POLARIS

First Quarter 2023 Earnings Presentation

April 25, 2023





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 pandemic and the resulting impact on the Company's business, supply chain, and the global economy; disruptions in manufacturing facilities; product recalls and/or warranty expenses; product rework costs; impact of changes in Polaris stock price on incentive compensation plan costs; foreign currency exchange rate fluctuations; environmental and product safety regulatory activity; effects of weather; commodity costs; freight and tariff costs (tariff relief or ability to mitigate tariffs); changes to international trade policies and agreements; uninsured product liability and class action claims and other litigation expenses incurred due to the nature of the Company's business; uncertainty in the consumer retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general overall global economic, social and political environment. Investors are also directed to consider other risks and uncertainties discussed in documents filed by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to any person to provide updates to its forward-looking statements.

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

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

First Quarter 2023 Overview

Total Company Results*

	Q1'23	Y/Y Change
Sales	$2,180M	⇧ 22%
Adjusted Gross Profit Margin	21.5%	⇧ 170 bps
Adjusted EBITDA Margin	10.9%	⇧ 172 bps
Adjusted EPS	$2.05	⇧ 55%

Drivers

- **Demand story remains mixed with N.A. retail down ~5% and up 14% vs 2019**
  - Utility stable, Recreation soft and Snow strong
  - Indian Motorcycle stable with strong share gains
- **Production inefficiencies remain a headwind**
- **Adjusted gross profit and EBITDA margins outperformed prior year**
  - Favorable net pricing and better product mix partially offset by higher finance interest
- **Executing on a strong year of rider-driven innovation**
  - Successful new product launches in RZR and Indian Motorcycle
  - RANGER XP Kinetic and Godfrey Mighty G now shipping

A Strong Start to the Year

*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 and on our website at www.ir.polaris.com.

Customer Demand Indicators

N.A. ORV Retail Trends

- Polaris ORV Q1 retail down 10% y/y, up 6% versus 2019
- Utility demand indicators are stable
- Recreation retail is soft
- Promotions return, although still below 2019 levels
- Factory installed accessories up low-double digits
- Continue to see strong interest in premium models and RIDE COMMAND+ enabled vehicles

Customer Trends and Insights

- Accessory attachment rates are healthy
- Both long- and short-term owner repurchase rates remain strong
- Consumers continue to demonstrate a healthy financial position
- Total web search for ORV is down from peak, but up ~80% vs 2019







Demand Indicators Remain Mixed

Retail Finance Metrics

Q1	Weighted Through the Door FICO	Approval Rate	Penetration
2023	687	62%	27%
5-year Average	680	61%	29%

