HARLEY-DAVIDSON: BACK TO THE BRICKS, DOWN TO BREAKEVEN · PART 3 OF 4

THE SUBSIDIARY.

$422 million of LiveWire losses consolidated into Harley-Davidson since 2022. Cash to May 2027. A note due in December.

HARLEY-DAVIDSON: BACK TO THE BRICKS, DOWN TO BREAKEVEN · THE ROUTE

THE SUBSIDIARY

What Harley-Davidson's own filings say about the plan, the subsidiary, and 2027.

PART I

THE ARITHMETIC

Add up the guidance: about zero. The subsidiary's loss exceeds the motor company's profit.

PART II

THE SALE

2025's profit was the finance company, sold. $180M a year traded for $1.25B once.

PART III

THE SUBSIDIARY

$422M consolidated. A third of the profit drag from 0.6% of revenue. Cash to May 2027.

PART IV

THE PLAN

Five pillars, six targets. The 2027 number is a 5% margin, below 2019.

PART V

THE BET

$1.6B of buybacks, and one motorcycle carrying the growth target: the 883.

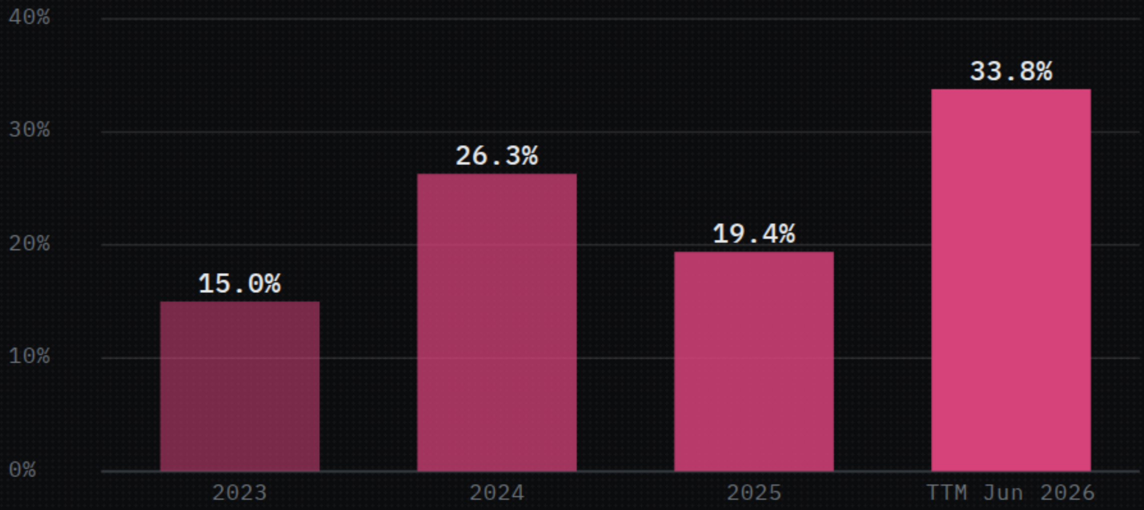
PART VI

THE FINAL WORD

LiveWire didn't break Harley. It is what the new Harley can't afford.

LIVEWIRE OPERATING LOSS AS A SHARE OF H-D CONSOLIDATED OPERATING INCOME

0.6% OF REVENUE. A THIRD OF THE DRAG.



Every dollar LiveWire loses lands in Harley-Davidson's operating income. Only the ~11% belonging to the public minority comes back out, below the line. **H-D shareholders bear ~89%.**

LIVEWIRE, IN THE PARENT'S NUMBERS · 2025

CUMULATIVE LOSSES CONSOLIDATED · 2022–JUN 2026

$422M

$337M FROM JAN 2023 ALONE

SHARE OF H-D REVENUE

0.6%

$25.7M OF $4,473M

SHARE OF H-D HEADCOUNT

2.7%

~150 OF ~5,500

SHARE OF THE 2025 PROFIT DRAG

19%

34% TRAILING TWELVE MONTHS

Against the 2021 plan of 100,000 units and $1.8B of revenue by 2026: 923 units, $31.3M. Ground Truth No. 01 has that story.

THE SEAT CHANGE · ONE INSTRUMENT, REWRITTEN

FEBRUARY 2024

A **$100M convertible** loan. If LiveWire could not repay, Harley-Davidson would take equity. A parent's instrument. Never drawn.

NOVEMBER 2025

Amended and restated at **$75M**. Conversion feature **removed**. Security interest over **substantially all assets** added. SOFR + 4%, compounding, all due **15 December 2027**. First $10M of any equity raised goes to the lender. Drawn in full 15 December 2025.

A convertible says: if this fails, we own it. A secured loan says: if this fails, we get paid first.

THE CLOCK

LIVEWIRE CASH · 30 JUN 2026

$52.9M

FROM $82.8M AT YEAR-END · $29.9M BURNED IN SIX MONTHS

OWED TO HARLEY-DAVIDSON · 15 DEC 2027

$76.8M

COMPOUNDING TO ~$85M · SECURED ON EVERYTHING

STRAIGHT-LINE THE BURN AND THE CASH RUNS OUT AROUND MAY 2027. THE NOTE IS DUE SEVEN MONTHS LATER. THE PLAN'S ONLY DATED TARGET IS 2027.

THE OPTIONS, AS THEY STAND ON THE FILINGS · AN ENUMERATION, NOT A PREDICTION

OPTION	COST TO H-D	EFFECT ON H-D'S P&L
Fund again	Reverses the stated position	None; already consolidated
Buy the minority	~$28M at $1.20. Severance plan already carves out an H-D acquisition	None; already consolidated
Third-party raise	Dilution to ~70%; new money sits behind H-D's lien	Still consolidated
Foreclose / wind down	Write-down of the $75M note against collateral	Losses stop
Sell or merge	Depends on buyer; H-D keeps the contracts	Deconsolidation

H-D has stated no intention to fund, acquire, divest or wind down LiveWire. None is asserted here.

BECAUSE LIVEWIRE IS ALREADY CONSOLIDATED, NO OWNERSHIP CHANGE SHORT OF DECONSOLIDATION IMPROVES HARLEY-DAVIDSON'S REPORTED OPERATING INCOME.

Buying the minority for $28M would be the cheapest corporate action in the company's recent history. It would change the operating line by exactly nothing. Back to the Bricks handles this by scoring HDMC alone.

WHAT THE PARENT HAS SAID IN 2026

> *"LiveWire is now working diligently to attract its own sources of capital to continue to finance its operations and future plans."*

ARTIE STARRS · Q4 2025 CALL · 10 FEB 2026

No 2026 statement from Starrs or CFO Root uses "strategic alternatives," "divestiture" or "wind-down." Back to the Bricks does not mention LiveWire outside its forward-looking factors. LiveWire's 10-Q says it will pursue financing "during the third quarter of 2026." That quarter ends in three weeks.

PART 4: WHAT BACK TO THE BRICKS ACTUALLY COMMITS TO, WHAT HARDWIRE DELIVERED, AND THE ONE MOTORCYCLE CARRYING THE GROWTH TARGET.

Full brief: 16 sections in six parts, every figure linked to its filing, open items and corrections published.
weppner58-moto.github.io/ground-truth/groundtruth/02