POLARIS

Third Quarter 2024 Earnings Presentation

October 22, 2024





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 implement its manufacturing operations strategy and supply chain initiatives; 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, including as a result of supply chain disruptions; 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; product offerings, promotional activities and pricing strategies by competitors that may 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 or consumer credit, including recessionary conditions and changes in interest rates; 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 on the Company's supply chain, manufacturing operations and consumer demand; 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 (including claims seeking punitive damages) 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 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 except as otherwise may be required by law.

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 change. Retail sales references to total Company retail sales includes only off-road vehicles (ORV), snowmobiles, On Road and Marine in North America and International unless otherwise noted.

This presentation contains certain non-GAAP financial measures, consisting of "adjusted" sales, gross profit, income before income taxes, net income attributed to Polaris Inc., diluted EPS attributed to Polaris Inc., EPS attributed to Polaris Inc., EBITDA, EBITDA Margin, 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, and 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.

Third Quarter 2024 Overview

Total Company Results[1]

	Q3'24	Y/Y Change
Sales	$1,722M	⇩ 23%
Adjusted Gross Profit Margin	20.8%	⇩ 184 bps
Adjusted EBITDA Margin	9.2%	⇩ 333 bps
Adjusted EPS	$0.73	⇩ 73%

Third Quarter Drivers

- **North America retail down 7%**
- **Lost modest share in ORV, Motorcycles and Pontoons**
- **Dealer inventory down 1% relative to 12/31/23; down 6% excluding Snow and Youth**
- **Sales pressure due to our decision to ship fewer units in response to lower retail demand and to actively manage dealer inventory**
- **Margin pressures include:** lower volumes, mix, net price and unfavorable plant absorption, somewhat offset by favorable operational efficiencies and OpEx
- **Lowering full-year guidance to reflect current macroeconomic environment persisting and our goal to reduce dealer inventory**
- **Industry headwinds include:** Persistent inflation, higher interest rates, weakening consumer confidence and dealers conservatively managing dealer inventory

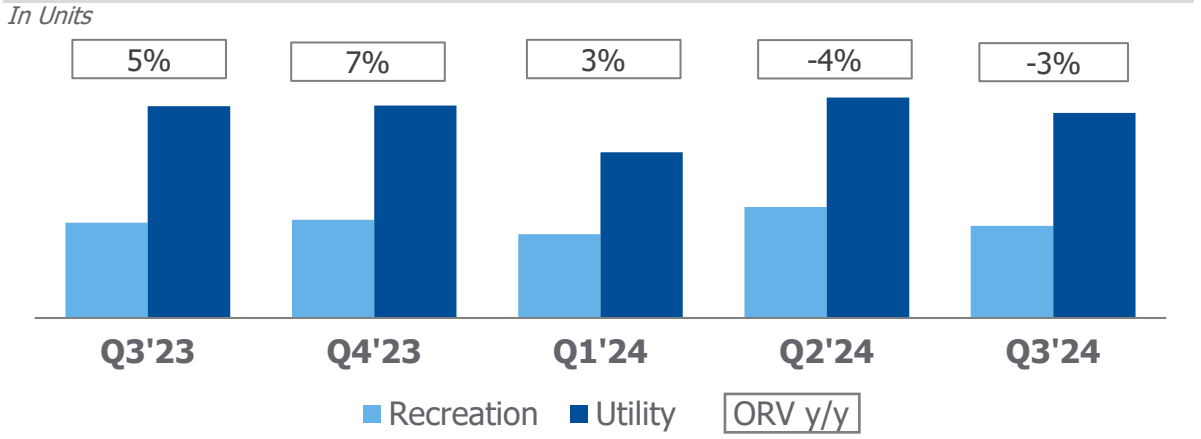
Actively Managing Dealer Inventory Given Lower than Expected Retail

[1] 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.

