POLARIS

# Analyst & Investor Meeting

**Las Vegas**

**February 24, 2022**







# Welcome


**Richard Edwards**
Vice President of Investor Relations

**J.C. Weigelt**
Vice President of Investor Relations


Analyst & Investor Meeting
February 24, 2022

# Safe Harbor & Non-GAAP Measures

Except for historical information contained herein, the matters set forth in this presentation and discussed in the corresponding investor 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; ability to innovate and commercialize new products (including the ability to commercialize electric vehicles currently in testing); 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; the 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.

This presentation contains certain non-GAAP financial measures, consisting of "adjusted" sales, gross profit, income before taxes, EBITDA, 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.

# Agenda

## Polaris Inc. Analyst & Investor Meeting
**February 24, 2022 – Las Vegas, NV**

| TIME (PT) | TOPICS | PRESENTERS |
|---|---|---|
| 8:00 – 8:30 | **Strategy Overview** | **Mike Speetzen,** Chief Executive Officer |
| 8:30 – 9:00 | **Best Customer Experience** | **Pam Kermisch,** Chief Customer Growth Officer |
| 9:00 – 9:30 | **Rider-Driven Innovation** | **Mike Speetzen,** Chief Executive Officer |
| *9:30 – 9:45* | *BREAK* | |
| 9:45 – 10:15 | **Off-Road Deep Dive** | **Steve Menneto,** President of Off-Road |
| 10:15 – 10:45 | **Financials** | **Bob Mack,** Chief Financial Officer |
| 10:45 – 11:25 | **Q&A** | |

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# Strategy Overview


## Mike Speetzen

### Chief Executive Officer


**Analyst & Investor Meeting**

**February 24, 2022**

# Polaris At-a-Glance

**1954** Polaris Founded

**~16,000** Employees Worldwide

**#1** Powersports Market Share Leader

**20** Global Manufacturing Locations

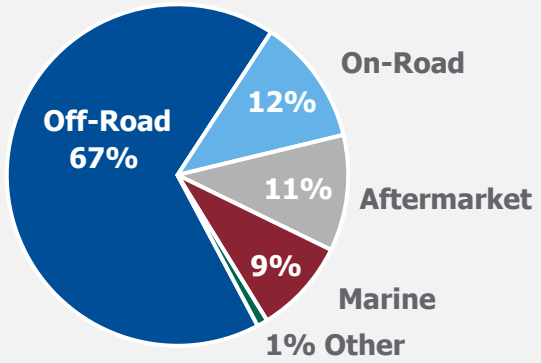
**>4,000** Powersports Dealers Worldwide

**>400,000** Units Shipped Worldwide in 2021

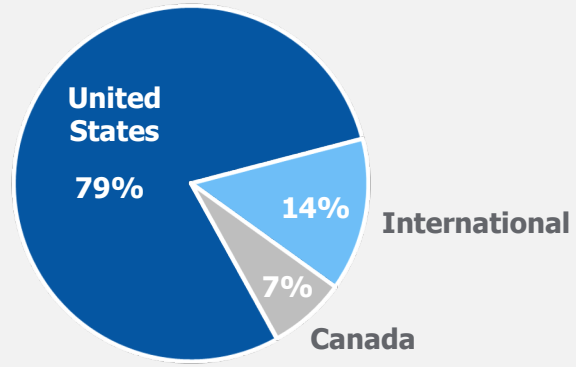
**>120** Countries – Polaris Products Sold

## 2021 Sales by Segment

**$8.2B**
**+17%**
**YOY Growth**




## 2021 Sales by Geography




**The Leading Global Powersports Company**

# Polaris Executive Leadership

## Global Business Unit Leaders



**STEVE MENNETO**
President, Off-Road



**MIKE DOUGHERTY**
President, On-Road & International



**JAKE VOGEL**
President, Marine



**STEVE EASTMAN**
President, PG&A & Aftermarket

## Function Leaders



**BOB MACK**
CFO & EVP, Finance & Corporate Development



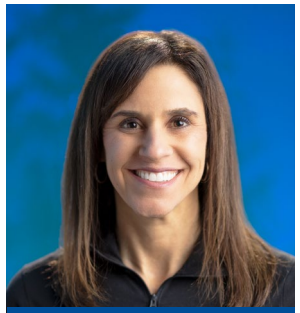
**KEN PUCEL**
EVP, Global Operations, Engineering & Lean



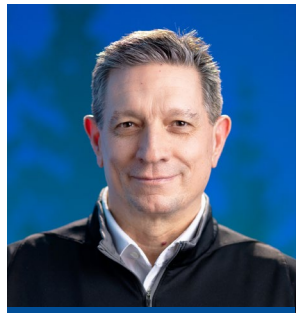
**LUCY CLARK DOUGHERTY**
SVP, General Counsel & Corporate Secretary



**MIKE DONOUGHE**
SVP, Chief Technology Officer & Head of Electrification



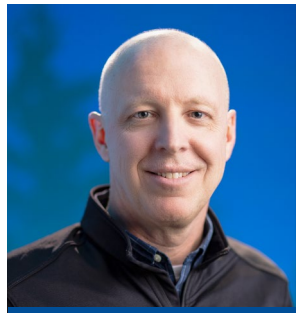
**PAM KERMISCH**
Chief Customer Growth Officer



**VIC KOELSCH**
SVP, Chief Digital & Information Officer

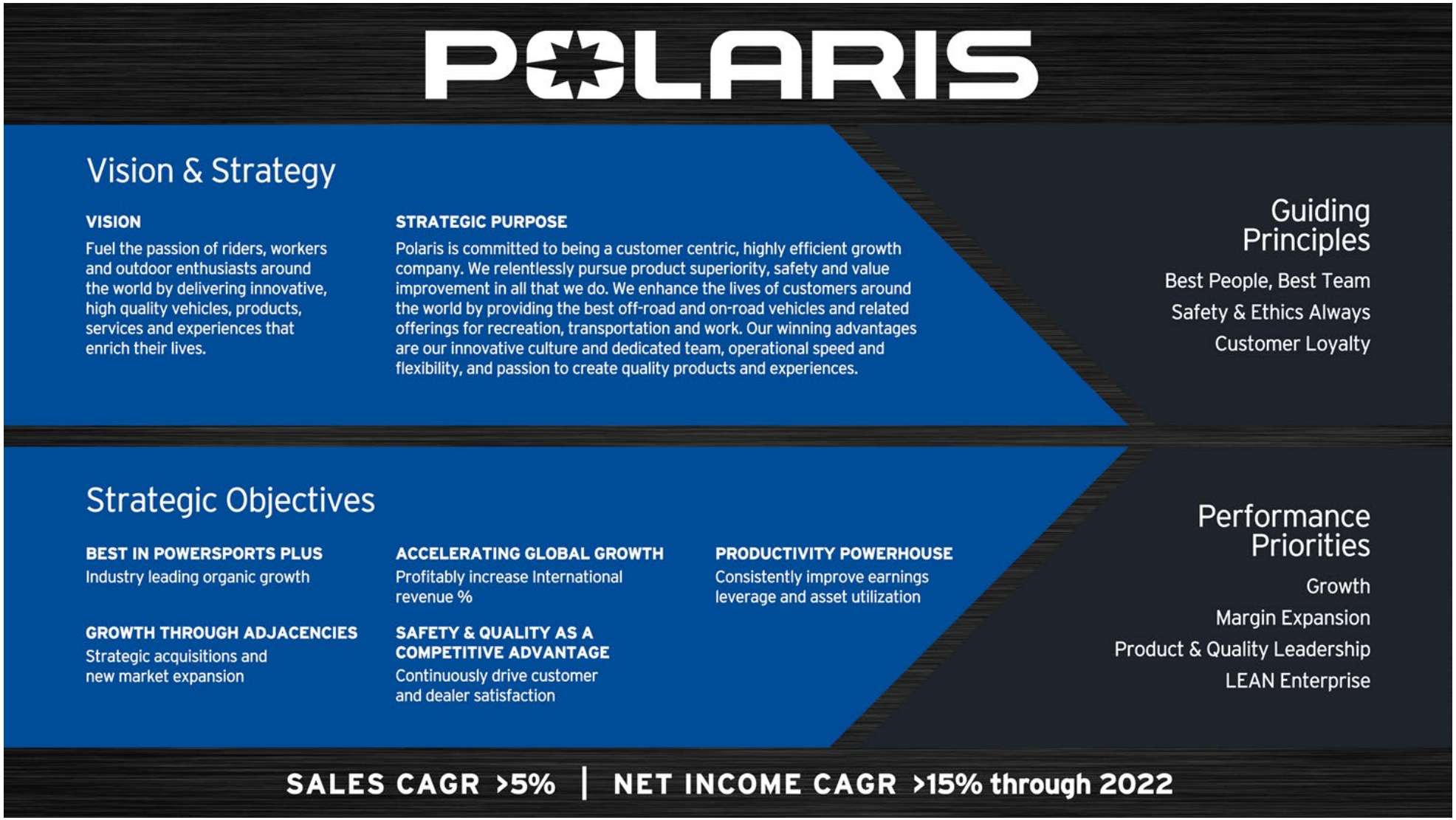


**JIM WILLIAMS**
SVP, Chief Human Resources Officer



**CHRIS WOLF**
Chief Product Excellence, Quality & Safety Officer

# Strategic Framework Evolution




## Achieved Goals Set Out in 2018

# Delivering on Commitments

**+11%**
**Adj. Sales CAGR***

**Drove**
customer-centric change

**Delivered**
category-defining innovation

**Launched**
new business models

**Transformed**
supplier relationships

**Executed**
through unprecedented environment

**+15%**
**Adj. Net Income CAGR***

**Expanding Opportunity**

**2021 results vs.2017 baseline. See GAAP/Non-GAAP Reconciliations in appendix.*

# Three Critical Questions for Our Strategy

1. What can we be best in the world at?
2. What are we deeply passionate about?
3. What drives our economic engine?

**Clear…Simple…Focused**



POLARIS

Think Outside

# GLOBAL LEADER IN POWERSPORTS

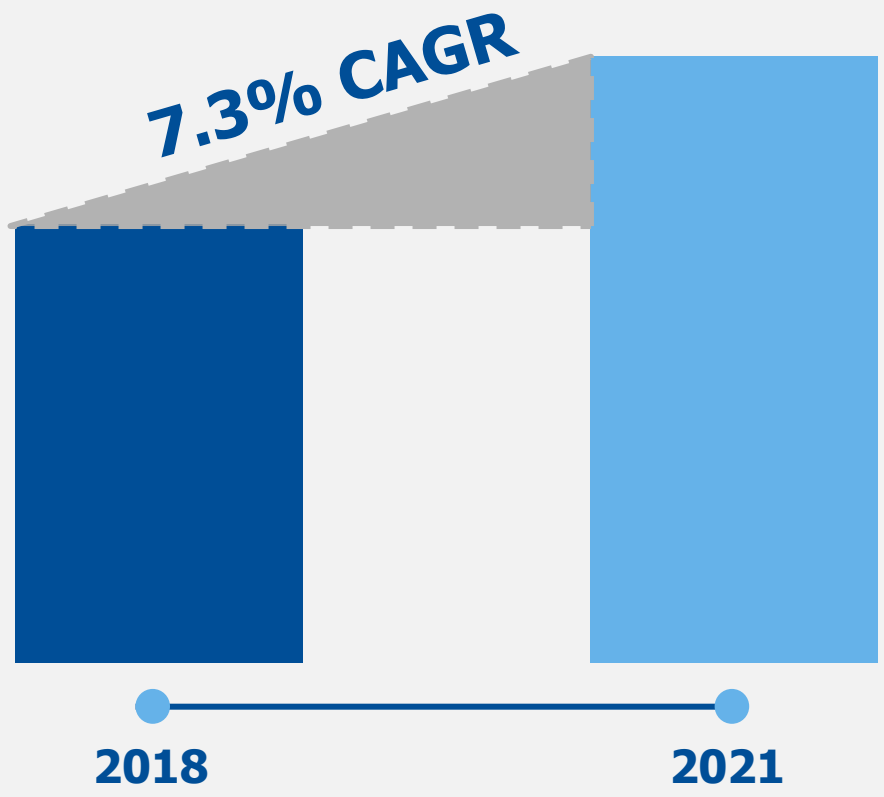
Powering passion and pioneering new possibilities for all those who play, work and THINK OUTSIDE

- **Best Customer Experience**
- **Rider-Driven Innovation**
- **Best Team, Best Culture**
- **Inspirational Brands**
- **Agile & Efficient Operations**
- **Geared For Good**



# Expanding Opportunity

## Polaris Customers




## Macro-Trend Themes

**Millennial Spending**

**Return to the Outdoors**

**Focus on Sustainability**

**Growth in Electric Vehicles**

**Priority on Experiences**

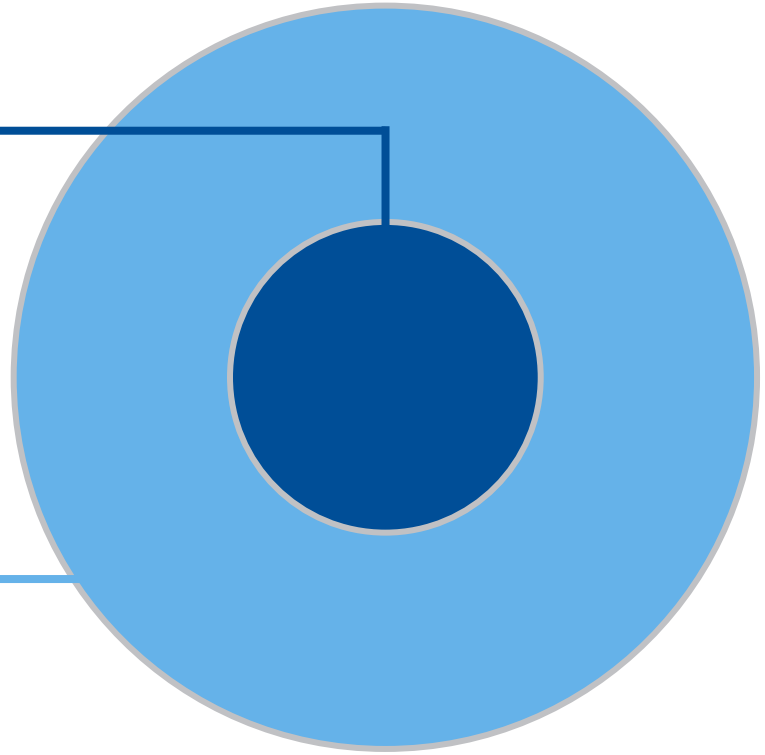
**Urban to Rural Shift**

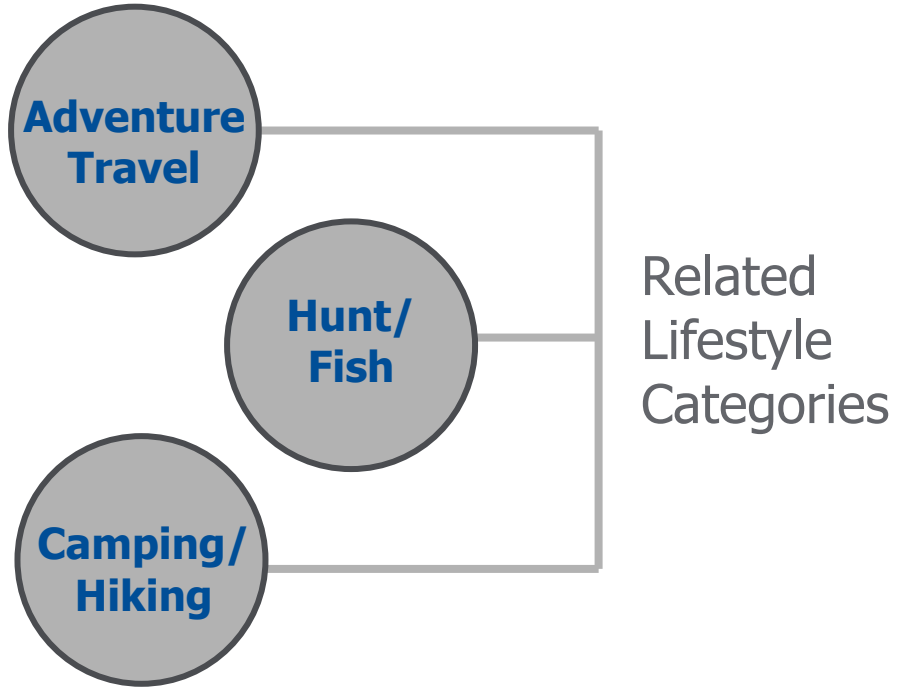
**Rapidly Expanding Opportunity in Powersports**

# Market Opportunity

**$55B**
Our Current Markets

**$130-160B**
Addressable Market






| Growth Opportunity | |
|---|---|
| | 1. Drive global share growth in current markets |
| | 2. Grow share of wallet in addressable market |
| | 3. Attract new customers who engage in outdoor activities |

**Upside Within Current Market & with New Customers / Spend from Related Categories**

*Source: Management estimates*

# Best Customer Experience

## Product Experience

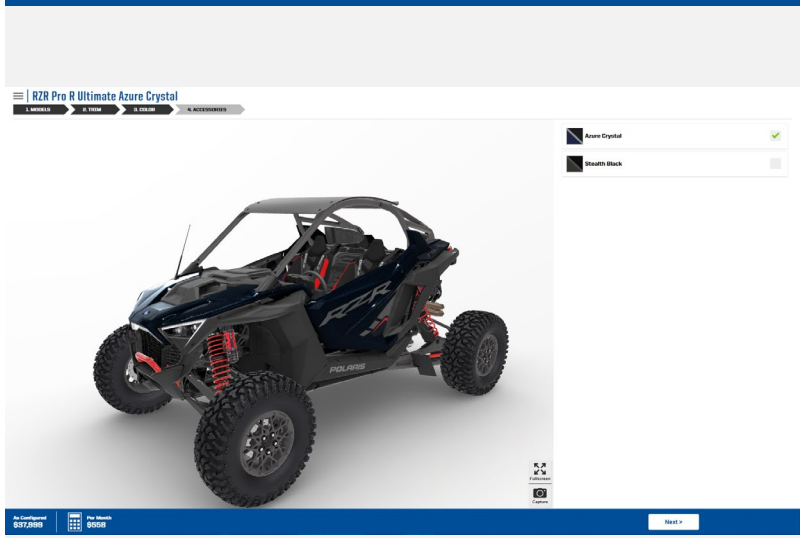


Capable, **high-performing** products

+

**Next level quality**
& customer solutions

## Omni-Channel Experience




Strongest **dealer network** & services

+

**Omni-channel**
experiences

## Entryway Experience




**Industry-leading** rentals

+

**New**
business models








# THINK OUTSIDE








# Rider-Driven Innovation

## RIDER-DRIVEN INNOVATION

### ESTABLISHED CAPABILITIES

- Power & Driveline
- Ride & Handling
- Fit, Finish & Customization
- Advanced Materials
- Product & Rider Safety
- Infotainment



