POLARIS

Second Quarter 2021 Earnings Presentation

July 27, 2021







Safe Harbor & Non-GAAP Measures

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 severity and duration of the COVID-19 pandemic and the resulting impact on the Company's business, supply chain, and the global economy; the Company's ability to successfully implement its manufacturing operations expansion and supply chain initiatives; the Company's ability to successfully source necessary parts and materials and the ability of the Company to manufacture and deliver products to dealers to meet increasing demand and to bring dealer inventory levels back to optimal levels; the continuation of the increasing consumer demand for the Company's products; product offerings, promotional activities and pricing strategies by competitors; economic conditions that impact consumer spending; disruptions in manufacturing facilities; acquisition integration costs; 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 claims; uncertainty in the retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general overall 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 compiled by the Company or Company estimates and other industry data sources. The Company must rely on information that its dealers 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 and net income per diluted share 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 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.

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Mike Speetzen
Chief Executive Officer

Second Quarter 2021 Earnings Results

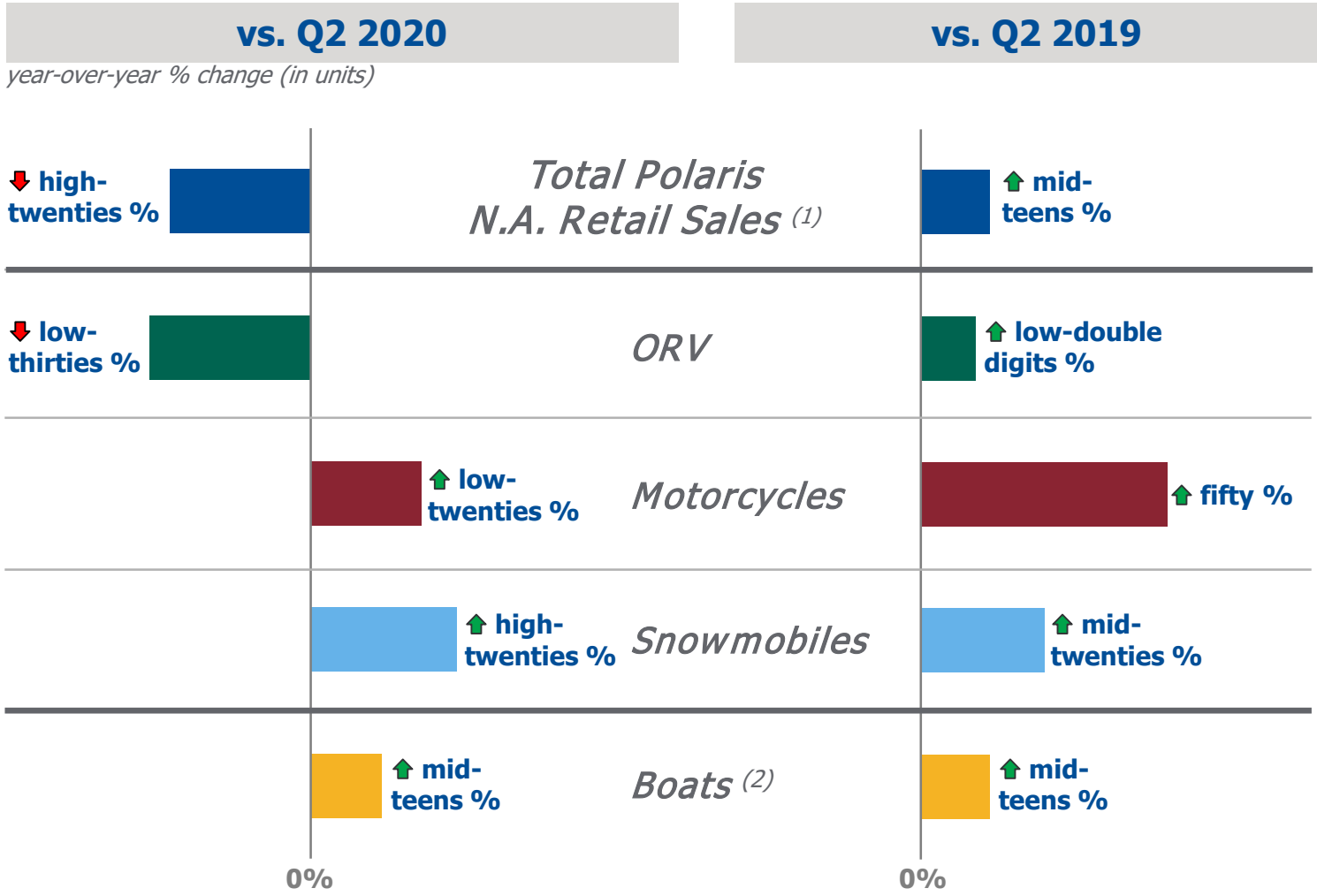
July 27, 2021

Second Quarter 2021 Summary

- Company exceeded financial expectations for the quarter
- Retail demand remained strong, customer pre-orders are at all-time highs
- New customer growth continues at record levels
- Market share gains continued: ATVs, Side-by-Sides, Boats
- PG&A and International grew sales significantly during the quarter
- Production/delivery continues to be impacted by supply chain challenges
- Increasing earnings guidance given continued demand strength

Continued Strong Performance Despite Supply Chain Challenges

Q2 2021 North American Powersports Retail Sales



Q2 2021 Retail & Market Share

- **Polaris Q2'21 N.A. retail down 28%**
  - On a two-year basis, retail sales up 14% to Q2 2019
- **N.A. powersports industry retail down low twenties % in Q2**
  - ORVs down mid-thirties %
  - Motorcycles up mid-thirties %
- **Boats SSI(2) industry up low-teens % in Q2**
  - Polaris pontoon retail sales ahead of industry
- **Market share gains in ORV and Boats**
  - Indian lost less than 1% share in Q2 driven by availability, primarily in mid-size bikes

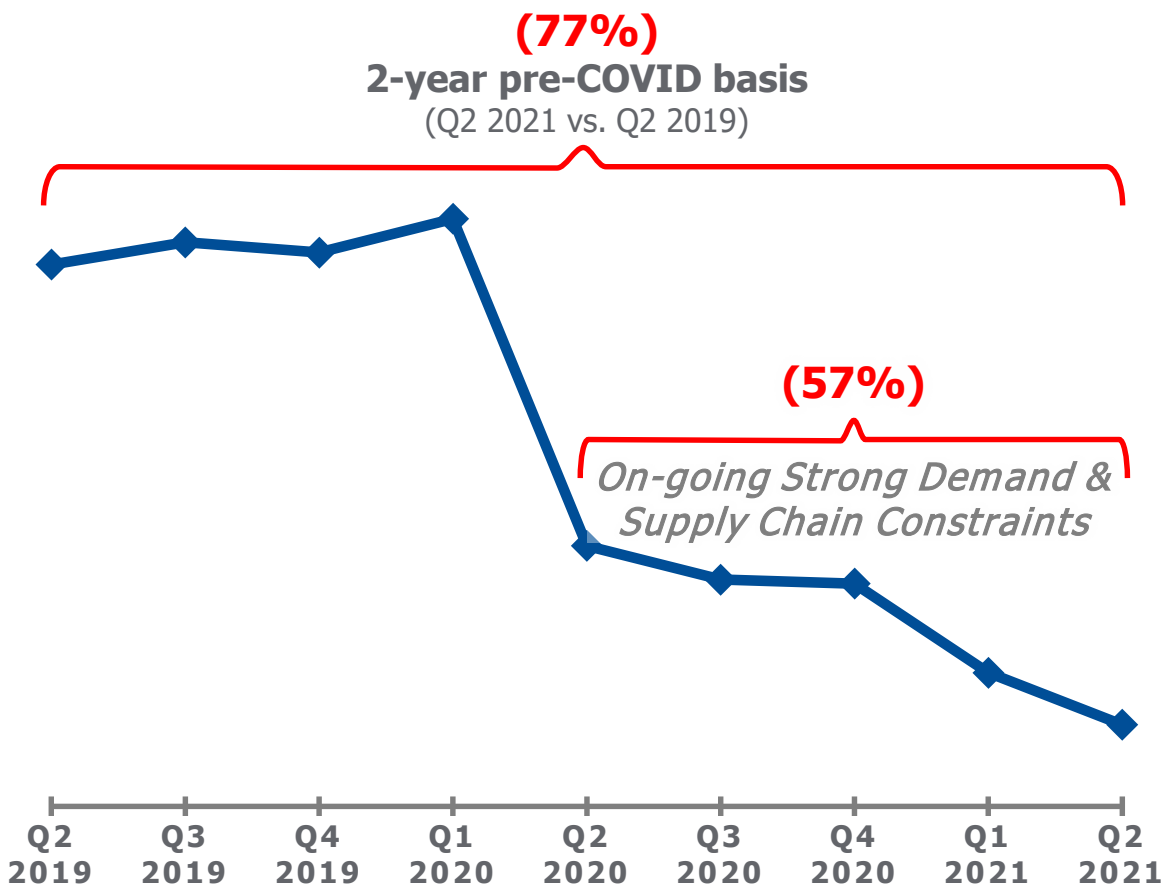
(1) Pontoons not included in Total Company retail sales or Powersports Industry
(2) Pontoons only; Preliminary SSI data, subject to change

