The Company is~~ also subject to risks associated with changes in prices of commodities. **The loss of key personnel** ~~LiveWire' s Chief Executive Officer has Chief Executive Officer roles at both H- D and LiveWire for up to two years, which may present challenges that~~ could ~~impact our business. We selected Mr. Zeitz as our Chief Executive Officer for up to two years following the Business Combination due to his unique experience, abilities, and passion. His roles as Chief Executive Officer of both H- D and LiveWire during this period will create operational synergies and potential challenges and impact his ability to devote exclusive time, attention, and effort to our business. If conflicts of interests arise due to, for example, adverse interests of H- D and us on a matter, Mr. Zeitz would be required to recuse himself, deferring our decisions on the matter to the Conflicts Committee and our management. On matters in which Mr. Zeitz recuses himself, we will not have the full benefit of his experience and insight to resolve the matters. The decisions made by the Conflicts Committee and our management on those matters may be different than decisions Mr. Zeitz would have made. The Board may also be unable to identify and hire a CEO of equal caliber to replace Mr. Zeitz when he exits the role. All of those scenarios could materially and~~ adversely affect **the operations and profitability of** our business **. We are highly dependent on our senior management and other key personnel. Our success will depend on our ability to retain senior management and to attract** , **recruit, retain, manage and motivate qualified personnel in the future, particularly with** ~~prospects~~ - **respect to an expected increase in hiring in connection with becoming a public company, including sales and marketing professionals, engineers and other highly skilled personnel, and to integrate current and additional personnel in all departments. The loss of members of our senior management, sales and marketing professionals and engineers could result in delays in product development and materially and negatively affect our business. If we are not successful in**

attracting and retaining highly qualified personnel, it could have a material adverse effect on our business , financial condition and operating results. Our business, prospects, financial condition and operating results may be adversely affected by health pandemics ~~(including COVID- 19)~~ and epidemics, natural disasters, actual or threatened war ~~(including the conflict in Ukraine)~~ , terrorist activities, political unrest, and other outbreaks. We face various risks related to public health issues, including epidemics, pandemics and other outbreaks, such as the pandemic related to COVID- 19 and associated variants. We also face various risks related to natural disasters, including hurricanes, earthquakes, tsunamis or other natural disasters. Such public health issues or natural disasters could disrupt our business operations, reduce or restrict our supply of materials and services, result in us incurring significant costs to protect our employees and facilities or result in regional or global economic distress, which may materially and adversely affect our business, financial condition and operating results. Actual or threatened war, including the conflict in Ukraine **, the Israeli- Palestinian conflict** , terrorist activities, political unrest, civil strife and other geopolitical uncertainty could have a similar adverse effect on our business, prospects, financial condition and operating results. Any one or more of these events may impede our production and delivery efforts and adversely affect our sales results, which could materially and adversely affect our business, financial condition and operating results. The impact of COVID- 19 and associated variants, including changes in consumer and business behavior, pandemic fears, market downturns and restrictions on business and individual activities, ~~has~~ created significant volatility in the global economy and led to reduced economic activity. 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 ~~has~~ led to a global decrease in vehicle sales in markets around the world. ~~The~~ **Epidemics,** ~~pandemic~~ **pandemics** ~~also~~ **, and other outbreaks could** ~~resulted~~ -- **result** in government authorities implementing numerous measures to try to contain the ~~virus~~ **such outbreaks** , such as travel bans and restrictions, quarantines, stay- at- home or shelter- in- place orders and business shutdowns. These measures **in the past have** adversely ~~impact~~ **impacted** our employees and operations, the operations of our suppliers, vendors and business partners **, resulted in delays and shortages of certain parts and materials necessary to produce our vehicles** , and the activities of our retail customers and negatively impact our production plans, sales and marketing activities, business and results of operations. In addition, various aspects of our business cannot be conducted remotely **. If significant portions of our workforce are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with public health issues, our operations may be adversely impacted** . If government authorities reinstitute such measures or if existing measures remain in place for a significant period of time, they are likely to adversely affect our sales and marketing activities, and our business, prospects, financial condition and operating results. ~~Due to operational shutdowns of certain of our direct and indirect suppliers as a result of COVID- 19 and associated variants, we experienced delays and shortages of certain parts and materials necessary for the production of our electric vehicles. In some cases, suppliers were delayed in providing the required parts and / or materials, while in other cases, suppliers were able only to fulfill our orders on a partial basis or not at all. As a result of such delays and shortages, we are continuing to adapt our internal designs and processes in an effort to remedy or mitigate impacts on our production timeline. Nevertheless, due to these delays and shortages, our production for 2022 was lower than we had planned. Despite our efforts to mitigate such delays, we cannot be certain these will sufficiently alleviate or mitigate delays or interruptions we may experience in the future, and, to the extent our production timeline is delayed, our business, prospects, financial condition and operating results may be materially and adversely affected. Additionally, the spread of COVID- 19 and associated variants caused us to modify our business practices. There is no certainty that such actions will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities. If significant portions of our workforce are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with public health issues, our operations may be adversely impacted. The extent to which public health issues, including the COVID- 19 pandemic, impacts our business, prospects, financial condition and operating results will depend on future developments, which are highly uncertain and cannot be predicted, including the duration, severity and potential resurgence of the pandemic, the existence and severity of COVID- 19 variants, the actions to contain the virus or treat its impact (including the availability of vaccines and the speed and extent of vaccine distribution and acceptance), how quickly and to what extent normal economic and operating activities can resume and whether and to what extent COVID- 19 or variants re- emerge, spread and impact us and our suppliers after normal activities resume. Even after the COVID- 19 pandemic has subsided, we may continue to experience an adverse impact to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future.~~ Specifically, difficult macroeconomic conditions, such as decreases in per capita income and level of disposable income, increased and prolonged unemployment, or a decline in consumer confidence as a result of **future epidemics, pandemics and** ~~the~~ **other** ~~COVID~~ **outbreaks, the conflict in Ukraine, the Israeli** - **Palestinian** ~~19 pandemic, the~~ conflict ~~in Ukraine~~ and inflationary pressure could have a material adverse effect on the demand for our vehicles. Under difficult economic conditions, potential customers may seek to reduce spending by forgoing our electric vehicles for other traditional options, increase use of public and mass transportation options or choose to keep their existing vehicles ~~. There are no comparable recent events that may provide guidance as to the effect of the spread and duration of COVID- 19 (and associated variants) and pandemics in general, and as a result, the ultimate impact of the COVID- 19 pandemic or other pandemics is highly uncertain~~ . We are also vulnerable to natural disasters and other calamities. Although we have servers that are hosted in an offsite location, our backup system does not capture data on a real- time basis and we may be unable to recover certain data in the event of a server failure. We cannot assure you that any backup systems will be adequate to protect us from the effects of fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break- ins, war, riots, terrorist attacks or similar events. Any of these events may give rise to interruptions, damage to our property, delays in production, breakdowns, system failures, technology platform failures or Internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our business, prospects, financial condition and operating results. Weather may impact retail sales by our independent dealers. We have 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 our electric motorcycles at independent ~~dealers~~ **dealerships** . Reduced demand for new electric motorcycles ultimately leads to reduced shipments by us. Any financial or economic crisis, or perceived threat of such a crisis, including a significant decrease in consumer confidence, may materially and adversely affect our business, prospects, financial condition and operating results. The global macroeconomic environment is facing challenges. There is considerable uncertainty over the long- term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world' s leading economies, including the United States. There have been concerns over the downturn in economic output caused by the COVID- 19 pandemic, the conflict in Ukraine **, the Israeli-Palestinian conflict** and inflationary pressure. It is unclear whether these challenges will be contained and what effects they each may have. Economic conditions in the United States are sensitive to global economic conditions. Any prolonged slowdown in the United States economic growth might lead to tighter credit markets, increased market volatility, sudden drops in business and consumer confidence and dramatic changes in business and consumer behaviors. Credit risks of customers and suppliers and other counterparty risks may also increase. Sales of our electric vehicles depend in part on discretionary consumer spending and are even more exposed to adverse changes in general economic conditions. In response to their perceived uncertainty in economic conditions, consumers might delay, reduce or cancel purchases of our electric vehicles, and our results of operations may be materially and adversely affected. ~~We are currently operating in a period of economic uncertainty, capital markets disruption, and supply chain interruptions, which have been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, prospects, financial condition and operating results may be materially adversely affected by any negative impact on the global economy, capital markets, or supply chain resulting from the conflict in Ukraine or any other geopolitical tensions. United States and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the ongoing military conflict between Russia and Ukraine. On February 24, 2022, a full- scale military invasion of Ukraine by Russian troops began. Although the length and impact are highly unpredictable, the ongoing military conflict between Russia and Ukraine has led, and may continue to lead, to market disruptions, including significant volatility in commodity prices, credit and capital markets, as well as supply chain interruptions. We are continuing to monitor the situation in Russia, Ukraine, and globally and assessing the potential impact on our business. The ongoing military conflict between Russia and Ukraine has led to sanctions and other penalties being levied by the United States, the EU, and other countries against Russia. Additional potential sanctions and penalties have also been proposed and / or threatened. Russian military actions and the resulting sanctions have adversely affected the global economy and financial markets and have led to instability and lack of liquidity in capital markets, making it more difficult for us to obtain additional funds, as well as further disrupting the supply chain. Any of these factors could have a material adverse effect on our business, prospects, financial condition and operating results. The extent and duration of the military action, sanctions, and resulting market and / or supply disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described herein. While we do not currently have operations in Ukraine, Russia or Belarus, we are nevertheless actively monitoring the situation in Ukraine and assessing its impact on our business, including our business partners and customers. To date, we have not experienced any material interruptions in our infrastructure, supplies, technology systems or networks needed to support our operations that arise from these countries. We have no way to predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond our control. The extent and duration of the military action, sanctions and resulting market and / or supply disruptions could be significant and could potentially have substantial impact on the global economy and our business for an unknown period of time. Any of these factors could affect our business, financial condition and operating results. Any such disruptions may also magnify the impact of other risks described in this Form 10- K. In addition, there may be an increased risk of cyberattacks by state actors due to the current conflict between Russia and Ukraine. Any increase in such attacks on us or our systems could adversely affect our network systems or other operations. Although we maintain cybersecurity policies and procedures to manage risk to our information systems and, continuously adapt our systems and processes to mitigate such threats, we may not be able to address these cybersecurity threats proactively or implement adequate preventative measures, and there can be no assurance that we will promptly detect and address any such disruption or security breach, if at all. See "- We are subject to cybersecurity risks to our various systems and software and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business. "~~ Our financial results may vary significantly from period to period due to fluctuations in our operating costs, product demand and other factors. We expect