Leading from the Front

2021 ANNUAL REPORT

POLARIS

2021 AT A GLANCE // REPORTED RESULTS

SALES

$8,198 MILLION | ^17%

GROSS PROFIT

$1,943 MILLION | 23.7% PERCENTAGE OF SALES

NET INCOME

$494 MILLION | ^296%

EPS

$7.88 EARNINGS PER SHARE | ^296%

2021 AT A GLANCE // ADJUSTED RESULTS*

SALES

$8,198 MILLION | ^17%

GROSS PROFIT

$1,951 MILLION | 23.8% PERCENTAGE OF SALES

NET INCOME

$573 MILLION | ^18%

EPS

$9.13 EARNINGS PER SHARE | ^18%

*See the company's fourth quarter 2021 earnings release for GAAP to Non-GAAP reconciliation tables.

At Polaris, we take great pride in our history as a category pioneer and current position as the global industry leader in powersports. But with leadership comes a responsibility to keep pushing the industry forward — and there are always more people in more places who could benefit from an invitation to THINK OUTSIDE.

That's why we've revised our strategy to stay even further out in front of our customers' needs. We will continue to raise the bar through elevated experiences, inspirational brands and rider-driven innovations, backed by the best and brightest people in the industry. This is what leading from the front means for Polaris. It's a role we embrace to the fullest.

SEGMENT OVERVIEW

TOTAL SALES // BY SEGMENT

$8,198 MILLION

- 63% OFF-ROAD VEHICLES // SNOWMOBILES
- 12% AFTERMARKET
- 9% MOTORCYCLES
- 9% BOATS
- 7% GLOBAL ADJACENT MARKETS

TOTAL SALES // BY GEOGRAPHY

$8,198 MILLION

- 79% UNITED STATES
- 14% INTERNATIONAL
- 7% CANADA

PG&A BY BUSINESS // SALES % OF TOTAL

$1,348 MILLION

- 83% OFF-ROAD VEHICLES // SNOWMOBILES
- 9% MOTORCYCLES
- 8% GLOBAL ADJACENT MARKETS

INTERNATIONAL BY REGION // SALES % OF TOTAL

$1,123 MILLION

- 72% EUROPE, MIDDLE EAST & AFRICA
- 17% ASIA PACIFIC
- 11% LATIN AMERICA

OFF-ROAD VEHICLES // SNOWMOBILES

WORK, HUNT, FARM AND RANCH

Polaris Ranger®

PLAY, DUNES AND TRAILS

Polaris RZR®

WORK, PLAY, HUNT

Polaris GENERAL®
Polaris Sportsman®
Hammerhead Off-Road®

PLAY, ON/OFF TRAIL, MOUNTAINS, UTILITY

RMK®
INDY®
Switchback®
RUSH®
Polaris TITAN®
Voyageur®
Timbersled®

SALES CHANGE

^14% FROM 2020

MARKET SIZE

~$14 BILLION

SALES

$5,186 MILLION

2021	$5,186
2020	$4,533
2019	$4,209

MOTORCYCLES

CRUISING, DAY TRIPS, AROUND TOWN AND COMMUTE

Indian Motorcycle®
Slingshot®

SALES CHANGE

^24% FROM 2020

MARKET SIZE

~$6 BILLION
900 CC AND ABOVE

SALES

$722 MILLION

2021	$722
2020	$582
2019	$584

GLOBAL ADJACENT MARKETS

COLLEGES, UNIVERSITIES, MUNICIPALITIES, URBAN DELIVERIES, MATERIAL HANDLING

Polaris Commercial®
Goupil®

MILITARY: ARMY, NAVY, MARINES, AIR FORCE, SPECIAL OPS

Polaris Government & Defense®

RURAL, URBAN, LICENSE-FREE DRIVERS

Aixam®

RECREATION OUTFITTERS, RESORTS, TOURISM HUBS

Polaris Adventures®

SALES CHANGE
^ 41% FROM 2020

MARKET SIZE
~ $7 BILLION

SALES
$600 MILLION

2021 $600
2020 $425
2019 $461

AFTERMARKET

ACCESSORY APPLICATIONS INCLUDING: SUSPENSIONS, TIRES AND WHEELS, BUMPERS, SIDESTEPS, ROOF RACKS, CARGO SOLUTIONS, GRILL GUARDS, WINCHES, GAUGES

Pro Comp
Rubicon Express
Smittybilt
Trailmaster
4WP
G2
Poison Spyder
LRG Rims
Kolpin Outdoors
Pro Armor
Trail Tech

APPAREL, RIDE GEAR

Klim®
509®

SALES CHANGE
^ 5% FROM 2020

MARKET SIZE
~ $14 BILLION

SALES
$930 MILLION

2021 $930
2020 $885
2019 $907

BOATS

CRUISING, FISHING, SKIING

Bennington
Godfrey
Hurricane

SALES CHANGE
^ 26% FROM 2020

MARKET SIZE
~ $14 BILLION

SALES
$760 MILLION

2021 $760
2020 $603
2019 $621

TO OUR SHAREHOLDERS

MIKE SPEETZEN // CEO

For 67 years, Polaris has proudly defined, re-defined and then raised the bar again with the products we design and experiences we create to help our customers THINK OUTSIDE. And that legacy continued in 2021.

The Polaris team, with a relentless customer focus, innovative spirit and focused execution, delivered another record-setting year. We topped new heights with sales of $8.2 billion and earnings per share of $9.13. Across off-road vehicles (ORV), snow, motorcycles and boats, market share gains continued on a global basis. Our Parts, Garments and Accessories (PG&A) and powersports aftermarket portfolio exceeded $1.5 billion in sales, a 24 percent increase for the year, and our international business also surpassed $1 billion up 34 percent over 2020, both Polaris firsts.

These numbers are, in part, a result of our efforts to invite broader and more diverse groups of people to THINK OUTSIDE and experience the riding lifestyle firsthand. Over the last two years, the number of new powersports customers coming into Polaris grew by 16 percent across our portfolio of brands.

Innovation flourished with the introduction of over 30 new vehicles and more than 500 new accessories last year. We launched several category-defining vehicles, illustrating our long

> **"As the global leader in powersports, no one understands this industry, and its potential, better than Polaris. We see a clear opportunity to grow powersports and welcome in even more new customers."**

history of innovation leadership: the long-awaited RZR Pro R and RZR Turbo R models reclaim our position atop the wide-open side-by-side category, while the introduction of the all-new electric RANGER XP Kinetic in December resulted in pre-orders selling out in a matter of hours.

Our focus on innovation extended beyond just our products. Our pre-sold order program helped us sidestep supply chain constraints to continue attracting and retaining customers. Our NorthStar dealer program, which incentivizes dealers to drive customer experience and operations enhancements, has led to measurable improvements in dealer performance, customer service and profitability. Polaris Adventures had more than 400,000 rides across 200 plus outfitter locations, and we launched Polaris Adventures Select, the industry's first membership program, in four states, with plans to expand in 2022 and beyond. With the vast majority of Polaris Adventures customers having never owned a Polaris vehicle, these entryway experiences make powersports more accessible and enables us to introduce even more people to Polaris.

To keep pace with global demand and to accommodate upcoming new product introductions, we added production capacity at our facilities in Monterrey and Indiana, as well as increased capacity in Wilmington to support PG&A distribution. Production of mid-size Indian motorcycles was also started in Vietnam to accommodate anticipated growth in the Asian and Australian markets.

We continue to put product quality and safety first with the announcement of a seasoned Polaris leader being appointed to the newly elevated role of Chief Product Excellence, Quality and Safety Officer.

The year was not without its challenges, as supply chain disruptions intensified, the labor market tightened and pressure on our dealer channel increased with inventory levels remaining at historic lows. Despite the headwind, the Polaris team navigated the challenging environment with agility, tenacity and focus. Our strategic sourcing initiative, which we kicked off in 2018, put us on the path of transforming our supplier relationships and has proven vital during this pandemic.

This past year, our management team and board took a step back to reflect on the growth we've accomplished, and re-ground ourselves on our path forward and what kind of company we want to be over the long term.

As the global leader in powersports, no one understands this industry, and its potential, better than Polaris. We see a clear opportunity to grow powersports and welcome in even more new customers, while continuing to exceed the expectations of those who have loved our brands for years with innovation and a continued focus on quality.

To best capitalize on this opportunity, we refined our strategy to refocus our investments on our current core segments — Off-Road, On-Road, Marine and Aftermarket — while also targeting improved productivity, expanded margins, and extending our global industry leadership position.

We've identified six objectives to bring this refined strategy to life:

- BEST CUSTOMER EXPERIENCE. We will provide our current and future customers with the best possible overall experience, including dealer interactions for service and delivery, the most desirable, most satisfying and trusted products and services in the industry, and providing a business model that encourages more diverse groups of people to experience the outdoors.
- INSPIRATIONAL BRANDS. We will bring to life brands our owners are proud to be associated with, and excited to showcase and share with friends and family. Brands that continue to be viewed as authentic, unique, engaging, and just fun to experience and supports our THINK OUTSIDE mindset.
- RIDER-DRIVEN INNOVATION. We listen and learn directly from our customers to deliver products, experiences and services that matter most to them. Electrification, connected vehicles, Adventures, Adventures Select and RIDE COMMAND® are just a few recent examples of the opportunity we have here.
- AGILE AND EFFICIENT OPERATIONS. We take lean operations a step further by aligning processes, tools, and people to deliver the most responsive customer-centric service levels in powersports while leveraging our scale to drive industry-leading productivity.
- BEST TEAM, BEST CULTURE. Our team and culture are what makes achieving our goals possible. We will hire, develop and retain the best people, constantly challenge them with new opportunities and high expectations, and reward those who achieve and exceed those expectations.
- GEARED FOR GOOD. A core belief that as the global powersports leader, we have a responsibility to be good stewards for our industry, employees, riders, communities and the outdoors. Along with our unwavering commitment to Safety and Ethics Always, we remain more committed than ever to making a positive impact by being Geared For Good.

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

> **"With passion, innovation and leadership, Polaris will continue to set the standard for the future of powersports by powering passion and pioneering new possibilities for all those who play, work and THINK OUTSIDE."**

We expect 2022 to be another record year for Polaris, with strong revenues and net income growth. Challenges within the supply chain are expected to persist and the Polaris team stands ready to navigate through these challenges just as we did last year.

Combined with our newly refocused strategy, the opportunities for growth, continued consumer interest in the outdoors and value creation look very promising. We will continue to raise the bar through elevated experiences, inspirational brands and rider-driven innovations, backed by the best and brightest people in the industry.

With passion, innovation and leadership, Polaris will continue to set the standard for the future of powersports by powering passion and pioneering new possibilities for all those who play, work and THINK OUTSIDE.

Mike Speetzen
Polaris Inc. CEO

BOARD OF DIRECTORS

JOHN P. WIEHOFF
Polaris Inc. Chair of the Board
Former Chairman and Chief Executive Officer of C.H. Robinson Worldwide, Inc.

GEORGE W. BILICIC
Vice Chairman, Investment Banking and Global Head of Power, Energy & Infrastructure at Lazard

KEVIN M. FARR
Chief Financial Officer of ChromaDex, Inc.

GARY E. HENDRICKSON
Former Chairman and Chief Executive Officer of The Valspar Corporation

GWENNE A. HENRICKS
Former Vice President of Product Development and Global Technology, and Chief Technology Officer for Caterpillar Inc.

DARRYL R. JACKSON
Vice President, Hendrick Automotive Group

BERND F. KESSLER
Former Chief Executive Officer of SR Technics AG

LAWRENCE D. KINGSLEY
Former Chairman and Chief Executive Officer of Pall Corporation

GWYNNE E. SHOTWELL
President and Chief Operating Officer of Space Exploration Technologies Corp. (SpaceX)

MICHAEL T. SPEETZEN
Chief Executive Officer of Polaris Inc.

EXECUTIVE MANAGEMENT

MICHAEL T. SPEETZEN
Chief Executive Officer

ROBERT P. MACK
Chief Financial Officer and Executive Vice President of Finance and Corporate Development

KENNETH J. PUCEL
Executive Vice President of Global Operations, Engineering and Lean

MICHAEL F. DONOUGHE
Sr. Vice President, Chief Technical Officer and Head of Electrification

LUCY CLARK DOUGHERTY
Sr. Vice President, General Counsel and Corporate Secretary

MICHAEL D. DOUGHERTY
President of On-Road and International

STEPHEN L. EASTMAN
President of PG&A and Aftermarket

PAMELA L. KERMISCH
Chief Customer Growth Officer

VICTOR M. KOELSCH
Senior Vice President, Chief Digital and Information Officer

STEVEN D. MENNETO
President of Off-Road

CRAIG A. SCANLON
President of Transamerican Auto Parts

JACOB S. VOGEL
President of Marine

JAMES P. WILLIAMS
Sr. Vice President and Chief Human Resources Officer

CHRISTOPHER G. WOLF
Chief Product Excellence, Quality and Safety Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-11411

POLARIS INC.

(Exact name of registrant as specified in its charter)

Minnesota	**41-1790959**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2100 Highway 55, Medina, Minnesota 55340
(Address of Principal Executive Offices) (Zip Code)

(763) 542-0500
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act

Title of Class	Trading Symbols	Name of Each Exchange on Which Registered
Common Stock, $.01 par value	PII	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $8,295,879,000 as of June 30, 2021, based upon the last sales price per share of the registrant's Common Stock, as reported on the New York Stock Exchange on such date. As of February 8, 2022, 60,049,054 shares of Common Stock, $.01 par value, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be held on April 28, 2022 to be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report (the "2022 Proxy Statement"), are incorporated by reference into Part III of this Form 10-K.

POLARIS INC.
2021 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

PART I

Item 1. Business

Polaris Inc., formerly known as Polaris Industries Inc., a Minnesota corporation, was formed in 1994 and is the successor to Polaris Industries Partners LP. The terms “Polaris,” the “Company,” “we,” “us,” and “our” as used herein refer to the business and operations of Polaris Inc., its subsidiaries and its predecessors, which began doing business in 1954. We design, engineer and manufacture powersports vehicles which include, Off-Road Vehicles (ORV), including All-Terrain Vehicles (ATV) and side-by-side vehicles for recreational and utility use, Snowmobiles, Motorcycles, Global Adjacent Markets vehicles, including Commercial, Government and Defense vehicles, and Boats. We also design and manufacture or source parts, garments and accessories (PG&A) related to our vehicles and aftermarket products and services for off-road and on-road vehicles. Our products are sold online and through dealers, distributors, and retail stores principally located in the United States, Canada, Western Europe, Australia, and Mexico.

Business Segments

In 2021, we operated in six business segments; ORV, Snowmobiles, Motorcycles, Global Adjacent Markets, Aftermarket, and Boats. Our products are sold through a network of over 2,500 independent dealers in North America, over 1,500 independent international dealers through over 30 subsidiaries, and over 90 independent distributors in over 120 countries outside of North America. A majority of our dealers and distributors are multi-line and also carry competitor products, however some dealers carry our full line of products and, while relatively consistent, the actual number of dealers carrying our products can vary from time to time. We also sell through a network of brick-and-mortar retail centers.

On January 1, 2022, the Company began management of its portfolio of businesses under a new basis; changing from the previous basis described herein. Starting in the first quarter of 2022, the Company expects to report its results under the new basis with the following reportable segments: Off-Road, On-Road, Marine, and Aftermarket. The new basis is intended to create a simplified reporting structure to provide better focus and allow for resources to be best leveraged for future growth and profitability improvement.

Off-Road Vehicles:

ORVs are four-wheel vehicles designed for off-road use and traversing a wide variety of terrain, including dunes, trails, and mud. The vehicles can be multi-passenger or single passenger, are used for recreation in such sports as fishing and hunting and for trail and dune riding, and for utility purposes on farms, ranches, and construction sites. The ORV industry is comprised of ATVs and side-by-side vehicles. Internationally, ATVs and side-by-sides are sold primarily in Western European countries by similar manufacturers as in North America.

Estimated North America and worldwide ORV industry retail sales are summarized as follows:

	Twelve months ended December 31,		
Estimated* Approximate Industry Sales (in units)	**2021**	**2020**	**2019**
North America ATV retail sales	285,000	345,000	260,000
North America side-by-side retail sales	540,000	640,000	510,000
North America ORV retail sales	825,000	985,000	770,000
Worldwide ATV retail sales	415,000	465,000	380,000
Worldwide side-by-side retail sales	595,000	690,000	550,000
Worldwide ORV retail sales	1,010,000	1,155,000	930,000

*Estimates are unaudited and based on internally generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which we compete. See Market and Industry Data section for additional information.

The side-by-side market has been consistently strong over the past several years primarily due to continued innovation by manufacturers. More recently, and due in part to the continuing COVID-19 pandemic, we have seen robust consumer demand out-pace supply due to on-going global supply challenges.

In 2021, we continued to be the North America market share leader in Off-Road Vehicles. Our ORV lineup includes the *RZR* sport side-by-side, the *RANGER* utility side-by-side, the GENERAL crossover side-by-side, and the Sportsman ATV. The full line spans 121 models, including two-, four- and six-wheel drive general purpose and recreational vehicles. In many of our segments, we offer youth, value, mid-size, premium and extreme-performance vehicles, which come in both single passenger and multi-passenger seating arrangements. Key 2021 ORV product introductions included the SPORTSMAN 570 & 1000 RIDE COMMAND EDITIONS, SPORTSMAN 850 ULTIMATE TRAIL EDITION, RANGER KINETIC, RANGER SP 570, RANGER SP 570 NORTHSTAR, RANGER XP 1000 BIG GAME AND WATERFOWL EDITIONS, GENERAL XP TRAILHEAD LE, GENERAL XP TROY LEE DESIGNS LE, RZR 200 EFI, RZR ROCKFORD FOSGATE LE, RZR PRO R, RZR TURBO R, RZR TRAIL, AND RZR TRAIL S EDITIONS.

We design, engineer, produce or supply a variety of replacement parts and Polaris Engineered Accessories for our ORVs. ORV accessories include winches, bumper/brushguards, plows, racks, wheels and tires, pull-behinds, cab systems, lighting and audio systems, cargo box accessories, tracks and oil. We also market a full line of gear and apparel related to our ORVs, including helmets, jackets, gloves, pants and hats. Gear and apparel is designed to our specifications, purchased from independent vendors and sold by us through our dealers, and distributors, and online.

We sell our ORVs directly to a network of over 1,400 dealers in North America and over 1,100 international dealers. Many of our ORV dealers and distributors are also authorized snowmobile dealers. We produce and deliver our products throughout the year based on dealer, distributor, and customer orders. ORV retail sales activity at the dealer level drives orders which are incorporated into each product's production scheduling. International distributor ORV orders are taken throughout the year. We utilize our Retail Flow Management (RFM) ordering system for ORV dealers, which allows dealers to order daily and create a segment stocking order which helps to reduce order fulfillment times.

The ORV industry in the United States, Canada and other global markets is highly competitive. As an ORV original equipment manufacturer (OEM), our competition primarily comes from North American and Asian manufacturers. Competition in such markets is based upon a number of factors, including price, quality, reliability, styling, product features and warranties and a manufacturer's ability to timely produce vehicles in response to increased consumer demand.

Snowmobiles:

Snowmobiles have been manufactured under the Polaris name since 1954. We estimate that worldwide industry sales of snowmobiles totaled approximately 135,000, 125,000, and 135,000 units for the seasons ended March 31, 2021, 2020, and 2019, respectively. In 2021, we saw robust demand driven by the COVID-19 pandemic.

For the season ended March 31, 2021, we held the number two market share position for North America. We produce a full line of snowmobiles consisting of 58 models, ranging from youth models to utility and economy models to performance and competition models. Polaris snowmobiles are sold principally in the United States, Canada, Russia and Northern Europe.

Key model introductions in 2021 included the new Polaris RMK lineup with Matryx Chassis & Slash derivatives 146/155/165 and Polaris Indy XCR on Matryx Chassis. We also launched the PATRIOT BOOST turbo engine for mountain snowmobiles. We also manufacture a snow bike conversion kit system under the Timbersled brand and in 2021 we launched the RIOT 3 TIMBERSLED.

We design, engineer, produce or supply a variety of replacement parts and Polaris Engineered Accessories for our snowmobiles and snow bike conversion kits. Snowmobile accessories include covers, traction products, reverse kits, electric starters, tracks, bags, windshields, oil and lubricants. We also market a full line of gear and apparel for our snowmobiles, including helmets, goggles, jackets, gloves, boots, bibs, pants and hats. Gear and apparel is purchased from independent vendors and sold by us through our dealers, distributors, and online.

We sell our snowmobiles directly to a network of over 580 dealers in North America, primarily located in the snowbelt regions of the United States and Canada, and over 300 international dealers. We offer a pre-order SnowCheck program in the spring for our customers that assists us in production planning. This program allows our customers to order a true factory-customized snowmobile by selecting various options, including chassis, track, suspension, colors and accessories. Manufacturing of snowmobiles commences in late winter of the previous season and continues through late autumn or early winter of the current season.

The global Snowmobile industry is primarily comprised of North American, Japanese, and Russian competitors. Competitive market share position is driven heavily by product news (styling, technology, performance) and attractiveness of promotional incentives.

Motorcycles:

Motorcycles are utilized as a mode of transportation as well as for recreational purposes. The industry is comprised of several segments. We currently compete in three segments: cruisers, touring (including 3-wheel), and standard motorcycles. Competition in these segments of the motorcycle industry is based on a number of factors, including styling, price, quality, reliability and the dealer network supporting the brand.

Estimated combined 900cc and above cruiser, touring, and standard market segments (including the moto-roadster Slingshot®) motorcycle industry sales in North America and worldwide are summarized as follows:

	Twelve months ended December 31,		
Estimated* Industry Sales (in units)	**2021**	**2020**	**2019**
North America 900cc cruiser, touring, and standard retail sales	220,000	190,000	210,000
Worldwide 900cc cruiser, touring, and standard retail sales	350,000	330,000	365,000

*Estimates are unaudited and based on internally-generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which we compete. See Market and Industry Data section for additional information.

In 2021, we held the number two position in North America market share for the 900cc+ category. Our motorcycles lineup includes Indian Motorcycle and Slingshot, a 3-wheel open air roadster. Our 2022 model year line of motorcycles for Indian Motorcycle and Slingshot consists of 34 models. In 2021, Indian Motorcycle launched its all-new 2022 lineup featuring updated technology and new accessories across its cruiser, bagger, and touring models. Included in the 2022 lineup were three newly designed Indian Chief models. Polaris Slingshot launched its all-new 2022 lineup, including the reintroduction of the Slingshot SLR.

We design, engineer, produce or source a variety of replacement parts and accessories for our motorcycles. Motorcycle accessories include saddle bags, handlebars, backrests, exhausts, windshields, seats, oil and various chrome accessories. We also market a full line of gear and apparel for our motorcycles, including helmets, jackets, leathers and hats. Gear and apparel is purchased from independent vendors and sold by us through our dealers and distributors, and online under our brand names.

