

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **First quarter sales** were \$1,736 million, down 20 percent compared to last year.
- **First quarter reported diluted earnings per share** was \$0.07, down 96 percent versus last year; **adjusted diluted earnings per share** was \$0.23, down 89 percent versus last year.
- **Primary factors affecting first quarter sales** were lower volume and net pricing driven by higher promotional spend partially offset by positive mix.
- **First quarter market share** gains in off-road vehicles (ORV), motorcycles and Marine.
- **Powersports retail sales** for the quarter were down 10 percent versus last year driven by a decline in snow, first quarter retail was up three percent when excluding snow.
- **Polaris reiterated full year 2024 Company sales and adjusted earnings guidance.**

KEY FINANCIAL DATA

(in millions, except per share data)

Quarter ended March 31, 2024	Reported	YOY % Chg.	Adjusted*	YOY % Chg.
Sales	\$ 1,736.4	(20)%	\$ 1,736.4	(20)%
Gross profit margin	19.0 %	-250 bps	19.0 %	-248 bps
Total operating expenses	\$ 313.2	(4)%		
Net income attributable to Polaris	\$ 3.8	(97)%	\$ 13.0	(89)%
Net income attributable to Polaris margin	0.2 %	-499 bps		
Adjusted EBITDA Margin*			6.3 %	-459 bps
Diluted EPS attributable to Polaris	\$ 0.07	(96)%	\$ 0.23	(89)%

*Note: the results and guidance in this release, including the highlights above, include references to non-GAAP operating measures, which are identified by the word "adjusted" preceding the measure. A reconciliation of GAAP / non-GAAP measures can be found at the end of this release.

CEO COMMENTARY

Our sales results for the first quarter were in line with our expectations and adjusted EPS came in above plan. With our competitive product portfolio, we gained share in ORV, motorcycles and Marine, and the recent launches in our best-selling full-size RANGER and Indian Scout lineups reflect our strategic focus on Rider-Driven Innovation. While we continue to see strength within our Off Road Utility business, Snow was particularly challenging given poor winter conditions and trends in more recreational categories continued to be soft. Looking forward in the year, our focus remains on sound execution in spite of the uncertain macro environment, from managing dealer inventory and delivering for customers, to making continued progress with operational improvements and driving profitable growth.

-- Mike Speetzen, Chief Executive Officer of Polaris Inc.

PERFORMANCE SUMMARY (Reported)

MINNEAPOLIS (April 23, 2024) - Polaris Inc. (NYSE: PII) (the "Company") today released first quarter 2024 results. For the first quarter, the Company reported worldwide sales of \$1,736 million, down 20 percent versus the first quarter of 2023. North America sales of \$1,444 million represented 83 percent of total Company sales and decreased 22 percent from \$1,842 million in 2023. International sales of \$292 million represented 17 percent of total Company sales and decreased 13 percent versus the first quarter of 2023. Total Company sales in the first quarter of 2024 were negatively impacted by lower volume and net pricing driven by higher promotional activity partially offset by favorable product mix.

As reported, first quarter net income attributable to Polaris of \$4 million decreased 97 percent and diluted earnings per share ("EPS") of \$0.07 decreased 96 percent compared to the first quarter of 2023. Adjusted net income attributable

to Polaris for the quarter was \$13 million, down 89 percent, and adjusted EPS was \$0.23, down 89 percent, in each case as compared to the first quarter of 2023.

Gross profit margin decreased 250 basis points to 19.0 percent for the first quarter, as compared to the first quarter of 2023. Adjusted gross profit margin of 19.0 percent decreased 248 basis points primarily driven by higher promotional activity and higher warranty expense partially offset by favorable operational costs, as compared to the first quarter of 2023.

Operating expenses were \$313 million in the first quarter of 2024 compared to \$325 million in the first quarter of 2023 due to lower selling and marketing expenses. Operating expenses, as a percentage of sales, of 18.0 percent were up 314 basis points in the first quarter of 2024 compared to the first quarter of 2023.