our period- to- period financial results to vary based on our operating costs and product demand, which we anticipate will fluctuate as we continue to design, develop, produce and distribute new electric vehicles. Additionally, our revenue from period to period may fluctuate as we build out global distribution, add new product derivatives based on market demand and margin opportunities and introduce new or existing electric vehicles to new markets. Additionally, our revenue from period to period may fluctuate due to seasonality. As a result of these factors, we believe that quarter- to- quarter comparisons of our financial results, especially in the short term, are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance. Moreover, our financial results may not meet the expectations of equity research analysts, ratings agencies or investors, who may be focused only on quarterly financial results and holding us to the same standard of expectation as H- D. If any of this occurs, the trading price of our Common Stock could fall substantially, either suddenly or over time. We may seek to obtain future financing through the issuance of debt or equity, which may have an adverse effect on our stockholders or may otherwise adversely affect our business. If we raise funds through the issuance of additional equity or debt, including convertible debt or debt secured by some or all of our assets, holders of any debt securities or preferred shares issued will have rights, preferences and privileges senior to those of holders of our Common Stock in the event of liquidation. If we issue additional debt, there is a possibility that once all senior claims are settled, there may be no assets remaining to pay out to the holders of Common Stock. In addition, if we raise funds through the issuance of additional equity, whether through private placements or public offerings, such an issuance would dilute ownership of our current stockholders that do not participate in the issuance. If we are unable to obtain any needed additional funding, we may be required to reduce the scope of, delay or eliminate some or all of our planned research, development, production and marketing activities, any of which could materially affect our business. Furthermore, the terms of any additional debt securities we may issue in the future may impose restrictions on our operations, which may include limiting our ability to incur additional indebtedness, pay dividends on or repurchase our share capital or make certain acquisitions or investments. In addition, we may be subject to covenants requiring us to satisfy certain financial tests and ratios, and our ability to satisfy such covenants may be affected by events outside of our control. We intend to continue to grant equity awards under our Incentive Award Plan, which has resulted and will result in additional share- based compensation expenses. We adopted the Incentive Award Plan for the purpose of granting share- based compensation to employees, directors and consultants to incentivize their performance and align their interests with ours. We believe the granting of share- based compensation may be important to our ability to attract and retain key personnel and employees. As a result, our expenses associated with share- based compensation has increased and will increase, which will have an adverse effect on our operating results. If our electric vehicle owners modify our electric vehicles regardless of whether third- party aftermarket products are used, the electric vehicle may not operate properly, which may create negative publicity and could materially and negatively affect our business. Vehicle enthusiasts may seek to alter our electric vehicles to modify their performance which could compromise vehicle safety and security systems. Also, customers may customize their electric vehicles with aftermarket parts that can compromise rider safety. We may not test, nor do we endorse, such changes or products. In addition, customers may attempt to modify our electric vehicles' charging systems or use improper external cabling or unsafe charging outlets that can compromise the vehicle systems or expose our customers to injury from high- voltage electricity. Such unauthorized modifications could reduce the safety and security of our electric vehicles and any injuries resulting from such modifications could result in adverse publicity, which would negatively affect our brand and thus materially and negatively affect our business, prospects, financial condition and operating results. Our inability to obtain and / or retain necessary licenses and permits to operate the business may negatively impact our financial results. It may be necessary for us to use the patented or proprietary technology of third parties to develop or commercialize our products, in which case we would be required to obtain a license or acquire intellectual property from these third parties. The licensing or acquisition of third- party intellectual property is a competitive area, and several more established companies may pursue strategies to license or acquire third- party intellectual property that we may consider attractive or necessary and thereby prevent us from obtaining the right to use such intellectual property ourselves. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. If we are unable to license such technology, or if we are forced to license such technology on unfavorable terms, our business could be materially and negatively affected. If we are unable to obtain a necessary license, we may be unable to develop or commercialize the affected product models, which could materially and negatively affect our business, and the third parties owning such intellectual property could seek either an injunction prohibiting our sales or, with respect to our sales, an obligation on our part to pay royalties and / or other forms of compensation. Even if we are able to obtain a license, it may be non- exclusive, thereby giving our competitors access to the same technologies licensed to us. Moreover, some of our patents and patent applications in the future may be jointly owned with third parties. If we are unable to obtain an exclusive license to any such third- party joint owners' interests in such patents or patent applications, such joint owners may be able to license their rights to other third parties, including our competitors, who could market competing products and technology. In addition, we may need the cooperation of any such joint owners to enforce such patents against third parties, and such cooperation may not be provided to us. Any of these factors **could materially and negatively affect our business, financial condition and results of operations. If our goodwill becomes impaired, our operating results could be negatively impacted. We have goodwill, which is susceptible to valuation adjustments as a result of changes in various factors or conditions. We assess the potential impairment of goodwill on an annual basis. Whenever events or changes in circumstances indicate that the carrying value may not be recoverable, we will be required to assess the potential impairment of goodwill. Factors that could trigger an impairment of such assets include the following: • changes in our organization or management reporting structure that could result in additional reporting units, which may require alternative methods of estimating fair values or greater disaggregation or aggregation in our analysis by reporting unit; • significant under performance relative to historical or projected future operating results; • significant changes in the strategy for our overall business; • significant negative industry or economic trends; • significant decline in our stock price for a sustained period; and • our market capitalization declining to below net book value. Future adverse changes in these or other unforeseeable factors could result in goodwill or other intangible assets impairment charges that** could materially and negatively affect our business, financial condition and results of operations. Risks Related to the Separation and Our Ongoing Relationship with H- D Our business and H- D' s business overlap and we may compete, or be perceived as competitors, in certain markets. Both LiveWire and H- D are companies whose primary business involves producing, marketing and selling vehicles and related products. While we intend to operate in a different business segment than H- D, neither we nor H- D is prohibited from competing against each other. Additionally, under the Intellectual Property License Agreement, H- D has the right to use all of our existing our intellectual property and incremental improvements to our existing intellectual property, which could facilitate H- D' s development of products that compete with ours; however, H- D may be required in some cases to pay us royalties for the use of our existing intellectual property and their rights to our newly- developed intellectual property would be limited as defined under the Joint Development Agreement. If we were in competition with H- D, it could have a material adverse effect on our results of operations or our ability to pursue opportunities which may otherwise be available to us. Our inability to maintain a strong relationship with H- D or to resolve favorably any disputes that may arise between us and H- D could result in a significant reduction of our revenue. Maintaining a strong relationship with H- D and its management team will be important to our success for at least as long as H- D remains a majority stockholder. Disputes may arise between H- D and us in a number of areas relating to our ongoing relationship, including: • our strategy, direction and objectives as a business; • labor, tax, employee benefit, indemnification and other matters arising from our separation from H- D; • employee retention and recruiting; • business combinations involving us; • our ability to engage in activities with certain customers, suppliers, and partners; • sales or dispositions by H- D of all or any portion of its ownership interest in us; • the nature, quality and pricing of services H- D has agreed to provide us; • supply chain, including access to parts and raw material supplies, as well as allocation of manufacturing labor, parts and other supplies shared across H- D' s York manufacturing facility; • business opportunities that may be attractive to both H- D and us; and • product or technology development or marketing activities that may require the consent of H- D. While we have the Conflicts Committee to help resolve any potential conflict between us and H- D, we may not be able to resolve all potential conflicts. Assuming we are able to resolve such a potential conflict, we intend for such resolution to be comparable to the resolution that we would reach with an unaffiliated party. However, the resolution that we actually reach may be less favorable than if we were dealing with an unaffiliated party. The agreements we entered into with H- D may be amended upon agreement between the parties. While we are controlled by H- D, we may not have the leverage to negotiate agreements or amendments to these agreements, if required, on terms as favorable to us as those we would negotiate with an unaffiliated third party. We are a smaller company relative to H- D which could result in increased costs because of a decrease in our purchasing power and difficulty maintaining existing customer relationships and obtaining new customers. Prior to the Separation, we were able to take advantage of H- D' s size and purchasing power in procuring goods, technology and services, including insurance, employee benefit support and audit and other professional services. While this may continue in some ways with H- D as a majority stockholder and contract manufacturer, we are a smaller company than H- D, and we cannot assure you that we will have access to financial and other resources comparable to those available to us prior to the Separation. As a standalone company, we may be unable to obtain office space, goods, technology and services at prices or on terms as favorable as those available to us prior to the Separation, which could increase our costs and reduce our profitability. Likewise, we may find it more difficult to attract and retain high-quality employees as a smaller company than we were operating within as a wholly owned subsidiary of H- D, which could impact our results of operations. Our future success also depends on our ability to develop and maintain relationships with customers. Our reduced relationship with H- D and our smaller relative size as a result of the Separation may make it more difficult to develop and maintain relationships with customers, which could adversely affect our prospects. We are dependent on H- D for a number of services, including services relating to quality and safety testing. If those service arrangements terminate, it will require significant investment for us to build our own safety and testing facilities, or we may be required to obtain such services from another third party at increased costs. We are dependent on H- D for a number of services, including services relating to quality and safety testing. If these service arrangements terminate, we do not currently have alternate arrangements in place that will allow us to fully execute our business plan, including, without limitation, agreements for quality and safety testing, and as such, we will be required to deploy significant resources to build our own safety and testing facilities, or may be required to obtain such services from another third party at increased costs. If we are unable to maintain such arrangements and agreements, or if we are unable to effectively build our own facilities or obtain such services from another third party, our business, prospects, financial condition and operating results may be materially and adversely affected. Any decision by us to help electrify H- D products, or the products of any other company, may not achieve the intended results or return on investment when compared to developing our own motorcycle portfolio. We may decide to help electrify H- D' s and other companies' products in the future. While we expect electrifying H- D' s motorcycle portfolio to be a key piece of our future success, these efforts require resources that may otherwise be used on our electric vehicle portfolio. All project scopes, resource allocation, time commitment, and investment dollars dedicated to the electrification of H- D' s core products will be governed by separate joint development agreements that will be established and agreed upon by the LiveWire and H- D management teams. If the available resources do not support both LiveWire and H- D electrification efforts, it could negatively impact development of our electric vehicles and ultimately our ability to deliver targeted revenues and operating income. H- D may fail to perform under various transaction agreements that were executed as part of the Separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire. We entered into a number of agreements with H- D as a result of the Separation, including the Trademark License Agreement, Contract Manufacturing Agreement, Tax Matters Agreement, Master Services Agreement, Transition Services Agreement, Joint Development Agreement and Intellectual Property License Agreement, pursuant to which we and / or H- D have continuing obligations to each other. If we or H- D fail to perform obligations under such agreements, our business may be negatively impacted. Furthermore, upon the expiration or termination of such agreements, we may not have necessary or comparable systems and services in place to replace the services provided under such agreements, which may negatively impact our business. ~~The loss of key personnel (including Jochen Zeitz) could adversely affect the operations and profitability of our business. We are highly dependent on our senior management, including our Chief Executive Officer, Jochen Zeitz, and other key personnel. Our success will depend on our ability to retain senior management and to attract, recruit, retain, manage and motivate qualified personnel in the future, particularly with respect to an expected increase in hiring in connection with becoming a public company, including sales and marketing professionals, engineers and other highly skilled personnel, and to integrate current and additional personnel in all departments. The loss of members of our senior management, sales and marketing professionals and engineers could result in delays in product development and materially and negatively affect our business. If we are not successful in attracting and retaining highly qualified personnel, it could have a material adverse effect on our business, financial condition and operating results.