

Q4 and Full Year 2022 Results & 2023 Outlook

Thursday, February 2, 2023



Q4 & FULL YEAR 2022 RESULTS & 2023 OUTLOOK – EARNINGS CALL

Call Participants

- Jochen Zeitz, Chairman, President and CEO
- Gina Goetter, Chief Financial Officer
- Edel O’Sullivan, Chief Commercial Officer
- Ryan Morrissey, President – LiveWire (NYSE: ‘LVWR’)
- Shawn Collins, Director Investor Relations



HARDWIRE STAGE II PILLARS

1. Profit Focus
2. Selective Expansion & Redefinition
3. Lead in Electric
4. Growth Beyond Bikes
5. Integrated Customer Experience
6. Inclusive Stakeholder Management



PERFORMANCE HEADLINES

- Delivered full year 2022 diluted EPS of $4.96, +18% versus prior year
- HDMC revenue growth of +9% behind increased wholesale units and pricing
- Achieved 12% combined operating margin for HDMC and LiveWire, an increase of 3 points vs. prior year, through global pricing & cost productivity
- HDFS Operating Income in line with expectations as loss rates normalized
- LiveWire units and operating loss finished ahead of expectations
- Returned $400M to investors via Dividends and Share Buybacks
- On track to deliver the third year of the Hardwire Strategy

HARLEY-DAVIDSON FINANCIAL REPORTING: THREE SEGMENTS[1]

HDMC	HDFS	LiveWire
Harley-Davidson Motor Company[2]	Harley-Davidson Financial Services[3]	LiveWire Group, Inc.[4]
Harley-Davidson Motorcycles, P&A, Apparel & Licensing	Financing for Both HDMC and LiveWire	LiveWire Motorcycles, STACYC

HARLEY-DAVIDSON, INC. (HOG)

[1] Harley-Davidson, Inc. or HDI is the corporate entity for the overall Company, under which HDMC, HDFS, and LiveWire operate
[2] HDMC is accountable for the design, manufacturing, marketing and sales of Harley-Davidson motorcycles and related products
[3] HDFS provides motorcycle and related products financing and insurance products and services for our dealers and retail customers
[4] LiveWire is accountable for the design, marketing and sales of electric motorcycles and related products, including STACYC electric balance bikes

CONSOLIDATED – Q4 2022 RESULTS

Q4 2022 Results [1,2,3,4] ($ millions, except earnings per share)	HDMC	HDFS	LiveWire	Total HDI
Revenue	**$919**	**$214**	**$9**	**$1,142**
% vs PY	+14%	+7%	-28%	+12%
Operating Income (Loss)	**-$32**	**$64**	**-$29**	**$4**
Margin %	-3.5%	30.0%	NM	NM
% vs PY	+61%	-32%	NM	NM
Total HDI Net Income				**$42**
Margin %				3.7%
Diluted EPS[5]				**$0.28**
% vs PY				+100%

[1] "NM" stands for non-meaningful
[2] Total HDI Net Income is the net income attributable to HDI and includes adjustments for noncontrolling shareholder interests
[3] LiveWire results had previously been included in HDMC results
[4] HDMC historical results have been updated retrospectively to exclude LiveWire results
[5] EPS figures are calculated after adjustments for non-controlling shareholder interests

CONSOLIDATED – FULL YEAR 2022 RESULTS

FY 2022 Results [1,2,3,4] ($ millions, except earnings per share)	HDMC	HDFS	LiveWire	Total HDI
Revenue	**$4,888**	**$821**	**$47**	**$5,755**
% vs PY	+9%	+3%	+31%	+8%
Operating Income (Loss)	**$677**	**$318**	**-$85**	**$909**
Margin %	13.9%	38.7%	NM	15.8%
% vs PY	+42%	-23%	NM	+10%
Total HDI Net Income				**$741**
Margin %				12.9%
Diluted EPS[5,6]				**$4.96**
% vs PY				+18%

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[2] Total HDI Net Income is the net income attributable to HDI and includes adjustments for noncontrolling shareholder interests
[3] LiveWire results had previously been included in HDMC results
[4] HDMC historical results have been updated retrospectively to exclude LiveWire results
[5] EPS figures are calculated after adjustments for non-controlling shareholder interests
[6] Repurchased $324 million worth of shares (8.4 million shares) on a discretionary basis in FY 2022

WORLDWIDE RETAIL SALES AND INVENTORY

Excludes LiveWire Units

Retail Sales

Retail Motorcycle Sales of H-D Motorcycles (vs. PY)

	Q4 '22	FY '22
North America	-2%	-12%
EMEA	+1%	-1%
Asia Pacific	+11%	+12%
Latin America	-46%	-20%
Worldwide	Flat	-8%

