POLARIS

First Quarter 2022 Earnings Presentation

April 26, 2022





Safe Harbor & Non-GAAP Measures

Except for historical information contained herein, the matters set forth in this presentation and discussed in the corresponding earnings call are "forward-looking statements" intended to qualify for the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as we or our management "believes," "should," "anticipates," "expects," "estimates" or words of similar import. Similarly, statements that describe our future plans or trends, objectives or goals, such as future sales, shipments, inventory levels, consumer demand, net income, net income per share, future cash flows and capital requirements, operational initiatives, pricing actions, tariffs, currency fluctuations, interest rates, and commodity costs, 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; 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 and Europe compiled by the Company or Company estimates and other industry data sources. The Company relies on information that its dealers and other third parties supply concerning retail sales, and other retail sales data sources related to Polaris and the powersports industry, and this information is subject to revision. Retail sales references to total Company retail sales includes only ORV, snowmobiles and motorcycles in North America unless otherwise noted.

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

First Quarter 2022 Overview

Total Company Results*

	Q1'22	YoY Change
Sales	$1,957M	~Flat
Adjusted Gross Profit Margin	20.3%	⇩ 447 bps
Adjusted EBITDA	8.4%	⇩ 446 bps
Adjusted EPS	$1.29	⇩ 44%

Drivers

- **Demand remains at high levels**
  - Repurchase and pre-sold rates remain strong
- **Focused on supply chain, which continues to dictate performance**
- **Dealer inventory levels remain low**
  - Restock tailwind likely in 2023
- **Total retail down 22% due to supply chain challenges and difficult comparison**
- **Strong pricing partially offset higher inflation**
- **Repurchased ~1.5 million shares for $172 million**

Team Continues to Focus on Managing the Supply Chain to Drive Higher Shipments

*Please refer to the supporting schedules entitled "Non-GAAP Reconciliation" for reconciliations of adjusted or non-GAAP measures to the most directly comparable GAAP financial measures, which can be found in the appendix of this presentation or on our website at www.ir.polaris.com.



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

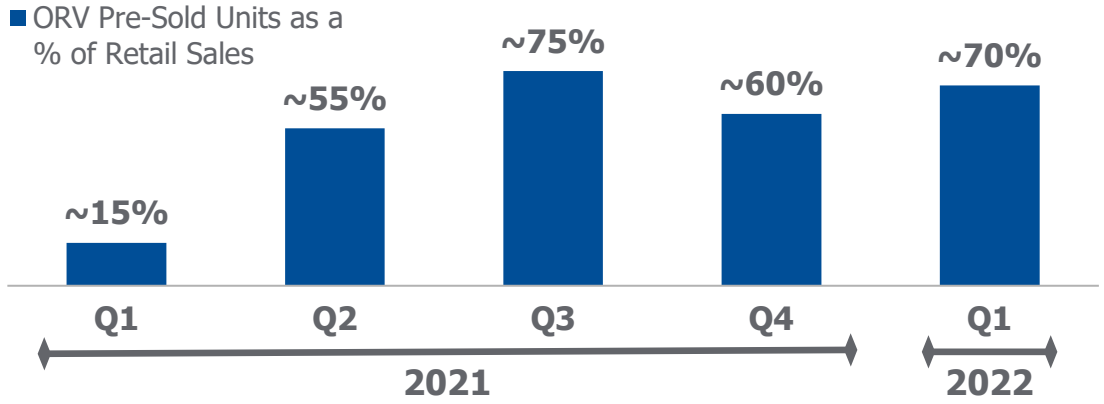
Recent Highlights

- Capacity expansions in Wilmington, OH and Roseau, MN
- Launched over 20 new MY'23 Snowmobile products and several new Indian Motorcycles, including the Scout Rogue & Scout Rogue Sixty
- 27th consecutive annual dividend increase
- PII and Zero Motorcycles jointly named to Fast Company's list of the World's 50 Most Innovative Companies
- Polaris vehicles continue to top podiums with recent RZR racing wins at San Felipe 250 and Indian Motorcycle wins at Texas Half-Mile

