POLARIS

Third Quarter 2022 Earnings Presentation





October 25, 2022

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 Company's ability to successfully source necessary parts and materials on a timely basis; the ability of the Company to manufacture and deliver products to dealers to meet demand; the Company's ability to identify and meet optimal dealer inventory levels; the Company's ability to accurately forecast and sustain consumer demand; the Company's ability to mitigate increasing input costs through pricing or other measures; the Company's ability to successfully implement its manufacturing operations strategy and supply chain initiatives; product offerings, promotional activities and pricing strategies by competitors that make our products less attractive to consumers; the Company's ability to strategically invest in innovation and new products, including as compared to our competitors; economic conditions that impact consumer spending, including recessionary conditions; the severity and duration of the COVID-19 pandemic and the resulting impact on the Company's business, supply chain, and the global economy; disruptions in manufacturing facilities; product recalls and/or warranty expenses; product rework costs; impact of changes in Polaris stock price on incentive compensation plan costs; foreign currency exchange rate fluctuations; environmental and product safety regulatory activity; effects of weather; commodity costs; freight and tariff costs (tariff relief or ability to mitigate tariffs); changes to international trade policies and agreements; uninsured product liability claims and other litigation expenses incurred due to the nature of the Company's business; uncertainty in the consumer retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general overall global economic, social and political environment. Investors are also directed to consider other risks and uncertainties discussed in documents filed by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to any person to provide updates to its forward-looking statements.

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

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

Third Quarter 2022 Overview

Total Company Results*

	Q3'22	YoY Change
Sales	$2,341M	⇧ 32%
Adjusted Gross Profit Margin	23.9%	⇧ 15 bps
Adjusted EBITDA Margin	13.7%	⇧ 153 bps
Adjusted EPS	$3.25	⇧ 64%

Drivers

- Record quarterly sales
- Demand story is mixed with retail down ~8%
  - ORV mixed
  - Indian Motorcycle strong
- Supply chain continues to improve sequentially
- Dealer inventory rebounding, but continues to lag in certain product lines
- Adjusted gross profit and EBITDA margin improved due to positive pricing
- Maintaining full-year adjusted EPS guidance

Record Quarterly Sales

*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.

Customer Demand Indicators

N.A. ORV Retail Trends

- **Polaris ORV retail down 4% sequentially from Q2 2022**
- **Utility industry: demand indicators remain healthy**
- **Recreation industry: retail is softening**
- **Polaris ORV pre-solds as % of retail remains elevated near ~45%**
- **Strong interest in premium models and RIDE COMMAND+ enabled vehicles**
  - Seeing price sensitivity on value models

Customer Trends and Insights

- **Accessory attachment rates remained healthy**
- **Short-term repurchase rates remained strong**
  - Long-term repurchase rates remained stable versus historic range
- **Pre-sold order cancellation rates remained low**
- **Quality web traffic (builds, inventory and dealer search) ~flat vs 2019 levels**
- **Organic web search for ORV is down from peak, but remained well ahead of 2019**







Q3 Demand Indicators Are Mixed

North American Dealer Inventory

Total N.A. Dealer Inventory[1]

(in units)



PII Call-outs

- **Dealer inventory remains below optimal levels**
  - Q3 2022 dealer inventory is down ~50% versus Q3 2019
- **Dealer inventory was building in Q3 and is expected to continue building**
- **Optimal dealer inventory level is 1.5x higher than the end of the third quarter**
- **Optimal level represents a $400 million revenue opportunity to refill dealer inventory**
  - Timing of this opportunity is dependent on future supply and demand trends
- **Opportunities for market share gains as dealer inventory rebounds**

Restocking Benefit is Expected to Continue

[1] *N.A. dealer inventory excludes Boats*
[2] *Retail Trend line applies a constant daily sales outstanding (DSO) to actual retail*