Polaris Partner Lenders

Sheffield

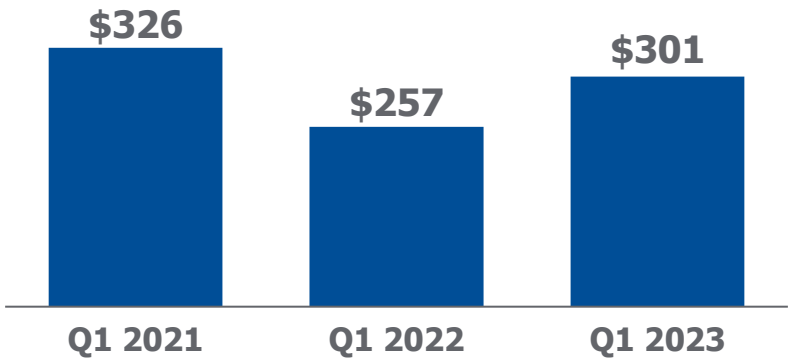
Synchrony

Octane

Performance Finance

Retail Credit Contracts Written

$ in millions



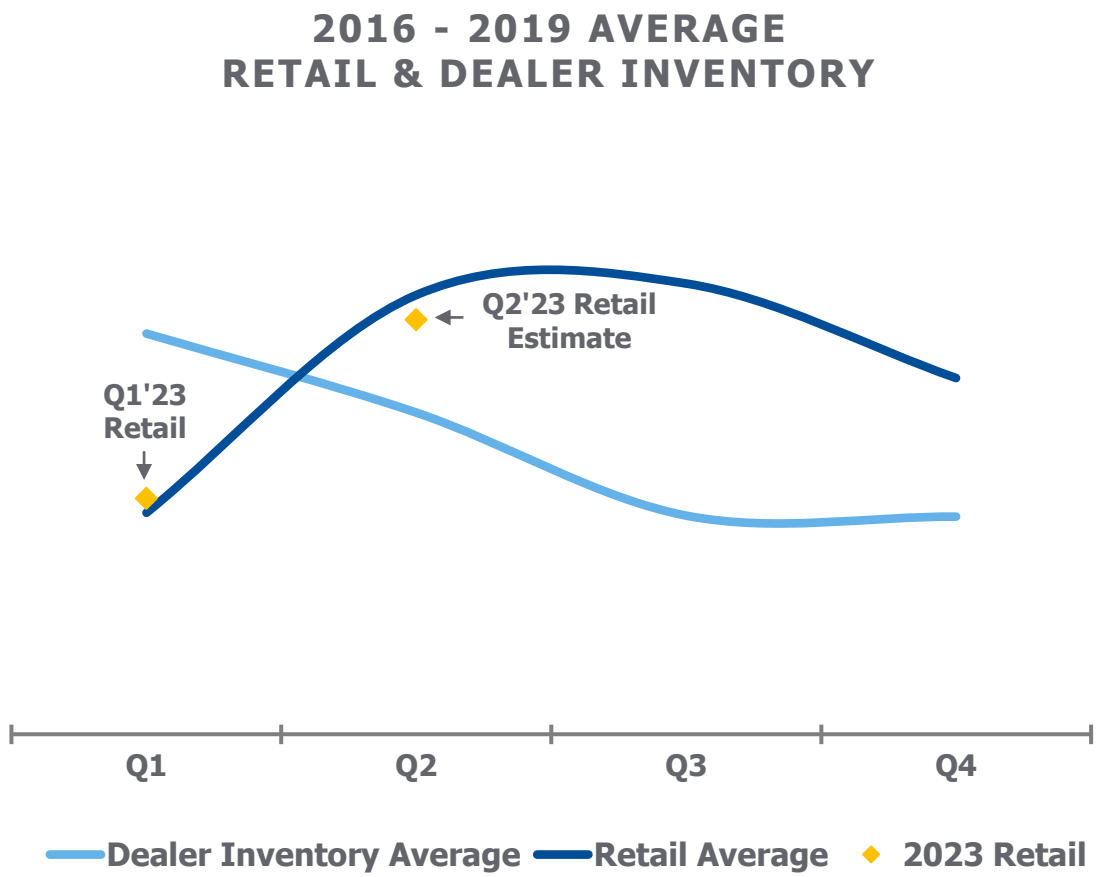
4-year Average: $262 million

Metrics in Line with Historical Trends

North American Dealer Inventory and Seasonality

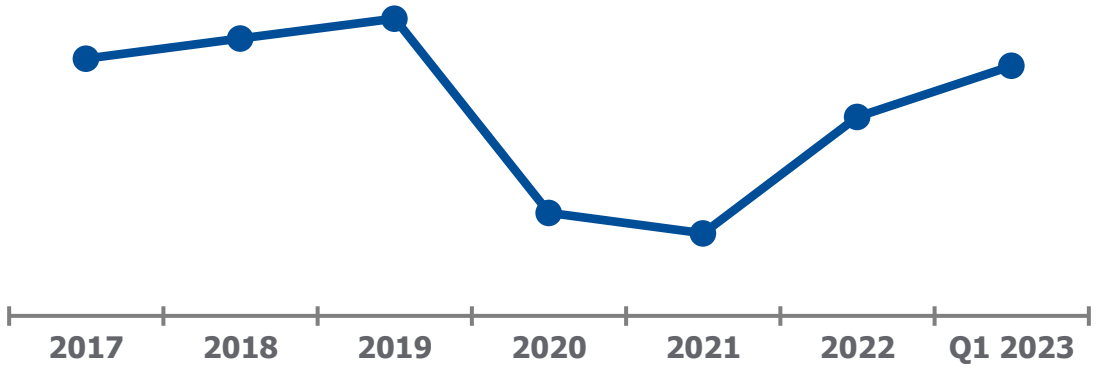
N.A. ORV Historical Seasonality

(in units)



