REFINITIV

DELTA REPORT

10-Q

LIVEWIRE GROUP, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	943
CHANGES	200
DELETIONS	394
ADDITIONS	349

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2023 March 31, 2024
or

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

Commission file number 001-41511

LiveWire Logo.jpg

LiveWire Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**87-4730333**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3700 West Juneau Avenue **Milwaukee, Wisconsin 53208** (Address of principal executive office)	**(650) 447-8424** (Issuer's Telephone Number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	LVWR	New York Stock Exchange
Warrants to purchase common stock	LVWR WS	New York Stock Exchange

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

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

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

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

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

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

Number of shares of the registrant's common stock outstanding at November 3, 2023 May 1, 2024: 202,543,748 203,162,565 shares

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LiveWire Group, Inc.
Form 10-Q
For The Quarter Ended September 30, 2023 March 31, 2024

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (“Quarterly Report”) contains forward-looking statements. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical facts contained in this Quarterly Report may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report include, but are not limited to statements regarding future results of operations and financial position, industry and business trends, equity compensation, business strategy, plans, market growth, plans and objectives relating to the Company’s climate commitment, the Company’s ability to remediate the material weakness in internal control over financial reporting, and the Company’s objectives for future operations.

The forward-looking statements in this Quarterly Report are only predictions. The Company has based these forward-looking statements largely on current expectations and projections about future events and financial trends that the Company believes may affect the Company’s business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the Company’s history of losses and expectation to incur significant expenses and continuing losses for the foreseeable future; the Company’ ability to execute its business model, including market acceptance of its planned electric vehicles; risks related to the Company’s limited operating history, the rollout of its business and the timing of expected business milestones, including the Company’s ability to develop and sell electric vehicles of sufficient quality and appeal to customers on schedule and on a large scale; the Company’s financial and business performance, including financial projections and business metrics and any underlying assumptions thereunder; changes in the Company’s strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans; the Company’s ability to attract and retain a large number of customers; the Company’s future capital requirements and sources and uses of cash; the Company’s ability to obtain funding for its operations and manage costs; risks related to challenges the Company faces as a pioneer into the highly-competitive and rapidly-evolving electric vehicle industry; risks related to Harley Davidson, Inc. (“H-D”) making decisions for its overall benefit that could negatively impact the Company’s overall business; risks related to the Company’s relationship with H-D and its impact on the Company’s other business relationships; the Company’s ability to leverage contract manufacturers, including H-D and Kwang Yang Motor Co., Ltd., KYMCO Capital Fund I Co., Ltd., SunBright Investment Co., Ltd., CycleLoop

Co., Ltd. and Kwang Yang Holdings Limited (collectively, the “KYMCO Group”), to contract manufacture its electric vehicles; risks related to retail partners being unwilling to participate in the Company’s go-to-market business model or its inability to establish or maintain relationships with customers for the Company’ electric vehicles; risks related to potential delays in the design, manufacture, financing, regulatory approval, launch and delivery of the Company’s electric vehicles; risks related to building out the Company’s supply chain, including the Company’s dependency on its existing suppliers and the Company’s ability to source suppliers, in each case many of which are single-sourced or limited-source suppliers, for its critical components such as batteries and semiconductor chips; the Company’s ability to rely on third-party and public charging networks; the Company’s ability to attract and retain key personnel; the Company’s business, expansion plans and opportunities, including its ability to scale its operations and manage its future growth effectively; the effects on the Company’s future business of competition, the pace and depth of electric vehicle adoption generally and its ability to achieve planned competitive advantages with respect to its electric vehicles and products, including with respect to reliability, safety and efficiency; risks related to the Company’s business and H-D’s business overlapping and being perceived as competitors; the Company’s inability to maintain a strong relationship with H-D or to resolve favorably any disputes that may arise between the Company and H-D; the Company’s dependency on H-D for a number of services, including services relating to quality and safety testing, and if those service arrangements terminate, it may require significant investment for the Company to build its own safety and testing facilities, or the Company may be required to obtain such services from another third-party at increased costs; risks related to any decision by the Company to electrify H-D products, or the products of any other company; the Company’s expectations regarding its ability to obtain and maintain intellectual property protection and not infringe on the rights of others; potential harm caused by misappropriation of the Company’s data and compromises in cybersecurity; changes in laws, regulatory requirements, governmental incentives and fuel and energy prices; the impact of health epidemics on the Company’s business, the other risks it face and the actions it may take in response thereto; litigation, regulatory proceedings, complaints, product liability claims and/or adverse; the possibility that the Company may be adversely affected by other economic, business and/or competitive factor publicity; and; the other important factors discussed in Part II, “Item 1A. Risk Factors” in this Quarterly Report, as well as in Item “1A. Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The forward-looking statements are made as of the date of the filing of this report November 8, 2023 May 6, 2024, and the Company disclaims any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. The forward-looking statements in this Quarterly Report are based upon information available to the Company as of the date of this Quarterly Report, and while the Company believes such information forms a reasonable basis for such statements, such information may be limited or incomplete, and the Company’s statements should not be read to indicate that the Company has conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report and the documents that the Company references in this Quarterly Report and have filed as exhibits to this Quarterly Report with the understanding that actual future results, performance and achievements may be materially different from what the Company expects. The Company qualifies all of the forward-looking statements by these cautionary statements. The forward-looking statements in this report speak only as of the date of this Quarterly Report. Except as required by applicable law, the Company does not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report, whether as a result of any new information, future events or otherwise.

As used in this Quarterly Report, unless otherwise stated or the context requires otherwise, references to “LiveWire,” the “Company,” “we,” “us,” and “our,” refer to LiveWire Group, Inc. and its consolidated subsidiaries.

PART I

Item 1. Financial Statements

LIVEWIRE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share amounts)
(Unaudited)

		Three months ended
		Three months ended
		Three months ended
	March 31, 2024	
	March 31, 2024	
	March 31, 2024	
Revenue, net		
Revenue, net		
Revenue, net		
Costs and expenses:		
Costs and expenses:		
Costs and expenses:		
Cost of goods sold (including related party amounts of $5,176 and $2,047 in 2024 and 2023, respectively, as described in Note 11)		

Cost of goods sold (including related party amounts of $5,176 and $2,047 in 2024 and 2023, respectively, as described in Note 11)

Cost of goods sold (including related party amounts of $5,176 and $2,047 in 2024 and 2023, respectively, as described in Note 11)

Selling, administrative and engineering expense (including related party amounts of $2,948 and $3,397 in 2024 and 2023, respectively, as described in Note 11)

Selling, administrative and engineering expense (including related party amounts of $2,948 and $3,397 in 2024 and 2023, respectively, as described in Note 11)

Selling, administrative and engineering expense (including related party amounts of $2,948 and $3,397 in 2024 and 2023, respectively, as described in Note 11)

Total operating costs and expenses

Total operating costs and expenses

Total operating costs and expenses

Operating loss

Operating loss

Operating loss

Interest income

	Three months ended		Nine months ended	
	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
Revenue, net	$ 8,144	$ 14,708	$ 22,932	$ 37,615
Costs and expenses:				
Cost of goods sold	7,052	13,743	23,516	36,987
Selling, administrative and engineering expense	26,435	21,988	81,650	56,706
Total costs and expenses	33,487	35,731	105,166	93,693
Operating loss	(25,343)	(21,023)	(82,234)	(56,078)
Other income, net	—	79	—	235
Interest expense related party	—	—	—	(475)
Interest income (expense)	2,726	(3)	8,172	(23)
Change in fair value of warrant liabilities	8,038	—	(2,332)	—
Loss before income taxes	(14,579)	(20,947)	(76,394)	(56,341)
Income tax (benefit) provision	(1)	(4)	63	159

Interest income

Interest income

Change in fair value of warrant liabilities

Change in fair value of warrant liabilities

Change in fair value of warrant liabilities

Loss before income taxes

Loss before income taxes

Loss before income taxes

Income tax benefit

Income tax benefit

Income tax benefit					
Net loss					
Net loss					
Net loss	Net loss	(14,578)	(20,943)	(76,457)	(56,500)
Other comprehensive loss:	Other comprehensive loss:				
Other comprehensive loss:					
Other comprehensive loss:					
Foreign currency translation adjustments	Foreign currency translation adjustments	(7)	(60)	(7)	(154)
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Comprehensive loss					
Comprehensive loss					
Comprehensive loss	Comprehensive loss	$ (14,585)	$ (21,003)	$ (76,464)	$ (56,654)
Net loss per share, basic and diluted (Note 5)	Net loss per share, basic and diluted (Note 5)	$ (0.07)	$ (0.13)	$ (0.38)	$ (0.35)
Net loss per share, basic and diluted (Note 5)					
Net loss per share, basic and diluted (Note 5)					

The accompanying notes are integral to the Consolidated consolidated financial statements.

LIVEWIRE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

		(Unaudited)		
		September 30, 2023	**December 31, 2022**	
	(Unaudited)			
		March 31, 2024		
		March 31, 2024		
		March 31, 2024		**December 31, 2023**
ASSETS	ASSETS			
Current assets:	Current assets:			
Current assets:				
Current assets:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents	Cash and cash equivalents	$ 199,948	$ 265,240	
Accounts receivable, net	Accounts receivable, net	4,593	2,325	
Accounts receivable from related party	Accounts receivable from related party	653	525	
Inventories, net	Inventories, net	32,789	29,215	

Other current assets	Other current assets	1,946	4,625	
Total current assets	Total current assets	239,929	301,930	
Property, plant and equipment, net	Property, plant and equipment, net	37,692	31,567	
Goodwill	Goodwill	8,327	8,327	
Deferred tax assets				
Lease assets	Lease assets	2,216	3,128	
Intangible assets, net	Intangible assets, net	1,463	1,809	
Other long-term assets	Other long-term assets	6,319	5,044	
Total assets	Total assets	$ 295,946	$ 351,805	
LIABILITIES AND SHAREHOLDERS' EQUITY	LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:	Current liabilities:			
Current liabilities:				
Current liabilities:				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	$ 4,379	$ 7,055	
Accounts payable to related party	Accounts payable to related party	21,127	5,733	
Accrued liabilities	Accrued liabilities	18,492	20,343	
Current portion of lease liabilities	Current portion of lease liabilities	1,399	1,312	
Total current liabilities	Total current liabilities	45,397	34,443	
Long-term portion of lease liabilities	Long-term portion of lease liabilities	905	1,913	
Deferred tax liabilities	Deferred tax liabilities	78	15	
Warrant liabilities	Warrant liabilities	10,631	8,388	
Other long-term liabilities	Other long-term liabilities	397	246	
Total liabilities	Total liabilities	57,408	45,005	
Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)			Commitments and contingencies (Note 10)
Shareholders' equity:	Shareholders' equity:			
Preferred Stock, $0.0001 par value; 20,000 shares authorized; no shares issued and outstanding as of both September 30, 2023 and December 31, 2022		—	—	

Common Stock, $0.0001 par value; 800,000 shares authorized; 202,544 and 202,403 issued and outstanding as of September 30, 2023 and December 31, 2022, respectively		20	20
Preferred Stock, $0.0001 par value; 20,000 shares authorized; no shares issued and outstanding as of March 31, 2024 and December 31, 2023			
Preferred Stock, $0.0001 par value; 20,000 shares authorized; no shares issued and outstanding as of March 31, 2024 and December 31, 2023			
Preferred Stock, $0.0001 par value; 20,000 shares authorized; no shares issued and outstanding as of March 31, 2024 and December 31, 2023			
Common Stock, $0.0001 par value; 800,000 shares authorized; 203,410 issued and 203,163 outstanding as of March 31, 2024 and 203,210 issued and 203,030 outstanding as of December 31, 2023			
Treasury Stock, at cost: March 31, 2024 - 247 shares and December 31, 2023 - 180 shares			
Additional paid-in-capital	Additional paid-in-capital	337,420	329,218
Accumulated deficit	Accumulated deficit	(98,895)	(22,438)
Accumulated other comprehensive income	Accumulated other comprehensive income	(7)	—
Total shareholders' equity	Total shareholders' equity	238,538	306,800
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 295,946	$ 351,805

The accompanying notes are integral to the Consolidated consolidated financial statements.

LIVEWIRE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine months ended

		September 30, 2023	September 25, 2022		
Three months ended				Three months ended	
March 31, 2024				March 31, 2024	March 31, 2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net loss					
Net loss					
Net loss	Net loss	$ (76,457)	$ (56,500)		
Adjustments to reconcile net loss to net cash used in operating activities	Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	Depreciation and amortization	2,814	3,717		
Payment of contingent consideration in excess of acquisition date fair value		—	(413)		
Depreciation and amortization					
Depreciation and amortization					
Change in fair value of warrant liabilities	Change in fair value of warrant liabilities	2,332	—		
Stock compensation expense	Stock compensation expense	6,566	(171)		
Provision for doubtful accounts	Provision for doubtful accounts	45	99		
Deferred income taxes	Deferred income taxes	63	68		
Inventory write-downs		1,664	702		
Inventory write-down					
Cloud computing arrangements development costs	Cloud computing arrangements development costs	(470)	(2,822)		
Other, net	Other, net	(677)	(209)		
Changes in current assets and liabilities:	Changes in current assets and liabilities:				
Accounts receivable, net					
Accounts receivable, net					
Accounts receivable, net	Accounts receivable, net	(2,313)	3,465		

Accounts receivable from related party	Accounts receivable from related party	(128)	(466)
Inventories	Inventories	(5,238)	(17,518)
Other current assets	Other current assets	2,679	2,615
Accounts payable and accrued liabilities	Accounts payable and accrued liabilities	(2,149)	3,243
Accounts payable to related party	Accounts payable to related party	15,393	—
Net cash used by operating activities	Net cash used by operating activities	(55,876)	(64,190)
Cash flows from investing activities:	Cash flows from investing activities:		
Capital expenditures	Capital expenditures	(10,970)	(8,927)
Capital expenditures			
Capital expenditures			
Net cash used by investing activities	Net cash used by investing activities	(10,970)	(8,927)
Cash flows from financing activities:	Cash flows from financing activities:		
Deposit in advance of business combination (Note 1)		—	100,000
Proceeds received from exercise of warrants (Note 7)		1,554	—
Borrowings on notes payable to related party (Note 11)		—	15,333
Payment of contingent consideration up to acquisition date fair value		—	(1,767)
Transfers from H-D (Note 11)		—	59,051
Net cash provided by financing activities		1,554	172,617
Net (decrease) increase in cash, cash equivalents and restricted cash		$ (65,292)	$ 99,500
Cash, cash equivalents and restricted cash:			
Cash, cash equivalents and restricted cash—beginning of period		$265,240	$ 2,668
Net (decrease) increase in cash, cash equivalents and restricted cash		(65,292)	99,500
Cash, cash equivalents and restricted cash—end of period		$199,948	$102,168
Repurchase of common stock			

Reconciliation of cash, cash equivalents and restricted cash on the Consolidated balance sheets to the Consolidated statements of cash flows:		
Cash	$199,948	$ 2,168
Restricted cash	—	100,000
Cash, cash equivalents and restricted cash per the Consolidated statements of cash flows	$199,948	$102,168

Repurchase of common stock

Repurchase of common stock

Net cash used by financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents:

Cash and cash equivalents:

Cash and cash equivalents:

Cash and cash equivalents—beginning of period

Cash and cash equivalents—beginning of period

Cash and cash equivalents—beginning of period

Net decrease in cash and cash equivalents

Cash and cash equivalents—end of period

The accompanying notes are integral to the Consolidated consolidated financial statements.