New Model Year 2023 Product Highlights

RANGER

RANGER XP 1000 Northstar Trail Boss

LED rear work light

12V cargo box power port

Overhead switch panel for additional lighting accessories

RIDE COMMAND+



All Premium Trims

LED headlights

USB charging port

RZR



RZR Turbo R

Black fenders and rockers

Two new colorways

RZR Pro XP Premium

Rockford Fosgate® audio

Pro Armor Accessories

Full lighting portfolio refresh

Two new wheels

Grills and steering wheels lineup expansion

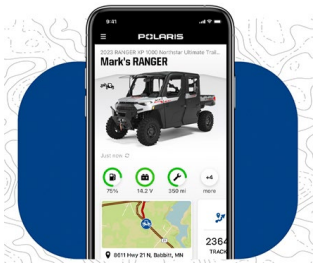
RIDE COMMAND+

Connected Vehicle Technology

Vehicle-to-cellular connectivity

Vehicle health monitoring and diagnostics

Remote location service



Standard on 2023 RANGER XP Kinetic, XP 1000 NorthStar Trail Boss, and RZR Pro R Ultimate models

Available as an accessory add-on for select 2023 RANGER, RZR & Sportsman models

Coming Soon in 2022

Location alerts for added security

Ride Tracking+ uses vehicles' GPS location to track rides

Marine

Godfrey Pontoons Mighty G

Brand's first pontoon optimized for an electric or gas-powered engine

Compact and highly maneuverable at 15' 7" length

Cruising and fishing models

Includes new Nightshade boat cover

Hurricane SunDeck 2600

Spacious design with power and performance

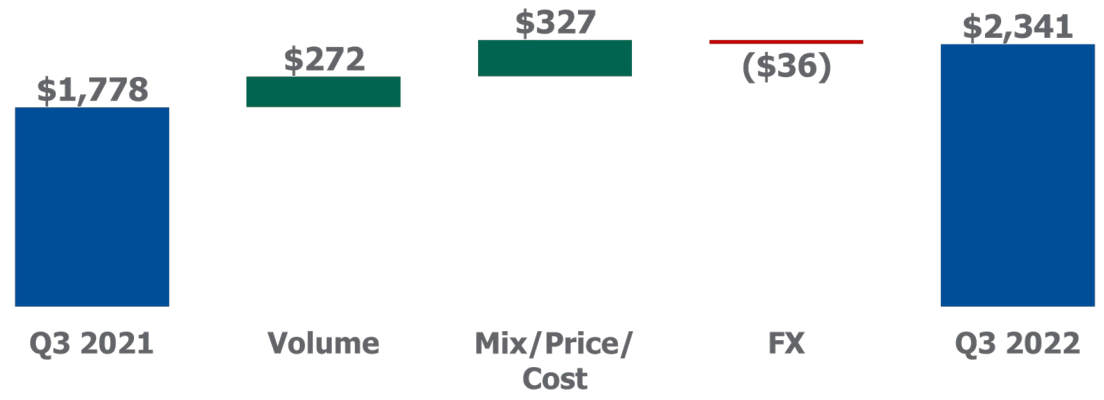
Optional power assisted steering and integrated anchor davit



MY23 Lineup Highlighted by Rider-Inspired Updates and Industry-First Connected Vehicle Features

Q3 2022 Financial Results

Sales



Adjusted* EBITDA



Financial Highlights (YoY)

- **Record quarterly sales of $2.3B, up 32%**
  - Strong contribution from volume, price and mix more than offset FX headwinds
  - International sales were up 10%
  - PG&A sales were up 17%
- **Adjusted* EBITDA margin up 153 bps**
  - Strong pricing and volume helped offset increased costs in raw materials
  - Operating expense cost containment
- **Adjusted* EPS of $3.25, up 64%**
- **Other items:**
  - Effective tax rate of 21.1%
  - Net interest expense of ~$20M
  - Outstanding diluted shares ~60M
  - 1.7 million shares repurchased for $206M