Continue Strong Retail Demand and Market Share Gains During the Quarter

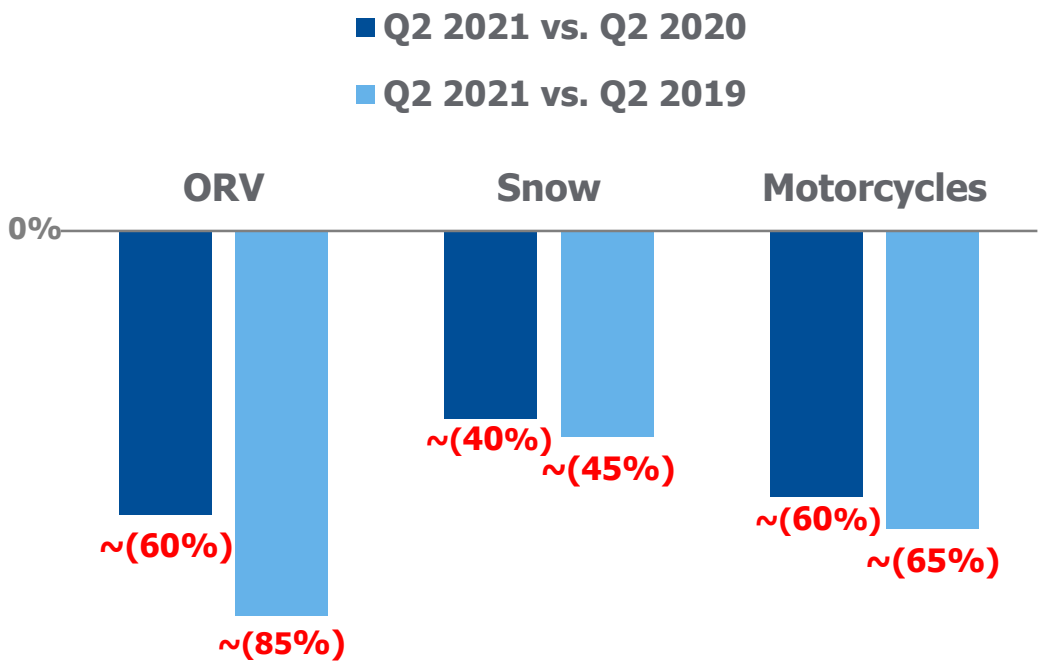
North American Dealer Inventory

Total N.A. Dealer Inventory

(in units) Note: Excludes Boats



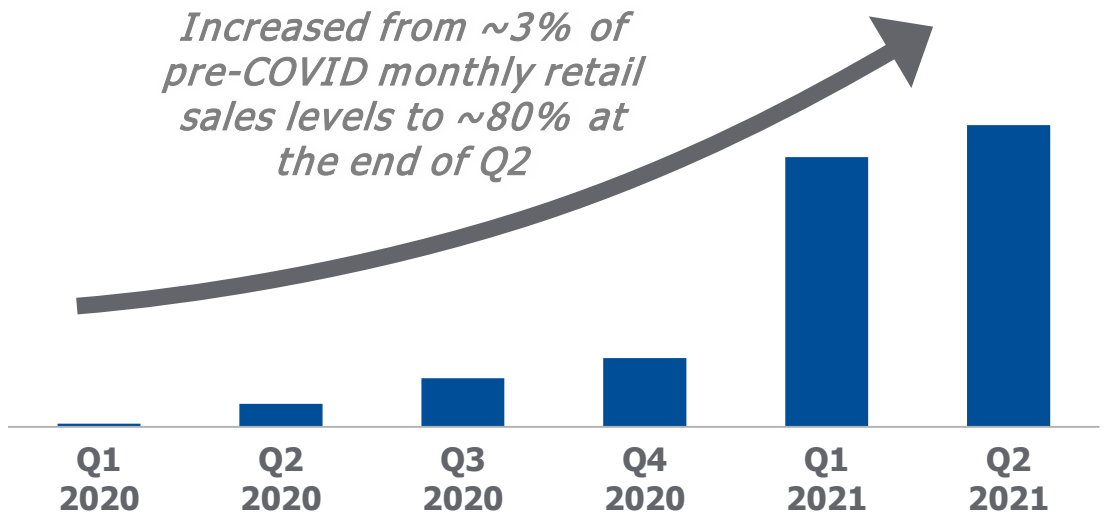
N.A. Dealer Inventory by Business



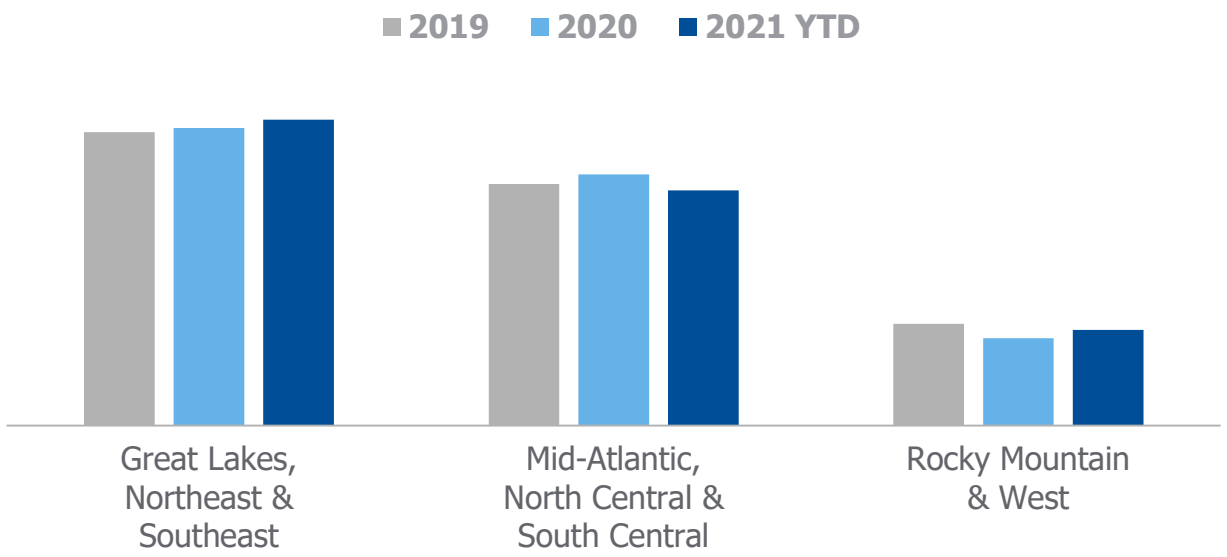
Dealer Inventory Levels Declined Further due to Continued Strong Demand; Supply Constraints