Indian Motorcycle and Slingshot are distributed directly through independently owned dealers and distributors. Indian Motorcycles are sold through a network of over 200 dealers in North America and over 350 international dealers. Slingshot currently has over 340 dealers globally. We utilize our RFM ordering system for motorcycle dealers, which allows dealers to order daily and create a segment stocking order which helps to reduce order fulfillment times.

Global Adjacent Markets:

Our Global Adjacent Markets business designs and manufacturers vehicles that support various commercial work applications and include products in the light-duty hauling, industrial and urban/suburban commuting sub-sectors, as well as tactical defense vehicles. As part of Global Adjacent Markets, our Polaris Adventures business partners with local outfitters to deliver unique ride experiences leveraging many of our global vehicle platforms. We estimate the worldwide target market for our Global Adjacent Markets businesses was over $5.5 billion in 2021, which includes light duty hauling, people movers, industrial, rental, urban/suburban commuting and related quadricycles.

Our vehicle brands include Goupil, Aixam, and ProXD, offering low emission vehicles, light duty hauling, passenger vehicles and industrial vehicles. Across these brands we offer 48 models. Global Adjacent Markets also includes all government, defense, and business-to-business (B2B) applications of ORV and Snowmobiles outside of our traditional dealer channels. For defense customers, we offer ATVs and side-by-side vehicles with features specifically designed for ultra-light tactical military applications. These vehicles provide versatile mobility for up to nine passengers, and include our DAGOR, Sportsman MV and *MRZR* models.

Within Global Adjacent Markets, our businesses each have their own distribution networks through which their respective vehicles are distributed. ProXD is sold through a growing network of over 160 dealers and also direct to customer where permitted. Goupil and Aixam sell directly to customers in France, through subsidiaries in certain Western European countries and through several dealers and distributors for markets outside such countries. The Polaris Adventures network completed over 400,000 rides in over 180 locations in 2021.

Aftermarket:

Aftermarket parts, garments and accessories are sold through a highly fragmented industry, which includes dealers, aftermarket e-commerce, big box retailers, distributors and specialty 4x4 retailers. We estimate the market for Jeep and truck aftermarket accessories was approximately $8.5 billion in 2021, and the market for Powersports aftermarket parts, garments and accessories was approximately $5.0 billion in 2021.

Our aftermarket portfolio of brands include Transamerican Auto Parts (“TAP”), which is a vertically integrated manufacturer, distributor, retailer and installer of off-road Jeep and truck accessories. TAP-owned brands include 4WP, 4

Wheel Parts, Pro Comp, Smittybilt, Rubicon Express, G2 Axle & Gear, Poison Spyder, Trail Master, 4WP Factory, and LRG. We compete primarily in North America and our competition is highly fragmented across the retail and online channels. TAP sells through its retail stores, call center, and e-commerce sites, while also supporting numerous independent accessory retailers/installers through their wholesale distribution network. TAP conducts business through a three-pronged sales, service, and manufacturing paradigm. TAP has 101 brick-and-mortar retail centers, staffed with experienced product and installation specialists. TAP's omni-channel retail strategy includes a significant e-commerce business with 4WheelParts.com and 4WD.com. The TAP e-commerce network facilitates consumer sales, service and support, including "pick up in store."

Other brands within our aftermarket portfolio include Kolpin, Pro Armor, Klim, 509, and Trail Tech. Aftermarket brands in our off-road category include Kolpin, a lifestyle brand specializing in purpose-built and universal-fit accessories for a variety of off-road vehicles and off-road outdoor enthusiasts, and Pro Armor, a lineup that specializes in accessories for performance side-by-side vehicles and ATVs. Aftermarket brands in our Apparel category include Klim, which specializes in premium technical riding gear for snowmobile, motorcycle and off-road activities, and 509, which is an aftermarket leader in snowmobile and off-road apparel, helmets and goggles. Kolpin Outdoors, Pro Armor and Trail Tech are marketed through Apex Product Group, a unified sales, customer service, distribution and vertically integrated manufacturing organization. Apex brands allow us to access customers through strategic retail and e-commerce marketplaces, as well as dealerships (Polaris and non-Polaris) to reach owners of Polaris and other OEM's products. Klim and 509 each have their own dealer/distributor networks.

Boats:

Our boats are designed to compete in key segments of the recreational marine industry, specifically pontoon and deck boats. Inclusive of the segments in which we compete, we estimate total U.S. 2021 powerboats market sales were approximately $13.5 billion, with pontoon being one of the largest segments therein.

Our brands include Bennington, Godfrey, and Hurricane, which together provide a full offering of pontoon and deck boats. These brands are strategically positioned with over 500 base models across a range of price points. We also offer custom layouts and features and work with numerous engine manufacturers enabling customers to build a boat that meets their specifications. We believe that the combination of our Bennington and Godfrey brands is projected to be the market share leader in pontoon boats.

In a highly fragmented industry, our extensive, experienced and loyal network of over 600 active dealers is a competitive advantage, helping to generate steady demand. Concentrated primarily in North America, this dealer network is organized into distinct sales territories supported by experienced sales representatives and leadership. Through the use of offseason incentive programs, we adhere to level production throughout the year, minimizing disruption to the workforce and vendor network.

Financial Services Arrangements

Floor plan financing. We have arrangements with Polaris Acceptance (United States), a joint venture between Polaris and a subsidiary of Wells Fargo Bank, N.A., Wells Fargo affiliates (Australia, Canada, France, Germany, the United Kingdom, China and New Zealand), and a subsidiary of Huntington Bancshares Incorporated to provide floor plan financing for many of our dealers. A majority of our North America sales of ORVs, snowmobiles, motorcycles, boats, and related PG&A are financed under these arrangements whereby we are paid within a few days of shipment of our product. We participate in the cost of dealer financing and have agreed to repurchase products from the finance companies under certain circumstances and subject to certain limitations. We have not historically been required to repurchase a significant number of units. See Note 10 of Notes to Consolidated Financial Statements for a discussion of these financial services arrangements.

Customer financing. We do not offer consumer financing directly to the end users of our products. Instead, we have agreements in place with third-party financing companies to provide financing services to those end consumers.

Manufacturing and Distribution Operations

Our products are primarily assembled at our 20 global manufacturing facilities, many of which are shared across business segments. We are vertically integrated in several key components of our manufacturing process, including plastic injection molding, precision machining, welding, clutch assembly and painting. Raw materials and other component parts are purchased from third-party vendors. We have a long-term supply contract with a boat engine manufacturer, which requires a certain volume of total engine purchases, and includes favorable pricing, as well as various growth and volume incentives.

Contract carriers ship our products from our manufacturing and distribution facilities to our customers. We maintain several leased wholegoods distribution centers where final set-up and up-fitting is completed for certain models before shipment to dealers, distributors, and customers.

Our products are distributed to our dealers, distributors, and customers through a network of over 40 distribution centers, including third-party providers.

Sales and Marketing

Our marketing activities are designed primarily to promote and communicate with consumers to enable the marketing and selling efforts of our dealers and distributors globally. We make available and advertise discount or rebate programs, retail financing or other incentives for our dealers and distributors to remain price competitive to accelerate retail sales to consumers. We advertise our brands directly to consumers via digital, television, print, out of home, radio, events and sponsorships. We utilize public relations and partnerships to drive earned media. We provide advertising assets and content and partially underwrite dealer and distributor advertising to a degree and on terms which vary by brand and from year to year. We also provide print materials, signage and other promotional items for use by dealers. We spent $584.8 million, $544.3 million and $559.2 million for sales and marketing activities in 2021, 2020 and 2019, respectively. Our corporate headquarters facility is in Medina, Minnesota, and we maintain numerous sales and administrative facilities across the world.

Engineering, Research and Development, and New Product Introduction

We have over 1,400 employees who are engaged in the development and testing of existing products and research and development of new products and improved production techniques, located primarily in Roseau, Minnesota, Wyoming, Minnesota, Chula Vista, California, Elkhart, Indiana, Burgdorf, Switzerland, and Bangalore, India.

We utilize internal combustion engine testing facilities to design engine configurations for our products. We utilize specialized facilities for matching engine, exhaust system and clutch performance parameters in our products to achieve desired fuel consumption, power output, noise level and other objectives. Further, we are currently executing an electrification initiative to position the Company as a leader in powersports electrification. Our engineering department is equipped to make small quantities of new product prototypes for testing and for the planning of manufacturing procedures. In addition, we maintain numerous facilities where each of the products is extensively tested under actual use conditions. We utilize our Wyoming, Minnesota facility for engineering, design and development personnel for our line of engines and powertrains, ORVs, motorcycles, and certain Global Adjacent Market vehicles, and our Roseau, Minnesota facility for our snowmobile, ATV and powertrain research and development. We utilize our Elkhart, Indiana facility for engineering, design and development for our boats research and development. We also own Swissauto Powersports Ltd., an engineering company that develops high-performance and high-efficiency engines and innovative vehicles.

Intellectual Property

Our products are marketed under a variety of valuable trademarks. Some of the more important trademarks used in our global operations include POLARIS, RANGER, RZR, GENERAL, SPORTSMAN, INDIAN MOTORCYCLE, SLINGSHOT, BENNINGTON, KLIM, and 4 WHEEL PARTS. We protect these marks as appropriate through registrations in the United States and other jurisdictions. Depending on the jurisdiction, trademarks are generally valid as long as they are in use or their registrations are properly maintained and they have not been found to have become generic. Registrations of trademarks can also generally be renewed indefinitely for as long as the trademarks are in use.

We continue our focus on developing and marketing innovative, proprietary products, many of which use proprietary expertise, trade secrets, and know-how. We consider the collective rights under our various patents, which expire from time to time, a valuable asset, but we do not believe that our businesses are materially dependent upon any single patent or group of related patents.

Product Safety & Regulatory Affairs

Federal, state/provincial and local governments around the world have promulgated and/or are considering promulgating laws and regulations relating to product safety and consumer use. For example: (i) the United States, the Consumer Product Safety Commission (CPSC) has federal oversight over product safety issues related to snowmobiles, snow-bikes and off-road vehicles, (ii) the National Highway Traffic Safety Administration (NHTSA) has federal oversight over product safety issues related to motorcycles and Slingshot, and (iii) and the U.S. Coast Guard and its foreign equivalents have oversight of our Boats products, which are subject to marine safety regulations for boats. In addition, we design our products to comply with various applicable voluntary safety standards promulgated by industry associations. While we are currently effectively managing compliance with these various regulatory schemes and standards around the world, changes in the regulatory climate in any of the jurisdictions where we operate could have a material adverse effect on our total sales, financial condition, profitability, or cash flows. For a more detailed discussion of these risks, please see *Item 1A. Risk Factors* of this Annual Report.

Human Capital Management

Best Team, Best Culture is a Polaris guiding principle. Our employees are also among our largest shareholder groups, driven by our Employee Stock Ownership Plan and our equity compensation program. Our greatest asset is our employees and we are committed to providing a diverse and engaging work environment and we aim to leverage our Polaris values to drive a positive culture.

Employee well being. We believe the health, safety, and financial security of our employees drives our success and it is a key focus of our guiding principles. Over the last year, our strong safety culture remained primary while navigating the second year of the COVID-19 pandemic. We continued to identify and implement safety controls to protect employees working onsite. The agility of our employee base remained an advantage, as many employees operated in hybrid work environments. With employee well-being as a focus, we shared resources for employees to manage remote work, support mental health, and balance parental and other family responsibilities.

Employee engagement. As a core element of our human capital management strategy, we deployed our bi-annual engagement survey to our global salaried employees. Our strong employee response was indicative of our engagement, with 96% of employees participating in the survey. Survey results showed a strong level of engagement across our employees, and our overall scores were in the top quartile compared with a best-in-class global normative database, on par with high performing company norms.

Leadership Development. As a part of our growth strategy, we are committed to strategically and intentionally developing our current employees to become the next generation of leaders through external partnerships and employee development programs such as Succeeding as a Polaris Leader and Polaris Leadership Development 1 and 2. These programs provide high potential employees opportunities to grow and prepare for next-level roles. In 2021, our investment in leadership development continued. We scaled virtual leadership training to a larger number of leaders than prior years and disseminated manager tools to enhance effectiveness.

We also remained committed to focused development for early career talent. We revamped our 2021 internship programs to support both onsite and remote interns, and we created weekly hybrid development opportunities for our early talent. We believe our internship programs provide a strong talent pipeline to our early career functional development programs across engineering, operations, sales, marketing, finance, human resources, and information services. Each development program consists of structured rotations and additional formal development, accelerating our talent pipeline.

Commitment to diversity, equity, and inclusion. Our commitment to diversity, equity, and inclusion is another focus of our guiding principle of Best Team, Best Culture. Fostering an environment that ensures equal opportunity and truly values individual differences drives the success of our business. Polaris thrives when it empowers and values the unique skills, perspectives, and contributions of each employee. In 2020, we made a corporate commitment to the CEO Action Pledge for Diversity & Inclusion, which outlines specific sets of actions designed to advance diversity and inclusion in the workplace. To further this work, we created and deployed a multi-year strategy, R.I.D.E Together. R.I.D.E. Together encompasses our commitment to Respect, Inclusion, Diversity, and Equity, with our assertion that we will make meaningful progress leveraging our full workforce (Together). We deployed leadership tools to drive inclusive team conversations, and we leveraged our Employee Engagement Survey to evaluate additional opportunities to build an inclusive culture. We are members of the Corporate Partnership Council of the Society of Women Engineers which promotes opportunities for development for our team and helps build a pipeline for future talent.

Headcount. Due to the seasonality of our business and certain changes in production cycles, total employment levels vary throughout the year. Despite such variations in employment levels, employee turnover has not been materially disruptive to operations. As of December 31, 2021, on a worldwide basis, we employed over 16,000 full-time persons. Approximately 5,000 of our full-time employees are salaried.

Market and Industry Data

We have obtained the market and industry data presented in this year's Annual Report from a combination of internal surveys, third-party information and estimates by management. There are limited sources that report on our markets and industries. As such, much of the market and industry data presented in this year's Annual Report is based on internally-generated management estimates, including estimates based on extrapolations from third-party surveys of the industries in which we compete. While we believe internal surveys, third-party information and our estimates are reliable, we have not verified them, nor have they been verified by any independent sources and we have no assurance that the information contained in third party websites is current, up-to date, or accurate. While we are not aware of any misstatements regarding the market and industry data presented in this Annual Report, whether any such future-looking data will be accurate involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under the "Forward-Looking Statements" and in our "Risk Factors."

Available Information

Our Internet website is http://www.polaris.com. We make available free of charge, on or through our website, our annual, quarterly and current reports, and any amendments to those reports, as soon as reasonably practicable after electronically filing such reports with the Securities and Exchange Commission. We also make available through our website our corporate governance materials, including our Corporate Governance Guidelines, the charters of the Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Technology Committee of our Board of Directors, our Code of Business Conduct and Ethics, and our Corporate Responsibility Report. Any shareholder or other interested party wishing to receive a copy of these corporate governance materials should write to Polaris Inc., 2100 Highway 55, Medina, Minnesota 55340, Attention: Investor Relations or email polaris.investorrelations@polaris.com. Information contained on our website is not part of this report. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that side (http://www.sec.gov).

Forward-Looking Statements

This 2021 Annual Report contains not only historical information, but also "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," "anticipates," "expects," "estimates" or words of similar import. Similarly, statements that describe our future plans, objectives or goals, such as future sales, shipments, future cash flows and capital requirements, operational initiatives, supply chain, 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, are also forward-looking. Forward-looking statements may also be made from time to time in oral presentations, including telephone conferences and/or webcasts open to the public.

Potential risks and uncertainties include such factors as 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; acquisition integration costs; 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.

The risks and uncertainties discussed in this report are not exclusive and other factors that we may consider immaterial or do not anticipate may emerge as significant risks and uncertainties.

Any forward-looking statements made in this report or otherwise speak only as of the date of such statement, and we undertake no obligation to update such statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements. We advise you, however, to consult any further disclosures made on related subjects in future quarterly reports on Form 10-Q and current reports on Form 8-K that are filed with or furnished to the Securities and Exchange Commission.

Information about our Executive Officers

Set forth below are the names of our executive officers as of February 15, 2022, their ages, titles, the year first appointed as an executive officer, and employment for the past five years:

Name and Position	Age	Business Experience During the Last Five or More Years
Michael T. Speetzen Chief Executive Officer	52	Mr. Speetzen was appointed Chief Executive Officer in April 2021. Prior to this, Mr. Speetzen was Interim Chief Executive Officer since January 2021 and Executive Vice President—Chief Financial Officer since August 2015.
Lucy Clark Dougherty Senior Vice President—General Counsel and Corporate Secretary	52	Ms. Clark Dougherty joined Polaris in January 2018 as Senior Vice President—General Counsel and Corporate Secretary. Prior to joining Polaris, Ms. Clark Dougherty was deputy general counsel at General Motors for Global Markets, Autonomous Vehicles and Transportation as a Service since June 2017. Prior to that role, Ms. Clark Dougherty held several positions at General Motors.
Michael D. Dougherty President—On-Road and International	54	Mr. Dougherty was appointed President—On-Road and International in December 2019. Prior to this, Mr. Dougherty was President—International since September 2015.
Stephen L. Eastman President—PG&A and Aftermarket	57	Mr. Eastman joined Polaris in February 2012 as President—PG&A and Aftermarket.
Robert P. Mack Chief Financial Officer and Executive Vice President—Finance & Corporate Development	52	Mr. Mack was appointed Chief Financial Officer in April 2021 Mr. Mack also serves as Executive Vice President—Finance & Corporate Development. Prior to this, Mr. Mack was Interim Chief Financial Officer and Senior Vice President—Corporate Development and Strategy, and President—Global Adjacent Markets and Boats.
Steven D. Menneto President—Off-Road	56	Mr. Menneto was appointed President—Off-Road in December 2019. Prior to this, Mr. Menneto was President—Motorcycles since September 2015.
Kenneth J. Pucel Executive Vice President—Global Operations, Engineering and Lean	55	Mr. Pucel joined Polaris in December 2014 as Executive Vice President—Global Operations, Engineering and Lean.
Jacob S. Vogel President—Marine	44	Mr. Vogel was appointed President—Marine in July 2018 when Boat Holdings, LLC was acquired by Polaris. Prior to the acquisition, Mr. Vogel was CEO of Boat Holdings LLC.
James P. Williams Senior Vice President—Chief Human Resources Officer	59	Mr. Williams joined Polaris in April 2011 as Senior Vice President—Chief Human Resources Officer.

Executive officers of the Company are elected at the discretion of the Board of Directors with no fixed terms. There are no family relationships between or among any of the executive officers or directors of the Company.

Item 1A. Risk Factors

The following are factors known to us that could materially adversely affect our business, financial condition, cash flows, or operating results, as well as adversely affect the value of an investment in our common stock.

Macroeconomic Risks

Our business may be sensitive to economic conditions, including those that impact our customers' spending.

Our results of operations may be sensitive to changes in overall economic conditions, primarily in North America and Europe, that impact spending on our products, including discretionary spending. Weakening of, and fluctuations in, economic conditions affecting disposable consumer income or our customers' budgets, such as employment levels, inflation, business conditions, the level of governmental financial assistance, changes in housing market conditions, capital markets, tax rates, savings rates, interest rates, fuel and energy costs, the economic impacts of natural disasters or other severe weather conditions and acts of terrorism, the availability of consumer credit could reduce overall spending or reduce spending on our products. A general reduction in consumer spending or a reduction in consumer spending on powersports, boats and aftermarket products could adversely affect our sales growth and profitability. Overall demand for products sold in the Jeep and truck aftermarket is dependent upon many factors including the total number of vehicle miles driven in North America, the total number of registered vehicles in North America, the age and quality of these registered vehicles and the level of unemployment in North America. A general reduction in spending by our customers for commercial equipment or a reduction in government budgets could adversely affect our related sales.

Adverse changes in these factors could lead to a decreased level of demand for our products, which could negatively impact our business, results of operations, financial condition and cash flows.

In addition, we have financial services partnership arrangements with subsidiaries of Wells Fargo Bank, N.A. and a subsidiary of Huntington Bancshares Incorporated that require us to repurchase products financed and repossessed by the partnership, subject to certain limitations. If adverse changes to economic conditions result in increased defaults on the loans made by this financial services partnership, our repurchase obligation under the partnership arrangement could adversely affect our liquidity and harm our business.

Shortages or increases in the cost of raw materials, commodities, component parts, and transportation could negatively impact our business.

The primary commodities used in manufacturing our products are aluminum, steel, petroleum-based resins and certain rare earth metals used in our charging systems, as well as diesel fuel to transport the products. Our profitability has been affected by fluctuations in the prices of the raw materials and commodities we use in our products and in the cost of freight and shipping to source materials, commodities, and other component parts necessary to assemble our products. We recently experienced significant increases in the cost of these commodities and materials due generally to an inflationary environment driven by high demand and supply chain disruptions. Additionally, fluctuating policies and the implementation of trade regulations and trade agreements could further disrupt our supply chain or increase the cost of raw materials and commodities necessary to manufacture our products. The impact from tariffs or other trade regulations could require us to shift our manufacturing footprint or result in decreased demand for our products or restructuring actions that could impact our work force and/or our investments in research and development or other growth initiatives. All of these could increase our operational costs and materially and adversely affect our results of operations and financial condition.

Market and Competitive Risks

We face intense competition in all product lines. Failure to compete effectively against competitors could negatively impact our business and operating results.

The markets in which we operate are highly competitive. Competition in such markets is based upon several factors, including price, quality, reliability, styling, product features and warranties. At the dealer level, competition is based on additional factors, including product availability, sales and marketing support programs (such as financing and cooperative advertising), and dealer and customer perception. Certain of our competitors are more diversified and have advantaged manufacturing footprints, and may invest more heavily in intellectual property, product development, promotions and advertising. If we are not able to compete with new or enhanced products or models of our competitors, our future business performance may be materially and adversely affected. Internationally, our products typically face more competition where certain foreign competitors manufacture and market products in their respective countries. This allows those competitors to sell products at lower prices, which could adversely affect our competitiveness. In addition, our products compete with many other recreational, utility, and work products for the discretionary spending of our customers. A failure to effectively compete with these other competitors or adjust pricing to offset inflation or increased supply chain costs could materially and adversely affect our financial results and have a material adverse effect on our performance.

If we are unable to continue to enhance existing products and develop and market new or enhanced products that respond to customer needs and preferences, we may experience a decrease in demand for our products and our business could suffer.