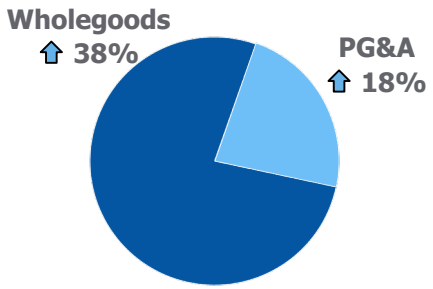
Strong Shipment and Price Delivered Results

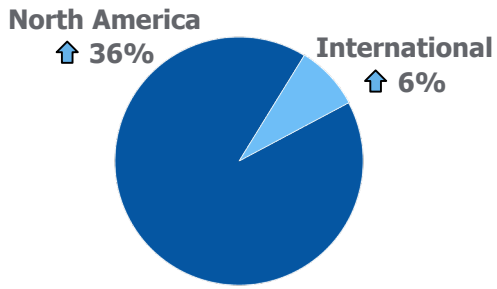
*Please refer to the supporting schedules entitled "Non-GAAP Reconciliation" for reconciliations of adjusted or non-GAAP measures to the most directly comparable GAAP financial measures, which can be found in the appendix of this presentation or on our website at www.ir.polaris.com.

Off-Road Q3 Summary

Performance

	Q3'22	YoY Change
Sales	$1,746M	⇧ 33%





Gross Profit Margin	25.7%	⇧ 340 bps
N.A. Market Share	⇩ Off-Road Vehicles	

PII Call-outs

- **Demand metrics were mixed**
- **Recreation ORV held share in Q3**
  - Lost share in Utility driven by supply constraints
- **ORV N.A. retail was down ~8%**
  - ORV N.A. retail was down ~23% vs 2019 and ~4% sequentially
- **Continue to see benefit of prior pricing actions**
- **PG&A attachment rates remain strong**
- **12-month rolling average N.A. ORV market share down ~3.5 points to industry**

Retail Sales

	North America		International[1]	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
ORV	⇩ 8%	⇧ LOW-SINGLE DIGITs %	⇩ MID-TEENs %	⇩ HIGH-SINGLE DIGITs %
SxS	⇩ LOW-SINGLE DIGITs %			
ATV	⇩ HIGH-TEENs %			
Snowmobiles	SEASON RAMPING			

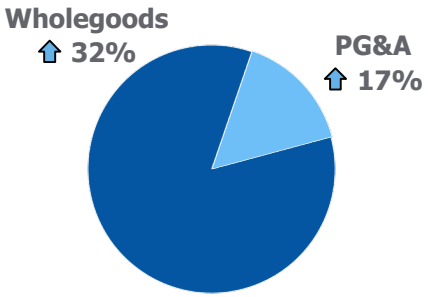
Supply Chain Improvement and Pricing Drove Results

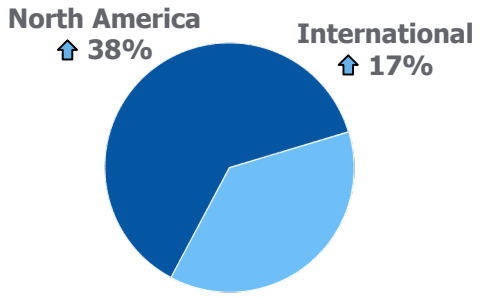
[1] *International retail data through Aug 2022 and based primarily on Europe*

On-Road Q3 Summary

Performance

	Q3'22	YoY Change
Sales	$334M	⇧ 30%





Gross Profit Margin	18.0%	⇧ 293 bps

N.A. Market Share ⇧ Indian Motorcycle

PII Call-outs

- Demand metrics remain stable
- Improving supply chain led to higher shipments
- Indian Motorcycle gained share in the quarter
- Strong gross profit margin despite FX headwinds
- 12-month rolling average N.A. market share down ~1 point to industry
- Indian Motorcycle N.A. retail was up ~34% vs 2019