Dealer Pre-sold Orders / Shipment Distribution

ORV Open Pre-sold Orders



ORV Shipments by Region

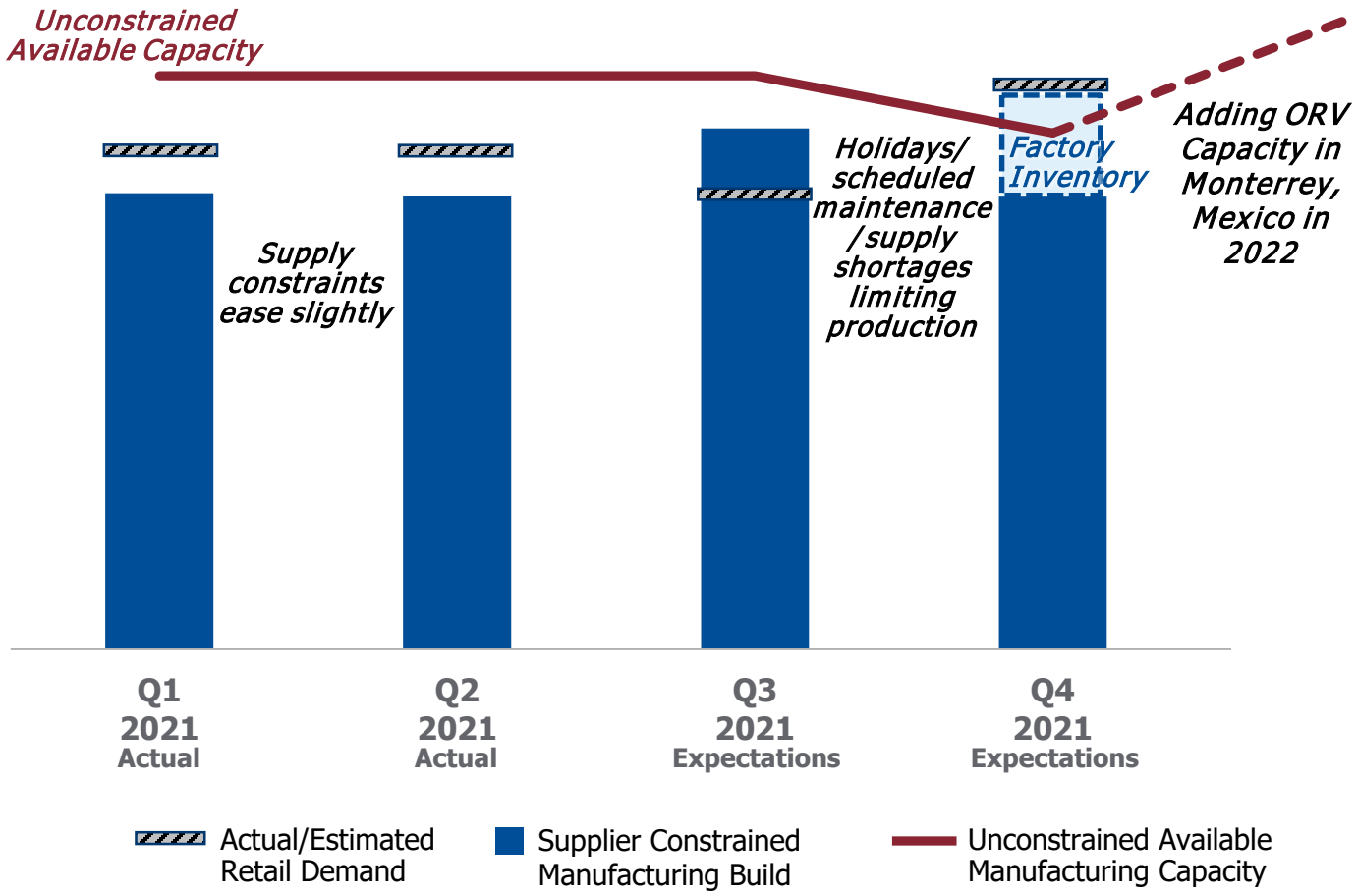


- **~80% of ORV June retail sales were pre-ordered**
  - Motorcycle pre-sold orders at similar levels of ORV
  - Pre-pandemic pre-orders were approximately 3% of monthly retail, on average
- **Pre-sold order cancellations remain at low-single digits %**
- **Shipment distribution by region similar to pre-COVID levels**
- **High integrity in pre-sold order process**

Pre-sold Orders Remain Strong; Shipping Metrics Similar to Pre-COVID Levels

ORV Sourcing Challenges / Capacity Utilization

Manufacturing Capacity Utilization



Sourcing Challenges

Top Challenges

- **COVID pressures continue offshore**
  - Primary challenges in India and SE Asia
- **Commodity cost pressures and material shortages**
  - Steel, aluminum, resins, semi-conductors
- **Labor shortages at select suppliers**

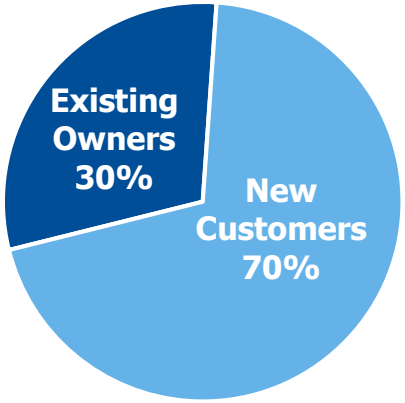
Polaris Actions

- ✓ **Increased supplier communication**
- ✓ **Material substitutions**
- ✓ **Production schedule adjustments**
- ✓ **Spot market raw material buys**
- ✓ **3rd party labor pools / retention incentives**

Polaris Team Counter-measuring to Minimize Plant Inefficiencies

New Customer Growth

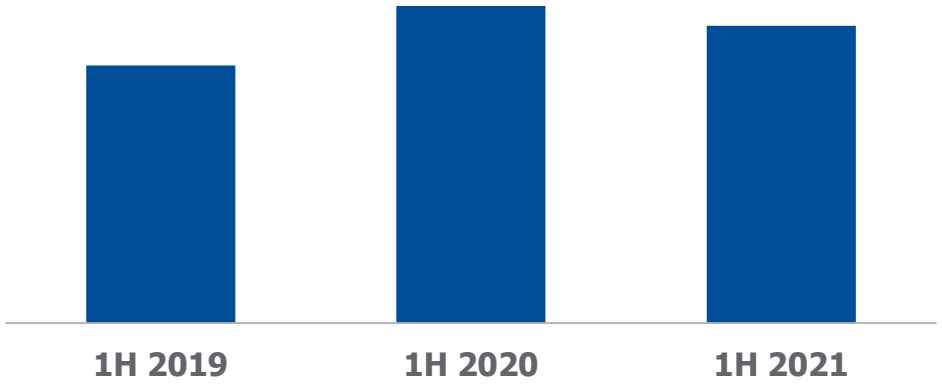
2021 Customer Mix



New Customer Mix Remains at Similar Levels as 2020

New Customer Growth Trends

(in units)















New Customers Remain a Key Driver of Retail Growth

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Bob Mack
Chief Financial Officer

Second Quarter 2021 Earnings Results

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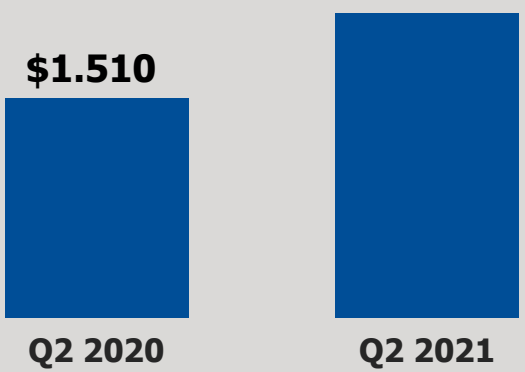