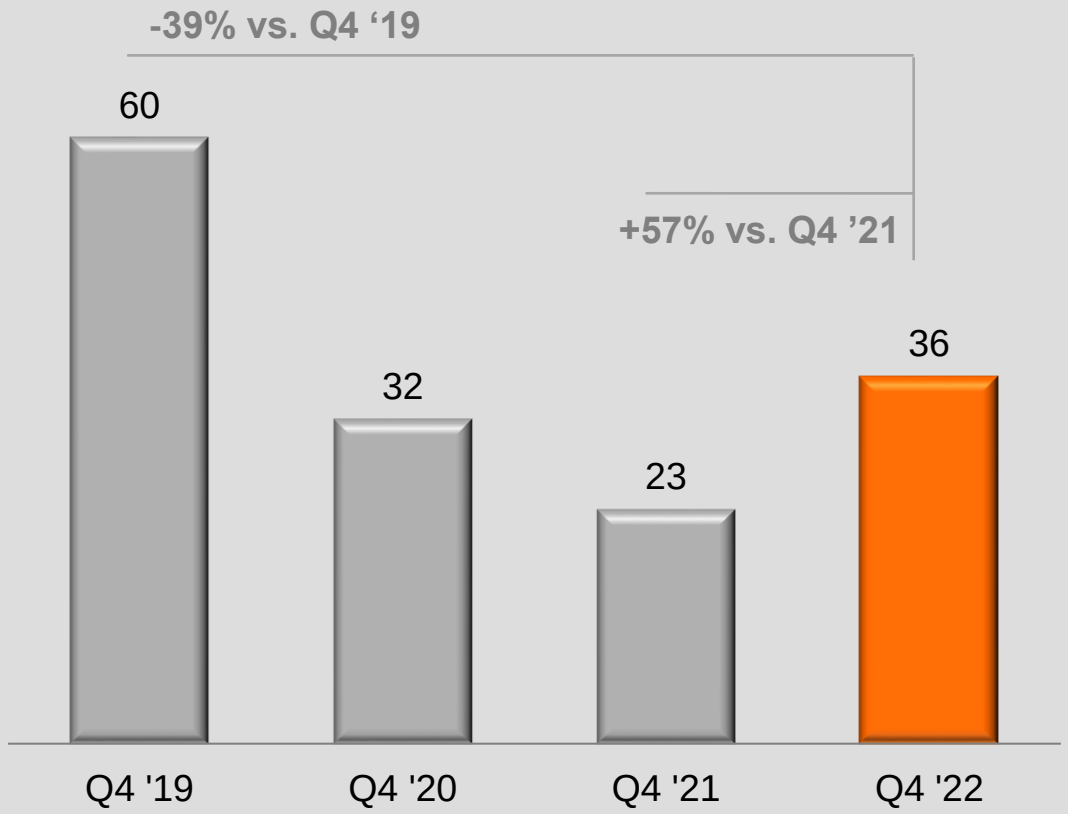
Market Share

New 601+CC Market Share

	FY '21	FY '22
H-D U.S. Share[1]	**45%**	**41%**
- H-D U.S. Touring Share	71%	73%
- H-D U.S. Large Cruiser Share	79%	83%
H-D Europe Share[1]	**6%**	**6%**

Average Dealer Inventory Units

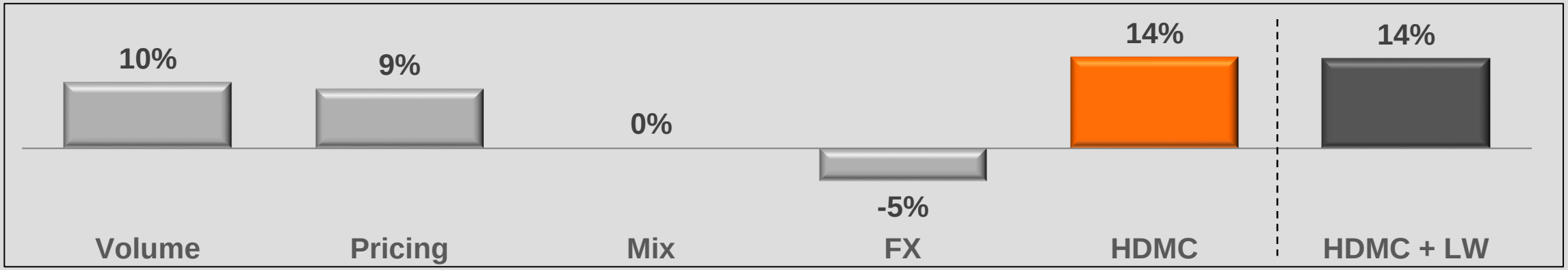
Worldwide Harley-Davidson Dealer Inventory Units (Thousands)[2]



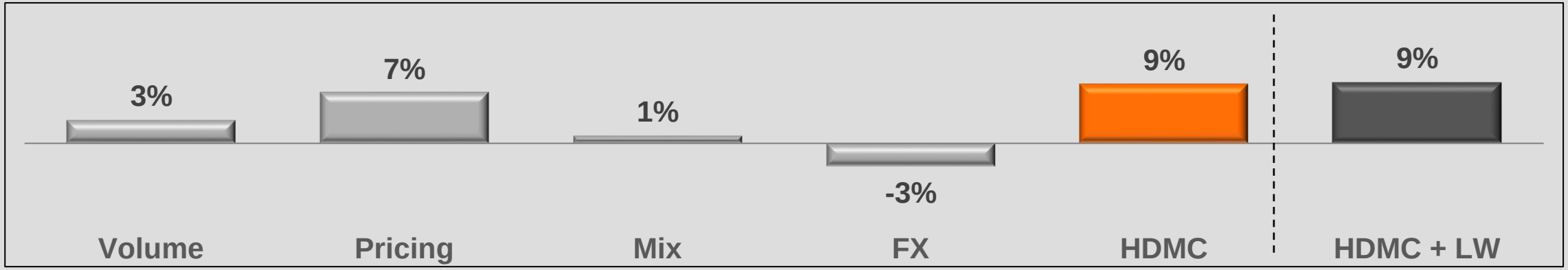
[1] Source: Motorcycle Industry Council (MIC) for U.S. share and Management Services Helwig Schmitt GmbH for Europe share
[2] Dealer inventory units – using 4-point average for each quarter – at Day 1, 30, 60, 90 of each quarter divided by 4-points.