### EMERGING CAPABILITIES

- Connected Vehicles
- Electrification

**CUSTOMER DATA & INSIGHTS**
**RIDING CULTURE & INDUSTRY EXPERIENCE**

**Applying Technology to Improve the Riding Experience**

# Agile & Efficient Operations

## Productivity

**Leverage scale to drive industry-leading productivity.**

- Manufacturing
- Sourcing
- Product Development
- Software Development

## Delivery

**Deliver the most responsive, customer-centric service levels in powersports.**

- Distribution
- Logistics
- Sales & Retail Operations
- Dealer & Customer Service

**IT Infrastructure | Global Capability | Advanced Analytics | LEAN**

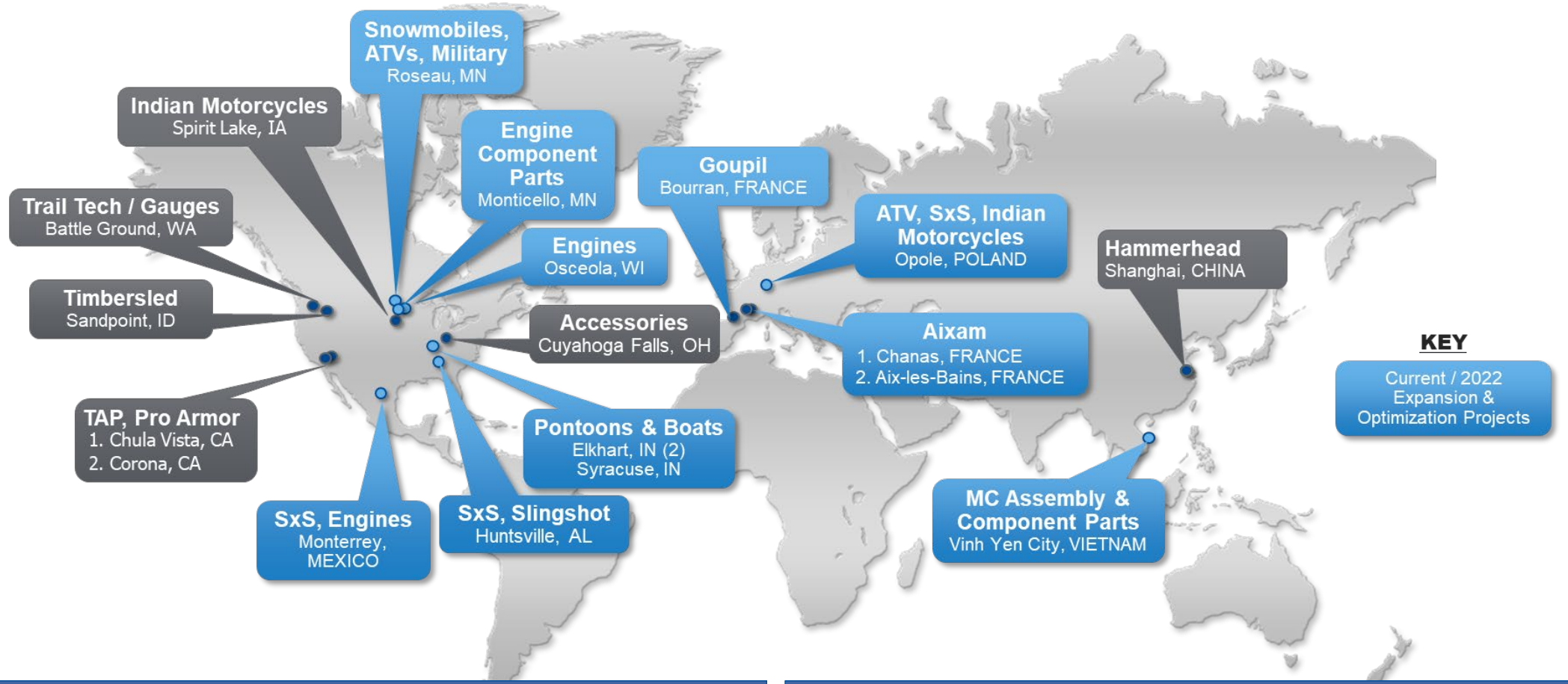
**>400K**
Units Sold

**>80K**
PG&A SKUs

**>4,000**
Global Dealers

**Industry Leading Capability & Scale**

# Global Manufacturing Footprint Optimization




**Optimized Global Supply Chain Footprint**

**Select Insourcing**

**Capacity Expansion**

**Productivity Investment**

**Ongoing Network Optimization; Additional Capacity Expansion on Horizon**

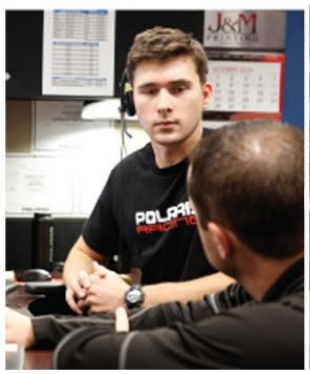
# Strategic Sourcing

**Transforming Strategic Sourcing with Project Sunburst as the catalyst to drive long-term sourcing excellence.**

| Enable Key Strategies | | Drive Execution Excellence |
|---|---|---|
| Product Quality | | Sourcing Capability Transformation |
| Electrification & Connected Vehicle | + | Suppler Capacity Planning |
| Supplier ESG & Cyber Security | | Trade Optimization & USMCA |
| Supply Chain Recovery & Stabilization | | Productivity Savings |

**Driving Efficiency, Responsiveness & Quality Throughout Supply Chain**

# Best Team, Best Culture

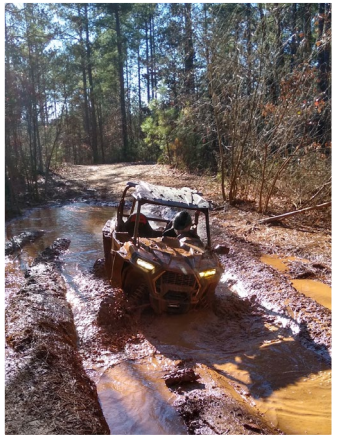






**Understand the riding experience.**
**Live the riding experience.**
**Work to make it better.**





**~16,000**

Global Team Members

WSJ MANAGEMENT TOP 250
AS RANKED BY DRUCKER INSTITUTE

Los Mejores Lugares para Trabajar®
Comercio Minorista
Great Place To Work.
MÉXICO 2021
FORALL

LinkedIn TOP 2021 COMPANIES
Minneapolis | St. Paul

AMERICA'S BEST LARGE EMPLOYERS
Forbes 2021
POWERED BY STATISTA

# Geared For Good

## VISION

**Driven by innovation, integrity & accountability, we continually tune to be good stewards for the industry, our employees, riders, communities & the outdoors.**

## POLARIS ESG FRAMEWORK



**THINK PRODUCT**



**THINK PRODUCTION**



**THINK PLACES**



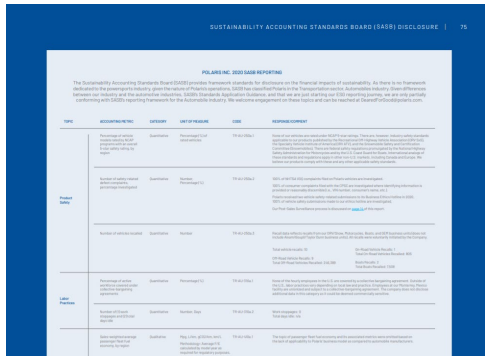
**THINK PEOPLE**

**ESG Focus Tied to Business Strategy**

# Geared For Good

## IMPLEMENTED SASB DISCLOSURES

### Next Step in Our Reporting Journey




## MULTI-YEAR NFF COMMITMENT

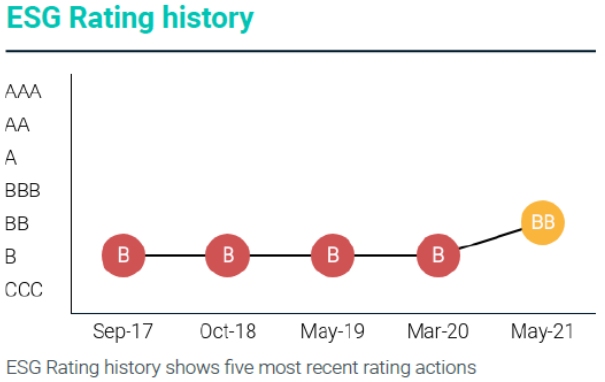
### Focus on Trail Preservation

Polaris is excited to announce a **5 year** partnership inclusive of a **$5 million** donation to

National Forest Foundation

## IMPROVED MSCI RANKING

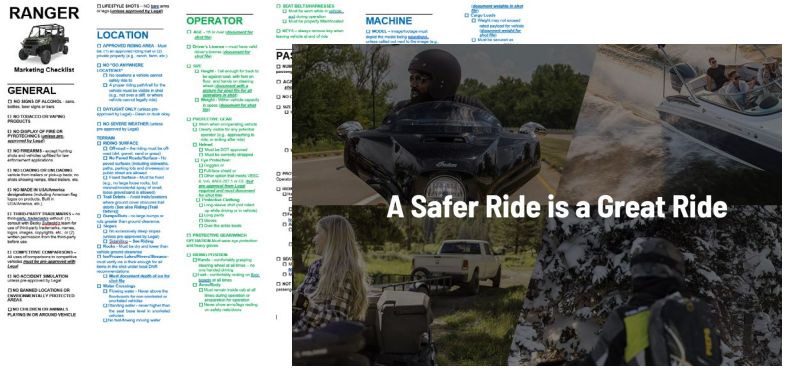
### First Score Shift Since Geared For Good




ESG Rating history shows five most recent rating actions

## REIMAGINED SAFETY

### Marketing Standards & Content Focus




## STELLAR EMPLOYEE SAFETY

### Safety as a Competitive Advantage

**Shanghai** had a full year with no recordables, **Opole** reached 4+ years no recordables, **TAP** had third year of improvement posting a 27% reduction in recordables, and **Roseau** achieved the safest year in 66-year of history including 10 months without any incidents.

## CONTINUED RECOGNITION

### FORTUNE, FORBES & Others Took Note

FORTUNE WORLD'S MOST ADMIRED COMPANIES® 2021

Cisco Jabber

AMERICA'S MOST RESPONSIBLE COMPANIES 2021
Newsweek
statista

Forbes 2021
WORLD'S BEST EMPLOYERS
POWERED BY STATISTA

**Steady, Continuous Improvement Aligned with Stakeholder Values**



# POLARIS

Think Outside

## GLOBAL LEADER IN POWERSPORTS

Powering passion and pioneering new possibilities for all those who play, work and THINK OUTSIDE

- **Best Customer Experience**
- **Rider-Driven Innovation**
- **Best Team, Best Culture**
- **Inspirational Brands**
- **Agile & Efficient Operations**
- **Geared For Good**

## #1 MARKET SHARE IN POWERSPORTS

**SALES GROWTH %: Mid-Single Digits** | **EBITDA %: Mid-to High-Teens** | **ROIC %: Mid-Twenties** | **EPS GROWTH %: Double Digits**

*2022-2026 Targets*

# Global Leader in Powersports













## Strong & Growing Portfolio

# On-Road Highlights




## Delivering Great Products

Indian Chief
Indian Scout Rogue
MY'22 FTR
Slingshot AutoDrive

## Building Strong Brands

Slingshot multicultural growth

## Expanding Indian Globally

Record Indian Retail in NA & Int'l
Record Global PG&A Retail

## Delivering on Profitability

## Financial Highlights

'21 Sales: **$995M**
'21 Gross Profit Margin: **15%**

Strong progress towards profitability goals

Strong global performance

Highly aspirational brand

**Driving Global Growth & Profit Expansion in On-Road**

# Marine Highlights




## Attractive Growth

Mix & pricing strength

Organic & M&A growth options

## Expanding Innovation

Strong product pipeline for 3+ years

Exploration of electric propulsion

## Investing to Capture Growth

Additional capacity online

Automation unlocking productivity

## Financial Highlights

'21 Sales: **$760M**

'21 Gross Profit Margin: **22%**

Strong profitability & cash generation

Strong brands & product portfolio

Potential for long-term expansion

**Delivering Strong Growth & Profitability Despite Supply Chain Challenges**

# Aftermarket Highlights




## Powersports Aftermarket Growth

Mass retail & digital expansion

Line extensions into new categories

## Omni-Channel Scale

4WP: 101 stores now open

Strong digital, pick-up-in-store

Growing house brands

## Profit Expansion

## Financial Highlights

'21 Sales: **$930M**

'21 Gross Profit Margin: **27%**

Attractive profit margins in powersports aftermarket

Opportunities for tuck-in M&A

Reset cost structure at TAP; gaining leverage

**On Track for Profitable Growth with Attractive "Moat"**



# Best Customer Experience


## Pam Kermisch

### Chief Customer Growth Officer


**Analyst & Investor Meeting**

**February 24, 2022**

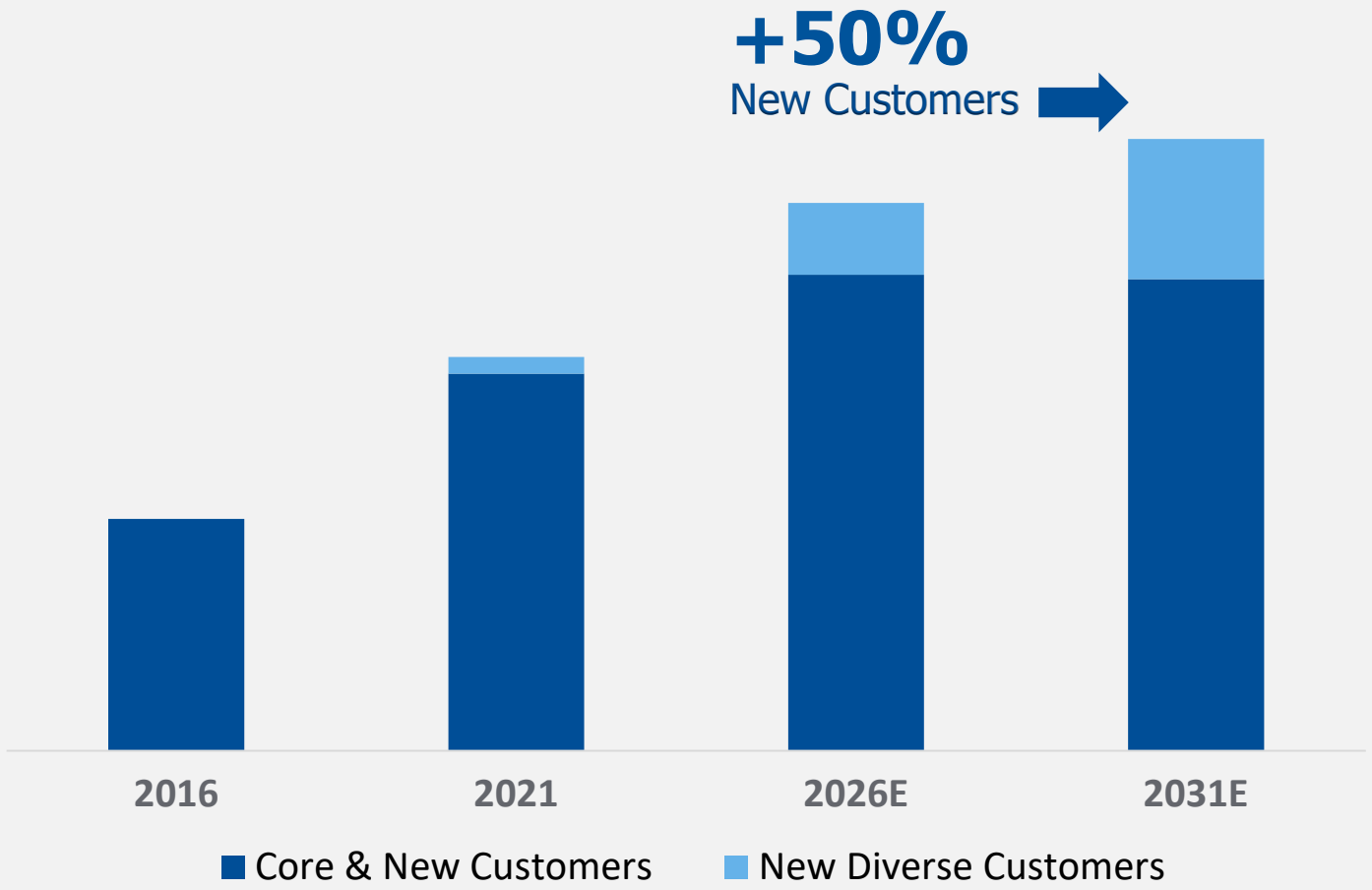
# Reasons to Believe We Can Grow Powersports

- We are seeing **accelerated growth** coming from existing owners repurchasing & new customers
- **New customers** have always been a core part of our retail
- We have seen a **demographic shift** within our new customer mix
- We have seen growth coming from **key lifestyle activity segments**
- **We understand customers** better than anyone in powersports
- We are increasing access to participate through **new business models**

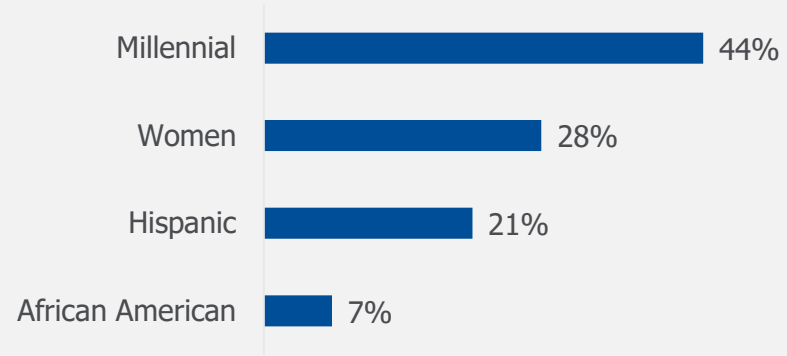
**We Believe There is Ample Room to Grow Powersports - Polaris Will Lead the Industry**