~~ We will be required to make payments to H- D under the Contract Manufacturing Agreement, Tax Matters Agreement, Master Services Agreement, Transition Services Agreement and certain other agreements, and the amounts of such payments could be significant. We have entered into certain agreements pursuant to which we will be obligated to make payments to H- D. Such agreements include the Contract Manufacturing Agreement, Tax Matters Agreement, Master Services Agreement, Transition Services Agreement and certain others. The amounts payable under these agreements could be significant and could prohibit or restrict us from using these funds in other aspects of our business. Additionally, if we fail to make payments under the contracts we have with H- D, it may be determined that we are in breach of contract, and we may have to pay damages or renegotiate those contracts. We can provide no assurance that we will be able to renegotiate the contracts we have with H- D or that any renegotiated terms will be favorable to us. The occurrence of such events could materially and adversely affect our business and financial condition. As we are a " controlled company " within the meaning of the NYSE listing standards and rely on exemptions from certain corporate governance requirements, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all NYSE corporate governance requirements. As a result of the Separation, H- D owns more than 50 % of the total voting power of our Common Stock and we are a " controlled company " within the meaning of the corporate governance rules of the NYSE. Under these corporate governance standards, a " controlled company " may elect not to comply with certain corporate governance requirements. For example, controlled companies are not required to have: • a board that is composed of a majority of " independent directors, " as defined under the NYSE rules; • a compensation committee that is composed entirely of independent directors; and • director nominations be made, or recommended to the full board of directors, by its independent directors, or by a nominations / governance committee that is composed entirely of independent directors. We utilize these exemptions. Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all the corporate governance requirements of the NYSE. We may not be successful as an independent, publicly traded company, and we will not enjoy the same benefits that we did as a wholly owned subsidiary of H- D. The historical financial information **through the Closing of the Business Combination** we have included in this Form 10- K does not necessarily reflect what our financial position, results of operations or cash flows would have been had we been an independent entity during the historical periods presented. The historical costs and expenses reflected in our Consolidated financial statements include an allocation for certain corporate functions historically provided by H- D, including tax, accounting, treasury, legal, human resources, compliance, insurance, sales and marketing services. The historical financial information is not necessarily indicative of what our results of operations, financial position, cash flows or costs and expenses will be in the future. We have not made pro forma adjustments to reflect many significant changes that have occurred in our cost structure, funding and operations as a result of our transition to becoming a public company, including changes in our employee base, potential increased costs associated with reduced economies of scale and increased costs associated with being a publicly traded, standalone company. For additional information, see " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " and our historical combined financial statements and notes thereto. As a result of the Separation, H- D indemnifies us for certain liabilities and we indemnify H- D for certain liabilities. If we are required to act on these indemnities for the benefit of H- D, we may need to divert cash to meet those obligations and our financial results could be negatively impacted. Additionally, any indemnity from H- D may not be sufficient to insure us against the full amount of liabilities for which we may be allocated responsibility, and H- D may not be able to satisfy its indemnification obligations in the future. Third parties may seek to hold us responsible for H- D' s liabilities. Likewise, our relationship with H- D, as a much larger company and our majority stockholder, may make us more of a target for litigation than we otherwise would be on our own. Under certain agreements entered into with H- D in connection with the Separation, we indemnify H- D for claims and losses relating to liabilities related to our business, and H- D indemnifies us for claims and losses relating to liabilities related to H- D' s business and not related to our business. However, if those liabilities are significant and we are ultimately held liable for them, we cannot assure you that we will be able to recover the full amount of our losses from H- D. Pursuant to the Separation Agreement and certain other agreements with H- D, H- D agreed to indemnify us for certain liabilities, as discussed further in Note 16, Related Party Transactions, in our Consolidated financial statements. However, third parties could also seek to hold us responsible for any of the liabilities that H- D has agreed to retain, and there can be no assurance that the indemnity from H- D will be sufficient to protect us against the full amount of such liabilities or that H- D will be able to fully satisfy its indemnification obligations. In addition, H- D' s insurers may deny coverage to us for liabilities associated with certain occurrences of indemnified liabilities prior to the Separation. Moreover, even if we ultimately succeed in recovering from H- D or such insurance providers any amounts for which we are held liable, we may be temporarily required to bear these losses. Each of these risks could negatively affect our businesses, financial position and operating results. Some of our directors and executive officers own restricted stock units and / or stock options covering H- D common stock that fluctuate in value in accordance with the value of H- D' s share price and / or other performance metrics, which could cause conflicts of interest that could result in us not acting on opportunities we otherwise may have. Some of our directors and executive officers own H- D restricted stock units and / or stock options that fluctuate in value in accordance with the value of H- D' s share price. In addition, some of our executive officers and directors are executive officers and / or directors of H- D. Ownership of restricted stock units and options that fluctuate in value in accordance with the value of H- D' s share price by our directors and officers after the Separation and the presence of executive officers or directors of H- D on our Board could create, or appear to create, conflicts of interest with respect to matters involving both us and H- D that could have different implications for H- D than they do for us. Provisions of our certificate of incorporation address corporate opportunities that are presented to our directors or officers that are also directors or officers of H- D. We cannot assure you that the provisions in our certificate of incorporation adequately address potential conflicts of interest, that potential conflicts of interest will be resolved in our favor or that we will be able to take advantage of corporate opportunities presented to individuals who are officers or directors of both us and H- D. As a result, we may be precluded from pursuing certain growth initiatives, which could adversely affect our business. H- D holds the direct contractual relationship with many key suppliers required for us to produce our electric vehicles. Disputes between H- D and these critical suppliers may negatively impact our electric vehicle production. Our existing and potential relationships with partners and suppliers may be affected by our relationship with H- D. We partner with and purchase from a number of suppliers with whom H- D has a direct contractual relationship. H- D' s majority ownership in us might affect our ability to develop and maintain relationships with these suppliers, including because H- D may require us to limit our relationships with them or not work with them at all. Additionally, H- D might choose not to pursue enforcement of these contracts on our behalf to preserve H- D' s relationship with the partner or supplier. Likewise, these suppliers may be less willing or unwilling to develop and maintain relationships with us, and may favor our competitors or may view us as competitors, because of our relationship with H- D. H- D may compete with certain of our significant channel, technology and other marketing partners as well as certain of our suppliers. Pursuant to our certificate of incorporation and certain agreements that we have entered into with H- D as a result of the Separation, H- D may have the ability to impact our relationship with these suppliers, which could have a material adverse effect on our results of operations, and our ability to pursue opportunities which may otherwise be available to us or electric vehicle production. Risks Related to Information Technology, Intellectual Property, Data Security and Privacy We collect and process significant information about our customers and their vehicles and are subject to various privacy and consumer protection laws. We collect, receive, store, transmit and otherwise process different types of information about or related to a range of individuals, including our customers, riders of our electric vehicles, website visitors, users of our mobile application, our employees, job applicants and employees of other companies that we do business with (such as our vendors and suppliers). In addition to the information we collect from our customers to complete a sale or transaction, we use our electric vehicles' onboard electronic systems to capture information about each electric vehicle' s use, such as location, charge time, battery usage, mileage and driving behavior, among other things, to aid us in providing services including electric vehicle diagnostics, repair, maintenance, insurance, roadside assistance and vehicle emergency services. Further we can, via data collection and analysis, customize and optimize the driving and riding experiences of our electric vehicles. Our customers may in the future choose not to provide this data, which may materially and negatively affect our business and our ability to properly maintain the vehicle. Possession and use of our customers' driving behavior, electric vehicle use and other information may subject us to legislative and regulatory burdens and risks, and we will be required to comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal information in the United States, Europe and elsewhere. A wide variety of state, federal and international laws as well as regulations, industry standards and contractual obligations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal information and other types of information. Evolving and changing definitions of personal data and personal information within the United States, Europe, the United Kingdom (the " UK ") and elsewhere, may limit or inhibit our ability to operate or expand our business and some jurisdictions require that certain types of data be retained on servers within these jurisdictions or place restrictions on the export of data to other jurisdictions. Additionally, laws, regulations, and standards covering marketing and advertising activities conducted by telephone, email, mobile devices and the Internet may be applicable to our business, such as the Telephone Consumer Protection Act (as implemented by the Telemarketing Sales Rule) (the " TCPA "), the Controlling the Assault of Non - Solicited Pornography and Marketing Act (the " CAN- SPAM Act ") and similar state and foreign consumer protection laws. The Federal Trade Commission and many state attorneys general are also interpreting federal and state consumer protection laws (including the Federal Trade Commission Act) as imposing standards for the online collection, use, dissemination, and security of data. In addition, by providing financing to and collecting related information from customers, we are subject to financial privacy laws such as the Gramm- Leach- Bliley Act of 1999 and its implementing regulations (" GLBA "), which restricts certain collection, use, disclosure and other processing of certain information and contains compliance requirements such as providing notice to individuals of privacy practices and implementing data security standards. The Federal Trade Commission recently updated its Safeguards Rule, which requires certain companies to implement specific safeguards to protect personal information processed in relation to providing a financial product or service **, including to require certain financial institutions to report certain data security breaches to the FTC** . We are also subject to certain laws and regulations that have been enacted or proposed, such as " Right to Repair " laws, that could require us to provide third- party access to our network and / or vehicle systems. Our failure to comply with applicable laws, directives, and regulations may result in private claims or enforcement actions against us, including liabilities, fines and damage to our reputation, any of which may have a material adverse effect on our