Continue to Lead From the Front

Customer Demand Indicators

ORV Pre-Sold Orders



Polaris Adventures Rides

- **Ride participation consistent year-over-year**
  - Supply chain impacted snowmobile availability
- **Polaris Adventures Select added four more states in the Midwest**
  - First-ever monthly membership program in powersports

Repurchase Rates and Cancellations

- **Short-term repurchase rates are up year-over-year**
- **Long-term repurchase rates remain strong**
- **ORV cancellation rates remain low at ~4% in March**

Powersports PG&A

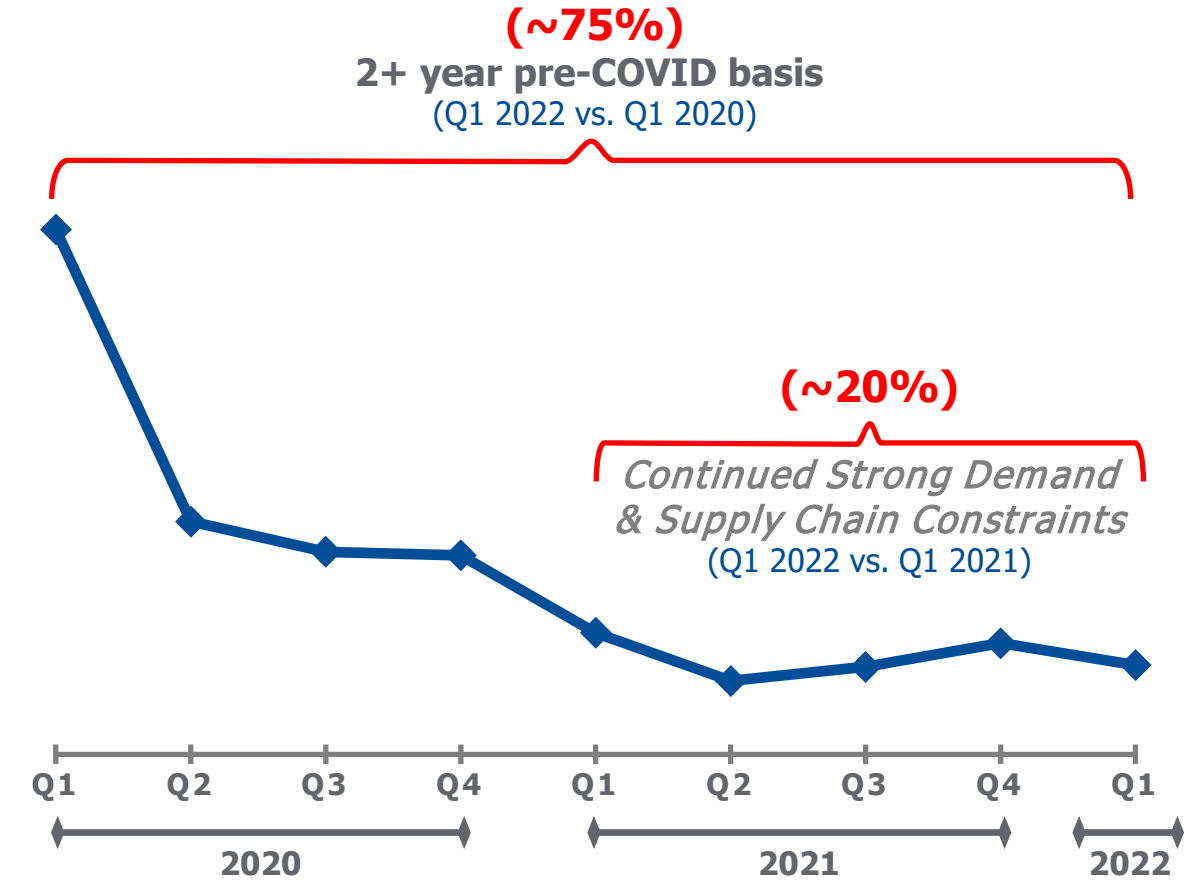
- **Record PG&A attachment rates**
- **Powersports e-commerce up 28%**
  - Traffic up significantly versus pre-pandemic levels