REVENUE BRIDGE[1,2,3]

Q4 2022 HDMC + LiveWire Revenue



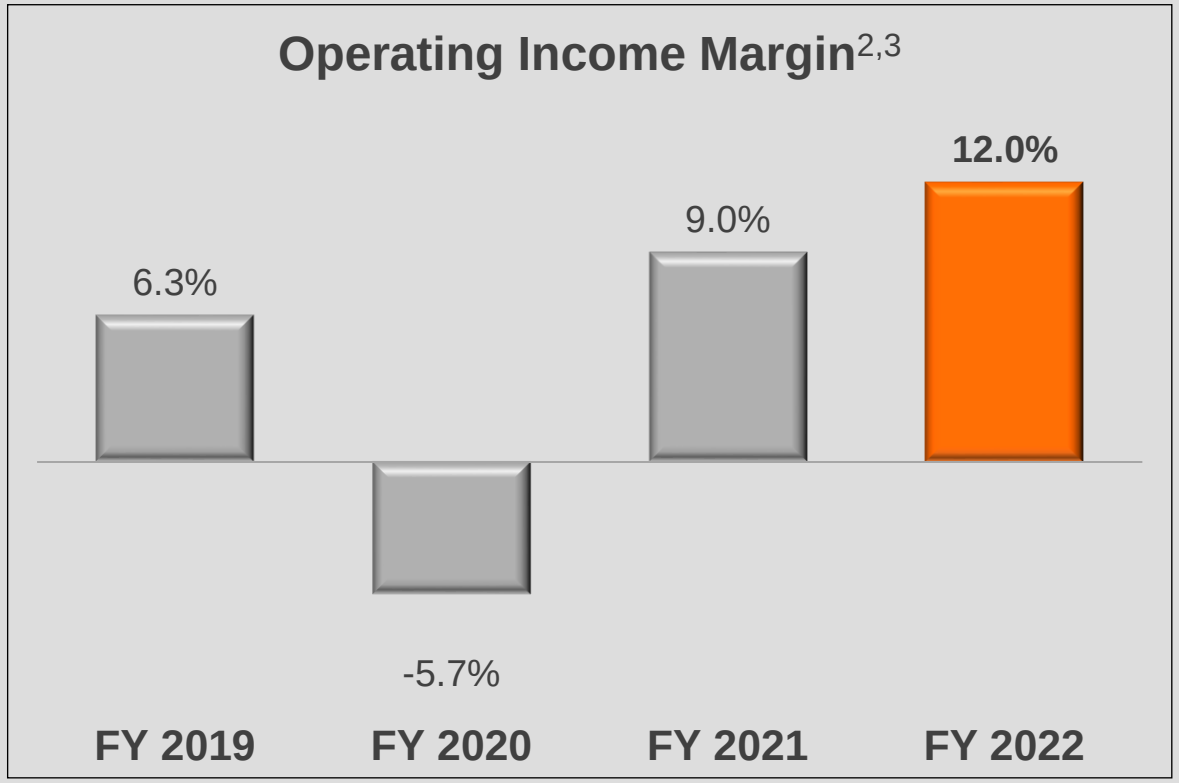
FY 2022 HDMC + LiveWire Revenue



[1] LiveWire results had previously been included in HDMC results
[2] HDMC historical results have been updated retrospectively to exclude LiveWire results
[3] LW stands for LiveWire

FY 2022: HDMC + LIVEWIRE OPERATING INCOME MARGIN

Includes LiveWire Results[1]