SEGMENT HIGHLIGHTS (Reported)

	Sales (in millions)			Gross Profit Margin		
	Q1 2024	Q1 2023	Change	Q1 2024	Q1 2023	Change
Off Road	\$ 1,335.7	\$ 1,591.8	(16)%	17.4 %	20.8 %	-339 bps
On Road	\$ 277.2	\$ 323.5	(14)%	21.8 %	21.4 %	+41 bps
Marine	\$ 123.5	\$ 264.4	(53)%	15.5 %	23.3 %	-776 bps

Off Road segment results were primarily driven by these factors:

- Sales were driven by lower volume in snow and off-road vehicles, partially offset by increased Parts, Garments and Accessories (PG&A) sales.
- PG&A sales increased five percent.
- Gross profit margin performance was driven by lower net pricing driven by higher promotional activity and higher warranty expense partially offset by operational improvements.
- Polaris North America ORV unit retail sales were up three percent. Estimated North America industry ORV unit retail sales were up low-single digits percent.

On Road segment results were primarily driven by these factors:

- Sales were driven by lower volumes.
- PG&A sales decreased eight percent.
- Gross profit margin performance was driven by favorable product mix partially offset by higher warranty expense and lower net pricing driven by higher promotional activity.
- North America unit retail sales for Indian Motorcycle were up low-teens percent. Estimated North America unit retail sales for the comparable motorcycle industry were up low-single digits percent.

Marine segment results were primarily driven by these factors:

- Sales results were driven by lower volumes.
- Gross profit margin performance was impacted by a decrease in sales volumes and lower net pricing.

2024 BUSINESS OUTLOOK

The Company continues to expect 2024 sales to be down five to seven percent versus 2023. The Company continues to expect adjusted diluted EPS attributed to Polaris Inc. common shareholders to be down 10 to 15 percent versus 2023.

The Company has not provided reconciliations of guidance for adjusted earnings 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 acquisition integration costs that are difficult to predict in advance in order to include in a GAAP estimate.

NON-GAAP FINANCIAL MEASURES

This press release and our related earnings call 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 press release. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

EARNINGS CONFERENCE CALL AND WEBCAST

Today at 9:00 AM (CT) Polaris Inc. will host a conference call and webcast to discuss the 2024 first quarter results released this morning. The call will be hosted by Mike Speetzen, Chief Executive Officer; and Bob Mack, Chief Financial Officer. The earnings presentation and link to the webcast will be posted on the Polaris Investor Relations website at ir.polaris.com. To listen to the conference call by phone, dial 1-877-883-0383 in the U.S., or 1-412-902-6506 internationally. The Conference ID is 3619470. A replay of the conference call will be available by accessing the same link on our website.

ABOUT POLARIS

As the global leader in powersports, Polaris Inc. (NYSE: PII) pioneers product breakthroughs and enriching experiences and services that have invited people to discover the joy of being outdoors since our founding in 1954. Polaris’ high-quality product line-up includes the RANGER®, RZR® and Polaris XPEDITION® and GENERAL™ side-by-side off-road vehicles; Sportsman® all-terrain off-road vehicles; military and commercial off-road vehicles; snowmobiles; Indian Motorcycle® mid-size and heavyweight motorcycles; Slingshot® moto-roadsters; Aixam quadricycles; Goupil electric vehicles; and pontoon and deck boats, including industry-leading Bennington pontoons. Polaris enhances the riding experience with a robust portfolio of parts, garments, and accessories. Headquartered in Minnesota, Polaris serves nearly 100 countries across the globe. www.polaris.com

FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, the matters set forth in this press release, including, but not limited to, the “2024 Business Outlook” and statements in “CEO Commentary” above 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 ORV, snowmobiles, On Road and Marine in North America and International unless otherwise noted.

CONSOLIDATED STATEMENTS OF INCOME

(In Millions, Except Per Share Data), (Unaudited)

	Three months ended March 31,	
	2024	2023
Sales	\$ 1,736.4	\$ 2,179.7
Cost of sales	1,406.1	1,710.5
Gross profit	330.3	469.2
Operating expenses:		
Selling and marketing	126.4	137.6
Research and development	87.8	96.5
General and administrative	99.0	90.8
Total operating expenses	313.2	324.9
Income from financial services	21.9	16.8
Operating income	39.0	161.1
Non-operating expense:		
Interest expense	31.9	28.3
Other income, net	(0.6)	(12.4)
Income before income taxes	7.7	145.2
Provision for income taxes	3.8	31.6
Net income	3.9	113.6
Net income attributable to noncontrolling interest	(0.1)	(0.2)
Net income attributable to Polaris Inc.	<u>\$ 3.8</u>	<u>\$ 113.4</u>
Net income per share attributable to Polaris Inc. common shareholders:		
Basic	\$ 0.07	\$ 1.98
Diluted	\$ 0.07	\$ 1.95
Weighted average shares outstanding:		
Basic	56.9	57.4
Diluted	57.2	58.1