# Leading the Industry in Customer Growth

## Polaris Enterprise Customer Base & Diverse Owner Growth




## 5 Year Growth Rates







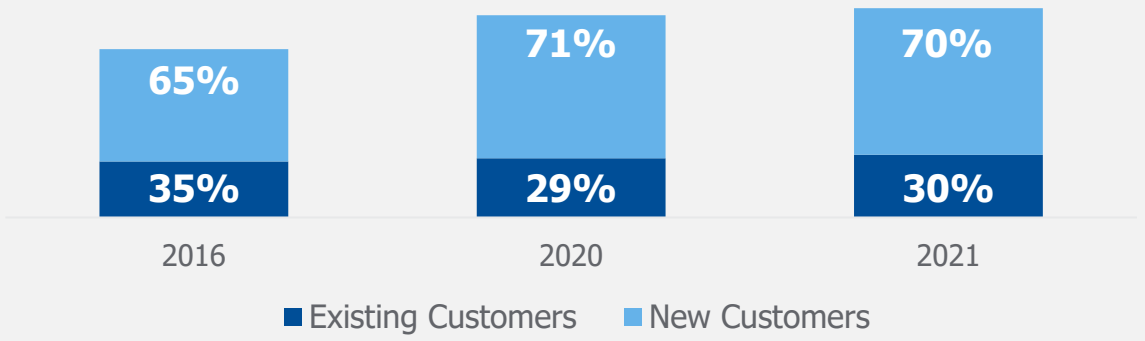




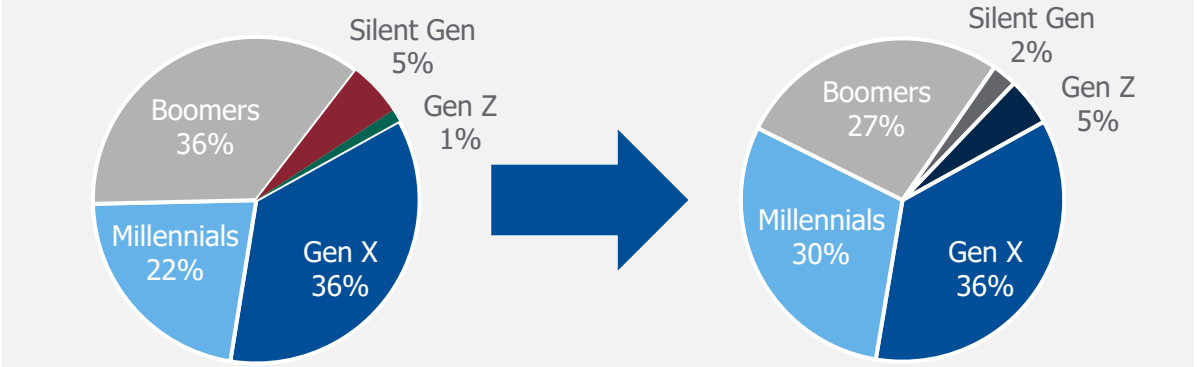

**Target to Increase Customers by +50% in the Next 10 Years Off Large Existing Base**

# Evolution of Polaris Customer Base

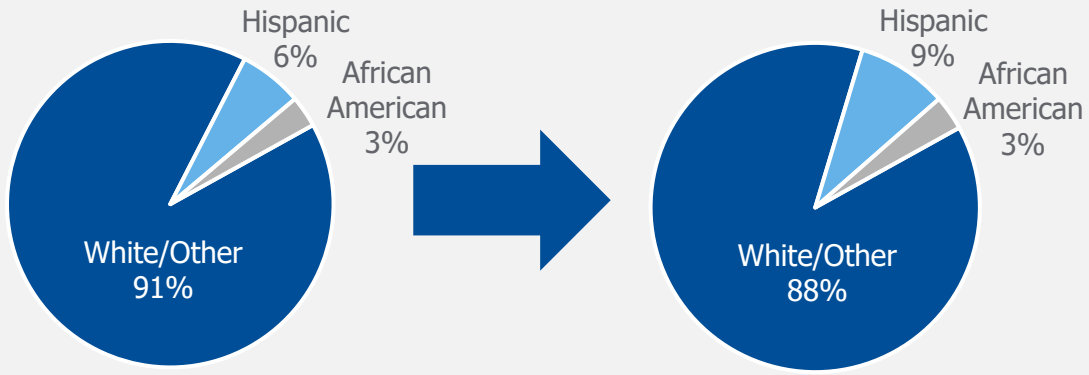
## Customer Profile



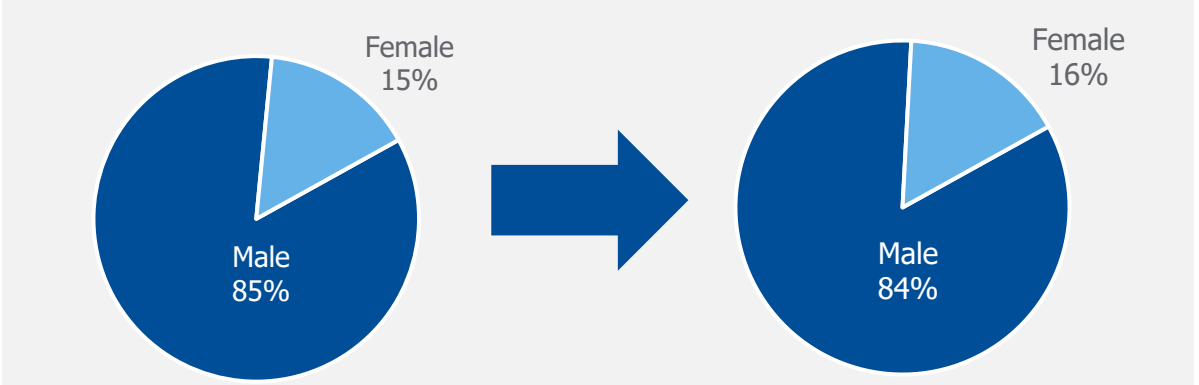

## Age




## Race



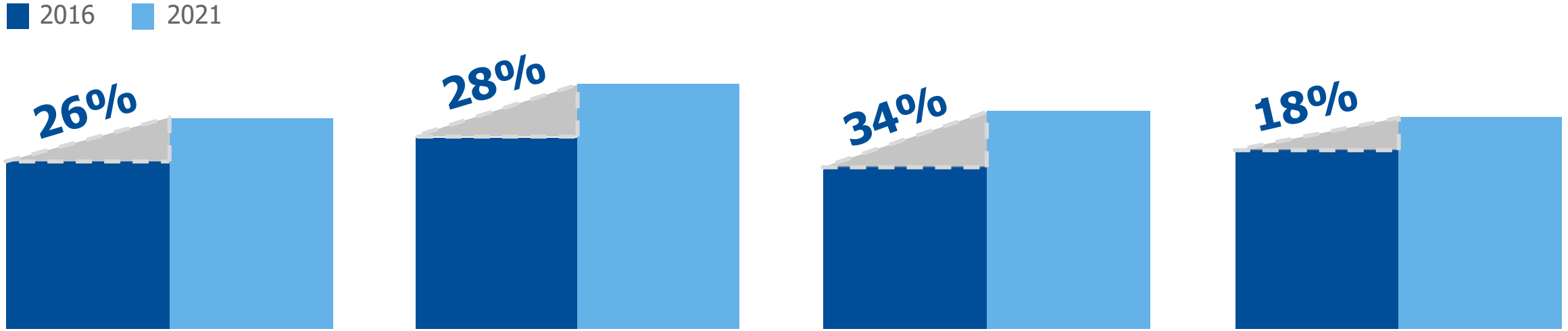

## Gender




**We Have Seen a Demographic Shift Within Our New Customer Mix**

**Birth Years: Gen X 1965-1979, Millennial 1980-1997, Gen Z 1997-2012, Boomers 1946-1964, Silent Gen pre-1964*

# Customer Growth Progress






**Outdoor Enthusiast**



**Hunter**



**Landowner**

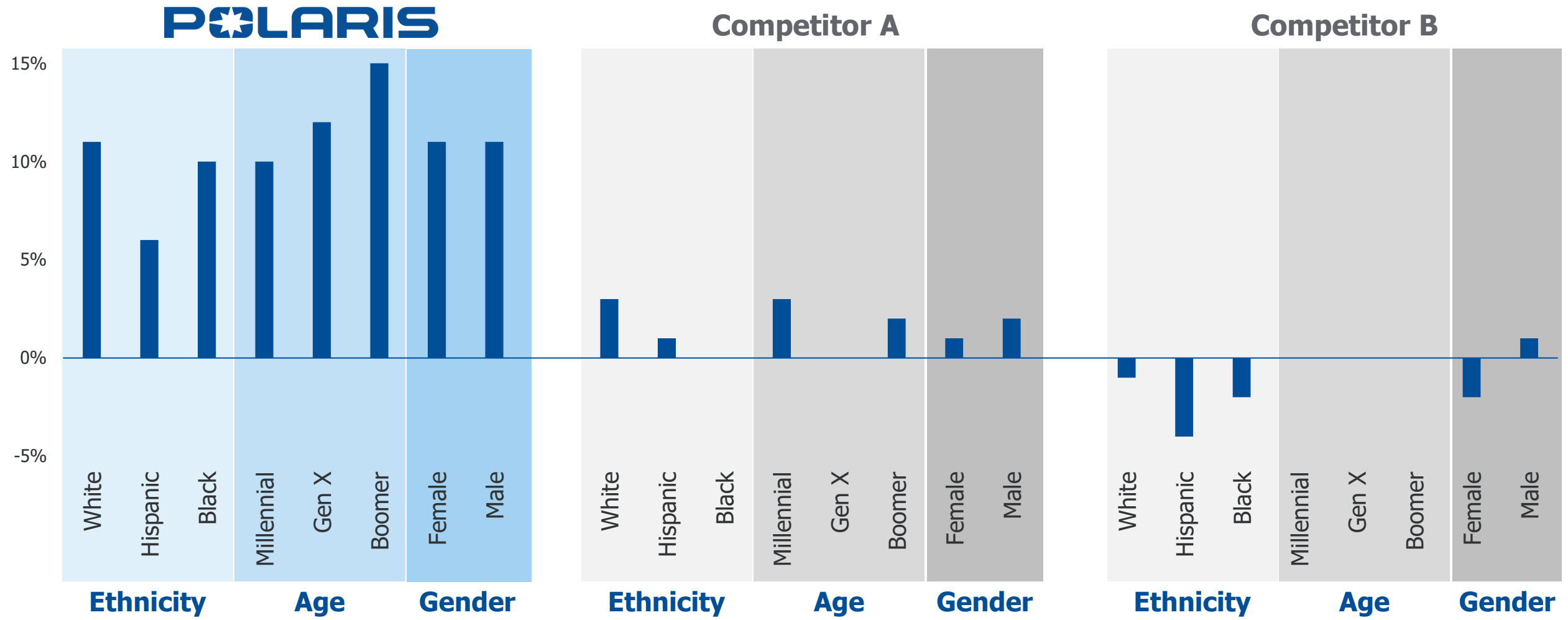


**Farmer**

**We Have Seen Growth Coming From Key Lifestyle Activity Segments**

# Brand Awareness with Category Intenders

## 2-YEAR GROWTH/DECLINE (2019-2021)




**Polaris Efforts to Reach New Audiences is Leading the Industry**

*Awareness measured among category "intenders", Source: Morning Consult

# Customer Growth Strategies

**Understand Our Customers**



**Increase Accessibility**



**Authentic Commitment**



**Dedicated Focus**



**Polaris is Well Positioned to Drive Customer Growth Due to Pre-Pandemic Focus & Investment**

# Understand Our Customers

## Invest in Consumer Insights

### Evolution in 2019

POLARIS NEW OWNER COMMITTEE

**OWNER TYPE**

Core

Growth



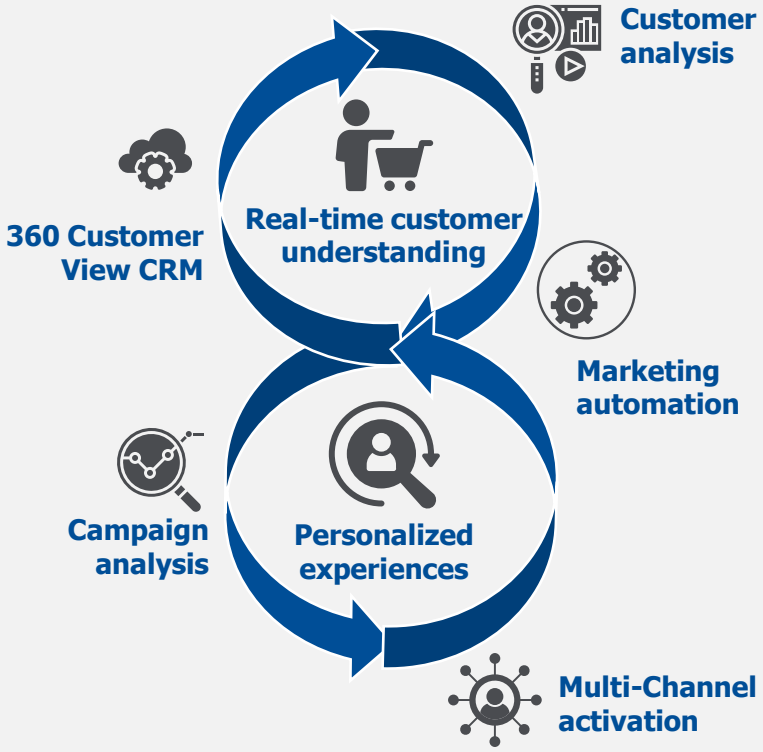
RANGER XP KINETIC

**Tested With:**

Small-Medium property owners
Large property owners
Woodland / Waterfowl Hunters
Farmers / Ranchers
Commercial owners
Heavy trail riders
Use only at remote locations

## Build Marketing Analytics Capabilities

### Launched in 2018



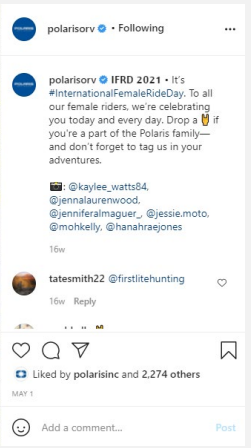

## Enterprise Customer Growth Focus

### Launched in 2019









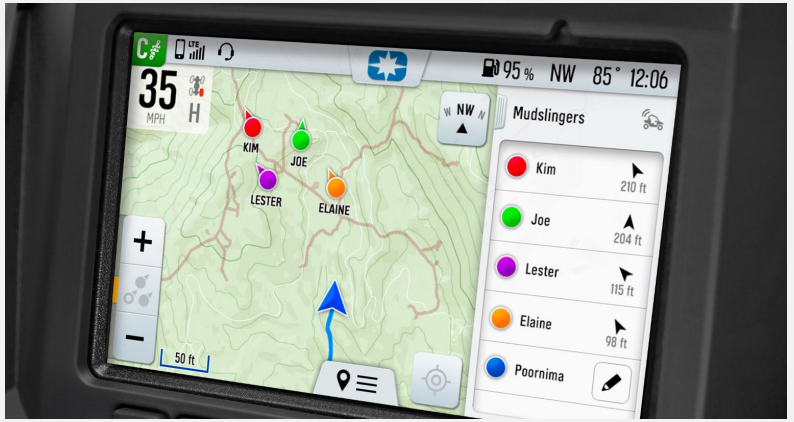

## Customer Focus Drove Investment, Commitment & Capability

# From Insights to Differentiated Innovation

## Slingshot AutoDrive & Paddle Shifting




## Ride Command: Group Ride




## Youth Safety




**Helmet Aware Technology**



**Digital Speed Limiting**

## Bennington Bowrider




## Product Innovation Driven By a Passionate & Disciplined Customer Focus

# Increase Accessibility

POLARIS ADVENTURES

POLARIS ADVENTURES SELECT

Launched in 2017 at **21 locations**

Grown to **197 Outfitters & Affiliates** in 4 years

**164M people** within 1 hour of our network

**88** NPS | **+750K** Rides

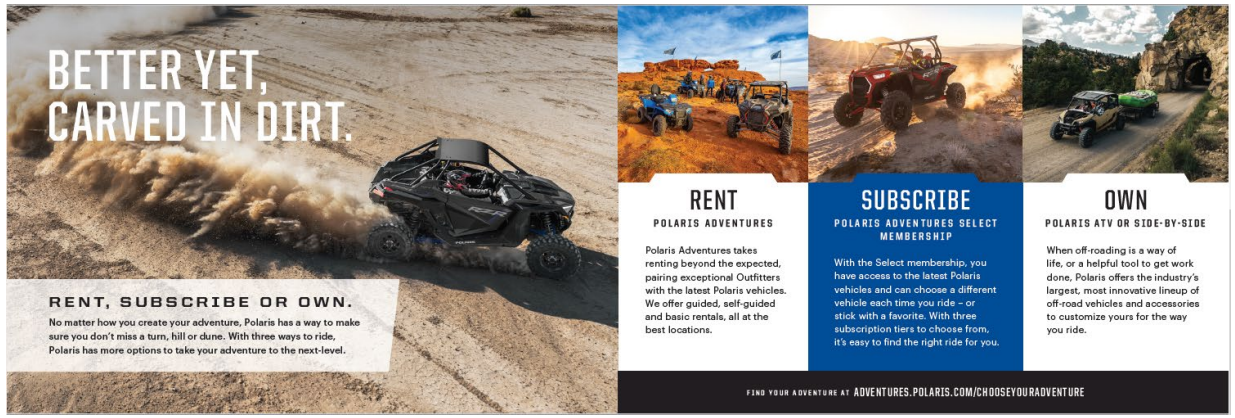
Membership offering initiated in 2018, **launched in 2021**

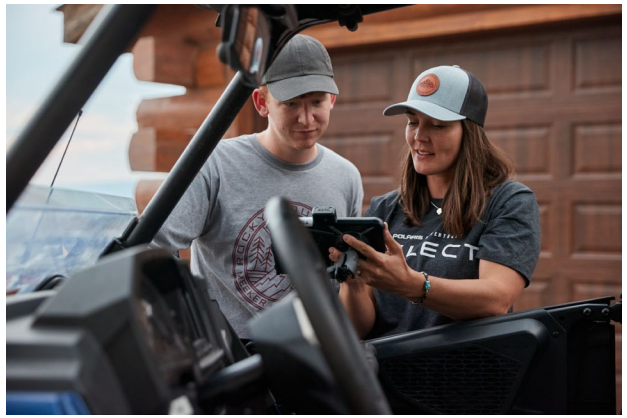
4 markets: **Arizona, Utah, Colorado, Nevada**