Q2 2021 Financial Results

Sales

$ in billions

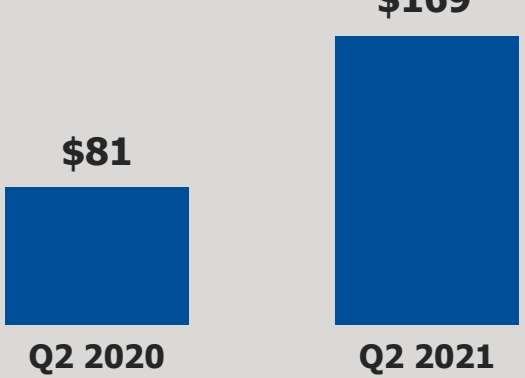
	Q2 '20	Q2 '21
GAAP YoY % Chg.		⬆ 40%
	$1.512	$2.117
ADJUSTED* YoY % Chg.		⬆ 40%
	$1.510	$2.117



Net Income (Loss)

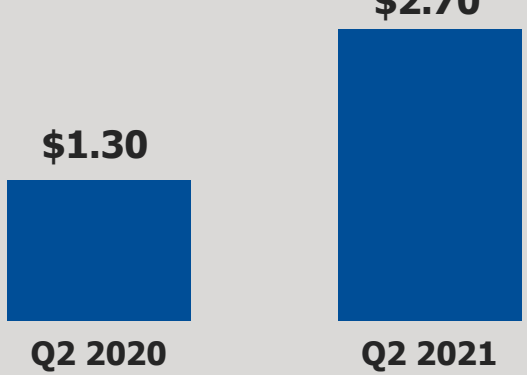
$ in millions

	Q2 '20	Q2 '21
GAAP YoY % Chg.		⬆ Significantly
	($235)	$158
ADJUSTED* YoY % Chg.		⬆ Significantly
	$81	$169



Earnings Per share

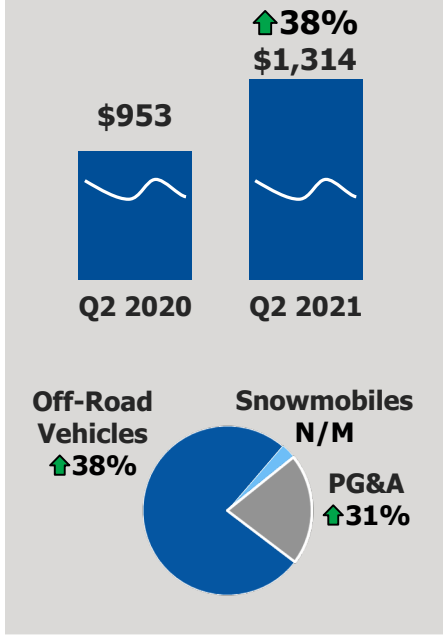
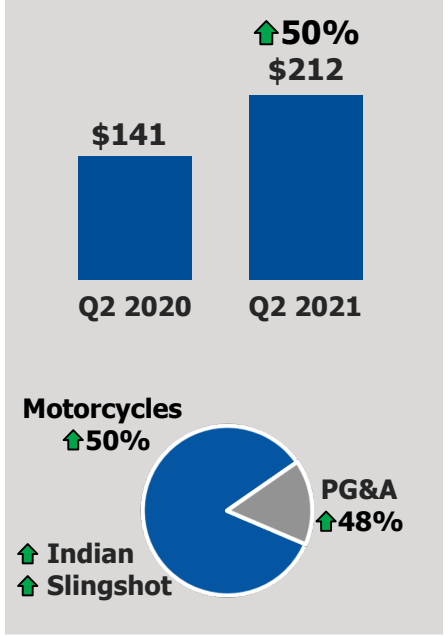
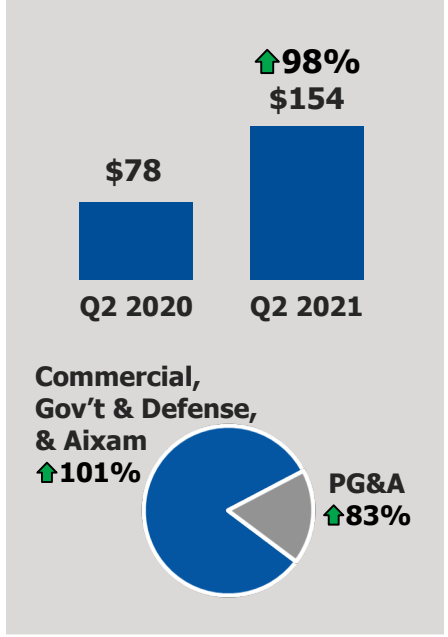
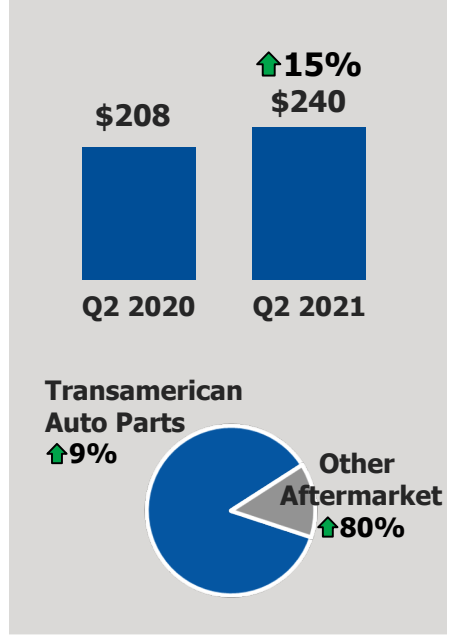
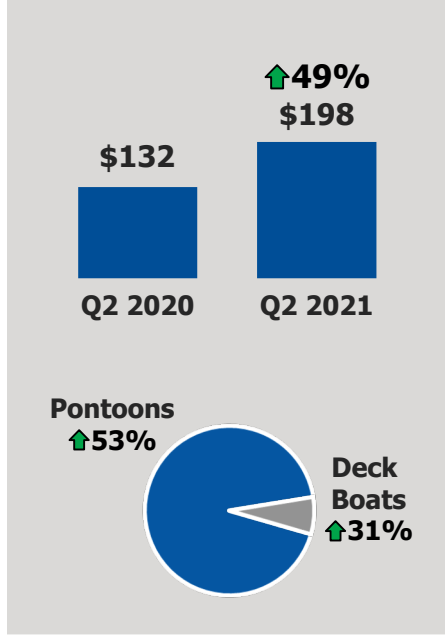
	Q2 '20	Q2 '21
GAAP YoY % Chg.		⬆ Significantly
	($3.82)	$2.52
ADJUSTED* YoY % Chg.		⬆ Significantly
	$1.30	$2.70



**See GAAP/Non-GAAP Reconciliation in Appendix*

Results Driven by Strong Sales, Higher Gross Profit Margins & Operating Expense Leverage

Q2 2021 Segment Sales & Gross Profit Margins

	ORV/Snowmobiles	Motorcycles	Global Adjacent Markets	Aftermarket	Boats*
Q2 2021 Sales ($ in millions)					
Gross Profit Margins*	GAAP 27.7% +132 bps	GAAP 11.2% +817 bps	GAAP 27.1% +561 bps	GAAP 26.2% +328 bps	GAAP 24.0% +996 bps Adj. 24.0% +131 bps

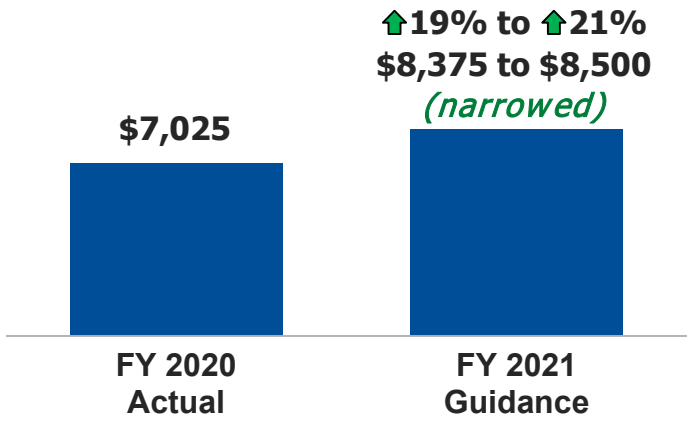
*see GAAP/Non-GAAP Reconciliation in Appendix