business, prospects, financial condition and operating results. Data protection and privacy- related laws and regulations are evolving and may result in ever increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. For example, the State of California adopted the CCPA, and prior to that the EU (and the UK) adopted General Data Protection Regulation (the " GDPR "). These laws (and other laws that have since been enacted) impose additional regulatory obligations regarding the handling of personal data and further provide certain individual privacy rights to persons whose data is processed by covered organizations. In the United States, the CCPA became operative on January 1, 2020 and became enforceable by the California Attorney General on July 1, 2020, along with related regulations which **originally** came into force on August 14, 2020 **and were amended effective March 29, 2023** . Additionally, the California Privacy Rights Act (the " CPRA "), which **amended and** ~~expands~~ **expanded** upon the CCPA, was passed on November 3, 2020, and ~~amendments to the CCPA~~ became effective on January 1, 2023. The CCPA requires covered companies to, among other things, provide ~~new~~ **certain** disclosures to California consumers and affords such consumers ~~new~~ **certain** privacy rights such as rights to access and delete their personal information, opt out of certain sales of personal information (a concept that is defined broadly) and receive detailed information about how their personal information is collected, used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for certain security breaches that may increase security breach litigation. The CPRA' s amendments to the CCPA **have** ~~imposes~~ **imposed** additional data protection obligations on covered companies, including certain consumer rights processes, the right to correct personal information, and opt- outs for certain uses of sensitive personal information and the sharing of personal information for targeted advertising purposes; such requirements look back to January 2022. The CPRA' s amendments also created a new enforcement bureau, the California Privacy Protection Agency. The California Privacy Protection Agency ~~recently~~ released ~~draft~~ amendments to the CCPA Regulations, which ~~build upon the~~

~~requirements~~ **became effective on March 29, 2023; and subsequently** in **December 2023, the Agency published proposed revisions to** the CCPA **Regulations, which may undergo further changes in the near future** . The CCPA has encouraged " copycat " laws in other states across the country. For example, Virginia enacted the Virginia Consumer Data Protection Act (the " VCDPA "), another comprehensive state privacy law, which also became effective January 1, 2023. Also in 2021, Colorado enacted the Colorado Privacy Act (the " CPA ") **, which is accompanied by CPA Rules** and **became effective July 1, 2023,** Connecticut enacted the Connecticut Data Privacy Rights Act (the " CTDPA "), ~~both of~~ which ~~go~~ **also went** into effect July 1, 2023, and Utah enacted the Utah Consumer Privacy Act (the " UCPA "), which ~~goes~~ **went** into effect December 31, 2023. **Additionally, Oregon enacted** ~~The Colorado Attorney General released draft rules to accompany~~ the **Oregon Consumer Privacy Act (the"** ~~CPA~~ **OCPA ")** , which ~~impose additional obligations~~ **goes into effect** on ~~covered companies~~ **July 1, 2024, Texas enacted the Texas Data Privacy and Security Act (the " TDPSA "), which goes into effect on July 1, 2024, and Montana enacted the Montana Consumer Data Privacy Act (the " MCDPA "), which goes into effect on October 1, 2024** . Further, similar laws **have been passed** in **Tennessee, Iowa, Delaware and Indiana, going into effect in 2025 or 2026;** other ~~states~~ - **state** ~~are being considered by~~ legislatures ~~,~~ including ~~in Iowa,~~ Massachusetts, New York and New Jersey **are also considering similar legislation** . We cannot fully predict the impact of **such comprehensive state privacy laws** ~~the CCPA, CPRA, VCDPA, CPA, CTDPA and UCPA~~ , or subsequent guidance, regulations or rules on our business or operations, including those that are still in draft form, but it may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information, our financial condition, and the results of our operations or prospects. A number of other proposals exist for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs, modify our data processing practices and materially and adversely affect our business, prospects, financial condition and operating results. **In** ~~By expanding into~~ the EU and UK, we **are** ~~will also be~~ subject to the EU GDPR ~~(Regulation 2016 / 679~~ and applicable national supplementing laws and the UK data protection regime consisting primarily of the UK General Data Protection Regulation and the UK Data Protection Act 2018 (together referred to as the " GDPR "). The GDPR imposes stringent data protection requirements in relation to our collection, processing, sharing, disclosure, transfer and other use of personal data, some of which are different from requirements under existing United States data privacy laws. The GDPR ~~also~~ generally prohibits the transfer of personal data subject to those regimes outside of the EU / UK (including to the United States) unless a lawful data transfer solution has been implemented or a data transfer derogation applies. Recent legal developments in Europe have created complexity and uncertainty regarding transfers of personal information from the EU and the UK to the United States. In July 2020, the Court of Justice of the EU (the " CJEU ") invalidated the EU- U. S. Privacy Shield Framework (the " Privacy Shield "), which provided a mechanism for the transfer of personal data from the European Economic Area (" EEA ") / UK to the United States. ~~Further~~ **Subsequently, the United States Department of Commerce negotiated the EU- U. S. Data Privacy Framework (the " Data Privacy Framework ") with the European Commission, to replace Privacy Shield. On July 10, 2023, the European Commission adopted an adequacy decision for the Data Privacy Framework, which concludes that the United States ensures an adequate level of protection for personal data transferred from the EU to U. S. companies under the framework. Separately** , while the CJEU **has previously** upheld the adequacy of the Standard Contractual Clauses (a standard form of contract approved by the European Commission as an adequate personal data transfer mechanism ~~, and an alternative to the Privacy Shield~~), it made it clear that reliance alone on the Standard Contractual Clauses may not necessarily be sufficient to protect data transferred in all circumstances. Use of the Standard Contractual Clauses must now be assessed on a case- by- case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals and additional measures and / or contractual provisions may need to be put in place; however, the nature of these additional measures is currently uncertain. We currently rely on the Standard Contractual Clauses to transfer personal data outside the EEA and the UK, including the United States, with respect to both intragroup and third party transfers. As the enforcement landscape further develops, and supervisory authorities issue further guidance on international data transfers, we could suffer additional costs, complaints and / or regulatory investigations or fines; we may have to stop using certain tools and vendors and make other operational changes; we have had to and will have to implement revised standard contractual clauses for existing intragroup, customer and vendor arrangements within required time frames; and / or it could otherwise affect the manner in which we provide our services, and could adversely affect our business, operations and financial condition. ~~We may~~ **The EU and UK** also **have** ~~become subject to~~ evolving ~~EU and UK~~ privacy laws on cookies, tracking technologies, and e- marketing. In the EU and the **UK** ~~United Kingdom~~ , regulators are increasingly focusing on compliance with requirements in the online behavioral advertising ecosystem. In the EU and the **UK** ~~United Kingdom~~ , informed consent is required for the placement of most cookies or similar technologies that store information, or access information stored, on a user' s device and for direct electronic marketing. If the trend of increasing enforcement by regulators of the strict approach to opt- in consent for all but essential use cases, as seen in recent guidance and decisions, continues, this could lead to substantial costs, require significant systems changes, limit the effectiveness of our marketing activities, divert the attention of our technology personnel, adversely affect our margins, and subject us to additional liabilities. In light of the complex and evolving nature of EU, EU Member State and UK privacy laws on cookies and tracking technologies, there can be no assurances that we will be successful in our efforts to comply with such laws; violations of such laws could result in regulatory investigations, fines, orders to cease / change our use of such technologies, as well as civil claims including class actions, and reputational damage. Additionally, other countries outside of Europe and the United States, including countries we either operate or may in the future operate within, are considering enacting legislation implementing data protection requirements or imposing cross- border data transfer restrictions or laws requiring local data residency. For example, Brazil enacted the General Data Protection Law, New Zealand enacted the New Zealand Privacy Act, China enacted its Personal Information Protection Law, and Canada introduced the Digital Charter Implementation Act. **Also, in the U. S. there has been**

a noticeable uptick in class actions wherein plaintiffs have utilized a variety of laws, including the Video Privacy Protection Act of 1988 and state wiretapping laws, in relation to companies' use of tracking technologies, such as cookies and pixels. Such litigation may lead legislatures to consider responsive regulation. For additional information, see " We are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, prospects, financial condition and operating results. " Compliance with additional laws and regulations could be expensive and result in significant penalties (for example, fines for certain breaches of the GDPR or the UK GDPR are up to the greater of € 20 million / £ 17. 5 million or 4 % of total global annual turnover) ~~,~~ and may place restrictions on the conduct of our business and the manner in which we interact with our customers. Failure to comply with applicable laws and regulations could result in lawsuits, orders to cease or change our data processing activities, regulatory enforcement notices or actions against us or other liability. For example, our misuse of or failure to secure personal information could result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, and / or result in significant liability and damage to our reputation and credibility. In addition, we may also face civil claims including representative actions and other class action type litigation (where individuals have alleged to suffered harm) potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm. These possibilities, if borne out, could have a negative impact on revenues and profits. If a third party alleges that we have violated applicable data privacy laws, we could face legal claims and damages as well as reputational harm among consumers, investors, and strategic partners. Although we make reasonable efforts to comply with all applicable data protection laws and regulations, our interpretations and efforts may have been or may prove to be insufficient or incorrect. We also make public statements about our use and disclosure of personal information through our privacy policy, information provided on our website and other public statements. Although we endeavor to ensure that our public statements are complete, accurate and fully implemented, we may at times fail to do so or be alleged to have failed to do so. We may be subject to potential regulatory or other legal action if such policies or statements are found to be deceptive, unfair or misrepresentative of our actual practices. In addition, from time to time, concerns may be expressed about whether our products and services compromise the privacy of our customers, riders and others. Any concerns about our data privacy and security practices (even if unfounded), or any failure, real or perceived, by us to comply with our posted privacy policies or with any legal or regulatory requirements, standards, certifications or orders or other privacy or consumer protection- related laws and regulations applicable to us, could cause our customers, riders and users to reduce their use of our products and services. In addition, the regulatory framework for data privacy issues worldwide is currently evolving and is likely to remain uncertain for the foreseeable future, and it is possible that applicable laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules, or our practices. Any failure or perceived failure by us to comply with applicable privacy and data security laws and regulations, our privacy policies, or our privacy- related obligations to users or other third parties, or any compromise of security that results in the unauthorized access to or transfer of personal information or other customer data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our customers, riders and users to lose trust in us, which could have an adverse effect on our reputation and business. We may also incur significant expenses to comply with privacy, consumer protection and security standards and controls imposed by laws, regulations, industry standards or contractual obligations. Any significant change to applicable laws, regulations or industry practices regarding the use or disclosure of our users' data, or regarding the manner in which the express or implied consent of users for the use and disclosure of such data is obtained ~~-~~ **,** or in how these applicable laws, regulations or industry practices are interpreted and enforced by state, federal and international privacy regulators ~~-~~ **,** could require us to modify our services and features, possibly in a material and costly manner, may subject us to legal claims, regulatory enforcement actions and fines, and may limit our ability to develop new services and features that make use of the data that our users voluntarily share with us. We are subject to cybersecurity risks to our various **information** systems and software and any material failure, weakness, interruption, cyber event, incident or breach of security could prevent us from effectively operating our business. We are at risk for interruptions, outages and breaches of (a) operational systems, including business, financial, accounting, product development, data processing or production processes, owned by us or our third- party vendors or suppliers; (b) facility security systems, owned by us or our third- party