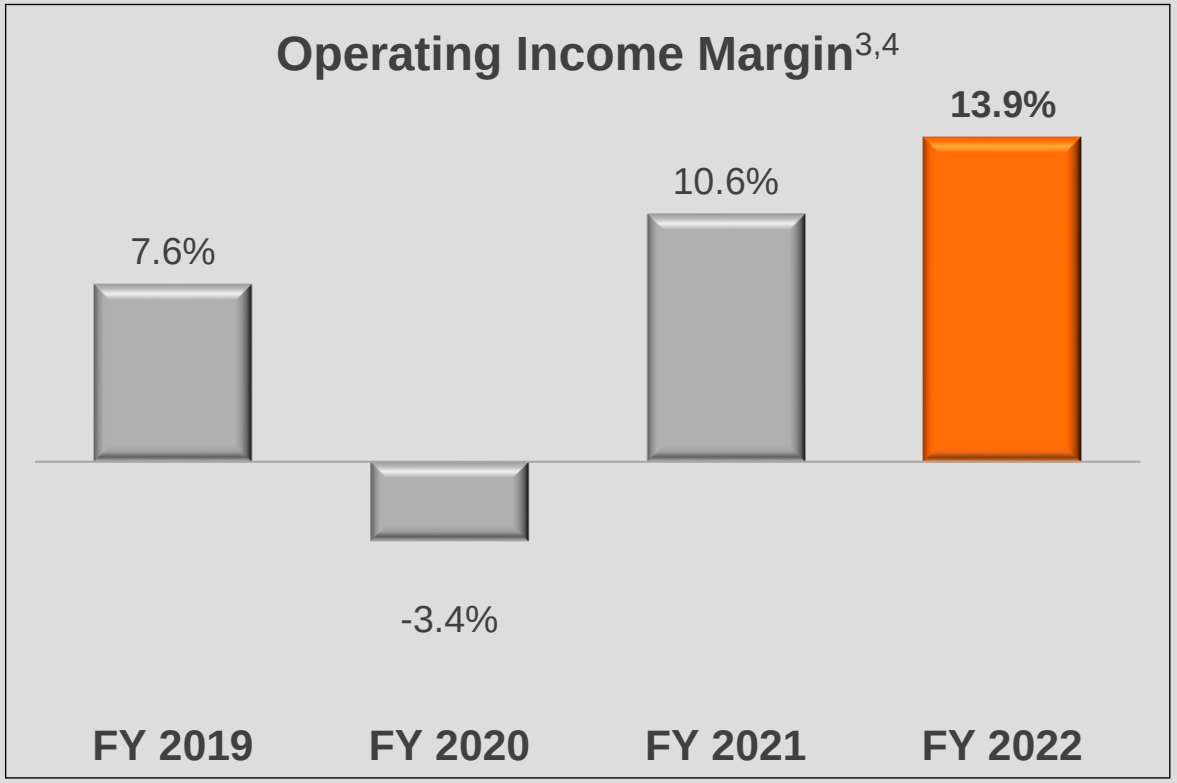


FY 2021 Op Income Margin	9.0%	$409M
Volume	+1.0 Pts	$64M
FX	-0.8 Pts	-$66M
Motorcycle Mix	-0.1 Pts	$1M
Pricing	+5.8 Pts	$330M
Supply Chain Costs	-1.9 Pts	-$95M
Operating Expenses	-1.0 Pts	-$51M
FY 2022 Op Income Margin	**12.0%**	**$592M**

[1] LiveWire results had previously been included in HDMC results
[2] In FY19, FY20, FY21, Harley-Davidson paid a total of $74 million, $18 million, and $56 million in additional EU tariffs, respectively
[3] FY20 and FY21, includes $119 million and $3 million of restructuring, respectively

FY 2022: HDMC OPERATING INCOME MARGIN

Excludes LiveWire Results[1,2]



FY 2021 Op Income Margin	10.6%	$477M
Volume	+0.9 Pts	$58M
FX	-0.8 Pts	-$66M
Motorcycle Mix	-0.1 Pts	$1M
Pricing	+5.8 Pts	$330M
Supply Chain Costs	-1.9 Pts	-$95M
Operating Expenses	-0.6 Pts	-$28M
FY 2022 Op Income Margin	**13.9%**	**$677M**

[1] LiveWire results had previously been included in HDMC results
[2] HDMC historical results have been updated retrospectively to exclude LiveWire results
[3] In FY19, FY20, FY21, Harley-Davidson paid a total of $74 million, $18 million, and $56 million in additional EU tariffs, respectively
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HDFS SEGMENT: Q4 2022 RESULTS

Summary Financials ($ millions)	**Q4 2022**	+ / - PY	% vs. PY
Revenue	**$214**	+$14	+7%
Interest Expense	$67	+$23	+53%
Provision for Credit Losses	$51	+$30	+151%
Operating Expense	$32	-$9	-22%
Total Expenses	$150	+$45	+43%
Operating Income	**$64**	-$31	-32%
Margin %	**30.0%**		

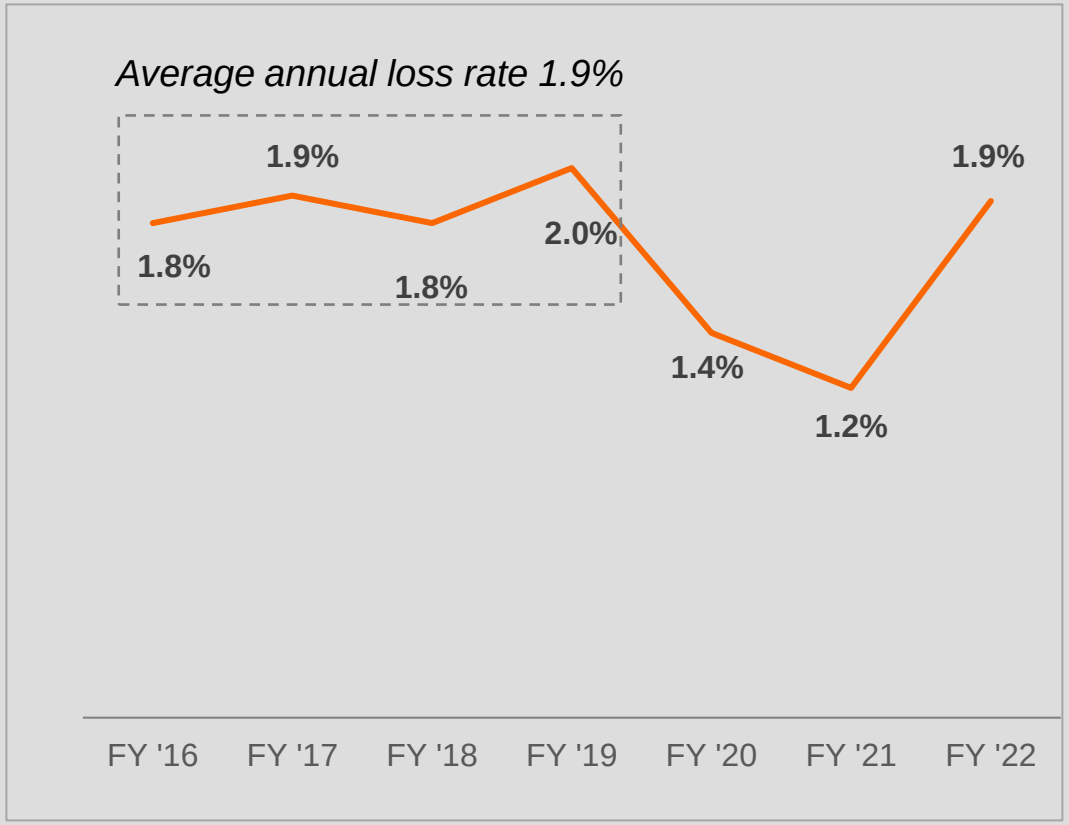
HDFS SEGMENT: FULL YEAR 2022 RESULTS

Summary Financials ($ millions)	**Full Year 2022**	+ / - PY	% vs. PY
Revenue	**$821**	+$25	+3%
Interest Expense	$218	+$25	+13%
Provision for Credit Losses	$145	+$120	NM[1]
Operating Expense	$140	-$23	-14%
Total Expenses	$503	+$122	+32%
Operating Income	**$318**	-$97	-23%
Margin %	**38.7%**		