Demand Indicators Remain Elevated

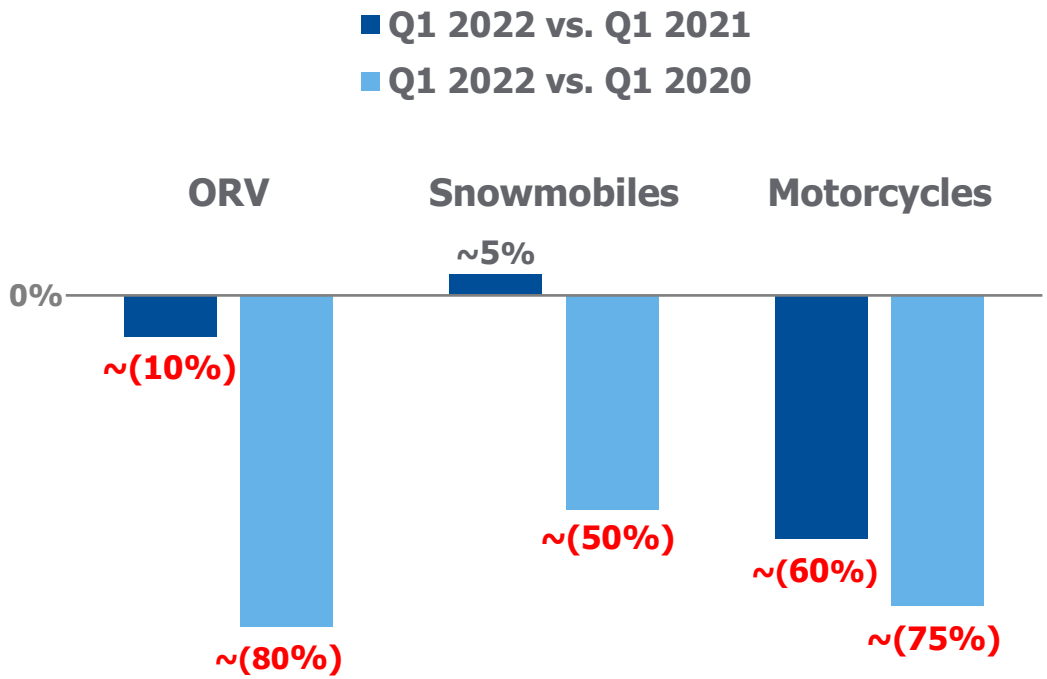
North American Dealer Inventory Remains at Historic Lows

Total N.A. Dealer Inventory

(in units) Note: Excludes Boats



N.A. Dealer Inventory by Business

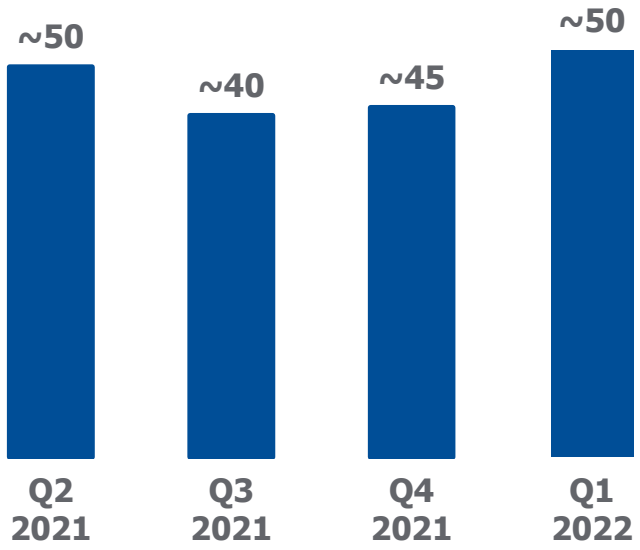


Restocking Tailwind Likely Pushed to 2023

Managing Supply Chain Constraints

Part Shortages

Suppliers with Part Shortages Impacting more than 100 Units



Challenges

- **Logistics:** U.S. import volume continues to overwhelm port and inland logistics infrastructure. Early signals of softening of North American trucking markets
- **Labor:** Global challenges associated with staffing and labor constraints
- **Commodities:** Costs remain elevated; improving stability in overall material availability: aluminum, steel, resins
- **Global Energy:** Energy constraints in China; China Gov't producing power rationing mandates. Energy shortages and increased cost
- **COVID:** China lockdowns may create future supply risk