LIVEWIRE GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock							
	Issued shares	Balance	Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Net Parent company investment	Total
Balance, December 31, 2022	202,403	$ 20	$ 329,218	$ (22,438)	$ —	$ —	$ 306,800
Net loss	—	—	—	(21,147)	—	—	(21,147)
Share-based compensation expense	6	—	1,824	—	—	—	1,824
Balance, March 31, 2023	202,409	20	331,042	(43,585)	—	—	287,477
Net loss	—	—	—	(40,732)	—	—	(40,732)
Share-based compensation expense	—	—	2,378	—	—	—	2,378
Shareholder warrants exercised	—	—	6	—	—	—	6

Common Stock	Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive income (loss)	Treasury Stock	Total

Balance, June 30, 2023		202,409	20	333,426	(84,317)	—	—	249,129
Balance, December 31, 2023								
Balance, December 31, 2023								
Balance, December 31, 2023								
Net loss	Net loss	—	—	—	(14,578)	—	—	(14,578)
Other comprehensive loss, net of tax	Other comprehensive loss, net of tax	—	—	—	—	(7)	—	(7)
Share-based compensation expense	Share-based compensation expense	—	—	2,364	—	—	—	2,364
Shareholder warrants exercised		135	—	1,630	—	—	—	1,630
Balance, September 30, 2023		202,544	$ 20	$ 337,420	$ (98,895)	$ (7)	$ —	$ 238,538
Repurchase of common stock								
Repurchase of common stock								
Repurchase of common stock								
Balance, March 31, 2024								

	Common Stock		Additional		Accumulated		
	Issued shares	Balance	paid-in capital	Accumulated Deficit	other comprehensive income (loss)	Net Parent company investment	Total
Balance, December 31, 2021	—	$ —	$ —	$ —	$ 145	$ 19,780	$ 19,925
Net loss prior to Business Combination	—	—	—	—	—	(15,979)	(15,979)
Other comprehensive loss, net of tax	—	—	—	—	(100)	—	(100)
Net contribution from H-D	—	—	—	—	—	19,051	19,051
Balance, March 27, 2022	—	—	—	—	45	22,852	22,897
Net loss prior to Business Combination	—	—	—	—	—	(19,578)	(19,578)
Other comprehensive loss, net of tax	—	—	—	—	6	—	6
Net contribution from H-D	—	—	—	—	—	34,060	34,060
Balance, June 26, 2022	—	—	—	—	51	37,334	37,385
Net loss prior to Business Combination	—	—	—	—	—	(20,943)	(20,943)
Other comprehensive loss, net of tax	—	—	—	—	(60)	—	(60)
Net contribution from H-D	—	—	—	—	—	26,811	26,811
Balance, September 25, 2022	—	$ —	$ —	$ —	$ (9)	$ 43,202	$ 43,193

	Common Stock		Additional		Accumulated		
	Issued shares	Balance	paid-in capital	Accumulated Deficit	other comprehensive income (loss)	Treasury Stock	Total
Balance, December 31, 2022	202,403	$ 20	$ 329,218	$ (22,438)	$ —	$ —	$ 306,800
Net loss	—	—	—	(21,147)	—	—	(21,147)
Share-based compensation expense	6	—	1,824	—	—	—	1,824
Balance, March 31, 2023	202,409	$ 20	$ 331,042	$ (43,585)	$ —	$ —	$ 287,477

The accompanying notes are integral to the Consolidated consolidated financial statements.

LIVEWIRE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business and Basis of Presentation

LiveWire Group, Inc., a Delaware corporation, and its consolidated subsidiaries are referred to in these Consolidated consolidated financial statements and notes as the “we,” “our,” “us,” the “Company,” or “LiveWire.” The Company designs and sells electric motorcycles and electric balance bikes for kids with related electric motorcycle parts, accessories, and apparel. The Company operates in two segments: Electric Motorcycles and STACYC.

On September 26, 2022, the Company consummated a previously announced business combination and related financing transactions (collectively the “Business Combination”) pursuant to a business combination agreement, dated as of December 12, 2021 (the “Business Combination Agreement”), by and among AEA-Bridges Impact Corp (“ABIC”), LiveWire Group Inc., (formerly known as LW EV Holdings, Inc.), LW EV Merger Sub, Inc., a Delaware corporation (“Merger Sub”), Harley-Davidson, Inc., a Wisconsin corporation (“H-D”), and LiveWire EV, LLC (“Legacy LiveWire”), a wholly-owned subsidiary of H-D.

Pursuant to The Business combination was accounted for as a reverse recapitalization. Under this method of accounting, ABIC was treated as the terms “acquired” company for financial reporting purposes. The net assets of ABIC were stated at historical cost, with no goodwill or other intangible assets recorded. The Business Combination resulted in net proceeds of approximately $293.7 million. The Company also assumed the Public Warrants and Private Warrants upon consummation of the Business Combination Agreement: (a) ABIC migrated to and domesticated as a Delaware corporation (“Domesticated ABIC”) (the “Domestication”), Combination. See further detail in connection with which all of the ABIC’s (i) outstanding ordinary shares were converted, on a one-for-one basis, into common stock, par value $0.0001 per share, of Domesticated ABIC, (ii) outstanding warrants were converted, on a one-for-one basis, into warrants to acquire one share each of common stock of Domesticated ABIC and (iii) outstanding units were canceled and instead entitle the holder thereof to, per unit, one share of common stock of Domesticated ABIC and one-half of one warrant of Domesticated ABIC; (b) H-D and Legacy LiveWire consummated the separation (the “Separation”) of the Legacy LiveWire business and the other transactions contemplated by the Separation Agreement (the “Separation Agreement”); (c) following the Domestication and immediately following the Separation, Merger Sub merged with and into Domesticated ABIC, with Domesticated ABIC surviving as a direct, wholly owned subsidiary of the Company (the “Merger”), and the Company continuing as the public company in the Merger, with each share of common stock of Domesticated ABIC being converted into the right of the holder thereof to receive one share of common stock, par value $0.0001 (“Common Stock”); (d) immediately following the Merger, H-D caused all of the membership interests of Legacy LiveWire (“Legacy LiveWire Equity” Note 7, Warrant Liabilities.) held by ElectricSoul, LLC (the “Legacy LiveWire Equityholder”), a Delaware limited liability company and a subsidiary of H-D, to be contributed to the Company in exchange for 161,000,000 shares of Common Stock and the right to receive up to an additional 12,500,000 shares of Common Stock in the future (the “Earn-Out Shares”, and the transactions contemplated by this clause (d), collectively, the “Exchange”), and as a result of the Exchange, Legacy LiveWire became a direct, wholly owned subsidiary of the Company; (e) immediately following the consummation of the Exchange, the Company contributed 100% of the outstanding equity interests of Legacy LiveWire to Domesticated ABIC (clauses (a) through (e) collectively, the “Business Combination”).

Pursuant to investment agreements entered into in connection with the Business Combination Agreement, the KYMCO Group agreed to subscribe for an aggregate of 10,000,000 newly-issued shares of Common Stock at a purchase price of $10.00 per share for an aggregate purchase price of $100 million (the “KYMCO PIPE Investment”). The Company received a $100 million cash deposit from KYMCO during the quarter ended September 25, 2022 in advance of the pending transaction close. The $100 million cash deposit was included in Restricted Cash on the Consolidated balance sheet as of September 25, 2022.

Pursuant to the Business Combination Agreement, and an investment agreement entered into prior to the Closing, the Legacy LiveWire Equityholder agreed to subscribe for an aggregate of 10,000,000 newly-issued shares of Common Stock at a purchase price of $10.00 per share for an aggregate purchase price of $100 million (the “Legacy LiveWire Equityholder PIPE Investment” and, together with the KYMCO PIPE Investment, the “PIPE Investments”). At the Closing, the Company consummated the PIPE Investments.

Pursuant to the Business Combination Agreement, H-D caused the Legacy LiveWire Equityholder to pay and deliver to the Company an amount in cash equal to $100 million, which is the H-D Backstop Amount (as defined in the Business Combination Agreement) in exchange for 10,000,000 shares of Common Stock (the “H-D Backstop Shares”) at a purchase price of $10.00 per H-D Backstop Share. Additionally, H-D was reimbursed for $20.1 million of transaction costs and advisory fees incurred through a reduction of the proceeds provided.

In connection with the Business Combination, H-D has the right to receive up to an additional 12,500,000 shares of the Company's Common Company’s common stock as Earn-Out Shares in the future (the “Earn-Out Shares”) upon the occurrence of certain triggering events: (i) a one-time issuance of 6,250,000 Earn Out Shares if the volume-weighted average price (“VWAP”) of Common Stock is greater than or equal to $14.00 over any 20 trading days within any 30 consecutive trading day period; and (ii) a one-time issuance of 6,250,000 Earn Out Shares if the VWAP of Common Stock is greater than or equal to $18.00 over any 20 trading days within any 30 consecutive trading-day period, ((i) and (ii) each, a “Triggering Event”), in each case, during a period beginning 18 months from the Closing Date and expiring five years thereafter (the “Earn Out Period”).

After giving effect to the PIPE Investments of $200 million, the H-D Backstop Amount of $100 million (less $20.1 million of transaction costs and advisory fees incurred by H-D through a reduction of the proceeds provided), and ABIC’s remaining cash held in trust account and operating cash in aggregate of $13.8 million (net of the special purpose acquisition company (“SPAC”) share redemption amount of $368.1 million and payment of transaction costs incurred by ABIC of $20.6 million) September 26, 2022, the Business Combination resulted in net proceeds of approximately $293.7 million. After giving effect to the Business Combination, the redemption of Initial Shares as described above, the issuance of the H-D Backstop Shares and the consummation of the PIPE Investments, there were 202,402,888 shares of Common Stock issued and outstanding. The Company also assumed the Public Warrants and Private Warrants upon consummation of the Business Combination. See further detail in Note 7, Warrant Liabilities.

The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, ABIC has been treated as the acquired company for financial reporting purposes. The net assets of ABIC were stated at carrying value, with no goodwill or other intangible assets recorded.

Throughout the notes to the Consolidated financial statements, unless otherwise noted, the “Company” and similar terms refer to Legacy LiveWire and its subsidiaries prior to the consummation closing date of the Business Combination, and LiveWire and its subsidiaries after the consummation of the Business Combination. References to ABIC refer to the SPAC entity prior to consummation of the Business Combination. Operating results for the periods presented prior to the consummation of the Business Combination represent those of Legacy LiveWire. expiring five years thereafter.

Basis of Presentation

In the opinion of the Company's management, the accompanying unaudited interim Consolidated consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Consolidated consolidated balance sheet as of September 30, 2023, March 31, 2024 and the Consolidated consolidated statements of operations and comprehensive loss, for the three and nine month periods then ended September 30, 2023 and September 25, 2022, the Consolidated statements of shareholders' equity, for the three and nine month periods then ended September 30, 2023 and September 25, 2022, and the Consolidated statements of cash flows for the nine months three month periods ended September 30, 2023 March 31, 2024 and September 25, 2022. 2023.

Certain information and disclosures normally included in complete financial statements have been condensed or omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") and generally accepted accounting principles in the United States of America ("GAAP") for interim financial reporting. These unaudited Consolidated consolidated financial statements should be read in conjunction with the audited Consolidated consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in the Consolidated consolidated financial statements and the accompanying notes. Actual results could differ from those estimates. All intercompany transactions within the Company have been eliminated in preparing the Consolidated consolidated financial statements.

On September 26, 2022, the Company consummated the Separation and Business Combination and became a standalone publicly traded company, and its financial statements are now presented on a Consolidated basis. Prior to the Separation and Business Combination on September 26, 2022, the Company's historical combined financial statements were prepared on a standalone carve-out basis and were derived from H-D's Consolidated financial statements and accounting records. The financial statements for all periods presented, including historical periods prior to September 26, 2022, are now referred to as "Consolidated financial statements", and have been prepared in accordance with GAAP and pursuant to the rules and regulations of the SEC. For such periods prior to the Separation, certain corporate and shared costs were allocated to the Company based on a specific identification basis, or when specific identification was not practicable, a proportional cost allocation method.

Certain assets and liabilities, including Accounts receivables, Inventories, Other current assets, Deferred tax assets, Accounts payable, Accrued liabilities, Deferred tax liabilities, Long-term supplier liability, and Other long-term liabilities included on the combined Consolidated Balance Sheet prior to the Separation, were retained by H-D post-Separation and therefore were recorded through Net Parent company investment in the Company's combined Consolidated Financial Statements at the time of the Separation. As part of the Separation, Net Parent company investment was reclassified to Additional paid-in-capital.