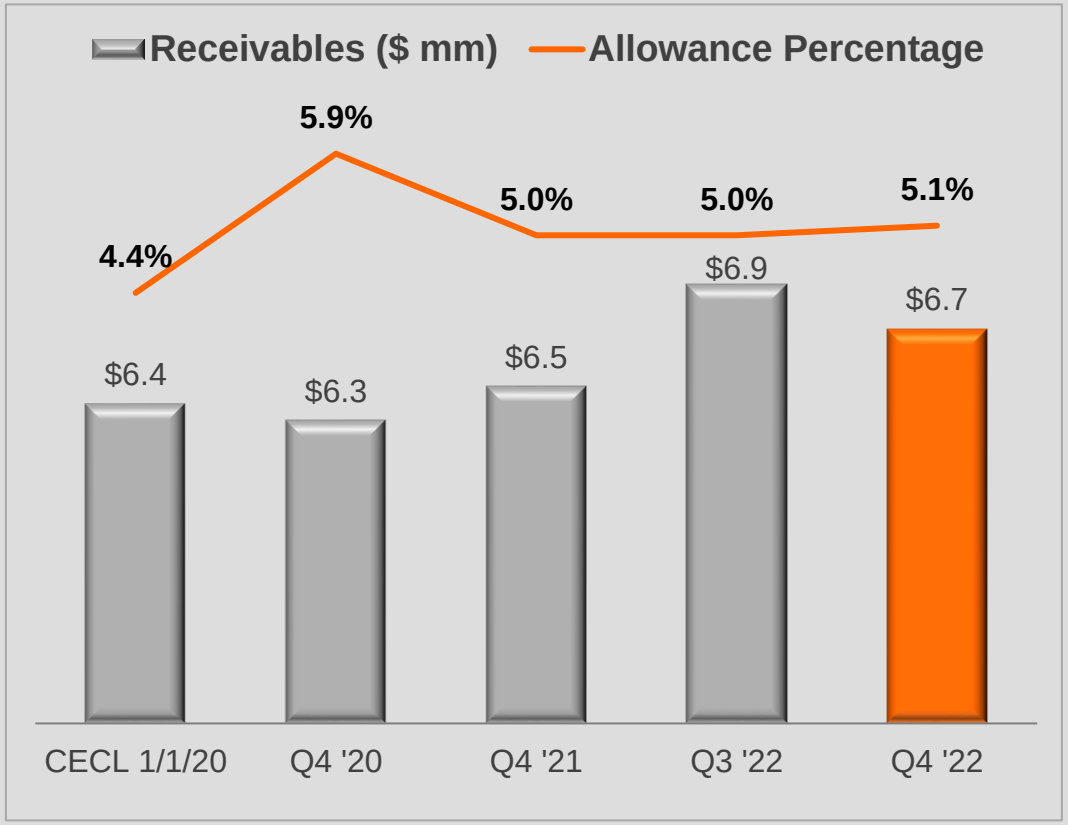
[1] "NM" stands for non-meaningful

HDFS SEGMENT PERFORMANCE

Realized Retail Credit Losses[1,2,3]
Annual (FY)