N.A. ORV Dealer Inventory

(in units)



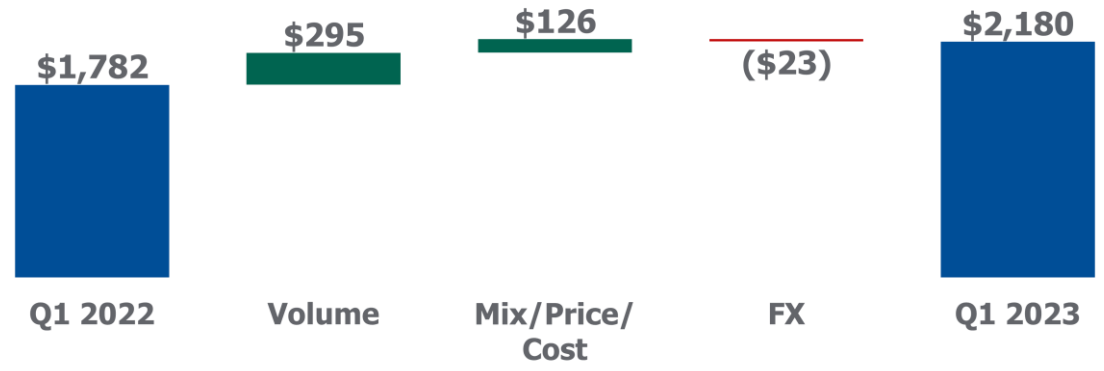
PII Call-outs

- **2023 Q1 dealer inventory was down ~20% vs 2019 and up ~200% vs 2022**
- **Dealer inventory is nearing optimal levels**
- **Retail seasonality is returning but is not reflected in year-over-year comparisons**
  - Expect sequential ramp in Q2

Inventory Near Optimal | Seasonality Impacting Comparisons

Q1 2023 Financial Results

Sales



Adjusted* EBITDA



Financial Highlights (Y/Y)

- **Quarterly sales of $2.2B, up 22%**
  - Strong contribution from ship volumes, product mix and net pricing more than offset higher finance interest
  - International sales were up 16%
    - Good contributions from Australia, Mexico and France
  - PG&A sales were up 2%
    - Strong Parts somewhat offset by lower Accessories
- **Adjusted* EBITDA margin up 172 bps**
  - Favorable net pricing, product mix and volume offset higher operating expenses and finance interest
- **Adjusted* EPS of $2.05, up 55%**
- **Other items:**
  - Effective tax rate of 21.7%
  - Net interest expense of $28M
  - Average outstanding diluted shares ~58M

A Strong Start to the Year

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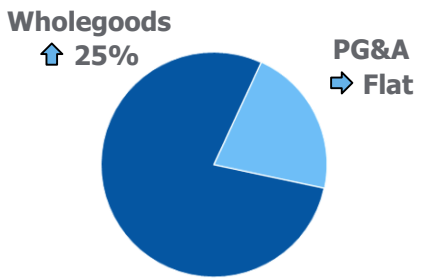
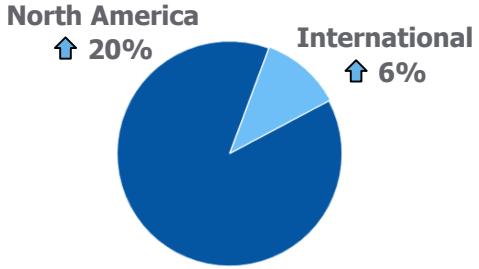
Off Road Q1 Summary

Q1 Results & Y/Y Change

Sales: $1,592M ⇧ 19%





Gross Profit Margin: 20.8% ⇧ 155 bps

Market Share: (N.A.)
⇧ Off-Road Vehicles
⇧ Snowmobiles

PII Call-outs

- **Demand metrics remain mixed**
  - Utility stable
  - Recreation soft
- **Gained share across all product categories**
- **ORV N.A. retail was down 10%, up 6% vs 2019**
- **PG&A dollars per unit remains stable**
- **12-month rolling average N.A. ORV market share down 2 points to industry**

