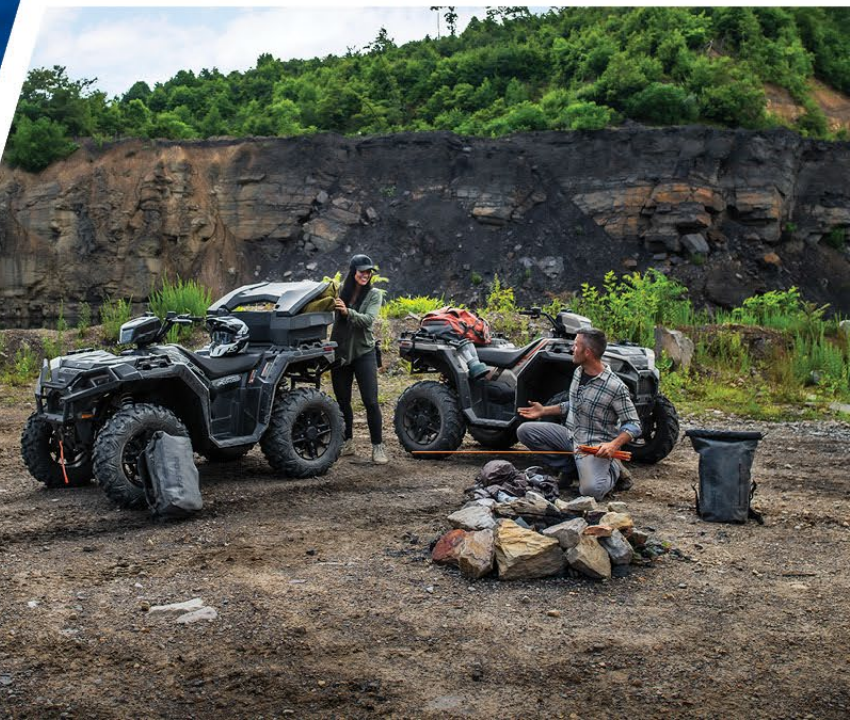




# POLARIS

## Second Quarter 2023 Earnings Presentation

July 25, 2023





Except for historical information contained herein, the matters set forth in this presentation are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those forward-looking statements. Potential risks and uncertainties include such factors as the Company's ability to successfully source necessary parts and materials on a timely basis; the ability of the Company to manufacture and deliver products to dealers to meet demand; the Company's ability to identify and meet optimal dealer inventory levels; the Company's ability to accurately forecast and sustain consumer demand; the Company's ability to mitigate increasing input costs through pricing or other measures; the Company's ability to successfully implement its manufacturing operations strategy and supply chain initiatives; product offerings, promotional activities and pricing strategies by competitors that make our products less attractive to consumers; the Company's ability to strategically invest in innovation and new products, including as compared to our competitors; economic conditions that impact consumer spending, including recessionary conditions; the severity and duration of the pandemic and the resulting impact on the Company's business, supply chain, and the global economy; disruptions in manufacturing facilities; product recalls and/or warranty expenses; product rework costs; impact of changes in Polaris stock price on incentive compensation plan costs; foreign currency exchange rate fluctuations; environmental and product safety regulatory activity; effects of weather; commodity costs; freight and tariff costs (tariff relief or ability to mitigate tariffs); changes to international trade policies and agreements; uninsured product liability and class action claims (including claims seeking punitive damages) and other litigation expenses incurred due to the nature of the Company's business; uncertainty in the consumer retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general overall global economic, social and political environment. Investors are also directed to consider other risks and uncertainties discussed in documents filed by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to any person to provide updates to its forward-looking statements.

The data source for retail sales figures included in this presentation is registration information provided by Polaris dealers in North America and Europe compiled by the Company or Company estimates and other industry data sources. The Company relies on information that its dealers or other third parties supply concerning retail sales, and other retail sales data sources related to Polaris and the powersports industry, and this information is subject to revision. Retail sales references to total Company retail sales includes only ORV, snowmobiles and motorcycles in North America unless otherwise noted.