Our sales from new products in the past have represented a significant component of our sales and are expected to continue to represent a significant component of our future sales. We may not be able to compete as effectively in the market, and ultimately satisfy the needs and preferences of our customers, unless we can continue to enhance existing product, execute on our electrification strategy, and develop new innovative products in the global markets in which we compete. Product development requires significant financial, technological and other resources. There can be no assurance that our past level of investment in research and development will be sufficient to maintain our competitive advantage in product innovation, which could cause our business to suffer. Product improvements and new product introductions also require significant engineering, planning, design, development, and testing at the technological, product, and manufacturing process levels and we may not be able to timely develop product improvements or new products. Our competitors' new products may be of a better quality, beat our products to market, and be more attractive in terms of features and price than our products.

Our continued success is dependent on positive perceptions of our Polaris brands which, if impaired, could adversely affect our sales.

We believe that our Polaris brands are one of the reasons our customers choose our products. To be successful, we must preserve our reputation. Reputational value is based in large part on perceptions and opinions, and broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of our company. It may be difficult to control negative publicity, regardless of whether it is accurate. While reputations may take decades to build, any negative incidents can quickly erode trust and confidence, particularly if they result in negative mainstream and social media publicity, governmental investigations, or litigation. Negative incidents, such as quality and safety concerns or incidents related to our products or actions or statements of our employees or dealers, could lead to tangible adverse effects on our business, including lost sales or employee retention and recruiting difficulties. In addition, vendors and others with whom we choose to do business may affect our reputation.

Increased negative public perception of our products or any increased restrictions on the access or the use of our products in certain locations could materially adversely affect our business or results of operations.

Demand for the Company's products depends in part on their social acceptability. Public concerns about the environmental impact of the Company's products or their perceived safety could result in diminished public perception of the products we sell. Government, media, or activist pressure to limit emissions could also negatively impact consumers' perceptions of the Company's products or limit access to areas where customers can use our products. Any decline in the social acceptability of the Company's products could negatively impact their sales or lead to changes in laws, rules and regulations that prevent their access to certain locations or restrict their use or manner of use in certain areas or during certain times, which could negatively impact sales. Any material decline in the social acceptability of the Company's products could impact the Company's ability to retain existing customers or attract new ones which, in turn, could have a material adverse effect on its business, results of operations or financial condition.

From time to time, we manage our portfolio and grow our business through acquisitions, non-consolidating investments, alliances and new joint ventures and partnerships, which could be risky and could harm our business.

From time to time, we drive growth in our businesses and accelerate opportunities to expand our global presence through targeted acquisitions, non-consolidating investments, alliances, and new joint ventures and partnerships (each a "Strategic Transaction") that we believe add value to our existing brands and product portfolio. The benefits of a Strategic Transaction may take more time than expected to develop or integrate into our operations, and we cannot guarantee that any Strategic Transaction will ultimately produce the expected benefits.

There can be no assurance that Strategic Transactions will be completed or that, if completed, they will be successful. Strategic Transactions pose risks with respect to our ability to project and evaluate market demand, potential synergies and cost savings, make correct accounting estimates and achieve anticipated business goals and objectives. As we continue to grow, in part, through Strategic Transactions, our success depends on our ability to anticipate and effectively manage these risks. If acquired businesses do not achieve forecasted results or otherwise fail to meet projections, it could affect our results of operations.

In many cases, Strategic Transactions present a number of integration risks. For example, the acquisition may: disrupt operations in core, adjacent or acquired businesses; require more time or resources than anticipated to be fully integrated into our operations and systems; create more costs than projected; divert management attention; create the potential of losing customer, supplier or other critical business relationships; and pose difficulties retaining employees. The inability to successfully integrate new businesses may result in higher production costs, lost sales or otherwise negatively affect earnings and financial results.

Potential divestiture activity poses similar risks, including the potential to: disrupt operations in core, adjacent or acquired businesses; require more time or resources than anticipated to be fully completed; deleverage manufacturing operations or reduce sourcing efficiencies; reduce gross profit if the Company is not able to reduce fixed cost (including corporate overhead); not deliver the value anticipated for shareholders; divert management attention; create the potential of losing customer, supplier or other critical business relationships; and pose difficulties retaining employees. The inability to successfully manage the risks associated with the Company's divestiture activity may result in higher production costs, lost sales or otherwise negatively affect earnings and financial results.

Operational Risks

Disruption in our suppliers' operations could disrupt our production schedule.

Our operations and ability to maintain production is dependent upon our suppliers delivering sufficient quantities of systems, components, raw materials and parts on time to manufacture our products and meet our production schedules. For example, we are experiencing supply disruptions and sourcing challenges for various components critical to the manufacture of our products.

In some instances, we purchase systems, components, raw materials and parts that are ultimately derived from a single source or geography and may be at an increased risk for supply disruptions. If necessary, we may not be able to develop alternate sourcing quickly or at all. Any number of factors, including labor disruptions, catastrophic weather events, the occurrence of a contagious disease or illness, contractual or other disputes, unfavorable economic or industry conditions, port, rail, or truck delivery delays or other performance problems or financial difficulties or solvency problems, could disrupt our suppliers' operations and lead to uncertainty in our supply chain or cause supply disruptions for us, which could, in turn, disrupt our operations.

Material disruptions of our production schedule caused by a worsening, prolonged, or other unexpected shortage of systems, components, raw materials or parts have caused, and could continue to cause, us to not be able to meet customer demand, to alter production schedules, to delay product launch schedules, or to suspend production entirely, which could cause a loss of revenues, which could materially and adversely affect our results of operations. These disruptions have had and may continue to have in the future an adverse impact on our prospects and operating results.

We manufacture our products at, and distribute our products from, several locations in North America and internationally. An unforeseen increase in demand for our products or any disruption at any of these facilities or manufacturing delays could adversely affect our business and operating results.

We assemble vehicles at various facilities around the world. Our facilities are typically designed to produce particular models for particular geographic markets. No single facility is designed to manufacture our full range of vehicles. We also have several locations that serve as wholegoods and PG&A distribution centers, warehouses and office facilities. In addition, we have agreements with other third-party manufacturers to manufacture products on our behalf. Should these or other facilities become unavailable either temporarily or permanently for any number of reasons, including supply chain constraints, labor disruptions, the occurrence of a contagious disease or illness or catastrophic weather events, the inability to manufacture at the affected facility may result in harm to our reputation, increased costs, lower revenues and the loss of customers. We may not be able to easily shift production to other facilities or to make up for lost production. In addition, our ability to meet customer demand has been constrained by our ability to manufacture product driven largely by supply chain constraints, among other factors. There can be no assurance that our current or future manufacturing footprint will be sufficient to meet customer demand or that we will be able to successfully expand our manufacturing capacity to meet demand, which could result in loss of revenue and market share.

Although we maintain insurance for damage to our property and disruption of our business from casualties, such insurance may not be sufficient to cover all of our potential losses. Any disruption in our manufacturing capacity could have an adverse impact on our ability to produce sufficient inventory of our products or may require us to incur additional expenses in order to produce sufficient inventory, and therefore, may adversely affect our net sales and operating results. Any disruption or delay at our manufacturing facilities could impair our ability to meet the demands of our customers, and our customers may cancel orders or purchase products from our competitors, which could adversely affect our business and operating results.

We depend on suppliers, financing sources and other strategic partners who may be sensitive to economic conditions that could affect their businesses in a manner that adversely affects their relationship with us.

We source component parts and raw materials through numerous suppliers and have relationships with a limited number of product financing sources for our dealers and consumers. Our sales growth and profitability could be adversely affected if deterioration of economic or business conditions results in a weakening of the financial condition of our suppliers or financing sources, or if uncertainty about inflation, the economy or the demand for our products causes these business partners to voluntarily or involuntarily reduce or terminate their relationship with us.

Failure to establish and maintain the appropriate level of dealers and distributor relationships or weak economic conditions impacting those relationships may negatively impact our business and operating results.

We distribute our products through numerous dealers and distributors and rely on them to retail our products to the end customers. Our sales growth and profitability could be adversely affected if deterioration of business conditions or reputational harm results in a weakening of the financial condition of our dealers and distributors. Additionally, weak demand for, or quality issues with, our products may cause dealers and distributors to voluntarily or involuntarily reduce or terminate their relationship with us. Further, if we fail to establish and maintain an appropriate level of dealers and distributors for each of our products, we may not obtain adequate market coverage for the desired level of retail sales of our products.

Our operations require significant management attention and financial resources, expose us to difficulties presented by global economic, political, legal, accounting, and business factors, and may not be successful or produce desired levels of sales and profitability.

Investments to increase our global presence, including adding employees and retailers and continuing to invest in business infrastructure and operations, might not produce the returns we expect, which could adversely affect our profitability. Our operations and sales are also subject to risks related to political and economic instability, increased costs of customizing products for foreign countries, labor market conditions, the imposition of tariffs and other trade barriers or costs, the impact of government laws and regulations, the effects of income and withholding taxes, governmental expropriation and differences in business practices in different markets, and multiple, changing, and often inconsistent enforcement of laws, rules, and regulations, including rules relating to environmental, health, and safety matters. The realization of any of these risks or unfavorable changes in the political, regulatory and business climate in any of the jurisdictions where we operate could have a material adverse effect on our total sales, financial condition, profitability, or cash flows.

Weather conditions may reduce demand and negatively impact net sales and production of certain of our products.

Unfavorable weather conditions may reduce demand and negatively impact sales of certain of the Company’s products. Unfavorable weather, including conditions caused in part by climate change, in any particular geographic region may have an adverse effect on sales of the Company’s products in that region. In particular, lack of snowfall during winter may materially adversely affect snowmobile sales, excessive rain before and during spring and summer may materially adversely affect sales of off-road vehicles, ATVs, and boats, a lack of rain in certain areas may limit boat usage and may materially adversely affect sales of boats, and wild fires can limit areas where our customers ride our off-road vehicles and ATVs. There is no assurance that weather conditions or natural disasters could not have a material effect on our sales, production capability or component supply continuity for any of our products.

Our operations are dependent upon attracting and retaining senior executives and skilled employees. Our future success depends on our continuing ability to identify, hire, develop, motivate, retain and promote skilled personnel for all areas of our organization and to retain or provide for adequate succession planning for our senior executives.

Our success depends on attracting and retaining qualified personnel. Our ability to sustain and grow our business requires us to hire, retain and develop a highly skilled and diverse management team and workforce. Many members of the Company’s management team and other key employees have extensive experience in the Company’s industry and with its business, products and customers. The unplanned loss of members of the Company’s management team or other key employees, particularly if combined with difficulties in finding qualified replacements, could negatively affect the Company’s ability to develop and pursue its business strategy, which could materially adversely affect the Company’s business, results of operations or financial condition. In addition, the Company’s success depends to a large extent upon its ability to attract and retain skilled employees. There is intense competition for qualified and skilled employees, and a failure to recruit, train and retain such employees could have a material adverse effect on its business, results of operations or financial condition.

The demand, supply, and operational challenges associated with the actual or perceived effects of COVID-19 and the related widespread impact on global supply chains may negatively impact our business and operating results.

Our business has been, and may continue to be, negatively impacted by the fear of exposure to or actual effects of the COVID-19 pandemic in the United States and other countries where we operate or our dealers or suppliers are located. Impacts on our operations include, but are not limited to:

- Reductions in demand or significant future volatility in demand for one or more of our products;
- Inability to meet our dealers’ or consumers’ demands due to disruptions in our manufacturing and supply arrangements caused by the loss or disruption of essential manufacturing and supply elements such as raw materials or other finished product components, transportation, workforce, or other manufacturing and distribution capability;

- Failure of third parties on which we rely, including our suppliers, contract manufacturers, distributors, and contractors to meet their obligations to the Company or to timely meet those obligations, which may be caused by their own financial or operational difficulties and may adversely impact our operations;

These impacts may have a negative effect on our business, financial condition, results of operations and cash flows, as well as the trading price of our securities. And while we have seen increased demand for our products resulting in part from effects of the COVID-19 pandemic, there can be no assurance that we can maintain or continue to expand demand for products in a post-pandemic era. Furthermore, COVID-19 and related supply chain disruptions have impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth, the proper functioning of financial and capital markets, foreign currency exchange rates, interest rates, and liquidity. Despite our efforts to manage and remedy COVID-19 related impacts to the Company, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of the COVID-19 pandemic, third-party actions taken to contain its spread and mitigate its public health effects, including efficacy and distribution of available vaccines to our employees and the general population, and the related impact on consumer confidence and spending.

Product-Specific Risks

A significant adverse determination in any material litigation claim against us could adversely affect our operating results or financial condition.

The manufacture, sale and usage of products expose us to significant risks associated with product liability, economic loss, and other claims. If our products are found to be defective or used incorrectly by our customers, bodily injury, property damage or other injury, including death, may result and this could give rise to additional product liability or economic loss claims against us or adversely affect our brand image or reputation. Any losses that we may suffer from any such claims, and the effect that any such liability may have upon the reputation and marketability of our products, may have a negative impact on our business and operating results.

The Company purchases excess insurance coverage for product liability claims for incidents occurring subsequent to the policy date that exceed our self-insured retention levels. However, certain claims, such as economic loss claims, false marketing claims, and punitive damages, are uninsured.

No assurance can be given that our historical claims record, which has not resulted in any material adverse effects on our financial statements, will not change or that material product liability or other claims against us will not be made in the future. An unanticipated adverse determination of a material product liability claim or other material claim (particularly an uninsured matter) made against us could materially and adversely affect our financial condition.

Significant product repair and/or replacement costs due to product warranty claims or product recalls could have a material adverse impact on our results of operations.

We generally provide limited warranties for our vehicles and boats. We may also provide longer warranties in certain geographical markets as determined by local regulations and customary practice and may also provide longer warranties related to certain promotional programs. We also provide a limited emission warranty for certain emission-related parts in our ORVs, snowmobiles, and motorcycles as required by the EPA and CARB. Although we employ quality control procedures, sometimes a product is distributed that needs repair or replacement. Our standard warranties require us, through our dealer network, to repair or replace defective products during such warranty periods.

The repair and replacement costs we could incur in connection with a recall could materially and adversely affect our business. Past product recalls have harmed our reputation and caused us to lose customers. Future product recalls could increasingly cause consumers to question the safety or reliability of our products.

Regulatory, Intellectual Property, Privacy and Cybersecurity Risks

Our business, properties and products are subject to extensive United States federal and state and international safety, environmental and other government regulation and any failure to comply with these regulations could harm our reputation, expose us to damages and otherwise adversely affect our business.

Our business, properties, and products are subject to numerous international, federal, state, and other governmental laws, rules, and regulations relating to, among other things: climate change; emissions to air; discharges to water; restrictions placed on water and land usage and water availability; product and associated packaging; use of certain chemicals; import and export compliance, including country of origin certification requirements; worker and product user health and safety; consumer privacy; energy efficiency; product life-cycles; outdoor noise laws; and the generation, use, handling, labeling, collection, management, storage, transportation, treatment, and disposal of hazardous substances, wastes, and other regulated materials. We are unable to predict the ultimate impact of adopted or future laws, rules, and regulations on our business, properties, or products.

Any of these laws, rules, or regulations may cause us to incur significant expenses to achieve or maintain compliance, require us to modify our products, or modify our approach to our workforce, adversely affecting the price of or demand for some of our products, and ultimately affect the way we conduct our operations. Failure to comply with any of these laws, rules, or regulations could result in harm to our reputation and/or could lead to fines and other penalties, including restrictions on the importation of our products into, and the sale of our products in, one or more jurisdictions until compliance is achieved. In addition, changes to regulations may require us to incur expenses or modify product offerings in order to maintain compliance with the actions of regulators and could decrease the demand for our products.

Our reliance upon patents, trademark laws, and contractual provisions to protect our proprietary rights may not be sufficient to protect our intellectual property from others who may sell similar products and may lead to costly litigation.

We hold patents and trademarks relating to various aspects of our products and believe that proprietary technical know-how is important to our business. Proprietary rights relating to our products are protected from unauthorized use by third parties only to the extent that they are covered by valid and enforceable patents or trademarks or are maintained in confidence as trade secrets. We cannot be certain that we will be issued any patents from any pending or future patent applications owned by or licensed to us or that the claims allowed under any issued patents will be sufficiently broad to protect our technology. In the absence of enforceable patent or trademark protection, we may be vulnerable to competitors who attempt to copy our products, gain access to our trade secrets and know-how or diminish our brand through unauthorized use of our trademarks, all of which could adversely affect our business. Others may initiate litigation to challenge the validity of our patents, or allege that we infringe their patents, or they may use their resources to design comparable products that do not infringe our patents. We may incur substantial costs if our competitors initiate litigation to challenge the validity of our patents, or allege that we infringe their patents, or if we initiate proceedings to protect our proprietary rights. If the outcome of any such litigation is unfavorable to us, our business, operating results, and financial condition could be adversely affected. Regardless of whether litigation relating to our intellectual property rights is successful, the litigation could significantly increase our costs and divert management's attention from operation of our business, which could adversely affect our results of operations and financial condition. We also cannot be certain that our products or technologies have not infringed or will not infringe the proprietary rights of others. Any such infringement could cause third parties, including our competitors, to bring claims against us, resulting in significant costs, possible damages and substantial uncertainty.

We may be subject to cybersecurity breaches and other disruptions to our information technology systems and connected products that could adversely affect our business.

We use many information technology systems, some of which are managed by third parties, and manufacture connected products (including connected vehicles), some of which are managed by third parties, in operating our business. Those systems and products process potentially sensitive information, including intellectual property; proprietary business information of Polaris and our dealers, suppliers, and other business partners; and personal information of consumers and employees. Our systems and products, including those managed by third parties, have been, and could be in the future vulnerable to breach, damage, disruption, or breakdown from various sources, including power loss, viruses, malware, ransomware, phishing, denial of service, and other cyber-attacks that may be random, targeted, or the result of misconduct of error by individuals with access to our systems. While we invest in layers of data and information technology protection, and monitor continually evolving cybersecurity threats, there can be no assurance that our efforts will prevent disruptions or breaches of our systems and connected products.

We have experienced cyber-attacks, as have third-parties who manage our information technology systems and other third-party suppliers and service providers, but to our knowledge, we have not experienced any material disruptions or breaches of our information technology systems, connected products, or operations as a result of such cyber-attacks. We could, however, experience material disruptions or breaches in the future. Such disruptions or breaches of our information technology systems and connected products could adversely affect our business by resulting in, among other things: (i) disruption to our business operations; (ii) compromise or loss of the information processed by those systems and products, such as intellectual property, proprietary information, or personal information; (iii) impact to the performance and/or safety of our connected products; (iv) damage to our reputation; and (v) litigation or regulatory proceedings. We are subject to laws and regulations in the United States and other countries concerning the handling of personal information, including laws that require us to notify governmental authorities and/or affected individuals of data breaches involving certain personal information. These laws and regulations include, for example, the European General

Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA). Regulatory actions or litigation seeking to impose significant penalties could be brought against us in the event of a data breach or alleged non-compliance with such laws and regulations.

Finance and Capital Structure Risks

Fluctuations in foreign currency exchange rates could result in declines in our reported sales and net earnings.

The changing relationships of the United States dollar to the Canadian dollar, Australian dollar, the Euro, the Swiss franc, the Mexican peso, and certain other foreign currencies have from time to time had a negative impact on our results of operations. Fluctuations in the value of the United States dollar relative to these foreign currencies can adversely affect the price of our products in foreign markets, the costs we incur to import certain components for our products, and the translation of our foreign balance sheets. While we actively manage our exposure to fluctuating foreign currency exchange rates by entering into foreign exchange hedging contracts from time to time, these contracts hedge foreign currency denominated transactions, and any change in the fair value of the contracts would be offset by changes in the underlying value of the transactions being hedged.

Retail credit market deterioration and volatility may restrict the ability of our retail customers to finance the purchase of our products and adversely affect our income from financial services.

We have arrangements with third parties to make retail financing available to consumers who purchase our products in the United States. Furthermore, some customers use financing from lenders who do not partner with us, such as local banks and credit unions. There can be no assurance that retail financing will continue to be available in the same amounts and under the same terms that had been previously available to our customers. If retail financing is not available to customers on satisfactory terms, consumer demand could be materially impacted and our sales and profitability could be adversely affected.

We have a significant amount of debt outstanding and must comply with restrictive covenants in our debt agreements.

Our credit agreement and other debt agreements contain financial and restrictive covenants that may limit our ability to, among other things, borrow additional funds or take advantage of business opportunities. While we are currently in compliance with the financial covenants, increases in our debt or decreases in our earnings could cause us to fail to comply with these financial covenants. Failing to comply with such covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all our indebtedness or otherwise have a material adverse effect on our financial position, results of operation and debt service capability.

Our level of debt and the financial and restrictive covenants contained in our credit agreement could have important consequences on our financial position and results of operations, including increasing our vulnerability to increases in interest rates because debt under our credit agreement bears interest at variable rates.

General Risks

Additional tax expense or tax exposure could impact our financial performance.

We are subject to income taxes and other business taxes in various jurisdictions in which we operate. Our tax liabilities are dependent upon the earnings generated in these different jurisdictions. Our provision for income taxes and cash tax liability could be adversely affected by numerous factors, including income before taxes being lower than anticipated in jurisdictions with lower statutory tax rates and higher than anticipated in jurisdictions with higher statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws and regulations in various jurisdictions. We also have negotiated and are party to certain tax incentives that require the Company comply with certain covenants. We are also subject to the continuous examination of our income tax returns by various tax authorities. The results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures or the loss of any tax incentive may have an adverse effect on the Company’s provision for income taxes and cash tax liability.

An impairment in the carrying value of goodwill and trade names could negatively impact our consolidated results of operations and net worth.