2. New Accounting Standards

Recently Issued Accounting Pronouncements Standards Not Yet Adopted

Management does not believe In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07). ASU 2023-07 is intended to improve reportable segment disclosures, primarily through enhanced disclosures about significant segment expenses. The main provisions of ASU 2023-07 require a public entity to disclose on an annual and interim basis: (i) significant segment expenses provided to the chief operating decision maker, (ii) an amount representing the difference between segment revenue less segment expenses disclosed under the significant segment expense principle and each reported measure of segment profit or loss and a description of its composition, (iii) provide all annual disclosures about a reportable segment's profit or loss and assets currently required under Topic 280 in interim periods, (iv) clarify that any recently issued, but not yet if the chief operating decision maker uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit, (v) the title and position of the chief operating decision maker and an explanation of how the chief operating decision maker uses the reported measure of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (vi) all disclosures required by ASU 2023-07 and all existing segment disclosures under Topic 280 for an entity with a single reportable segment. The new guidance is effective accounting standards, if currently adopted, would for the fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is still evaluating the impact ASU 2023-07 will have a material effect on the Company's Consolidated Company's consolidated financial statements. statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The main provisions of ASU 2023-09 require a public entity to disclose on an annual basis (i) specific prescribed categories in the rate reconciliation, (ii) provide additional information for reconciling items that meet a quantitative threshold, (iii) the amount of income taxes paid, net of refunds received, disaggregated by federal, state, and foreign taxes, (iv) the amount of income taxes paid, net of refunds received, disaggregated by individual jurisdictions in which income taxes paid is equal to greater than 5 percent of total income taxes paid, (v) income or loss from continuing operations before income tax expense or benefit disaggregated between domestic and foreign, and (vi) income tax expense or benefit from continuing operations disaggregated by federal, state, and foreign. ASU 2023-09 also removes certain disclosure requirements related to unrecognized tax benefits and cumulative unrecognized temporary differences. The new guidance is effective for the fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is still evaluating the impact ASU 2023-09 will have on the Company's consolidated financial statement disclosures.

3. Revenue

The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. Revenue is measured based on the consideration that the Company expects to be entitled to in exchange for the goods or services transferred. Taxes that are collected from a customer concurrent with revenue-producing activities are excluded from revenue.

Disaggregated revenue, net by major source was as follows (in thousands):

	Three months ended	Nine months ended

		September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
		Three months ended			
		Three months ended			
		Three months ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Electric Motorcycles					
Electric Motorcycles					
Electric Motorcycles	**Electric Motorcycles**				
Electric motorcycles	Electric motorcycles	$ 1,156	$ 4,638	$ 3,248	$ 11,620
Electric motorcycles					
Electric motorcycles					
Parts, accessories and apparel	Parts, accessories and apparel	182	298	334	781
		$ 1,338	$ 4,936	$ 3,582	$ 12,401
Parts, accessories and apparel					
Parts, accessories and apparel					
		$			
		$			
		$			
STACYC					
STACYC					
STACYC	**STACYC**				
Electric balance bikes	Electric balance bikes	$ 5,737	$ 9,088	$ 16,521	$ 22,898
Electric balance bikes					
Electric balance bikes					
Parts, accessories and apparel	Parts, accessories and apparel	1,069	684	2,829	2,316
		$ 6,806	$ 9,772	$ 19,350	$ 25,214
Parts, accessories and apparel					
Parts, accessories and apparel					
		$			
		$			
		$			
Total Revenue, net	Total Revenue, net	$ 8,144	$ 14,708	$ 22,932	$ 37,615
Total Revenue, net					
Total Revenue, net					

Revenue from the sale of LiveWire One electric motorcycles, electric balance bikes as well as parts and accessories and apparel are recorded when control is transferred to the customer, generally at the time of shipment to independent dealers and distributors or at the time of delivery to retail customers. S2 electric motorcycles, being motorcycles produced from LiveWire's S2 platform using the Arrow Architecture model, contain two performance obligations, which is the sale of the electric motorcycle and a stand ready obligation to transfer Firmware Over The Air ("FOTA") software updates to the electric motorcycle, when-and-if available, to the customer. Revenue on the sale of the S2 electric motorcycles is recorded at a point-in-time when control is transferred to the customer. As the unspecified FOTA software updates to S2 electric motorcycles are provided when-and-if they become available, revenue related to these updates is recognized ratably over the period the updates will be provided, estimated by management to be five years, commencing when control of the electric motorcycle is transferred to the customer. The standalone selling prices of performance obligations are estimated by considering costs to develop and deliver the good or service, third-party pricing of similar goods or services and other information that may be available. The Company allocates the transaction price among the performance obligations in proportion to the standalone selling price of the Company's performance obligations.

The Company offers sales incentive programs to independent dealers and retail customers designed to promote the sale of its products. The Company estimates its variable consideration related to its sales incentive programs using the expected value method. The Company accounts for consideration payable to a customer as part of its sales incentives as a reduction of revenue, which is accrued at the later of the date the related sale is recorded or the date the incentive program is both approved and communicated. Variable consideration related to sales incentives and rights to return is adjusted at the earliest of when the amount of consideration the Company expects to receive changes, or the consideration becomes fixed. During the first quarter of 2024, the Company revised its retail partner strategy and introduced new incentives with its retail partners resulting in $419 thousand of adjustments for variable consideration related to previously recognized sales. Adjustments for variable consideration for the three months ended March 31, 2023 were not material.

The Company offers the right to return eligible parts and accessories and apparel. When the apparel and, in limited circumstances, on electric motorcycles. The Company offers a right to return, it estimates returns based on an analysis of historical trends and probability of returns and records revenue on the initial sale only in the amount that it expects to be entitled. The remaining consideration is deferred in a refund liability account. The refund liability is remeasured for changes in the estimate at each reporting date with a corresponding adjustment to revenue.

Variable consideration related to sales incentives and rights to return is adjusted The Company records a refund asset at the earliest of when the carrying amount of consideration the goods at the time of sale, less any expected costs to recover the goods and any expected reduction in value as a reduction to cost of goods sold. This amount is monitored and adjusted for impairment as necessary. The Company expects to receive changes, or the consideration becomes fixed. Adjustments for variable consideration related to previously recognized sales were not material for the three had a refund asset of $264 thousand and nine months ended September 30, 2023 $299 thousand at March 31, 2024 and September 25, 2022.

December 31, 2023, respectively. The Company had a refund liability of $292 thousand and $327 thousand at March 31, 2024 and December 31, 2023, respectively.

Shipping and handling costs associated with freight after control of a product has transferred to a customer are accounted for as fulfillment costs in Cost of goods sold. The Company accrues for the shipping and handling in the same period that the related revenue is recognized.

The Company offers standard, limited warranties on its electric motorcycles, electric balance bikes, and parts and accessories. These warranties provide assurance that the product will function as expected and are not separate performance obligations. The Company accounts for estimated warranty costs as a liability when control of the product transfers to the customer.

Contract Liabilities

The Company maintains certain contract liability balances related to payments received at contract inception in advance of the Company's performance under the contract that generally relates to customer deposits for electric balance bikes and electric motorcycles. motorcycles and consideration received upon transfer of control of the S2 motorcycles for FOTA software updates. Contract liabilities are recognized as revenue once the Company performs under the contract. Contract The current portion of contract liabilities of $428 $310 thousand and $163 $214 thousand were included in Accrued liabilities and the long-term portion of contract liabilities of $281 thousand and $245 thousand were included in Other long-term liabilities in the Company's Consolidated balance sheetsas of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company expects to recognize $310 thousand included in Accrued Liabilities as of March 31, 2024 over the next twelve months. The Company expects to recognize $281 thousand included in Other long-term liabilities at March 31, 2024 over the next five years.

Previously recorded contract liabilities deferred revenue recognized as revenue in the three months ended September 30, 2023 March 31, 2024 and September 25, 2022 March 31, 2023 was $0 and $233 thousand, respectively, and $163 $70 thousand and $1,644 $78 thousand, in the nine months ended September 30, 2023 and September 25, 2022, respectively. The Company expects to recognize all $428 thousand of the remaining unearned revenue in 2023.

4. Income Taxes

The Company's effective income tax rate was 0% for each of the nine three months ended September 30, 2023 was (0.1)% compared to (0.3)% for the nine months ended September 25, 2022. March 31, 2024 and 2023.

The Company's effective tax rate for each period differs from the U.S. statutory rate of 21% as the Company is not recognizing an income tax benefit related to the losses generated as there is not sufficient positive evidence regarding the ability to realize the benefit of these losses.

5. Earnings Per Share

The Company computes earnings per share ("EPS") in accordance with ASC 260, *Earnings per Share*. Basic EPS is computed by dividing net income (loss) available to common shareholders by the weighted-average number of shares of common stock outstanding. Diluted EPS is computed using the weighted-average number of shares of common stock, plus the effect of potentially dilutive securities. The Company applies the treasury method to calculate the dilution impact of employee share-based awards- restricted stock, compensation awards. performance share units, and warrants. Because the Company has reported a net loss for all periods presented, diluted net loss per share is the same as basic net loss per share as all of the potentially dilutive shares were anti-dilutive in those periods.

Computation of basic and diluted earnings per share was as follows (in thousands, except per share amounts):

	Three months ended	Nine months ended

	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022

Three months ended
Three months ended
Three months ended

March 31, 2024
March 31, 2024
March 31, 2024

Net loss
Net loss

	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
Net loss	$ (14,578)	$ (20,943)	$ (76,457)	$ (56,500)
Basic weighted-average shares outstanding	202,529	161,000	202,448	161,000
Effect of dilutive securities – Warrants	—	—	—	—

Basic weighted-average shares outstanding
Basic weighted-average shares outstanding
Effect of dilutive securities – warrants
Effect of dilutive securities – warrants
Effect of dilutive securities – warrants
Effect of dilutive securities – employee stock compensation awards
Effect of dilutive securities – employee stock compensation awards

	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
Effect of dilutive securities – employee stock compensation awards	—	—	—	—
Diluted weighted-average shares outstanding	202,529	161,000	202,448	161,000

Diluted weighted-average shares outstanding
Diluted weighted-average shares outstanding
Earnings per share (1):
Earnings per share (1):

	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
Earnings per share (1):				
Basic	$ (0.07)	$ (0.13)	$ (0.38)	$ (0.35)

Basic
Basic

	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
Diluted	$ (0.07)	$ (0.13)	$ (0.38)	$ (0.35)

Diluted
Diluted

(1) Earnings per share amounts are calculated discretely and, therefore, may not add up to the total due to rounding

Prior to the Business Combination date, the Company did not have any issued and outstanding common stock or any common share equivalents. Accordingly, for the three and nine months ended September 25, 2022, the net loss per share was calculated based on the 161,000,000 shares of Common Stock distributed to H-D in exchange for the membership interests of Legacy LiveWire. At the time of the Business Combination, additional shares of Common Stock were issued, which are reflected in the weighted average number of shares of common stock outstanding as of September 30, 2023.

Diluted net loss per share is computed by giving effect to all potential shares of common stock, to the extent dilutive, including unvested restricted stock units ("RSUs"), unvested performance share units ("PSUs"), and Warrants (as defined in Note 7, Warrant Liabilities). Potential shares of common stock are excluded from the computation of diluted net loss per share if their effect would have been anti-dilutive for the periods presented or if the issuance of shares is contingent upon events that did not occur by the end of the period. For the three and nine months ended September 30, 2023, 3,334 March 31, 2024 and 2023, 3,118 thousand and 3,129 thousand employee stock compensation plan awards, respectively, were excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive. For the three and nine months ended September 30, 2023, March 31, 2024 and 2023, 30,365 thousand of Warrants and 30,500 thousand warrants, respectively, were excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive. There were no anti-dilutive employee stock compensation awards or warrants for the three and nine months ended September 25, 2022. Additionally, the Company has not included the impact of the Earn-Out Shares, discussed in Note 1, Description of Business and Basis of Presentation, in the calculation of EPS as the triggering events have not occurred.

6. Additional Balance Sheet Information

Inventories are valued at the lower of cost or net realizable value using the first-in, first-out ("FIFO") method for electric motorcycles and related products and average costing method for electric balance bikes. Inventories, net consisted of the following (in thousands):

		September 30, 2023	**December 31, 2022**		
March 31, 2024				**March 31, 2024**	**December 31, 2023**
Raw materials and work in process	Raw materials and work in process	$ 1,259	$ 48		
Electric motorcycles and electric balance bikes	Electric motorcycles and electric balance bikes	28,451	25,291		
Parts and accessories and apparel	Parts and accessories and apparel	3,079	3,876		
Inventories, net	Inventories, net	$ 32,789	$ 29,215		

Accrued liabilities primarily include accrued capital expenditures of $5,371 $3,768 thousand, accrued payroll and employee benefits of $6,015 $3,632 thousand, and accrued engineering costs of $3,391 $3,319 thousand as of September 30, 2023 March 31, 2024. Accrued liabilities primarily include accrued capital expenditures of $7,748 $4,933 thousand, accrued payroll and employee benefits of $4,641 $7,077 thousand, and accrued engineering costs of $4,377 $5,215 thousand as of December 31, 2022 December 31, 2023.

7. Warrant Liabilities

Upon consummation of the Business Combination, the Company assumed 30,499,990 Warrants to purchase the Company's Common Stock, comprised of 19,999,990 public warrants, originally issued by ABIC as part of ABIC's IPO of units (the "Public Warrants") and 10,500,000 of outstanding warrants originally issued in a private placement in connection with the IPO of ABIC (the "Private Placement Warrants", collectively with the Public Warrants, the "Warrants"). The Warrants expire five years from the completion of the Business Combination. There were 19,865,418 and 19,999,990 19,865,207 Public Warrants outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and 10,500,000 Private Warrants outstanding as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Each Warrant entitles the registered holder to purchase one share of Common Stock at a price of $11.50 per share. A Warrant holder may exercise its Warrants only for a whole number of shares of Common Stock. This means only a whole Warrant may be exercised at a given time by a Warrant holder. No fractional Warrants were issued upon separation of the units and only whole warrants trade. The Company will receive the proceeds from the exercise of any warrants in cash. The Warrants will expire five years after the completion of the Business Combination, or earlier upon redemption or liquidation.

Public Warrants

Redemption of Warrants when the price per Common Stock share equals or exceeds $18.00: $18.00*:* The Company may redeem the outstanding Warrants (except as described with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of $0.01 per Warrant;
- upon not less than 30 days' prior written notice of redemption; and

- if, and only if, the reported last sales price of the Company's Common Stock equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the Warrant holders.

Redemption of Warrants when the price per Common Stock share equals or exceeds $10.00: Once the Warrants become exercisable, the Company may redeem the outstanding Warrants:

- in whole and not in part;
- at $0.10 per Warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their Warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the agreed table, based on the redemption date and the "fair market value" of Common Stock;
- if, and only if, the closing price of the shares of Common Stock equals or exceeds $10.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant) Warrant) for any 20 trading days within the 30-trading day period ending three trading days before we send the notice of redemption to the Warrant holders; and

- if the closing price of the shares of Common Stock 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 is less than $18.00 per share (as adjusted for adjustments to the number of shares issuable upon exercise or the exercise price of a warrant) Warrant), the Private Placement Warrants must also be concurrently called for redemption on the same terms as the outstanding Warrants, as described above.