Retail Sales

	North America		International[1]	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
ORV	⇩ 10%	⇩ LOW-DOUBLE DIGITS %	⇧ HIGH-SINGLE DIGITS %	⇩ LOW-DOUBLE DIGITS %
SxS	⇩ HIGH-SINGLE DIGITS %			
ATV	⇩ MID-TEENS %			
Snowmobiles (season-end Mar'23)	⇧ LOW-SINGLE DIGITS %	⇩ LOW-SINGLE DIGITS %	⇧ MID-SINGLE DIGITS %	⇧ LOW-DOUBLE DIGITS %

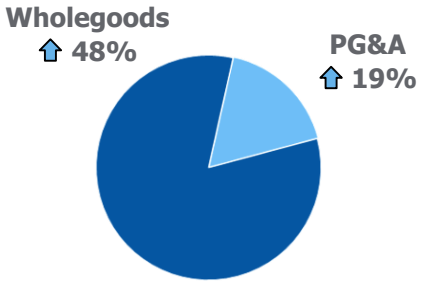
Recent Trends Holding While Taking Share

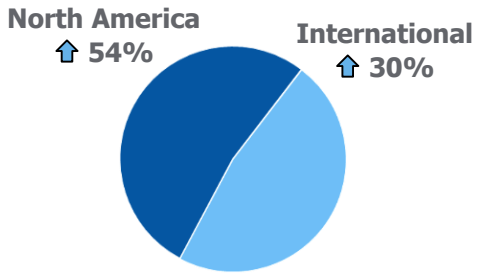
[1] *International retail data through Feb 2023 and based primarily on Europe*

On Road Q1 Summary

Q1 Results & Y/Y Change

Sales: $324M ⇧ 42%





Gross Profit Margin: 21.4% ⇧ 331 bps

Market Share: (N.A.) ⇧ Indian Motorcycle

PII Call-outs

- N.A. Indian Motorcycle continued to gain share in the quarter, driven by both midsize and heavyweight
- Indian Motorcycle N.A. retail was up 11% vs 2019
- Strongest motorcycle portfolio in our history
- Sufficient inventory to meet consumer demand and take share
- Indian Motorcycle had ~37% sales growth leading to share gains internationally
- 12-month rolling average N.A. market share flat to industry

Retail Sales

	North America		International[1]	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
Indian Motorcycle	⇨ FLAT	⇩ LOW-DOUBLE DIGITS %	⇧ HIGH-DOUBLE DIGITS %	⇧ HIGH-DOUBLE DIGITS %

Strong Quarter for On Road

[1] *International retail data through Feb 2023 and based primarily on Europe*

Marine Q1 Summary

Q1 Results & Y/Y Change

Sales:	$264M	⇧ 25%
Gross Profit Margin:	23.3%	⇧ 129 bps
Market Share: (N.A.)		⇧ Marine(1)



PII Call-outs

- Sales growth was driven by favorable net pricing, product mix and volume
- Supply chain very close to normal
- Gross profit margin benefitted from product mix and net pricing
- 12-month rolling average pontoon market share down ~2.5 points to industry
- Pontoon retail down 16% vs 2019

Retail Sales(1)

	North America	
	POLARIS	INDUSTRY
Pontoons	⇩ LOW-THIRTIES %	⇩ HIGH-TWENTIES %
Deck Boats	⇩ MID-SINGLE DIGITS %	⇩ MID-TWENTIES %