Goodwill and indefinite-lived intangible assets, such as our trade names, are recorded at fair value at the time of acquisition and are not amortized but are reviewed for impairment at least annually or more frequently if impairment indicators arise. Our determination of whether goodwill impairment has occurred is based on a comparison of each of our reporting units’ fair market value with its carrying value. Significant and unanticipated changes in circumstances, such as significant and long-term adverse changes in business climate, negative perception of the Company’s brands and tradenames, unanticipated competition, and/or changes in technology or markets, could require a provision for impairment in a future period that could negatively impact our reported earnings and reduce our consolidated net worth and shareholders' equity.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Properties

The following sets forth the Company's material properties as of December 31, 2021:

Location	Facility Type/Use	Primary Segment*	Owned or Leased	Square Footage
Medina, Minnesota	Headquarters	C	Owned	130,000
Roseau, Minnesota	Wholegoods manufacturing and R&D	O/S, G	Owned	813,000
Huntsville, Alabama	Wholegoods manufacturing	O/S, M, G	Primarily owned	1,355,000
Monterrey, Mexico	Wholegoods manufacturing	O/S	Primarily owned	1,623,000
Elkhart, Indiana	Wholegoods manufacturing	B	Owned	865,000
Opole, Poland	Wholegoods manufacturing	O/S, M	Leased	365,000
Osceola, Wisconsin	Component parts & engine manufacturing	O/S, M, G	Owned	293,000
Spirit Lake, Iowa	Wholegoods manufacturing	M	Owned	448,000
Chanas, France	Wholegoods manufacturing	G	Owned	196,000
Shanghai, China	Wholegoods manufacturing	O/S	Leased	214,000
Bourran, France	Wholegoods manufacturing and R&D	G	Leased	105,000
Aix-les-Bains, France	Wholegoods manufacturing and R&D	G	Owned	98,000
Monticello, Minnesota	Component parts manufacturing	O/S, M, G	Owned	109,000
Wyoming, Minnesota	Research and development facility	O/S, M, G	Owned	272,000
Fernley, Nevada	Distribution center	O/S, M, G	Owned	475,000
Wilmington, Ohio	Distribution center	O/S, M, G	Owned	487,000
Vermillion, South Dakota	Distribution center	O/S, M, G	Owned	610,000
Carlisle, Pennslyvania	Distribution center	A	Leased	192,000
Coppell, Texas	Distribution center	A	Leased	142,000
Jacksonville, Florida	Distribution center	A	Leased	134,000
Denver, Colorado	Distribution center	A	Leased	47,000
Compton, California	Distribution center and office facility	A	Leased	254,000
Rigby, Idaho	Distribution center and office facility	A	Owned	108,000
Shakopee, Minnesota	Wholegoods distribution	O/S, G	Leased	870,000
Plymouth, Minnesota	Office facility	C	Primarily owned	170,000
Winnipeg, Canada	Office facility	C	Leased	15,000
Rolle, Switzerland	Office facility	C	Leased	8,000

*Legend: C - Corporate (all segments), O/S - ORV/Snow, M - Motorcycles, G - Global Adjacent Markets, A - Aftermarket, B - Boats

Including the material properties listed above and those properties not listed, we have over six million square feet of global manufacturing and research and development space. Additionally, we have over six million square feet of global warehouse and distribution center space. In the United States and Canada, we lease 101 retail stores with over a million square feet of space. We also have international office facilities in Western Europe, Australia, Brazil, India, China, Japan, and Mexico.

We own substantially all tooling and machinery (including heavy presses, conventional and computer-controlled welding facilities for steel and aluminum, assembly lines and paint lines) used in the manufacture of our products. We make ongoing capital investments in our facilities. These investments have increased production capacity for our products. We believe our current manufacturing and distribution facilities are adequate in size and suitable for our present manufacturing and distribution needs.

Item 3. Legal Proceedings

We are involved in a number of legal proceedings incidental to our business, none of which is presently expected to have a material effect on the financial results of our business.

As of the date hereof, we are party to two putative class actions pending against Polaris in the United States. The first case—Guzman—was first reported in the Company's 10-K Annual Report on Form 10-K for the period ended December 31, 2020. The second case—Hellman—was first reported in the Company's 10-Q quarterly report for the period ended June 30, 2021.

Guzman. This class action was filed in the United States District Court for the Central District of California and alleged violations of various California consumer protection laws focused on rollover protection systems' certifications, for various Polaris off-road vehicles sold in California: Paul Guzman and Jeremy Albright v. Polaris Inc., Polaris Industries Inc., and Polaris Sales Inc., August 8, 2019. On May 12, 2021, the district court granted summary judgment and dismissed the plaintiffs' claims. Plaintiffs have appealed the decision to the Ninth Circuit.

Hellman. This putative class action is pending in the United States District Court for the Eastern District of California and alleges violations of various California consumer protection laws focused on rollover protection systems' certifications, for various Polaris off-road vehicles sold in California, Oregon, Nevada and Texas: Michael Hellman, Francisco Berlanga, Tim Artoff, Cy Mitchell and Jonathan Lollar, individually and on behalf of all others similarly situated v. Polaris Industries Inc. (DE), Polaris Sales Inc. and Polaris Industries Inc. (MN) (E.D. Cal.), May 25, 2021. The Hellman class action was brought by the same plaintiffs' counsel as in the Guzman case noted above and is based on substantially similar allegations. The Company has moved to dismiss the non-California plaintiffs. Discovery is proceeding.

With respect to each of these putative class action lawsuits, the Company is unable to provide any reasonable evaluation of the likelihood that a loss will be incurred or any reasonable estimate of the range of possible loss.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Shares of common stock of Polaris Inc. trade on the New York Stock Exchange under the symbol PII. On February 8, 2022, there were 1,747 shareholders of record of the Company's common stock and the last reported sale price for shares of our common stock on the New York Stock Exchange was $119.38 per share. The Company has historically paid cash dividends and expects to continue to pay comparable cash dividends in the future.

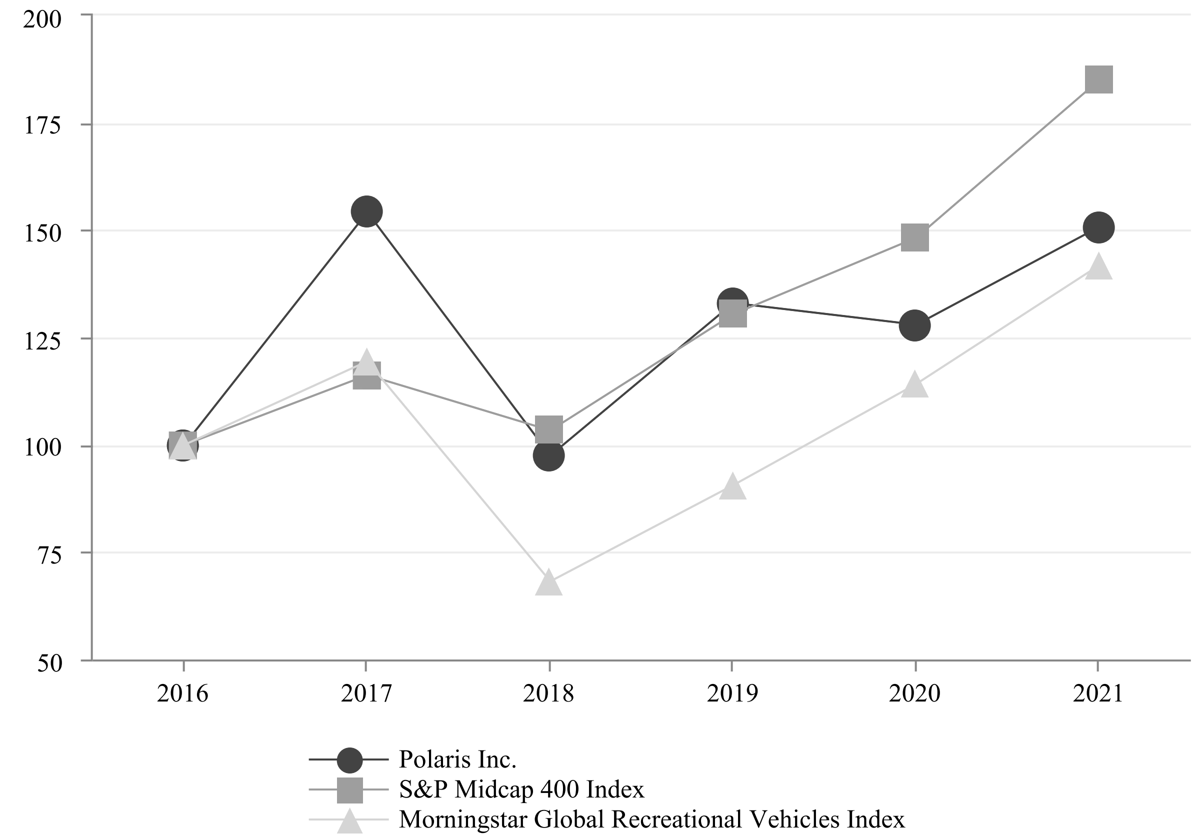
STOCK PERFORMANCE GRAPH

The following graph compares the five-year cumulative total return to shareholders (stock price appreciation plus reinvested dividends) for the Company's common stock with the comparable cumulative return of two indexes: S&P Midcap 400 Index and Morningstar's Global Recreational Vehicles Index. The Morningstar Global Recreational Vehicles Index replaces the Morningstar Recreational Vehicles Industry Group Index in this analysis and going forward, as Morningstar has changed its methodology for its index. The graph assumes the investment of $100 at the close on December 31, 2016 in common stock of the Company and in each of the indexes, and the reinvestment of all dividends since that date to December 31, 2021. Points on the graph represent the performance as of the last business day of each of the years indicated.

Assumes $100 Invested at the close on December 31, 2016
Assumes Dividend Reinvestment
Fiscal Year Ended December 31, 2021

	2016	2017	2018	2019	2020	2021
Polaris Inc.	$ 100.00	$ 154.19	$ 97.51	$ 133.04	$ 127.99	$ 150.78
S&P Midcap 400 Index	100.00	116.24	103.36	130.44	148.26	184.97
Morningstar Global Recreational Vehicles Index	100.00	119.46	68.21	90.62	114.19	141.83

Comparison of 5-Year Cumulative Total Return Among Polaris Inc., S&P Midcap 400 Index and Morningstar's Global Recreational Vehicles Index



This performance graph shall not be deemed "soliciting material" or "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act or the Exchange Act.

The table below sets forth the information with respect to purchases made by or on behalf of Polaris of its own stock during the fourth quarter of the fiscal year ended December 31, 2021.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (1)
October 1–31, 2021	—	$ —	—	$ 888,825,793
November 1–30, 2021	—	$ —	—	$ 888,825,793
December 1–31, 2021	470,000	$ 106.32	470,000	$ 838,825,977
Total	470,000	$ 106.32	470,000	$ 838,825,977

(1) In April 2021, the Company's Board of Directors authorized the purchase of up to $1.0 billion of the Company's common stock, which replaced the previous share repurchase program. As of December 31, 2021, the approximate value of shares that may yet to be purchased pursuant to the Program is $838.8 million. The share repurchase program does not have an expiration date.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion pertains to the results of operations and financial position of the Company and should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere in this report. This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Overview

2021 was a record year for sales which totaled $8.2 billion, a 17 percent increase from 2020. The Company achieved growth across all segments and regions driven primarily by increased shipments and higher pricing compared to 2020, when we temporarily suspended select plant operations as a result of the then-emerging COVID-19 pandemic.

The global spread of COVID-19 ultimately heightened consumer demand across industries, while the impact of the pandemic as well as other disruptive events have impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. The impact of these factors has affected our business segments, employees, dealers, suppliers, and customers in a variety of ways.

As a result of the COVID-19 pandemic, our sales and profitability during the first half of 2020 were negatively impacted by the temporary suspension of select plant operations, which reduced our manufacture and shipment of products, as well as the temporary closures of certain dealers. During this period, sales and profitability were also negatively impacted by a decline in economic activity related to certain of our end markets, such as those served by Global Adjacent Markets and Aftermarket.

Beginning in the second quarter of 2020 and continuing through 2021 we have seen strong retail demand for our Powersports products and boats as they provide an attractive social-distancing solution for new and existing Powersports customers.

Navigating difficulties associated with the global supply chain as we seek to satisfy retail demand has been challenging. Due to the dynamics of the COVID-19 pandemic, heightened demand, and other natural disasters, our supply chain and manufacturing operations have experienced inefficiencies caused by port delays and production-limiting disruptions. These disruptions, and related costs from associated plant, production, and labor inefficiencies, are significant, widespread and impacting many manufacturers across various industries including Polaris. We expect supply chain-related headwinds and elevated commodity and logistics prices to continue in 2022. While we have made pricing changes to address the increase in these costs, manufacturing disruptions combined with the impact of these elevated commodity and logistics costs are expected to negatively affect the Company's profitability. As a result of strong demand and supply chain disruptions, North American dealer inventory as of December 31, 2021 was down significantly compared to pre-pandemic levels as retail sales outpaced shipments, and these factors will challenge our ability to replenish dealer inventory levels.

Full year net income attributable to Polaris Inc. of $493.9 million was a $369.1 million increase from 2020, with diluted earnings per share increasing from $1.99 to $7.88 per share. These increases were primarily driven by increased volume as well the result of the $379.2 million (pre-tax) impairment of goodwill and other intangible assets recorded in the comparable prior year.

On January 27, 2022, we announced that our Board of Directors approved a two percent increase in the regular quarterly cash dividend to $0.64 per share for the first quarter of 2022, representing the 27th consecutive year of increased dividends to shareholders.

The duration of these trends and the magnitude of such impacts cannot be precisely estimated at this time, as they are affected by a number of factors (some of which are outside management's control), including those presented in *Item 1A. Risk Factors* of this Annual Report.

Consolidated Results of Operations

The consolidated results of operations were as follows:

($ in millions except per share data)	2021	2020	Change 2021 vs. 2020	2019	Change 2020 vs. 2019
	For the Years Ended December 31,				
Sales	$ 8,198.2	$ 7,027.9	17 %	$ 6,782.5	4 %
Cost of sales	$ 6,255.5	$ 5,317.7	18 %	$ 5,133.7	4 %
Gross profit	$ 1,942.7	$ 1,710.2	14 %	$ 1,648.8	4 %
Percentage of sales	23.7%	24.3%	-64 basis points	24.3%	+2 basis points
Operating expenses:					
Selling and marketing	$ 584.8	$ 544.3	7 %	$ 559.2	(3)%
Research and development	336.7	295.6	14 %	292.9	1 %
General and administrative	366.0	359.2	2 %	393.9	(9)%
Goodwill and other intangible asset impairment	—	379.2	NM	—	NM
Total operating expenses	$ 1,287.5	$ 1,578.3	(18)%	$ 1,246.0	27 %
Percentage of sales	15.7 %	22.5 %	-675 basis points	18.4%	+409 basis points
Income from financial services	$ 53.8	$ 80.4	(33)%	$ 80.9	(1)%
Operating income	$ 709.0	$ 212.3	NM	$ 483.7	(56)%
Non-operating expense:					
Interest expense	$ 44.2	$ 66.7	(34)%	$ 77.6	(14)%
Equity in loss of other affiliates	$ —	$ —	NM	$ 5.1	NM
Other (income) expense, net	$ 2.3	$ 4.2	(45)%	$ (6.8)	NM
Loss on sale of businesses	$ 36.8	$ —	NM	$ —	— %
Income before income taxes	$ 625.7	$ 141.4	NM	$ 407.8	(65)%
Provision for income taxes	$ 131.4	$ 16.5	NM	$ 83.9	(80)%
Effective income tax rate	21.0%	11.6%	+938 basis points	20.6%	-896 basis points
Net income	$ 494.3	$ 124.9	NM	$ 323.9	(61)%
Net (income) loss attributable to noncontrolling interest	(0.4)	(0.1)	NM	0.1	NM
Net income attributable to Polaris Inc.	$ 493.9	$ 124.8	NM	$ 324.0	(61)%
Diluted net income per share attributable to Polaris Inc. shareholders	$ 7.88	$ 1.99	NM	$ 5.20	(62)%
Weighted average diluted shares outstanding	62.7	62.6	— %	62.3	— %

NM = not meaningful

Sales:

Sales were $8,198.2 million in 2021, a 17 percent increase from $7,027.9 million in 2020. The components of the consolidated sales change were as follows:

	Percent change in total Company sales compared to the prior year	
	2021	2020
Volume	8 %	3 %
Product mix and price	8	1
Currency	1	—
	17 %	4 %

Volume contributed a nine percent increase in 2021 driven by increased shipments in all segments, but most significantly ORV and GAM shipments, as well as higher PG&A sales. Product mix and price contributed a seven percent increase in 2021, primarily due to lower promotional spending and increased product pricing. Currency rate movements contributed a one percent increase for 2021.

Sales by geographic region were as follows:

	For the Years Ended December 31,							
($ in millions)	2021	Percent of Total Sales	2020	Percent of Total Sales	Percent Change 2021 vs. 2020	2019	Percent of Total Sales	Percent Change 2020 vs. 2019
United States	$ 6,472.9	*79 %*	$ 5,791.1	*82%*	12 %	$ 5,551.7	*82%*	4 %
Canada	602.1	*7 %*	396.1	*6%*	52 %	394.8	*6%*	— %
Other foreign countries	1,123.2	*14 %*	840.7	*12%*	34 %	836.0	*12%*	1 %
Total sales	$ 8,198.2	*100 %*	$ 7,027.9	*100%*	17 %	$ 6,782.5	*100%*	4 %

Sales in the United States for 2021 increased 12 percent compared to 2020, primarily driven by increased ORV and boat shipments, as well as higher PG&A sales. Sales in the United States represented 79 percent of total Company sales in 2021.

Sales in Canada for 2021 increased 52 percent compared to 2020, primarily driven by increased ORV shipments. Currency rate movements had an eight percentage point impact on year-over-year sales. Sales in Canada represented seven percent of total company sales in 2021.

Sales in other foreign countries, primarily in Europe, increased 34 percent in 2021 compared to 2020, primarily driven by increased ORV, motorcycle, and GAM shipments. Currency rate movements had a five percentage point impact on year-over-year sales. Sales in other foreign countries represented 14 percent of total company sales in 2021.

Cost of sales:

The following table reflects our cost of sales in dollars and as a percentage of sales:

	For the Years Ended December 31,							
($ in millions)	2021	Percent of Total Cost of Sales	2020	Percent of Total Cost of Sales	Change 2021 vs. 2020	2019	Percent of Total Cost of Sales	Change 2020 vs. 2019
Purchased materials and services	$ 5,391.7	*86%*	$ 4,562.6	*86%*	18 %	$ 4,418.5	*86%*	3 %
Labor and benefits	568.5	*9%*	456.5	*9%*	25 %	433.3	*9%*	5 %
Depreciation and amortization	164.9	*3%*	174.9	*3%*	(6)%	159.0	*3%*	10 %
Warranty costs	130.4	*2%*	123.7	*2%*	5 %	122.9	*2%*	1 %
Total cost of sales	$ 6,255.5	*100%*	$ 5,317.7	*100%*	18 %	$ 5,133.7	*100%*	4 %
Percentage of sales	76.3%		75.7%		+64 basis points	75.7%		-2 basis points

Cost of sales increased 18 percent in 2021 primarily due to increased wholegood and PG&A shipments, as well as higher labor, raw materials, and logistics costs.

Gross profit:

Gross profit for 2021, as a percentage of sales, decreased primarily due to higher input costs including logistics, components, and commodity prices, as well as plant inefficiencies related to supply chain constraints. The decrease was partially offset by higher sales volume, lower promotional costs and favorable pricing.

Operating expenses:

Operating expenses for 2021, in absolute dollars and as a percent of sales, decreased compared to 2020, primarily due to the prior year impairment of goodwill and other intangible assets, partially offset by an increase in total operating expenses to levels commensurate with increases in demand.

Income from financial services:

The following table reflects our income from financial services:

	For the Years Ended December 31,				
($ in millions)	**2021**	**2020**	**Change 2021 vs. 2020**	**2019**	**Change 2020 vs. 2019**
Income from Polaris Acceptance joint venture	$ 7.7	$ 18.5	(58)%	$ 32.5	(43)%
Income from retail credit agreements	41.3	58.7	(30)%	45.6	29 %
Income from other financial services activities	4.8	3.2	50 %	2.8	14 %
Total income from financial services	$ 53.8	$ 80.4	(33)%	$ 80.9	(1)%
Percentage of sales	0.7 %	1.1 %	-49 basis points	1.2 %	-5 basis points

Income from financial services decreased 33 percent, primarily due to lower retail credit income resulting from lower retail sales and lower penetration rates, as well as lower wholesale financing income from Polaris Acceptance driven by lower dealer inventory.

Interest expense:

Interest expense decreased due to lower debt levels and lower interest rates.

Other (income) expense, net:

The change in Other (income) expense, net primarily relates to foreign currency exchange rate movements and the corresponding effects on foreign currency transactions, currency hedging positions and balance sheet positions related to our foreign subsidiaries from period to period. Also included in Other (income) expense, net in 2021 is a $7.7 million impairment charge related to an investment in a strategic partner that was associated with a divested business.

Loss on sale of businesses:

In the fourth quarter of 2021, we divested our GEM and Taylor-Dunn businesses which resulted in a $36.8 million loss.

Provision for income taxes:

Income tax expense was $131.4 million, or 21.0% of income before income taxes, for 2021 compared with income tax expense of $16.5 million, or 11.6% of income before income taxes, for 2020. The increase in the effective income tax rate for 2021 as compared to 2020 is primarily due to the prior year favorable impact of lower pretax income generated in 2020 and the release of certain income tax reserves due to favorable federal tax examination developments in 2020. The increase was partially offset by favorable income tax benefits in jurisdictions with lower tax rates, as well as favorable income tax benefits from research and development credits in 2021.

Weighted average shares outstanding:

Weighted average diluted shares outstanding increased slightly in 2021 compared to 2020, primarily due to the increased dilution of weighted shares and options outstanding, partially offset by share repurchases.

Segment Results of Operations

The summary that follows provides a discussion of the results of operations of each of our five reportable segments. Each of these segments is comprised of various product offerings that serve multiple end markets. We evaluate performance based on sales and gross profit.

Our sales and gross profit by reporting segment, which includes the respective PG&A, were as follows:

	For the Years Ended December 31,							
($ in millions)	2021	Percent of Sales	2020	Percent of Sales	Percent Change 2021 vs. 2020	2019	Percent of Sales	Percent Change 2020 vs. 2019
Sales								
ORV/Snowmobiles	$ 5,186.2	*63%*	$ 4,533.3	*64%*	14 %	$ 4,209.1	*62%*	8 %
Motorcycles	721.6	*9%*	581.7	*8%*	24 %	584.1	*9%*	— %
Global Adjacent Markets	599.8	*7%*	424.6	*6%*	41 %	461.3	*7%*	(8)%
Aftermarket	930.4	*12%*	884.9	*13%*	5 %	906.7	*13%*	(2)%
Boats	760.2	*9%*	603.4	*9%*	26 %	621.3	*9%*	(3)%
Total sales	$ 8,198.2	*100%*	$ 7,027.9	*100%*	17 %	$ 6,782.5	*100%*	4 %

	For the Years Ended December 31,							
($ in millions)	2021	Percent of Sales	2020	Percent of Sales	Percent Change 2021 vs. 2020	2019	Percent of Sales	Percent Change 2020 vs. 2019
Gross profit								
ORV/Snowmobiles	$ 1,226.3	*23.6%*	$ 1,218.4	*26.9%*	1 %	$ 1,145.5	*27.2%*	6 %
Motorcycles	52.3	*7.2%*	20.0	*3.4%*	162 %	30.0	*5.1%*	(33)%
Global Adjacent Markets	162.3	*27.1%*	116.4	*27.4%*	39 %	128.8	*27.9%*	(10)%
Aftermarket	247.2	*26.6%*	222.8	*25.2%*	11 %	222.7	*24.6%*	— %
Boats	170.6	*22.4%*	116.4	*19.3%*	47 %	124.6	*20.1%*	(7)%
Corporate	84.0		16.2		NM	(2.8)		NM
Total gross profit	$ 1,942.7	*23.7%*	$ 1,710.2	*24.3%*	14 %	$ 1,648.8	*24.3%*	4 %

NM = not meaningful

ORV/Snowmobiles:

ORV sales, inclusive of PG&A sales, were $4,761.9 million in 2021, compared to $4,187.9 million in 2020. The increase was driven by broad-based demand and shipments across ATV and side-by-side product lines, including PG&A, as well as increased pricing. ORV sales to customers outside of North America increased 35 percent in 2021. For 2021, the average ORV per unit sales price increased nine percent compared to 2020, driven by lower promotional costs and increased product pricing.