Private Placement Warrants

The Private Placement Warrants have terms and provisions that are similar to those of the Public Warrants, including as to the exercise price, exercisability and exercise period. The Private Placement Warrants will not be redeemable by the Company so long as they are (i) held by the initial purchasers of the Private Placement Warrants or its permitted transferees and (ii) the reference value exceeds $18.00 per share. The initial Private Placement Warrant purchasers, or its permitted transferees, has have the option to exercise the Private Placement Warrants on a cashless basis if the reference value is between $10.00 and $18.00. If the Private Placement Warrants are held by holders other than AEA-Bridges Impact Sponsor, LLC (the "Sponsor") or its permitted transferees, the Private Placement Warrants will be redeemable by the Company in all redemption scenarios and exercisable by the holders on the same basis as the Public Warrants.

There During the three months ended March 31, 2024 and 2023, there were no redemptions and or exercises of 135 thousand of the Public Warrants during the three and nine months ended September 30, 2023. There were no exercises or redemptions of the Private Warrants during the three and nine months ended September 30, 2023. Warrants.

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recognized income of $8,038 $4,758 thousand and expense of $2,332 $1,068 thousand, respectively, as a change in fair value of warrant liabilities in the Consolidated statements of operations and comprehensive loss. The Company determined the Public Warrants and Private Placement Warrants do not meet the criteria to be classified in stockholders' equity and the fair value of the warrants should be classified as a liability. The Company's Warrant liability was $10,631 $7,561 thousand and $8,388 $12,319 thousand as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

8. Fair Value

The Company assesses the inputs used to measure fair value using a three-tier hierarchy.

- Level 1 inputs include quoted prices for identical instruments and are the most observable.

- Level 2 inputs include quoted prices for similar assets and observable inputs.

- Level 3 inputs are not observable in the market and include the Company's judgments about the assumptions market participants would use in pricing the asset or liability.

The Company's assets and liabilities measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, were as follows (in thousands):

		September 30, 2023			
		Level 1	Level 2	Level 3	Total
	March 31, 2024				
	Level 1				
		March 31, 2024			
		Level 1	Level 2	Level 3	Total
Assets:	Assets:				
Money market funds					
Money market funds					
Money market funds	Money market funds	$197,000	$ —	$ —	$197,000
Liabilities:	Liabilities:				

		Level 1	Level 2	Level 3	Total
Public Warrants	Public Warrants	$ 6,955	$ —	$ —	$ 6,955
Public Warrants					
Public Warrants					
Private Placement Warrants	Private Placement Warrants	—	3,676	—	3,676
Share-based awards settled in cash	Share-based awards settled in cash	951	—	—	951
	$				
		$ 7,906	$3,676	$ —	$ 11,582
		December 31, 2022			
		Level 1	Level 2	Level 3	Total
		December 31, 2023			
		December 31, 2023			
		December 31, 2023			
	Level 1	Level 1	Level 2	Level 3	Total
Assets:	Assets:				
Money market funds					
Money market funds					
Money market funds	Money market funds	$257,000	$ —	$ —	$257,000
Liabilities:	Liabilities:				
Public Warrants	Public Warrants	$ 5,500	$ —	$ —	$ 5,500
Public Warrants					
Public Warrants					
Private Placement Warrants	Private Placement Warrants	—	2,888	—	2,888
Share-based awards settled in cash	Share-based awards settled in cash	1,618	—	—	1,618
		$ 7,118	$2,888	$ —	$ 10,006
	$				

There were no significant assets or liabilities on the Company’s Consolidated balance sheets measured at fair value on a nonrecurring basis.

Recurring Fair Value Measurements

Money Market Funds

Money market funds include highly liquid investments with an original maturity of three or fewer months and are presented within Cash and cash equivalents in the Consolidated balance sheets. They are valued using quoted market prices in active markets and are classified under Level 1 within the fair value hierarchy.

Warrant Liabilities

The Public Warrants are publicly traded under the symbol “LVWR WS” and the fair value of the Public Warrants at a specific date is determined by the closing price of the Public Warrants as of that date. As such, the Public Warrants are classified within Level 1 of the fair value hierarchy. The fair value of the Private Placement Warrants was determined using the closing price of the Public Warrants as the Private Placement Warrants have terms and provisions that are economically similar to those of the Public Warrants. The Private Placement Warrants are classified as Level 2 of the fair value hierarchy due to the use of an observable market quote for a similar asset in an active market.

Share-based awards settled in cash

Share-based awards settled in cash represent grants of share-based awards that will be settled with employees in cash and are presented within Accrued liabilities and Other long-term liabilities in the Consolidated balance sheets. They are valued using the market price of the Company's and Parent's Harley-Davidson, Inc.'s stock and are remeasured at each balance sheet date and are classified under Level 1 under the fair value hierarchy.

Other Fair Value Measurements

The fair value of financial instruments classified as Cash and cash equivalents, Accounts receivable, net, and Accounts payable on the Consolidated balance sheets approximate carrying value due to the short-term nature and the relative liquidity of the instruments.

9. Product Warranty and Recall Campaigns

The Company provides a limited warranty on new electric motorcycles for a period of two years, except for the battery which is covered for five years. The Company also provides limited warranties on parts and accessories and electric balance bikes. The warranty coverage for the retail customer generally begins when the product is sold to the retail customer. The Company accrues for future warranty claims at the time of sale by the Company using an estimated cost based primarily on historical Company claim information. In the case of both warranty and recall costs, as actual experience becomes available it is used to update the accruals.

Additionally, the Company may from time-to-time initiate certain voluntary recall campaigns. The Company records estimated recall costs when the liability is both probable and estimable. This generally occurs when the Company's management approves and commits to a recall. The warranty and recall liability are included in Accrued liabilities and Other long-term liabilities on the Consolidated balance sheets.

Changes in the Company's warranty and recall liability were as follows (in thousands):

	Three months ended		Nine months ended	
	September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
	Three months ended			
	Three months ended			
	Three months ended			
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
Balance, beginning of period				
Balance, beginning of period				
Balance, beginning of period Balance, beginning of period	$ 562	$ 929	$ 566	$ 1,095
Warranties issued during the period Warranties issued during the period	55	543	160	638
Warranties issued during the period				
Warranties issued during the period				
Settlements made during the period Settlements made during the period	(99)	(246)	(205)	(588)
Currency Translation Adjustments	—	(34)	—	(77)
Settlements made during the period				
Settlements made during the period				
Recalls and changes to pre-existing warranty liabilities				
Recalls and changes to pre-existing warranty liabilities				

Recalls and changes to pre-existing warranty liabilities	Recalls and changes to pre-existing warranty liabilities	—	64	(3)	188
Balance, end of period	Balance, end of period	$ 518	$ 1,256	$ 518	$ 1,256
Balance, end of period					
Balance, end of period					

There was no The liability for recall campaigns included in the above table was $78 thousand and zero as of September 30, 2023 March 31, 2024 and December 31, 2022. As of September 25, 2022 December 31, 2023, a liability for pre-transaction warranties and recall campaigns of $787 thousand related to certain H-D branded electric motorcycles was retained by H-D in connection with the Separation and Business Combination. respectively.

10. Commitments and Contingencies

Contingencies – The Company is subject to claims related to product and other commercial matters. In determining costs to accrue related to these items, the Company carefully analyzes cases and considers the likelihood of adverse judgments or outcomes, as well as the potential range of possible loss. The Company accrues for matters when losses are both probable and estimable. Any amounts accrued for these matters are monitored on an ongoing basis and are updated based on new developments or new information as it becomes available for each matter. Refer to Note 9, Product Warranty and Recall Campaigns, for a discussion of warranty and recall liabilities. The Company had no material product liability claims as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Litigation and Other Claims – The Company from time to time may be subject to lawsuits and other claims related to product, commercial, employee, environmental and other matters in the normal course of business. In determining costs to accrue related to these items, the Company carefully analyzes cases and considers the likelihood of adverse judgments or outcomes, as well as the potential range of possible loss. The Company accrues for matters when losses are both probable and estimable. Any amounts accrued for these matters are monitored on an ongoing basis and are updated based on new developments or new information as it becomes available for each matter. The Company, through H-D, also maintains insurance coverage for product liability exposures. The Company believes that its accruals and insurance coverage are adequate and there are no material exposures to loss in excess of amounts accrued and insured for losses related to these matters.

11. Related Party Transactions

In connection with the Business Combination, the Company entered into a various number of agreements with H-D to govern the Separation and and provide a framework for the relationship between the parties going forward pursuant to which the Company and/or H-D have continuing obligations to each other. All transactions with H-D subsequent to the Business Combination are considered related party transactions. Agreements that the Company entered into in connection with the Separation separation from H-D that resulted in related party transactions include the Transition Services Agreement, Master Services Agreement, Contract Manufacturing Agreement, Joint Development Agreement, and Tax Matters Agreement. Refer to Note 16, Related Party Transactions, of the Consolidated consolidated financial statements in the Company's 2022 2023 Form 10-K for additional details on the agreements entered into by the Company as part of the Separation.

Related Party Sales and Purchases in the Ordinary Course of Business

Transactions Associated with Service Agreements with H-D

Cost of goods sold - There are $5,176 thousand and $2,047 thousand of Cost of goods sold with H-D, respectively, related to purchases from H-D, primarily electric motorcycles, under the terms of the Contract Manufacturing Agreement, on the Consolidated statements of operations and comprehensive loss for the three months ended March 31, 2024 and 2023. These purchases of electric motorcycles from H-D are sold to the Company's customers resulting in Cost of goods sold.

Selling, administrative and engineering - During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, there were $3,338 $2,948 thousand and $11,527 $3,397 thousand, respectively, in expenses associated with services rendered in conjunction with the various service agreements with H-D, which are presented within Selling, administrative and engineering on the Consolidated statements of operations and comprehensive loss.

Accounts payable to related party - As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there was $21,127 is $25,687 thousand and $5,733 $20,371 thousand, respectively, due to H-D and presented as Accounts payable to related party on the Consolidated balance sheets, respectively. sheets. Of the amount outstanding to H-D as of September 30, 2023 March 31, 2024 and December 31, 2023, $7,411 $14,140 thousand and $10,020 thousand, respectively, is associated with inventory purchased under the Contract Manufacturing Agreement $9,959 and $5,340 thousand and $4,042 thousand, respectively, is associated with services under the various service agreements with H-D and $3,757 $6,207 thousand and $6,309 thousand, respectively, is related associated with the obligation to a liability reimburse H-D for excess inventory components held by H-D that the Company expects to be obligated to reimburse H-D under the terms of the Contract Manufacturing Agreement. Of This amount represents the amount outstanding to H-D Company's best estimate of the liability as of December 31, 2022, $1,942 thousand each of the balance sheet dates and is associated subject to adjustment based on final negotiations with inventory purchased H-D regarding amounts owed under the Contract Manufacturing Agreement and $3,791 thousand is associated with services under the various service agreements with H-D.

During the three and nine months ended September 30, 2023, the Company purchased $1,566 thousand and $7,206 thousand, respectively, of inventory from H-D as part terms of the Contract Manufacturing Agreement.

Convertible Delayed Draw Term Loan Agreement

On February 14, 2024, the Company entered into a Convertible Delayed Draw Term Loan Agreement (the “Convertible Term Loan”) with H-D providing for term loans from H-D to the Company in one or more advances up to an aggregate principal amount of $100 million. The outstanding principal under the Convertible Term Loan bears interest at a floating rate per annum, as calculated by H-D as of the date of each advance and as of each June 1 and December 1 thereafter, equal to the sum of (i) the forward-looking term rate based on SOFR (i.e., the secured overnight financing rate published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate)) for a 6-month interest period, plus (ii) 4.00%. The Company may elect to pay up to 100% of the amount of any interest due by increasing the outstanding principal amount of the applicable advance. The Convertible Term Loan does not include affirmative covenants impacting the operations of the Company. The Convertible Term Loan includes negative covenants restricting the ability of the Company to incur indebtedness, create liens, sell assets, make investments, make fundamental changes, make dividends or other restricted payments and enter into affiliate transactions. The Convertible Term Loan has a maturity date of the earlier of (i) 24 months from the date of the first draw on the loan or (ii) October 31, 2026. In the event that the Convertible Term Loan cannot be settled in cash by the Company at maturity, unless otherwise agreed between the Company and H-D, the Convertible Term Loan will be converted to equity of Company at a conversion price per share of common stock of the Company equal to 90% of the volume weighted average price per share of Common Stock for the 30 trading days immediately preceding the conversion date. As of March 31, 2024, there were no amounts outstanding under the Convertible Term Loan and the Company remained in compliance with all of the existing covenants.

Other transactions

Sales of electric motorcycles and related products to independent dealers and customers are primarily financed through Harley-Davidson Financial Services (“HDFS”), a wholly owned subsidiary of H-D; therefore, the Company’s accounts receivable related to these sales are recorded in Accounts receivable from related party on the Consolidated balance sheets. Amounts financed through HDFS, not yet remitted to the Company by HDFS, are generally settled within 30 days. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there is $621 $1,051 thousand and $388 $3,351 thousand due from HDFS and other related receivables due from H-D, which is presented as Accounts receivable from related party on the Consolidated balance sheets, respectively.

During the three and nine months ended September 30, 2023, March 31, 2024 and 2023, the Company recorded $41 $20 thousand and $51 $5 thousand, respectively, in related party sales between the Company and H-D with $26 $15 thousand and $33 $3 thousand, respectively, in cost Cost of goods sold. All sales were for the STACYC segment which sells electric balance bikes to H-D. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there was $32 thousand zero and $137 $51 thousand due from H-D, which is presented as Accounts receivable from related party on the Consolidated balance sheets, respectively.

On September 26, 2022, the Company entered into a lease agreement with H-D to sublease a Product Development Center. Additionally, on August 28, 2023, the Company amended a lease agreement with H-D for office space to extend the term of the lease to a 12-month period expiring on September 26, 2024. These are classified as operating leases. As of September 30, 2023 March 31, 2024, the right of use assets included within Lease assets, short-term lease liabilities included within Current portion of lease liabilities, and long-term lease liabilities included within Long-term portion of lease liabilities in the Consolidated balance sheets were $314 $233 thousand, $165 $158 thousand, and $149 $74 thousand, respectively. As of December 31, 2022 December 31, 2023, the right of use asset assets included within Lease assets, short-term lease liability liabilities included within Current portion of lease liabilities, and long-term lease liability liabilities included within Long-term portion of lease liabilities in the Consolidated balance sheets were $398 $274 thousand, $140 $162 thousand, and $258 $112 thousand, respectively. In addition, the Company incurred $44 thousand and $132 thousand, respectively, in rent expense during the three and nine months ended September 30, 2023, March 31, 2024 and 2023, which is included within Selling, administrative and engineering expense on the Consolidated statements of operations and comprehensive loss.