This presentation contains certain non-GAAP financial measures, consisting of "adjusted" sales, gross profit, income before taxes, net income from continuing operations attributed to Polaris Inc. common shareholders, EBITDA, net income per diluted share from continuing operations attributed to Polaris Inc. common shareholders and free cash flow as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, to understand the performance of its ongoing operations and how management views the business. Reconciliations of reported GAAP historic measures to adjusted non-GAAP measures are included in the financial schedules contained in this presentation. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.



## Total Company Results\*

	Q2'23	Y/Y Change
<b>Sales</b>	<b>\$2,217M</b>	<b>↑ 7%</b>
<b>Adjusted Gross Profit Margin</b>	<b>22.8%</b>	<b>↓ 21 bps</b>
<b>Adjusted EBITDA Margin</b>	<b>12.0%</b>	<b>↓ 38 bps</b>
<b>Adjusted EPS</b>	<b>\$2.42</b>	<b>→ Flat</b>

## Drivers

- **Demand story improved with N.A. retail up 14% and down 1% vs 2019**
  - Off Road gained share
    - Utility up high teens, Recreation up modestly
  - Indian Motorcycle gained significant share with strong retail
  - Marine continued to see softness
- **Production inefficiencies remain**
- **Adjusted gross profit and EBITDA margins down slightly versus prior year**
  - Favorable net pricing offset by higher finance interest, warranty costs and FX
- **New products shipping: RZR XP, Polaris XPEDITION and RANGER XP Kinetic**
- **Narrowing full-year guidance**

## A Good Quarter Led by Share Gains and Retail Growth



## N.A. ORV Retail Trends

- Polaris ORV YTD retail up 3% y/y, down 1% versus 2019
- Utility demand indicators improved
- Recreation retail improved
- Promotions returned, although still below 2019 levels
- Net pricing was positive
- Strong interest in new vehicles and premium products



## Customer Trends and Insights

- Accessory attachment rates and part sales remain healthy
- Total leads (paid and organic) up double digits %
- Consumers continue to demonstrate a healthy financial position
- Total web sessions for all segments were up double digits %

## ORV Dealer Insights

- **Comprehensive bi-annual survey showed high dealer satisfaction**
  - Dealer retail outlook continued to favor RANGER (Utility)
- **Dealer visits were positive**
  - Polaris is leading the innovation race
  - Year playing out better than initially expected
  - Low to mid recreation products are the biggest challenge

**Continued Confidence in Our Demand Expectations**



## 2024 Polaris RZR XP

- All-new platform with rugged design and stronger chassis
- Superior fit and finish with roomier cockpit and new seats
- 90 new accessories
- 114 HP ProStar 1000 Gen2 engine
- Best-selling sport side-by-side of all time
- Shipped to dealers in Q2 2023



## 2024 Polaris XPEDITION

- All-new, category defining, industry-first Adventure model for new customer type
- Largest accessory portfolio at launch ever (100+), including the all-new customizable Lock & Ride MAX cargo system
- Longest fuel range of 200+ miles with 114 HP engine
- Available in 2-seat and 5-seat models
- Shipping recently began



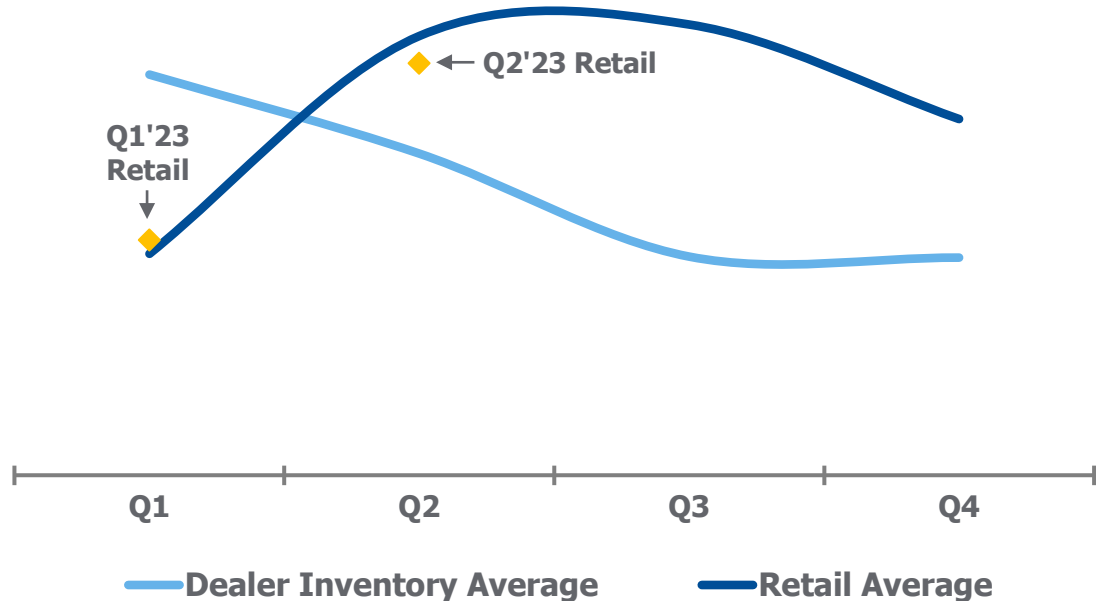
**Rider-Driven Innovation at a New Level**