CONSOLIDATED BALANCE SHEETS

(In Millions), (Unaudited)

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 318.8	\$ 322.9
Trade receivables, net	254.1	324.6
Inventories, net	1,952.8	1,947.2
Prepaid expenses and other	195.8	190.1
Income taxes receivable	11.1	2.5
Total current assets	2,732.6	2,787.3
Property and equipment, net	1,214.9	1,058.4
Investment in finance affiliate	139.6	96.5
Deferred tax assets	300.0	221.2
Goodwill and other intangible assets, net	899.7	907.7
Operating lease assets	143.8	111.6
Other long-term assets	136.8	107.2
Total assets	<u>\$ 5,567.4</u>	<u>\$ 5,289.9</u>
Liabilities and Equity		
Current liabilities:		
Current financing obligations	\$ 54.0	\$ 553.6
Accounts payable	779.0	870.1
Accrued expenses	988.1	832.0
Other current liabilities	39.5	42.7
Total current liabilities	1,860.6	2,298.4
Long-term financing obligations	2,014.2	1,549.3
Other long-term liabilities	300.8	273.6
Total liabilities	<u>\$ 4,175.6</u>	<u>\$ 4,121.3</u>
Deferred compensation	11.2	13.8
Equity:		
Total shareholders' equity	1,378.1	1,152.1
Noncontrolling interest	2.5	2.7
Total equity	<u>1,380.6</u>	<u>1,154.8</u>
Total liabilities and equity	<u>\$ 5,567.4</u>	<u>\$ 5,289.9</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions), (Unaudited)

	Three months ended March 31,	
	2024	2023
Operating Activities:		
Net income	\$ 3.9	\$ 113.6
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	62.9	61.8
Noncash compensation	12.5	14.7
Noncash income from financial services	(13.8)	(8.7)
Deferred income taxes	(4.3)	(10.5)
Other, net	(0.6)	(0.7)
Changes in operating assets and liabilities:		
Trade receivables	46.4	19.1
Inventories	(161.0)	(47.6)
Accounts payable	68.6	20.3
Accrued expenses	(128.0)	(65.2)
Income taxes payable/receivable	(5.9)	29.5
Prepaid expenses and other, net	13.9	(2.1)
Net cash provided by (used for) operating activities	(105.4)	124.2
Investing Activities:		
Purchase of property and equipment	(72.1)	(94.4)
Distributions from (investment in) finance affiliate, net	15.4	5.3
Net cash used for investing activities	(56.7)	(89.1)
Financing Activities:		
Borrowings under financing obligations	842.0	573.4
Repayments under financing obligations	(676.7)	(528.4)
Repurchase and retirement of common shares	(16.0)	(62.8)
Cash dividends to shareholders	(37.3)	(37.0)
Proceeds from stock issuances under employee plans	3.7	13.2
Net cash provided by (used for) financing activities	115.7	(41.6)
Impact of currency exchange rates on cash balances	(2.8)	4.9
Net decrease in cash, cash equivalents and restricted cash	(49.2)	(1.6)
Cash, cash equivalents and restricted cash at beginning of period	382.9	339.7
Cash, cash equivalents and restricted cash at end of period	<u>\$ 333.7</u>	<u>\$ 338.1</u>
The following presents the classification of cash, cash equivalents and restricted cash within the consolidated balance sheets:		
Cash and cash equivalents	\$ 318.8	\$ 322.9
Other long-term assets	14.9	15.2
Total	<u>\$ 333.7</u>	<u>\$ 338.1</u>

NON-GAAP RECONCILIATION OF RESULTS

(In Millions, Except Per Share Data), (Unaudited)