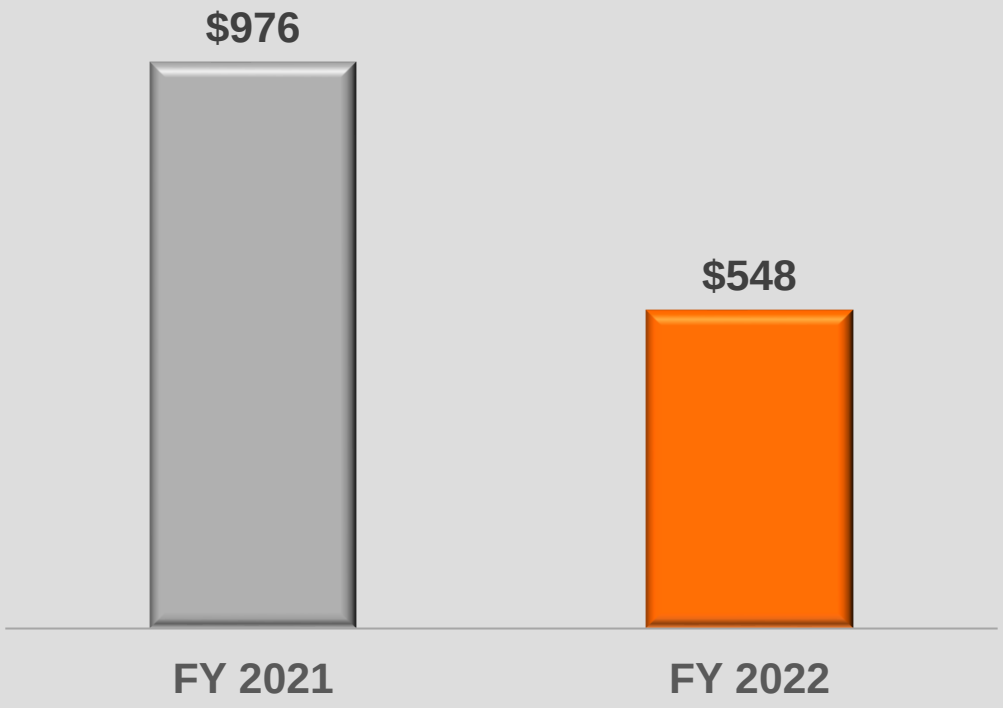
Retail Finance Receivables & Allowance



[1] 2020 and 2021 results impacted by federal stimulus payments and a high volume of COVID-19 pandemic related retail loan payment due date extensions for qualified customers.
[2] In 2021, Quarterly Annualized Realized Loss rates were 1.5%, 0.8%, 0.8% in Q1, Q2, Q3 of '21, respectively.
[3] In 2022, Quarterly Annualized Realized Loss rates were 1.8%, 1.4%, 1.5% in Q1, Q2, Q3 of '22, respectively.

CONSOLIDATED FULL YEAR 2022 RESULTS

HDI Operating Cash Flow ($ millions)



Full Year 2022 HDI Financial Metrics

- **Full Year Capital Investments[1] – $180 million**
- **Full Year Dividends Paid – $93 million**
- **Full Year Discretionary Shares Repurchased – $324 million (8.4 million shares)**
- **Full Year Effective Tax Rate – 21%**
- **Cash & Cash Equivalents[2] – $1.4 billion**

[1] Includes $28 million of capital implementation costs incurred in connection with cloud computing arrangements that do not include a license to internal-use software as defined by ASU 2018-15
[2] As of December 31, 2022

2023 HARLEY-DAVIDSON, INC. GUIDANCE

HDMC	HDFS	LiveWire
Revenue Growth **+4 to 7%**	Operating Income Y-o-Y **Down 20 to 25%**	LiveWire Units **750 - 2,000**
Operating Income Margin **+14.1 to 14.6%**		Operating Loss **($115M) to ($125M)**

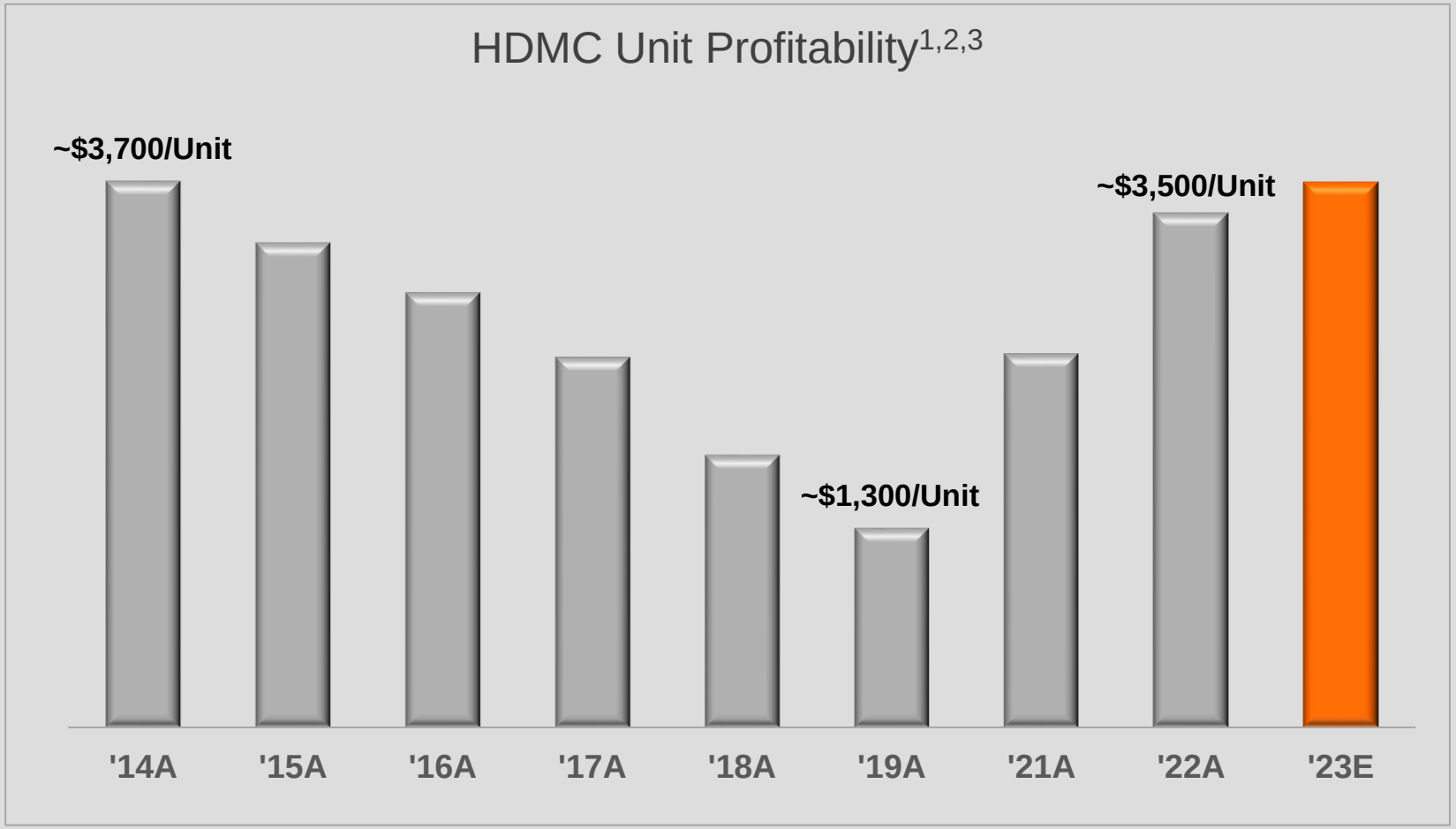
Harley Davidson, Inc. Capital Investment
$225M – 250M