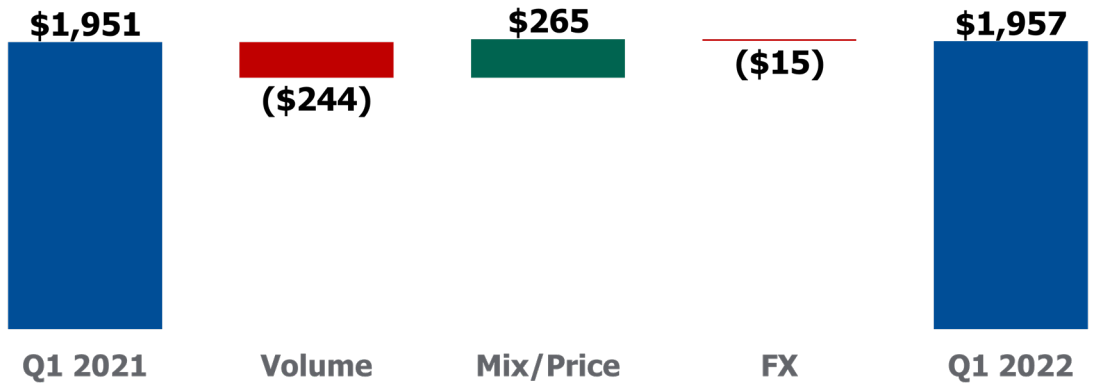
Countermeasures

- **Price:** Agile pricing model with recent price increases on new and pre-sold vehicles
- **Supplier Recovery Teams:** Directly engage over 100 most critical suppliers to break through supply chain constraints
- **Supplier Support:** Assist suppliers with Labor, tooling, line capacity and sub-tier management
- **Forecast Visibility:** Provide all suppliers an improved view of production forecasts, critical parts and improved payment timing
- **Product Line Simplification:** Simplify current mix and Model year 2023 to focus supply chain
- **Design:** Agile design adjustments to work around part supply constraints

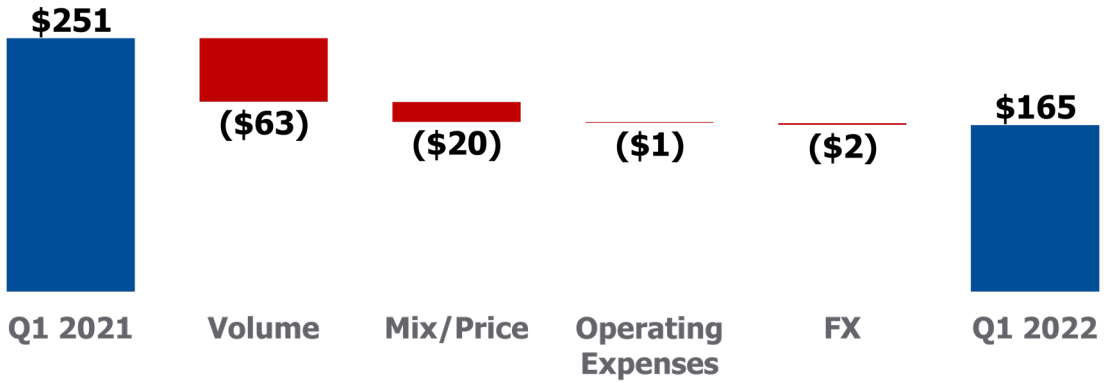
Reframing 0ur Supply Chain to Optimize Long-Term Resiliency and Efficiencies

Q1 2022 Financial Results

Sales



Adjusted* EBITDA



Financial Highlights (YoY)

- **Sales were flat**
  - Strong contribution from mix and price more than offset volume declines
  - International sales were up 1%
  - PG&A sales were up 8%
- **Supply chain still negatively impacting volume and margins**
- **Adjusted* EBITDA margin down 446 bps**
  - Strong pricing partially offset increased costs including raw materials, freight and inefficiencies associated with supply chain challenges
  - Operating expense cost containment
- **Adjusted* EPS of $1.29**
  - Down 44%
- **Other items:**
  - Effective tax rate of 18.8%
  - Net interest expense of ~$12M
  - Outstanding diluted shares ~61M