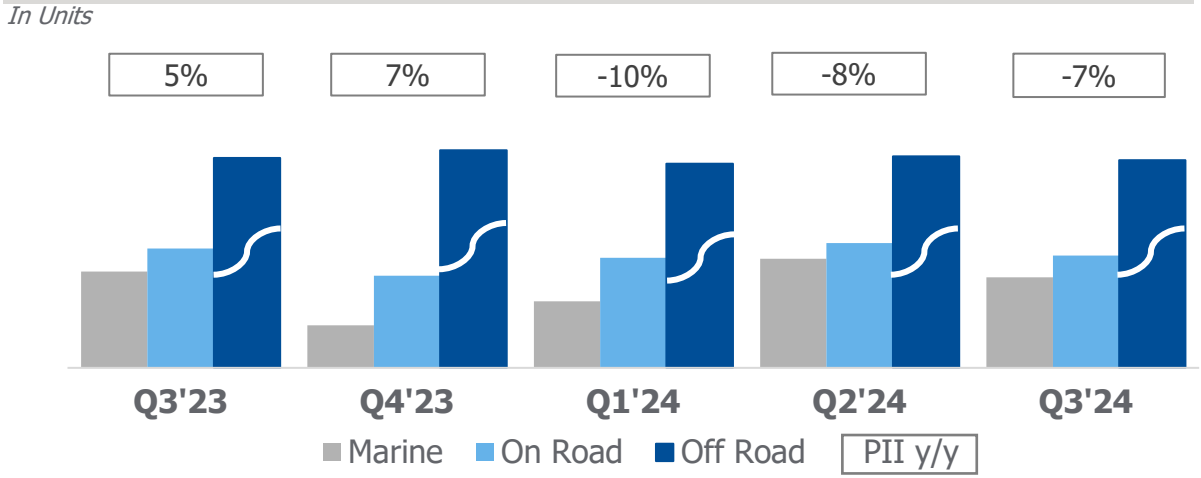
Third Quarter North America Retail Trends and Sentiment

- **Retail Trends**
  - ORV Utility down LSD% with RANGER outperforming Sportsman
  - ORV Recreation down for eight quarters in a row
    - Crossover up over 25% with Polaris XPEDITION and GENERAL
  - On Road and Marine remain pressured
  - Elevated promotions as OEMs and dealers navigate inventory challenges
- **Dealer Sentiment**
  - Dealers focused on inventory levels across all OEMs as softer retail and flooring costs negatively impact profitability
    - Growing emphasis on fixing specific unhealthy inventory positions
    - Other OEMs supporting this with aggressive promotions
  - Positive feedback on Polaris actions at dealer meeting
- **Dealer Inventory Backdrop**
  - Q3'24 Polaris dealer inventory is down 1% relative to 12/31/2023
  - Off Road production schedule should help further reduce dealer inventory with shipments planned well below retail levels in Q4