vendors or suppliers; (c) transmission control modules or other in- product technology, owned by us or our third- party vendors or suppliers; (d) the integrated software in our electric vehicles; (e) our mobile application software; or (f) customer or rider data that we process or our third- party vendors or suppliers process on our behalf. In addition, we and our third- party vendors or suppliers that host our data may encounter attempted attacks on their networks **and information systems** that may take a variety of forms, including denial of service attacks, infrastructure attacks, botnets, malicious file attacks, cross- site scripting, credential abuse, **phishing, social engineering,** ransomware, bugs, viruses, worms, and malicious software programs. All of these types of ~~cyber~~ **cybersecurity** incidents can give rise to a variety of losses and costs, including legal ~~exposure and~~ **claims or proceedings (such as class actions),** regulatory **investigations and enforcement actions,** fines **and penalties** , damages to reputation **, significant incident response, restoration and remediation costs** , and others. These incidents could also materially disrupt operational systems; result in loss of intellectual property, trade secrets **, confidential information** , other proprietary or competitively sensitive information and data generally (including personal information); compromise certain information of customers, employees, suppliers, riders, users or others; harm our reputation or brand; or affect the performance of transmission control modules or other in - product technology and the integrated software in our electric vehicles. A ~~cyber~~ **cybersecurity** incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation- states or nation- state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception. The techniques used by ~~cyber attackers~~ **threat actors** change frequently, are becoming increasingly diverse and sophisticated, and may be difficult to detect for long periods of time. We receive information technology services, including ~~cyber security~~ **cybersecurity** support, from H- D through the Transition Services Agreement. Although we maintain information technology measures designed to **protect the confidentiality, integrity and availability of our information systems, and** protect us against intellectual property theft, data breaches and other ~~cyber~~ **cybersecurity** incidents, such measures will require updates and improvements, and we cannot guarantee that such measures will be adequate to detect, prevent or mitigate ~~cyber~~ **cybersecurity threats or** incidents. The implementation, maintenance, segregation and improvement of these **information** systems requires significant management time, support and cost. Moreover, there are inherent risks associated with developing, improving, expanding and updating current systems, including the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or produce, sell, deliver and service our electric powertrain solutions, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that these **information** systems upon which we rely, including those of our third- party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted, our ability to accurately and timely report our financial results could be impaired, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results. Moreover, our proprietary **information, confidential** information, intellectual property or personal information that we hold could be compromised or misappropriated and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions. A significant ~~cyber~~ **cybersecurity** incident could impact production capability, harm our reputation, cause us to breach our contracts with other parties or subject us to regulatory actions or litigation, any of which could materially affect our business, prospects, financial condition and operating results. In addition, while we maintain insurance coverage, our insurance coverage for cyberattacks may not be sufficient to cover all the losses **, liabilities** and costs we may experience as a result of a ~~cyber~~ **cybersecurity** incident, including any disruptions resulting from such an incident **, or that applicable insurance will be available to us in the future on economically reasonable terms or at all**. We also work with partners and third- party service providers or vendors that collect, store and process such data on our behalf and in connection with our products and services. There can be no assurance that any security measures that we or our third- party service providers or vendors have implemented will be **fully implemented, complied with or** effective **in protecting our systems and information, including** against current or future ~~security~~ **cybersecurity** threats. While we have developed systems and processes designed to protect the availability, integrity, confidentiality and security of us and our customers', riders', website visitors', employees' and others' data **and information**, our security measures or those of our third- party service providers or vendors could fail and result in security incidents, including unauthorized access to or disclosure, acquisition, encryption, modification, misuse, loss, destruction or other compromise of such data. If a compromise of such data were to occur, we may have liability under our contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident. Laws in all 50 U. S. states require us to provide notice to customers, regulators, credit reporting agencies or others when certain sensitive information has been compromised as a result of a security breach. Laws outside of the U. S., including in Europe and the UK, may also require us to provide notice to individuals or other third parties. There are significant differences between the laws of the various U. S. states and other jurisdictions, and as a result compliance in the event of a widespread data breach could be complicated, in addition to being costly. Depending on the facts and circumstances of such an incident, these damages, penalties, fines and costs could be significant. Such an event could harm our reputation and result in litigation against us. Any of these results could materially adversely affect our business, prospects, financial condition and operating results. We may need to defend ourselves against intellectual property infringement claims, which may be time consuming and would cause us to incur substantial costs. Companies, organizations, or individuals, including our competitors, may currently hold or obtain in the future patents, trademarks or other proprietary or intellectual property that would prevent, limit or interfere with our ability to make, use, develop, sell or market our vehicles, components or other goods and services, which could make it more difficult for us to operate our business. From time to time, we may receive communications from holders of patents, trademarks, trade secrets or other intellectual property or proprietary rights alleging that we are infringing, misappropriating, diluting or otherwise violating such rights. Such parties may bring suits against us alleging infringement or other violation of such rights, or otherwise assert their rights and urge us to take licenses to their intellectual property. While we try to avoid infringing the rights of others, we may unknowingly do so. For example, we may not be aware of existing patents or patent applications that could be pertinent to our business as many patent applications are filed confidentially in the United States and are not published until 18 months following the applicable filing date. In the event that a claim relating to intellectual property is asserted against us, our suppliers or our third- party licensors, or if third parties not affiliated with us hold patents that relate to our products or technology, we may need to seek licenses to such intellectual property or seek to challenge those patents. Even if we are able to obtain a license, it could be non- exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us. In addition, we may be unable to obtain these licenses on commercially reasonable terms, if at all, and our challenge of third- party patents may be unsuccessful. Litigation or other legal proceedings relating to intellectual property claims, regardless of merit, may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. Further, if we are determined to have infringed upon a third party' s intellectual property, we may be required to do one or more of the following: • cease selling, incorporating certain components into, or using vehicles or offering goods or services that incorporate or use the intellectual property that we allegedly infringe, misappropriate, dilute or otherwise violate; • pay substantial royalty or license fees or other damages; • seek a license from the holder of the allegedly infringed intellectual property, which license may not be available on reasonable terms, or at all; • redesign or reengineer our vehicles or other technology, goods or services, which may be costly, time - consuming or impossible; or • establish and maintain alternative branding for our products and services. In the event of a successful claim of infringement against us and our failure or inability to obtain a license to the infringed technology or other intellectual property on acceptable terms, our business, prospects, financial condition and operating results could be materially and adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs, negative publicity and diversion of resources and management attention. If we are unable to maintain, protect or enforce our rights in our proprietary technology, brands or other intellectual property, our competitive advantage, business, financial condition and results of operations could be materially and negatively affected. Our failure to obtain or maintain adequate protection of, or prevent others from unauthorized use of, our intellectual property could materially and negatively affect our competitive advantage, business, financial condition and results of operations. We rely on a combination of patent, trade secret, trademark and other intellectual property laws, employee and third- party nondisclosure agreements, intellectual property licenses, and other contractual rights, to establish and protect our rights in our technology and intellectual property. We have applied for patent protection relating to certain of our existing and proposed products, processes and services. However, we cannot assure you that any of our patent applications will issue as patents, or if they do issue, that they will be of sufficient scope or strength to provide our technologies with any meaningful protection or our business with any commercial protection. Further, once issued, the patents we own could be challenged, invalidated or circumvented by others. Some patent applications in the US are maintained in secrecy for a period of time after they are filed, and since publication of discoveries in the scientific or patent literature tends to lag behind actual discoveries by several months, we cannot be certain that we will be the first creator of inventions covered by any patent application we make or the first to file patent applications on such inventions. Further, we cannot assure you that competitors will not infringe our patents, or that we will have adequate resources to enforce our patents. We also rely on unpatented proprietary technology. It is possible that others will independently develop the same or similar technology or otherwise obtain access to our unpatented technology. To protect our trade secrets and other proprietary information, our policy is to require that relevant employees, consultants, advisors and collaborators enter into confidentiality agreements. We cannot assure you that these agreements will provide meaningful protection for our trade secrets, know- how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of such trade secrets, know- how or other proprietary information. If we are unable to maintain the proprietary nature of our technologies, our competitive position, business, financial condition and results of operations could be materially and negatively affected. We rely on our trademarks, trade names, and brand names to distinguish our products from those of our competitors ~~,~~ and have registered or applied to register certain of these trademarks. We cannot assure you that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of our trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks. Despite our efforts to protect our intellectual property, third parties may attempt to copy or otherwise obtain and use our intellectual property or seek court declarations that our intellectual property is invalid or unenforceable, or that they do not infringe upon our intellectual property. Monitoring unauthorized use of our intellectual property is difficult and costly, and the steps we have taken or may take in the future in an effort to prevent infringement or misappropriation may not be successful. From time to time, we may have to resort to litigation to enforce our intellectual property, which could result in substantial costs and diversion of our resources. Patent, trademark, trade secret and other intellectual property laws vary significantly throughout the world. A number of foreign countries do not protect intellectual property to the same extent as they are protected in the United States. Therefore, our intellectual property may not be as strong or as easily enforced outside of the United States. Failure to adequately protect our intellectual property could result in our competitors offering similar products, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue which would adversely affect our business, prospects, financial condition and operating results. Risks Related to Other Legal, Regulatory and Tax Matters We are subject to substantial regulation and unfavorable changes to, or failure by us to comply with, current or future regulations could materially and negatively affect our business and operating results. Increased environmental, safety, emissions or other regulations, including those intended to address climate change, may result in higher costs, cash expenditures and / or sales restrictions. Our electric vehicles, and the sale of motorcycles and electric balance bikes for kids in general, are subject to substantial regulation under international, federal, state and local laws. We expect to incur significant costs in complying with these regulations. Regulations related to the electric vehicle industry and alternative energy are currently evolving and we face risks associated with changes to these regulations, such as: • 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; • new state regulations of electric vehicles fees could discourage consumer demand for electric vehicles; • 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; • changes to the regulations governing the sourcing, assembly, transportation and labeling of battery cells could increase the cost of battery cells or make such commodities more difficult to obtain; • 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; • changes in regulations governing the range and miles per gallon of gasoline- equivalent calculations could lower our electric vehicles' ratings, making electric vehicles less appealing to consumers; and • the amendment or rescission of the Corporate Average Fuel Economy (" CAFE ") standards could reduce new business opportunities for our business. In particular, jurisdictions **,** including the EU **,** continue to progress initiatives that may have a significant impact on the sourcing of batteries. In the EU, these include **: (i)** the revised ~~Battery~~ **Batteries** Regulation **, which entered into force in August 2023 and which will introduce, in a phased in manner, considerable new requirements in relation to batteries placed on the EU market; (ii) the Critical Raw Materials Act** , which was **proposed**