Strong Pricing Partially Offset Lower Shipments and Cost Premiums

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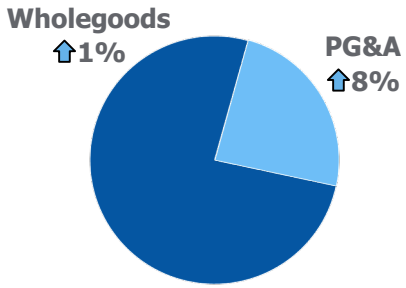
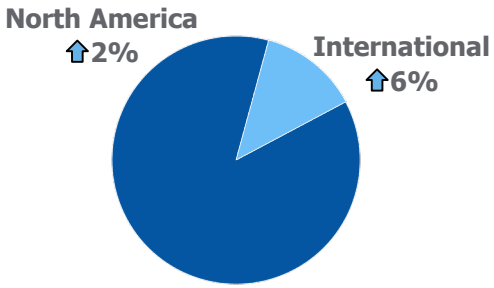
Off-Road Q1 Summary

Performance

	Q1'22	YoY Change
Sales	$1,309M	⇧2%





Gross Profit Margin	19.2%	⇩721 bps
N.A. Market Share	⇩ORV	⇩Snowmobiles

PII Call-outs

- Supply chain challenges persist leading to missed shipments and share loss
- Strong double-digit growth in Snow, Commercial & Government/Defense
- N.A. retail was down ~22% (difficult Q1'21 comparison)
- Robust pricing on new and pre-sold orders
- 12-month rolling average ORV market share ~flat to industry

Retail Sales

	North America		International(1)	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
ORV	⇩ HIGH-20s %	⇩ HIGH-TEENS %	⇩ MID-20s %	⇩ LOW-SINGLE DIGITS %
SxS	⇩ MID-20s %			
ATV	⇩ MID-30s %			
Snowmobiles (season-end Mar'22)	⇩ MID-TEENS %	⇩ MID-SINGLE DIGITS %	⇩ MID-20s %	⇩ LOW-DOUBLE DIGITS %

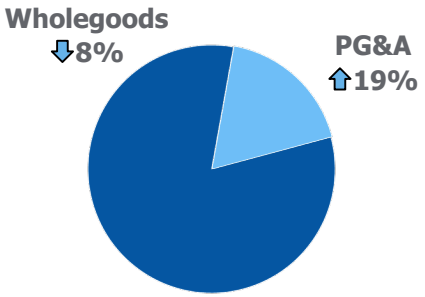
Supply Chain Negatively Impacting Shipments; Strong Pricing

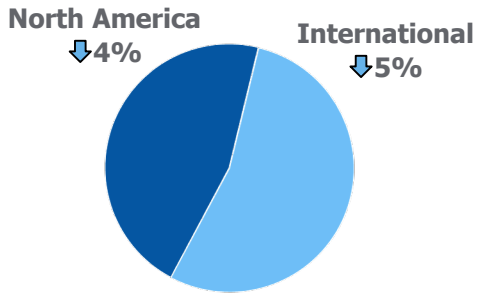
(1) *International retail data through February 2022 and based primarily on Europe*

On-Road Q1 Summary

Performance

	Q1'22	YoY Change
Sales	$219M	⇩4%





Gross Profit Margin	17.2%	⇧411 bps
N.A. Market Share	⇩Motorcycles	

PII Call-outs

- **Supply chain challenges persist leading to missed shipments and share loss**
  - Seeing modest improvements in supply chain in April
- **Demand remains strong**
- **Dealer inventory near record lows**
- **New motorcycle products introduced**
  - Indian Pursuit, Scout Rogue, Rogue Sixty, and FTR Championship LE
  - Slingshot Signature LE
- **12-month rolling average market share down ~1 point to industry**

Retail Sales

	North America		International(1)	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
Indian Motorcycle	⇩ LOW-30s %	⇩ HIGH-SINGLE DIGITS %	⇩ HIGH-20s %	⇧ LOW-DOUBLE DIGITS %

Positive Demand Trends Encouraging While We Execute Against Supply Chain Challenges

(1) *International retail data through February 2022 and based primarily on Europe*