All Segments Experienced Sales Growth During the Quarter

Full Year 2021 Sales & EPS Guidance*

Total Company Adjusted* Sales Guidance

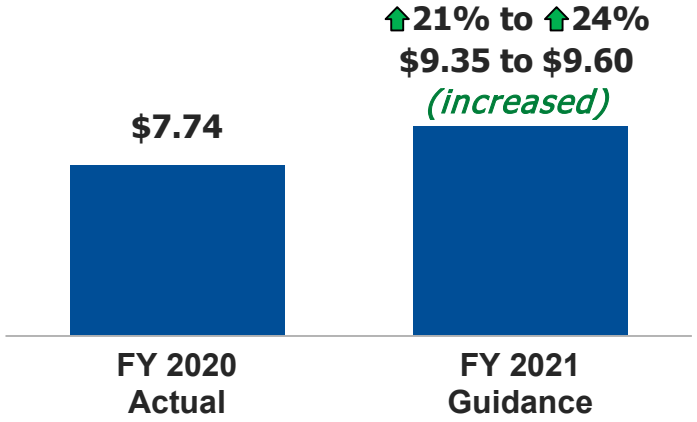
$ in millions



- **Full-year powersports market expected down low-single digits %** *(unchanged)*
- **Polaris retail sales anticipated to outpace overall market**
- **Supplemental:**
  - PG&A sales expected up high-teens % *(unchanged)*
  - International sales expected up low-thirties % *(improved)*
- **Dealer inventory expected to remain below optimal levels**

**See GAAP/Non-GAAP Reconciliation in Appendix; see Appendix for discussion regarding non-GAAP adjustments excluded from 2021 guidance*

Adjusted* Earnings Per Share Guidance



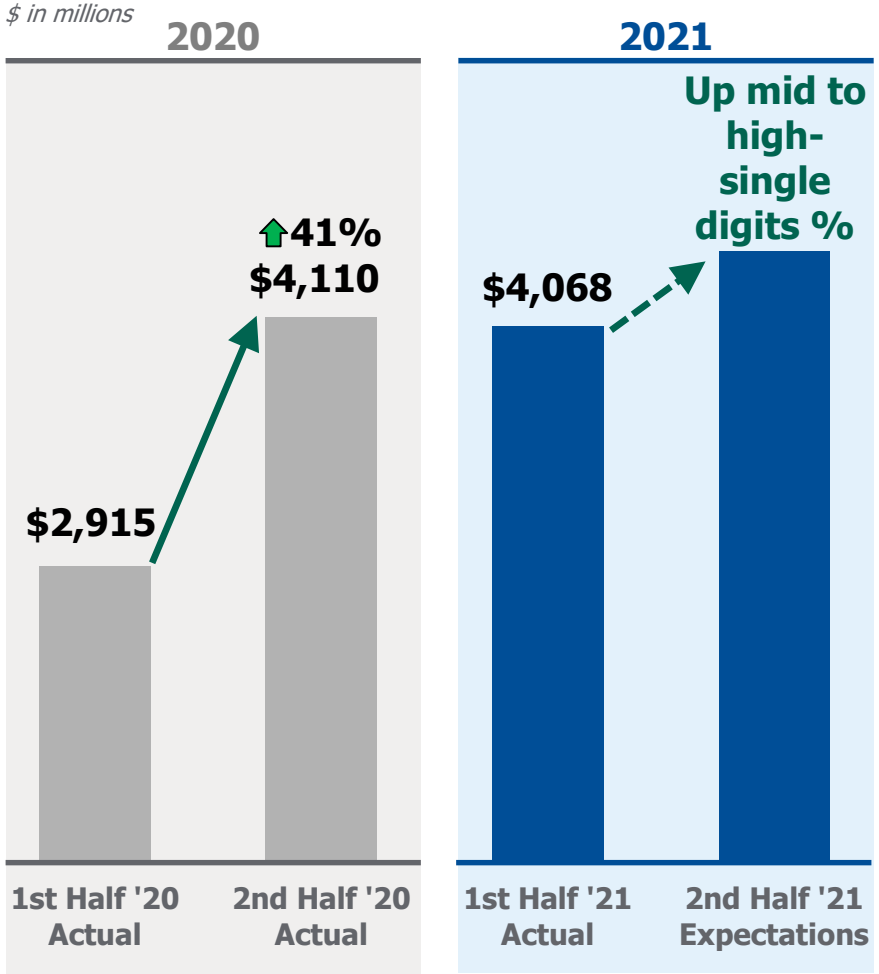
Change from FY 2020	
Gross Margins	*Down 40 to 70 bps (improved)*
Operating Expense	*Down 90 to 120 bps as % of Sales (improved)*
Financial Services	*Down mid-twenties % (lowered)*
Interest Expense	*Down low-thirties% (unchanged)*
Tax Rate	*23.5% to 24.0% (unchanged)*
Diluted Share	*Up ~ 1% (unchanged)*
F/X Impact	*Positive (unchanged)*
Tariffs	*Higher due to expiration of exemptions/ refunds (unchanged)*

Increasing EPS Guidance on Strong Year-to-Date Results and Expected Continued Strong Demand