Prior to the Separation, the Company did not operate as a standalone business and the Consolidated financial statements were derived from the Consolidated financial statements and accounting records of H-D.

Allocation of Expenses and Related Party Activity Prior to the Separation

Prior to the Business Combination, certain costs were allocated to the Company and are reflected as expenses in the Consolidated statements of operations and comprehensive loss. The Company considers the allocation methodologies used to be reasonable, such that the allocations appropriately reflected H-D’s historical expenses attributable to the Company for purposes of the Consolidated financial statements. However, the expenses reflected in the Consolidated financial statements may not be indicative of the actual expenses that would have been incurred during the periods presented if the Company had historically operated as a standalone independent entity.

Manufacturing cost of goods sold

The Company’s electric motorcycles are produced in manufacturing facilities shared with H-D. Certain costs of goods sold for shared facilities and shared manufacturing of $594 thousand and $3,402 thousand, respectively, for the three and nine months ended September 25, 2022, were specifically identified or allocated, mainly based on standard cost of production.

Operating expense allocation

H-D provided technology support, marketing, engineering, shared assets, finance, and other corporate and administrative services such as treasury, human resources, and legal, to the Company. These expenses of $995 thousand and $2,702 thousand, respectively, for the three and nine months ended September 25, 2022, have been allocated to the Company and are included in Selling, administrative and engineering expense in the Consolidated statements of operations and comprehensive loss, where direct assignment of costs incurred by H-D was not possible or practical. These costs were allocated using related drivers associated with the nature of the business, such as gross revenue and wholesale motorcycle shipments. As a result, the allocations of these costs fluctuated based on changes in these drivers. Other cost allocation metrics, such as headcount and square footage, were not deemed appropriate given the Company’s reliance on facilities and personnel that are shared with H-D.

Cash management and financing

Prior to the Business Combination, the Company’s treasury function maintained by H-D utilized a centralized approach to cash management and the financing of its operations. Under this centralized cash management approach, H-D provided funds to the Company.

During the nine months ended September 25, 2022, the Company borrowed $15,333 thousand under lines of credit agreements with H-D. Pursuant to the Separation Agreement, H-D elected to settle all notes payable to related party outstanding as of June 24, 2022, including accrued interest, through capital contribution and without any cash being exchanged between the Company and H-D. The settlement includes the principal amount and accrued interest of $20,766 thousand and $844 thousand, respectively. The capital contribution to settle the notes payable and accrued interest increased the Net Parent company investment.

Cash transfers from H-D related to services and funding for operations provided by H-D were $59,051 thousand for the nine months ended September 25, 2022. Net contributions from H-D are included within Net Parent company investment in the Consolidated statements of shareholders' equity.

12. Reportable Segments

The Company operates in two segments: Electric Motorcycles and STACYC. The Company's reportable segments are strategic business units that offer different products and services and are managed separately based on the fundamental differences in their operations.

The Electric Motorcycles segment consists of the business activities related to the design and sales of electric motorcycles. The Electric Motorcycles segment also sells electric motorcycle parts, accessories, and apparel. The Company's products are sold at wholesale to a network of independent dealers and at retail through a Company-owned dealer dealership and through online sales, and direct to customers through select international partners primarily in Europe.

The STACYC segment consists of the business activities related to the design and sales of the STACYC brand of electric balance bikes for kids. The STACYC segment also sells electric balance bike parts, accessories, and apparel. STACYC products are sold in the U.S., Canada, Australia and Europe. The STACYC segment products are sold through independent retail partners in the U.S. and Canada, including powersports dealers, H-D dealers, bicycle retailers and direct to customers online. In Australia and Europe, STACYC sells its products through independent distributors.

Selected segment information is set forth below (in thousands):

		Three months ended		Nine months ended	
		September 30, 2023	September 25, 2022	September 30, 2023	September 25, 2022
		Three months ended			
		Three months ended			
		Three months ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Electric Motorcycles					
Electric Motorcycles					
Electric Motorcycles	**Electric Motorcycles**				
Revenue, net	Revenue, net	$ 1,338	$ 4,936	$ 3,582	$ 12,401
Revenue, net					
Revenue, net					
Cost of goods sold					
Cost of goods sold					
Cost of goods sold	Cost of goods sold	2,917	7,375	11,449	21,002
Selling, administrative and engineering expense	Selling, administrative and engineering expense	24,162	20,093	74,541	50,814
Selling, administrative and engineering expense					
Selling, administrative and engineering expense					
Operating loss					
Operating loss					
Operating loss	Operating loss	(25,741)	(22,532)	(82,408)	(59,415)
STACYC	**STACYC**				
STACYC					
STACYC					
Revenue, net					

Revenue, net					
Revenue, net	Revenue, net	6,806	9,772	19,350	25,214
Cost of goods sold	Cost of goods sold	4,135	6,368	12,067	15,985
Cost of goods sold					
Cost of goods sold					
Selling, administrative and engineering expense	Selling, administrative and engineering expense	2,273	1,895	7,109	5,892
Operating income		398	1,509	174	3,337
Selling, administrative and engineering expense					
Selling, administrative and engineering expense					
Operating loss	Operating loss	$ (25,343)	$ (21,023)	$ (82,234)	$ (56,078)
Operating loss					
Operating loss					
Operating loss					
Operating loss					
Operating loss					

Total assets for the Electric Motorcycles and STACYC segments were $206,479 thousand and $30,610 thousand, respectively, as of March 31, 2024 and $232,981 thousand and $33,166 thousand, respectively, as of December 31, 2023.

13. Subsequent Event

On April 24, 2024, the Company announced a plan to both relocate the operations of LiveWire Labs, the Company's west coast product development facility, from Mountain View, California to Milwaukee, Wisconsin and streamline headcount at the Company. The Company believes this plan will enable synergies and optimize efficiencies in product development and simplify the Company's overall path to future profitability.

Under this plan, the Company expects to incur one-time relocation costs of $1.0 million to $1.5 million and one-time termination benefit costs of $2.0 million to $3.5 million related to the Electric Motorcycles segment and expects the vast majority to be cash charges. The Company expects to complete this plan by the end of September 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to help the reader understand the Company, the Company's financial condition and results of operations, and the Company's present business environment. The following discussion and analysis should be read together with the accompanying unaudited Consolidated consolidated financial statements and related notes included elsewhere in this Quarterly Report and the audited Consolidated consolidated financial statements and related notes in the 2022 2023 Annual Report on Form 10-K.

Overview

LiveWire is an industry-leading all-electric vehicle brand with a mission to pioneer the rapidly growing two-wheel electric motorcycle space. The Company operates in two segments: Electric Motorcycles and STACYC.

The Electric Motorcycles segment sells electric motorcycles, related parts and accessories and apparel in the United States and certain international markets, while the STACYC segment sells electric balance bikes, related parts and accessories and apparel in the United States and certain international markets.

Electric motorcycles are sold at wholesale to a network of independent retail partners, at retail through a Company-owned dealership, through online sales and direct to customers through select international partners. Electric balance bikes are sold at wholesale to independent dealers and independent distributors, as well as direct to customers online. As discussed below, on September 26, 2022 as part of the Business Combination, the Company, which included LiveWire branded electric motorcycles and STACYC, became a separate, publicly traded company.

For the three months ended September 30, 2023 March 31, 2024, the Company's net loss was $14,578 $23,644 thousand compared to $20,943 $21,147 thousand for the three months ended September 25, 2022, and was $76,457 thousand for the nine months ended September 30, 2023 compared to $56,500 thousand for the nine months ended September 25, 2022 March 31, 2023. The Company's net losses reflect the start-up early-stage nature of the Company's business including investments business. The increase in product development net losses of $2,497 thousand in 2024 reflect the segment results discussed below and a decrease of $676 thousand in interest income, offset by an increase of $3,690 thousand of non-operating income related to the decrease in fair value of the outstanding warrants as the Company continues of March 31, 2024 as compared to focus on technological innovation to support future products and growth, and investments in talent and capabilities to support the new Company. prior year.

For the three months ended September 30, 2023 March 31, 2024, the Electric Motorcycles segment operating loss was $25,741 $29,007 thousand, compared to an operating loss of $22,532 $24,769 thousand for the three months ended September 25, 2022, and was $82,408 thousand for the nine months ended September 30, 2023 compared to $59,415 thousand for the nine months ended September 25, 2022 March 31, 2023. The increase in operating loss was driven by increased costs of $4,238 thousand resulted from a decrease in revenue due to advance product mix and a revised structure around our retail partners in the Company's electric vehicle systems, activities associated with preparation for delivery first quarter of the Del Mar, 2024, which introduced new incentives, and the an increase in cost of standing up a new organization, including growing headcount sales resulting from increased net realizable value adjustments, volumes and back-office support. depreciation expense. Refer to the Electric Motorcycles segment analysis below for further discussion.

For the three months ended September 30, 2023 March 31, 2024, the STACYC segment operating income loss was $398 $1,415 thousand, as compared to an operating income loss of $1,509 $138 thousand for the three months ended September 25, 2022, and was operating income of $174 thousand for the nine months ended September 30, 2023 compared to operating income of $3,337 thousand for the nine months ended September 25, 2022 March 31, 2023. The increase in operating loss of $1,277 thousand was primarily related to a decrease in operating income was driven by lower volumes from to our independent distributors and independent dealers and increased selling, administrative and engineering expense relating to personnel costs, and increased marketing initiatives. distributors. Refer to the STACYC segment analysis below for further discussion.

Business Combination

On September 26, 2022, the Company consummated a previously announced business combination and related financing transactions (collectively the "Business Combination") pursuant to a business combination agreement, dated as of December 12, 2021 (the "Business Combination Agreement"), by and among AEA-Bridges Impact Corp ("ABIC"), LiveWire EV Holdings, Inc., a Delaware corporation (now known as "LiveWire Group, Inc."), LW EV Merger Sub, Inc., a Delaware corporation ("Merger Sub"), Harley-Davidson, Inc., a Wisconsin corporation ("H-D"), and LiveWire EV, LLC ("Legacy LiveWire"), a wholly-owned subsidiary of H-D.

Pursuant to the terms of the Business Combination Agreement, (a) ABIC migrated to and domesticated as a Delaware corporation ("Domesticated ABIC") (the "Domestication"), in connection with which all of the ABIC's (i) outstanding ordinary shares were converted, on a one-for-one basis, into common stock, par value $0.0001 per share, of Domesticated ABIC, (ii) outstanding warrants were converted, on a one-for-one basis, into warrants to acquire one share each of common stock of Domesticated ABIC and (iii) outstanding units were canceled and instead entitle the holder thereof to, per unit, one share of common stock of Domesticated ABIC and one-half of one warrant of Domesticated ABIC; (b) H-D and Legacy LiveWire consummated the separation (the "Separation") of the Legacy LiveWire business and the other transactions contemplated by the Separation Agreement (the "Separation Agreement"); (c) following the Domestication and immediately following the Separation, Merger Sub merged with and into Domesticated ABIC, with Domesticated ABIC surviving as a direct, wholly-owned subsidiary of the Company (the "Merger"), and the Company continuing as the public company in the Merger, with each share of common stock of Domesticated ABIC being converted into the right of the holder thereof to receive one share of common stock, par value $0.0001 ("Common Stock"); (d) immediately following the Merger, H-D caused all of the membership interests of Legacy LiveWire ("Legacy LiveWire Equity") held by ElectricSoul, LLC (the "Legacy LiveWire Equityholder"), a Delaware limited liability company and a subsidiary of H-D, to be contributed to the Company in exchange for 161,000,000 shares of Common Stock and the right to receive up to an additional 12,500,000 shares of Common Stock in the future (the "Earn-Out Shares", and the transactions contemplated by this clause (d), collectively, the "Exchange"), and as a result of the Exchange, Legacy LiveWire became a direct, wholly owned subsidiary of the Company; (e) immediately following the consummation of the Exchange, the Company contributed 100% of the outstanding equity interests of Legacy LiveWire to Domesticated ABIC (clauses (a) through (e) collectively, the "Business Combination").

The Business Combination was accounted for as a reverse recapitalization. Under this method of accounting, ABIC was treated as the "acquired" company for financial reporting purposes. Accordingly, the Business Combination was treated as the equivalent of the Company issuing stock for the net assets of ABIC, accompanied by a recapitalization. The net assets of ABIC were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior The Business Combination resulted in net proceeds of approximately $293.7 million. The Company also assumed the Public Warrants and Private Warrants upon consummation of the Business Combination. See further detail in Note 7 to the Business Combination are those of Legacy LiveWire. consolidated financial statements, Warrant Liabilities.

See Note 1, Description of Business and Basis of Presentation, in the Consolidated financial statements for a discussion of the underlying basis used to prepare the Consolidated financial statements and further detail related to the Business Combination.

2023 2024 Outlook

For 2023, the Company's 2024, LiveWire's focus continues to be on our investment into product development, including advancing product innovation, and future additional models on the technologies, platforms S2 platform, as well as market expansion and products that are expected continued cost improvements. LiveWire plans to further the Company's position as pioneers of the industry. The Company has continued continue to expand the LiveWire brand globally in 2023 2024 with the introduction of the LiveWire ONE electric motorcycle to certain European focus on our priority markets and the start of production and sales of the S2 Del Mar in the third quarter. Europe.

Key Business Metrics

To analyze the Company's LiveWire's business performance, determine financial forecasts and help develop long-term strategic plans, management reviews the following key business metrics, which are important measures that represent the growth of the business:

- *Wholesale motorcycle unit sales Motorcycle Unit Sales* – The Company LiveWire defines wholesale motorcycle unit sales Wholesale Motorcycle Unit Sales as the number of electric motorcycles sold by the Company LiveWire to independent dealers for which the Company LiveWire recognized revenue during the period.

- *Company retail motorcycle unit sales Retail Motorcycle Unit Sales* – The Company LiveWire defines Company retail motorcycle unit sales Retail Motorcycle Unit Sales as the number of new electric motorcycles sold at retail by the Company LiveWire through its Company-owned dealer, dealership, through online sales or direct to customers through select international partners for which the Company LiveWire recognized revenue during the period. The Company began selling electric motorcycles direct to retail customers in the third quarter of 2021.