Marine Q1 Summary

Performance

	Q1'22	YoY Change
Sales	$212M	⇧6%
Gross Profit Margin	22.0%	⇩137 bps

N.A. Market Share ⇩Pontoons



PII Call-outs

- Supply chain challenges persist leading to missed shipments
- Production trends slowly improving
- Positive mix and favorable pricing across all brands
  - Pricing up high-teens
- 12-month rolling average market share ~flat to industry

Retail Sales

	North America	
	POLARIS	INDUSTRY
Pontoons[1]	⇩ HIGH-20s %	⇩ LOW- SINGLE DIGITS %

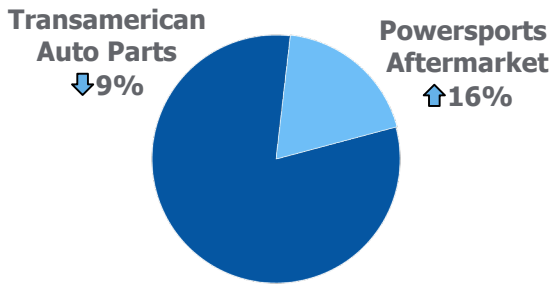
Positive Outlook on Production Trends

[1] *Preliminary SSI data, subject to change*

Aftermarket Q1 Summary

Performance

	Q1'22	YoY Change
Sales	$218M	⇩5%



Gross Profit Margin	25.1%	⇩158 bps

PII Call-outs

- Supply chain challenges persist
- Inflation negatively impacting margins
- Slowdown in auto industry is a headwind
- Powersports Aftermarket sales up due to strong in-season snow orders

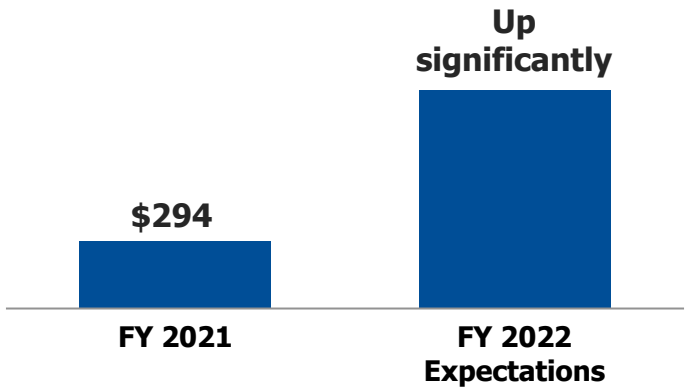


Continued Focus on TAP Cost Structure; Powersports Aftermarket Dealer Engagement

Strong Financial Position

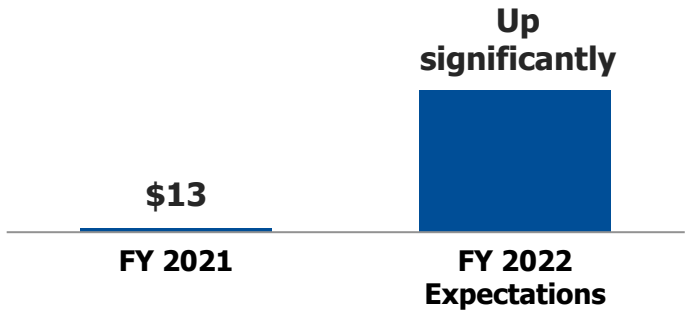
Operating Cash Flow

$ in millions



Free Cash Flow

$ in millions



2022 Capital Deployment Priorities

#1 Priority – Organic Investment

Enables innovation and generates high returns

~$350 million capital expenditures; ~4% of sales on R&D

#2 Priority – Dividends

Member of S&P 400 Midcap Dividend Aristocrat

#3 Priority – Share Repurchase / M&A

~$680 million remaining on share repurchase authorization

Would consider attractive tuck-in M&A

Key Q1 Financial Metrics

$ in millions

Cash	$375
Capex	$57
Total Debt	$1,947
Dividends	$38
Share Repurchases	$172
Leverage Ratio	1.9x

2022 Operating Cash Flow to Fund Organic Investments and Share Repurchases

Full Year 2022 Guidance & Expectations

Total Company Sales

$ in Millions

Unchanged

↑12% to 15%

$9,215 to $9,455

Segment Sales

Unchanged

Off-Road	↑ LOW TO MID-TEENS %
On-Road	↑ MID TO HIGH-TEENS
Marine	↑ MID-TWENTIES %
Aftermarket	↑ MID-SINGLE DIGITS %