Retail Sales

	North America		International[1]	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
Indian Motorcycle	⇧ HIGH-SINGLE DIGITs %	⇩ LOW-SINGLE DIGITs %	⇩ HIGH-20s %	⇩ LOW-20s %

Realized Share Gains and Margin Expansion

[1] *International retail data through Aug 2022 and based primarily on Europe*

Marine Q3 Summary

Performance

	Q3'22	YoY Change
Sales	$260M	⇧ 42%
Gross Profit Margin	21.5%	⇩ 91 bps

N.A. Market Share ⇩ Pontoons



PII Call-outs

- Sales growth was driven by volume, price and mix
- Dealer inventory continues to right size, but still down ~25% vs 2019
- Gross profit margin impacted by supply chain inefficiencies partially offset by higher pricing
- 12-month rolling average pontoon market share down ~4.5 points to industry
- Pontoon retail down ~27% vs 2019

Retail Sales

	North America	
	POLARIS	INDUSTRY
Pontoons(1)	⇩ LOW-DOUBLE DIGITs %	⇧ LOW-DOUBLE DIGITs %

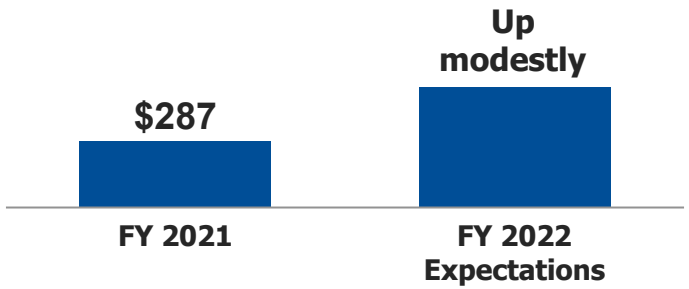
Supply Chain Improvements Key to Increasing Output

(1) *Retail based on Sep 2022 SSI data, subject to change*

Strong Financial Position

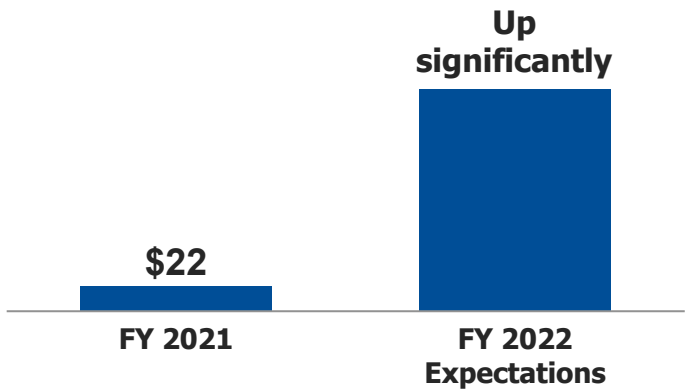
Operating Cash Flow

$ in millions



Free Cash Flow

$ in millions



2022 Capital Deployment Priorities

#1 Priority – Organic Investment

Enables innovation and generates high returns

~$325 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

~$475 million remaining on share repurchase authorization

Would consider attractive tuck-in M&A

Key Financial Metrics

$ in millions

Cash	$319
Capex (YTD)	$194
Total Debt	$2,134
Dividends (YTD)	$114
Share Repurchases (YTD)	$379
Leverage Ratio	1.9x

Focused on Cash Generation with Increased Sales Growth

Full Year 2022 Guidance & Expectations

Total Company Sales

$ in Millions

Narrowed

⇧ 15% to 16%

Relative to 2021 at $7.4B

Segment Sales

Off-Road	⇧ MID-TEENS % *Narrowed*
On-Road	⇧ LOW-TEENS % *Lowered*
Marine	⇧ HIGH-TWENTIES % *Increased*

Outlook Assumptions

- **Supply chain challenges persist, but seeing sequential improvements**
- **Expect full-year retail to be down**
- **Spending on demand creation**
- **Strong contribution from price**
- **Dealer inventory continues to build**
- **Both PG&A and International expected to be up high-single digits %**
- **Full-year FX operating profit headwind of ~$40 million**