	Three months ended March 31,	
	2024	2023
Gross profit	330.3	469.2
Restructuring ⁽²⁾	0.4	—
Adjusted gross profit	330.7	469.2
Income before income taxes	7.7	145.2
Acquisition-related costs ⁽¹⁾	0.3	—
Restructuring ⁽²⁾	5.4	0.7
Intangible amortization ⁽³⁾	4.5	4.4
Class action litigation expenses ⁽⁴⁾	1.8	2.1
Adjusted income before income taxes	19.7	152.4
Net income attributable to Polaris Inc.	3.8	113.4
Acquisition-related costs ⁽¹⁾	0.3	—
Restructuring ⁽²⁾	4.1	0.6
Intangible amortization ⁽³⁾	3.4	3.4
Class action litigation expenses ⁽⁴⁾	1.4	1.6
Adjusted net income attributable to Polaris Inc. ⁽⁵⁾	13.0	119.0
Diluted EPS attributable to Polaris Inc.	\$ 0.07	\$ 1.95
Acquisition-related costs ⁽¹⁾	0.01	—
Restructuring ⁽²⁾	0.07	0.01
Intangible amortization ⁽³⁾	0.06	0.06
Class action litigation expenses ⁽⁴⁾	0.02	0.03
Adjusted EPS attributable to Polaris Inc. ⁽⁵⁾	\$ 0.23	\$ 2.05
Sales	\$ 1,736.4	\$ 2,179.7
Net income	\$ 3.9	\$ 113.6
Provision for income taxes	3.8	31.6
Interest expense	31.9	28.3
Depreciation	58.4	57.4
Intangible amortization ⁽³⁾	4.5	4.4
Acquisition-related costs ⁽¹⁾	0.3	—
Restructuring ⁽²⁾	5.4	0.7
Class action litigation expenses ⁽⁴⁾	1.8	2.1
Adjusted EBITDA	\$ 110.0	\$ 238.1
Adjusted EBITDA Margin	6.3 %	10.9 %

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

(2) Represents adjustments for corporate restructuring

(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 2024 and 2023, except for non-deductible items

RECONCILIATION OF GAAP OPERATING CASH FLOW TO NON-GAAP FREE CASH FLOW

(In Millions), (Unaudited)

	Three months ended March 31,	
	2024	2023
Net cash provided by (used for) operating activities	\$ (105.4)	\$ 124.2
Purchase of property and equipment	(72.1)	(94.4)
Distributions from (investment in) finance affiliate, net	15.4	5.3
Adjusted free cash flow	<u>\$ (162.1)</u>	<u>\$ 35.1</u>

NON-GAAP RECONCILIATION OF SEGMENT RESULTS

(In Millions), (Unaudited)

	Three months ended March 31,	
	2024	2023
<u>SEGMENT GROSS PROFIT</u>		
Off Road segment gross profit	\$ 233.0	\$ 331.6
No adjustment	—	—
Adjusted Off Road segment gross profit	233.0	331.6
On Road segment gross profit	60.4	69.2
No adjustment	—	—
Adjusted On Road segment gross profit	60.4	69.2
Marine segment gross profit	19.2	61.5
No adjustment	—	—
Adjusted Marine segment gross profit	19.2	61.5
Corporate segment gross profit	17.7	6.9
Restructuring ⁽¹⁾	0.4	—
Adjusted Corporate segment gross profit	18.1	6.9
Total gross profit	330.3	469.2
Total adjustments	0.4	—
Adjusted total gross profit	<u>\$ 330.7</u>	<u>\$ 469.2</u>

⁽¹⁾ Represents adjustments for corporate restructuring

NON-GAAP ADJUSTMENTS**First Quarter 2024 Results & 2024 Full Year Guidance****Restructuring and Acquisition Related Costs**

The Company is executing certain corporate restructuring activities across the organization to increase efficiency and focus its business, including the divestitures of the GEM, Taylor-Dunn and Transamerican Auto Parts businesses. The Company realized certain acquisition related costs associated with the acquisition of the Walker Evans business during the third quarter of 2023. For the first quarter of 2024, Polaris recorded combined costs totaling \$5.7 million which was included as a non-GAAP adjustment.

Intangible Amortization Related to Acquisitions

The Company uses an adjusted net income metric which excludes intangible amortization from all historical business acquisitions. The Company believes this non-GAAP information is useful to understanding its operating results and the ongoing performance of its underlying businesses because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions the Company completes. For the first quarter of 2024, Polaris recorded \$4.5 million of intangible amortization related to acquisitions as a non-GAAP adjustment.

2024 Adjusted Guidance

2024 adjusted guidance excludes the pre-tax effect of restructuring costs of approximately \$8 million, and approximately \$20 million for class action litigation-related expenses. Intangible amortization of approximately \$18 million related to all acquisitions has also been excluded.