Additional information on our ORV end markets in 2021 compared to 2020:

- Polaris North America ATV unit retail sales down low-double digits percent
- Polaris North America side-by-side unit retail sales down mid-teens percent
- Total Polaris North America ORV unit retail sales down mid-teens percent
- Estimated North America industry ORV unit retail sales down high-teens percent
- Total Polaris North America ORV dealer inventories down approximately 20 percent

Snowmobiles sales, inclusive of PG&A sales, were $424.3 million for 2021, compared to $345.4 million in 2020. The increase was driven primarily by increased pricing and favorable mix, as well as higher PG&A sales. Sales of snowmobiles to customers outside of North America, principally within the Scandinavian region and Russia, decreased approximately 11 percent in 2021. For 2021, the average snowmobile per unit sales price increased 15 percent compared to 2020, driven by lower promotional costs.

Additional information on our snowmobile end markets in 2021 compared to 2020:

- Polaris North America snowmobile unit retail sales down high-teens percent
- Polaris North America snowmobile unit retail sales for the 2021-2022 season-to-date period through December 31, 2021 down high-twenties percent
- Estimated North America industry snowmobile unit retail sales down high-teens percent
- Estimated North America industry snowmobile unit retail sales for the 2021-2022 season-to-date period through December 31, 2021 down mid-twenties percent
- Total Polaris North America snowmobile dealer inventories down approximately 30 percent

For the ORV/Snowmobiles segment, gross profit, as a percentage of sales, decreased from 2020 to 2021, primarily due to higher input costs including logistics, components, and commodity prices, as well as plant inefficiencies related to supply chain constraints, partially offset by favorable mix, lower promotional costs, and higher pricing.

Motorcycles:

Motorcycle sales, inclusive of PG&A sales, increased 24 percent driven by increased Indian motorcycle and Slingshot shipments as a result of strong retail sales, lower promotional costs, and higher PG&A sales. Sales of motorcycles (including Slingshot) to customers outside of North America increased 34 percent in 2021. The average per unit sales price for the Motorcycles segment increased eight percent, driven by lower promotional costs.

Additional information on our motorcycle end markets in 2021 compared to 2020:

- Indian Motorcycle North America unit retail sales up mid-teens percent
- Slingshot North American unit retail sales up approximately 20 percent
- Polaris North America 900cc cruiser, touring (including Slingshot), and standard unit retail sales up mid-teens percent
- Estimated North America industry 900cc cruiser, touring, and standard unit retail sales up high-teens percent
- Polaris North America motorcycle dealer inventories down approximately 60 percent

Gross profit, as a percentage of sales, increased from 2020 to 2021, primarily due to lower promotional costs, partially offset by increased input costs related to supply chain constraints.

Global Adjacent Markets:

Global Adjacent Markets sales, inclusive of PG&A sales, increased 41 percent driven by increases in demand in North America and EMEA. Sales to customers outside of North America increased 40 percent in 2021.

Gross profit, as a percentage of sales, decreased from 2020 to 2021, primarily due to higher input costs related to supply chain constraints, partially offset by lower promotional costs and higher pricing.

Aftermarket:

Aftermarket sales, which includes Transamerican Auto Parts (TAP), along with our other aftermarket brands of Klim, Kolpin, ProArmor, Trail Tech and 509, increased five percent, driven by growth for both TAP and the other aftermarket brands. TAP sales increased two percent in 2021 while the other aftermarket brands grew 24%, driven by strong demand.

Gross profit, as a percentage of sales, increased from 2020 to 2021, primarily due to increased pricing and favorable mix.

Boats:

Boat sales increased 26 percent, primarily due to increased production levels driven by retail and demand, as well as higher pricing and favorable mix.

Additional information on our boat end markets in 2021 compared to 2020:

- Polaris U.S pontoon unit retail sales down low-single digits percent
- Estimated U.S. industry pontoon unit retail sales down mid-single digits percent

Gross profit, as a percentage of sales, increased from 2020 to 2021, primarily due to favorable product mix, partially offset by higher input costs related to supply chain constraints.

Liquidity and Capital Resources

Our primary sources of funds have been cash provided by operating and financing activities. Our primary uses of funds have been for acquisitions, repurchases and retirement of common stock, capital investments, new product development, and cash dividends to shareholders. The seasonality of production and shipments cause working capital requirements to fluctuate during the year.

We believe that existing cash balances, cash flow to be generated from operating activities and borrowing capacity under the credit facility arrangement will be sufficient to fund operations, new product development, cash dividends, share repurchases, and capital requirements for the foreseeable future.

The following table summarizes the cash flows from operating, investing and financing activities for the years ended December 31, 2021, 2020 and 2019:

	For the Years Ended December 31,				
($ in millions)	2021	2020	Change 2021 vs. 2020	2019	Change 2020 vs. 2019
Total cash provided by (used for):					
Operating activities	$ 293.7	$ 1,018.6	$ (724.9)	$ 655.1	$ 363.5
Investing activities	(303.9)	(150.7)	(153.2)	(239.3)	88.6
Financing activities	(107.6)	(415.4)	307.8	(411.8)	(3.6)
Impact of currency exchange rates on cash balances	(10.6)	8.7	(19.3)	(0.8)	9.5
Increase (decrease) in cash, cash equivalents and restricted cash	$ (128.4)	$ 461.2		$ 3.2	

Operating Activities:

The decrease in net cash provided by operating activities was primarily the result of higher working capital additions due to increases in inventory driven by strong end-market demand and supply chain inefficiencies, partially offset by higher net income.

Investing Activities:

The primary sources and uses of cash in 2021 were for the purchase of property and equipment and tooling for continued capacity and capability at our manufacturing and distribution facilities and for product development, as well as distributions from and contributions to Polaris Acceptance. An increase in property, equipment and tooling purchases resulted in more cash used for investing activities compared to the prior year.

Financing Activities:

The decrease in net cash used for financing activities was primarily due to increased net borrowings under debt arrangements, finance lease obligations and notes payable in 2021. Net borrowings totaled $351.3 million in 2021 compared to net repayments of $246.2 million in 2020. The increase was partially offset by higher share repurchases in 2021.

Financing Arrangements:

We are party to an unsecured Master Note Purchase Agreement, as amended and supplemented, under which we have issued senior notes. As of December 31, 2021, outstanding borrowings under the Master Note Purchase Agreement totaled $350.0 million.

We are also party to an unsecured credit agreement, which includes a $1.0 billion variable interest rate Revolving Loan Facility that matures in June 2026, under which we have unsecured borrowings. As of December 31, 2021, there were no borrowings outstanding under the Revolving Loan Facility. Our credit agreement also includes a Term Loan Facility, on which $876.0 million was outstanding as of December 31, 2021. Interest is charged at rates based on LIBOR or “prime” for the credit facility. As of December 31, 2021, we had $992.5 million of availability on the Revolving Loan Facility.

On December 17, 2021, we amended the credit agreement to provide a new incremental 364-day term loan (the “incremental term loan”) in the amount of $500 million. The new incremental term loan, which was fully drawn on closing, is unsecured and matures on December 16, 2022. There are no required principal payments prior to the maturity date. In addition to the payment of the $500 million incremental term loan, we are required to make principal payments under the Term Loan Facility totaling $45 million over the next 12 months.

The credit facility and the amended Master Note Purchase Agreement contain covenants that require us to maintain certain financial ratios, including minimum interest coverage and maximum leverage ratios. The agreements also require us to maintain an interest coverage ratio of not less than 3.00 to 1.00 and a leverage ratio of not more than 3.50 to 1.00 on a rolling four-quarter basis.

On July 2, 2018, pursuant to the Agreement and Plan of Merger dated May 29, 2018, the Company completed the acquisition of Boat Holdings, LLC, a privately held Delaware limited liability company, headquartered in Elkhart, Indiana which manufactures boats ("Boat Holdings"). As a component of the Boat Holdings merger agreement, we have committed to make a series of deferred payments to the former owners through July 2030. The original discounted payable was for $76.7 million, of which $61.0 million is outstanding as of December 31, 2021.

As of December 31, 2021 and 2020, we were in compliance with all debt covenants. Our debt to total capital ratio was 60 percent and 56 percent as of December 31, 2021 and 2020, respectively.

Share Repurchases:

As of December 31, 2021, our Board of Directors has authorized us to repurchase up to an additional $838.8 million of our common stock. We repurchased a total of 3.8 million shares of our common stock for $461.6 million during 2021, which had a favorable impact on earnings per share of 32 cents.

Wholesale Customer Financing Arrangements:

We have arrangements with certain finance companies to provide secured floor plan financing for our dealers. These arrangements provide liquidity by financing dealer purchases of our products without the use of our working capital. A majority of the worldwide sales of snowmobiles, ORVs, motorcycles, boats and related PG&A are financed under similar arrangements whereby we receive payment within a few days of shipment of the product. The amount financed by worldwide dealers under these arrangements related to snowmobiles, ORVs, motorcycles, boats and related PG&A as of December 31, 2021 and 2020, was approximately $946.7 million and $1,064.0 million, respectively. We participate in the cost of dealer financing up to certain limits.

Under these arrangements, we have agreed to repurchase products repossessed by these finance companies. For calendar year 2021, the potential aggregate repurchase obligations were approximately $293.8 million. Our financial exposure under these repurchase agreements is limited to the difference between the amounts unpaid by the dealer with respect to the repossessed product plus costs of repossession and the amount received on the resale of the repossessed product. No material losses have been incurred under this agreement during the periods presented.

Retail Customer Financing Arrangements:

We have agreements with third-party financing companies to provide financing options to end consumers of our products. We have no material contingent liabilities for residual value or credit collection risk under these agreements. During 2021, consumers financed 22 percent of our vehicles sold in the United States through these arrangements. The volume of installment credit contracts written in calendar year 2021 with these institutions was $1,081.8 million, a 29 percent decrease from 2020.

Critical Accounting Policies and Critical Accounting Estimates

We have adopted various accounting policies to prepare the consolidated financial statements in accordance with U.S. GAAP. Our significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements. Some of those significant accounting policies require us to make difficult, subjective, or complex judgments or estimates. An accounting estimate is considered to be critical if it meets both of the following criteria: (i) the estimate requires assumptions about matters that are highly uncertain at the time the accounting estimate is made, and (ii) different estimates reasonably could have been used, or changes in the estimate that are reasonably likely to occur may have a material impact on our financial condition or results of operations. The significant accounting policies that management believes are the most critical to aid in fully understanding and evaluating our reported financial results include the following: revenue recognition, sales promotions and incentives, product warranties, product liability, and goodwill and indefinite-lived intangibles.

Revenue recognition. With respect to wholegood vehicles, boats, parts, garments and accessories, revenue is recognized when we transfer control of the product to our customer. With respect to services provided by us, revenue is recognized upon completion of the service or over the term of the service agreement in proportion to the costs expected to be incurred in satisfying the obligations over the term of the service period. Revenue is measured based on the amount of consideration that we expect to be entitled to in exchange for the goods or services transferred. Sales, value add, and other taxes collected from a customer concurrent with revenue-producing activities are excluded from revenue. Revenue from goods and services transferred to customers at a point-in-time accounts for the majority of our revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The expected costs associated with our limited warranties are recognized as expense when the products are sold. When the right of return exists, we adjust the consideration for the estimated effect of returns. We estimate expected returns based on historical sales levels, the timing and magnitude of historical sales return levels as a percent of sales, type of product, type of customer, and a projection of this experience into the future. Historically, product returns, whether in the normal course of business or resulting from repurchases made under the floor plan financing program, have not been material. However, we have agreed to repurchase products repossessed by the finance companies up to certain limits. Our financial exposure is limited to the difference between the amount paid to the finance companies and the amount received on the resale of the repossessed product.

Sales promotions and incentives. We accrue for estimated sales promotion and incentive expenses, which are recognized as a component of sales in measuring the amount of consideration we expect to receive in exchange for transferring goods or providing services. Examples of sales promotion and incentive programs include dealer and consumer rebates, volume incentives, retail financing programs and sales associate incentives. Sales promotion and incentive expenses are estimated based on current programs and historical rates for each product line. We record these amounts as a liability in the consolidated balance sheet until they are ultimately paid. As of December 31, 2021 and 2020, accrued sales promotions and incentives were $96.9 million and $138.1 million, respectively. Actual results may differ from these estimates if market conditions dictate the need to enhance or reduce sales promotion and incentive programs or if the customer usage rate varies from historical trends. Adjustments to sales promotions and incentives accruals are made as actual usage becomes known in order to properly estimate the amounts necessary to generate consumer demand based on market conditions as of the balance sheet date.

Product warranties. We typically provide a limited warranty for our vehicles and boats for a period of six months to ten years, depending on the product. We provide longer warranties in certain geographical markets as determined by local regulations and customary practice and may also provide longer warranties related to certain promotional programs. Our standard warranties require us, generally through our dealer network, to repair or replace defective products during such warranty periods. The warranty reserve is established at the time of sale to the dealer or distributor based on management’s best estimate using historical rates and trends. We record these amounts as a liability in the consolidated balance sheet until they are ultimately paid. As of December 31, 2021 and 2020, the accrued warranty liability was $135.1 million and $140.8 million, respectively. Adjustments to the warranty reserve are made based on actual claims experience in order to properly estimate the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. The warranty reserve includes the estimated costs related to recalls, which are accrued when probable and estimable. Factors that could have an impact on the warranty accrual include the following: changes in manufacturing quality, shifts in product mix, changes in warranty coverage periods, impacts on product usage (including weather), product recalls and changes in sales volume. While management believes that the warranty reserve is adequate and that the judgment applied is appropriate, such amounts estimated to be due and payable could differ materially from what will ultimately transpire in the future, and have a material adverse effect on our financial condition.

Product liability. We are subject to product liability claims in the normal course of business. We carry excess insurance coverage for product liability claims. We self-insure product liability claims before the policy date and up to the purchased insurance coverage after the policy date. The estimated costs resulting from any uninsured losses are charged to operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably estimable. There is significant judgment and estimation required in evaluating the possible outcomes and potential losses of product liability matters. We utilize claims experience, historical trends and actuarial analysis, along with an analysis of current claims, to assist in determining the appropriate loss reserve levels. As of December 31, 2021 and 2020, we had accruals of $70.3 million and $70.7 million, respectively, for the probable payment of pending and expected claims related to product liability litigation associated with our products. While management believes the product liability reserves are adequate, adverse determination of material product liability claims made against us could have a material adverse effect on our financial condition.

Goodwill. Goodwill is tested at least annually for impairment and is tested for impairment more frequently when events or changes in circumstances indicate that the asset might be impaired. We complete our annual goodwill impairment test as of the first day of the fourth quarter.

We may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount. A qualitative assessment requires that we consider events or circumstances including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unit's net assets, and changes in our stock price. If, after assessing the totality of events or circumstances, it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if we elect to bypass the qualitative test and proceed to a quantitative test, then the quantitative goodwill impairment test is performed. A quantitative test includes comparing the fair value of each reporting unit to the carrying amount of the reporting unit, including goodwill. If the estimated fair value is less than the carrying amount of the reporting unit, an impairment is recognized in an amount equal to the difference, limited to the total amount of goodwill allocated to that reporting unit.

Under the quantitative goodwill impairment test, the fair value of each reporting unit is determined using a discounted cash flow analysis and market approach. Determining the fair value of the reporting units requires the use of significant judgment, including discount rates, assumptions in our long-term business plan about future revenues and expenses, capital expenditures, and changes in working capital, which are dependent on internal forecasts, estimation of long-term growth for each reporting unit, and determination of the discount rate. These plans take into consideration numerous factors including historical experience, anticipated future economic conditions, changes in raw material prices and growth expectations for the industries and end markets in which we participate. These assumptions are determined over a five year long-term planning period. The five year growth rates for revenues and earnings before interest, taxes, depreciation and amortization ("EBITDA") vary for each reporting unit being evaluated. Revenues and EBITDA beyond five years are projected to grow at a terminal growth rate consistent with industry expectations. Actual results may significantly differ from those used in our valuations. The forecasted future cash flows are discounted using a discount rate developed for each reporting unit. The discount rates were developed using market observable inputs, as well as our assessment of risks inherent in the future cash flows of the respective reporting unit.

In estimating fair value using the market approach, we identify a group of comparable publicly traded companies for each reporting unit that are similar in terms of size and product offering. These groups of comparable companies are used to develop multiples based on total market-based invested capital as a multiple of EBITDA. We determine our estimated values by applying these comparable EBITDA multiples to the operating results of our reporting units. The ultimate fair value of each reporting unit is determined considering the results of both valuation methods. Inputs used to estimate these fair values included significant unobservable inputs that reflect our assumptions about the inputs that market participants would use and, therefore, the fair value assessments are classified within Level 3 of the fair value hierarchy.

In the fourth quarter of 2021, we completed the annual impairment test. It was determined that goodwill was not impaired as each reporting unit's fair value exceeded its carrying value. We completed a qualitative assessment for the ORV, Snow, Motorcycles and Global Adjacent Markets reporting units and elected to perform a quantitative goodwill test for the Boats reporting unit. The Boats reporting unit did not have a difference between its fair value and carrying value that was lower than 10%. No assessment was performed for the Aftermarket reporting unit as it did not have a goodwill balance as of the annual testing date.

Identifiable intangible assets. Our primary identifiable intangible assets include: dealer/customer relationships, brand/trade names, developed technology, and non-compete agreements. Identifiable intangibles with finite lives are amortized and those identifiable intangibles with indefinite lives are not amortized. Identifiable intangible assets that are subject to amortization are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Identifiable intangible assets with indefinite lives are tested for impairment annually or more frequently when events or changes in circumstances indicate that the asset might be impaired. We complete our annual impairment test as of the first day of the fourth quarter each year for identifiable intangible assets with indefinite lives.

Our identifiable intangible assets with indefinite lives include brand/trade names. The impairment test consists of a comparison of the fair value of the brand/trade name with its carrying value. The fair value is determined using the relief-from-royalty method. This method assumes the trade name has value to the extent that the owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the discount rate. Forecasted revenues are derived from our annual budget and long-term business plan and royalty rates were based on brand profitability. The discount rates are developed using the market observable inputs used in the development of the reporting unit discount rates, as well as our assessment of risks inherent in the future cash flows of the respective trade name.

In the fourth quarter of 2021, we completed the annual impairment test. It was determined that our indefinite lived intangible assets were not impaired.

New Accounting Pronouncements

See Item 8 of Part II, "Financial Statements and Supplementary Data—Note 1—Organization and Significant Accounting Policies—*New accounting pronouncements*."

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Inflation, Foreign Exchange Rates, and Interest Rates

Inflation:

Rising costs, including wages, logistics, components, and commodity prices, are negatively impacting our gross profit margins. We strive to minimize the effects of inflation through cost containment, productivity improvements and price increases.

We are subject to market risk from fluctuating market prices of certain purchased commodities and raw materials, including steel, aluminum, petroleum-based resins, certain rare earth metals and diesel fuel. In addition, we are a purchaser of components and parts containing various commodities, including steel, aluminum, rubber and others, which are integrated into our end products. While such materials are typically available from numerous suppliers, commodity raw materials are subject to price fluctuations. We generally buy these commodities and components based upon market prices that are established with the vendor as part of the purchase process. We do not hedge commodity prices. The total impact of commodities, had an unfavorable impact on our gross profit margins for 2021 when compared to 2020. Based on our current outlook for commodity prices, the total impact of commodities is expected to have an unfavorable impact on our gross profit margins for 2022 when compared to 2021.

Foreign Exchange Rates:

The changing relationships of the U.S. dollar to foreign currencies can have a material impact on our financial results.

Euro: We have operations in the Eurozone through wholly owned subsidiaries and distributors. We also purchase components from certain suppliers directly for our U.S. operations in transactions denominated in Euros. Fluctuations in the Euro to U.S. dollar exchange rate impacts sales, cost of sales, and net income.

Canadian Dollar: We operate in Canada through a wholly owned subsidiary. The relationship of the U.S. dollar in relation to the Canadian dollar impacts both sales and net income.

Other currencies: We operate in various countries, principally in Europe, Mexico and Australia, through wholly owned subsidiaries. We also sell to certain distributors in other countries. We also purchase components from certain suppliers directly for our U.S. operations in transactions denominated in these foreign currencies. The relationship of the U.S. dollar in relation to these other currencies impacts sales, cost of sales and net income.

Foreign exchange risk can be quantified by performing a sensitivity analysis assuming a hypothetical change in the value of the U.S. dollar compared to other currencies in which we transact. We are most exposed to the Euro and Canadian dollar. All other things being equal, at current annual volumes, a hypothetical 10 percent fluctuation of the U.S. dollar compared to the Euro impacts annual operating income by approximately $20 million and a hypothetical 10 percent fluctuation of the U.S. dollar compared to the Canadian Dollar impacts annual operating income by approximately $33 million.

We actively manage our exposure to fluctuating foreign currency exchange rates by entering into foreign exchange hedging contracts. A portion of our foreign currency exposure is mitigated with the following open foreign currency hedging contracts as of December 31, 2021:

		Foreign currency hedging contracts		
Foreign Currency	**Currency Position**	**Notional amounts (in millions of U.S. dollars)**		**Average exchange rate of open contracts**
Australian Dollar	Long	$	20.3	$0.74 to 1 AUD
Canadian Dollar	Long	$	121.1	$0.79 to 1 CAD
Mexican Peso	Short	$	87.9	22 Peso to $1

In 2021, after consideration of the existing foreign currency hedging contracts, foreign currencies had a positive impact on net income compared to 2020. We expect currencies to have a negative impact on net income in 2022 compared to 2021.

The assets and liabilities in all our international entities are translated at the foreign exchange rate in effect at the balance sheet date. Translation gains and losses are reflected as a component of accumulated other comprehensive loss, net in the shareholders' equity section of the consolidated balance sheets. Revenues and expenses in all of our international entities are translated at the average foreign exchange rate in effect for each month of the year. Certain assets and liabilities related to intercompany positions reported on our consolidated balance sheet that are denominated in a currency other than the entity's functional currency are translated at the foreign exchange rates at the balance sheet date and the associated gains and losses are included in net income.