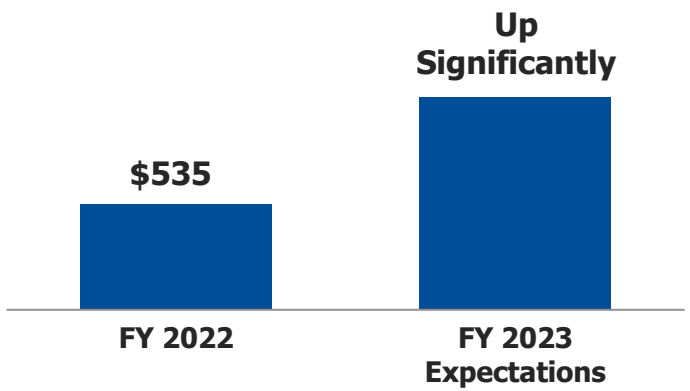
Set Up for a Successful Retail Season

(1) *Retail and market share based on Mar 2023 SSI data, subject to change*

Financial Position

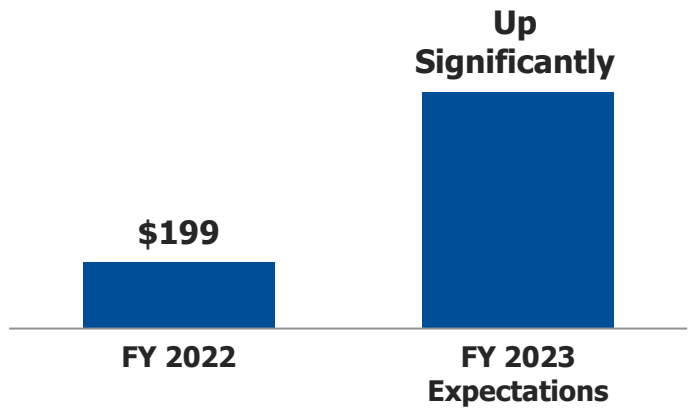
Operating Cash Flow

$ in millions



Adjusted Free Cash Flow

$ in millions



2023 Capital Deployment Priorities

#1 Priority – Organic Investment

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

#2 Priority – Dividends

Dividend Aristocrat – 28 consecutive years of raising dividend

#3 Priority – Share Repurchase

Repurchased 0.5 million shares for $63 million in Q1 2023

Repurchased 3.4 million shares for $395 million over the last 12 months

~$300 million remaining on share repurchase authorization

Key Financial Metrics

$ in millions

Cash	$323
Capex (YTD)	$94
Total Debt	$2,103
Dividends (YTD)	$37
Share Repurchases (YTD)	$63
Net Leverage Ratio	1.6x

Above Average Cash Generation in Q1 and Healthy Financial Position

Full Year 2023 Guidance & Expectations

Total Company Sales

$ in Millions

Flat to ↑ 5%

$8.6B to $9.0B

Relative to 2022 at $8.6B

Segment Sales

Off Road	↑ LOW to MID-SINGLE DIGITS %
On Road	↑ LOW-SINGLE DIGITS %
Marine	→ ~FLAT

Outlook Assumptions

- **Revenue driven by higher shipments and favorable mix**
- **Expect full-year retail to be close to flat**
- **Positive price offsetting increased promotions**
- **Margin expansion from higher volume/mix and lower cost premiums**
- **Elevated production costs**
- **Full-year FX headwind to sales and adjusted EBITDA of ~$60M**
- **Interest expense headwind of over $50M**
- **Both PG&A & International expected to be up low-teens %**

Adjusted* EPS

↓ 3% to ↑ 3%

$10.10 to $10.75

Relative to 2022 at $10.40

Adjusted* Margins

% of Sales

Gross Profit Margin	EBITDA Margin
↑ 10 to 40 bps	↑ 20 to 50 bps
Relative to 2022 at 22.8%	*Relative to 2022 at 12.5%*

Key Metrics

Key Metric	FY 2023 Expectations
Operating Expense	*Flat to up ~30 bps*
Interest Expense	*~$125 million*
Tax Rate	*22.0% to 22.5%*
Diluted Shares	*Flat to Q4, ~58.5 million*
Depreciation	*Up ~15%*
Financial Services Income	*Up ~40%*
Operating & Adjusted Free Cash Flow	*Up significantly*
Capex	*~$400 million*

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

**See GAAP/Non-GAAP Reconciliation in Appendix; see Appendix for discussion regarding non-GAAP adjustments excluded from 2023 guidance*
Note: Figures for all periods reflect continuing operations

Closing Comments

- Industry demand signals are mixed
- Expect overall full-year powersports retail to be close to flat relative to 2022
- Accelerating rider-driven innovation with new product launches
- Interest expense and FX headwinds continue
- Committed to winning in a competitive environment by delivering high quality and innovative products while remaining agile and efficient
- Robust cash generation