## N.A. ORV Historical Seasonality

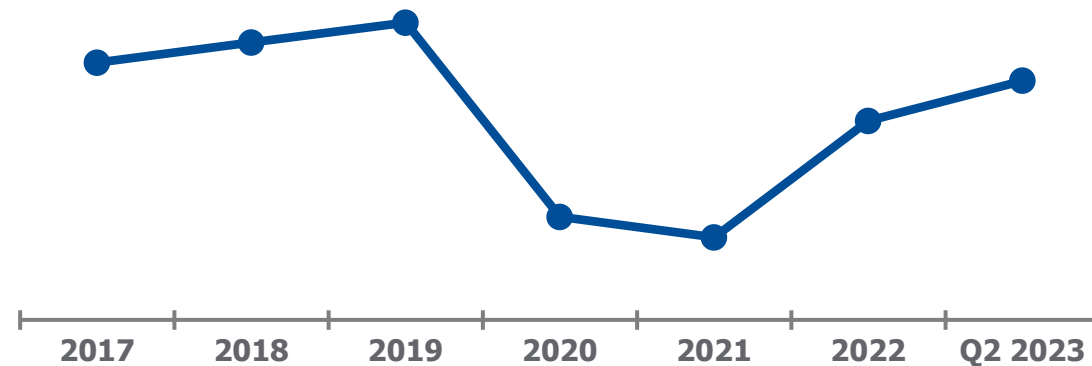
(in units)

### 2016 - 2019 AVERAGE RETAIL & DEALER INVENTORY



## N.A. ORV Dealer Inventory

(in units)



## Total Polaris Call-outs

- 2023 Q2 dealer inventory was down ~20% vs 2019 and up ~160% vs 2022
- Dealer inventory is near optimal levels
- Q3 retail is expected to be flattish sequentially, ORV up slightly
- Retail seasonality is returning but is not reflected in year-over-year comparisons
- Continue to have greatest opportunity in premium products and RANGER

**Inventory Near Optimal | Seasonality Impacting Comparisons**

# 2022 Geared for Good Report Launches Environmental Goals



Continually tuning to be good stewards for our industry, employees, riders, communities, and the outdoors



## Original 5-Year Goals Achieved

### 2022 Goals\* vs 2022 Results\*

- ✓ 5% Reduction in GHG emissions  
Exceeded 18% cumulative reduction
- ✓ 5% Improvement in Energy Efficiency  
Exceeded 11% cumulative improvement
- ✓ 15% Total Renewable Energy Portfolio  
19% renewable energy