- *Independent retail motorcycle unit sales Retail Motorcycle Unit Sales* – The Company LiveWire defines independent retail motorcycle unit sales Independent Retail Motorcycle Unit Sales as the number of new electric motorcycles sold at retail by independent retail partners. Independent Retail Partners. These unit sales do not generate revenues for the Company LiveWire but generate revenues for individual retail partners. The data source for electric motorcycle retail sales figures is new sales warranty and registration information provided by independent retail partners Independent Retail Partners and compiled by the Company. The Company LiveWire. LiveWire must rely on information that its independent retail partners Independent Retail Partners supply concerning new retail sales, and the Company LiveWire does not regularly verify the information that its independent retail partners supply. This information is subject to revision.

- *Retail motorcycle unit sales Motorcycle Unit Sales* – The Company LiveWire defines retail motorcycle unit sales as the sum of Company retail motorcycle unit sales Retail Motorcycle Unit Sales and independent retail motorcycle unit sales. Independent Retail Motorcycle Unit Sales.

- *Company-owned dealer dealership* – Dealer Dealership owned and operated by the Company LiveWire to sell electric motorcycles, related products, and services.

- *Independent retail partners Retail Partners (Electric Motorcycles)* – Retail partners Partners owned and operated by independent entities under contract with the Company LiveWire to sell LiveWire electric motorcycles, related products, and services.

- *Electric balance bike unit sales Balance Bike Unit Sales (STACYC)* – The Company LiveWire defines electric balance bike unit sales Electric Balance Bike Unit Sales as the number of electric balance bikes sold by the Company LiveWire for which the Company LiveWire recognized revenue during the period.

- *Independent retail partners Retail Partners (STACYC)* – Retail partners Partners owned and operated by independent entities under contract with the Company STACYC to sell STACYC electric balance bikes, related products, and services.

The following table details the key business metric amounts for the periods indicated:

	Three months ended		**Nine months ended**	
	September 30, 2023	**September 25, 2022**	**September 30, 2023**	**September 25, 2022**
Wholesale motorcycle unit sales	11	145	65	397
Company retail motorcycle unit sales	39	61	81	131
Total LiveWire motorcycle unit sales (1)	50	206	146	528
Retail motorcycle unit sales:				
Company retail motorcycle unit sales (2)	39	61	81	131
Independent retail partners (3)	20	155	94	454
Total retail motorcycle unit sales	59	216	175	585
Electric balance bike unit sales:				
US	4,912	11,556	16,069	23,928
International	2,319	3,767	7,596	16,325
Total electric balance bike unit sales	7,231	15,323	23,665	40,253

	Three months ended	
	March 31, 2024	**March 31, 2023**
Wholesale Motorcycle Unit Sales	74	45
Company Retail Motorcycle Unit Sales	43	18
Total LiveWire Motorcycle Unit Sales	117	63
Retail Motorcycle Unit Sales:		
Company Retail Motorcycle Unit Sales (1)	43	18
Independent Retail Partners (2)	128	34
Total Retail Motorcycle Unit Sales	171	52
Electric Balance Bike Unit Sales:		
US	2,342	7,261
International	590	967

Total Electric Balance Bike Unit Sales	2,932	8,228

(1) During the three and nine months ended September 25, 2022, the Data source for Company sold 4 units and 50 units, respectively, of H-D branded LiveWire motorcycles. Retail Motorcycle Unit Sales figures shown above is LiveWire's records.
(2) Data source for Company retail motorcycle unit sales figures shown above is the Company's records.
(3) Data source for independent retail motorcycle unit sales Independent Retail Motorcycle Unit Sales figures shown above is new sales warranty and registration information provided by retail partners and compiled by the Company. The Company LiveWire. LiveWire must rely on information that its independent retail partners Independent Retail Partners supply concerning new retail sales, and the Company LiveWire does not regularly verify the information that its independent retail partners Independent Retail Partners supply. This information is subject to revision.

The following table details the number of retail partners:

		As of September 30, 2023	As of December 31, 2022		
As of March 31, 2024				March 31, 2024	As of December 31, 2023
Electric Motorcycles	**Electric Motorcycles**				
Company-owned dealer		1	1		
Independent retail partners		126	75		
Company-owned dealership					
Company-owned dealership					
Company-owned dealership					
Independent Retail Partners					
Total Electric Motorcycles Retail Partners	Total Electric Motorcycles Retail Partners	127	76		
STACYC	**STACYC**				
Independent retail partners:					
STACYC					
STACYC					
Independent Retail Partners:					
Independent Retail Partners:					
Independent Retail Partners:					
U.S.					
U.S.					
U.S.	U.S.	1,994	1,979		
International	International	135	127		
Total STACYC Independent Retail Partners	Total STACYC Independent Retail Partners	2,129	2,106		

The Electric Motorcycles independent retail partners shown above include those that have been contracted by the Company LiveWire to sell LiveWire motorcycles. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, this total includes 8 3 and 13 4 partners, respectively, that were actively working to complete the licensing required to sell LiveWire motorcycles as of the end of the period. The Company LiveWire intends to grow this network as it expands its distribution capabilities. After the Business Combination, the remaining inventory of H-D branded LiveWire motorcycles was owned by H-D, and any related sales are recognized by H-D. The H-D branded LiveWire motorcycles are retailed through the H-D dealership network until the remaining inventory is depleted.

The Company LiveWire believes these key business metrics provide useful information to help investors understand and evaluate the Company's LiveWire's business performance. Wholesale motorcycle unit shipments Motorcycle Unit Sales and Company retail motorcycle unit sales Retail Motorcycle Unit Sales are key drivers of revenue and operating results for the Electric Motorcycles segment. Retail motorcycle unit sales Motorcycle Unit Sales made through both the Company-owned dealer dealership and independent retail partners Independent Retail Partners are a key measure of customer consumer demand and market share for the Company's LiveWire's electric motorcycles. Total electric balance bike unit sales Electric Balance Bike Unit Sales is a key driver of revenue and profit for STACYC.

Results of Operations

The following table presents consolidated results of operations for the three months ended September 30, 2023 March 31, 2024 and September 25, 2022 2023 (in thousands):

	Three months ended March 31, 2024	March 31, 2023	$ Change	% Change
Operating loss from Electric Motorcycles	$(29,007)	$(24,769)	$(4,238)	17.1 %
Operating loss from STACYC	(1,415)	(138)	(1,277)	925.4 %
Operating loss	(30,422)	(24,907)	(5,515)	22.1 %
Interest income	2,016	2,692	(676)	(25.1) %
Change in fair value of warrant liabilities	4,758	1,068	3,690	345.5 %
Loss before income taxes	(23,648)	(21,147)	(2,501)	11.8 %
Income tax benefit	(4)	—	(4)	nm
Net loss	(23,644)	(21,147)	(2,497)	11.8 %
Foreign currency translation adjustments	(18)	—	(18)	nm

	Three months ended September 30, 2023	September 25, 2022	$ Change	% Change
Operating loss from Electric Motorcycles	$(25,741)	$(22,532)	$(3,209)	14.2 %
Operating income from STACYC	398	1,509	(1,111)	(73.6)%
Operating loss	(25,343)	(21,023)	(4,320)	20.5 %
Other income, net	—	79	(79)	(100.0)%
Interest income (expense)	2,726	(3)	2,729	nm
Change in fair value of warrant liabilities	8,038	—	8,038	nm
Loss before income taxes	(14,579)	(20,947)	6,368	(30.4)%
Income tax (benefit) provision	(1)	(4)	3	(75.0)%
Net loss	(14,578)	(20,943)	$ 6,365	(30.4)%
Other comprehensive loss:				
Foreign currency translation adjustments	(7)	(60)	53	(88.3)%

Comprehensive loss	Comprehensive loss	$(14,585)	$(21,003)	$ 6,418	(30.6)%	Comprehensive loss	$(23,662)	$	$(21,147)	$	$(2,515)	11.9	11.9	%
Net loss per share, basic and diluted	Net loss per share, basic and diluted	$ (0.07)	$ (0.13)	$ 0.06	(46.2)%	Net loss per share, basic and diluted	$ (0.12)	$	$ (0.10)	$	$ (0.02)	20.0	20.0	%

* *nm - not meaningful*

Operating Income (Loss)

The Company reported an operating loss of $25,343 $30,422 thousand for the three months ended September 30, 2023 March 31, 2024 compared to an operating loss of $21,023 $24,907 thousand for the three months ended September 25, 2022 March 31, 2023. The Electric Motorcycles segment reported an operating loss of $25,741 $29,007 thousand for the three months ended September 30, 2023 March 31, 2024, as compared to an operating loss of $22,532 $24,769 thousand for the three months ended September 25, 2022 March 31, 2023. The STACYC segment reported operating income loss of $398 $1,415 thousand for the three months ended September 30, 2023 March 31, 2024, compared to operating income loss of $1,509 $138 thousand for the three months ended September 25, 2022 March 31, 2023. Refer to the Electric Motorcycles and STACYC Segment discussions for a more detailed analysis of the factors affecting operating results.

Other Income, Net

Other income, net for the three months ended September 25, 2022 was $79 thousand related to the Company's allocation of non-service components of net periodic benefit plan benefits from H-D. H-D sponsors a qualified pension plan and a postretirement healthcare plan which covers eligible Company employees and retirees. Prior to the Business Combination, a portion of the related net periodic benefit plan income was allocated to the Company for the three months ended September 25, 2022 based on an estimated amount per plan participant and allocations of corporate and other shared functional personnel. Subsequent to the Business Combination, the Company did not have similar allocations of net periodic benefit plan income from H-D for the three months ended September 30, 2023, and the Company does not sponsor a qualified pension plan or postretirement healthcare plan.

Interest Income (Expense)

Interest income for the three months ended September 30, 2023 March 31, 2024 was $2,726 $2,016 thousand, as compared to interest expense income of $3 $2,692 thousand for the three months ended September 25, 2022 March 31, 2023. The change decrease was primarily driven by interest income earned on the decrease in the balance of money market fund investments entered into using funds from at March 31, 2024 as compared to the Business Combination. prior year. The Company had an investment investments of $197,000 $135,000 thousand and $232,000 thousand in money market funds as of September 30, 2023. March 31, 2024 and March 31, 2023, respectively.

Change in Fair Value of Warrant Liabilities

Change in fair value of warrant liabilities for the three months ended September 30, 2023 March 31, 2024 was income of $8,038 thousand. The warrant liabilities were recorded $4,758 thousand, as part compared to income of the Business Combination and therefore did not exist in the prior year results $1,068 thousand for the Company. three months ended March 31, 2023. The income recognized was due to the decrease in the estimated fair value of the warrants during the three months ended September 30, 2023 March 31, 2024 and 2023 due to fluctuations in the market price of the warrants. See Note 7, Warrant Liabilities, in the Consolidated consolidated financial statements for further discussion.

Income Tax (Benefit) Provision

The income tax benefit for the three months ended September 30, 2023 March 31, 2024 was $1 $4 thousand, as compared to income tax benefit of $4 thousand zero for the three months ended September 25, 2022 March 31, 2023. The Company believes there is not sufficient positive evidence for the tax benefit generated by the current period operating loss in the U.S. to be benefited in future periods.

Segment Results

Electric Motorcycles

The following table presents consolidated results of operations for the Electric Motorcycles segment for the three months ended September 30, 2023 March 31, 2024 and three months ended September 25, 2022 2023 (in thousands):

	Three months ended			
	September 30, 2023	September 25, 2022	$ Change	% Change

Three months ended
March 31, 2024
March 31, 2024

		March 31, 2024							March 31, 2023			$ Change		% Cha
Revenue:	Revenue:													
Electric motorcycles														
Electric motorcycles														
Electric motorcycles	Electric motorcycles	$ 1,156	$ 4,638	$(3,482)	(75.1)%	$ 1,007	$	$1,411	$	$(404)	(28.6)	(28.6)	%	
Parts, accessories and apparel	Parts, accessories and apparel	182	298	(116)	(38.9)%	Parts, accessories and apparel	237	71	71	166	166	233.8		
Revenue, net	Revenue, net	1,338	4,936	(3,598)	(72.9)%	Revenue, net	1,244	1,482	1,482	(238)	(238)	(16.1)		
Cost of goods sold	Cost of goods sold	2,917	7,375	(4,458)	(60.4)%	Cost of goods sold	6,471	2,440	2,440	4,031	4,031	165.2		
Gross profit	Gross profit	(1,579)	(2,439)	860	(35.3)%	Gross profit	(5,227)	(958)	(958)	(4,269)	(4,269)	445.6		
Operating expenses:	Operating expenses:													
Selling, administrative and engineering expense	Selling, administrative and engineering expense	24,162	20,093	4,069	20.3 %									
Selling, administrative and engineering expense														
Selling, administrative and engineering expense							23,780		23,811		(31)			(0.1
Operating loss	Operating loss	$(25,741)	$(22,532)	$(3,209)	14.2 %	Operating loss	$(29,007)	$	$(24,769)	$	$(4,238)	17.1		1

Revenue

Revenue for the three months ended September 30, 2023 March 31, 2024 decreased by $3,598 $238 thousand, or 72.9% 16.1%, to $1,338 $1,244 thousand from $4,936 $1,482 thousand for the three months ended September 25, 2022 March 31, 2023. Unit sales increased by 86% driven by more products in the market, including the new S2 Mulholland model launched in the first quarter of 2024. The Company has three bikes in market at March 31, 2024 as compared to one bike in market at March 31, 2023. The decrease impact on revenue of the increased unit sales in the first quarter 2024 was primarily offset by a reduction in revenue of $688 thousand resulting from product mix due to the S2 Del Mar and Mulholland having lower revenue selling prices than LiveWire ONE and $498 thousand resulting from electric motorcycles the impact of $3,482 thousand. The 75.1% decrease new incentives associated with a revised strategy with our retail partners implemented in revenues from electric motorcycles was primarily driven by lower unit sales the first quarter of LiveWire ONE. 2024.

Cost of Goods Sold

Cost of goods sold for the three months ended September 30, 2023 decreased March 31, 2024 increased by $4,458 $4,031 thousand, or 60.4% 165.2%, to $2,917 $6,471 thousand from $7,375 $2,440 thousand for the three months ended September 25, 2022 March 31, 2023. The decrease increase was primarily due to lower increased net realizable value adjustments of $1,703 thousand, increased depreciation expense of $784 thousand, and the impact of increased volumes in the first quarter 2024 as discussed above and $1,530 thousand of H-D cost of goods sold expense allocated as part of the carve-out standalone financial statements during the three months ended September 25, 2022, which did not repeat subsequent compared to the Business Combination. first quarter 2023.