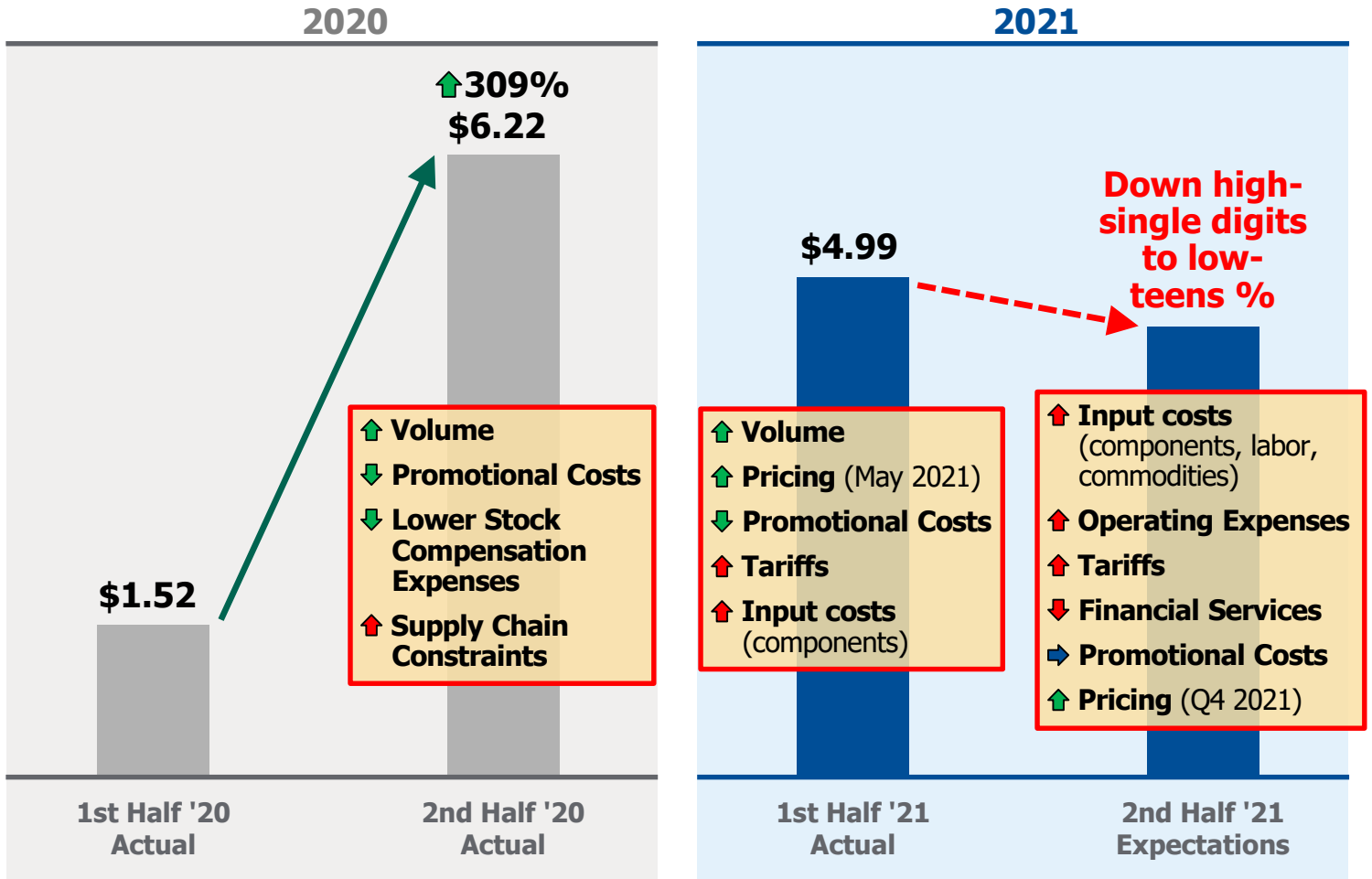
2021 Sales & Adjusted Earnings Cadence

Sales

$ in millions



Adjusted* Earnings Per Share



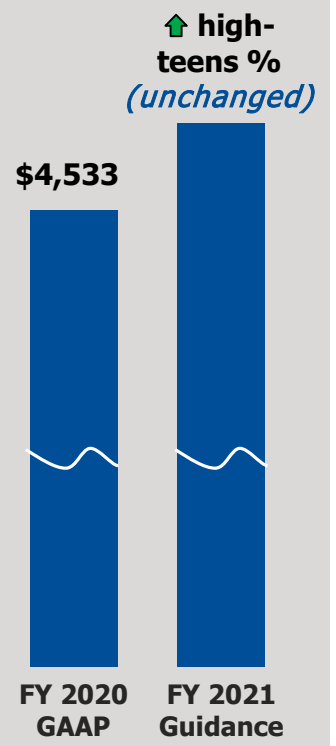
**See GAAP/Non-GAAP Reconciliation in Appendix; see Appendix for discussion regarding non-GAAP adjustments excluded from 2021 guidance*

First Half / Second Half EPS Cadence Impacted by Rising Input Costs & Operating Expense Timing

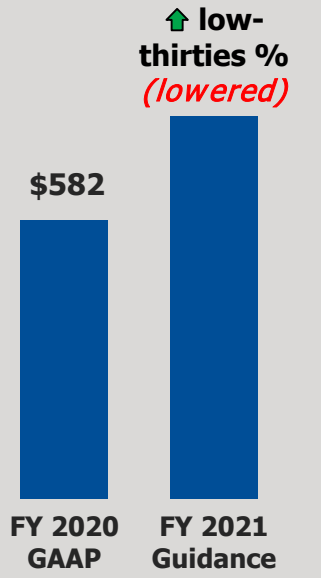
Full Year 2021 Sales Guidance by Segment

Segment Sales ($ in millions)

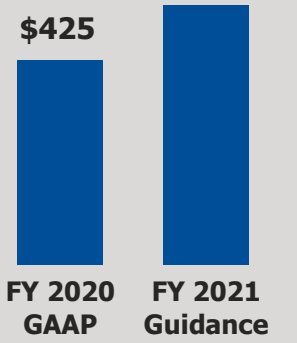
ORV/Snowmobiles



Motorcycles



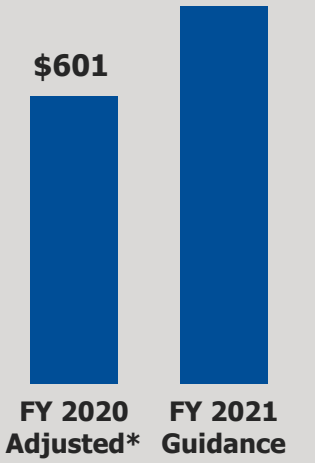
Global Adjacent Markets



Aftermarket

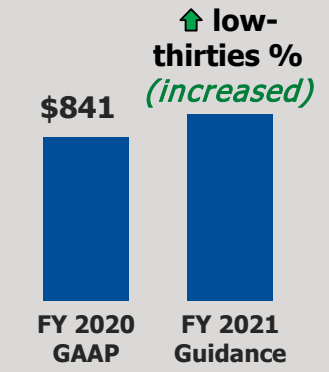


Boats

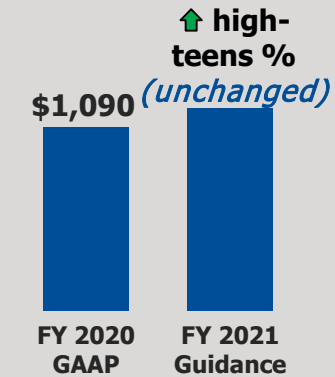


Supplemental Sales Data ($ in millions)

International



PG&A



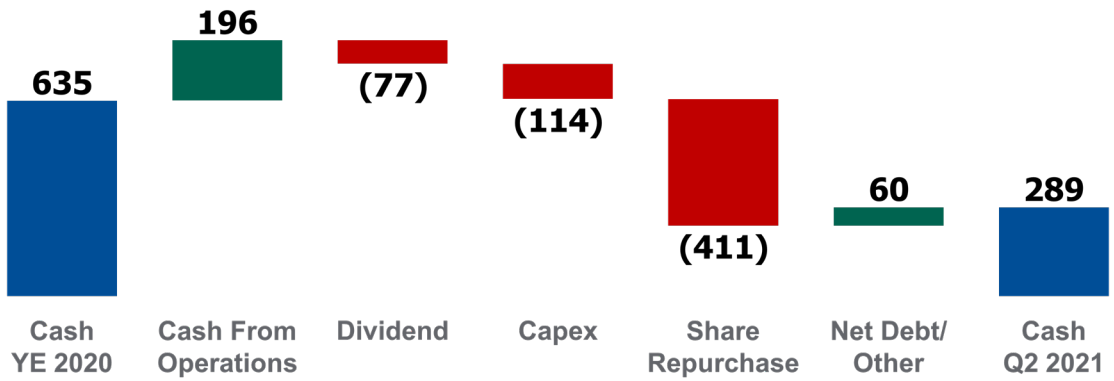
**See GAAP/Non-GAAP Reconciliation in Appendix*

All Segments Expected to Grow in 2021

Financial Position & Liquidity Profile

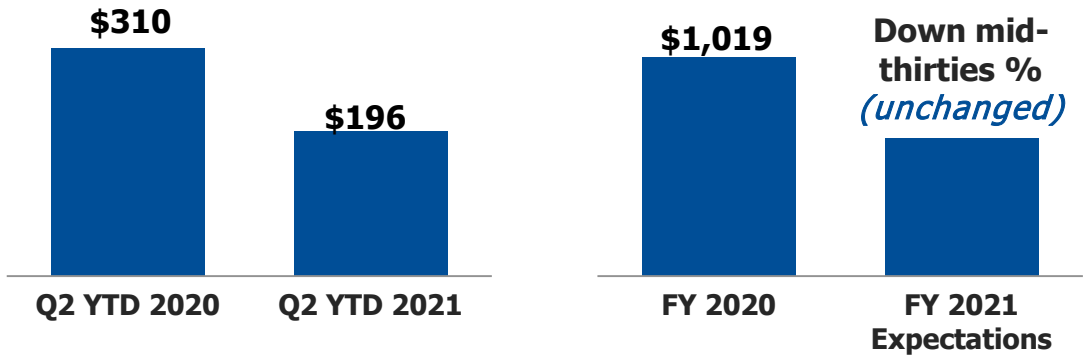
Capital Summary YTD June 2021

$ in millions



Operating Cash Flow

$ in millions



Liquidity Profile

$ in millions

	June 2021	Variance to June 2020
Cash	$289	-47%
Debt /Finance Lease Obligations	$1,331	-31%
Shareholders' Equity	$1,121	+49%
Total Capital	$2,452	-9%
Credit Revolver – Capacity	$1,000	+43%
Credit Revolver Availability	$995	+54%
Debt Interest Rate at June 30	2.80%	-53 bps
Factory Inventory	$1,515	+48%
Stock Buyback (YTD)	$411	+733%
Dividend (YTD)	$1.26	+2%
Debt to Total Capital	*54%*	*-18 pts*
Leverage Ratio	*~0.88x*	*-208 pts*

NM = Not Meaningful

Financial Position Remains Healthy

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Mike Speetzen
Chief Executive Officer

Second Quarter 2021 Earnings Results

July 27, 2021

Final Thoughts

- We continue to effectively manage a challenging environment
- Demand for our products remains strong
- Supply chain challenges expected to continue
- Product innovation ongoing
- Earnings power of Polaris remains strong

Second Half Focus on Successfully Meeting Customer Demand











Questions?



