LIVEWIRE: 5 YEARS IN AND 1% OF PLAN · PART 3 OF 4

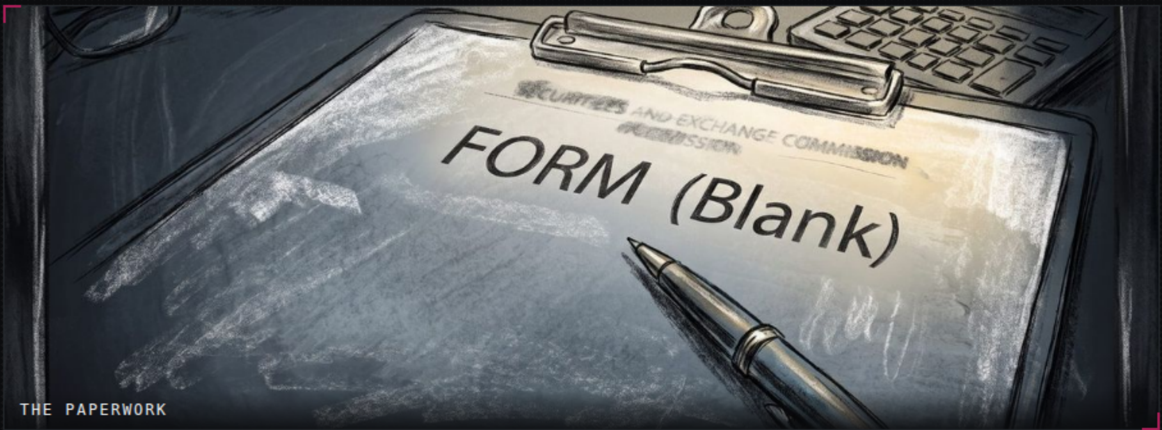
TWO CONTRACTS, ONE TRAP

Why selling more motorcycles does not fix this.

KYMCO, TAIWAN

LIVEWIRE: 5 YEARS IN AND 1% OF PLAN · THE ROUTE

FOUR PARTS. ONE THESIS.



THE PAPERWORK

PART 1 OF 4

THE GROWTH

386% is 55 bikes to 267. The plan was 100,000. The miss is the story.

PART 2 OF 4

THE LINEUP

$29,799 to $4,999. Premium to price. The overhead never followed.

PART 3 OF 4 · THIS POST

THE CONTRACTS

Buying bikes loses money. Not buying them costs money. Both in writing.

PART 4 OF 4

THE LOAN & THE FINAL WORD

Nov 2025: equity backstop out, secured claim in. $85M due Dec 2027.

TWO CONTRACT MANUFACTURERS, SIGNED THE SAME DAY

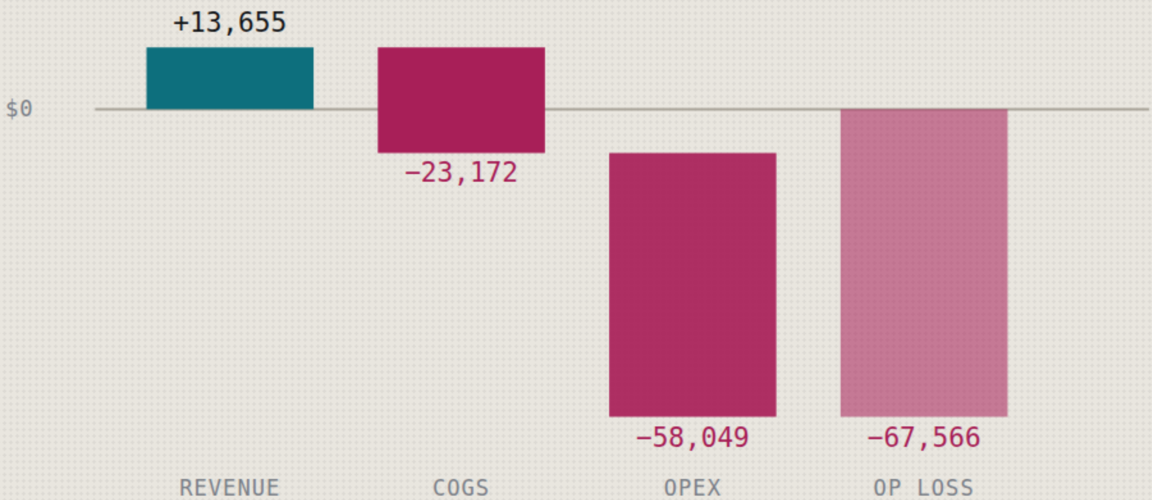
LIVEWIRE

HARLEY-DAVIDSON
S1 · S2 platforms

KYMCO
S4 Honcho · Parisian

Both dated 26 September 2022. Both carry minimum annual volume commitments. Both charge a deficit fee if the volume is missed.