Interest Rates:

We are a party to an unsecured credit agreement with various lenders consisting of a $1.0 billion revolving loan facility, a $1.2 billion term loan facility, and a $500 million incremental term loan. Interest accrues on the revolving loan, term loans, and the incremental term loan at variable rates based on LIBOR or "prime" plus the applicable add-on percentage as defined. As of December 31, 2021, there were no borrowings outstanding on the revolving loan and outstanding balances of $876 million and $500 million on the term loan and incremental term loan, respectively. We enter into interest rate swaps in order to maintain a balanced risk of fixed and floating interest rates associated with our debt. Based on the unhedged variable-rate debt included in our debt portfolio as of December 31, 2021, a 100 basis point increase or decrease in interest rates would increase or decrease interest expense by approximately $8 million.

INDEX TO FINANCIAL STATEMENTS

Item 8. Financial Statements and Supplementary Data

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting of the Company. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with United States generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting as of December 31, 2021. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—2013 Integrated Framework. Based on management's evaluation and those criteria, management concluded that the Company's system of internal control over financial reporting was effective as of December 31, 2021.

Management's internal control over financial reporting as of December 31, 2021 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report appearing on the following page, in which they expressed an unqualified opinion thereon.

/S/ MICHAEL T. SPEETZEN

Michael T. Speetzen
Chief Executive Officer

/S/ ROBERT P. MACK

Robert P. Mack
Chief Financial Officer

February 15, 2022

Further discussion of our internal controls and procedures is included in Item 9A of this report, under the caption "Controls and Procedures."

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Polaris Inc.

Opinion on Internal Control over Financial Reporting

We have audited Polaris Inc.'s internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Polaris Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and the financial statement schedule listed in the Index at Item 15(a), and our report dated February 15, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
February 15, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Polaris Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Polaris Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 15, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Product Liability Claims
Description of the Matter	At December 31, 2021, the Company had an accrual of $70.3 million related to product liability claims associated with the Company's products. As discussed in Note 13 to the consolidated financial statements, the Company is subject to product liability claims in the normal course of business. The Company records product liability reserves for losses that are probable and reasonably estimable, using methods which include analysis of current and historical claims experience, actuarial analysis and management's judgment. Auditing management's accounting for product liability claims was especially challenging due to the significant judgment and estimation required in evaluating the probability and amount of loss, as well as the actuarial methods applied.

How We Addressed the Matter in Our Audit	We identified and tested controls over the identification and evaluation of product liability claims, including the Company's assessment and measurement of the estimate of the probable liability. We tested controls over management's review of the methods, significant assumptions, and the completeness and accuracy of the underlying data used by management's actuarial specialist to assist management in estimating the product liability reserve. To test management's assessment of the probability of occurrence of a loss and whether the amount of loss was reasonably estimable, we inquired of internal counsel and other members of management to discuss the facts and circumstances, including possible outcomes and potential losses. In addition, we received internal and external legal counsel inquiry letters and obtained a representation letter from the Company. To test the measurement of the product liability claims, we evaluated the method of measuring the contingency and tested the accuracy and completeness of the data used to determine a range of loss. In addition, we involved internal actuarial specialists to assist with our procedures related to the measurement of the product liability reserve. To evaluate the historical accuracy of management's estimates, we performed a retrospective analysis of resolved claims to management's previous estimates.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Minneapolis, Minnesota
February 15, 2022

POLARIS INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

Assets	December 31, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	$ 509.2	$ 634.7
Trade receivables, net	240.5	257.2
Inventories, net	1,644.8	1,177.6
Prepaid expenses and other	160.5	134.1
Income taxes receivable	4.0	3.9
Total current assets	2,559.0	2,207.5
Property and equipment, net	975.4	888.8
Investment in finance affiliate	49.3	59.4
Deferred tax assets	163.6	177.7
Goodwill and other intangible assets, net	1,037.5	1,083.7
Operating lease assets	165.2	125.4
Other long-term assets	97.8	90.2
Total assets	$ 5,047.8	$ 4,632.7
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of debt, finance lease obligations and notes payable	$ 553.3	$ 142.1
Accounts payable	797.4	782.2
Accrued expenses:		
Compensation	223.9	215.4
Warranties	135.1	140.8
Sales promotions and incentives	96.9	138.1
Dealer holdback	98.9	121.7
Other	268.1	292.4
Current operating lease liabilities	39.3	34.7
Income taxes payable	17.2	22.0
Total current liabilities	2,230.1	1,889.4
Long-term income taxes payable	13.3	14.4
Finance lease obligations	12.1	14.7
Long-term debt	1,235.3	1,293.9
Deferred tax liabilities	5.5	4.4
Long-term operating lease liabilities	128.5	92.3
Other long-term liabilities	185.5	166.5
Total liabilities	$ 3,810.3	$ 3,475.6
Deferred compensation	$ 11.2	$ 12.3
Shareholders' equity:		
Preferred stock $0.01 par value, 20.0 shares authorized, no shares issued and outstanding	—	—
Common stock $0.01 par value, 160.0 shares authorized, 60.4 and 61.9 shares issued and outstanding, respectively	$ 0.6	$ 0.6
Additional paid-in capital	1,143.8	983.9
Retained earnings	157.3	218.4
Accumulated other comprehensive loss, net	(77.4)	(58.4)
Total shareholders' equity	1,224.3	1,144.5
Noncontrolling interest	2.0	0.3
Total equity	1,226.3	1,144.8
Total liabilities and equity	$ 5,047.8	$ 4,632.7

The accompanying footnotes are an integral part of these consolidated statements.

POLARIS INC.
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share data)

	For the Years Ended December 31,		
	2021	2020	2019
Sales	$ 8,198.2	$ 7,027.9	$ 6,782.5
Cost of sales	6,255.5	5,317.7	5,133.7
Gross profit	1,942.7	1,710.2	1,648.8
Operating expenses:			
Selling and marketing	584.8	544.3	559.2
Research and development	336.7	295.6	292.9
General and administrative	366.0	359.2	393.9
Goodwill and other intangible asset impairments	—	379.2	—
Total operating expenses	1,287.5	1,578.3	1,246.0
Income from financial services	53.8	80.4	80.9
Operating income	709.0	212.3	483.7
Non-operating expense:			
Interest expense	44.2	66.7	77.6
Equity in loss of other affiliates	—	—	5.1
Other (income) expense, net	2.3	4.2	(6.8)
Loss on sale of businesses	36.8	—	—
Income before income taxes	625.7	141.4	407.8
Provision for income taxes	131.4	16.5	83.9
Net income	494.3	124.9	323.9
Net (income) loss attributable to noncontrolling interest	(0.4)	(0.1)	0.1
Net income attributable to Polaris Inc.	$ 493.9	$ 124.8	$ 324.0
Net income per share attributable to Polaris Inc. common shareholders:			
Basic	$ 8.06	$ 2.02	$ 5.27
Diluted	$ 7.88	$ 1.99	$ 5.20
Weighted average shares outstanding:			
Basic	61.3	61.9	61.4
Diluted	62.7	62.6	62.3

The accompanying footnotes are an integral part of these consolidated statements.

POLARIS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	For the Years Ended December 31,		
	2021	2020	2019
Net income	$ 494.3	$ 124.9	$ 323.9
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(30.4)	24.2	(2.8)
Unrealized (loss) gain on derivative instruments	11.1	(9.4)	(6.5)
Retirement plan and other activity	0.3	(0.5)	0.2
Comprehensive income	475.3	139.2	314.8
Comprehensive (income) loss attributable to noncontrolling interest	(0.4)	(0.1)	0.1
Comprehensive income attributable to Polaris Inc.	$ 474.9	$ 139.1	$ 314.9

The accompanying footnotes are an integral part of these consolidated statements.

POLARIS INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In millions, except per share data)

	Number of Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Non Controlling Interest	Total Equity
Balance, December 31, 2018	60.9	$ 0.6	$ 808.0	$ 121.1	$ (63.0)	$ 0.3	$ 867.0
Employee stock compensation	0.4	—	74.9	—	—	—	74.9
Deferred compensation	—	—	(4.4)	(2.3)	—	—	(6.7)
Proceeds from stock issuances under employee plans	0.2	—	15.7	—	—	—	15.7
Cash dividends declared	—	—	—	(149.1)	—	—	(149.1)
Repurchase and retirement of common shares	(0.1)	—	(1.4)	(7.0)	—	—	(8.4)
Cumulative effect of adoption of accounting standards (ASU 2018-02)	—	—	—	0.6	(0.6)	—	—
Net income	—	—	—	324.0	—	(0.1)	323.9
Other comprehensive loss	—	—	—	—	(9.1)	—	(9.1)
Balance, December 31, 2019	61.4	$ 0.6	$ 892.8	$ 287.3	$ (72.7)	$ 0.2	$ 1,108.2
Employee stock compensation	0.6	—	65.3	—	—	—	65.3
Deferred compensation	—	—	0.5	0.8	—	—	1.3
Proceeds from stock issuances under employee plans	0.5	—	33.6	—	—	—	33.6
Cash dividends declared	—	—	—	(152.5)	—	—	(152.5)
Repurchase and retirement of common shares	(0.6)	—	(8.3)	(42.0)	—	—	(50.3)
Net income	—	—	—	124.8	—	0.1	124.9
Other comprehensive income	—	—	—	—	14.3	—	14.3
Balance, December 31, 2020	61.9	$ 0.6	$ 983.9	$ 218.4	$ (58.4)	$ 0.3	$ 1,144.8
Employee stock compensation	0.5	—	62.7	—	—	—	62.7
Deferred compensation	—	—	1.3	(0.2)	—	—	1.1
Proceeds from stock issuances under employee plans	1.8	—	156.1	—	—	—	156.1
Cash dividends declared	—	—	—	(153.4)	—	—	(153.4)
Repurchase and retirement of common shares	(3.8)	—	(60.2)	(401.4)	—	—	(461.6)
Net income	—	—	—	493.9	—	0.4	494.3
Contributions	—	—	—	—	—	1.3	1.3
Other comprehensive loss	—	—	—	—	(19.0)	—	(19.0)
Balance, December 31, 2021	60.4	$ 0.6	$ 1,143.8	$ 157.3	$ (77.4)	$ 2.0	$ 1,226.3

Polaris Inc. declared cash dividends of $2.52, $2.48, and $2.44 per share for the years ended December 31, 2021, 2020, and 2019, respectively.

The accompanying footnotes are an integral part of these consolidated statements.

POLARIS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	For the Years Ended December 31,		
	2021	2020	2019
Operating Activities:			
Net income	$ 494.3	$ 124.9	$ 323.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	237.1	260.7	234.5
Noncash compensation	60.6	65.3	75.0
Noncash income from financial services	(7.7)	(18.5)	(32.5)
Deferred income taxes	15.2	(83.7)	(9.5)
Loss on sale of businesses, net	34.8	—	—
Goodwill and other intangible asset impairments	—	379.2	—
Other, net	7.1	1.9	5.2
Changes in operating assets and liabilities:			
Trade receivables	(0.2)	(56.2)	6.8
Inventories	(503.1)	(44.9)	(149.9)
Accounts payable	27.1	326.6	103.8
Accrued expenses	(55.8)	54.0	99.0
Income taxes payable/receivable	(4.8)	30.5	4.9
Prepaid expenses and other, net	(10.9)	(21.2)	(6.1)
Net cash provided by operating activities	293.7	1,018.6	655.1
Investing Activities:			
Purchase of property and equipment	(298.3)	(213.9)	(251.4)
Investment in finance affiliate	(42.2)	(30.6)	(16.9)
Distributions from finance affiliate	60.0	100.4	30.8
Investment in other affiliates	(23.4)	(6.6)	—
Acquisition of businesses, net of cash acquired	—	—	(1.8)
Net cash used for investing activities	(303.9)	(150.7)	(239.3)
Financing Activities:			
Borrowings under debt arrangements	2,424.3	1,365.5	3,368.9
Repayments under debt arrangements	(2,073.0)	(1,611.7)	(3,638.9)
Repurchase and retirement of common shares	(461.6)	(50.3)	(8.4)
Cash dividends to shareholders	(153.4)	(152.5)	(149.1)
Proceeds from stock issuances under employee plans	156.1	33.6	15.7
Net cash used for financing activities	(107.6)	(415.4)	(411.8)
Impact of currency exchange rates on cash balances	(10.6)	8.7	(0.8)
Net increase (decrease) in cash, cash equivalents and restricted cash	(128.4)	461.2	3.2
Cash, cash equivalents and restricted cash at beginning of period	657.5	196.3	193.1
Cash, cash equivalents and restricted cash at end of period	$ 529.1	$ 657.5	$ 196.3
Supplemental Cash Flow Information:			
Interest paid on debt borrowings	$ 44.8	$ 67.0	$ 77.0
Income taxes paid	$ 124.4	$ 65.5	$ 87.8
The following presents the classification of cash, cash equivalents and restricted cash within the consolidated balance sheets:			
Cash and cash equivalents	$ 509.2	$ 634.7	$ 157.1
Other long-term assets	19.9	22.8	39.2
Total	$ 529.1	$ 657.5	$ 196.3

The accompanying footnotes are an integral part of these consolidated statements.

Note 1. Organization and Significant Accounting Policies

Polaris Inc. ("Polaris" or the "Company"), a Minnesota corporation, and its subsidiaries are engaged in the design, engineering, manufacturing and marketing of innovative, high-quality, high-performance Off-Road Vehicles (ORV), Snowmobiles, Motorcycles, Global Adjacent Markets vehicles, and Boats. Polaris products, together with related parts, garments and accessories, as well as aftermarket accessories and apparel, are sold worldwide through a network of independent dealers and distributors, and retail stores. The primary markets for the Company's products are the United States, Canada, Western Europe, Australia and Mexico.

Basis of presentation. The accompanying consolidated financial statements include the accounts of Polaris and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Income from financial services is reported as a component of operating income to better reflect income from ongoing operations, of which financial services has a significant impact.

The Company evaluates consolidation of entities under Accounting Standards Codification (ASC) Topic 810. This Topic requires management to evaluate whether an entity or interest is a variable interest entity and whether the company is the primary beneficiary. The Company used the guidelines to analyze the Company's relationships, including its relationship with Polaris Acceptance, and concluded that there were no variable interest entities requiring consolidation by the Company.

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In making fair value measurements, observable market data must be used when available. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. The Company utilizes the market approach to measure fair value for its non-qualified deferred compensation assets and liabilities, and the income approach for foreign currency contracts and interest rate contracts. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities, and for the income approach the Company uses significant other observable inputs to value its derivative instruments used to hedge foreign currency and interest rate transactions.

Assets and liabilities measured at fair value on a recurring basis are summarized below (in millions):

	Fair Value Measurements as of December 31, 2021			
Asset (Liability)	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-qualified deferred compensation assets	$ 52.4	$ 52.4	$ —	$ —
Foreign exchange contracts, net	2.1	—	2.1	—
Total assets at fair value	$ 54.5	$ 52.4	$ 2.1	$ —
Non-qualified deferred compensation liabilities	$ (52.4)	$ (52.4)	$ —	$ —
Interest rate contracts, net	(7.8)	—	(7.8)	—
Total liabilities at fair value	$ (60.2)	$ (52.4)	$ (7.8)	$ —

	Fair Value Measurements as of December 31, 2020			
Asset (Liability)	**Total**	**Level 1**	**Level 2**	**Level 3**
Non-qualified deferred compensation assets	$ 48.3	$ 48.3	$ —	$ —
Total assets at fair value	$ 48.3	$ 48.3	$ —	$ —
Non-qualified deferred compensation liabilities	$ (48.3)	$ (48.3)	$ —	$ —
Foreign exchange contracts, net	(2.3)	—	(2.3)	—
Interest rate contracts, net	(18.1)	—	(18.1)	—
Total liabilities at fair value	$ (68.7)	$ (48.3)	$ (20.4)	$ —

Fair value of other financial instruments. The carrying values of the Company’s short-term financial instruments, including cash and cash equivalents, trade receivables and short-term debt, including current maturities of long-term debt, finance lease obligations and notes payable, approximate their fair values. As of December 31, 2021 and December 31, 2020, the fair value of the Company’s long-term debt, finance lease obligations and notes payable was approximately $1,870.0 million and $1,552.3 million, respectively, and was determined primarily using Level 2 inputs, including quoted market prices or discounted cash flows based on quoted market rates for similar types of debt. The carrying value of long-term debt, finance lease obligations and notes payable including current maturities was $1,800.7 million and $1,450.7 million as of December 31, 2021 and December 31, 2020, respectively.

The Company measures certain assets and liabilities at fair value on a nonrecurring basis. The Company will impair or write off an investment and recognize a loss when events or circumstances indicate there is impairment in the investment that is other-than-temporary. The amount of loss is determined by measuring the investment at fair value. Refer to Note 11 for additional information.

Cash equivalents. The Company considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Such investments consist principally of money market mutual funds.

Restricted cash. The Company classifies amounts of cash that are restricted in terms of their use and withdrawal separately within other long-term assets in the consolidated balance sheets. The Company’s restricted cash is comprised primarily of cash held in trust accounts not available for general use due to contractual restrictions.

Allowance for doubtful accounts. The Company’s exposure to credit losses on accounts receivable is limited due to its agreements with certain finance companies. For receivables not serviced through these finance companies, the Company establishes a reserve for doubtful accounts based on historical credit loss experience, the age of the accounts receivables, credit quality of our customers, current and expected economic conditions, and other factors that may affect our ability to collect from customers.

Inventories. Inventory costs include material, labor and manufacturing overhead costs, including depreciation expense associated with the manufacture and distribution of the Company’s products. Inventories are stated at the lower of cost or net realizable value with substantially all inventories recorded using the first-in, first-out method. Finished goods include products that are completed and ready for sale or substantially completed as the product has gone through the primary manufacturing and assembly process. The major components of inventories are as follows (in millions):

	December 31, 2021	December 31, 2020
Raw materials and purchased components	$ 720.2	$ 533.5
Service parts, garments and accessories	417.7	330.5
Finished goods	588.2	381.3
Less: reserves	(81.3)	(67.7)
Inventories	$ 1,644.8	$ 1,177.6

Investment in finance affiliate. The caption Investment in finance affiliate in the consolidated balance sheets represents the Company's fifty percent equity interest in Polaris Acceptance. The Company's allocable share of the income of Polaris Acceptance has been included as a component of Income from financial services in the consolidated statements of income. Refer to Note 10 for additional information.

Investment in other affiliates. The Company's investment in other affiliates is included within Other long-term assets in the consolidated balance sheets, and represents the Company's investment in nonmarketable securities of strategic companies. For each investment, the Company assesses the level of influence in determining whether to account for the investment under the cost method or equity method. For equity method investments, the Company's proportionate share of income or losses is recorded in the consolidated statements of income. The Company will write down or write off an investment and recognize a loss if and when events or circumstances indicate there is impairment in the investment that is other-than-temporary. Refer to Note 11 for additional information.

Property and equipment. Property and equipment is stated at cost. Depreciation is determined using the straight-line method over the estimated useful life of the respective assets, ranging from 10-40 years for buildings and improvements and from 1-7 years for equipment and tooling. Depreciation of assets recorded under finance leases is included within depreciation expense. Fully-depreciated tooling is eliminated from the accounting records annually. The Company recorded $203.1 million, $211.2 million, and $189.1 million of depreciation expense for the years ending December 31, 2021, 2020, and 2019, respectively.

The major components of property and equipment are as follows (in millions):

	December 31, 2021	December 31, 2020
Land, buildings and improvements	$ 532.2	$ 517.2
Equipment and tooling	1,672.2	1,499.5
	2,204.4	2,016.7
Less: accumulated depreciation	(1,229.0)	(1,127.9)
Property and equipment, net	$ 975.4	$ 888.8

Substantially all of the Company's property and equipment is located in North America.

Goodwill and other intangible assets. Goodwill is tested at least annually for impairment and is tested for impairment more frequently when events or changes in circumstances indicate that the asset might be impaired. The Company completes its annual goodwill impairment test as of the first day of the fourth quarter.

The Company may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount. A qualitative assessment requires that the Company considers events or circumstances including macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, changes in management or key personnel, changes in strategy, changes in customers, changes in the composition or carrying amount of a reporting unit's net assets, and changes in the Company's stock price. If, after assessing the totality of events or circumstances, it is determined that it is more likely than not that the fair value of the reporting unit is less than its carrying amount, or if the Company elects to bypass the qualitative test and proceed to a quantitative test, then the quantitative goodwill impairment test is performed. A quantitative test includes comparing the fair value of each reporting unit to the carrying amount of the reporting unit, including goodwill. If the estimated fair value is less than the carrying amount of the reporting unit, an impairment is recognized in an amount equal to the difference, limited to the total amount of goodwill allocated to that reporting unit.

Under the quantitative goodwill impairment test, the fair value of each reporting unit is determined using a discounted cash flow analysis and market approach. Determining the fair value of the reporting units requires the use of significant judgment, including discount rates, assumptions in the Company's long-term business plan about future revenues and expenses, capital expenditures, and changes in working capital, which are dependent on internal forecasts, estimation of long-term growth for each reporting unit, and determination of the discount rate. These plans take into consideration numerous factors including historical experience, anticipated future economic conditions, changes in raw material prices, and growth expectations for the industries and end markets in which the Company participates.

For its annual test, the Company completed a qualitative assessment for the ORV, Snow, Motorcycles and Global Adjacent Markets reporting units and elected to perform a quantitative goodwill test for the Boats reporting unit. No assessment was performed for the Aftermarket reporting unit as it did not have a goodwill balance as of the annual testing date.

The Company's primary identifiable intangible assets include: dealer/customer relationships, brand/trade names, developed technology, and non-compete agreements. Identifiable intangible assets with finite lives are amortized and those identifiable intangibles with indefinite lives are not amortized. Identifiable intangible assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Identifiable intangible assets with indefinite lives are tested for impairment annually or more frequently when events or changes in circumstances indicate that the asset might be impaired. The Company's identifiable intangible assets with indefinite lives include brand/trade names. The impairment test consists of a comparison of the fair value of the brand/trade name with its carrying value. The Company completes its annual impairment test as of the first day of the fourth quarter each year for identifiable intangible assets with indefinite lives.

Refer to Note 7 for additional information on goodwill and other intangible assets.

Revenue recognition. With respect to wholegood vehicles, boats, and parts, garments and accessories ("PG&A"), revenue is recognized when the Company transfers control of the product to the customer. With respect to services provided by the Company, revenue is recognized upon completion of the service or over the term of the service agreement in proportion to the costs expected to be incurred in satisfying the obligations over the term of the service period. Revenue is measured based on the amount of consideration that the Company expects to be entitled to in exchange for the goods or services transferred. Sales, value add, and other taxes that are collected from a customer concurrent with revenue-producing activities are excluded from revenue. When the right of return exists, the Company adjusts the consideration for the estimated effect of returns. The Company estimates expected returns based on historical sales levels, the timing and magnitude of historical sales return levels as a percent of sales, type of product, type of customer, and a projection of this experience into the future. Historically, product returns, whether in the normal course of business or resulting from repurchases made under floor plan financing programs, have not been material. However, the Company has agreed to repurchase products repossessed by the finance companies up to certain limits. The Company's financial exposure is limited to the difference between the amount paid to the finance companies and the amount received on the resale of the repossessed product. Refer to Note 2 for additional information.