Adjusted* EPS

Unchanged

⇧ 11% to 14%

$10.10 to $10.30

Relative to 2021 at $9.04

Adjusted* Margins

% of Sales

Gross Profit Margin

Narrowed

⇩ 70 to 80 bps

Relative to 2021 at 23.6%

EBITDA Margin

Narrowed

⇩ 30 bps

Relative to 2021 at 12.9%

Key Metrics

Key Metric	July Call FY 2022 Expectations	Updated 2022 Expectations
Operating Expense	*Down ~60 to 80 bps*	*Down ~60 bps*
Interest Expense	*~$70 million*	*Unchanged*
Tax Rate	*22.0% to 22.5%*	*~22.0%*
Diluted Shares	*~60 million*	*Unchanged*
Depreciation	*Up ~20%*	*Unchanged*
Fin. Services Income	*~Flat*	*Down modestly*

Teams Aligned to Deliver Full Year Guidance

**See GAAP/Non-GAAP Reconciliation in Appendix; see Appendix for discussion regarding non-GAAP adjustments excluded from 2022 guidance*
***Figures for all periods reflect continuing operations*

2023 Initial Thoughts

- Continue to invest in the business to drive the best customer experience, rider-driven innovation and agile and efficient operations
- Manage the business to consumer demand trends
- Dealer inventories are expected to reset to new optimal levels
- Supply chain challenges continue to ease
- Annualization of 2022 pricing actions expected to be largely realized
- FX and interest rate headwinds
- Margins modestly improving
- Operating cash flow improves relative to 2021 and 2022

Closely Watching Demand Indicators While Making Investments to Drive Future Growth

Closing Comments

- Industry demand signals are mixed
- Supply chain continues to improve, driving inventory improvements
- Expect overall powersports retail to be down in 2022
- Committed to winning in a competitive environment by delivering high quality and innovative products while remaining agile and efficient