Selling, Administrative and Engineering Expense

Selling, administrative and engineering expense for the three months ended September 30, 2023 increased March 31, 2024 remained relatively flat compared to prior year, decreasing by $4,069 $31 thousand, or 20.3% 0.1%, to $24,162 $23,780 thousand from $20,093 $23,811 thousand for the three months ended September 25, 2022 March 31, 2023. The increase was primarily due to costs to advance the Company's electric vehicle systems, activities associated with preparation for delivery of the Del Mar, and increases in personnel costs primarily related to higher headcount to support the stand-up of the new LiveWire organization.

STACYC

The following table presents consolidated results of operations for the STACYC segment for the three months ended September 30, 2023 March 31, 2024 and three months ended September 25, 2022 2023 (in thousands):

	Three months ended			
	September 30, 2023	September 25, 2022	$ Change	% Change

	Three months ended												
	March 31, 2024												
	March 31, 2024												
	March 31, 2024						March 31, 2023				$ Change		% Change
Revenue:	Revenue:												
Electric balance bikes													
Electric balance bikes													
Electric balance bikes	Electric balance bikes	$ 5,737	$ 9,088	$(3,351)	(36.9)%	$ 2,616	$	$5,508	$	$(2,892)	(52.5)		(52.5) %
Parts, accessories and apparel	Parts, accessories and apparel	1,069	684	385	56.3 %	Parts, accessories and apparel	1,118	772	772	346	346		44.8
Revenue, net	Revenue, net	6,806	9,772	(2,966)	(30.4)%	Revenue, net	3,734	6,280	6,280	(2,546)	(2,546)		(40.5)
Cost of goods sold	Cost of goods sold	4,135	6,368	(2,233)	(35.1)%	Cost of goods sold	2,634	4,058	4,058	(1,424)	(1,424)		(35.1)
Gross profit	Gross profit	2,671	3,404	(733)	(21.5)%	Gross profit	1,100	2,222	2,222	(1,122)	(1,122)		(50.5)
Operating expenses:	Operating expenses:												
Selling, administrative and engineering expense	Selling, administrative and engineering expense	2,273	1,895	378	19.9 %								
Selling, administrative and engineering expense													
Selling, administrative and engineering expense							2,515		2,360		155		6.6 %
Operating income	Operating income	$ 398	$ 1,509	$(1,111)	(73.6)%	Operating income	$(1,415)	$	$(138)	$	$(1,277)	925.4	925.4

Revenue

Revenue for the three months ended September 30, 2023 March 31, 2024 decreased by $2,966 $2,546 thousand, or 30.4% 40.5%, to $6,806 $3,734 thousand from $9,772 $6,280 thousand for the three months ended September 25, 2022 March 31, 2023. The decrease was primarily due to lower revenue from electric balance bikes of $3,351 thousand. The decrease in revenue from of $2,546 thousand was driven by a $2,678 thousand reduction in electric balance bikes was driven by revenue due to lower shipment volumes of $3,205 thousand primarily to our independent distributors along with and a decrease of $146 $214 thousand reduction due to product mix and promotions during pricing in the three months ended September 30, 2023 March 31, 2024. This decrease was offset by a $346 thousand increase in parts, accessories and apparel revenue due primarily to increased battery and replacement part sales in the three months ended March 31, 2024.

Cost of Goods Sold

Cost of goods sold for the three months ended September 30, 2023 March 31, 2024 decreased by $2,233 $1,424 thousand, or 35.1%, to $4,135 $2,634 thousand from $6,368 $4,058 thousand for the three months ended September 25, 2022 March 31, 2023. The decrease was primarily due to lower volumes in alignment with the decreased revenue described above.

Selling, Administrative and Engineering Expense

Selling, administrative and engineering expense for the three months ended September 30, 2023 March 31, 2024 increased by $378 $155 thousand, or 19.9% 6.6%, to $2,273 $2,515 thousand from $1,895 $2,360 thousand for the three months ended September 25, 2022 March 31, 2023. The increase was primarily due to increases in increased research and development costs relating to new product development of $156 thousand, increased personnel costs and increased of $131 thousand, offset by decreased marketing initiatives to support growth of the business.

Results of Operations

The following table presents consolidated results of operations for the nine months ended September 30, 2023 and September 25, 2022 (in thousands):

	Nine months ended			
	September 30, 2023	September 25, 2022	$ Change	% Change
Operating loss from Electric Motorcycles	$ (82,408)	$ (59,415)	$ (22,993)	38.7 %
Operating income from STACYC	174	3,337	(3,163)	(94.8)%
Operating loss	(82,234)	(56,078)	(26,156)	46.6 %
Other income, net	—	235	(235)	(100.0)%
Interest expense related party	—	(475)	475	(100.0)%
Interest income (expense)	8,172	(23)	8,195	nm
Change in fair value of warrant liabilities	(2,332)	—	(2,332)	nm
Loss before income taxes	(76,394)	(56,341)	(20,053)	35.6 %
Income tax (benefit) provision	63	159	(96)	(60.4)%
Net loss	(76,457)	(56,500)	$ (19,957)	35.3 %
Other comprehensive loss:				
Foreign currency translation adjustments	(7)	(154)	147	(95.5)%
Comprehensive loss	$ (76,464)	$ (56,654)	$ (19,810)	35.0 %
Net loss per share, basic and diluted	$ (0.38)	$ (0.35)	$ (0.03)	8.6 %

* *nm - not meaningful*

Operating Income (Loss)

The Company reported an operating loss of $82,234 thousand for the nine months ended September 30, 2023 compared to an operating loss of $56,078 thousand for the nine months ended September 25, 2022. The Electric Motorcycles segment reported an operating loss of $82,408 thousand for the nine months ended September 30, 2023, as compared to an operating loss of $59,415 thousand for the nine months ended September 25, 2022. The STACYC segment reported operating income of $174 thousand for the nine months ended September 30, 2023, compared to operating income of $3,337 thousand for the nine months ended September 25, 2022. Refer to the Electric Motorcycles and STACYC Segment discussions for a more detailed analysis of the factors affecting operating results.

Other Income, Net

Other income, net for the nine months ended September 25, 2022 was $235 thousand related to the Company's allocation of non-service components of net periodic benefit plan benefits from H-D. H-D sponsors a qualified pension plan and a postretirement healthcare plan which covers eligible Company employees and retirees. Prior to the Business Combination, a portion of the related net periodic benefit plan income was allocated to the Company for the nine months ended September 25, 2022 based on an estimated amount per plan participant and allocations of corporate and other shared functional personnel. Subsequent to the Business Combination, the Company did not have similar allocations of net periodic benefit plan income from H-D for the nine months ended September 30, 2023, and the Company does not sponsor a qualified pension or postretirement healthcare plan.

Interest Expense Related Party

Interest expense related party for the nine months ended September 25, 2022 was $475 thousand related to outstanding related party notes payable prior to their settlement on June 24, 2022. The Company did not have similar related party notes for the nine months ended September 30, 2023.

Interest Income (Expense)

Interest income for the nine months ended September 30, 2023 was $8,172 thousand compared to interest expense of $23 thousand for the nine months ended September 25, 2022. The change was primarily driven by interest income earned on money market fund investments entered into using funds from the Business Combination. The Company had an investment of $197,000 $132 thousand in money market funds as the first quarter of September 30, 2023.

Change in Fair Value of Warrant Liabilities

Change in fair value of warrant liabilities for the nine months ended September 30, 2023 was an expense of $2,332 thousand. The warrant liabilities were recorded as part of the Business Combination and therefore did not exist in the prior year results for the Company. The expense recognized was due to the increase in the estimated fair value of the warrants during the nine months ended September 30, 2023, due to fluctuations in the market price of the warrants. See Note 7, Warrant Liabilities, in the Consolidated financial statements for further discussion.

Income Tax (Benefit) Provision

The income tax provision for the nine months ended September 30, 2023 was $63 thousand, as compared to income tax provision of $159 thousand for the nine months ended September 25, 2022. The Company believes there is not sufficient positive evidence for the tax benefit generated by the current period operating loss to be benefited in future periods.

Segment Results

Electric Motorcycles

The following table presents consolidated results of operations for the Electric Motorcycles segment for the nine months ended September 30, 2023 and nine months ended September 25, 2022 (in thousands):

	Nine months ended			
	September 30, 2023	September 25, 2022	$ Change	% Change
Revenue:				
Electric motorcycles	$ 3,248	$ 11,620	$ (8,372)	(72.0)%
Parts, accessories and apparel	334	781	(447)	(57.2)%
Revenue, net	3,582	12,401	(8,819)	(71.1)%
Cost of goods sold	11,449	21,002	(9,553)	(45.5)%
Gross profit	(7,867)	(8,601)	734	(8.5)%
Operating expenses:				
Selling, administrative and engineering expense	74,541	50,814	23,727	46.7 %
Operating loss	$ (82,408)	$ (59,415)	$ (22,993)	38.7 %

Revenue

Revenue for the nine months ended September 30, 2023 decreased by $8,819 thousand, or 71.1%, to $3,582 thousand from $12,401 thousand for the nine months ended September 25, 2022. The decrease was primarily due to lower revenue from electric motorcycles of $8,372 thousand. The 72.0% decrease in revenues from electric motorcycles was primarily driven by lower unit sales of LiveWire ONE units and the inclusion of 50 H-D branded LiveWire units during the nine months ended September 25, 2022, prior to the accounting carve-out.

Cost of Goods Sold

Cost of goods sold for the nine months ended September 30, 2023 decreased by $9,553 thousand, or 45.5%, to $11,449 thousand from $21,002 thousand for the nine months ended September 25, 2022. The decrease was primarily due to lower shipments of electric motorcycles, in alignment with the decreased revenue described above and $5,857 thousand of H-D cost of goods sold expense allocated as part of the carve-out standalone financial statements during the nine months ended September 25, 2022, which did not repeat subsequent to the Business Combination. This decrease was partially offset by expense of $3,757 thousand related to a liability for excess inventory held by H-D.

Selling, Administrative and Engineering Expense

Selling, administrative and engineering expense for the nine months ended September 30, 2023 increased by $23,727 thousand, or 46.7%, to $74,541 thousand from $50,814 thousand for the nine months ended September 25, 2022. The increase was primarily due to costs incurred to advance the Company's electric vehicle systems, activities associated with preparation for delivery of the Del Mar, and increases in personnel costs primarily related to higher headcount to support the stand-up of the new LiveWire organization.

STACYC

The following table presents consolidated results of operations for the STACYC segment for the nine months ended September 30, 2023 and nine months ended September 25, 2022 (in thousands):

	Nine months ended			
	September 30, 2023	September 25, 2022	$ Change	% Change
Revenue:				
Electric balance bikes	$ 16,521	$ 22,898	$ (6,377)	(27.8)%
Parts, accessories and apparel	2,829	2,316	513	22.2 %
Revenue, net	19,350	25,214	(5,864)	(23.3)%
Cost of goods sold	12,067	15,985	(3,918)	(24.5)%
Gross profit	7,283	9,229	(1,946)	(21.1)%
Operating expenses:				
Selling, administrative and engineering expense	7,109	5,892	1,217	20.7 %
Operating income	$ 174	$ 3,337	$ (3,163)	(94.8)%

Revenue

Revenue for the nine months ended September 30, 2023 decreased by $5,864 thousand, or 23.3%, to $19,350 thousand from $25,214 thousand for the nine months ended September 25, 2022. The decrease was primarily due to lower revenue from electric balance bikes of $6,377 thousand. The decrease in revenue from electric balance bikes was driven by lower shipment volumes of $6,583 thousand to our independent distributors and independent dealers, partially offset by favorable product mix and pricing of $206 thousand.

Cost of Goods Sold

Cost of goods sold for the nine months ended September 30, 2023 decreased by $3,918 thousand, or 24.5%, to $12,067 thousand from $15,985 thousand for the nine months ended September 25, 2022. The decrease was primarily due to lower shipment volumes, in alignment with the decreased revenue described above.

Selling, Administrative and Engineering Expense

Selling, administrative and engineering expense for the nine months ended September 30, 2023 increased by $1,217 thousand, or 20.7%, to $7,109 thousand from $5,892 thousand for the nine months ended September 25, 2022. The increase was primarily due to increases in personnel costs and an increase in marketing spend to promote domestic brand and initiatives for growth of business. 2024.

Other Matters

Commitments and Contingencies

The Company enters into purchase orders with vendors is subject to lawsuits and other parties in the ordinary course of business. During the nine months ended September 30, 2023, claims related to product, commercial, employee, environmental and other matters. In determining costs to accrue related to these items, the Company entered into a long-term commitment with a vendor to provide certain inventory components. As carefully analyzes cases and considers the likelihood of September 30, 2023, adverse judgments or outcomes, as well as the Company's estimated payments potential range of possible loss. Any amounts accrued for these matters are $735 thousand, $2,331 thousand, $2,331 thousand, monitored on an ongoing basis and $486 thousand are updated based on new developments or new information as it becomes available for remainder of fiscal year 2023 and for fiscal years 2024, 2025, and 2026, respectively. During the nine months ended September 30, 2023, the Company recorded a liability of $3,757 thousand for excess inventory components held by H-D that the Company expects to be obligated to reimburse H-D under the terms of the Contract Manufacturing Agreement. each matter. Refer to Note 11, Related Party Transactions, 10, Commitments and Contingencies, in the consolidated financial statements for a discussion of the Company's commitments with H-D. Otherwise, there have been no material changes in the Company's cash obligations and commitments since the end of fiscal year 2022. Refer to Item 7 of our 2022 Annual Report for additional information regarding the Company's cash obligations and commitments as of the end of fiscal year 2022. contingencies

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company's LiveWire's cash and cash equivalents were $199,948 $141,033 thousand and $265,240 $167,904 thousand, respectively.

As an early growth company, the Company LiveWire does not expect to generate positive cash flow from operations over the next twelve months. Prior to the Business Combination, H-D supported the Company's LiveWire's operating, investing and financing activities. Following the Business Combination, the Company LiveWire received net proceeds of approximately $293.7 million as more fully described below.