SUPPLY CHAIN OUTLOOK

2021 Cost of Sales $3.2B	2021 – 2022 Cost Inflation: Actual / Realized			
	2021 Actual	2022 Actual	2023 Outlook	**2023 Annual Outlook**
Tariffs, Duties, Other				
Logistics	>100%	+12%	+0-2%	Declining ocean freight rates offset by warehouse and labor cost increases
Manufacturing	+3%	+5%	+3-5%	Higher Labor Cost
Materials	+5%	+3%	+2-3%	Supplier cost increased driven by labor rates; partially offset by decline in commodity costs.

HDMC UNIT PROFITABILITY EXPECTED TO RETURN TO HISTORICALLY HEALTHY LEVELS

Excludes LiveWire Results – for 2020-2022



Key Drivers Since 2019:

- ~23,000 fewer Wholesale units driven by strategic market exits and model pruning
- Improved profitability through reduced incentives, pricing and cost productivity
- Key drivers for 2023 include continued unit mix shift and step-up in supply chain cost productivity

[1] "HDMC – Unit Profitability" is measured as HDMC Operating Income (includes Motorcycles, P&A, Apparel, Licensing, Other) divided by Wholesale Shipment Units for a given time period
[2] HDMC Operating Income excludes LiveWire results for 2020 through 2022
[3] 2020A Figure is excluded where HDMC Operating Income was negative in the period as a result of COVID shutdowns and Rewire Actions; in 2020A "HDMC – Unit Profitability" was a loss of ~ $700 per Unit

LIVEWIRE 2022 RESULTS AND 2023 OUTLOOK

$ millions Actual Units	2021A	2022A	2023E
Motorcycle Units	**461**	**597**	**750 – 2,000**
% vs PY	--	+30%	
Revenue	**$36**	**$47**	
% vs PY	+16%	+31%	
Operating Loss	**($68)**	**($85)**	**($115 – 125)**

- Completed the carve-out and stand-up of LiveWire as separate public company
- Nearly doubled the reach of the U.S. retail network to 75 contracted partner locations
- On track to launch in Germany, U.K., France, the Netherlands and Switzerland
- Launching S2 Del Mar with production readying in Wisconsin and Pennsylvania
- Delivered STACYC revenue growth of over 25% in 2022 with successful launch of two new products
- Secured non-binding $200 million loan facility from majority shareholder