**94%** Non-owners

**92** NPS



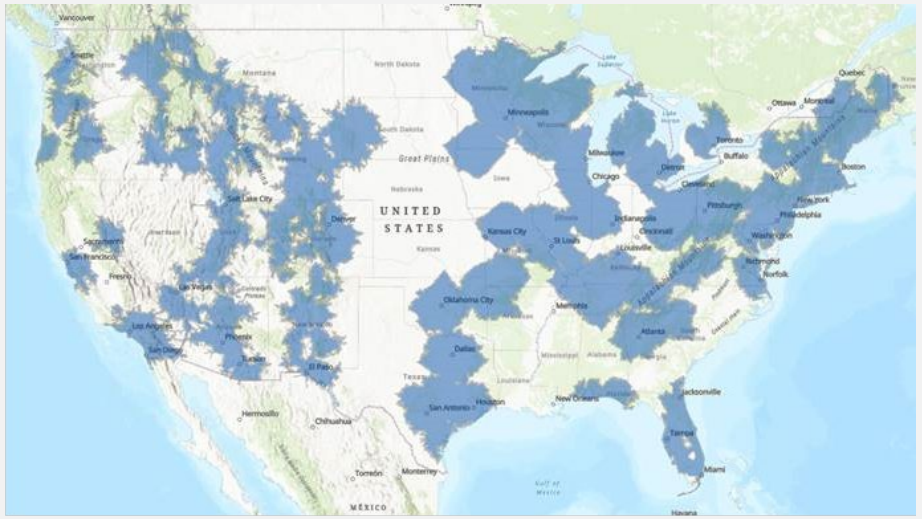



**Providing Entryway Experiences to Expand the Market**

# Increase Accessibility: New Business Model + Expanded Reach

## Access in Local & Epic Riding Destinations




**60**-minute drive time = **164M (50%)**

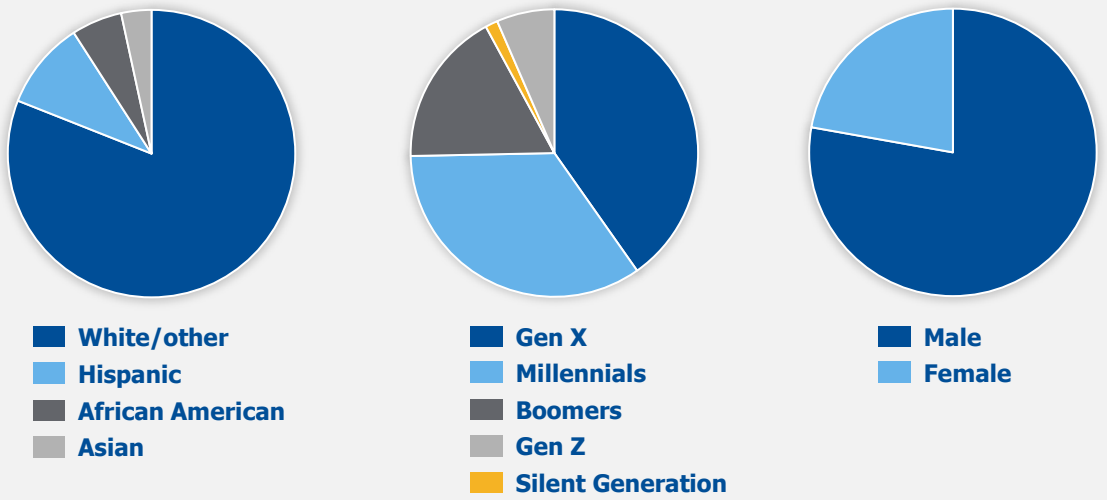
**120**-minute drive time = **263M (80%)**

## Welcoming New Customers with Polaris Adventures

POLARIS ADVENTURES

POLARIS ADVENTURES SELECT

**2021**




## Polaris Adventures is Bringing Diverse Riders into Experience Powersports

# Increase Accessibility to Powersports for a New Generation

BATTLEFIELD 2042

×

POLARIS

**+200,000 people virtually riding a Sportsman daily**

**Covered by:**

CAR AND DRIVER

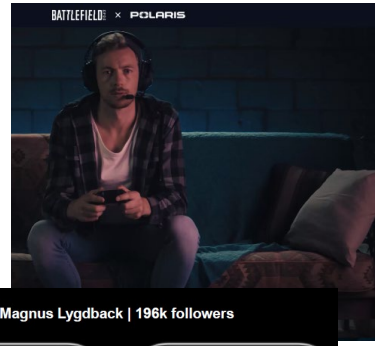
Forbes

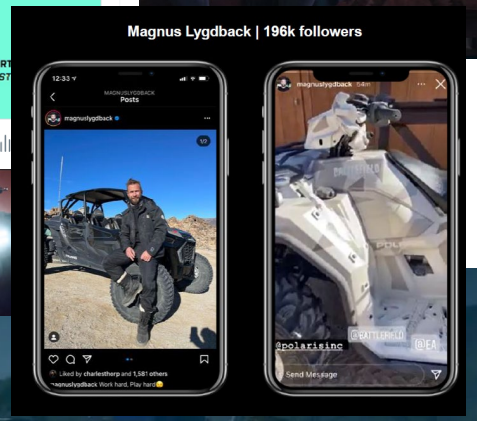
brobible

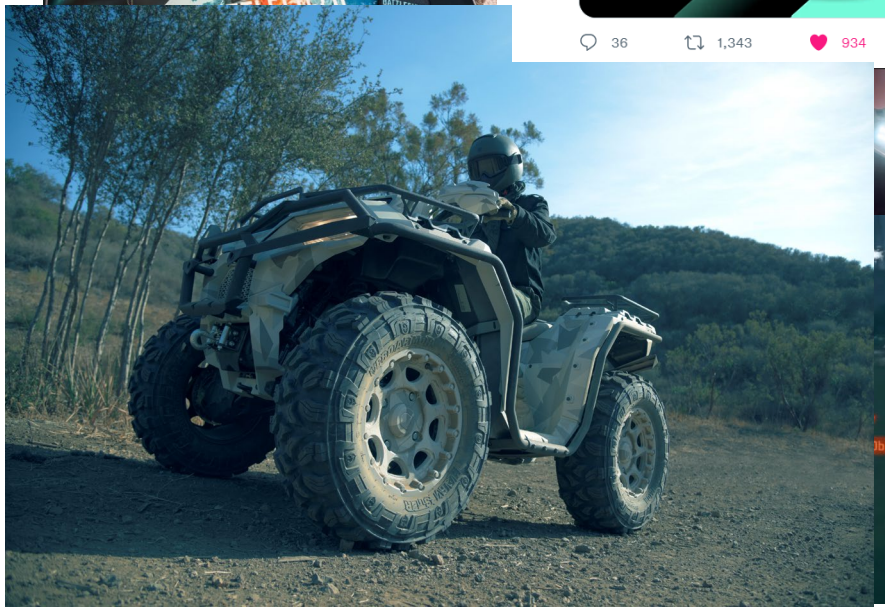










**Creating New Ways for People to Participate with Polaris**

# Authentic Commitment

## Inclusion + Focused Learning Efforts

### Formal Commitment in 2019



### Women

Have just as much passion for riding

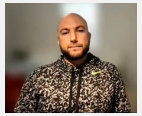
Ergonomic challenges in all vehicles



Security & confidence are critical

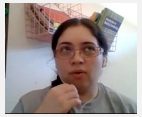
Care a lot about other riders with them

More practical purchase decisions



### Hispanic

Leverage their personal network, as needed



Prioritize the community aspect of riding



Style plays a larger role in purchase

## Build Connection Through Partners

### Launched in 2016

BLACK GIRLS Ride™



TEN3

WRN women riders now™

International FEMALE RIDE DAY JUST RIDE!




## Inclusive & Empowered

### Consistent Implementation in 2020













## Deep Understanding of New Customers Comes to Life in Everything We Do

# Dedicated Focus

## Invest for Growth

Lead Share of Voice (SOV)

Dedicated Outreach

Support Dealer Readiness










## Reach The Right People

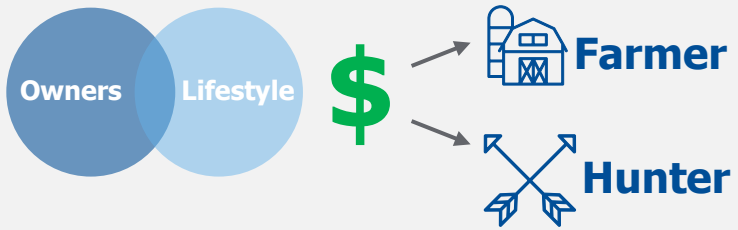
Data & Analytics

Smarter Targeting

1:1 Marketing Capabilities

Increased ROI

**Advanced Analytics Targeting to Reach the Best Prospects**




## Show How Vehicle Fits Into Their Lives









RANGER XP KINETIC



Property Maintenance
70-90 EST MILES*



Farming & Ranching
60-80 EST MILES*



Hunting
50-70 EST MILES*



Trail Riding
40-60 EST MILES*

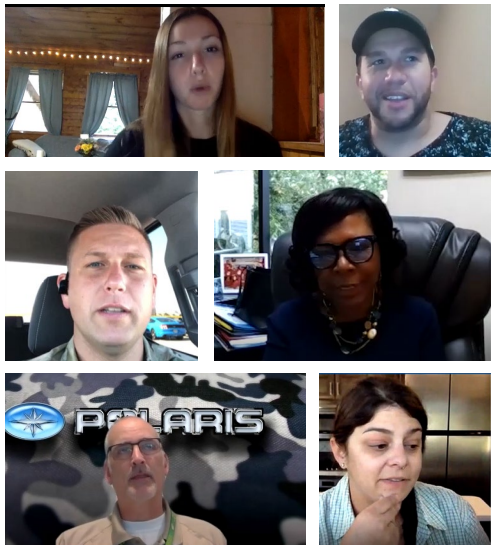
**Reach & Relevance Are Critical to Developing the Market**

# Dedicated Focus: Accelerate Our Customer Focus

## Purchase Journey → How We Make Buying Easier & Faster

| INTEREST BEGINS | | RESEARCH | | | | PURCHASE | | | AFTER PURCHASE | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Past Exposure & Experiences | Active Need | Word of Mouth | OEM Website | Social Online Forums | Dealer Website | Dealership Visit(s) | Accessorizing | Taking Delivery | OEM & Dealer Interactions | Ownership & Use | Additional Accessories | Community Engagement |

## New Customers → How Do We Attract, Acclimate & Engage Our New Customers?




### Key Learning

**Less likely to have friends or family in category for advice**

- Fear of making the wrong decision
- Strong need to justify value of purchase
- Not confident which is the one for me
- Looking for more guidance during process
- Often not happy with dealership guidance
- More likely to trust OEM for guidance

**Post Purchase is Critical Time to Determine Good/Bad Call Buying**

- Positive experience = Using it

**New Owners Want to Build Knowledge**

- Knowledge = Confidence
- Desire to learn sets them apart from core

### Top Areas of Interest

| | |
|---|---|
| Operation/maintenance | Using a Winch |
| Terrain experience | Trailering |
| Accessories | Safety |

## Help Them Shop, Help Them Understand How to Use the Product

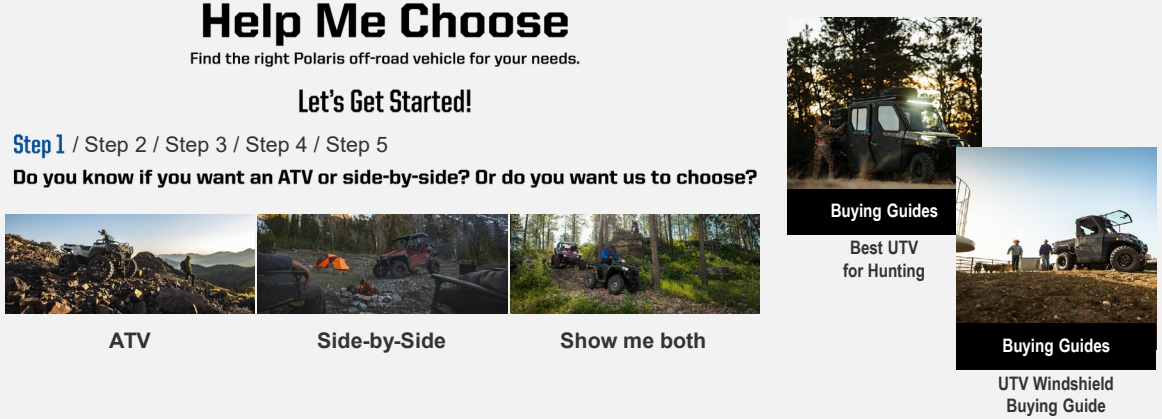
# Dedicated Focus: From Insights to Action

| FROM | TO |
| --- | --- |
| Product Driven | Customer Driven |
| Retail Focus | New Customer Growth + Owner Repurchase to Deliver Retail |
| Fixed Path to Purchase | Personalized Shopping Experience |
| Owner Relationship Primarily Held By Dealers | Post-Purchase Engagement<br>Enable Dealers to Provide Great Customer Experience |

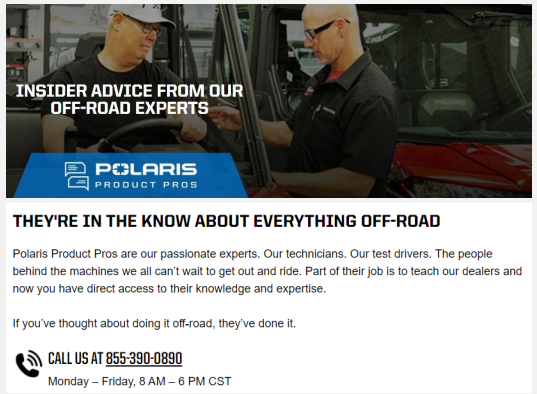
**Significant Changes to Deliver for the Customer**

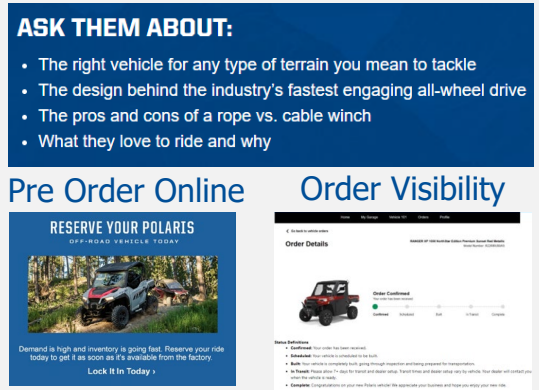
# Dedicated Focus: Evolve the Customer Experience

## Digital Shopping Transformation



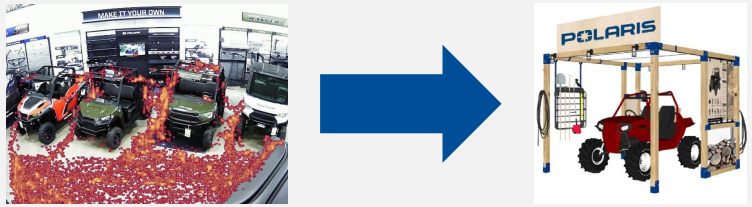

## Personalized Experience



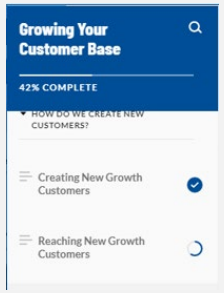

## In-Store Experience

Navigation
Interaction / Product Engagement
Inspiration
Education

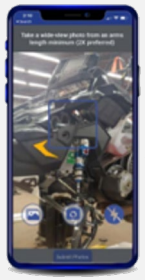


## Dealer Readiness

### New Customer Dealer Training




### Polaris Service App



- Submit Photos
- Quality Alerts
- Unit Inquiry
- Wholegood Inspection

### Digital Wrench Diagnostics Tool




## Adapting to Attract & Fulfill New Customer Expectations

# Dedicated Focus: Acclimate New Customers

## YouTube Content Series

TRAIL TALK

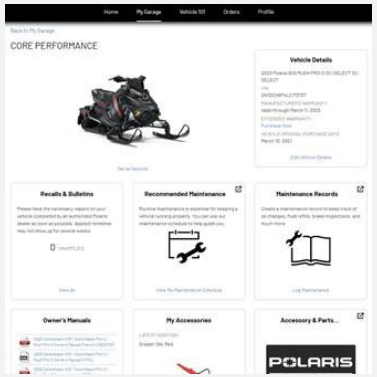
**NEW OWNERS**

**"I just bought a vehicle, now what?"**

Knock down barriers, give specialized info, make the off-road easy & continued learning




## My Garage




**POLARIS ACCOUNT**

**Critical Owner Information at Fingertips**

Elevating the ownership experience by easy access to vehicle, riding & profile information

## Website Help Center

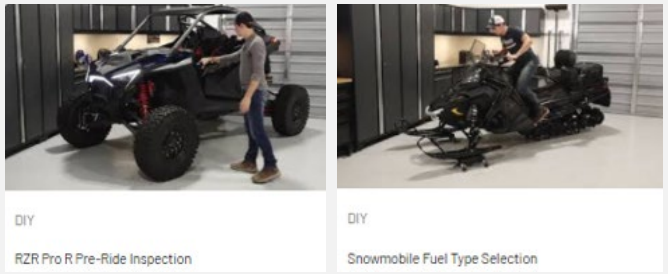
**ALWAYS ON CONTENT**

**Articles, Videos, Podcasts to make ownership easier**

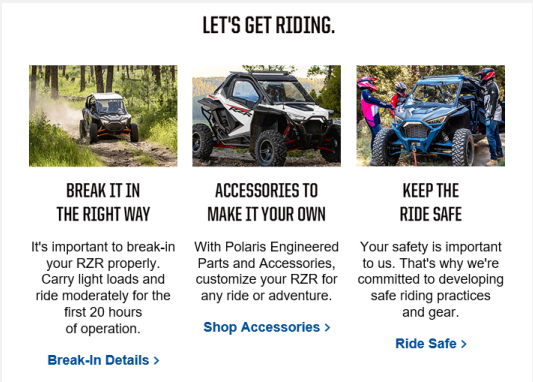
4M views in 2021, 9M since 2018

26% increase in views in 2021

Spanish launched in 2021




## 1:1 Owner Content




**PROACTIVE OUTREACH**

**Personalized content delivered to every owner**

Build knowledge base, drive engagement, enhance the owner experience

## Strong Experience Builds Commitment to the Category & Drives Repeat/Referral

POLARIS

## Rider-Driven Innovation

# Mike Speetzen

## Chief Executive Officer

**Analyst & Investor Meeting**

**February 24, 2022**

# Rider-Driven Innovation

## RIDER-DRIVEN INNOVATION

### ESTABLISHED CAPABILITIES

- Power & Driveline
- Ride & Handling
- Fit, Finish & Customization
- Advanced Materials
- Product & Rider Safety
- Infotainment



### EMERGING CAPABILITIES

- Connected Vehicles
- Electrification

**CUSTOMER DATA & INSIGHTS**
**RIDING CULTURE & INDUSTRY EXPERIENCE**

**Applying Technology to Improve the Riding Experience**

# Category-Defining Innovation

## CREATED THE CATEGORY




**Snowmobiles – 1954**



**Deck Boats – 1974**

## REDEFINED CATEGORY STANDARD



**Sportsman – 1994**




**Ranger – 1997**



**RZR – 2007**



**Indian – 2012**



**Luxury Pontoon – 1998**



**3-Wheel – 2015**

**Legacy of Innovation; New Breakthroughs Ahead**

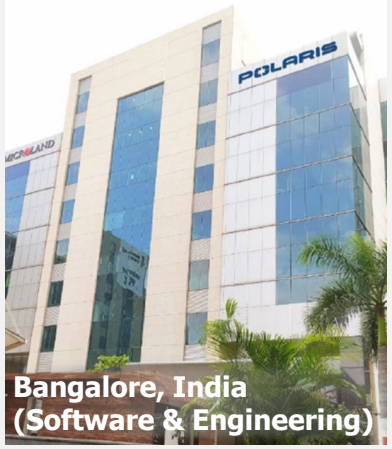
# Engineering & Development Talent

## GLOBAL TALENT & RESOURCES
















## DISCISPLINED APPROACH

**Safety, Quality & Sustainability**

**Innovative Technology Application**

**Platform Mindset**

**Analysis Led Design**

**Systems Engineering**

**~1,800**
Engineers & Software Developers

**8**
Global R&D + Technology Centers

**$337M**
2021 R&D Spend

**>1,100**
Active Patents

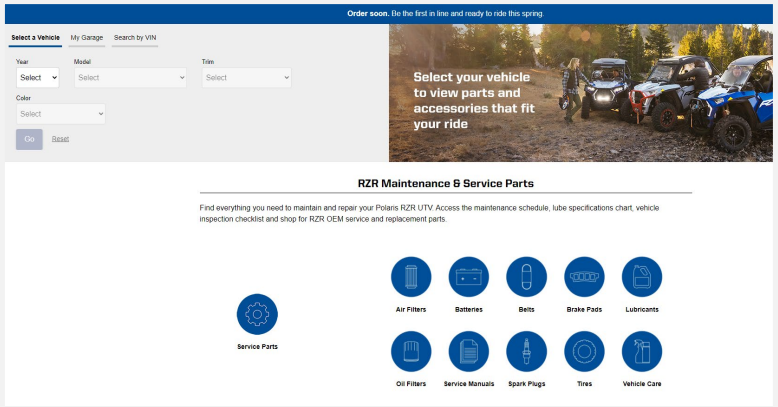
**Applying Technology to Improve the Riding Experience**