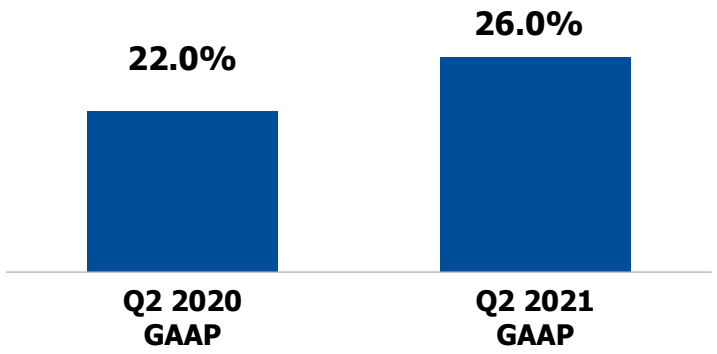


Appendix

- Q2 2021 Gross Profit Margin – Actual by Segment
- Q2 2021 Supplemental Sales
- Q2 2021 Financial Services Income
- Q2 2021 Non-GAAP Reconciliations
- Q2 2021 Non-GAAP Reconciliations – Segments
- 2021 Guidance Adjustments

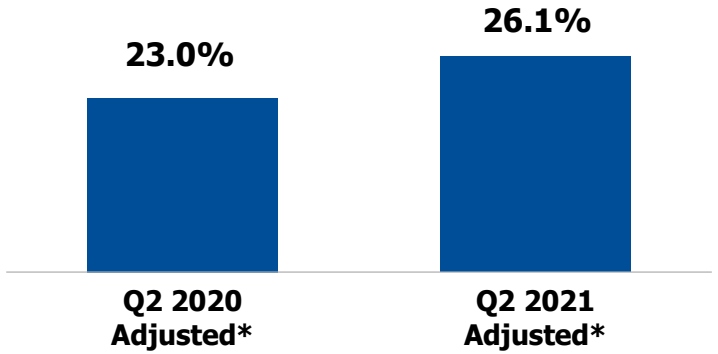
Q2 2021 Gross Profit Margin

Q2 2021 Gross Profit Margin – GAAP



Segments	Q2 2020 GAAP	Q2 2021 GAAP
ORV/Snow	26.4%	27.7%
Motorcycles	3.1%	11.2%
Adj. Markets	21.6%	27.1%
Aftermarket	22.9%	26.2%
Boats	14.1%	24.0%

Q2 2021 Gross Profit Margin – Adjusted*



Segments	Q2 2020 Adjusted*	Q2 2021 Adjusted*
ORV/Snow	26.4%	27.7%
Motorcycles	3.1%	11.2%
Adj. Markets	21.4%	27.1%
Aftermarket	22.9%	26.2%
Boats	22.7%	24.0%

**See GAAP/Non-GAAP Reconciliation in Appendix*

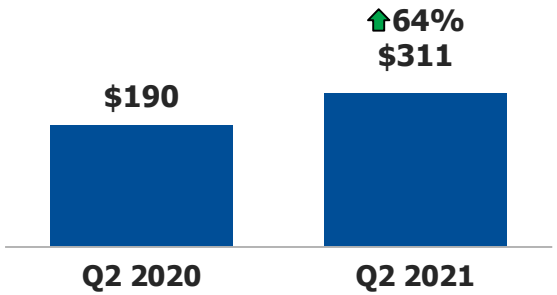
Lower Promotional and Floor Plan Financing Costs Offset Increased Supply Chain Costs

Q2 2021 Supplemental Sales – International & PG&A

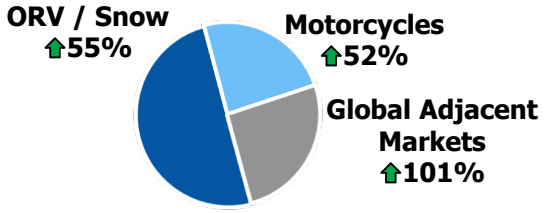
Q2 2021 International Sales

International

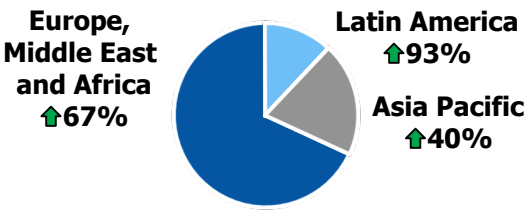
($ millions)



Sales by Segment



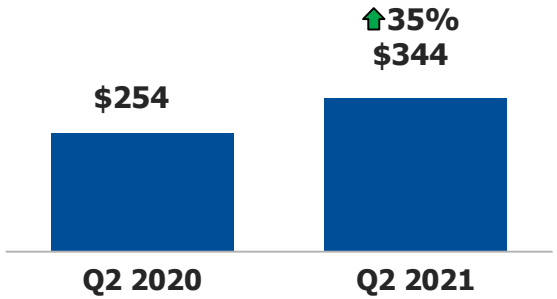
Sales by Region



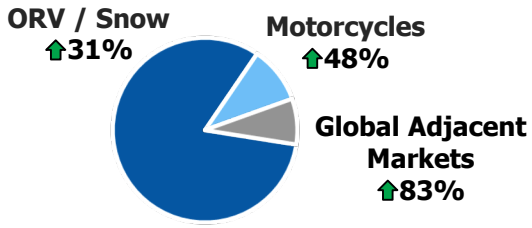
Q2 2021 PG&A Sales

PG&A

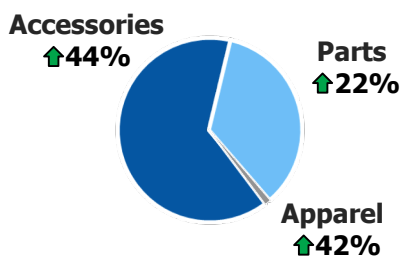
($ millions)



Sales by Segment



Sales by Product

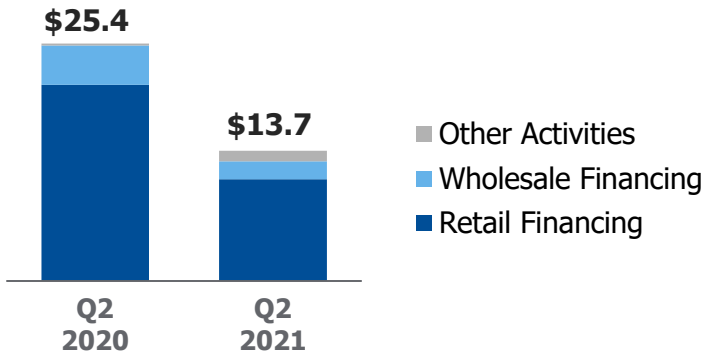


Both International and PG&A Experienced Strong Sales Growth in Q2

Financial Services Arrangements

Financial Services Income by Category

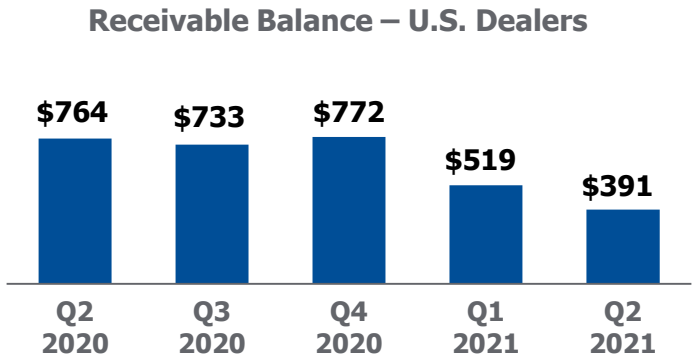
$ in millions



- **Q2 2021 total income down 46%**
- **Retail credit income down 48%**
- **Wholesale credit down 55%**