WHERE THE MONEY GOES, PER MOTORCYCLE



The motorcycle is nearly a rounding error. **$58,049 of overhead per unit is the business.**

SOURCE: LVWR 10-Q Q2 2026, ELECTRIC MOTORCYCLES SEGMENT ÷ 267 UNITS

THE PART NOBODY REPORTS

87%

OF Q2'S GROSS LOSS WAS INVENTORY WRITE-DOWNS,
NOT THE COST OF BUILDING THE MOTORCYCLE

GROSS LOSS, Q2 2026: $2,534K

Harley builds the motorcycles. **LiveWire buys them at cost-plus**: Harley's cost, plus a mark-up. Then writes them down to what they can actually be sold for. The filing proves the bikes were carried above what they would fetch; the contract supplies the mechanism.

Cost-plus in, write-down out. That is my reading of the two documents together.

S2 · BOUGHT AT COST-PLUS, WRITTEN DOWN ON ARRIVAL

THE FY2025 10-K, EXPLAINING WHY COSTS IMPROVED

> *"…primarily driven by a significant decrease of the number of motorcycles purchased in 2025 as compared to 2024 resulting in lower net realizable value adjustments…"*

LIVEWIRE GROUP, FORM 10-K, FILED 20 FEBRUARY 2026

MARGINS IMPROVED BECAUSE THE COMPANY BOUGHT FEWER MOTORCYCLES.

SO DON'T BUY THEM. EXCEPT.

BUY THE MOTORCYCLES

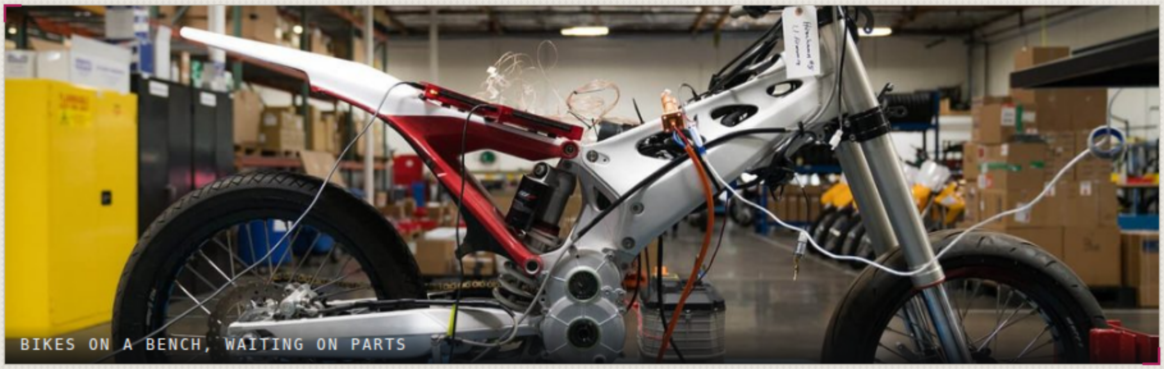
They are worth less than you paid

87% OF Q2'S GROSS LOSS

DON'T BUY THEM

$6.1M

2023 PROVISION FOR EXCESS INVENTORY COMPONENTS HELD BY H-D UNDER THE CONTRACT MANUFACTURING AGREEMENT



BIKES ON A BENCH, WAITING ON PARTS

Parts Harley had already procured to build motorcycles LiveWire didn't take. **There is no third option.**

BEGINNING CALENDAR 2027

MINIMUM ANNUAL VOLUME COMMITMENTS, PER PRODUCT, WITH A DEFICIT FEE.

To Harley-Davidson. And, under the agreement amended in May 2026, **to KYMCO as well.**

KYMCO · MINIMUMS FROM 2027

The exposure that already cost $6.1 million once now exists in duplicate, and stops being discretionary.

THE THIRD DOCUMENT · MASTER SERVICES AGREEMENT

PAYROLL, IT, ENGINEERING, THE BUILDING: ALL UNDER THE MSA

90

DAYS' NOTICE. EITHER PARTY. NO TRIGGER REQUIRED.

Everyone quotes the "forty percent" clause. The paragraph under it, §8.3(c) and §8.4, lets Harley-Davidson end the services agreement **for convenience.** Payroll, IT, the building, engineering support. Ninety days.

THE ECONOMICS WERE NOT DECIDED BY THE MARKET. THEY WERE DECIDED BY THE TERMS.

Part 4: the loan that settled it eight months before the quarter, and the people who did the work anyway.

Full brief: the KYMCO Exhibit A, redacted cell by cell, is in there.
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