Sales promotions and incentives. The Company accrues for estimated sales promotion and incentive expenses, which are recognized as a component of sales in measuring the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. Examples of sales promotion and incentive programs include dealer and consumer rebates, volume incentives, retail financing programs and sales associate incentives. Sales promotion and incentive expenses are estimated based on current programs and historical rates for each product line. The Company records these amounts as a liability in the consolidated balance sheet until they are ultimately paid. Adjustments to sales promotions and incentives accruals are made as actual usage becomes known in order to properly estimate the amounts necessary to generate consumer demand based on market conditions as of the balance sheet date.

Dealer holdback programs. Dealer holdback represents a portion of the invoiced sales price that is expected to be subsequently returned to the dealer or distributor as a sales incentive upon the ultimate retail sale of the product. Holdback amounts reduce the ultimate net price of the products purchased by the Company's dealers or distributors and, therefore, reduce the amount of sales the Company recognizes. The portion of the invoiced sales price estimated as the holdback is recognized as "dealer holdback" liability on the Company's consolidated balance sheet until paid or forfeited. The minimal holdback adjustments in the estimated holdback liability due to forfeitures are recognized in net sales. Payments are made to dealers or distributors at various times during the year subject to previously established criteria.

Shipping and handling costs. The Company records shipping and handling costs as a component of cost of sales when control has transferred to the customer.

Research and development expenses. The Company records research and development expenses in the period in which they are incurred as a component of operating expenses.

Advertising expenses. The Company records advertising expenses as a component of selling and marketing expenses in the period in which they are incurred. In the years ended December 31, 2021, 2020 and 2019, the Company incurred $90.8 million, $95.8 million and $77.4 million of advertising expenses, respectively.

Product warranties. The Company typically provides a limited warranty for its vehicles and boats for a period of six months to ten years, depending on the product. The Company provides longer warranties in certain geographical markets as determined by local regulations and customary practice and may also provide longer warranties related to certain promotional programs. The Company's standard warranties require the Company, generally through its dealer network, to repair or replace defective products during such warranty periods. The warranty reserve is established at the time of sale to the dealer or distributor based on management's best estimate using historical rates and trends. The Company records these amounts as a liability in the consolidated balance sheet until they are ultimately paid. Adjustments to the warranty reserve are made based on actual claims experience in order to properly estimate the amounts necessary to settle future and existing claims on products sold as of the balance sheet date. The warranty reserve includes the estimated costs related to recalls, which are accrued when probable and estimable. Factors that could have an impact on the warranty reserve include the following: changes in manufacturing quality, shifts in product mix, changes in warranty coverage periods, impacts on product usage (including weather), product recalls and changes in sales volume.

The activity in the warranty reserve during the periods presented was as follows (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Balance at beginning of year	$ 140.8	$ 136.2	$ 121.8
Additions to reserve related to acquisitions	—	—	8.8
Reductions to reserve related to divestitures	(2.1)	—	—
Additions charged to expense	130.4	123.7	122.9
Warranty claims paid, net	(134.0)	(119.1)	(117.3)
Balance at end of year	$ 135.1	$ 140.8	$ 136.2

Leases. The Company leases certain manufacturing facilities, retail stores, warehouses, distribution centers, office space, land, and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. The Company does not separate non-lease components from the lease components to which they relate, and instead accounts for each separate lease and non-lease component associated with that lease component as a single lease component for all underlying asset classes. As most of the Company's leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

Some leases include one or more options to renew, with renewal terms that can extend the lease term from one to20 years or more. Such options are included in the lease term when it is reasonably certain that the option will be exercised. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Certain lease agreements include rental payments that are variable based on usage or are adjusted periodically for inflation. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Share-based employee compensation. The Company accounts for share-based compensation awards, including stock options and other equity-based compensation issued to employees, on a fair value basis. Determining the appropriate fair-value model and calculating the fair value of share-based awards at the date of grant requires judgment. The Company utilizes the Black-Scholes option pricing model to estimate the fair value of employee stock options, and the Monte Carlo model to estimate the fair value of employee performance restricted stock units that include a market condition. These pricing models also require the use of input assumptions, including expected volatility, expected life, expected dividend yield, and expected risk-free rate of return. The Company utilizes historical volatility as the Company believes this is reflective of market conditions. The expected life of the awards is based on historical exercise patterns. The risk-free interest rate assumption is based on observed interest rates appropriate for the terms of awards. The dividend yield assumption is based on the Company's history of dividend payouts.

The amount of compensation cost for share-based awards recognized during a period is based on the portion of the awards that are ultimately expected to vest. The Company estimates forfeitures at the time of grant and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company analyzes historical data to estimate pre-vesting forfeitures and records share compensation expense for those awards expected to vest. If forfeiture adjustments are made, they would affect gross margin and operating expenses.

All stock options have time-based vesting conditions. The Company estimates the likelihood and the rate of achievement for performance share-based awards, specifically long-term compensation grants of performance-based restricted stock unit awards. Changes in the estimated rate of achievement can have a significant effect on reported share-based compensation expenses as the effect of a change in the estimated achievement level is recognized in the period that the likelihood factor changes. If adjustments in the estimated rate of achievement are made, they would be reflected in gross profit and operating expenses. Fluctuations in the Company's stock price can have an effect on reported share-based compensation expenses for liability-based awards. The impact from fluctuations in the Company's stock price is recognized in the period of the change, and is reflected in gross profit and operating expenses. Refer to Note 4 for additional information.

Derivative instruments and hedging activities. Changes in the fair value of a derivative are recognized in earnings unless the derivative qualifies as a hedge. To qualify as a hedge, the Company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The Company does not use any financial contracts for trading purposes.

The Company enters into foreign exchange contracts to manage currency exposures from certain of its purchase commitments denominated in foreign currencies and transfers of funds from its foreign subsidiaries. These contracts meet the criteria for cash flow hedges. Gains and losses on the Canadian dollar and Australian dollar contracts at settlement are recorded in non-operating other (income) expense, net in the consolidated income statements, and gains and losses on the Mexican peso contracts at settlement are recorded in cost of sales in the consolidated statements of income. The contracts are recorded in other current assets or other current liabilities in the consolidated balance sheets. Unrealized gains and losses are recorded as a component of accumulated other comprehensive loss, net.

The Company enters into interest rate swaps in order to maintain a balanced risk of fixed and floating interest rates associated with the Company's debt. These contracts meet the criteria for cash flow hedges. The contracts are recorded in other current assets or other current liabilities in the consolidated balance sheets. Unrealized gains and losses are recorded as a component of accumulated other comprehensive loss, net. Refer to Note 14 for additional information.

Foreign currency translation. The functional currency for each of the Company's foreign subsidiaries is their respective local currencies. The assets and liabilities in all of the Company's foreign entities are translated at the foreign exchange rate in effect at the balance sheet date. Translation gains and losses are reflected as a component of accumulated other comprehensive loss, net in the shareholders' equity section of the consolidated balance sheets. Revenues and expenses in all of the Company's foreign entities are translated at the average foreign exchange rate in effect for each month of the quarter. Transaction gains and losses including intercompany transactions denominated in a currency other than the functional currency of the entity involved are included in other (income) expense, net in the consolidated statements of income.

Comprehensive income. Components of comprehensive income include net income, foreign currency translation adjustments, unrealized gains or losses on derivative instruments, and retirement benefit plan activity. The Company discloses comprehensive income in separate consolidated statements of comprehensive income.

New accounting pronouncements.
Income Taxes. In December 2019, the Financial Accounting Standards Board (the "FASB") issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for incomes taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify the accounting for other areas of Topic 740 by clarifying and amending existing guidance. The Company adopted ASU 2019-12 on January 1, 2021. The adoption of the ASU did not have a material impact on the Company's consolidated financial position, results of operations, equity or cash flows.

Reference Rate Reform. In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides practical expedients and exception for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The FASB also issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* in January 2021, which adds implementation guidance to clarify which optional expedients in Topic 848 may be applied to derivative instruments that do not reference LIBOR or a reference rate that is expected to be discontinued, but that are being modified as a result of the discounting transition. The ASUs may be applied through December 31, 2022 and are applicable to our contracts and hedging relationships that reference LIBOR. The Company is still evaluating whether to apply any of the expedients and/or exceptions included in these ASUs.

There are no other new accounting pronouncements that are expected to have a significant impact on the Company's consolidated financial statements.

Note 2. Revenue Recognition

The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or service to a customer. Revenue is measured based on the amount of consideration that the Company expects to be entitled to in exchange for the goods or services transferred. Sales, value add, and other taxes that are collected from a customer concurrent with revenue-producing activities are excluded from revenue. Revenue from goods and services transferred to customers at a point-in-time accounts for the majority of the Company's revenue. Revenue from products or services transferred over time is discussed in the contract liabilities section.

The following tables disaggregate the Company's revenue by major product type and geography (in millions):

	For the Year Ended December 31, 2021					
	ORV / Snowmobiles	Motorcycles	Global Adj. Markets	Aftermarket	Boats	Total
Revenue by product type						
Wholegoods	$ 4,063.0	$ 603.3	$ 492.8	$ —	$ 760.2	$ 5,919.3
PG&A	1,123.2	118.3	107.0	930.4	—	2,278.9
Total revenue	$ 5,186.2	$ 721.6	$ 599.8	$ 930.4	$ 760.2	$ 8,198.2
Revenue by geography						
United States	$ 4,080.7	$ 472.6	$ 296.0	$ 886.2	$ 737.4	$ 6,472.9
Canada	502.0	29.8	3.5	44.2	22.6	602.1
EMEA	381.6	135.0	286.4	—	0.2	803.2
APLA	221.9	84.2	13.9	—	—	320.0
Total revenue	$ 5,186.2	$ 721.6	$ 599.8	$ 930.4	$ 760.2	$ 8,198.2

	For the Year Ended December 31, 2020					
	ORV / Snowmobiles	Motorcycles	Global Adj. Markets	Aftermarket	Boats	Total
Revenue by product type						
Wholegoods	$ 3,612.9	$ 493.4	$ 343.6	$ —	$ 603.4	$ 5,053.3
PG&A	920.4	88.3	81.0	884.9	—	1,974.6
Total revenue	$ 4,533.3	$ 581.7	$ 424.6	$ 884.9	$ 603.4	$ 7,027.9
Revenue by geography						
United States	$ 3,749.9	$ 397.0	$ 208.3	$ 843.5	$ 592.4	$ 5,791.1
Canada	319.7	21.2	2.8	41.4	11.0	396.1
EMEA	307.9	96.7	210.2	—	—	614.8
APLA	155.8	66.8	3.3	—	—	225.9
Total revenue	$ 4,533.3	$ 581.7	$ 424.6	$ 884.9	$ 603.4	$ 7,027.9

	For the Year Ended December 31, 2019					
	ORV / Snowmobiles	Motorcycles	Global Adj. Markets	Aftermarket	Boats	Total
Revenue by product type						
Wholegoods	$ 3,463.2	$ 502.1	$ 373.9	$ —	$ 621.3	$ 4,960.5
PG&A	745.9	82.0	87.4	906.7	—	1,822.0
Total revenue	$ 4,209.1	$ 584.1	$ 461.3	$ 906.7	$ 621.3	$ 6,782.5
Revenue by geography						
United States	$ 3,470.1	$ 376.0	$ 232.7	$ 867.0	$ 605.9	$ 5,551.7
Canada	304.0	31.1	4.6	39.7	15.4	394.8
EMEA	302.5	116.2	221.3	—	—	640.0
APLA	132.5	60.8	2.7	—	—	196.0
Total revenue	$ 4,209.1	$ 584.1	$ 461.3	$ 906.7	$ 621.3	$ 6,782.5

ORV/Snowmobiles, Motorcycles Global Adjacent Markets, and Boats segments

Wholegood vehicles, boats, and parts, garments and accessories. For the majority of wholegood vehicles, boats, and PG&A, the Company transfers control and recognizes a sale when it ships the product from its manufacturing facility, distribution center, or vehicle holding center to its customer (primarily dealers and distributors). The amount of consideration the Company receives and revenue it recognizes varies with changes in marketing incentives and rebates it offers to its dealers and their customers. Payment terms vary by customer and most of the Company's sales are financed by the customer under floorplan financing arrangements whereby the Company receives payment within a few days of shipment of the product.

When the right of return exists, the Company adjusts the consideration for the estimated effect of returns. The Company estimates expected returns based on historical sales levels, the timing and magnitude of historical sales return levels as a percent of sales, type of product, type of customer, and a projection of this experience into the future. The Company adjusts its estimate of revenue at the earlier of when the most likely amount of consideration it expects to receive changes or when the consideration becomes fixed.

Depending on the terms of the arrangement, the Company may also defer the recognition of a portion of the consideration received because it has to satisfy a future obligation. The Company uses an observable price to determine the stand-alone selling price for separate performance obligations. The Company has elected to recognize the cost for freight and shipping when control over vehicles, boats, or PG&A has transferred to the customer as an expense in cost of sales.

Financial Products. The Company sells separately-priced service contracts ("ESCs") that extend mechanical coverages beyond its base limited warranty as well as prepaid maintenance agreements to vehicle owners. The separately priced service contracts range from 12 months to 84 months. The Company primarily receives payment at the inception of the contract and recognizes revenue over the term of the agreement in proportion to the costs expected to be incurred in satisfying the obligations under the contract.

Aftermarket segment

The Company's Aftermarket products are sold through dealer, distributor, retail, and e-commerce channels. The Company transfers control and recognizes a sale when products are shipped or delivered to its customer. The amount of consideration the Company receives and revenue it recognizes varies with changes in marketing incentives and rebates rights it offers to its customers and their customers. Payment terms vary by customer but typically range from due upon delivery (or point-of-sale) to 180 days after delivery.

When the right of return exists, the Company adjusts the consideration for the estimated effect of returns. The Company estimates expected returns based on historical sales levels, the timing and magnitude of historical sales return levels as a percent of sales, type of product, type of customer and a projection of this experience into the future. The Company adjusts its estimate of revenue at the earlier of when the most likely amount of consideration it expects to receive changes or when the consideration becomes fixed.

Service revenue. The Company offers installation services for parts that it sells. Service revenues are recognized upon completion of the service.

Depending on the terms of the arrangement, the Company may also defer the recognition of a portion of the consideration received because it has to satisfy a future obligation. The Company uses an observable price to determine the stand-alone selling price for separate performance obligations. The Company has elected to recognize the cost for freight and shipping when control over the product has transferred to the customer as an expense in cost of sales.

Contract Liabilities

Contract liabilities relate to deferred revenue recognized for cash consideration received at contract inception in advance of the Company's performance under the respective contract and generally relate to the sale of separately priced ESCs. The Company finances its self-insured risks related to ESCs. The premiums for ESCs are primarily recognized in income in proportion to the costs expected to be incurred over the contract period. Warranty costs are recognized as incurred.

The Company expects to recognize approximately $44.0 million of the unearned amount over the next 12 months and $82.4 million thereafter. The activity in the deferred revenue reserve during the periods presented was as follows (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Balance at beginning of year	$ 107.1	$ 81.6	$ 59.9
New contracts sold	66.6	60.4	49.6
Less: reductions for revenue recognized	(47.3)	(34.9)	(27.9)
Balance at end of year (1)	$ 126.4	$ 107.1	$ 81.6

(1) The unamortized ESC premiums recorded in other current liabilities totaled $44.0 million and $37.8 million as of December 31, 2021 and 2020, respectively, while the amount recorded in other long-term liabilities totaled $82.4 million and $69.3 million as of December 31, 2021 and 2020, respectively.

Note 3. Divestitures

On October 26, 2021 the Company announced plans to divest its Global Electric Motorcar (GEM) and Taylor-Dunn businesses in an effort to more strategically allocate the Company's resources. The Company completed the sale on December 31, 2021. The sale resulted in a loss of $36.8 million. Prior to the divestiture, these businesses were included in the Global Adjacent Markets segment.

Note 4. Share-Based Compensation

Share-based plans. The Company grants long-term equity-based incentives and awards for the benefit of its employees and directors under the shareholder approved Polaris Inc. 2007 Omnibus Incentive Plan (as amended and restated as of April 30, 2020) (the "Omnibus Plan"). A maximum of 27,775,000 shares of common stock are available for issuance under the Omnibus Plan, together with additional shares canceled or forfeited under the prior plans.

Stock option awards granted to date under the Omnibus Plan generally vest one to four years from the award date and expire after ten years. In addition, since 2007, the Company has granted a total of 226,000 deferred stock units to its non-employee directors under the Omnibus Plan (with grants of 10,000, 20,000 and 15,000 units in 2021, 2020 and 2019, respectively), which will be converted into common stock when the director's board service ends or upon a change in control. Restricted units and performance-based restricted units (collectively restricted stock) awarded under the Omnibus Plan generally vest after a one to four year period. The final number of shares issued under performance-based awards are dependent on achievement of certain performance measures.

Under the Polaris Inc. Deferred Compensation Plan for Directors ("Director Plan") and the Omnibus Plan, members of the Board of Directors who are not Polaris officers or employees may annually elect to receive common stock equivalents in lieu of director fees, which will be converted into common stock when board service ends. Alternatively, these common stock equivalents may be diversified into other investments until board service ends, pursuant to the terms of the Director Plan. A maximum of 500,000 shares of common stock has been authorized under the Director Plan of which 73,000 common stock equivalents have been earned and 427,000 shares have been issued to retired directors as of December 31, 2021. Authorized shares under the Director Plan were exhausted in 2017. Since 2017, the Company has granted a total of 56,000 common stock equivalents to its non-employee directors under the Omnibus Plan (with grants of 8,000 in 2021, 13,000 in 2020, and 14,000 in 2019). As of December 31, 2021 and 2020, the Company's liability under the plans for the common stock equivalents totaled \$8.8 million and \$8.0 million, respectively.

The Company maintains a long term incentive program under which awards are issued for certain employees. Long-term incentive program awards are granted in restricted stock units and stock options and are accounted for as equity awards.

Share-based compensation expense. The amount of compensation cost for share-based awards recognized during a period is based on the portion of the awards that are ultimately expected to vest.

Total share-based compensation expenses were as follows (in millions):

	For the Years Ended December 31, 2021	2020	2019
Option awards	\$ 9.8	\$ 13.8	\$ 21.8
Other share-based awards	40.9	40.9	48.0
Total share-based compensation before tax	50.7	54.7	69.8
Tax benefit	12.1	13.1	16.6
Total share-based compensation expense included in net income	\$ 38.6	\$ 41.6	\$ 53.2

These share-based compensation expenses are reflected in cost of sales and operating expenses in the consolidated statements of income. As of December 31, 2021, there was \$57.0 million of total unrecognized share-based compensation expense related to unvested share-based equity awards. Unrecognized share-based compensation expense is expected to be recognized over a weighted-average period of 1.02 years. Included in unrecognized share-based compensation expense is approximately \$5.8 million related to stock options and \$51.2 million for restricted stock.

In addition to the above share-based compensation expenses, the Company sponsors a qualified non-leveraged employee stock ownership plan (ESOP). Shares allocated to eligible participants' accounts vest at various percentage rates based on years of service and require no cash payments from the recipient. See Note 5 for additional information.

General stock option and restricted stock information. The following summarizes stock option activity and the weighted average exercise price for the Omnibus Plan for the year ended December 31, 2021:

	Omnibus Plan (Active) Options Outstanding	Weighted Average Exercise Price
Balance as of December 31, 2020	5,102,296	\$ 98.70
Granted	289,720	120.59
Exercised	(1,758,283)	86.69
Forfeited/Expired	(354,032)	124.46
Balance as of December 31, 2021	3,279,701	\$ 104.29
Options exercisable as of December 31, 2021	2,379,543	\$ 106.11

The weighted average remaining contractual life of options outstanding and of options outstanding and exercisable as of December 31, 2021 was 5.74 years and 4.87 years, respectively. Substantially all unvested outstanding options are expected to vest.

The following assumptions were used to estimate the weighted average fair value of options of $36.77, $21.76 and $19.54 granted during the years ended December 31, 2021, 2020 and 2019, respectively:

	For the Years Ended December 31,		
	2021	2020	2019
Weighted-average volatility	43%	34%	32%
Expected dividend yield	2.1%	2.6%	2.9%
Expected term (in years)	4.7	4.5	4.5
Weighted average risk free interest rate	0.5%	1.4%	2.5%

The total intrinsic value of options exercised during the year ended December 31, 2021 was $67.0 million. The total intrinsic value of options outstanding and of options outstanding and exercisable as of December 31, 2021, was $44.2 million and $31.8 million, respectively. The total intrinsic values are based on the Company's closing stock price on the last trading day of the applicable year for in-the-money options.

The grant date fair value for performance awards with a total shareholder return (TSR) market condition were estimated using a Monte Carlo simulation model utilizing the following weighted-average assumptions:

	For the Years Ended December 31,		
	2021	2020	2019
Weighted-average volatility	49%	35%	34%
Expected dividend yield	2.1%	2.6%	2.7%
Expected term (in years)	3.0	3.0	3.0
Weighted average risk free interest rate	0.2%	1.4%	2.4%

The Company used its historical stock price as the basis for the Company's volatility assumption. The assumed risk-free interest rates were based on U.S. Treasury rates in effect at the time of grant. The expected term was based on the vesting period. The weighted-average fair value used to record compensation expense for TSR performance share awards granted during 2021, 2020, and 2019 was $165.54, $98.09, and $96.38 per award, respectively.

The following table summarizes restricted stock activity for the year ended December 31, 2021:

	Shares Outstanding	Weighted Average Grant Price
Balance as of December 31, 2020	1,143,076	$ 98.20
Granted	397,987	122.08
Vested	(367,820)	113.63
Forfeited/Cancelled	(109,490)	98.96
Balance as of December 31, 2021	1,063,753	$ 101.72
Expected to vest as of December 31, 2021	1,095,667	$ 101.47

The shares granted above include 62,488 performance restricted stock unit awards. These performance grants are the number of shares that would be earned at the target level of performance. The number of shares of Polaris common stock that could actually be delivered at the end of the three-year performance period for performance restricted stock units may be anywhere from 0% to 200% of target for each performance share, depending on the performance of the Company during such performance period.

The total intrinsic value of restricted stock expected to vest as of December 31, 2021 was $120.4 million. The total intrinsic value is based on the Company's closing stock price on the last trading day of the year. The weighted average fair values at the grant dates of grants awarded under the Omnibus Plan for the years ended December 31, 2021, 2020 and 2019 were $122.08, $92.23 and $89.75, respectively.