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








Q & A





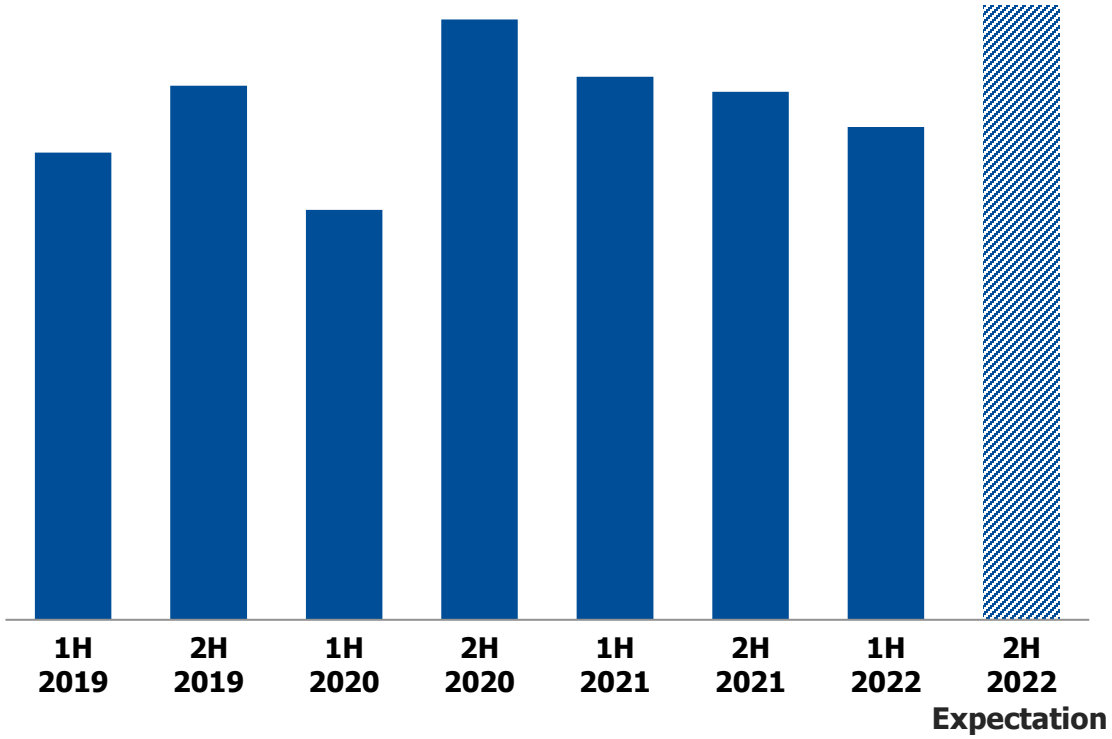



Appendix

- Full Year 2022 Financial Assumptions
- Non-GAAP Reconciliations – Total Company
- Non-GAAP Reconciliations – Total Company Net Income to Adjusted EBITDA
- Non-GAAP Reconciliations – Segments / Cash Flow
- 2022 Guidance Adjustments

Full Year 2022 Financial Assumptions

Worldwide Unit Sales Cadence



Adjusted* Gross Profit Margin

(Updated vs Initial Expectations on 1/25/22)

	FY 2021*	Initial 2022 Expectations	Updated 2022 Expectations
Off-Road	23.9%	↓	*unchanged*
On-Road	15.6%	↑	*unchanged*
Marine	22.5%	→	*unchanged*
Total Polaris	**23.6%**		Down 70 to 80 bps

Performance Drivers

Key Metric	Q4 2022 vs Q4 2021	2H 2022 vs 1H 2022
Volume	↑	↑
Price	↑	↑
Supply Chain Costs	↑	↓
Op Expense Leverage	↓	↑
FX Rates vs USD	↓	↓
EPS	↑	↑

*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 September 30,		Nine months ended September 30,		Full Year
	2022	2021	2022	2021	2021
Gross profit	**559.2**	**420.0**	**1,386.5**	**1,349.2**	**1,750.9**
Restructuring & realignment [2]	—	2.1	0.2	6.0	7.9
Adjusted gross profit	**559.2**	**422.1**	**1,386.7**	**1,355.2**	**1,758.8**
Income from continuing operations before income taxes	**241.6**	**147.6**	**514.7**	**524.5**	**628.7**
Impairment charges and distributions from other affiliates [1]	(0.7)	—	(0.7)	—	7.7
Loss on sale of businesses [6]	—	—	—	—	36.8
Restructuring & realignment [2]	1.2	2.7	5.5	6.6	13.1
Intangible amortization [3]	4.5	5.5	14.3	16.9	22.9
Class action litigation expenses [4]	1.4	0.3	2.5	8.7	9.4
Adjusted Income from continuing operations before income taxes	**248.0**	**156.1**	**536.3**	**556.7**	**718.6**
Net income from continuing operations attributable to Polaris Inc.	**190.4**	**117.0**	**406.3**	**405.1**	**496.2**
Impairment charges and distributions from other affiliates [1]	(0.7)	—	(0.7)	—	7.7
Loss on sale of businesses [6]	—	—	—	—	28.0
Restructuring & realignment [2]	0.9	2.1	4.2	5.0	9.9
Intangible amortization [3]	3.5	4.2	10.9	12.9	17.5
Class action litigation expenses [4]	1.0	0.2	1.9	6.6	7.2
Adjusted net income from continuing operations attributable to Polaris Inc.[5]	**$ 195.1**	**$ 123.5**	**$ 422.6**	**$ 429.6**	**$ 566.5**
Diluted EPS from continuing operations attributable to Polaris Inc.	**$ 3.17**	**$ 1.88**	**$ 6.71**	**$ 6.44**	**$ 7.92**
Impairment charges and distributions from other affiliates [1]	(0.01)	—	(0.01)	—	0.12
Loss on sale of businesses [6]	—	—	—	—	0.45
Restructuring & realignment [2]	0.01	0.03	0.07	0.08	0.16
Intangible amortization [3]	0.06	0.07	0.18	0.21	0.28
Class action litigation expenses [4]	0.02	—	0.03	0.10	0.11
Adjusted EPS from continuing operations attributable to Polaris Inc. [5]	**$ 3.25**	**$ 1.98**	**$ 6.98**	**$ 6.83**	**$ 9.04**