Adjusted* EPS

Unchanged

↑11% to 14%

$10.10 to $10.40

Adjusted* Margins

% of Sales

Gross Profit Margin	EBITDA Margin
Updated ↓100 to 120 bps	*Updated* ↓10 to 20 bps
Initial Guide ↓80 to 100 bps	*Initial Guide* ~Flat

Outlook Assumptions

- **Supply chain challenges persist in the near term with modest improvements in the back half of the year**
- **Market share and retail sales dependent on shipments**
  - Expect retail to be down modestly versus flat in initial guidance
- **Higher pricing assumed, and willing to increase price if warranted**
- **Factory inventory remains at elevated levels**
  - No meaningful dealer inventory fill
- **Current forex rates hold**
- **Interest rate changes modestly increase interest expense offsetting tax rate benefit**
- **Recent tariff exclusions include ~$15 million benefit**
- **PG&A expected to be up mid-single digits %**
- **International expected to be up low-teens %**

Focused Execution on Mitigating Supply Chain Challenges and Driving Sales Growth

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

Closing Comments

- Industry demand remains elevated
- Biggest driver for results is the health of the supply chain; expect modest improvement beginning in the third quarter
- Expect overall powersports retail to be down slightly in 2022
- Focused on delivering high quality and innovative products while creating a more resilient supply chain



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








Q & A







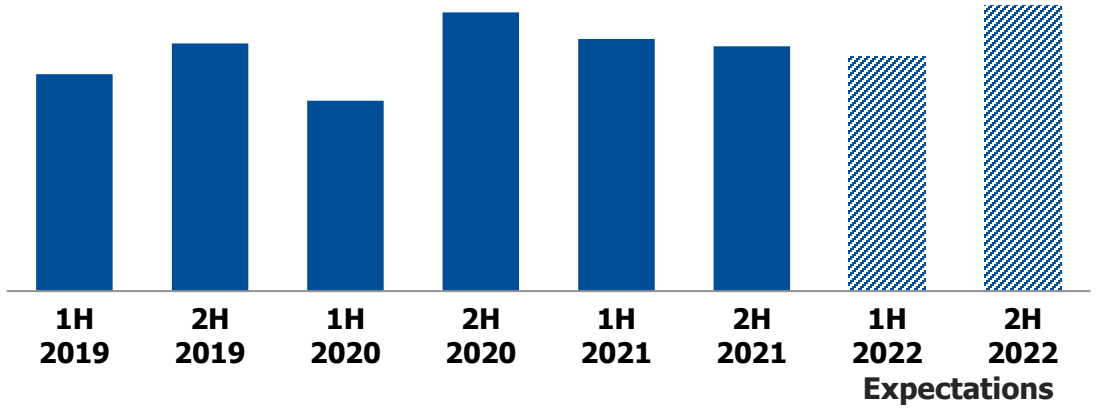


Appendix

- FY 2022 Financial Assumptions
- Q1 2022 Non-GAAP Reconciliations – Total Company
- Q1 2022 Non-GAAP Reconciliations – Segments / Cash Flow
- 2022 Guidance Adjustments

Full Year 2022 Financial Assumptions *(Updated vs Initial Expectations on 1/25/22)*

Worldwide Unit Sales Cadence



Adjusted* Gross Profit Margin

	FY 2021*	Initial 2022 Expectations	Updated 2022 Expectations
Off-Road	23.7%	⇩	*unchanged*
On-Road	14.7%	⇧	*unchanged*
Marine	22.5%	⇨	*unchanged*
Aftermarket	26.6%	⇧	*unchanged*
Total Polaris	**23.8%**	Down 80-100 bps	Down 100-120 bps

Performance Drivers

Key Metric	Q2 2022 vs Q2 2021	2H 2022 vs 1H 2022
Volume	⇩	⇧
Price	⇧	⇧
Supply Chain Costs	⇧	⇨
Op Expense Leverage	⇧	⇧
EPS	⇩	⇧