\*Based on 2017 Baseline

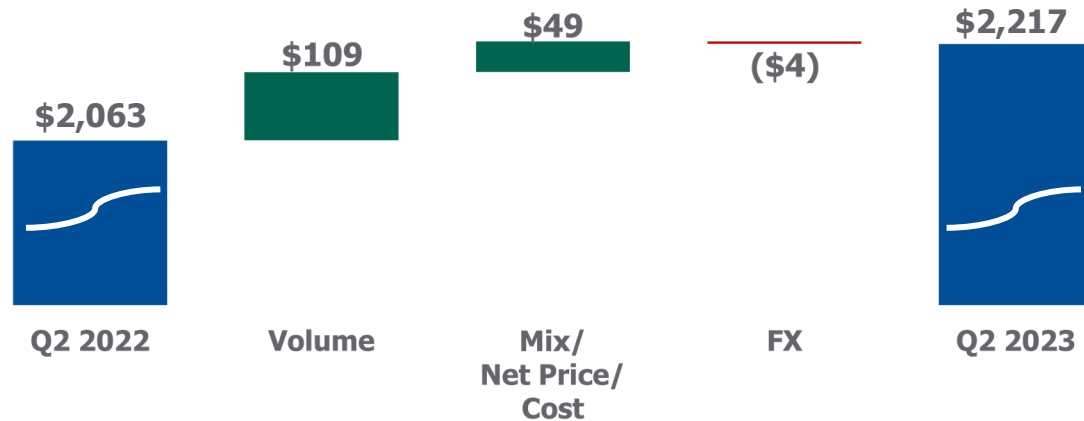
## New 2035 Environmental Goals

- Achieve 90% recyclable content in off-road vehicles
- Reduce substances for very high concern in our bill of materials
- Reach 75% renewable electricity globally within our operations
- Reduce absolute Scope 1 and 2 emissions by 50%
- Divert 90% of waste from landfills
- Implement a water stewardship program in 100% of our manufacturing facilities
- Participate in EPA's Smartway Transportation Partnership

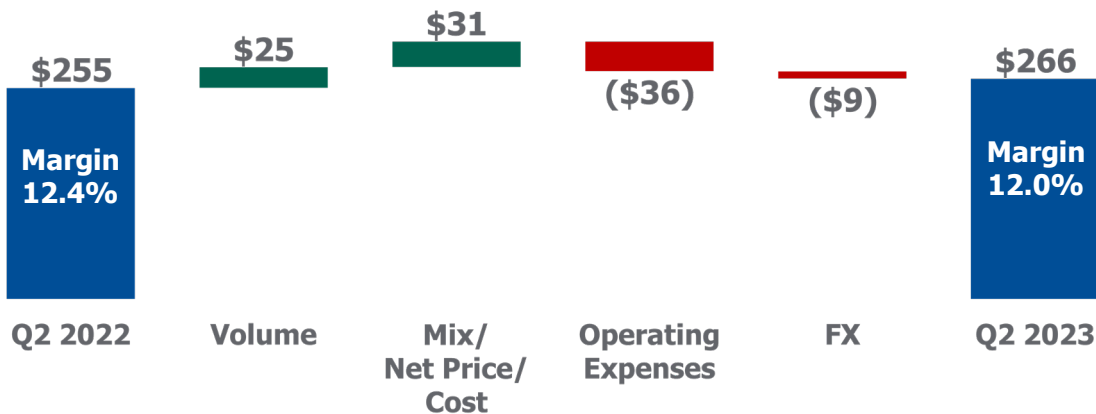
## Continuing to Think Outside



## Sales



## Adjusted\* EBITDA



## Financial Highlights (Y/Y)

- **Quarterly sales of \$2.2B, up 7%**
  - Strong contribution from ship volumes and net pricing more than offset higher finance interest
  - International sales were up 6%
    - Good contribution from Latin America
  - PG&A sales were up 12%
- **Adjusted\* EBITDA margin down 38 bps**
  - Higher operating expenses and finance interest partially offset by favorable net pricing and volume
- **Adjusted\* EPS of \$2.42, flat**
- **Other items:**
  - Effective tax rate of 22.3%
  - Net interest expense of \$31M
  - Average outstanding diluted shares ~58M
    - Down 4% year-over-year