FORWARD LOOKING STATEMENTS

Cautionary Note Regarding Forward-Looking Statements

The company intends that certain matters discussed in this presentation and our associated comments are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as the company “believes,” “anticipates,” “expects,” “plans,” “may,” “will,” “estimates,” “targets,” “intends,” “forecasts,” “sees,” “feels,” or words of similar meaning. Similarly, statements that describe or refer to future expectations, future plans, strategies, objectives, outlooks, targets, guidance, commitments, or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially, unfavorably or favorably, from those anticipated as of the date of this presentation. Certain of such risks and uncertainties are described below. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this presentation are only made as of the date of this presentation, and the company disclaims any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Important factors that could affect future results and cause those results to differ materially from those expressed in the forward-looking statements include, among others, the following: (i) the COVID-19 pandemic, including the length and severity of the pandemic across the globe and the pace of recovery following the pandemic and (ii) the company’s ability to: (A) execute its business plans and strategies, including The Hardwire, including each of the pillars and the evolution of LiveWire as a standalone brand, which includes the risks noted below; (B) manage supply chain and logistics issues, including quality issues, availability of semiconductor chip components and the ability to find alternative sources of those components in a timely manner, unexpected interruptions or price increases caused by supplier volatility, raw material shortages, inflation, war or other hostilities, including the conflict in Ukraine, or natural disasters, and longer shipping times and increased logistics costs, including by successfully implementing pricing surcharges; (C) realize the expected business benefits from the combination of LiveWire with AEA Bridges Impact Corp. (ABIC), which may be affected by, among other things: (i) the ability of LiveWire to: (1) execute its plans to develop, produce, market, and sell its electric vehicles; (2) achieve profitability, which is dependent on the successful development and commercial introduction and acceptance of its electric vehicles, and its services, which may not occur; (3) adequately control the costs of its operations as a new entrant into a new space; (4) develop, maintain, and strengthen its brand; (5) execute its plans to develop, produce, market, and sell its electric vehicles; and (6) effectively establish and maintain cooperation from its retail partners, largely drawn from the company's traditional motorcycle dealer network, to be able to effectively establish or maintain relationships with customers for electric vehicles; (ii) competition; and (iii) other risks and uncertainties indicated in the final prospectus of ABIC, including those under "Risk Factors" in that prospectus, and other documents filed with the SEC by the company, LiveWire Group, Inc. or ABIC; (D) accurately analyze, predict and react to changing market conditions and successfully adjust to shifting global consumer needs and interests; (E) successfully access the capital and/or credit markets on terms that are acceptable to the company and within its expectations; (F) successfully carry out its global manufacturing and assembly operations; (G) develop and introduce products, services and experiences on a timely basis that the market accepts, that enable the company to generate desired sales levels and that provide the desired financial returns, including successfully implementing and executing plans to strengthen and grow its leadership position in Grand American Touring, large Cruiser and Trike, and grow its complementary businesses; (H) perform in a manner that enables the company to benefit from market opportunities while competing against existing and new competitors; (I) manage the regulatory compliance matter relating to a third-party supplier's component part in a manner that avoids additional costs or recall expenses that are material; (J) successfully appeal: (i) the revocation of the Binding Origin Information (BOI) decisions that allowed the company to supply its European Union (EU) market with certain of its motorcycles produced at its Thailand operations at a reduced tariff rate and (ii) the denial of the company's application for temporary relief from the effect of the revocation of the BOI decisions; (K) manage and predict the impact that new, reinstated or adjusted tariffs may have on the company's ability to sell products internationally, and the cost of raw materials and components, including the temporary lifting of the Section 232 steel and aluminum tariffs and incremental tariffs on motorcycles imported into the EU from the U.S., between the U.S. and EU, which expires on December 31, 2023; (L) prevent, detect, and remediate any issues with its motorcycles or any issues associated with the manufacturing processes to avoid delays in new model launches, recall campaigns, regulatory agency investigations, increased warranty costs or litigation and adverse effects on its reputation and brand strength, and carry out any product programs or recalls within expected costs and timing; (M) manage the impact that prices for and supply of used motorcycles may have on its business, including on retail sales of new motorcycles; (N) successfully manage and reduce costs throughout the business; (O) manage through changes in general economic and business conditions, including changing capital, credit and retail markets, and the changing domestic and international political environments, including as a result of the conflict in Ukraine; (P) continue to develop the capabilities of its distributors and dealers, effectively implement changes relating to its dealers and distribution methods and manage the risks that its dealers may have difficulty obtaining capital and managing through changing economic conditions and consumer demand; (Q) continue to develop and maintain a productive relationship with Zhejiang Qianjiang Motorcycle Co., Ltd. and launch related products in a timely manner; (R) maintain a productive relationship with Hero MotoCorp as a distributor and licensee of the Harley-Davidson brand name in India; (S) successfully maintain a manner in which to sell motorcycles in China and the company’s Association of Southeast Asian Nations (ASEAN) countries that does not subject its motorcycles to incremental tariffs; (T) manage its Thailand corporate and manufacturing operation in a manner that allows the company to avail itself of preferential free trade agreements and duty rates, and sufficiently lower prices of its motorcycles in certain markets; (U) accurately estimate and adjust to fluctuations in foreign currency exchange rates, interest rates and commodity prices; (V) retain and attract talented employees, and eliminate personnel duplication, inefficiencies and complexity throughout the organization; (W) prevent a cybersecurity breach involving consumer, employee, dealer, supplier, or company data and respond to evolving regulatory requirements regarding data security; (X) manage the credit quality, the loan servicing and collection activities, and the recovery rates of Harley-Davidson Financial Services Inc.'s loan portfolio; (Y) adjust to tax reform, healthcare inflation and reform and pension reform, and successfully estimate the impact of any such reform on the company's business; (Z) manage through the effects inconsistent and unpredictable weather patterns may have on retail sales of motorcycles; (AA) implement and manage enterprise-wide information technology systems, including systems at its manufacturing facilities; (BB) manage changes and prepare for requirements in legislative and regulatory environments for its products, services and operations; (CC) manage its exposure to product liability claims and commercial or contractual disputes; (DD) continue to manage the relationships and agreements that the company has with its labor unions to help drive long-term competitiveness; (EE) achieve anticipated results with respect to the company's pre-owned motorcycle program, Harley-Davidson Certified, and the company's H-D1 Marketplace; (FF) accurately predict the margins of its Harley-Davidson Motor Company segment in light of, among other things, tariffs, inflation, foreign currency exchange rates, the cost associated with product development initiatives and the company's complex global supply chain; and (GG) optimize capital allocation in light of the company's capital allocation priorities.

Continued on Next Slide

FORWARD LOOKING STATEMENTS CONTINUED

The company’s ability to sell its motorcycles and related products and services and to meet its financial expectations also depends on the ability of the company’s dealers to sell its motorcycles and related products and services to retail customers. The company depends on the capability and financial capacity of its dealers to develop and implement effective retail sales plans to create demand for the motorcycles and related products and services they purchase from the company. In addition, the company’s dealers and distributors may experience difficulties in operating their businesses and selling Harley-Davidson motorcycles and related products and services as a result of weather, economic conditions, the impact of the COVID-19 pandemic, or other factors.

In recent years, HDFS experienced historically low levels of retail credit losses, but credit losses have been normalizing in recent quarters. The company believes that HDFS' retail credit losses could change over time due to changing consumer credit behavior, macroeconomic conditions including the impact of inflation, and HDFS' efforts to adjust underwriting criteria based on market and economic conditions, as well as actions that the company has taken and could take that impact motorcycle values. The company's operations, demand for its products, and its liquidity could be adversely impacted by work stoppages, facility closures, strikes, natural causes, widespread infectious disease, terrorism, war or other hostilities, including the conflict in Ukraine, or other factors. Refer to “Risk Factors” under Item 1.A of the company’s Annual Report on Form 10-K for the year ended December 31, 2021, and Part II, Item 1.A of any subsequently filed Quarterly Report on Form 10-Q, for a discussion of additional risk factors and a more complete discussion of some of the cautionary statements noted above.