Wholesale Credit

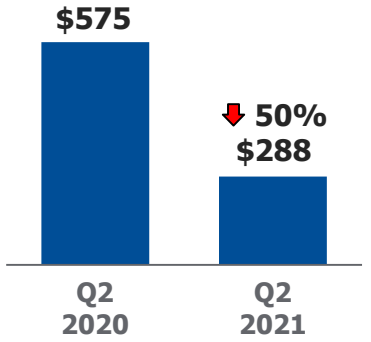
$ in millions



- **Polaris Acceptance 50/50 joint venture with Wells Fargo**
- **Down 49% from Q2 2020**
- **Losses remain well less than 1%**

Retail Credit Contracts Written

$ in millions



- **Third party arrangements with:**
  - Performance Finance
  - Sheffield Financial
  - Synchrony Bank
- **No credit or funding risk to Polaris**
- **Penetration rates lower due to more customers paying cash and/or using alternative finance sources as OEM finance promotions decline**

Financial Services Income Down Due to Lower Wholesale and Retail Financing Income

Non-GAAP Reconciliations

Reconciliation of GAAP "Reported" Results to Non-GAAP "Adjusted" Results

(In Millions, Except Per Share Data; Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Sales	**$ 2,117.2**	**$ 1,511.8**	**$ 4,068.3**	**$ 2,917.0**
Restructuring & realignment [2]	—	(1.7)	—	(1.7)
Adjusted sales	**2,117.2**	**1,510.1**	**4,068.3**	**2,915.3**
Gross profit	**551.4**	**332.7**	**1,031.9**	**625.6**
Restructuring & realignment [2]	1.7	14.8	3.9	20.1
Adjusted gross profit	**553.1**	**347.5**	**1,035.8**	**645.7**
Income (loss) before taxes	**207.1**	**(314.1)**	**382.3**	**(325.7)**
Impairment charges [1]	—	379.2	—	379.2
Restructuring & realignment [2]	1.7	22.9	3.9	34.7
Intangible amortization [3]	8.5	8.7	17.2	18.7
Class action litigation expenses [4]	4.2	4.4	8.4	7.6
Adjusted income before taxes	**221.5**	**101.1**	**411.8**	**114.5**
Net income (loss) attributable to Polaris Inc.	**158.4**	**(235.4)**	**292.5**	**(240.8)**
Impairment charges [1]	—	289.0	—	289.0
Restructuring & realignment [2]	1.3	17.5	3.0	26.5
Intangible amortization [3]	6.5	6.6	13.1	14.1
Class action litigation expenses [4]	3.2	3.2	6.4	5.7
Adjusted net income attributable to Polaris Inc. [5]	**$ 169.4**	**$ 80.9**	**$ 315.0**	**$ 94.5**
Diluted EPS attributable to Polaris Inc.	**$ 2.52**	**$ (3.82)**	**$ 4.63**	**$ (3.90)**
Weighted average shares outstanding adjustment [6]	—	0.02	—	0.03
Impairment charges [1]	—	4.66	—	4.64
Restructuring & realignment [2]	0.02	0.28	0.05	0.43
Intangible amortization [3]	0.11	0.11	0.21	0.23
Class action litigation expenses [4]	0.05	0.05	0.10	0.09
Adjusted EPS attributable to Polaris Inc. [5]	**$ 2.70**	**$ 1.30**	**$ 4.99**	**$ 1.52**

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 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.

Adjustments:

(1) Represents impairment charges related to goodwill and other intangible assets associated with the Company's Aftermarket segment

(2) Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation

(3) Represents amortization expense for acquisition-related intangible assets

(4) Represents adjustments for class action litigation-related expenses

(5) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2021 and 2020, except for non-deductible items

(6) For the three months ended June 30, 2020, the Company used 61.6 million and 62.1 million weighted average shares outstanding to determine Diluted EPS attributable to Polaris Inc. and Adjusted EPS attributable to Polaris Inc., respectively, and for the six months ended June 30, 2020, the Company used 61.7 million and 62.3 million weighted average shares outstanding to determine Diluted EPS attributable to Polaris Inc. and Adjusted EPS attributable to Polaris Inc., respectively. The differences are the result of the exclusion of additional outstanding stock options and certain shares issued under the Omnibus Plan from the Diluted EPS attributable to Polaris Inc. calculation because their effect would have been anti-dilutive as a result of the Company's net loss during the periods.

Non-GAAP Reconciliations – Segments

(In Millions, Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
SEGMENT SALES				
ORV/Snow segment sales	$ 1,314.3	$ 952.9	$ 2,546.5	$ 1,776.6
No adjustment	—	—	—	—
Adjusted ORV/Snow segment sales	1,314.3	952.9	2,546.5	1,776.6
Motorcycles segment sales	211.7	141.3	377.3	267.9
No adjustment	—	—	—	—
Adjusted Motorcycles segment sales	211.7	141.3	377.3	267.9
Global Adjacent Markets (GAM) segment sales	154.1	77.9	278.9	176.2
No adjustment	—	—	—	—
Adjusted GAM segment sales	154.1	77.9	278.9	176.2
Aftermarket segment sales	239.5	207.5	469.3	409.6
No adjustment	—	—	—	—
Adjusted Aftermarket sales	239.5	207.5	469.3	409.6
Boats segment sales	197.6	132.2	396.3	286.7
Restructuring & realignment [1]	—	(1.7)	—	(1.7)
Adjusted Boats sales	197.6	130.5	396.3	285.0
Total sales	2,117.2	1,511.8	4,068.3	2,917.0
Total adjustments	—	(1.7)	—	(1.7)
Adjusted total sales	$ 2,117.2	$ 1,510.1	$ 4,068.3	$ 2,915.3

(In Millions, Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
SEGMENT GROSS PROFIT				
ORV/Snow segment gross profit	$ 364.6	$ 251.7	$ 692.0	$ 453.4
No adjustment	—	—	—	—
Adjusted ORV/Snow segment gross profit	364.6	251.7	692.0	453.4
Motorcycles segment gross profit	23.9	4.4	31.9	3.4
Restructuring & realignment [1]	—	—	—	0.7
Adjusted Motorcycles segment gross profit	23.9	4.4	31.9	4.1
Global Adjacent Markets (GAM) segment gross profit	41.7	16.8	74.6	43.7
No adjustment	—	—	—	—
Adjusted GAM segment gross profit	41.7	16.8	74.6	43.7
Aftermarket segment gross profit	62.8	47.6	124.1	93.9
No adjustment	—	—	—	—
Adjusted Aftermarket segment gross profit	62.8	47.6	124.1	93.9
Boats segment gross profit	47.4	18.6	93.8	48.3
Restructuring & realignment [1]	—	11.1	—	11.1
Boats segment gross profit	47.4	29.7	93.8	59.4
Corporate segment gross profit	11.0	(6.4)	15.5	(17.1)
Restructuring & realignment [1]	1.7	3.7	3.9	8.3
Adjusted Corporate segment gross profit	12.7	(2.7)	19.4	(8.8)
Total gross profit	551.4	332.7	1,031.9	625.6
Total adjustments	1.7	14.8	3.9	20.1
Adjusted total gross profit	$ 553.1	$ 347.5	$ 1,035.8	$ 645.7

Adjustments:

[1] Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation

2021 GUIDANCE ADJUSTMENTS

2021 guidance excludes the pre-tax effect of supply chain transformation, restructuring and network realignment costs of approximately $5 to $10 million, and approximately $10 million for class action litigation-related expenses. Intangible amortization of approximately $35 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.