Adjustments:

(1) Represents impairment charges related to an investment held by the Company, as well as subsequent distributions received from such investment

(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 2022 and 2021, except for non-deductible items

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

Non-GAAP Reconciliations – Total Company

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

	Three months ended September 30,		Nine months ended September 30,		Full Year
	2022	2021	2022	2021	2021
Sales	**2,340.6**	**1,777.7**	**6,184.9**	**5,446.6**	**7,439.2**
Net Income from continuing operations	**190.7**	**117.2**	**406.8**	**405.5**	**496.6**
Provision for income taxes	50.9	30.4	107.9	119.0	132.1
Interest expense	20.1	10.7	46.8	33.0	44.2
Depreciation	51.7	48.8	155.6	141.2	193.4
Intangible amortization (3)	4.5	5.5	14.3	16.9	22.9
Distributions from other affiliates (1)	(0.7)	—	(0.7)	—	—
Impairment charges (5)	—	—	—	—	7.7
Loss on sale of businesses (6)	—	—	—	—	36.8
Restructuring & realignment (2)	1.2	2.7	5.5	6.6	13.1
Class action litigation expenses (4)	1.4	0.3	2.5	8.7	9.4
Adjusted EBITDA	**$ 319.8**	**$ 215.6**	**$ 738.7**	**$ 730.9**	**$ 956.2**
Adjusted EBITDA Margin	**13.7 %**	**12.1 %**	**11.9 %**	**13.4 %**	**12.9 %**

Adjustments:

(1) Represents distributions received related to an impaired investment held by the Company

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

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

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

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

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

Non-GAAP Reconciliations – Segments / Cash Flow

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Off-Road segment gross profit	**$ 449.2**	**$ 293.8**	**$ 1,062.1**	**$ 1,020.9**
No adjustment	—	—	—	—
Adjusted Off-Road segment gross profit	**449.2**	**293.8**	**1,062.1**	**1,020.9**
On-Road segment gross profit	**60.1**	**38.7**	**154.7**	**129.2**
No adjustment	—	—	—	—
Adjusted On-Road segment gross profit	**60.1**	**38.7**	**154.7**	**129.2**
Marine segment gross profit	**55.9**	**41.2**	**169.0**	**135.0**
No adjustment	—	—	—	—
Adjusted Marine segment gross profit	**55.9**	**41.2**	**169.0**	**135.0**
Corporate segment gross profit	**(6.0)**	**46.3**	**0.7**	**64.1**
Restructuring & realignment [1]	—	2.1	0.2	6.0
Adjusted Corporate segment gross profit	**(6.0)**	**48.4**	**0.9**	**70.1**
Total gross profit	**559.2**	**420.0**	**1,386.5**	**1,349.2**
Total adjustments	—	2.1	0.2	6.0
Adjusted total gross profit	**$ 559.2**	**$ 422.1**	**$ 1,386.7**	**$ 1,355.2**

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

	Nine months ended September 30,		Full Year
	2022	2021	2021
Net cash provided by operating activities of continuing operations	**139.4**	**135.4**	**286.8**
Purchase of property and equipment	(193.6)	(189.2)	(282.8)
Investment in finance affiliate, net	(0.8)	33.7	17.8
Free cash flow	**$ (55.0)**	**$ (20.1)**	**$ 21.8**

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.

Adjustments:

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

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 $20 million related to all acquisitions has also been excluded. The Company has not provided reconciliations of guidance for adjusted diluted net income per share, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include restructuring and realignment costs and acquisition integration costs that are difficult to predict in advance in order to include in a GAAP estimate.