ORV Recreation and Utility Retail



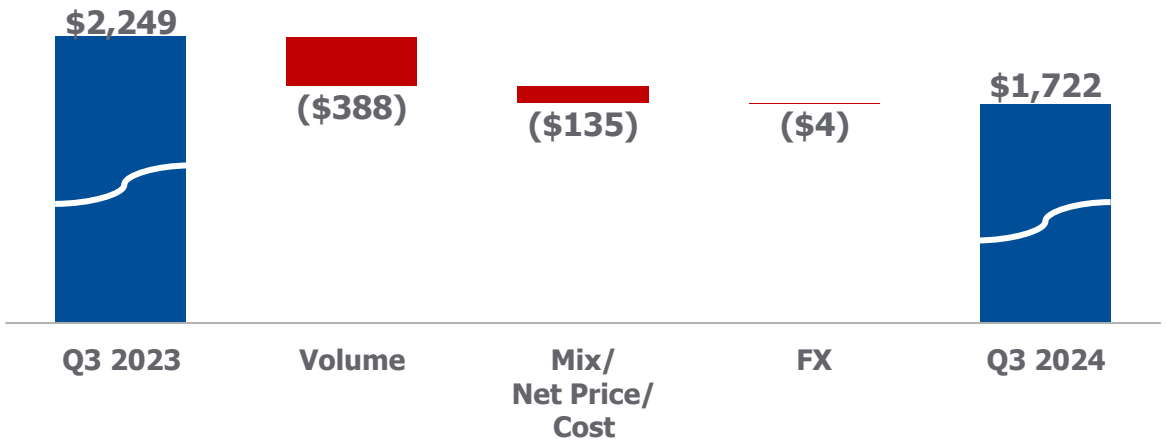
Segment Retail Performance



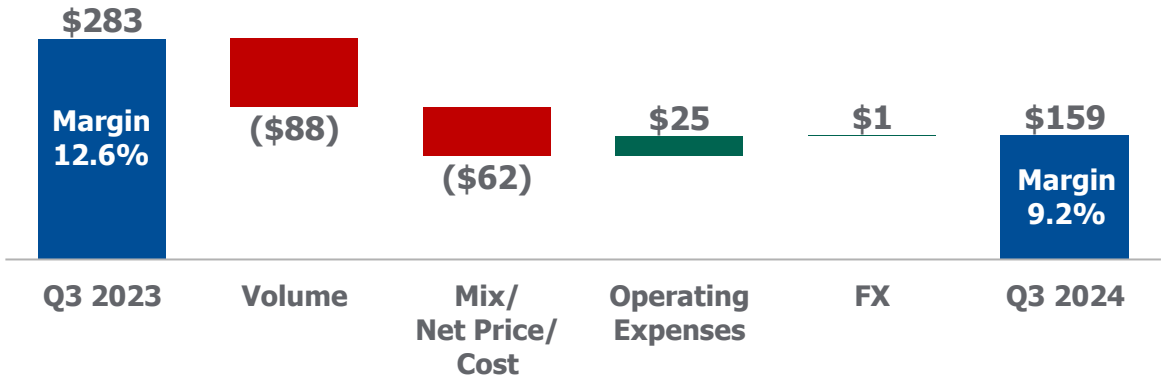
Continue to Target Dealer Inventory Down 15% to 20% by Year-End

Q3 2024 Financial Results

Sales



Adjusted* EBITDA



Financial Highlights (Y/Y)

- **Quarterly sales of $1.7B, down 23%**
  - Lower volumes, mix, and net price
  - International sales down 5%
  - PG&A sales down 17%
- **Adjusted* EBITDA margin down 333 bps**
  - Negative plant absorption due to lower volumes
  - Unfavorable mix and net price
  - Partially offset by favorable operations and Opex
- **Adjusted* EPS of $0.73, down 73%**
- **Other items:**
  - Net interest expense of $36M
  - Effective tax rate of 20.9%
  - Average outstanding diluted shares ~57M
    - Down ~2% year-over-year

Sales and Margin Pressure Due to Active Dealer Inventory Management and Lower Retail

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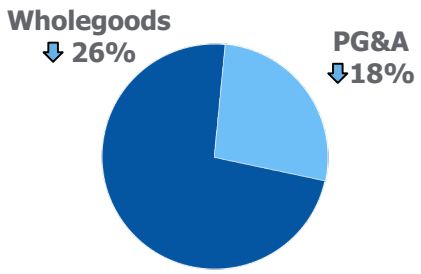
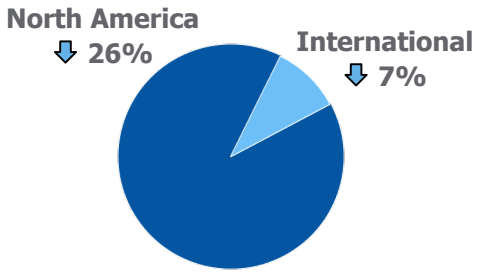
Off Road Q3 Summary

Q3 Results & Y/Y Change

Sales: $1,400M ⇩ 24%





Gross Profit Margin: 21.2% ⇩ 183 bps

Market Share (N.A.)**:** ⇩ Off-Road Vehicles

PII Call-outs

- **N.A. ORV**
  - Retail down 3% y/y; Utility and Recreation down LSD%
  - Dealer inventory trending lower relative to 12/31/2023
- **Lost modest market share in ORV; YTD share flat**
- **Elevated promotions led to negative net price**
- **Operational savings continue to be realized**
- **Margin pressured by negative mix, net price, and absorption somewhat offset by operational efficiencies**

Retail Sales

	North America		International(1)	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
ORV	⇩ 3%	⇩ LOW-SINGLE DIGITS %	⇩ MID-DOUBLE DIGITS %	⇧ LOW-SINGLE DIGITS %
Utility	⇩ LOW-SINGLE DIGITS %			
Recreation	⇩ LOW-SINGLE DIGITS %			
Snowmobiles	N/A (OFF-SEASON)			

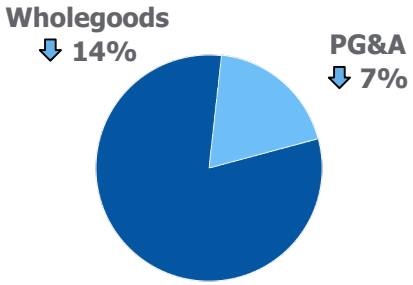
Consistent Headwinds: Net Price, Mix and Absorption | Continue to See Operational Savings