# Innovation Examples

## Wide-Beam Pontoon Platform



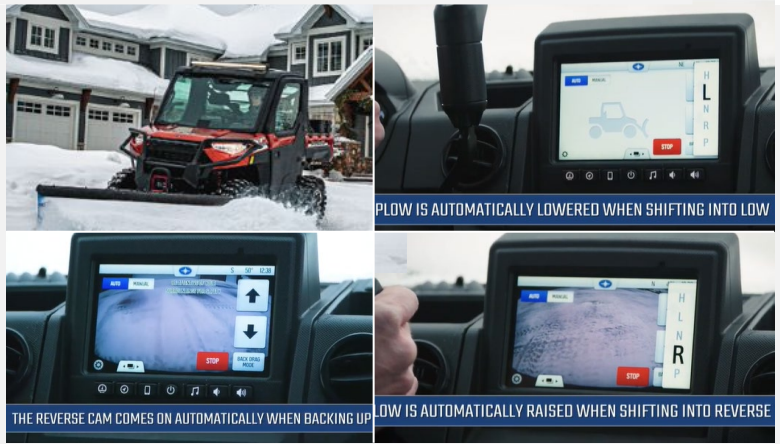
## Parts Shopping: Reinvented




## Indian Motorcycle Display




## Ride Command: Plow Mode

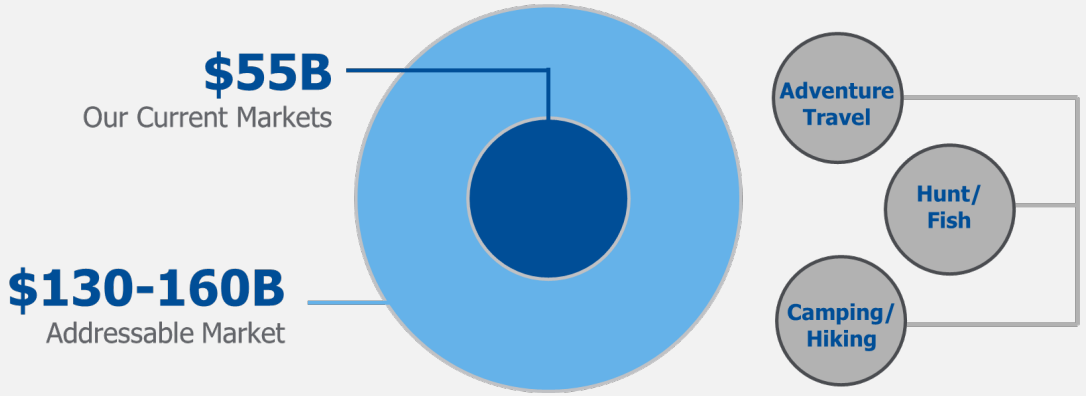



## Innovation Through Established & Emerging Capabilities

# New Category-Defining Opportunities

# Leading Electrification & Connected Opportunity

## Growth Opportunity




1. Drive global share growth in current markets
2. Grow share of wallet in addressable market
3. Attract new customers in related, outdoor segments

## Emerging Industry Opportunities



Connected Vehicle + Electrification

1. Opportunity for competitive advantage in current markets
2. New use cases that expand the addressable market
3. Transformed ride experiences that attract new customers

**Industry Evolution on the Horizon Provides Multiple, Long-term Growth Opportunities**

# Connected Vehicle & Electrification Approach

**FOCUS: Create The Best Customer Experience**

**Lead with customer insight**

**Deliver electrification & connected vehicle as enablers**

**Test broadly; commercialize purposefully**

**Leverage established capabilities to deliver complete solutions**

**Partner for speed; build capability for sustainable advantage**

**RESULT: Global Leader in Powersports**

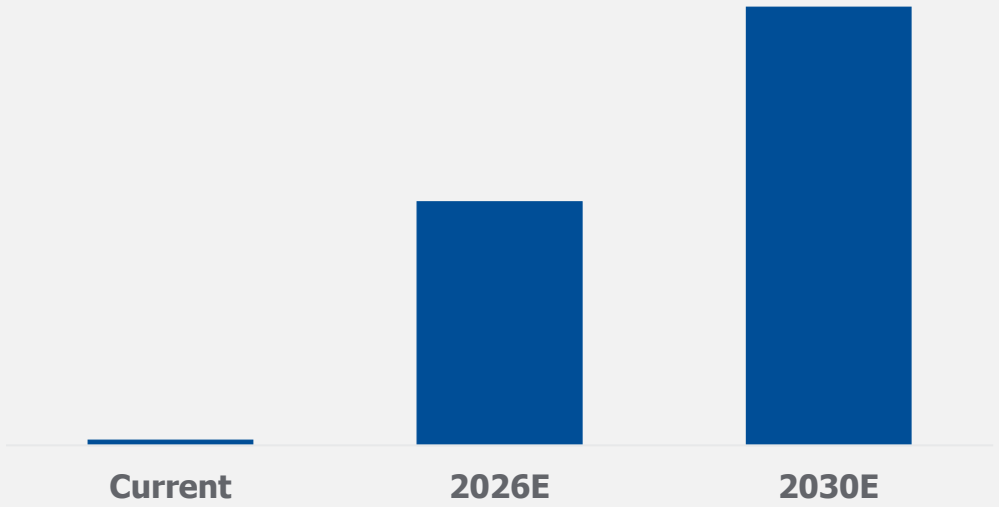
# Connected Vehicle: Ride Command+

## Opportunity

- Safety & convenience features
- Service & improved channel experience
- Internal value & cost saving potential
- Flexible, scalable & affordable solutions available

**Sustainable competitive advantage & brand loyalty**

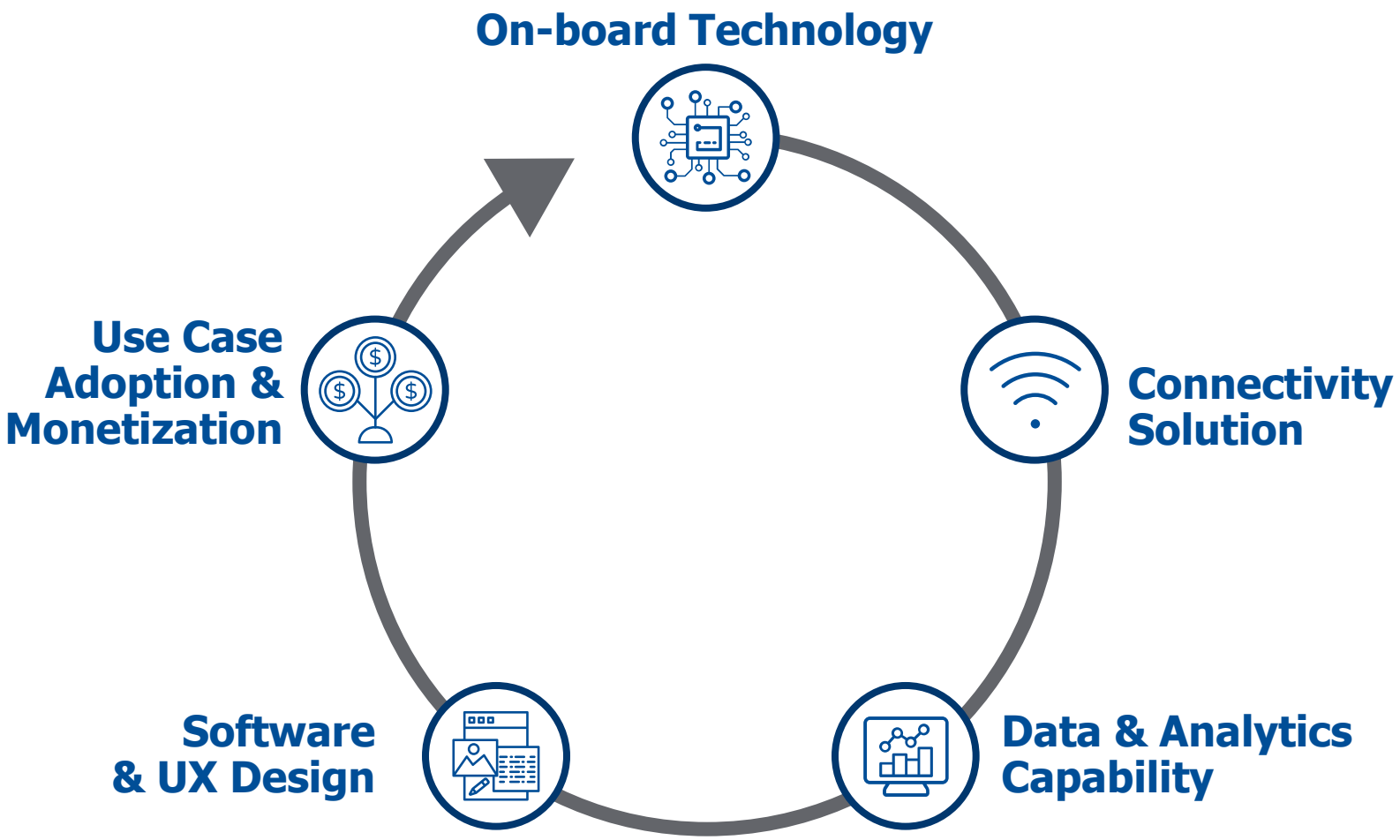
## Polaris Connected Vehicle Installed Base




**Ride Command+ available in most models by 2026**

## Our Ambition: Be The Industry Leader in Connected Vehicle Experience

# Connected Vehicle Requirements




## Existing Enablers

Infotainment scale & architecture

Ride Command App

>1 million miles of trail data

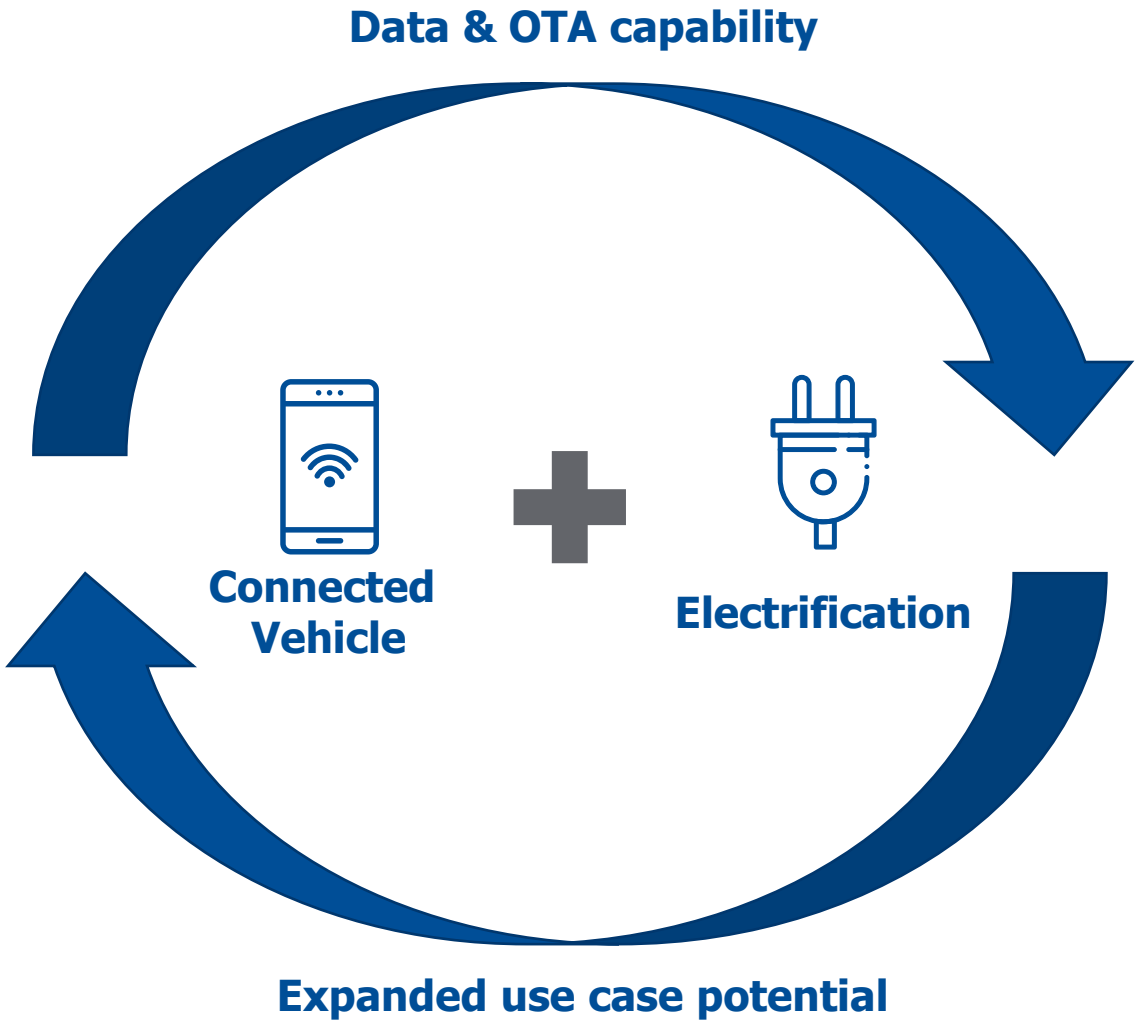
~100K hours of rides / month

In-house analytics, software & UX

**Fixed cost & installed base create advantage**

**Requires Scale for Profitability; Uniquely Positioned to Win**

# Connected Vehicle & Electrification




| Influential Trends |
| --- |
| Automotive Experience |
| Safety & Sustainability |
| Regulatory Actions |

**Two Critical Technologies with Related Trends Influencing Adoption**

# Why Electrification

## EV ADVANTAGES

Acceleration & power

Control

Lower total cost of ownership

Quiet operation

Zero emissions

**Improved Customer Experiences**




**Electric Vehicles Will be a Significant Platform in Powersports**

# Electrification Challenges







## EV BARRIERS

Range & Charging Infrastructure

Battery Technology

Demanding Environments

DIY & Modifications

Emotional Connection to Sounds & Smells

**Internal Combustion Has a Continued Leadership Role in Powersports**

**Customer Adoption Will Vary as Use Cases & Technologies Evolve**

# RANGER XP Kinetic

| | |
|---|---|
| **Target: Demanding Utility Customer** | **Uses: Hunt/Ag/Landowners**<br>**Needs:**<br>- **More productivity**<br>- **Maximum uptime**<br>- **Smarter work** |
| **Uncompromised Capability** | **More power than RANGER XP 1000**<br>**More cargo box capacity**<br>**Faster acceleration: 0-40mph < 4sec**<br>**95% XP 1000 accessories compatible** |
| **Unrivaled Durability** | **3-yr ePT, 5-yr battery warranty**<br>**Most durable drivetrain**<br>**Less required maintenance**<br>**Enhanced vehicle diagnostics** |
| **Refined Performance** | **Precise control**<br>**Quiet operation, no fumes**<br>**Smooth, effortless shifting** |

## LINEUP

### Ultimate: Extended Range, Fast Charge



MSRP: $29,999

Up to 80mi Range

Charge As-Fast-As 5hrs.

Audio & Ride Command+

### Premium: Standard Range, Standard Charge



MSRP: $24,999

Up to 45mi Range

Charge As-Fast-As 5hrs.

**Electric Unlocks the Next Level of Hardest Working, Smoothest Riding**

# Electric Test Vehicles on Display

## Electrification Test Vehicles

### ATV



### Youth



### Side-by-Side




### Snowmobile



**Committed to Aggressive Learning with Test Vehicles**

# Rider-driven Innovation

## RIDER-DRIVEN INNOVATION

| ESTABLISHED CAPABILITIES | | EMERGING CAPABILITIES |
|---|---|---|
| Power & Driveline | | Connected Vehicles |
| Ride & Handling | + | Electrification |
| Fit, Finish & Customization | | |
| Advanced Materials | | |
| Product & Rider Safety | | |
| Infotainment | | |

**CUSTOMER DATA & INSIGHTS**
**RIDING CULTURE & INDUSTRY EXPERIENCE**

**Applying Technology to Improve the Riding Experience**

POLARIS

## Off-Road

# Steve Menneto

## President, Off-Road

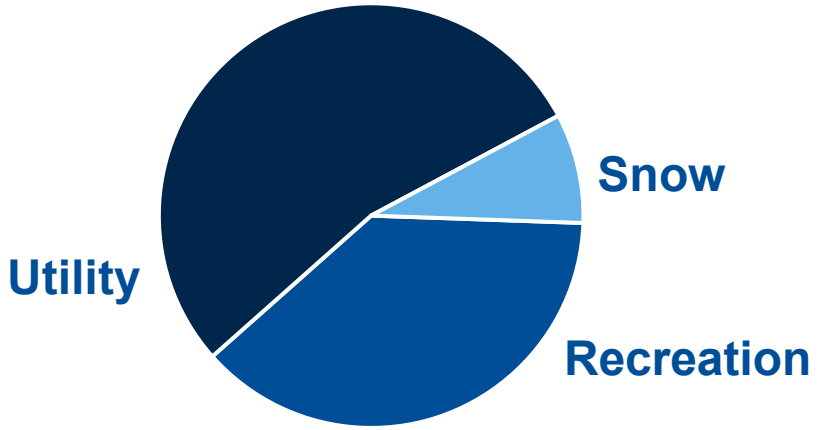
**Analyst & Investor Meeting**

**February 24, 2022**

# Polaris Off-Road

- Strong, healthy, global business
- More customer centric than ever
- Executing across all strategic pillars
- Driving margin improvement
- Well positioned for long-term growth

# Off-Road At-a-Glance




## 2021 Sales $5.4 Billion → +16%

| | |
|---|---|
| 30+ | New models in 2021 |
| 23% | PG&A growth YoY |
| 2600 | Global dealers |
| 5 | Global Manufacturing Plants |