On September 26, 2022, the Company LiveWire consummated the Merger Business Combination with ABIC resulting in net proceeds of approximately $293.7 million, including a $100 million investment from H-D. The Company also assumed the Public Warrants and a $100 million investment from KYMCO. Additionally, the Company received ABIC's cash held in trust account of $13.6 million and the $100 million equity backstop provided by the H-D Backstop Amount (as defined in the Business Combination Agreement) in exchange for 10,000,000 shares of Common Stock for a purchase price of $10.00 per share pursuant to the terms Private Warrants upon consummation of the Business Combination Agreement. Combination. See further detail in Note 7 to the consolidated financial statements, Warrant Liabilities.

In the event of the exercise of any of Warrants for cash, the Company LiveWire will receive the proceeds from such exercise. Assuming the exercise in full of all of outstanding Warrants for cash, the Company LiveWire would receive an aggregate of approximately $349.2 million, but would not receive any proceeds from the sale of the shares of Common Stock issuable upon such exercise. To the extent any of the Warrants are exercised on a "cashless basis," the Company LiveWire will not receive any proceeds upon such exercise. The Company LiveWire expects to use any proceeds it receives from Warrant exercises for general corporate and working capital purposes, which would increase its liquidity. The Company LiveWire believes the likelihood that warrant holders will exercise their Warrants, and therefore the amount of cash proceeds the Company LiveWire would receive, is dependent upon the trading price of its Common Stock. As of September 30, 2023 March 31, 2024, the reported sales price of Common Stock was $6.93 $7.23 per share. If the trading price of Common Stock is less than the $11.50 exercise price per share of the Warrants, the Company LiveWire expects that warrant holders will not exercise their Warrants. There is no guarantee the Warrants will be in the money following the time they become exercisable and prior to their expiration, and as such, the Warrants may expire worthless and the Company LiveWire may receive no proceeds from the exercise of Warrants. As a result, the Company LiveWire does not expect to rely on the cash exercise of Warrants to fund its operations and the Company LiveWire does not believe that it needs such proceeds to support working capital and capital expenditure requirements for the next twelve months. The Company LiveWire will continue to evaluate the probability of Warrant exercises and the merit of including potential cash proceeds from the exercise of the Warrants in its future liquidity projections. The Company LiveWire instead currently expects to rely on the sources of funding described below, if available on reasonable terms or at all.

On February 14, 2024, the Company entered into a Convertible Delayed Draw Term Loan Agreement (the "Convertible Term Loan") with H-D providing for term loans from H-D to the Company in one or more advances up to an aggregate principal amount of $100 million. The outstanding principal under the Convertible Term Loan bears interest at a floating rate per annum, as calculated by H-D as of the date of each advance and as of each June 1 and December 1 thereafter, equal to the sum of (i) the forward-looking term rate based on SOFR (i.e., the secured overnight financing rate published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate)) for a 6-month interest period, plus (ii) 4.00%. The Company may elect to pay up to 100% of the amount of any interest due by increasing the outstanding principal amount of the applicable advance. The Convertible Term Loan does not include affirmative covenants impacting the operations of the Company. The Convertible Term Loan includes negative covenants restricting the ability of the Company to incur indebtedness, create liens, sell assets, make investments, make fundamental changes, make dividends or other restricted payments and enter into affiliate transactions. The Convertible Term Loan has a maturity date of the earlier of (i) 24 months from the date of the first draw on the loan or (ii) October 31, 2026. In the event that the Convertible Term Loan cannot be settled in cash by the Company at maturity, unless otherwise agreed between the Company and H-D, the Convertible Term Loan will be converted to equity of Company at a conversion price per share of common stock of the Company equal to 90% of the volume weighted average price per share of Common Stock for the 30 trading days immediately preceding the conversion date. As of March 31, 2024, there were no amounts outstanding under the Convertible Term Loan and the Company remained in compliance with all of the existing covenants.

Management believes that cash on hand, including the proceeds received from the Business Combination, and the Convertible Term Loan will provide sufficient liquidity to meet the Company's LiveWire's projected obligations, including those related to existing contractual obligations, for at least the next twelve months.

The Company plans to use its current cash on hand, including the financing raised through the Business Combination, and available funds under the Convertible Term Loan to support its core business operations and strategic plan, invest in new product development, and enhance its global manufacturing and distribution capabilities. The Company LiveWire expects its capital expenditures and working capital requirements to increase substantially in the near future, as it grows the business, develops its customer support and marketing infrastructure and expands its research and product development efforts.

The Company's material contractual operating cash commitments at September 30, 2023 March 31, 2024 relate to leases and inventory purchase commitments. In addition, as a result of the Business Combination completed on September 26, 2022, the Company may LiveWire will be subject to certain payments in the event minimum purchase commitments under the Contract Manufacturing Agreement with H-D are not met beginning in the year 2025.

On April 24, 2024, the Company announced a plan to both relocate the operations of LiveWire Labs, the Company's west coast product development facility, from Mountain View, California to Milwaukee, Wisconsin and streamline headcount at the Company. The Company believes this plan will enable synergies and optimize efficiencies in product development and simplify the Company's overall path to future profitability.

Under this plan, the Company expects to incur one-time relocation costs of $1.0 million to $1.5 million and one-time termination benefit costs of $2.0 million to $3.5 million related to the Electric Motorcycles segment and expects the vast majority to be cash charges. The Company expects to complete this plan by the end of September 2024.

Cash Flow Activity

The following table presents condensed highlights from the Company's Consolidated statements of cash flows for the nine three months ended September 30, 2023 March 31, 2024 and September 25, 2022 2023 (in thousands):

		Nine months ended		Three months ended	
		September 30, 2023	September 25, 2022		
Three months ended					
March 31, 2024				March 31, 2024	March 31, 2023
Net cash used by operating activities	Net cash used by operating activities	$(55,876)	$(64,190)		
Net cash used by investing activities	Net cash used by investing activities	(10,970)	(8,927)		
Net cash provided by financing activities		1,554	172,617		
Net change in cash, cash equivalents and restricted cash		$(65,292)	$ 99,500		
Net cash used by financing activities					
Net change in cash and cash equivalents					

The overall decrease in cash during the nine three months ended September 30, 2023 March 31, 2024 was due primarily to cash used for operating activities, as described below.

Operating Activities

The Company had negative cash flow from operating activities during the nine three months ended September 30, 2023 March 31, 2024 and September 25, 2022. 2023. Net cash used in by operating activities decreased by $8,314 $1,624 thousand to $55,876 $22,926 thousand for the nine three months ended September 30, 2023 March 31, 2024 compared to $64,190 $24,550 thousand for the nine three months ended September 25, 2022 March 31, 2023. The decrease in negative cash flow from operating activities was primarily driven by favorable changes in inventories Accounts receivable, net, Account receivable from related party, and accounts Accounts payable to a related party offset by unfavorable changes in other working capital amounts, including accounts receivable Inventories, Other current assets, and accounts Accounts payable and accrued liabilities, and the increase in net loss of $19,957 $2,497 thousand. The increase in net loss resulted from costs to advance the Company's electric vehicle systems, activities associated with preparation for delivery of the Del Mar, and increases in personnel costs primarily related to higher headcount to support the stand-up of the new organization.

Investing Activities

Net cash used in by investing activities increased decreased by $2,043 $1,409 thousand to $10,970 $3,239 thousand for the nine three months ended September 30, 2023 March 31, 2024 compared to $8,927 $4,648 thousand for the nine three months ended September 25, 2022 March 31, 2023. The increase decrease was due to higher capital expenditures in 2023 related to investments to support future products. product development activities.

The Company expects to fund future cash flows used in investing activities with the financing raised through the Business Combination and PIPE Financing. available funds under the Convertible Term Loan. The Company estimates capital expenditures to be between $15 million $10 million and $20 million $20 million in 2023. 2024.

Financing Activities

Net cash provided used by financing activities decreased by $171,063 $706 thousand to $1,554 $706 thousand for the nine three months ended September 30, 2023 March 31, 2024 compared to $172,617 thousand zero for the nine three months ended September 25, 2022 March 31, 2023. During the nine months ended September 25, 2022, the Company received a $100,000 The $706 thousand cash deposit in advance of the business combination from KYMCO Group, which was included in Restricted cash on the Consolidated balance sheet as of September 25, 2022. Additionally, during the nine months ended September 25, 2022, the Company received cash transfers from H-D of $59,051 thousand and borrowed $15,333 thousand from H-D, which was partially offset by the payment of $1,767 thousand of contingent consideration outflow related to the STACYC acquisition. repurchase of common stock to satisfy withholding taxes in connection with the vesting of restricted stock.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2023 March 31, 2024, the Company's cash and cash equivalents amounted to $199,948 $141,033 thousand. The Company manages its liquidity risk by effectively managing its working capital, capital expenditures and cash flows.

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of accounts receivable. The Company limits its credit risk with respect to accounts receivable by performing credit evaluations and requiring collateral to secure amounts owed to the Company by its customers, each when deemed necessary.

Inflationary factors, such as cost increases for logistics, manufacturing, raw materials and purchased components, may adversely affect the Company's operating results. Although the Company does not believe inflation has had a material impact on its financial condition given its lower production volumes, a high rate of inflation in the future may have an adverse effect on the Company's ability to increase its gross margin or decrease its operating expenses as a percentage of its revenues if the selling prices of its products do not increase as much or more than its increase in costs.

The Company is also exposed to possible disruption of supply or shortage of materials, in particular for lithium-ion and other alternative battery cells and key semiconductor chip components necessary for electric vehicles, and any inability to purchase raw materials and components could negatively impact the Company's operations.

The Company sells electric balance bikes and its electric motorcycles and related products internationally, and in most markets, those sales are made in the foreign country's local currency. As a result, the Company's operating results are affected by fluctuations in the values of the U.S. dollar relative to foreign currencies, however, the impact of such fluctuations on the Company's operations to date are not material given the majority of the Company's sales are currently in the U.S. The Company plans to expand its business and operations internationally and expects its exposure to currency rate risk to increase as it grows its international presence.

Item 4. Controls and Procedures

Limitations on Effectiveness of Disclosure Controls and Procedures

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

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, the Company's principal executive officer and principal financial officer have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission rules and forms, and to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting, as identified in connection with the evaluation required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that occurred during the quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information required under this Item 1 of Part II is contained in Item 1 of Part I of this Quarterly Report on Form 10-Q in Note 10, Commitments and Contingencies, to the Notes to Consolidated consolidated financial statements, and such information is incorporated herein by reference in this Item 1 of Part II.

Item 1A. Risk Factors

There have been no material changes to the principal risks that the Company believes are material to the Company's business, results of operations, and financial condition from those disclosed in Part I, "Item 1A. Risk Factors" of the 2022 2023 Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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

Sales of Unregistered Equity Securities

There were no unregistered sales of equity securities for the three and nine months ended September 30, 2023 March 31, 2024.

Purchases of Equity Securities

The Company's share repurchases, which consisted of shares of Common Stock surrendered to satisfy withholding taxes in connection with the vesting of restricted stock units were as follows during the quarter ended March 31, 2024:

2024 Fiscal Date of Vest	Total Number of Shares Repurchased	Price Per Share Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
February 1 – February 29	66,923	$10.26	—	—

The LiveWire Group, Inc. 2022 Incentive Award Plan provides that the withholding obligations be settled by the Company retaining shares that are part of the award. During the first quarter of 2024, the Company retained 66 thousand shares of common stock to satisfy withholding taxes in connection with the vesting of restricted stock units.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the third first quarter of 2023. 2024.

Item 6. Exhibits

LiveWire Group, Inc.
Exhibit Index to Form 10-Q

Exhibit No.	Description	Form	File No.	Filing Date	Exhibit Number	Filed/Furnished herewith
2.1†	Business Combination Agreement, dated as of December 12, 2021, by and among Harley-Davidson, Inc., AEA-Bridges Impact Corp., LW EV Holdings, Inc., LW EV Merger Sub, Inc. and LiveWire EV, LLC	8-K	001-39584	12/15/2021	2.1	
3.1	Amended and Restated Certificate of Incorporation of LiveWire Group, Inc.	8-K	001-41511	9/30/2022	3.1	
3.2	Amended and Restated Bylaws of LiveWire Group, Inc.	8-K	001-41511	9/30/2022	3.2	

4.1	Warrant Agreement, dated as of October 1, 2022, by and between the Company and Continental Stock Transfer & Trust Company, as Warrant Agent	8-K	001-39584	10/7/2020	4.4	
4.2	Specimen Warrant Certificate	S-1	333-248785	9/14/2020	4.3	
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a)					*
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a)					*
32.1	Written Statement of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. §1350					**
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101					*

LiveWire Group, Inc.
Exhibit Index to Form 10-Q

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4.2	Specimen Warrant Certificate	S-1	333-248785	9/14/2020	4.3	
10.1	Convertible Delayed Draw Term Loan Agreement, dated as of February 14, 2024, by and among Harley-Davidson, Inc., LiveWire EV, LLC, and LiveWire Group, Inc.	8-K	001-41511	2/16/2024	10.1	
31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a)					*
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a)					*
32.1	Written Statement of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. §1350					**
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					*
101.SCH	XBRL Taxonomy Extension Schema Document					*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					*
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101					*

* Filed herewith.
** Furnished herewith.
† The annexes, schedules and certain exhibits to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant hereby agrees to furnish supplementally a copy of any omitted annex, schedule or exhibit to the SEC upon request.

SIGNATURES

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

LiveWire Group, Inc.

Date:	November 8, 2023May 6, 2024	/s/ Karim Donnez
		Karim Donnez
		Chief Executive Officer
Date:	November 8, 2023 May 6, 2024	/s/ Tralisa Maraj
		Tralisa Maraj
		Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)

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Exhibit 31.1

Chief Executive Officer Certification
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Karim Donnez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LiveWire Group, Inc.;

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

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

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

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

b) [Omitted];

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: November 8, 2023 May 6, 2024

/s/ Karim Donnez
Karim Donnez
Chief Executive Officer

Exhibit 31.2

Chief Financial Officer Certification
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

I, Tralisa Maraj, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LiveWire Group, Inc.;

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

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

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

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

   b) [Omitted];

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

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

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

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

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

Date: November 8, 2023 May 6, 2024

/s/ Tralisa Maraj
Tralisa Maraj
Chief Financial Officer

Exhibit 32.1

Written Statement of the Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to
Section 906 of the Sarbanes Oxley Act of 2002

Solely for the purpose of complying with 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and the Chief Financial Officer of LiveWire Group, Inc. (the “Company”), hereby certify, pursuant to our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2023 March 31, 2024 (the “Report”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2023 May 6, 2024

/s/ Karim Donnez

Karim Donnez

Chief Executive Officer

/s/ Tralisa Maraj

Tralisa Maraj

Chief Financial Officer

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