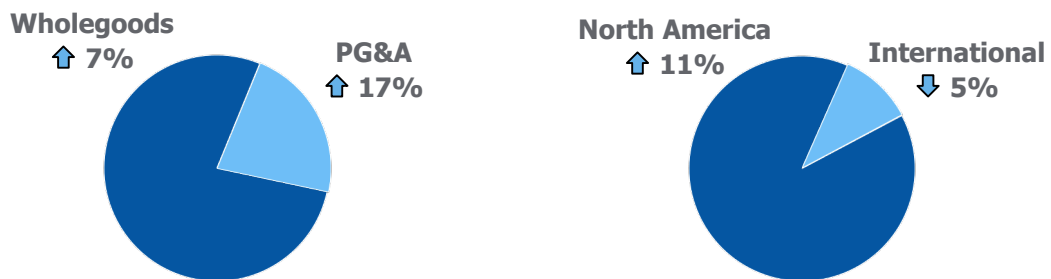
## Another Encouraging Quarter





## Q2 Results & Y/Y Change

**Sales:** **\$1,631M** **↑ 9%**



**Gross Profit Margin:** **22.4%** **↓ 135 bps**

**Market Share:**  
(N.A.) **↑ Off-Road Vehicles**

## PII Call-outs

- Demand metrics improved across Utility and Recreation
- Gained share in ORV during the quarter
- N.A. ORV retail up 14%, down 5% vs 2019
- Strong interest in new Recreation vehicles
- Margin pressured by increased snow warranty costs and mix
- 12-month rolling average N.A. ORV market share flat to industry

## Retail Sales

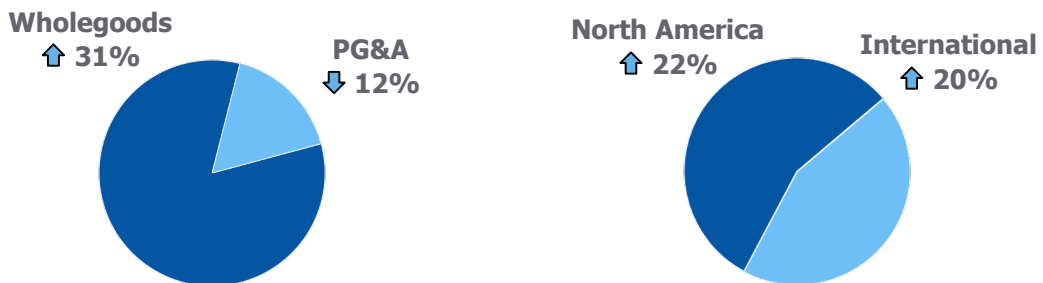
	North America		International <sup>(1)</sup>	
	<u>POLARIS</u>	<u>INDUSTRY</u>	<u>POLARIS</u>	<u>INDUSTRY</u>
<b>ORV</b>	↑ 14%	↑ HIGH-SINGLE DIGITS %	↑ HIGH-TEENS %	↓ HIGH-SINGLE DIGITS %
<i>SxS</i>	↑ LOW-DOUBLE DIGITS %			
<i>ATV</i>	↑ HIGH-TEENS %			
<b>Snowmobiles</b>	N/A (OFF-SEASON)			

## Improved Retail Trends and Share Gains



## Q2 Results & Y/Y Change

**Sales:** **\$362M** **↑ 21%**



**Gross Profit Margin:** **22.6%** **↑ 480 bps**

**Market Share:** **↑ Indian Motorcycle**  
(N.A.)

## PII Call-outs

- **N.A. Indian Motorcycle share gains in midsize and heavyweight**
- **Indian Motorcycle N.A. retail was up 40%+ year-over-year**
  - Market share is over 13%
- **Strongest motorcycle portfolio in our history**
- **Record gross profit dollars and percent of sales from Indian Motorcycle**
- **12-month rolling average N.A. market share +2 points to industry**

## Retail Sales

	North America		International <sup>(1)</sup>	
	<u>POLARIS</u>	<u>INDUSTRY</u>	<u>POLARIS</u>	<u>INDUSTRY</u>
<b>Indian Motorcycle</b>	↑ LOW 40s %	↑ LOW-SINGLE DIGITS %	↑ MID-TEENS %	↑ MID-SINGLE DIGITS %

## Robust Results on Sales and Margin



## Q2 Results & Y/Y Change

**Sales:** \$224M ↓ 18%

**Gross Profit Margin:** 25.7% ↑ 130 bps

**Market Share:** (N.A.) ↑ Marine<sup>(1)</sup>



## PII Call-outs

- Year-to-Date pontoon industry is down low-double digits percent
- Dealers seeing soft retail due to higher interest rates for consumers
- Bennington gained share
- Actively managing variable costs to protect margin
- 12-month rolling average pontoon market share down ~1 points to industry