**Utility**




**Recreation**

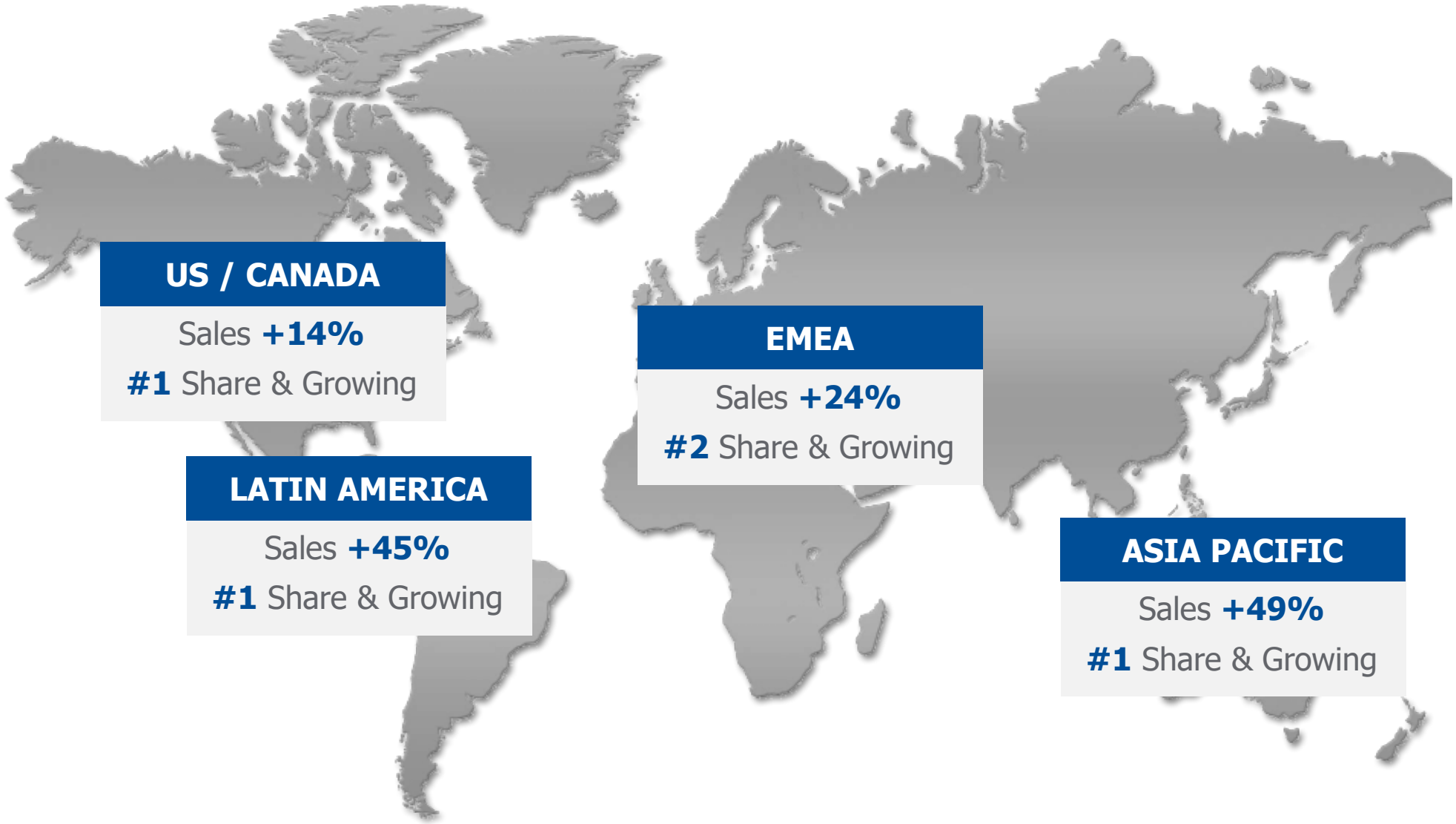



**Snow**




**Global Leader in Off-Road**

# 2021 Off-Road Results



**US / CANADA**

Sales **+14%**

**#1** Share & Growing

**LATIN AMERICA**

Sales **+45%**

**#1** Share & Growing

**EMEA**

Sales **+24%**

**#2** Share & Growing

**ASIA PACIFIC**

Sales **+49%**

**#1** Share & Growing

**Growing Share & Sales Across the Globe**

# Global Consumer Lifestyles & Usage

| Utility | Recreation | Snow | Commercial | Gov/Defense |
|---|---|---|---|---|
| Hunt/Land/Farm/Ranch | Adventure/Recreation | Mountain/Recreation | B2B, Fleet Sales | Tactical/Government |













**$60 to $80B Addressable Market – Millions of New Customer Opportunity**

# Global Leader in Off-Road

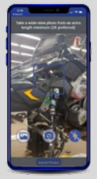
| | |
|---|---|
| Best Customer Experience | Evolving the Off-Road Customer Experience |
| | Channel Improvements |
| Rider-Driven Innovation | Product Excellence & Innovation |
| Agile & Efficient Operations | Process Excellence through Retail Flow Management (RFM) |
| | Margin Expansion |

**Bringing the Strategy to Life**

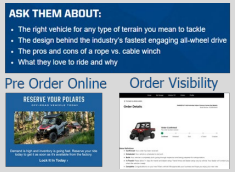
# Evolving the Off-Road Customer Experience

Best Customer Experience

## Digital Shopping



## Personalized Experiences



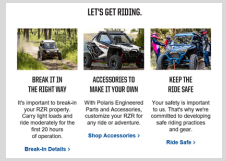

## In-Store Experience




## Dealer Readiness




## Acclimate New Customers

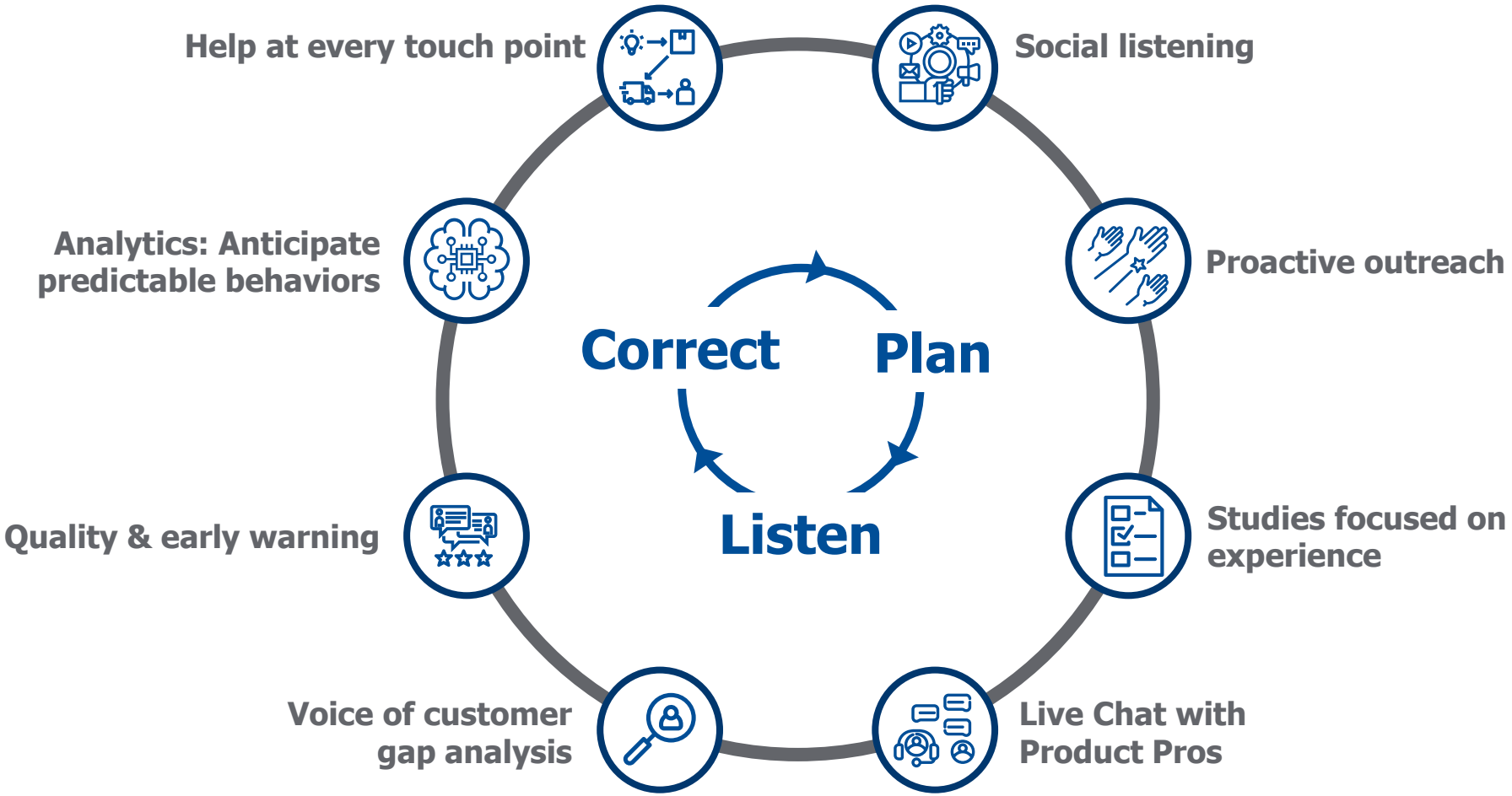



1. Make Every Contact Count
2. Elevate Dealer Channel

**Adapting to Attract & Fulfill New Customer Expectations**

# Make Every Contact Count

Best Customer Experience




**The Smallest Things Make the Biggest Difference**

# Channel Improvements

Best Customer Experience

| Metrics Aligned to Customer Experience…. | …Rewards & Benchmarks Drive Dealer Profitability |
|---|---|
| Experience | Execution earns rebates & incentives |
| Staff training | Performance criteria aligned to profit-driving activities |
| PG&A Execution | Feedback helps dealers continuously improve |
| Service | |
| Financial management | |

POLARIS | NORTHSTAR REWARDS




## Polaris Channel Advantage

**NorthStar Rewards Critical Tool to Drive Elevated Channel & Customer Experience**

# Off-Road Rider-Driven Innovation

Rider-Driven Innovation

Established

## Core Vehicle



## Powertrain & Drive Line



## Cab Systems

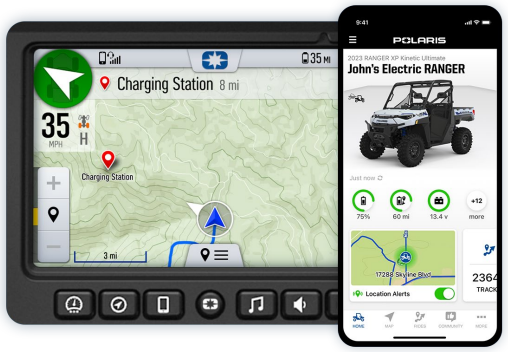


Emerging

## Electrification



## Ride Command +




**Innovation & Technology that Improves the Product Experience & Drives Share**

# Off-Road Rider-Driven Innovation

Rider-Driven Innovation

## Snow

### Patriot Boost



### Integrated Technology



### Lock & Ride Flex



## Commercial

### Vehicle Fault Alarms




### Kevlar-Backed Seats



### Speed Limiters



**Innovation & Technology that Improves the Product Experience & Drives Share**

# Product Solutions

Rider-Driven Innovation

## NorthStar Editions



**Get More Done with RANGER Northstar's Factory Installed, Comfortable Climate Controlled Cab**

## Ride Command in ATVs




**Explore Like Never Before with Ride Planning, Group Tracking & Real-time Messaging**

**Hardest Working Smoothest Riding Vehicles that Enhance Lifestyles**

# Product Solutions

Rider-Driven Innovation

## RZR Pro R



## RZR Turbo R



**Power, Strength & Control**
**Delivers Next Level Thrill**

**Redefining the Category with New Levels of Performance**

# Product Solutions

Rider-Driven Innovation

## 850 Indy Matryx



**Unrivaled Acceleration, Effortless Control, Intelligent Technology**

## RMK Pro Patriot Boost



**Instantaneous Lift, Immediate Response, More Power at any Elevation**

**Thriving on the Snow with Complete Control & Breakthrough Rider Dynamics**

# Accessory Solutions

Rider-Driven Innovation

## Cabs, Lights, Bumpers



## Racks, Storage



## Plowing, Boxes



## Protection



## Winches, Windshields



## Ice Fishing




## Tires



## Customization



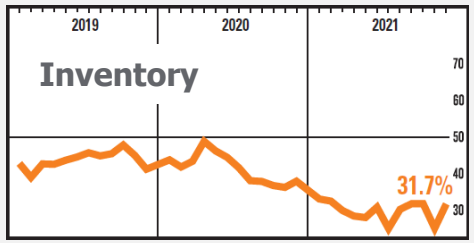

**Great Opportunity for Owners to Customize Their Machines & Drives PGA Growth**

# Global Supply Chain – "The Big Picture"

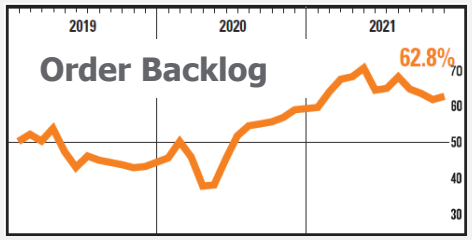


## What is Happening Across Global Industries?

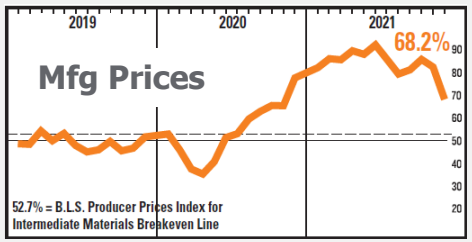
**Inventories remain critically low**




**Supply continues to be challenged**




**Inflationary pressure: logistics, commodities, labor & energy**




Source - PMI

## When Will We See Recovery?

Modest recovery expected in late 2022

Some issues (semiconductors) likely to persist into 2023

Market driven cost premiums expected to moderate over time (commodities already showing some recovery)