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







Q & A











Appendix

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

Non-GAAP Reconciliations – Total Company

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

	Three months ended March 31,		Full Year
	2023	2022	2022
Gross profit	**469.2**	**352.9**	**1,959.5**
Restructuring & realignment [2]	—	0.2	0.2
Adjusted gross profit	**469.2**	**353.1**	**1,959.7**
Income from continuing operations before income taxes	**145.2**	**91.7**	**761.4**
Distributions from other affiliates [1]	—	—	(0.7)
Restructuring & realignment [2]	0.7	3.8	6.2
Intangible amortization [3]	4.4	5.0	18.8
Class action litigation expenses [4]	2.1	0.1	4.5
Adjusted Income from continuing operations before income taxes	**152.4**	**100.6**	**790.2**
Net income from continuing operations attributable to Polaris Inc.	**113.4**	**74.1**	**602.9**
Distributions from other affiliates [1]	—	—	(0.7)
Restructuring & realignment [2]	0.6	2.9	4.7
Intangible amortization [3]	3.4	3.8	14.3
Class action litigation expenses [4]	1.6	0.1	3.6
Adjusted net income from continuing operations attributable to Polaris Inc.[5]	**$ 119.0**	**$ 80.9**	**$ 624.8**
Diluted EPS from continuing operations attributable to Polaris Inc.	**$ 1.95**	**$ 1.21**	**$ 10.04**
Distributions from other affiliates [1]	—	—	(0.01)
Restructuring & realignment [2]	0.01	0.05	0.08
Intangible amortization [3]	0.06	0.06	0.24
Class action litigation expenses [4]	0.03	—	0.05
Adjusted EPS from continuing operations attributable to Polaris Inc. [5]	**$ 2.05**	**$ 1.32**	**$ 10.40**

Adjustments:

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

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

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

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

(5) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2023 and 2022, except for non-deductible items

Non-GAAP Reconciliations – Net Income to Adjusted EBITDA

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

	Three months ended March 31,		Full Year
	2023	2022	2022
Sales	**2,179.7**	**1,781.5**	**8,589.0**
Net income from continuing operations	**113.6**	**74.1**	**603.4**
Provision for income taxes	31.6	17.6	158.0
Interest expense	28.3	11.8	71.7
Depreciation	57.4	51.6	214.0
Intangible amortization (3)	4.4	5.0	18.8
Distributions from other affiliates (1)	—	—	(0.7)
Restructuring & realignment (2)	0.7	3.8	6.2
Class action litigation expenses (4)	2.1	0.1	4.5
Adjusted EBITDA	**$ 238.1**	**$ 164.0**	**$ 1,075.9**
Adjusted EBITDA Margin	**10.9 %**	**9.2 %**	**12.5 %**

Adjustments:

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

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

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

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

Non-GAAP Reconciliations – Segments / Cash Flow

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

	Three months ended March 31,	
	2023	2022
Off Road segment gross profit	**$ 331.6**	**$ 258.7**
No adjustment	—	—
Adjusted Off Road segment gross profit	**331.6**	**258.7**
On Road segment gross profit	**69.2**	**41.2**
No adjustment	—	—
Adjusted On Road segment gross profit	**69.2**	**41.2**
Marine segment gross profit	**61.5**	**46.5**
No adjustment	—	—
Adjusted Marine segment gross profit	**61.5**	**46.5**
Corporate segment gross profit	**6.9**	**6.5**
Restructuring & realignment [(1)]	—	0.2
Adjusted Corporate segment gross profit	**6.9**	**6.7**
Total gross profit	**469.2**	**352.9**
Total adjustments	—	0.2
Adjusted total gross profit	**$ 469.2**	**$ 353.1**

Adjustments:

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

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

	Three months ended March 31,		Full Year
	2023	2022	2022
Net cash provided by (used for) operating activities of continuing operations	**124.2**	**(38.4)**	**534.5**
Purchase of property and equipment	(94.4)	(55.8)	(306.6)
Investment in finance affiliate, net	5.3	18.2	(28.7)
Adjusted free cash flow	**$ 35.1**	**$ (76.0)**	**$ 199.2**

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" gross profit, income before taxes, net income, EBITDA, EBITDA margin, and net income per diluted share (non-GAAP measures) as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, to understand the performance of its ongoing operations and how management views the business. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

2023 Guidance Adjustments

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

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