## Retail Sales<sup>(1)</sup>

### North America

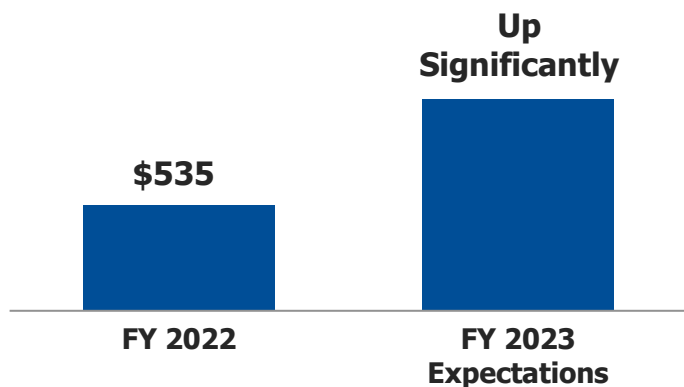
	<u>POLARIS</u>	<u>INDUSTRY</u>
<b>Pontoons</b>	↓ MID-SINGLE DIGITS %	↓ MID-SINGLE DIGITS %
<b>Deck Boats</b>	↓ MID-SINGLE DIGITS %	↓ LOW-TWENTIES %

## Share Gains Despite a Soft Marine Industry



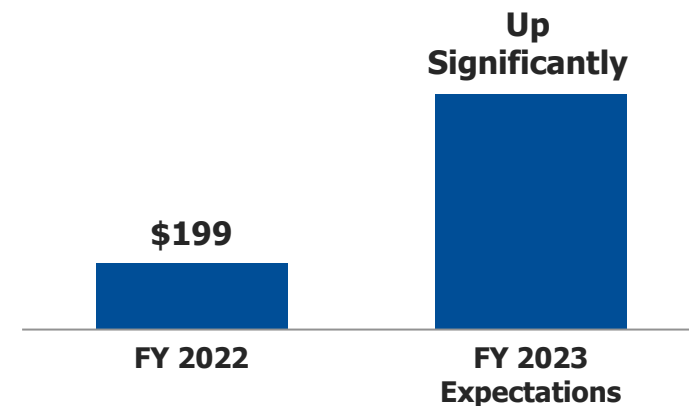
## Operating Cash Flow

\$ in millions



## Adjusted Free Cash Flow

\$ in millions



## 2023 Capital Deployment Priorities

### #1 Priority – Organic Investment

~\$400 million capital expenditures; 4% of sales on R&D

### #2 Priority – Dividends

Dividend Aristocrat – 28 consecutive years of raising dividend

### #3 Priority – Share Repurchase

Repurchased 0.9 million shares for \$101 million in 1H 2023

Repurchased 3.8 million shares for \$434 million over the last 12 months

~\$260 million remaining on share repurchase authorization

## Key Financial Metrics

\$ in millions

Cash	\$340
Capex (YTD)	\$206
Total Debt	\$2,061
Dividends (YTD)	\$74
Share Repurchases (YTD)	\$101
Net Leverage Ratio	1.5x

**Continue to See Strong Cash Generation and Healthy Financial Position**

# Full Year 2023 Guidance & Expectations



## Total Company Sales

\$ in Millions

Increased

↑ 3% to ↑ 6%

\$8.8B to \$9.1B

Relative to 2022 at \$8.6B

## Segment Sales

Off Road ↑ HIGH-SINGLE DIGITS %  
Increased

On Road ↑ LOW-SINGLE DIGITS %  
Unchanged

Marine ↓ MID-TEENS %  
Lowered

## Outlook Assumptions

- Revenue driven by higher shipments and favorable mix
- Expect industry full-year retail to be up low-single digits
- Positive price offsetting increased promotions
- Margin expansion from higher volume/mix and lower cost premiums
- Elevated production costs
- Full-year FX headwind to adjusted EBITDA of ~\$50M
- Interest expense headwind of over \$50M
- PG&A expected to be up low-teens %, Intl up low-double digits %