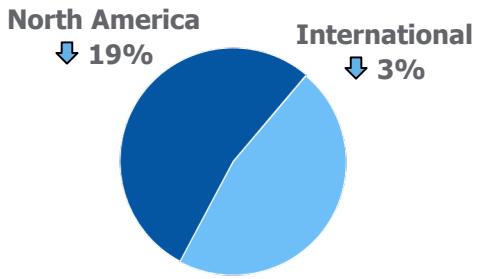
(1) *International retail data through August 2024 and based primarily on Europe*

On Road Q3 Summary

Q3 Results & Y/Y Change

Sales: $237M ⇩ 13%





Gross Profit Margin: 16.9% ⇩ 446 bps

Market Share (N.A.)**:** ⇩ Indian Motorcycle

PII Call-outs

- N.A. Indian Motorcycle retail was down low-double digits
- Indian Motorcycle lost modest share in N.A.
- Continue to see pressure in heavyweight resulting in a mix headwind
- Slingshot sales pressured due to cautious consumer
- International motorcycle industry is down ~15%(1)
- Gross profit margin down due to negative mix somewhat offset by operational efficiencies

Retail Sales

	North America		International(1)	
	POLARIS	INDUSTRY	POLARIS	INDUSTRY
Indian Motorcycle	⇩ LOW-DOUBLE DIGITS %	⇩ HIGH-SINGLE DIGITS %	⇩ LOW-DOUBLE DIGITS %	⇩ MID-DOUBLE DIGITS %

On Road Margin Pressure Due to Mix

(1) *International retail data through August 2024 and based primarily on Europe*

Marine Q3 Summary

Q3 Results & Y/Y Change

Sales:	$86M	⇩ 36%
Gross Profit Margin:	12.2%	⇩ 587 bps
Market Share (N.A.)**:**		⇩ Marine(1)



PII Call-outs

- Dealer inventory down ~35% relative to beginning of the year
- Lost share in Pontoons
- Positive momentum from our dealer meetings in August where we showcased new innovation
- Continue build to order model
- Margins negatively impacted by lower volumes equating to negative absorption

Retail Sales(1)

	North America	
	POLARIS	INDUSTRY
Pontoons	⇩ HIGH-TEENS %	⇩ HIGH-SINGLE DIGITS %
Deck Boats	⇩ HIGH-FORTIES %	⇩ LOW-TWENTIES %

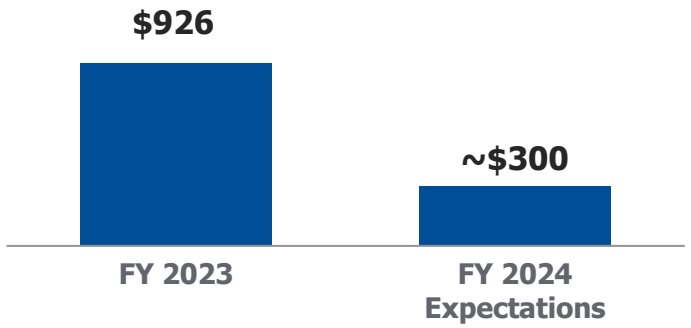
New Innovation Catching Attention of Dealers, Positive Order Flow Entering 2025

(1) *Retail and market share based on August 2024 SSI data, subject to change*

Financial Position

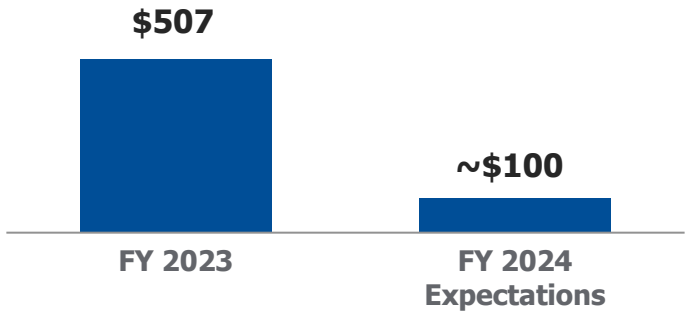
Operating Cash Flow

$ in millions



Adjusted* Free Cash Flow

$ in millions



2024 Capital Deployment Priorities

#1 Priority – Organic Investment

Lighter than expected capex spend in 2024

#2 Priority – Dividends

Dividend Aristocrat – 29 consecutive years of raising dividend

#3 Priority – Share Repurchase

Repurchased 1.6 million shares for $179 million in 2023

Repurchased 4.4 million shares for $505 million in 2022

~$1.1 billion remaining on share repurchase authorization

Key Financial Metrics

$ in millions

Cash	$291
Capex (YTD)	$193
Total Debt	$2,180
Dividends (YTD)	$111
Share Repurchases (YTD)	$82
Net Leverage Ratio	2.7x

Managing Working Capital and Capex to Help Offset Impact from Lower Volume

*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.