Recent COVID infection rates may further delay recovery

**Global Supply Chains Constrained Across Global Industries. Recovery Timing Uncertain.**

# Process Excellence Through RFM

Agile & Efficient Operations

## Process Innovation

POLARIS OFF-ROAD RESERVATIONS

**Improved the Experience**

POLARIS OFF-ROAD PRESOLD UNITS

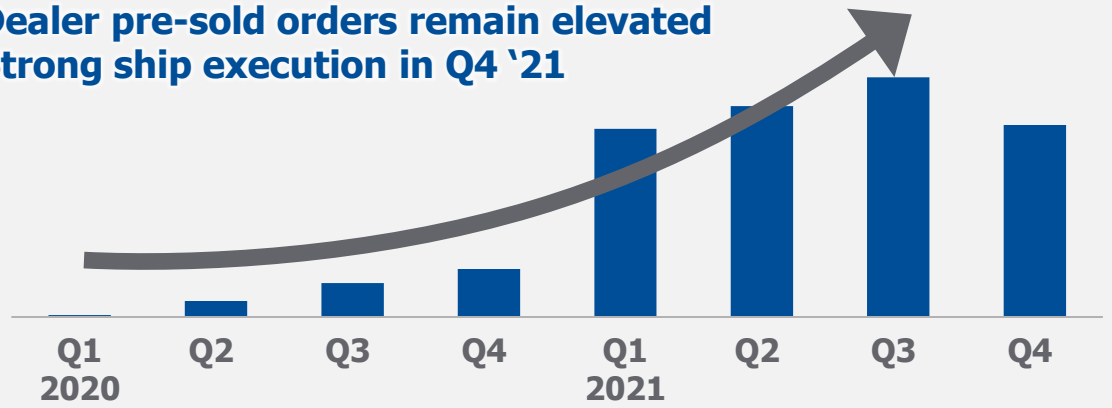
**Responded to Demand**

ORV RFM

**Retail Flow Management (RFM): Industry-Leading Process**

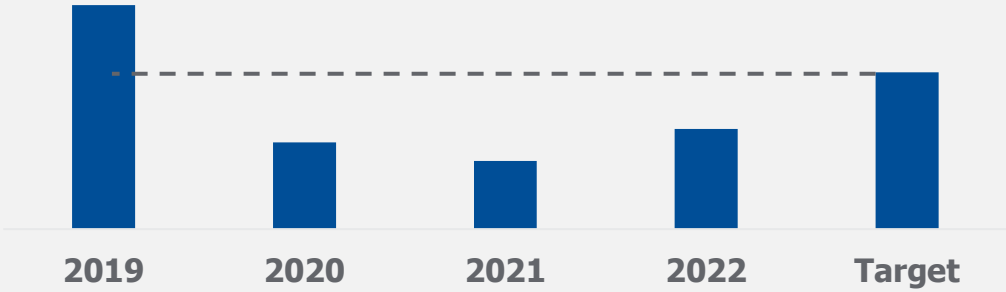
## ORV Open Pre-Sold Orders

**Dealer pre-sold orders remain elevated**
**Strong ship execution in Q4 '21**




## Dealer Readiness

**Dealer inventory recovers to 25-35% below previous levels**




**Focusing on Customer Experience Through Challenging Environment**

# Margin Expansion



## Profitability Drivers

Design to Value Processes

Modular Designs

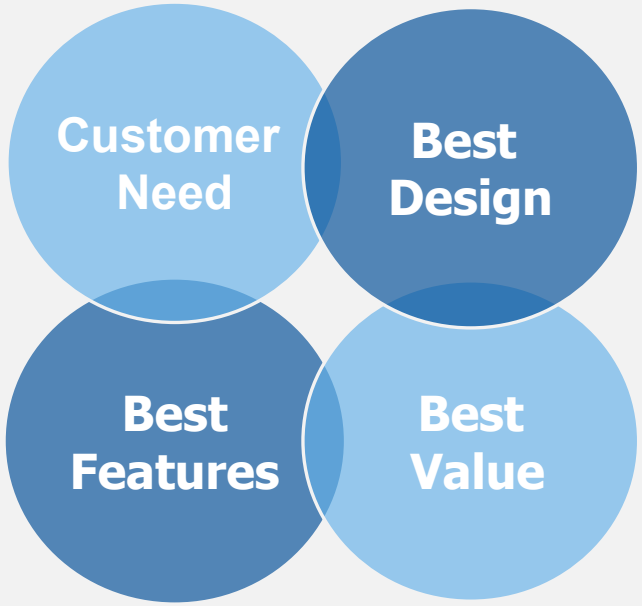
Aggressive Product Plan

Robust PGA Business

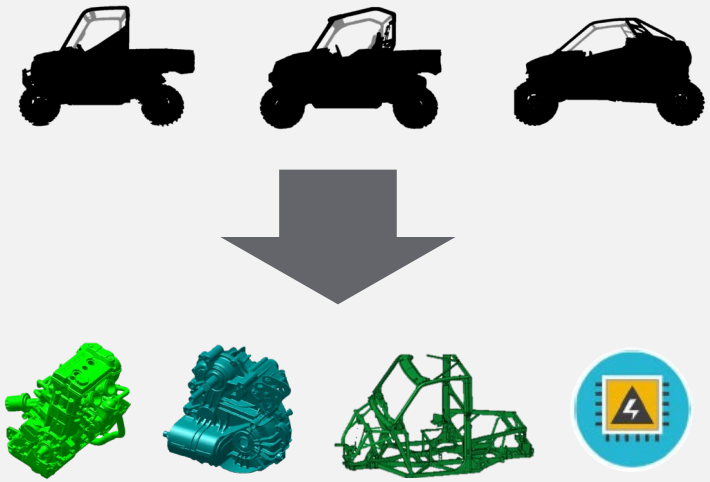
Integrate Suppliers in Margin Expansion

Lean Tools & Standard Work

## Design to Value (DTV)




## Product Focus to…



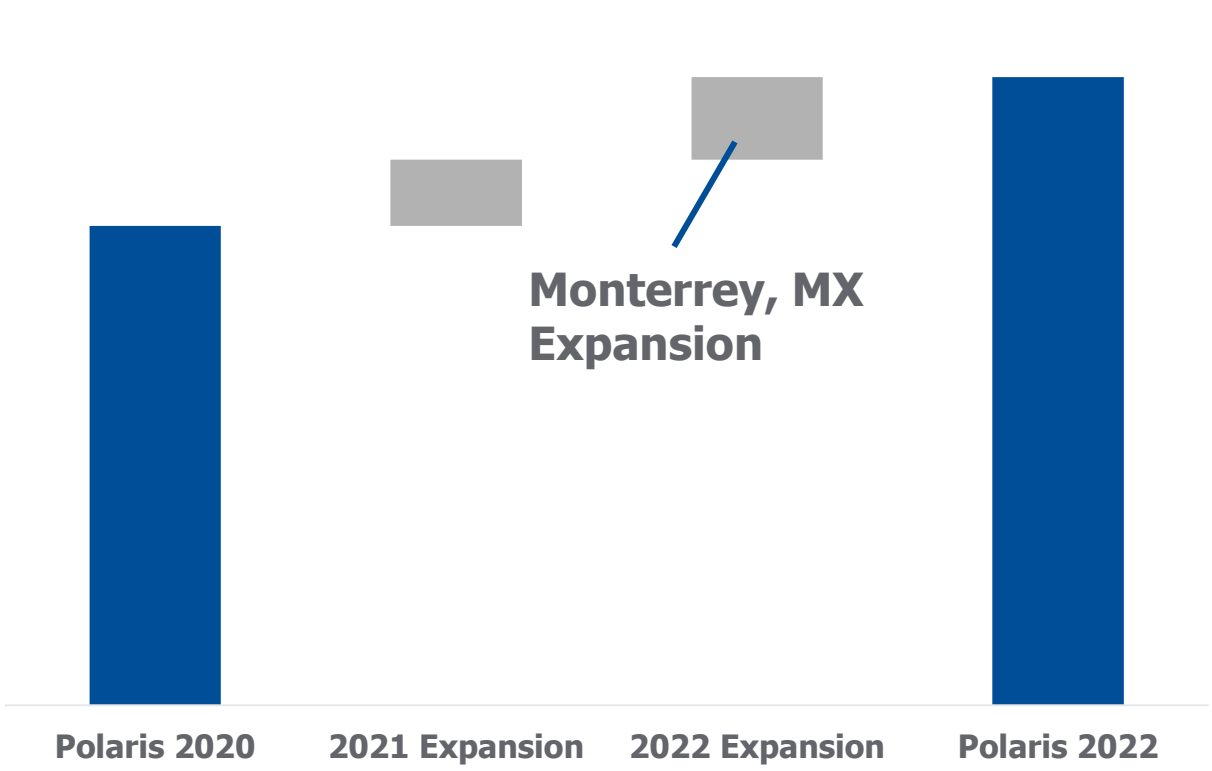
**…Modular Designs Focus**

**Moving Towards Pre-2015 Margins Over the Next 5 Years**

# Off-Road Plant Capacity



## Global Manufacturing Footprint




**Nearly 1 Million Sq. Ft. Expansion vs. 2020**

## Monterrey Expansion



**Capacity Expansion**

**Efficiency Improvements**

**Sustainability**

## Substantial Investments in Growth & Profit Improvement

# Polaris Off-Road

- Strong, healthy, global business
- More customer centric than ever
- Executing across all strategic pillars
- Driving margin improvement
- Well positioned for long-term growth

# Financial Outlook


## Bob Mack

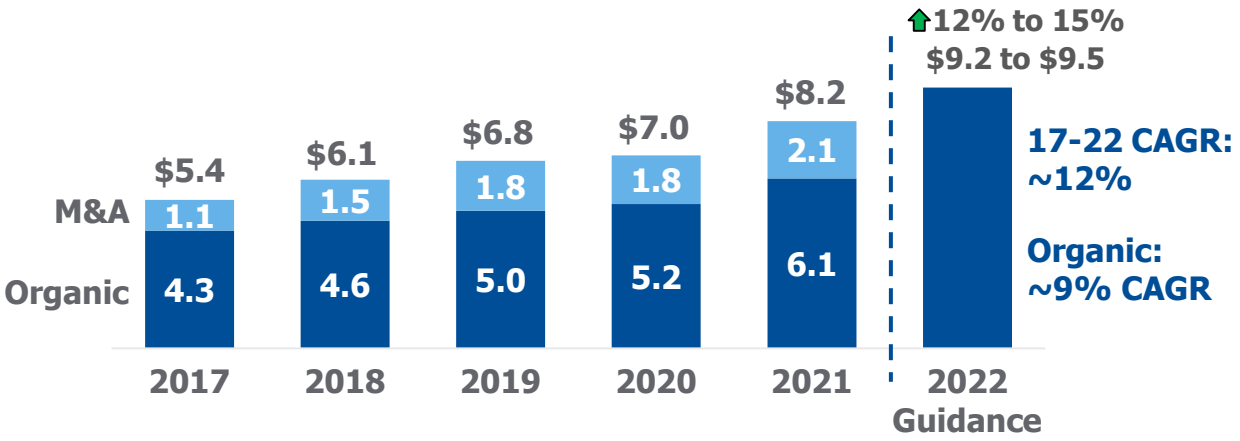
### Chief Financial Officer
### Executive Vice President, Finance & Corporate Development


**Analyst & Investor Meeting**

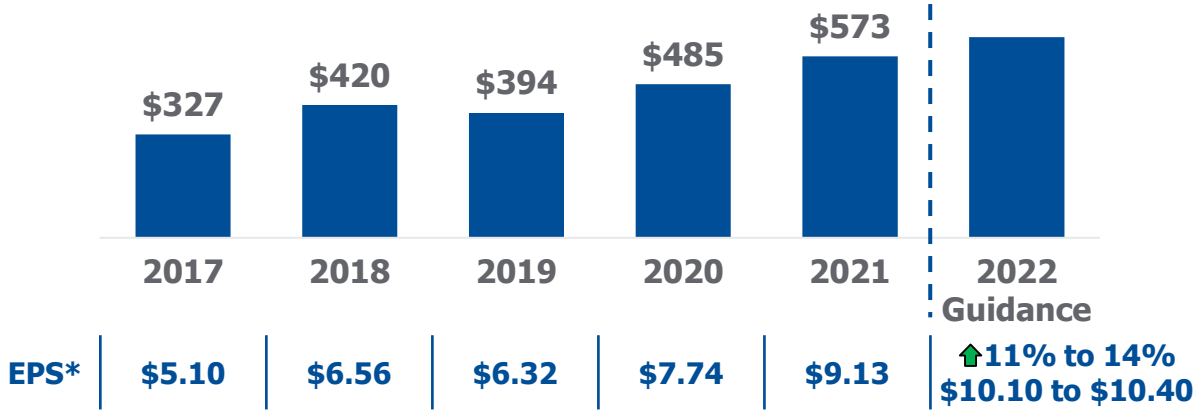
**February 24, 2022**

# Financial Results

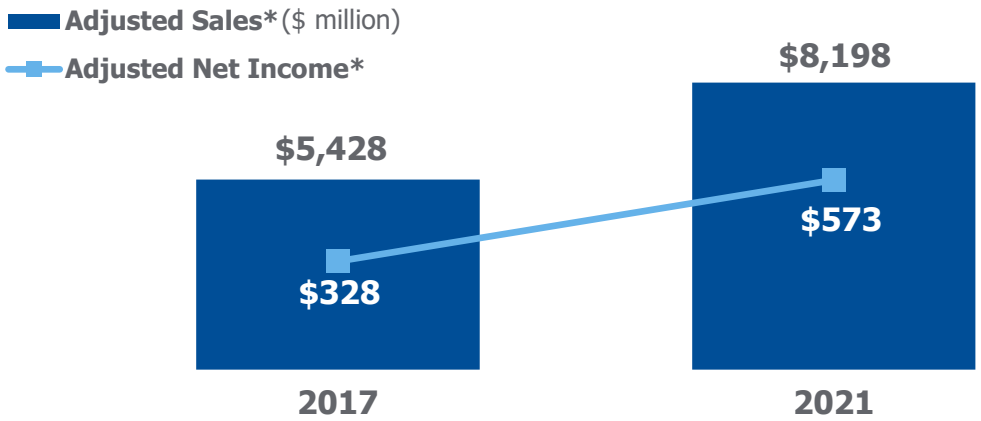
## Adjusted Sales* ($ billion)




## Adjusted Net Income* ($ million)




## 2018 Strategic Framework Goals Through 2021




| | Goal | Actual | |
|---|---|---|---|
| Sales Growth | 5% | 11% | ☑ |
| Net Income Growth | 15% | 15% | ☑ |

**Delivered Commitments, Well Positioned to Generate Shareholder Value**

**See GAAP/Non-GAAP Reconciliation in Appendix; see Appendix for discussion regarding non-GAAP adjustments excluded from 2022 guidance*

# Moving Forward….




# GLOBAL LEADER IN POWERSPORTS

Powering passion and pioneering new possibilities for all those who play, work and THINK OUTSIDE

- **Best Customer Experience**
- **Rider-Driven Innovation**
- **Best Team, Best Culture**
- **Inspirational Brands**
- **Agile & Efficient Operations**
- **Geared For Good**

## #1 MARKET SHARE IN POWERSPORTS

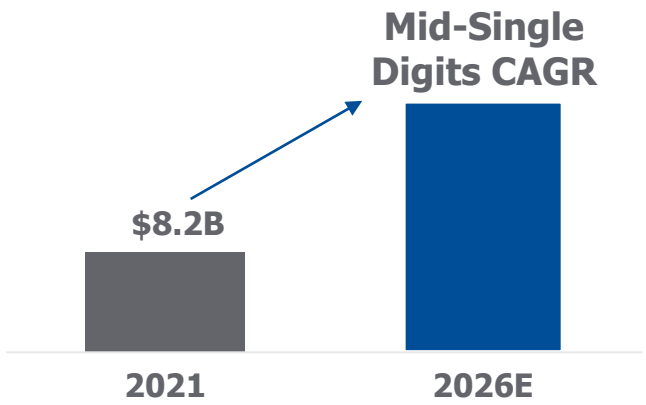
**SALES GROWTH %: Mid-Single Digits** | **EBITDA %: Mid-to High-Teens** | **ROIC %: Mid-Twenties** | **EPS GROWTH %: Double Digits**

*2022-2026 Targets*

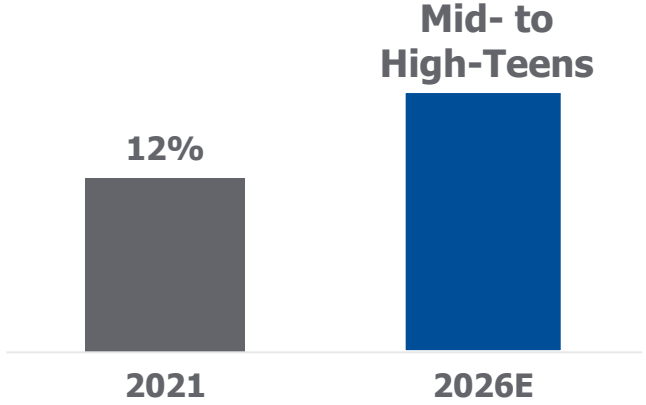
# Long-Range Financial Outlook

- Best Customer Experience
- Inspirational Brands
- Rider-Driven Innovation
- Agile & Efficient Operations
- Best Team, Best Culture
- Geared For Good

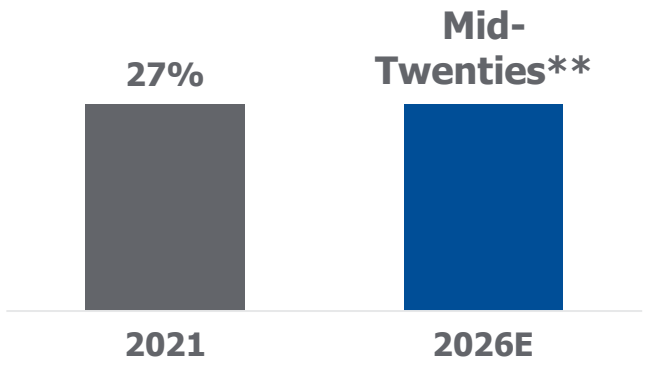
## Sales Growth



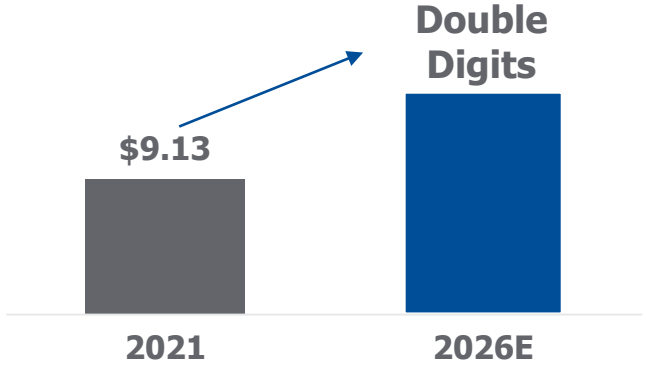

## Adjusted EBITDA* %




## ROIC %




## Adjusted EPS Growth*




**Significant Growth & Profit Expansion in Our Financial Targets**

*See GAAP/Non-GAAP Reconciliation in the appendix

**Including acquisition at run-rate

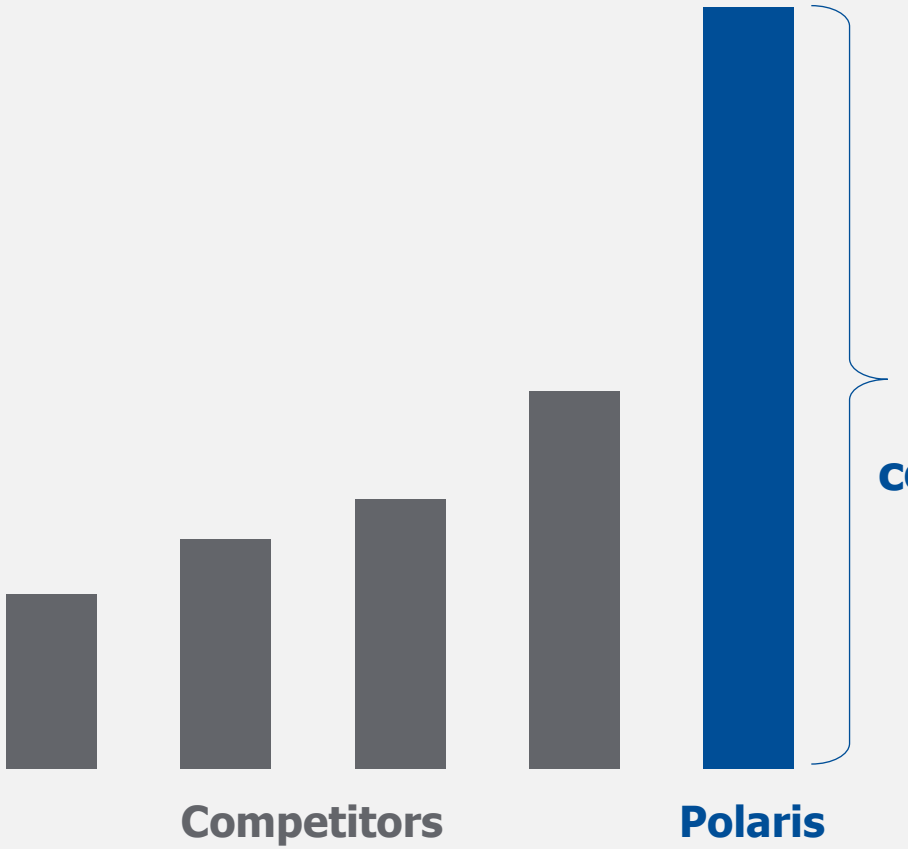
# Why Invest in Polaris

- Solid, Stable Growth in Core Powersports
- **Significant Competitive Moat**
- Track Record of Winning Innovation
- **Improving EBITDA Margin Rate & Expanding EBITDA Dollars**
- **Strong Balance Sheet & Attractive ROIC**
- **New Focus on Capital Deployment**

**Simple, Focused Strategy; Compelling Financial Outcomes**

# Competitive Moat

## 2021 Powersports Unit Retail




| | | |
|---|---|---|
| **Off-Road** | **#1** Off-Road Share | **+80%** Vs. #2 player |
| **On-Road** | **#2** Bikes > 900cc | **+130%** Vs. #3 player |
| **Marine** | **#1** Pontoon & Deck Boats | **+70%** Vs. #2 player |

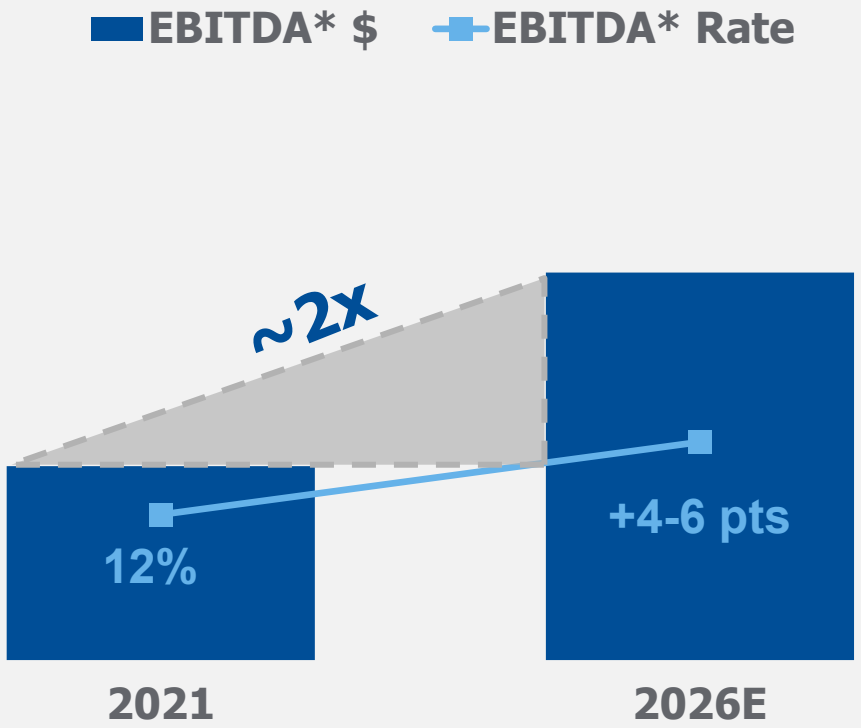
**Scale Advantages**

- Innovation Engine
- Product Breadth
- Brand Presence
- Manufacturing & Sourcing Scale
- Distribution Footprint

**Significant, Sustainable Scale Advantage**

Source: NMMA, ROHVA & MIC for North America Only in relevant segments.