in March 2023 and politically agreed ~~by~~ **in November 2023 and will, among other areas, set targets in relation to** the EU' s **domestic extraction** ~~political institutions in December 2022 and which would entail considerable new requirements in relation to batteries placed on the EU market~~ , **processing** and **recycling of certain raw materials; and (iii)** the Corporate Sustainability Due Diligence Directive, which was ~~proposed~~ **politically agreed** by the European ~~Commission~~ **Parliament and European Council** in ~~February~~ **December** ~~2022~~ **2023** and ~~would~~ **will** impose additional obligations on certain entities in relation to their supply chains. To the extent that our current practices do not align with these and other proposed regulatory developments, this may lead to additional costs to the sourcing, assembly, transportation, and labeling of batteries. In addition, to the extent the laws change, our electric vehicles may not comply with applicable international, federal, state or local laws, which could have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming and expensive. To the extent compliance with new regulations is cost prohibitive, our business, prospects, financial condition **,** and operating results could be materially and adversely affected. Internationally, there may be laws in jurisdictions we have not yet entered or laws we are unaware of in jurisdictions we have entered that may restrict our sales or other business practices. Even for those jurisdictions we have analyzed, the laws in this area can be complex, difficult to interpret and may change over time. Continued regulatory limitations and other obstacles interfering with our ability to sell electric vehicles directly to consumers could have a negative and material impact on our business, prospects, financial condition and operating results. Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in material liabilities to us. Our operations currently use hazardous materials and generate limited quantities of hazardous wastes from time to time. We could become subject to claims for toxic torts, natural resource damages and other damages as well as for the investigation and cleanup of **contamination in the** soil, surface water, groundwater, and other media. Such claims may arise, for example, out of conditions at sites that we currently lease, own or operate, as well as at sites that we previously leased, owned or operated, ~~or~~ at sites that we may acquire **, or at third- party disposal sites** . Under certain federal and state environmental laws, our liability for such conditions may be joint and several with other owners / operators or through our contract manufacturer, so that we may be held responsible for more than our share **, or even for the entire share,** of the contamination or other damages ~~, or even for the entire share~~ . Liability under these laws is generally strict. Accordingly, we may incur liability without regard to fault or to the legality of the conduct giving rise to the conditions. These and other similar unforeseen impacts that our operations may have on the environment, as well as exposures to hazardous substances or wastes associated with our operations, could result in costs and liabilities that could materially and adversely affect us. We are also subject to permitting, registration, and other government approval requirements under environmental, health and safety laws and regulations applicable in the jurisdictions in which we operate. Those requirements obligate us to obtain permits, registrations, and other government approvals from one or more governmental agencies to conduct our operations and sell our products. The requirements vary depending on the location where our regulated activities are conducted. Any failure to obtain or delay in obtaining required permits, registrations, and other government approvals could result in production delays and materially and adversely impact our operations and business. Changes in US or international trade policy, including the continuation or imposition of tariffs and the resulting consequences, could adversely affect our business, prospects, financial condition **,** and operating results. The US government has adopted a new approach to trade policy and in some cases has renegotiated or terminated certain existing bilateral or multilateral trade agreements. It has also imposed tariffs on certain foreign goods, including steel and certain vehicle parts, which have begun to result in increased costs for goods imported into the United States. Many of these restrictions remain in place despite a change in Administration. In response to these tariffs, a number of US trading partners have imposed retaliatory tariffs on a wide range of US products, which makes it more costly for us to export our electric vehicles to those countries. China and the United States have each imposed tariffs, indicating the potential for further trade barriers which may escalate a nascent trade war between China and the United States. In addition, additional trade restrictions or barriers could be implemented on a broader range of products or raw materials. If we are unable to pass price increases on to our customer base or otherwise mitigate the costs, or if demand for our exported electric vehicles decreases due to the higher cost, our business, prospects, financial condition and operating results could be materially adversely affected. The resulting environment of retaliatory trade or other practices could have a material adverse effect on our business, prospects, financial condition, operating results, customers, suppliers and the global economy. The strategic partnership with KYMCO, as well as relationships with STACYC' s key vendors, could be negatively impacted by geopolitical events that might occur between mainland China and Taiwan. Our strategic partnership with KYMCO, as well as STACYC' s relationships with its key vendors, may be negatively affected by the impact of geopolitical events and related actions that may occur between mainland China and Taiwan because KYMCO and STACYC' s key vendors are based in Taiwan. In recent years, there have been political and trade tensions between mainland China and Taiwan, which have resulted in the implementation of trade barriers, including the use of economic sanctions and export control restrictions. Violations of these economic sanctions and export control restrictions can result in significant civil and criminal penalties. Prolonged or increased use of trade barriers may result in a decrease in the growth of the global economy and electric vehicle industry and could cause turmoil in global markets. which could decrease demand for our products and services. Also, any increase in the use of economic sanctions or export control restrictions could impact our ability to continue supplying products and services to those customers and our customers' demand for our products and services. Further escalation of trade tensions, the increased use of economic sanctions or export control restrictions could negatively affect our strategic partnership with KYMCO or STACYC' s relationships with its key vendors. We are subject to anti- corruption, anti- bribery, anti- money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation. We are subject to anti- corruption, anti- bribery, anti- money laundering and similar laws and regulations in various jurisdictions in which we conduct 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. The FCPA and the U. K. Bribery Act prohibit us and our officers, directors, employees and business partners acting on our behalf, including agents, from corruptly offering, promising, authorizing or providing anything of value to a " foreign official " for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. The U. K. Bribery Act also prohibits non- governmental " commercial " bribery and soliciting or accepting bribes. A violation of these laws or regulations could adversely affect our business, results of operations, financial condition and reputation. Our policies and procedures designed to ensure compliance with these regulations may not be sufficient and our directors, officers, employees, representatives, consultants, agents, and business partners could engage in improper conduct for which we may be held responsible. Our 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. Our global operations expose us to the risk of violating, or being accused of violating, anti- corruption laws and economic and trade sanctions laws and regulations. Our failure to comply with these laws and regulations may expose us 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 our compliance efforts and activities we cannot assure compliance by our employees or representatives for which we may be held responsible, and any such violation could materially adversely affect our 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 us 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 our business and investments in our common stock. We are or may be subject to risks associated with strategic alliances or acquisitions. We may from time to time consider entering into strategic alliances, including joint ventures, minority equity investments or other transactions, with various third parties to further our business purpose. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, with non - performance by the third party and with increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties, and to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party. When appropriate opportunities arise, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions and the subsequent integration of new assets and businesses into our own require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant. We are, and may in the future be, subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, prospects, financial condition and operating results. We are subject to various litigation matters from time to time, the outcome of which could have a material adverse effect on our business, prospects, financial condition and operating results. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, consumer protection laws, tort laws, environmental laws, intellectual property laws, privacy laws, labor and employment laws, securities laws and employee benefit laws. We may also become subject to allegations of discrimination or other similar misconduct, which, regardless of the ultimate outcome, may result in adverse publicity that could harm our brand, reputation and operations. Claims may also arise out of actual or alleged breaches of contract or other actual or alleged acts or omissions by or on behalf of us. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. Even if we are successful in defending against legal claims, litigation could result in substantial costs and demand on management resources. See " Business- Legal Proceedings. " Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results of operations and financial condition. We may be subject to taxes by the U. S. federal, state, local and foreign tax authorities. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • allocation of expenses to and among different jurisdictions; • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock- based compensation; • costs related to intercompany restructurings; • changes in tax laws, tax treaties, regulations or interpretations thereof; or • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates. In addition, we may be subject to audits of our income, sales and other taxes by U. S. federal, state, and local and foreign taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition. Changes in tax laws or regulations that are applied adversely to us or our customers may materially adversely affect our business, prospects, financial condition and operating results. New income, sales, use or other tax laws, statutes, rules, regulation or ordinances could be enacted at any time, or interpreted, changed, modified or applied adversely to us or our customers, any of which could adversely affect our business, prospects, financial performance and operating results. In particular, presidential, congressional, state and local elections in the United States could result in significant changes in, and uncertainty with respect to, tax legislation, regulation and government policy directly affecting our business or indirectly affecting us because of impacts on our customers, suppliers and manufacturers. For example, the United States government has recently imposed a corporate alternative minimum tax and has, from time to time, proposed and may enact significant changes to the taxation of business entities including, among others, an increase in the corporate income tax rate and surtaxes on certain types of income. The likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, our suppliers, manufacturers or our customers, including as a result of related uncertainty, these changes may materially and adversely affect our business, prospects, financial condition and operating results. Risks Related to the Common Stock and Warrants The price of our Common Stock may be volatile, and you may be unable to resell your Common Stock at or above the price at which you purchased such stock, or at all. The market price for our Common Stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including, among others: • the development and sustainability of an active trading market for our Common Stock; • trends and changes in consumer preferences in the industries in which we operate; • changes in general economic or market conditions or trends in our industry or the economy as a whole and, in particular, in the consumer and advertising marketplaces; • changes in key personnel; • our entry into new markets; • changes in our operating performance; • investors' perceptions of our prospects and the prospects of the businesses in which we participate; • fluctuations in quarterly revenue and operating results, as well as differences between our actual financial and operating results and those expected by investors; • the public' s response to press releases or other public announcements by us or third parties, including our filings with the SEC; • announcements relating to litigation; • guidance, if