Full Year 2024 Guidance & Expectations

Total Company Sales

$ in Millions

Lowered

⇩ ~20%

~$7.15B

Relative to 2023 at $8.9B

Segment Sales

Off Road	**⇩ ~20%** *Lowered*
On Road	**⇩ ~15%** *Lowered*
Marine	**⇩ ~40%** *Lowered*

Q4 2024 Outlook Assumptions

- **Lowering guidance due to Q3 performance and lower retail expectations**
  - Ship volume lower due to holding goal of dealer inventory reduction
  - Retail lower than original expectations
  - Negative plant absorption
- **Mix continues to be a headwind**
- **Continue to make progress on operational efficiencies**
- **Year-over-year FX headwind to adjusted EBITDA of ~$20M**

Adjusted* EPS

Lowered

⇩ ~65%

~$3.25

Relative to 2023 at $9.16

Adjusted* Margins

% of Sales

Gross Profit Margin

Unchanged

⇩ 90 to 130 bps

Relative to 2023 at 22.0%

EBITDA Margin

Lowered

⇩ 220 to 250 bps

Relative to 2023 at 11.4%

Key Metrics

Key Metric	Prior Quarter FY 2024 Expectations	Updated FY 2024 Expectations
Operating Expense	*Down ~6%*	*Down ~7%*
Interest Expense	*~$135 million*	*~$135 million*
Tax Rate	*21.5% - 22.5%*	*Unchanged*
Diluted Shares	*58 million, flat y/y*	*Unchanged*
Depreciation	*Up ~15%*	*Unchanged*
Fin. Services Income	*Up ~10% y/y*	*Up ~15% y/y*
Operating & Adj. FCF	*Lower dollars*	*Lowered*
Capex	*~$275 million*	*Unchanged*

Lowering Guidance Due to Lower Retail Expectations

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Note: Figures for all periods reflect continuing operations

2025 Initial Thoughts

- Expect the retail environment to remain challenging
- Encouraged to see Fed cut rates; we expect more needs to be done to impact purchasing decisions
- Anticipate dealers will be more comfortable with their inventory position
- Expand our market presence with innovation
- Continue to drive operational efficiencies
- Known tailwinds and headwinds from one-time items in 2024
- Working capital improvements

Closing Comments

- Remain committed to reducing dealer inventory despite lower industry retail
- Expect current trends to persist into Q4 and 2025
- Continue to launch new innovation
- Collaborating with dealers to help improve their profitability
- Focusing on executing operational excellence
- Remain committed to strategy to drive growth and margin expansion
- Consistent capital deployment strategy







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
- 2024 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 September 30,		Nine months ended September 30,		Full Year
	2024	2023	2024	2023	2023
Gross profit	**354.6**	**508.8**	**1,108.9**	**1,483.0**	**1,959.9**
Restructuring [3]	3.2	—	7.1	—	3.0
Adjusted gross profit	**357.8**	**508.8**	**1,116.0**	**1,483.0**	**1,962.9**
Income before income taxes	**35.0**	**181.7**	**128.6**	**499.6**	**620.4**
Distributions from other affiliates [1]	—	—	—	—	(1.4)
Acquisition-related costs [2]	0.5	0.7	1.2	0.7	1.3
Restructuring [3]	11.5	0.9	22.5	1.4	8.2
Intangible amortization [4]	4.4	4.4	13.3	13.3	17.7
Class action litigation expenses [5]	1.5	0.4	5.4	5.4	8.5
Adjusted income before income taxes	**52.9**	**188.1**	**171.0**	**520.4**	**654.7**
Net income attributable to Polaris Inc.	**27.7**	**151.7**	**100.2**	**399.4**	**502.8**
Distributions from other affiliates [1]	—	—	—	—	(1.4)
Acquisition-related costs [2]	0.3	0.5	0.9	0.5	1.0
Restructuring [3]	8.7	0.7	17.1	1.1	6.3
Intangible amortization [4]	3.3	3.4	10.1	10.1	13.5
Class action litigation expenses [5]	1.2	0.3	4.2	4.1	6.4
Adjusted net income attributable to Polaris Inc.[6]	**$ 41.2**	**$ 156.6**	**$ 132.5**	**$ 415.2**	**$ 528.6**
Diluted EPS attributable to Polaris Inc.	**$ 0.49**	**$ 2.62**	**$ 1.76**	**$ 6.90**	**$ 8.71**
Distributions from other affiliates [1]	—	—	—	—	(0.02)
Acquisition-related costs [2]	0.01	0.01	0.02	0.01	0.02
Restructuring [3]	0.15	0.01	0.30	0.02	0.11
Intangible amortization [4]	0.06	0.06	0.18	0.17	0.23
Class action litigation expenses [5]	0.02	0.01	0.07	0.07	0.11
Adjusted EPS attributable to Polaris Inc. [6]	**$ 0.73**	**$ 2.71**	**$ 2.33**	**$ 7.17**	**$ 9.16**