# EBITDA Growth




## Margin Improvement Drivers

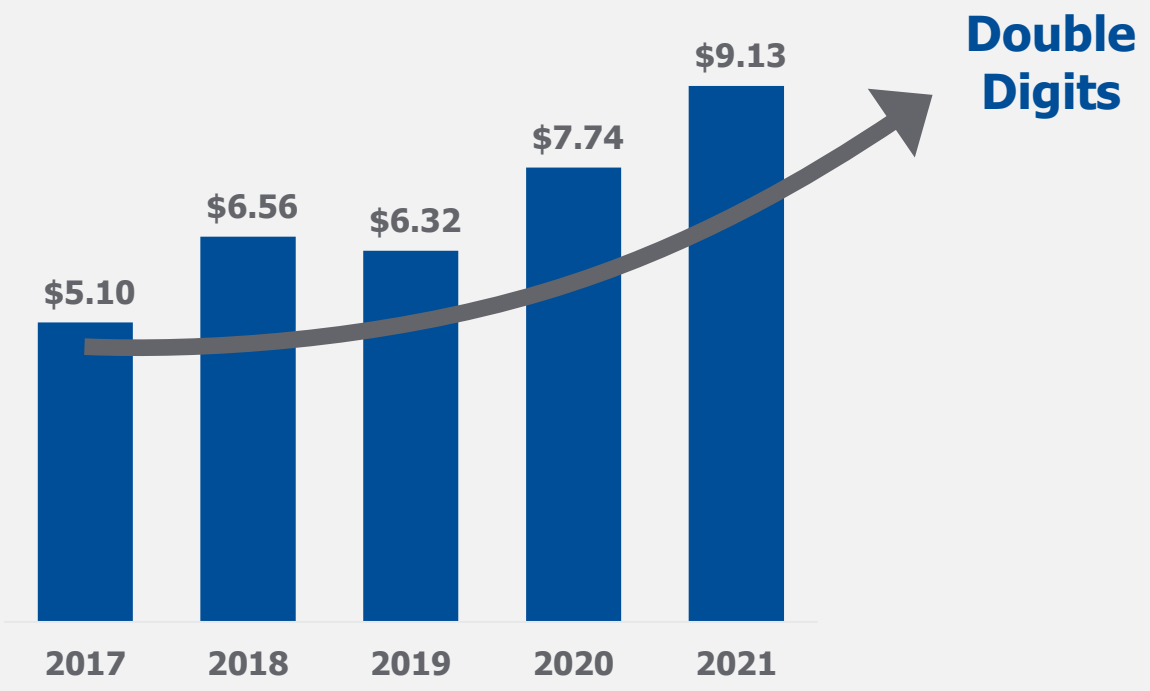
| 2021 EBITDA* | 12% |
|---|---|
| Price / Cost Balance | +++ |
| Modular Designs & Sunburst | +++ |
| Portfolio Optimization | ++ |
| Motorcycle / TAP Profitability | ++ |
| Tariff Mitigation | + |
| **2026 EBITDA Target** | **Mid- to High-Teens** |

## Multiple Levers to Return to Historic Profitability Metrics

*Slide based on Adjusted EBITDA See GAAP/Non-GAAP Reconciliation in appendix

# EPS Growth

## Adjusted EPS* Growth




## EPS Drivers

Sales growth

EBITDA margin rate expansion

Reduction in base share count

No significant tax rate changes

Interest & FX likely headwinds

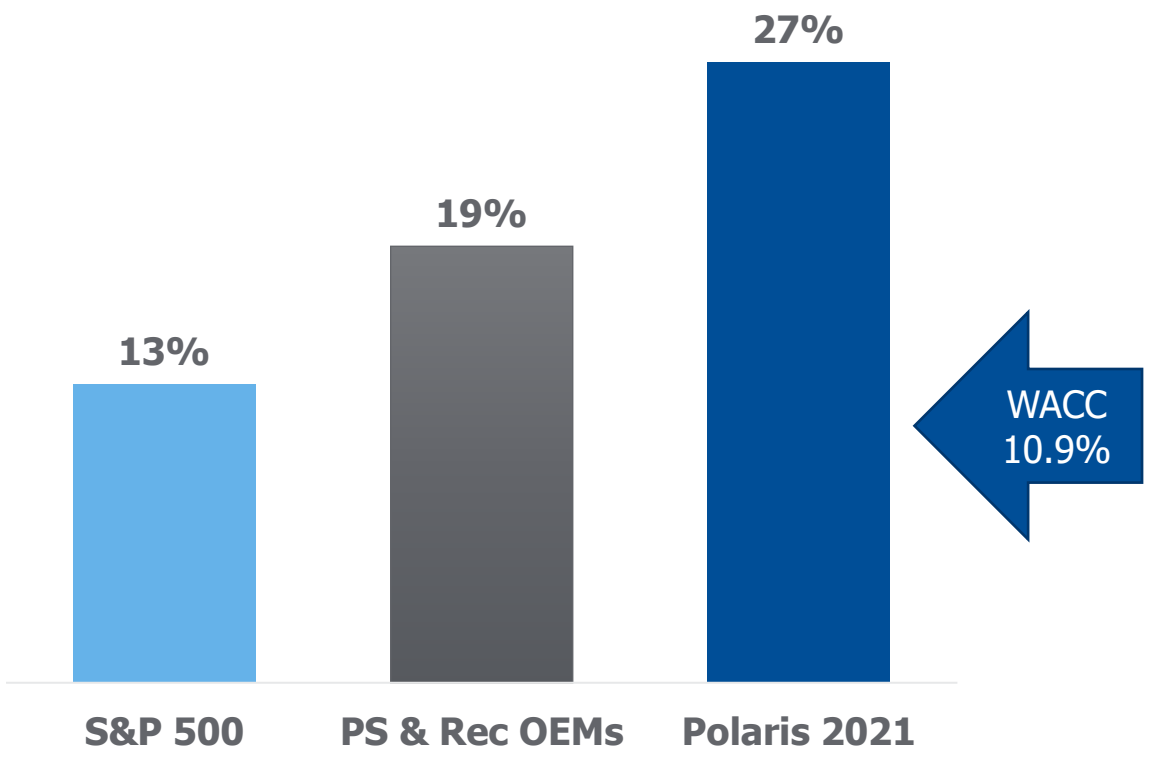
**Execution Against Fundamentals Drives Attractive EPS Growth**



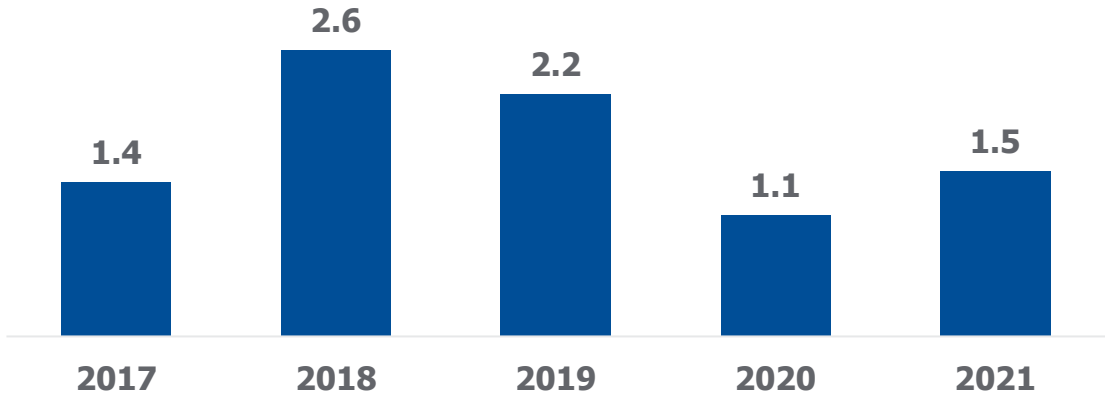
**See GAAP/Non-GAAP Reconciliation in appendix*

# Strong Balance Sheet & ROIC

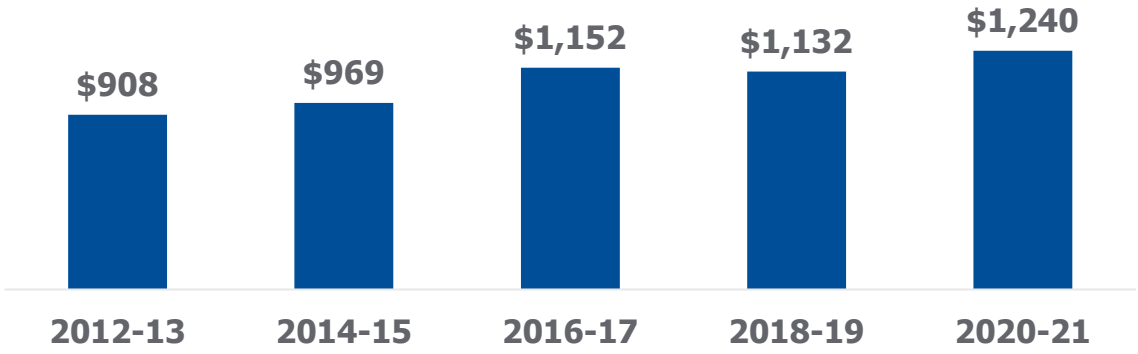
## ROIC




## Net Debt / EBITDA Leverage Ratio




## Operating Cash Flow ($ million)

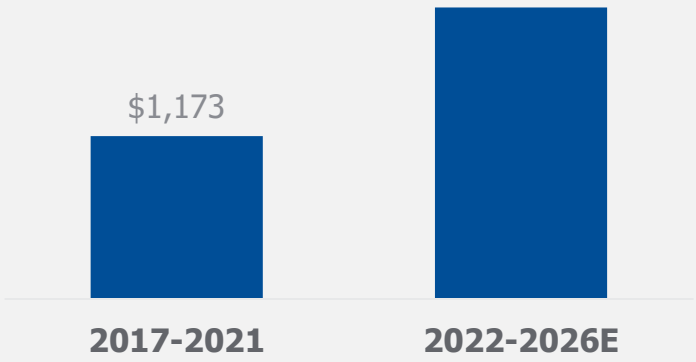



**Strong Balance Sheet & Cash Generation Supports Agility & Resilience**

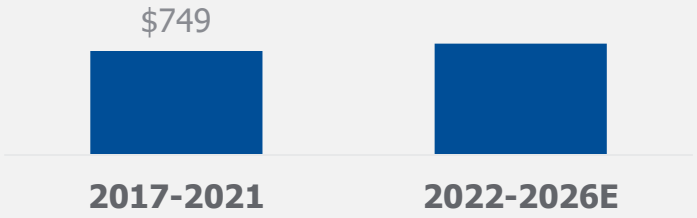
# New Focus on Capital Deployment

## Capital Deployment ($ million)

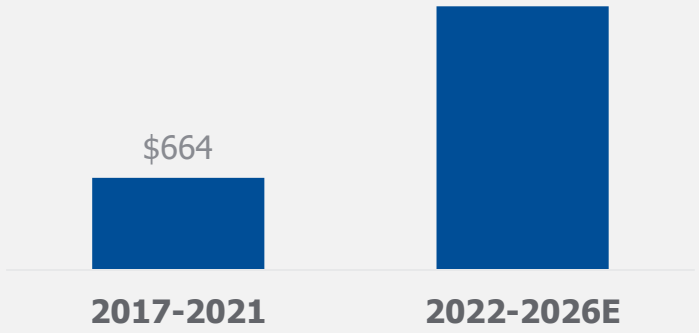
### 1. Capital Expenditures




### 2. Dividend




### 3. Net Share Repurchases*




## Capital Priorities

**1. High return organic investments**

- Plant expansions / potential for a new plant
- New or improved manufacturing capabilities
- Tooling for innovative new products
- Technology enablers

**2. Dividend** – maintain dividend aristocrat status

**3. Share repurchase** – targeting to reduce the base share count by at least 10% over the next five years

**4. Focused acquisitions in core segments**

*Repurchases of common shares net of proceeds from stock issuances

# Acquisition Financial Performance

| | EBITDA | ROA | Comments |
|---|---|---|---|
| **Platform Acquisitions** | | | |
| **TAP** | Low-Single Digits | <WACC | • Focus on path to improved profitability<br>• Customer / lifestyle overlap |
| **Boats** | Mid-Teens | ~WACC | • ROIC above cost of capital within three years<br>• Strategic platform for future M&A |
| **Tuck-in Acquisitions** | | | |
| **Klim, 509, Pro Armor, Kolpin, Timbersled** | High-Single / Low-Teens | ~WACC | • Strong financial returns & growth<br>• High synergy potential in growing portfolio |
| **Aixam, Goupil** | Mid-Twenties | >WACC | • Exceptional financial returns<br>• Limited synergy, but efficient stand-alone performance |
| **Capability Acquisitions** | | | |
| **WSI, Trail Tech, NPV, Hammerhead** | N/A | N/A | • Performance as expected<br>• Supports plant network optimization |

**Many Wins from Past Acquisitions; Taking Action to Address Gaps**

# Why Invest in Polaris

- Solid, Stable Growth in Core Powersports
- Significant Competitive Moat
- Track Record of Winning Innovation
- Improving EBITDA Margin Rate & Expanding EBITDA Dollars
- Strong Balance Sheet & Attractive ROIC
- New Focus on Capital Deployment

**Simple, Focused Strategy; Compelling Financial Outcomes**

# Q & A





# POLARIS

Think Outside

## GLOBAL LEADER IN POWERSPORTS

Powering passion and pioneering new possibilities for all those who play, work and THINK OUTSIDE

- **Best Customer Experience**
- **Rider-Driven Innovation**
- **Best Team, Best Culture**
- **Inspirational Brands**
- **Agile & Efficient Operations**
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## #1 MARKET SHARE IN POWERSPORTS

**SALES GROWTH %: Mid-Single Digits** | **EBITDA %: Mid-to High-Teens** | **ROIC %: Mid-Twenties** | **EPS GROWTH %: Double Digits**

*2022-2026 Targets*

# Appendix

- 2017–2021 Non-GAAP Reconciliations – Total Company
- EBITDA Non-GAAP Reconciliation
- 2022 Guidance Adjustments

# Non-GAAP Reconciliations

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

(In Millions, Except Per Share Data; Unaudited)

| | Years-Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| **Sales** | $ 8,198.2 | $ 7,027.9 | $ 6,782.5 | $ 6,078.5 | $ 5,428.5 |
| Victory wind down (1) | — | — | — | 0.8 | (1.9) |
| Restructuring & realignment (3) | — | (2.9) | — | 3.2 | 1.0 |
| **Adjusted sales** | $ 8,198.2 | $ 7,025.0 | $ 6,782.5 | $ 6,082.5 | $ 5,427.7 |
| | | | | | |
| **Net income attributable to Polaris Inc.** | $ 493.9 | $ 124.8 | $ 324.0 | $ 335.3 | $ 172.5 |
| Victory wind down (1) | — | — | — | 1.8 | 52.4 |
| Acquisition-related costs (2) | — | — | 5.9 | 17.3 | 16.9 |
| Restructuring & realignment (3) | 9.9 | 30.4 | 17.6 | 19.8 | 13.9 |
| EPPL impairment (4) | — | — | — | 25.1 | — |
| Brammo (5) | — | — | — | (13.1) | — |
| Intangible asset impairment charges (6) | — | 289.0 | — | — | — |
| Other impairment charges (7) | 7.7 | — | — | — | — |
| Loss on sale of businesses (8) | 28.0 | — | — | — | — |
| Intangible amortization (9) | 25.9 | 27.5 | 31.0 | 24.4 | 16.4 |
| Class action litigation & other expenses (10) | 7.2 | 12.9 | 15.2 | 9.0 | 55.4 |
| **Adjusted net income attributable to Polaris Inc.** | $ 572.6 | $ 484.6 | $ 393.7 | $ 419.6 | $ 327.5 |
| | | | | | |
| **Diluted EPS attributable to Polaris Inc.** | $ 7.88 | $ 1.99 | $ 5.20 | $ 5.24 | $ 2.69 |
| Victory wind down (1) | — | — | — | 0.03 | 0.82 |
| Acquisition-related costs (2) | — | — | 0.10 | 0.27 | 0.26 |
| Restructuring & realignment (3) | 0.16 | 0.49 | 0.28 | 0.31 | 0.22 |
| EPPL impairment (4) | — | — | — | 0.39 | — |
| Brammo (5) | — | — | — | (0.20) | — |
| Intangible asset impairment charges (6) | — | 4.61 | — | — | — |
| Other impairment charges (7) | 0.12 | — | — | — | — |
| Loss on sale of businesses (8) | 0.45 | — | — | — | — |
| Intangible amortization (9) | 0.41 | 0.44 | 0.50 | 0.38 | 0.25 |
| Class action litigation & other expenses (10) | 0.11 | 0.21 | 0.24 | 0.14 | 0.86 |
| **Adjusted EPS attributable to Polaris Inc.** (11) | $ 9.13 | $ 7.74 | $ 6.32 | $ 6.56 | $ 5.10 |

**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" sales, 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 adjustments for the wind down of Victory Motorcycles, including wholegoods, accessories and apparel

(2) Represents adjustments for integration and acquisition-related expenses and purchase accounting adjustments

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

(4) Represents adjustments for the impairment of the Company's equity investment in Eicher-Polaris Private Limited (EPPL)

(5) Represents a gain on the Company's investment in Brammo, Inc.

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

(7) Represents impairment charges related to an investment held by the Company

(8) Represents the loss associated with the Company's divestiture of the Global Electric Motorcar (GEM) and Taylor-Dunn businesses

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

(10) Represents adjustments for class action litigation-related expenses and the impacts of tax reform

(11) Except for non-deductible items, the Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2021, 2020 and 2019 and 2018, and 37.1% for the non-GAAP adjustments in 2017

# Non-GAAP Reconciliation - EBITDA

| | Year-Ended December 31, 2021 |
|---|---|
| **Sales** | **8,198.2** |
| **Net income** | **$ 494.3** |
| Provision for income taxes | 131.4 |
| Interest expense | 44.2 |
| Depreciation | 203.1 |
| Amortization | 34.0 |
| **EBITDA** | **$ 907.0** |
| **EBITDA Margin** | **11.1%** |
| **Non-GAAP adjustments impacting EBITDA:** | |
| Other impairment charges (1) | $ 7.7 |
| Loss on sale of businesses (2) | 36.8 |
| Restructuring & realignment (3) | 13.0 |
| Class action litigation expenses (4) | 9.4 |
| **Adjusted EBITDA** | **$ 973.9** |
| **Adjusted EBITDA Margin** | **11.9%** |

**Adjustments:**

(1) Represents impairment charges related to an investment held by the Company

(2) Represents the loss associated with the Company's divestiture of the Global Electric Motorcar (GEM) and Taylor-Dunn businesses

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

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

# 2022 Guidance Adjustments

2022 guidance excludes the pre-tax effect of supply chain transformation, restructuring and network realignment costs of approximately $5 million, and approximately $5 to $10 million for class action litigation-related expenses. Intangible amortization of approximately $30 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.

POLARIS

# Analyst & Investor Meeting

**Las Vegas**

**February 24, 2022**