any, that we provide to the public, any changes in such guidance or our failure to meet such guidance; • changes in financial estimates or ratings by any securities analysts who follow our Common Stock, our failure to meet such estimates or failure of those analysts to initiate or maintain coverage of our Common Stock; • downgrades in our credit ratings or the credit ratings of our competitors; • investor perceptions of the investment opportunity associated with our Common Stock relative to other investment alternatives; • the inclusion, exclusion or deletion of our stock from any trading indices; • future sales of our Common Stock by our officers, directors and significant stockholders; • other events or factors, including those resulting from system failures and disruptions, hurricanes, wars, acts of terrorism, other natural disasters or responses to such events; • price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole; and • changes in accounting principles. These and other factors may lower the market price of our Common Stock, regardless of our actual operating performance. As a result, our Common Stock may trade at prices significantly below the price at which you purchased such Common Stock. In addition, the stock markets, including the NYSE, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business. Our stock price may be exposed to additional risks because our business became a public company through a " de- SPAC " transaction. There has been increased focus by government agencies on such transactions, and we expect that increased focus to continue, and we may be subject to increased scrutiny by the SEC and other government agencies on holders of our securities as a result, which could adversely affect the price of our Common Stock. If we fail to implement and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud. Section 404 of the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ") requires us to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year. Additionally, once we cease to be an emerging growth company, our independent registered accounting firm will also be required to attest to the effectiveness of our internal controls over financial reporting in each Annual Report on Form 10- K to be filed with the SEC. We may in the future identify material weaknesses or significant deficiencies that we may be unable to remedy before the requisite deadline for those reports. Our ability to comply with the annual internal control reporting requirements will depend on the effectiveness of our financial reporting and data systems and controls across our company. We expect these systems and controls to involve significant expenditures and to become increasingly complex as our business grows. To effectively manage this complexity, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. Any weaknesses or deficiencies or any failure to implement required new or improved controls, or difficulties encountered in the implementation or operation of these controls, could materially and negatively affect our operating results and cause us to fail to meet our financial reporting obligations or result in material misstatements in our financial statements, which could adversely affect our business and reduce our stock price. A market for our securities may not continue, which would adversely affect the liquidity and price of its securities. The price of our securities may fluctuate significantly due to general market and economic conditions. An active trading market for our securities may never develop or, if developed, it may not be sustained. In addition, the price of our securities can vary due to general economic conditions and forecasts, its general business condition and the release of its financial reports. Additionally, if our securities are not listed on, or become delisted from, NYSE for any reason, and are quoted on the OTC Bulletin Board, an inter- dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of its securities may be more limited than if it were quoted or listed on

NYSE or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained. If securities or industry analysts do not publish or cease publishing research or reports about us, our business, or our market, or if they change their recommendations regarding our Common Stock adversely, then the price and trading volume of our Common Stock could decline. The trading market for our Common Stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Securities and industry analysts do not currently, and may never, publish research on our company. If one or more of the analysts who do cover us downgrade our Common Stock or our industry, or the common stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our Common Stock could decline. If one or more of these analysts stops covering us or fails to publish reports on us regularly, we could lose visibility in the market, which, in turn, could cause our Common Stock price or trading volume to decline. Additionally, any fluctuation in the credit rating of us or our subsidiaries may impact our ability to access debt markets in the future or increase our cost of future debt, which could have a material adverse effect on our operations and financial condition, which in turn may adversely affect the trading price of shares of our Common Stock. Concentration of ownership among our existing directors, executive officers and principal stockholders may prevent new investors from influencing significant corporate decisions. Our directors and executive officers and their affiliates beneficially own a significant amount of our Common Stock. Subject to any fiduciary duties owed to our other stockholders under Delaware law, these stockholders may be able to exercise significant influence over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, and will have some control over our management and policies. Some of these persons or entities may have interests that are different from yours. For example, these stockholders may support proposals and actions with which you may disagree or which are not in your best interests. The concentration of ownership could delay or prevent a change in control of us, or otherwise discourage a potential acquirer from attempting to obtain control of us, which in turn could reduce the price of our Common Stock. In addition, these stockholders could use their voting influence to maintain our existing management and directors in office or support or reject other management and Board proposals that are subject to stockholder approval, such as amendments to our employee stock plans and approvals of significant financing transactions. We may acquire other businesses or form other joint ventures or make investments in other companies or technologies that could negatively affect our operating results, dilute our stockholders' ownership, increase our debt or cause us to incur significant expense. We may pursue acquisitions of businesses and assets. We also may pursue strategic alliances and additional joint ventures that leverage our technology and industry experience to expand our offerings or distribution. We have no experience with acquiring other companies and limited experience with forming strategic partnerships. We may not be able to find suitable partners or acquisition candidates, and we may not be able to complete such transactions on favorable terms, if at all. If we make any acquisitions, we may not be able to integrate these acquisitions successfully into our existing business, and we could assume unknown or contingent liabilities. Any future acquisitions also could result in the incurrence of debt, contingent liabilities or future write- offs of intangible assets or goodwill, any of which could have a material adverse effect on our financial condition and operating results. Integration of an acquired company also may disrupt ongoing operations and require management resources that we would otherwise focus on developing our existing business. We may experience losses related to investments in other companies, which could have a material negative effect on our results of operations and financial condition. We may not realize the anticipated benefits of any acquisition, technology license, strategic alliance or joint venture. To finance any acquisitions or joint ventures, we may choose to issue shares of our common stock as consideration, which would dilute the ownership of our stockholders. Additional funds may not be available on terms that are favorable to us, or at all. If the price of our common stock is low or volatile, we may not be able to acquire other companies or fund a joint venture project using our stock as consideration. We also expect to continue to carry out internal strategic initiatives that we believe are necessary to grow our revenues and expand our business, both in the U. S. and abroad. For example, we have continued to invest in international expansion programs designed to increase our worldwide presence and take advantage of market expansion opportunities around the world. Although we believe our investments in these initiatives continue to be in the long- term best interests of LiveWire and our stockholders, there are no assurances that such initiatives will yield favorable results for us. Accordingly, if these initiatives are not successful, our business, financial condition and results of operations could be adversely affected. If these risks materialize, our stock price could be materially adversely affected. Any difficulties in the integration of acquired businesses or unexpected penalties, liabilities or asset impairments in connection with such acquisitions or investments could have a material adverse effect on our business, financial condition and results of operations. We are a holding company with no business operations of our own and will depend on cash flow from our subsidiaries to meet our obligations. We are a holding company with no business operations of our own or material assets other than the stock of our subsidiaries. All of our operations are conducted by our subsidiaries. As a holding company, we require dividends and other payments from our subsidiaries to meet cash requirements. The terms of any credit facility may restrict our subsidiaries from paying dividends and otherwise transferring cash or other assets to us. If there is an insolvency, liquidation or other reorganization of any of our subsidiaries, our stockholders may have no right to proceed against their assets. Creditors of those subsidiaries will be entitled to payment in full from the sale or other disposal of the assets of those subsidiaries before we, as an equity holder, would be entitled to receive any distribution from that sale or disposal. If our subsidiaries are unable to pay dividends or make other payments to us when needed, we will be unable to satisfy our obligations. Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain. We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, under certain circumstances, any loan and security agreement and any future debt or preferred securities or future debt agreements we may enter may preclude us from paying dividends. As a result, capital appreciation, if any, of our Common Stock will be your sole source of gain for the foreseeable future. Our corporate documents and Delaware law contain provisions that could discourage, delay or prevent a change in control of our company, prevent attempts to replace or remove current management and reduce the market price of our Common Stock and warrants. Provisions in our certificate of incorporation and bylaws may have an anti- takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. These provisions provide for, among other things: • the ability of the Board to issue one or more series of preferred stock; • advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings; • certain limitations on convening special stockholder meetings; • certain limitations on the ability of stockholders to act by written consent; and • the express authority of the Board to make, alter or repeal the bylaws. These anti- takeover provisions could make it more difficult for a third party to acquire us, even if the third party' s offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. See " Description of Our Securities. " We are an " emerging growth company " and the reduced disclosure requirements applicable to emerging growth companies may make our Common Stock and warrants less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act. As an emerging growth company, we may follow reduced disclosure requirements and do not have to make all of the disclosures that public companies that are not emerging growth companies do. We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year in which we have total annual gross revenues of $ 1. 235 billion or more; (b) the last day of the fiscal year following the fifth anniversary of the date of the completion of the IPO of ABIC; (c) the date on which we have issued more than $ 1. 0 billion in nonconvertible debt during the previous three years; or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC, which means the market value of our Common Stock that is held by non- affiliates exceeds $ 700 million as of the prior June 30th. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include: • not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes - Oxley Act; • not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor' s report providing additional information about the audit and the financial statements (i. e., an auditor discussion and analysis); • reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and • exemptions from the requirements of holding a nonbinding advisory vote of stockholders on executive compensation, stockholder approval of any golden parachute payments not previously approved and having to disclose the ratio of the compensation of our chief executive officer to the median compensation of our employees. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period for complying with new or revised accounting standards; and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We may choose to take advantage of some, but not all, of the available exemptions for emerging growth companies. We cannot predict whether investors will find our Common Stock or warrants less attractive if we rely on these exemptions. If some investors find our Common Stock or warrants less attractive as a result, there may be a less active trading market for our Common Stock and warrants and our share and warrant price may be more volatile. Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders. The certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery (the " Chancery Court ") of the State of Delaware (or, in the event the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) is the sole and exclusive forum for (1) any derivative action, suit or proceeding brought on behalf of us; (2) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any director or officer of us to us or our stockholders; (3) any action, suit or proceeding arising pursuant to any provision of the DGCL or the certificate of incorporation or the bylaws (as either may be amended from time to time); and (4) any action, suit or proceeding asserting a claim against us governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of Common Stock shall be deemed to have notice of and to have consented to the provisions of the certificate of incorporation described above. Notwithstanding the foregoing, the provisions of Article X of the certificate of incorporation provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. We intend to apply this exclusive forum provision to derivative actions or breach of fiduciary duty claims purportedly brought under the Exchange Act, which would be required to be filed in the federal district court for the District of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find these provisions of the certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition. You may only be able to exercise the public warrants on a " cashless basis