## Adjusted\* EPS

Narrowed

↓ 2% to ↑ 3%

\$10.20 to \$10.75

Relative to 2022 at \$10.40

## Adjusted\* Margins

% of Sales

Gross Profit Margin

Unchanged

↑ 10 to 40 bps

Relative to 2022 at 22.8%

EBITDA Margin

Narrowed

↑ 20 to 40 bps

Relative to 2022 at 12.5%

## Key Metrics

Key Metric	April Call FY 2023 Expectations	Updated FY 2023 Expectations
Operating Expense	Flat to up ~30 bps	Up 30 bps to 50 bps
Interest Expense	~\$125 million	Unchanged
Tax Rate	22.0% to 22.5%	Unchanged
Diluted Shares	Flat to Q4'22	58 million
Depreciation	Up ~15%	Unchanged
Fin. Services Income	Up ~40%	Up ~50%
Operating & Adj. FCF	Up significantly	Unchanged
Capex	~\$400 million	Unchanged

Updated Full-Year Guidance and Focused on Delivering a Strong Year



- Share gains in Off Road, On Road and Marine; increased confidence in Off Road and On Road consumer demand signals while Marine weakened
- Expect industry full-year N.A. powersports retail to be up low-single digits relative to 2022
- Strong product innovation continues; Accelerating rider-driven innovation with new product launches ... more to come
- Production inefficiencies remain
- Committed to winning in a competitive environment by delivering high quality and innovative products while remaining agile and efficient
- Narrowed full-year guidance



**Powering Passion and Pioneering New Possibilities for All Those Who Play, Work and Think Outside**



# Q & A





- **Non-GAAP Reconciliations – Total Company**
- **Non-GAAP Reconciliations – Net Income to Adjusted EBITDA**
- **Non-GAAP Reconciliations – Segments / Cash Flow**
- **2023 Guidance Adjustments**



# Non-GAAP Reconciliations – Total Company



## Reconciliation of GAAP "Reported" Results to Non-GAAP "Adjusted" Results (In Millions, Except Per Share Data; Unaudited)

	Six months ended June 30,		Full Year
	2023	2022	2022
<b>Gross profit</b>	<b>974.2</b>	<b>827.3</b>	<b>1,959.5</b>
Restructuring & realignment <sup>(2)</sup>	—	0.2	0.2
<b>Adjusted gross profit</b>	<b>974.2</b>	<b>827.5</b>	<b>1,959.7</b>
<b>Income from continuing operations before income taxes</b>	<b>317.9</b>	<b>273.1</b>	<b>761.4</b>
Distributions from other affiliates <sup>(1)</sup>	—	—	(0.7)
Restructuring & realignment <sup>(2)</sup>	0.5	4.3	6.2
Intangible amortization <sup>(3)</sup>	8.9	9.8	18.8
Class action litigation expenses <sup>(4)</sup>	5.0	1.1	4.5
<b>Adjusted income from continuing operations before income taxes</b>	<b>332.3</b>	<b>288.3</b>	<b>790.2</b>
<b>Net income from continuing operations attributable to Polaris Inc.</b>	<b>247.7</b>	<b>215.9</b>	<b>602.9</b>
Distributions from other affiliates <sup>(1)</sup>	—	—	(0.7)
Restructuring & realignment <sup>(2)</sup>	0.4	3.3	4.7
Intangible amortization <sup>(3)</sup>	6.7	7.4	14.3
Class action litigation expenses <sup>(4)</sup>	3.8	0.9	3.6
<b>Adjusted net income from continuing operations attributable to Polaris Inc.<sup>(5)</sup></b>	<b>\$ 258.6</b>	<b>\$ 227.5</b>	<b>\$ 624.8</b>
<b>Diluted EPS from continuing operations attributable to Polaris Inc.</b>	<b>\$ 4.28</b>	<b>\$ 3.55</b>	<b>\$ 10.04</b>
Distributions from other affiliates <sup>(1)</sup>	—	—	(0.01)
Restructuring & realignment <sup>(2)</sup>	—	0.06	0.08
Intangible amortization <sup>(3)</sup>	0.12	0.12	0.24
Class action litigation expenses <sup>(4)</sup>	0.07	0.01	0.05
<b>Adjusted EPS from continuing operations attributable to Polaris Inc. <sup>(5)</sup></b>	<b>\$ 4.47</b>	<b>\$ 3.74</b>	<b>\$ 10.40</b>

### Adjustments:

- (1) Represents distributions received related to an impaired investment held by the Company
- (2) Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation costs
- (3) Represents amortization expense for acquisition-related intangible assets
- (4) Represents adjustments for certain class action litigation-related expenses
- (5) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2023 and 2022, except for non-deductible items