Key Metrics

Key Metric	Initial 2022 Expectations	Updated 2022 Expectations
Operating Expense	*Down ~90 to 120 bps*	*Down ~100 to 130 bps*
Interest Expense	*Up ~20%*	*~$65 million*
Tax Rate	*23.0% to 23.5%*	*22.0% to 22.5%*
Diluted Shares	*Down ~2%*	*~60 million*
Depreciation	*Up ~20%*	*unchanged*
Fin. Services Income	*Down high-single digit %*	*~Flat*

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

Non-GAAP Reconciliations – Total Company

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

	Three months ended March 31,	
	2022	2021
Sales	**$ 1,956.8**	**$ 1,951.1**
No adjustment	—	—
Adjusted sales	**1,956.8**	**1,951.1**
Gross profit	**396.3**	**480.5**
Restructuring & realignment (1)	0.2	2.2
Adjusted gross profit	**396.5**	**482.7**
Income before taxes	**86.1**	**175.2**
Restructuring & realignment (1)	5.2	2.2
Intangible amortization (2)	6.9	8.7
Class action litigation expenses (3)	0.1	4.2
Adjusted income before taxes	**98.3**	**190.3**
Net income attributable to Polaris Inc.	**69.9**	**134.1**
Restructuring & realignment (1)	4.0	1.7
Intangible amortization (2)	5.2	6.6
Class action litigation expenses (3)	0.1	3.2
Adjusted net income attributable to Polaris Inc. (4)	**$ 79.2**	**$ 145.6**
Diluted EPS attributable to Polaris Inc.	**$ 1.14**	**$ 2.11**
Restructuring & realignment (1)	0.06	0.03
Intangible amortization (2)	0.09	0.11
Class action litigation expenses (3)	—	0.05
Adjusted EPS attributable to Polaris Inc. (4)	**$ 1.29**	**$ 2.30**

Reconciliation of Net Income to Adjusted EBITDA
(In Millions, Unaudited)

	Three months ended March 31,	
	2022	2021
Adjusted Sales	**1,956.8**	**1,951.1**
Net income	**69.9**	**134.2**
Provision for income taxes	16.2	41.0
Interest expense	11.8	11.5
Depreciation	54.4	49.2
Amortization	6.9	8.7
Restructuring & realignment (1)	5.2	2.2
Class action litigation expenses (3)	0.1	4.2
Adjusted EBITDA	**$ 164.5**	**$ 251.0**
Adjusted EBITDA Margin	**8.4 %**	**12.9 %**

Adjustments:

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

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

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

(4) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2022 and 2021, except for non-deductible items

Non-GAAP Reconciliations – Segments / Cash Flow

(In Millions, Unaudited)	Three months ended March 31, 2022	Three months ended March 31, 2021
SEGMENT GROSS PROFIT		
Off-Road segment gross profit	**$ 251.1**	**$ 337.5**
No adjustment	—	—
Adjusted Off-Road segment gross profit	**251.1**	**337.5**
On-Road segment gross profit	**37.6**	**30.0**
No adjustment	—	—
Adjusted On-Road segment gross profit	**37.6**	**30.0**
Marine segment gross profit	**46.5**	**46.4**
No adjustment	—	—
Adjusted Marine segment gross profit	**46.5**	**46.4**
Aftermarket segment gross profit	**54.6**	**61.3**
No adjustment	—	—
Adjusted Aftermarket segment gross profit	**54.6**	**61.3**
Corporate segment gross profit	**6.5**	**5.3**
Restructuring & realignment [1]	0.2	2.2
Adjusted Corporate segment gross profit	**6.7**	**7.5**
Total gross profit	**396.3**	**480.5**
Total adjustments	0.2	2.2
Adjusted total gross profit	**$ 396.5**	**$ 482.7**

Adjustments:

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

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

	Three months ended March 31, 2022	Twelve months ended December 31, 2021
Net cash provided by (used for) operating activities	**(49.1)**	**293.7**
Purchase of property and equipment	(57.4)	(298.3)
Investment in finance affiliate, net	18.2	17.8
Free cash flow	**$ (88.3)**	**$ 13.2**

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, gross profit, income before taxes, net income, EBITDA, 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.

2022 Guidance Adjustments

2022 guidance excludes the pre-tax effect of supply chain transformation, restructuring and network realignment costs of approximately $10 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.