Adjustments:

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

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

(3) Represents adjustments for corporate restructuring

(4) Represents amortization expense for intangible assets acquired through business combinations

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

(6) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2024 and 2023, 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 September 30,		Nine months ended September 30,		Full Year
	2024	2023	2024	2023	2023
Sales	**1,722.4**	**2,248.9**	**5,420.0**	**6,645.2**	**8,934.4**
Net income	**27.6**	**151.5**	**100.4**	**399.4**	**502.7**
Provision for income taxes	7.4	30.2	28.2	100.2	117.7
Interest expense	36.2	32.5	102.7	92.2	125.0
Depreciation	68.4	62.0	190.9	173.6	241.2
Intangible amortization [4]	6.0	4.4	15.9	13.3	17.7
Distributions from other affiliates [1]	—	—	—	—	(1.4)
Acquisition-related costs [2]	0.5	0.7	1.2	0.7	1.3
Restructuring [3]	11.5	0.9	22.5	1.4	8.2
Class action litigation expenses [5]	1.5	0.4	5.4	5.4	8.5
Adjusted EBITDA	**$ 159.1**	**$ 282.6**	**$ 467.2**	**$ 786.2**	**$ 1,020.9**
Adjusted EBITDA Margin	**9.2 %**	**12.6 %**	**8.6 %**	**11.8 %**	**11.4 %**

Adjustments:

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

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

(3) Represents adjustments for corporate restructuring

(4) Represents amortization expense for intangible assets acquired through business combinations and asset acquisitions

(5) 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Off Road segment gross profit	**$ 297.4**	**$ 425.5**	**$ 852.6**	**$ 1,122.6**
Restructuring [1]	0.9	—	4.1	—
Adjusted Off Road segment gross profit	**298.3**	**425.5**	**856.7**	**1,122.6**
On Road segment gross profit	**39.9**	**57.7**	**161.4**	**208.7**
No adjustment	—	—	—	—
Adjusted On Road segment gross profit	**39.9**	**57.7**	**161.4**	**208.7**
Marine segment gross profit	**10.6**	**24.3**	**56.9**	**143.3**
No adjustment	—	—	—	—
Adjusted Marine segment gross profit	**10.6**	**24.3**	**56.9**	**143.3**
Corporate segment gross profit	**6.7**	**1.3**	**38.0**	**8.4**
Restructuring [1]	2.3	—	3.0	—
Adjusted Corporate segment gross profit	**9.0**	**1.3**	**41.0**	**8.4**
Total gross profit	**354.6**	**508.8**	**1,108.9**	**1,483.0**
Total adjustments	3.2	—	7.1	—
Adjusted total gross profit	**$ 357.8**	**$ 508.8**	**$ 1,116.0**	**$ 1,483.0**

Adjustments:

[1] Represents adjustments for corporate restructuring

Reconciliation of GAAP Operating Cash Flow to Non-GAAP Adjusted Free Cash Flow

(In Millions, Unaudited)

	Nine months ended September 30,		Full Year
	2024	2023	2023
Net cash provided by operating activities	**61.9**	**376.0**	**925.8**
Purchase of property and equipment	(192.7)	(311.7)	(412.6)
Distributions from (investment in) finance affiliate, net	42.4	12.5	(6.5)
Adjusted free cash flow	**$ (88.4)**	**$ 76.8**	**$ 506.7**

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.

2024 Guidance Adjustments

2024 adjusted guidance excludes the pre-tax effect of restructuring costs of approximately $25 million, and approximately $10 million for class action litigation-related expenses. Intangible amortization of approximately $18 million related to all acquisitions has also been excluded.

The Company has not provided reconciliations of guidance for adjusted earnings per share and adjusted free cash flow, 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 acquisition integration costs that are difficult to predict in advance in order to include in a GAAP estimate.