# Non-GAAP Reconciliations – Net Income to Adjusted EBITDA



## Reconciliation of Net Income to Adjusted EBITDA

(In Millions, Unaudited)

	Six months ended June 30,		Full Year
	<u>2023</u>	<u>2022</u>	<u>2022</u>
<b>Sales</b>	<b>4,396.3</b>	<b>3,844.3</b>	<b>8,589.0</b>
<b>Net income from continuing operations</b>	<b>247.9</b>	<b>216.1</b>	<b>603.4</b>
Provision for income taxes	70.0	57.0	158.0
Interest expense	59.7	26.7	71.7
Depreciation	111.6	103.9	214.0
Intangible amortization <sup>(3)</sup>	8.9	9.8	18.8
Distributions from other affiliates <sup>(1)</sup>	—	—	(0.7)
Restructuring & realignment <sup>(2)</sup>	0.5	4.3	6.2
Class action litigation expenses <sup>(4)</sup>	5.0	1.1	4.5
<b>Adjusted EBITDA</b>	<b>\$ 503.6</b>	<b>\$ 418.9</b>	<b>\$ 1,075.9</b>
<b>Adjusted EBITDA Margin</b>	<b>11.5 %</b>	<b>10.9 %</b>	<b>12.5 %</b>

### Adjustments:

- (1) Represents distributions received related to an impaired investment held by the Company
- (2) Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation costs
- (3) Represents amortization expense for acquisition-related intangible assets
- (4) Represents adjustments for certain class action litigation-related expenses

# Non-GAAP Reconciliations – Segments / Cash Flow



## Reconciliation of GAAP Segment Gross Profit to Non-GAAP Segment Gross Profit (In Millions, Unaudited)

	Six months ended June 30,	
	2023	2022
<b>Off Road segment gross profit</b>	\$ 697.1	\$ 612.9
No adjustment	—	—
Adjusted Off Road segment gross profit	<u>697.1</u>	<u>612.9</u>
<b>On Road segment gross profit</b>	151.0	94.6
No adjustment	—	—
Adjusted On Road segment gross profit	<u>151.0</u>	<u>94.6</u>
<b>Marine segment gross profit</b>	119.0	113.1
No adjustment	—	—
Adjusted Marine segment gross profit	<u>119.0</u>	<u>113.1</u>
<b>Corporate segment gross profit</b>	7.1	6.7
Restructuring & realignment <sup>(1)</sup>	—	0.2
Adjusted Corporate segment gross profit	<u>7.1</u>	<u>6.9</u>
<b>Total gross profit</b>	974.2	827.3
Total adjustments	—	0.2
Adjusted total gross profit	<u>\$ 974.2</u>	<u>\$ 827.5</u>

### Adjustments:

<sup>(1)</sup> Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation

## Reconciliation of GAAP Operating Cash Flow to Non-GAAP Adjusted Free Cash Flow (In Millions, Unaudited)

	Six months ended June 30,		Full Year
	2023	2022	2022
<b>Net cash provided by (used for) operating activities of continuing operations</b>	347.9	(39.9)	534.5
Purchase of property and equipment	(206.2)	(119.4)	(306.6)
Investment in finance affiliate, net	12.7	16.7	(28.7)
<b>Adjusted free cash flow</b>	<u>\$ 154.4</u>	<u>\$ (142.6)</u>	<u>\$ 199.2</u>

**Key Definitions:** This presentation contains certain GAAP financial measures which have been "adjusted" for certain revenues, expenses, gains and losses as described below and include "adjusted" gross profit, income before taxes, net income, EBITDA, EBITDA margin, and net income per diluted share (non-GAAP measures) as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, to understand the performance of its ongoing operations and how management views the business. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.



2023 adjusted guidance excludes the pre-tax effect of supply chain transformation, restructuring and network realignment costs of approximately \$5 million, and approximately \$10 million for class action litigation-related expenses. Intangible amortization of approximately \$20 million related to all acquisitions has also been excluded.

The Company has not provided reconciliations of guidance for adjusted diluted net income per share, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include restructuring and realignment costs and acquisition integration costs that are difficult to predict in advance in order to include in a GAAP estimate.