” under certain circumstances, and if you do so, you will receive fewer shares of Common Stock from such exercise than if you were to exercise such warrants for cash. The Warrant Agreement provides that in the following circumstances holders of warrants who seek to exercise their warrants will not be permitted to do so for cash and will, instead, be required to do so on a cashless basis in accordance with Section 3 (a) (9) of the Securities Act: (i) if the shares of Common Stock issuable upon exercise of the warrants are not registered under the Securities Act in accordance with the terms of the Warrant Agreement; (ii) if we have so elected and the shares of Common Stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of “ covered securities ” under Section 18 (b) (1) of the Securities Act; and (iii) if we have so elected and we call the public warrants for redemption. If you exercise your public warrants on a cashless basis, you would pay the warrant exercise price by surrendering the warrants for that number of shares of Common Stock equal to (A) the quotient obtained by dividing (x) the product of the number of shares of Common Stock underlying the warrants, multiplied by the excess of the “ Fair Market Value ” (as defined in the next sentence) over the exercise price of the warrants by (y) the Fair Market Value and (B) 0. 361 per whole warrant. The “ Fair Market Value ” is the average reported last sale price of the Common Stock as reported for the 10 trading day period ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent or on which the notice of redemption is sent to the holders of warrants, as applicable. As a result, you would receive fewer shares of Common Stock from such exercise than if you were to exercise such warrants for cash. We may amend the terms of the warrants in a manner that may have an adverse effect on holders of Public warrants with the approval by the holders of at least 65 % of the then outstanding public warrants. As a result, the exercise price of your warrants could be increased, the exercise period could be shortened and the number of shares of Common Stock purchasable upon exercise of a warrant could be decreased, all without your approval. Our warrants were issued in registered form under a Warrant Agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or curing, correcting or supplementing any defective provision or (ii) adding or changing any provisions with respect to matters or questions arising under the Warrant Agreement as the parties to the Warrant Agreement may deem necessary or desirable and that the parties deem to not adversely affect the interests of the registered holders of the warrants, provided that the approval by the holders of at least 65 % of the then- outstanding public warrants is required to make any change that adversely affects the rights of the registered holders of public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder of public warrants if holders of at least 65 % of the then outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 65 % of the then outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the warrants, convert the warrants into cash or shares, shorten the exercise period or decrease the number of shares of Common Stock purchasable upon exercise of a warrant. Our Warrant Agreement designates the courts of the State of New York or the U. S. District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of the warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with us. Our Warrant Agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the U. S. District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. We will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the Warrant Agreement will not apply to suits brought to enforce any liability or duty created by the Exchange Act (which provides for the exclusive jurisdiction of the federal courts with respect to all suits brought to enforce a duty or liability created by the Exchange Act or the rules and regulations thereunder) or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of our warrants shall be deemed to have notice of and to have consented to the forum provisions in the Warrant Agreement. If any action, the subject matter of which is within the scope the forum provisions of the Warrant Agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a “ foreign action ”) in the name of any holder of our warrants, such holder shall be deemed to have consented to (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an “ enforcement action ”); and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder’ s counsel in the foreign action as agent for such warrant holder. This choice- of- forum provision may limit a warrant holder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us, which may discourage such lawsuits. Alternatively, if a court were to find this provision of the Warrant Agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and operating results and could result in a diversion of the time and resources of our management and the Board. We may redeem your unexpired warrants prior to their exercise at a time that is disadvantageous to you, thereby making your warrants worthless. We have the ability to redeem outstanding public warrants at any time after they become exercisable and prior to their expiration, at a price of $ 0. 01 per warrant; provided that the last reported sale price of our Common Stock equals or exceeds $ 18. 00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date on which we send the notice of redemption to the warrant holders. We will not redeem the warrants unless an effective registration statement under the Securities Act covering the issuance of our Common Stock issuable upon the exercise of the warrants is effective and a current prospectus relating to those Common Stock is available throughout the 30- day redemption period, except if the warrants may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act. If and when the warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding warrants could force you to (i) exercise your warrants and pay the exercise price ~~therefor~~ **therefore** at a time when it may be disadvantageous for you to do so, (ii) sell your warrants at the then- current market price when you might otherwise wish to hold your warrants or (iii) accept the nominal redemption price which, at the time the outstanding warrants are called for redemption, we expect would be substantially less than the market value of your warrants. In addition, we have the ability to redeem the outstanding public warrants at any time after they become exercisable and prior to their expiration, at a price of $ 0. 10 per warrant if, among other things, the last reported sale price of our Common Stock equals or exceeds $ 10. 00 per share (as adjusted for share subdivisions, share capitalizations, reorganizations, recapitalizations and the like). In such a case, the holders will be able to exercise their warrants prior to redemption for a number of shares of Common Stock determined based on the redemption date and the fair market value of our Common Stock. The value received upon exercise of the warrants (1) may be less than the value the holders would have received if they had exercised their warrants at a later time where the underlying share price is higher and (2) may not compensate the holders for the value of the warrants, including because the number of shares of Common Stock received is capped at 0. 361 Common Stock per warrant (subject to adjustment) irrespective of the remaining life of the warrants. **The** ~~None of the~~ private placement warrants will **not** be redeemable by us so long as **(i)** they are held by the ~~Sponsor~~ **initial purchasers of the private placement warrants** or its permitted transferees **and (ii) the reference value exceeds $ 18. 00 per share**. There is no guarantee that the exercise price of our warrants will ever be less than the trading price of our Common Stock on NYSE, and they may expire worthless. In addition, we may reduce the exercise price of the warrants in accordance with the provisions of the Warrant Agreement, and a reduction in exercise price of the warrants would decrease the maximum amount of cash proceeds we could receive upon the exercise in full of the warrants for cash. The exercise price for a warrant is $ 11. 50 per share of Common Stock. On December 31, ~~2022~~ **2023**, the closing price of our Common Stock was $ ~~4~~ **11** . ~~85~~ **31** . If the price of our shares of Common Stock remains below $ 11. 50 per share, which is the exercise price of our warrants, we believe our warrant holders will be unlikely to cash exercise their warrants, resulting in little or no cash proceeds to us. There is no guarantee that our warrants will be in the money prior to their expiration, and as such, our warrants may expire worthless. In addition, at the current exercise price of $ 11. 50 per share, we will receive up to $ ~~350~~ **349** . ~~8~~ **2** million from the exercise of the warrants, assuming the exercise in full of all of the warrants for cash. However, we may lower the exercise price of the warrants in accordance with Section 9. 8 of the Warrant Agreement. **We** ~~The Company~~ may effect such reduction in exercise price without the consent of warrant holders and such reduction would decrease the maximum amount of cash proceeds we would receive upon the exercise in full of the warrants for cash. General Risk Factors The obligations associated with being a public company involve significant expenses and require significant resources and management attention, which may divert from our business operations. We are subject to the reporting requirements of the Exchange Act and the Sarbanes- Oxley Act. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes- Oxley Act requires, among other things, that we establish and maintain effective internal control over financial reporting. ~~As a result, we will incur increased legal, accounting and other expenses that Legacy LiveWire did not previously incur.~~ Our entire management team and many of our other employees will need to devote substantial time to compliance and may not effectively or efficiently manage our transition into a public company. In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management' s attention from implementing our business strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal control over financial reporting, including IT controls, and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, the measures we take may not be sufficient to satisfy our obligations as a public company. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses. These rules and regulations result in our incurring legal and financial compliance costs and will make some activities more time- consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our Board, on our Board committees or as executive officers. As a public reporting company, we are subject to rules and regulations established from time to time by the SEC regarding our internal control over financial reporting. If we fail to establish and maintain effective internal control over financial reporting and disclosure controls and procedures, we may not be able to accurately report our financial results or report them in a timely manner. We are subject to the rules and regulations established from time to time by the SEC and NYSE. These rules and regulations require, among other things that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we are subject as a public company. In the past, our operations have been a part of H- D and H- D provided us with certain financial, operational and managerial resources for conducting our business. Following the Separation, while a number of these resources will continue to be at H- D and used to provide services to us under the Transition Services Agreement, we now perform certain of our own financial, operational and managerial functions. There are no assurances that we will be able to successfully put in place the financial, operational and managerial resources necessary to perform these functions. Our transition to being a public company has also subjected us to significant regulatory oversight and financial reporting obligations under the federal securities laws and ~~GAAP~~ **in accordance with Generally Accepted Accounting Principles** , as well as the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day- to- day management of our business, which could adversely affect our business, financial condition, and operating results. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies in the US. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the US may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase our operating costs in future periods. Our facilities, and our suppliers' facilities, are vulnerable to disruption due to natural disasters, which could become more frequent and severe due to climate change. There is growing concern that a gradual increase in global average temperatures **as a result of climate change** may cause an adverse change in weather patterns around the globe, resulting in an increase in the frequency and severity of such natural disasters. Increased frequency or duration of extreme weather conditions may disrupt the productivity of our facilities, the operation of our supply chain or impact demand for our products. In addition, the increasing concern over climate change may result in more regional, federal and global legal and regulatory requirements and could increase the costs we incur in our operations. Our insurance coverage strategy may not be adequate to protect us from all business risks. We may be subject, in the ordinary course of business, to losses resulting from product liability, accidents, acts of God and other claims against us, for which we may have no insurance coverage. Our policies may include significant deductibles or self- insured retentions, policy limitations and exclusions, and we cannot be certain that our insurance coverage will be sufficient to cover all future losses or claims against us. A loss that is uninsured or which exceeds policy limits may require us to pay substantial amounts, which may materially and negatively affect our financial condition and operating results.