Note 5. Employee Savings Plans

Employee Stock Ownership Plan (ESOP). The Company sponsors a qualified non-leveraged ESOP under which a maximum of 7,700,000 shares of common stock can be awarded. The shares are allocated to eligible participants' accounts based on total cash compensation earned during the calendar year. An employee's ESOP account vests equally after two and three years of service and requires no cash payments from the recipient. Participants may instruct the Company to pay respective dividends directly to the participant in cash or reinvest the dividends into the participants' ESOP accounts. Employees who meet eligibility requirements can participate in the ESOP. Participants that meet certain age and service requirements are allowed to transfer balances, subject to limitation, to the Polaris 401(k) Retirement Savings Plan and thus diversify their investments. Total expense related to the ESOP was $13.9 million, $12.3 million and $10.3 million, in 2021, 2020 and 2019, respectively. As of December 31, 2021 there were 2,996,000 shares held in the plan.

Defined contribution plans. The Company sponsors a 401(k) defined contribution retirement plan covering substantially all U.S. employees. The Company matches 100 percent of employee contributions up to a maximum of five percent of eligible compensation. All contributions vest immediately. The cost of the defined contribution retirement plan was $29.8 million, $26.9 million, and $26.2 million, in 2021, 2020 and 2019, respectively.

Supplemental Executive Retirement Plan (SERP). The Company sponsors a SERP that provides executive officers of the Company an alternative to defer portions of their salary, cash incentive compensation, and Company matching contributions. The deferrals and contributions are held in a rabbi trust and are in funds to match the liabilities of the plan. The assets are recorded as trading assets. The assets of the rabbi trust are included in other long-term assets in the consolidated balance sheets and the SERP liability is included in other long-term liabilities in the consolidated balance sheets. The asset and liability balances are both $52.4 million and $48.3 million as of December 31, 2021, and 2020, respectively.

Executive officers and directors of the Company have the opportunity to defer certain restricted stock units. These restricted stock units are redeemable in Polaris common stock or in cash. After a holding period, the executive officer has the option to diversify the vested award into other funds available under the SERP. If the award is diversified, it must be redeemed in cash. Awards probable of vesting, for which the executive has not yet made an election to defer, and awards that have been deferred but have not yet vested and are probable of vesting are reported as deferred compensation in the temporary equity section of the consolidated balance sheets, as these awards have redemption features that are not yet solely within the control of the Company. The awards recorded in temporary equity are recognized at fair value as though the reporting date is also the redemption date, with any difference from stock-based compensation recorded in retained earnings. As of December 31, 2021, 101,521 shares are recorded at a fair value of $11.2 million in temporary equity, which includes $10.0 million of compensation cost and $1.2 million of cumulative fair value adjustment recorded through retained earnings.

Note 6. Financing Agreement

The carrying value of debt, finance lease obligations, and notes payable and the average related interest rates were as follows (in millions):

	Average interest rate as of December 31, 2021	Maturity	December 31, 2021	December 31, 2020
Revolving loan facility	—	June 2026	$ —	$ —
Term loan facility	1.23%	June 2026	876.0	940.0
Incremental term loan	0.98%	December 2022	500.0	—
Senior notes—fixed rate	—	May 2021	—	75.0
Senior notes—fixed rate	4.23%	July 2028	350.0	350.0
Finance lease obligations	5.20%	Various through 2029	13.5	16.2
Notes payable and other	4.24%	Various through 2030	68.3	75.0
Debt issuance costs			(7.1)	(5.5)
Total debt, finance lease obligations, and notes payable			$ 1,800.7	$ 1,450.7
Less: current maturities			553.3	142.1
Total long-term debt, finance lease obligations, and notes payable			$ 1,247.4	$ 1,308.6

Bank financing. In December 2010, the Company entered an unsecured Master Note Purchase Agreement, which has been amended and supplemented, under which it has issued senior notes. In May 2011, the Company issued $75 million of unsecured senior notes due May 2021. The senior notes were fully repaid in May 2021. In July 2018, the Company issued $350 million of unsecured senior notes due July 2028 which remain outstanding.

The Company maintains an unsecured credit facility which consists of a term loan facility (the “Term Loan Facility”) and a revolving loan facility (the “Revolving Loan Facility”). In July 2018, the Company amended its unsecured credit facility to increase its Term Loan Facility to $1,180 million, of which $876 million was outstanding as of December 31, 2021. In June 2021, the Company further amended its unsecured credit facility to increase its Revolving Loan Facility to $1,000 million and extend the maturity date to June 2026. Interest is charged at rates based on a LIBOR or “prime” base rate.

On December 17, 2021, the Company amended the credit facility to provide a new incremental 364-day term loan (the “Incremental Term Loan”) in the amount of $500 million. The new incremental term loan, which was fully drawn on closing, is unsecured and matures on December 16, 2022. There are no required principal payments prior to the maturity date. In addition to the payment of the $500 million Incremental Term Loan, the Company is required to make principal payments under the Term Loan Facility totaling $45 million over the next 12 months. These payments are classified as current maturities in the consolidated balance sheets.

The credit facility and the Master Note Purchase Agreement contain covenants that require the Company to maintain certain financial ratios, including minimum interest coverage and maximum leverage ratios. The agreements require the Company to maintain an interest coverage ratio of not less than 3.00 to 1.00 and a leverage ratio of not more than 3.50 to 1.00 on a rolling four quarter basis. The Company was in compliance with all such covenants as of December 31, 2021.

Debt issuance costs are recognized as a reduction in the carrying value of the related long-term debt in the consolidated balance sheets and are being amortized to interest expense in the consolidated statements of income over the expected remaining terms of the related debt.

As a component of the Boat Holdings merger agreement, the Company has committed to make a series of deferred payments to the former owners following the closing date of the merger through July 2030. The original discounted payable was for $76.7 million, of which $61.0 million was outstanding as of December 31, 2021. The outstanding balance is included in long-term debt and current portion of long-term debt in the consolidated balance sheets.

The Company has a mortgage note payable agreement for land, on which the Company built the Huntsville, Alabama manufacturing facility. The original mortgage note payable was for $14.5 million, of which $7.3 million was outstanding as of December 31, 2021. The outstanding balance is included in long-term debt and current portion of long-term debt in the consolidated balance sheets. The payment of principal and interest for the note payable is forgivable if the Company satisfies certain job commitments over the term of the note. The Company has met the required commitments to date.

The following summarizes activity under the Company’s credit arrangements (in millions):

	2021	2020	2019
Total borrowings as of December 31	$ 1,726.0	$ 1,365.0	$ 1,600.1
Average outstanding borrowings during year	$ 1,500.4	$ 1,879.7	$ 1,912.0
Maximum outstanding borrowings during year	$ 1,903.0	$ 2,370.6	$ 2,127.9
Weighted-average interest rate as of December 31	1.77%	2.30%	3.29%

Letters of credit. As of December 31, 2021, the Company had open letters of credit totaling $32.1 million. The amounts are primarily related to inventory purchases and are reduced as the purchases are received.

Note 7. Goodwill and Other Intangible Assets

In the second quarter of 2020 the Company recorded impairment charges of $108.9 million related to certain brand/trade names associated with Transamerican Auto Parts which are included in the Aftermarket reporting unit. Further, during the second quarter of 2020, the Company recorded impairment charges of $270.3 million related to goodwill of the Aftermarket reporting unit. Subsequent to the impairment charges recorded in the second quarter, there is no remaining goodwill for the Aftermarket reporting unit. The impairments resulted in a $90.3 million income tax benefit (deferred tax asset) associated with the remaining tax-deductible basis in goodwill and intangibles.

In the fourth quarter of 2021, the Company completed the annual goodwill and indefinite lived intangible asset impairment tests. It was determined that goodwill and the remaining indefinite lived intangible assets were not impaired.

Goodwill and other intangible assets, net of accumulated amortization, as of December 31, 2021 and 2020 are as follows (in millions):

	2021	2020
Goodwill	$ 391.3	$ 397.3
Other intangible assets, net	646.2	686.4
Total goodwill and other intangible assets, net	$ 1,037.5	$ 1,083.7

There were no material additions to goodwill and other intangible assets in 2021 and 2020. The changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 2021 and 2020 were as follows (in millions):

	ORV/ Snowmobiles	Motorcycles	Global Adjacent Markets	Aftermarket	Boats	Total
Goodwill	$ 72.9	$ 5.2	$ 92.1	$ 270.3	$ 227.1	$ 667.6
Accumulated goodwill impairment losses	—	—	—	(270.3)	—	(270.3)
Balance as of December 31, 2020	$ 72.9	$ 5.2	$ 92.1	$ —	$ 227.1	$ 397.3
Currency translation effect on foreign goodwill balances	0.1	—	(6.1)	—	—	(6.0)
Goodwill	$ 73.0	$ 5.2	$ 86.0	$ 270.3	$ 227.1	$ 661.6
Accumulated goodwill impairment losses	—	—	—	(270.3)	—	(270.3)
Balance as of December 31, 2021	$ 73.0	$ 5.2	$ 86.0	$ —	$ 227.1	$ 391.3

	ORV/ Snowmobiles	Motorcycles	Global Adjacent Markets	Aftermarket	Boats	Total
Goodwill	$ 72.0	$ 5.2	$ 85.2	$ 270.4	$ 227.1	$ 659.9
Accumulated goodwill impairment losses	—	—	—	—	—	—
Balance as of December 31, 2019	$ 72.0	$ 5.2	$ 85.2	$ 270.4	$ 227.1	$ 659.9
Impairments	—	—	—	(270.3)	—	(270.3)
Currency translation effect on foreign goodwill balances	0.9	—	6.9	(0.1)	—	7.7
Goodwill	$ 72.9	$ 5.2	$ 92.1	$ 270.3	$ 227.1	$ 667.6
Accumulated goodwill impairment losses	—	—	—	(270.3)	—	(270.3)
Balance as of December 31, 2020	$ 72.9	$ 5.2	$ 92.1	$ —	$ 227.1	$ 397.3

For other intangible assets, the changes in the net carrying amount for the years ended December 31, 2021 and 2020 are as follows (in millions):

	2021		2020	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Other intangible assets, beginning	$ 807.1	$ (120.7)	$ 956.8	$ (126.5)
Intangible assets disposed of during the period	(25.8)	20.7	(41.7)	41.7
Amortization expense	—	(34.0)	—	(36.1)
Impairments	—	—	(108.9)	—
Currency translation effect on foreign balances	(1.1)	—	0.9	0.2
Other intangible assets, ending	$ 780.2	$ (134.0)	$ 807.1	$ (120.7)

The components of other intangible assets were as follows (in millions):

December 31, 2021	Weighted-average useful life (years)	Gross Carrying Amount	Accumulated Amortization	Net
Non-compete agreements	4	$ 2.6	$ (2.3)	$ 0.3
Dealer/customer related	17	437.6	(121.9)	315.7
Developed technology	5	9.9	(9.8)	0.1
Total amortizable	17	450.1	(134.0)	316.1
Non-amortizable—brand/trade names		330.1	—	330.1
Total other intangible assets, net		$ 780.2	$ (134.0)	$ 646.2

December 31, 2020	Weighted-average useful life (years)	Gross Carrying Amount	Accumulated Amortization	Net
Non-compete agreements	4	$ 2.6	$ (1.6)	$ 1.0
Dealer/customer related	17	460.3	(110.8)	349.5
Developed technology	5	9.9	(8.3)	1.6
Total amortizable	16	472.8	(120.7)	352.1
Non-amortizable—brand/trade names		334.3	—	334.3
Total other intangible assets, net		$ 807.1	$ (120.7)	$ 686.4

Amortization expense for intangible assets for the year ended December 31, 2021 and 2020 was $34.0 million and $36.1 million, respectively. Estimated amortization expense for 2022 through 2026 is as follows: 2022, $26.2 million; 2023, $25.1 million; 2024, $25.0 million; 2025, $25.0 million; 2026, $23.8 million; and after 2026, $191.0 million. The preceding expected amortization expense is an estimate and actual amounts could differ due to additional intangible asset acquisitions, changes in foreign currency rates, or impairments of intangible assets.

Note 8. Income Taxes

The Company's income before income taxes consisted of the following (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
United States	$ 490.3	$ 72.9	$ 344.3
Foreign	135.4	68.5	63.5
Income before income taxes	$ 625.7	$ 141.4	$ 407.8

The provision for income taxes consisted of the following (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Current:			
Federal	$ 72.7	$ 56.5	$ 46.4
State	17.2	13.4	18.2
Foreign	29.6	27.4	26.8
Deferred	11.9	(80.8)	(7.5)
Total provision for income taxes	$ 131.4	$ 16.5	$ 83.9

Reconciliations of the federal statutory income tax rate to the Company's effective tax rate were as follows:

	For the Years Ended December 31,		
	2021	2020	2019
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	2.0	0.4	2.3
Domestic manufacturing deduction	—	(2.6)	(2.1)
Research and development tax credit	(3.4)	(12.6)	(4.0)
Stock based compensation	(0.5)	(0.3)	0.2
Valuation allowance	0.1	1.7	0.5
Foreign tax rate differential	0.9	5.6	1.7
Other permanent differences	0.9	(1.6)	1.0
Effective income tax rate for continuing operations	21.0 %	11.6 %	20.6 %

Undistributed earnings relating to certain non-U.S. subsidiaries of approximately $338.0 million and $251.0 million as of December 31, 2021 and 2020, respectively, are considered to be permanently reinvested. While these earnings would no longer be subject to incremental U.S. tax, if the Company were to actually distribute these earnings, they could be subject to additional foreign income taxes and/or withholding taxes payable to non-U.S. countries. Determination of the unrecognized deferred foreign income tax liability related to these undistributed earnings is not practicable due to the complexities associated with this hypothetical calculation.

The Company utilizes the liability method of accounting for income taxes whereby deferred taxes are determined based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities given the provisions of enacted tax laws. The net deferred income taxes consist of the following (in millions):

	As of December 31,	
	2021	2020
Deferred income taxes:		
Inventories	$ 73.6	$ 37.2
Accrued expenses and other	105.0	116.5
Cost in excess of net assets of businesses acquired	25.1	42.5
Property and equipment	(101.1)	(92.7)
Operating lease assets	(40.1)	(30.7)
Operating lease liabilities	40.5	30.9
Employee compensation and benefits	49.3	64.3
Net operating loss and other loss carryforwards	22.8	21.4
Valuation allowance	(17.0)	(16.1)
Total net deferred income tax asset	$ 158.1	$ 173.3

As of December 31, 2021, the Company had available unused international and acquired federal net operating loss carryforwards of $52.1 million. The net operating loss carryforwards will expire at various dates from 2024 to 2030, with certain jurisdictions having indefinite carryforward terms.

The Company classified liabilities related to unrecognized tax benefits as long-term income taxes payable in the consolidated balance sheets. The Company recognizes potential interest and penalties related to income tax positions as a component of the provision for income taxes in the consolidated statements of income. Reserves related to potential interest are recorded as a component of long-term income taxes payable. The federal benefit of state taxes and interest related to the reserves is recorded as a component of deferred taxes. The entire balance of unrecognized tax benefits as of December 31, 2021, if recognized, would affect the Company's effective tax rate. The Company does not anticipate that total unrecognized tax benefits will materially change in the next twelve months. Tax years 2017 through 2021 remain open to examination by certain tax jurisdictions to which the Company is subject.

Reconciliations of the beginning and ending unrecognized tax benefits were as follows (in millions):

	For the Years Ended December 31,	
	2021	2020
Balance as of January 1,	$ 13.2	$ 24.4
Gross increases for tax positions of prior years	0.4	0.8
Gross increases for tax positions of current year	2.7	2.7
Decreases due to settlements and other prior year tax positions	(1.7)	(4.2)
Decreases for lapse of statute of limitations	(2.2)	(10.5)
Balance as of December 31,	12.4	13.2
Reserves related to potential interest and penalties as of December 31,	0.9	1.2
Unrecognized tax benefits as of December 31,	$ 13.3	$ 14.4

Note 9. Shareholders' Equity

Stock repurchase program. The Company has made the following share repurchases (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Total number of shares repurchased and retired	3.8	0.6	0.1
Total investment	$ 461.6	$ 50.3	$ 8.4

As of December 31, 2021, the Polaris Board of Directors has authorized the Company to repurchase up to an additional $838.8 million of the Company's common stock. The repurchase of any shares will be governed by applicable SEC rules and dependent on management's assessment of market conditions.

Stock purchase plan. The Company maintains an employee stock purchase plan ("Purchase Plan"). A total of 3.0 million shares of common stock are reserved for this plan. The Purchase Plan permits eligible employees to purchase common stock monthly at 95 percent of the average of the beginning and end of month stock prices. As of December 31, 2021, approximately 1.5 million shares had been purchased under the Purchase Plan.

Dividends. Quarterly and total year cash dividends declared per common share for the years ended December 31, 2021, 2020, and 2019 were as follows:

	For the Years Ended December 31,		
	2021	2020	2019
Quarterly dividend declared and paid per common share	$ 0.63	$ 0.62	$ 0.61
Total dividends declared and paid per common share	$ 2.52	$ 2.48	$ 2.44

On January 27, 2022, the Polaris Board of Directors declared a regular cash dividend of $0.64 per share payable on March 15, 2022 to holders of record of such shares at the close of business on March 1, 2022.

Net income per share. Basic net income per share was computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during each period, including shares earned under The Deferred Compensation Plan for Directors ("Director Plan") and the ESOP and deferred stock units under the 2007 Omnibus Incentive Plan ("Omnibus Plan"). Diluted net income per share was computed under the treasury stock method and was calculated to compute the dilutive effect of outstanding stock options and certain share-based awards issued under the Omnibus Plan.

Reconciliations of these amounts are as follows (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Weighted average number of common shares outstanding	61.0	61.5	61.1
Director Plan and deferred stock units	0.2	0.2	0.2
ESOP	0.1	0.2	0.1
Common shares outstanding—basic	61.3	61.9	61.4
Dilutive effect of restricted stock awards	0.7	0.5	0.6
Dilutive effect of stock option awards	0.7	0.2	0.3
Common and potential common shares outstanding—diluted	62.7	62.6	62.3

During 2021, 2020 and 2019, the number of options that were not included in the computation of diluted net income per share because the option exercise price was greater than the market price, and therefore, the effect would have been anti-dilutive, was 0.9 million, 4.4 million and 3.8 million, respectively.

Accumulated other comprehensive loss. Changes in the accumulated other comprehensive loss balance are as follows (in millions):

	Foreign Currency Translation	Cash Flow Hedging Derivatives	Retirement Plan and Other Activity	Accumulated Other Comprehensive Loss
Balance as of December 31, 2020	$ (39.1)	$ (15.5)	$ (3.8)	$ (58.4)
Reclassification to the income statement	—	7.9	0.3	8.2
Change in fair value	(30.4)	3.2	—	(27.2)
Balance as of December 31, 2021	$ (69.5)	$ (4.4)	$ (3.5)	$ (77.4)

The table below provides the amount of gains and losses, net of tax, reclassified from accumulated other comprehensive loss into the income statement for cash flow derivatives designated as hedging instruments and retirement plan activity for the years ended December 31, 2021 and 2020 (in millions):

Derivatives in Cash Flow Hedging Relationships and Other Activity	Location of Gain (Loss) Reclassified from Accumulated OCI into Income	For the Years Ended December 31, 2021	2020
Foreign currency contracts	Other (income) expense, net	$ (0.3)	$ 4.3
Foreign currency contracts	Cost of sales	0.5	(2.4)
Interest rate contracts	Interest expense	(8.1)	(6.1)
Retirement plan activity	Operating expenses	(0.3)	0.5
Total		$ (8.2)	$ (3.7)

The net amount of the existing gains or losses as of December 31, 2021 that are expected to be reclassified into the statements of income within the next 12 months is not expected to be material. See Note 14 for further information regarding the Company's derivative activities.

Note 10. Financial Services Arrangements

Polaris Acceptance, a joint venture between the Company and Wells Fargo Commercial Distribution Finance Corporation, a direct subsidiary of Wells Fargo Bank, N.A. ("Wells Fargo"), which is supported by a partnership agreement between their respective wholly owned subsidiaries, finances substantially all of the Company's United States sales of snowmobiles, ORVs, motorcycles, and related PG&A, whereby the Company receives payment within a few days of shipment of the product.

The Company's subsidiary has a 50 percent equity interest in Polaris Acceptance. Polaris Acceptance sells a majority of its receivable portfolio to a securitization facility (the "Securitization Facility") arranged by Wells Fargo. The sale of receivables from Polaris Acceptance to the Securitization Facility is accounted for in Polaris Acceptance's financial statements as a "true-sale" under ASC Topic 860. The Company's allocable share of the income of Polaris Acceptance has been included as a component of income from financial services in the consolidated statements of income. The partnership agreement is effective through February 2027.

The Company's total investment in Polaris Acceptance of $49.3 million as of December 31, 2021 is accounted for under the equity method and is recorded in investment in finance affiliate in the consolidated balance sheets. As of December 31, 2021, the outstanding amount of net receivables financed for dealers under this arrangement was $637.5 million, which included $470.7 million in the Polaris Acceptance portfolio and $166.8 million of receivables within the Securitization Facility ("Securitized Receivables").

The Company has agreed to repurchase products repossessed by Polaris Acceptance up to an annual maximum of 15 percent of the aggregate average month-end outstanding Polaris Acceptance receivables and Securitized Receivables during the prior calendar year. For calendar year 2021, the potential 15 percent aggregate repurchase obligation was approximately $138.7 million.

Summarized financial information for Polaris Acceptance reflecting the effects of the Securitization Facility are as follows (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Revenues	$ 21.9	$ 44.7	$ 79.3
Interest and operating expenses	6.6	7.6	14.4
Net income	$ 15.3	$ 37.1	$ 64.9

	As of December 31,	
	2021	2020
Finance receivables, net	$ 470.7	$ 392.7
Other assets	29.1	13.9
Total assets	$ 499.8	$ 406.6
Notes payable	$ 366.9	$ 248.4
Other liabilities	34.4	39.4
Partners' capital	98.5	118.8
Total liabilities and partners' capital	$ 499.8	$ 406.6

A subsidiary of Huntington Bancshares Incorporated ("Huntington") finances a portion of the Company's United States sales of boats whereby the Company receives payment within a few days of shipment of the product. The Company has agreed to repurchase products repossessed by Huntington up to a maximum of 100 percent of the aggregate outstanding Huntington receivables balance. As of December 31, 2021, the potential aggregate repurchase obligation was approximately $133.3 million.

The Company has other financing arrangements related to its foreign subsidiaries in which it has agreed to repurchase repossessed products. For calendar year 2021, the potential aggregate repurchase obligations were approximately $21.8 million.

The Company's financial exposure under these repurchase agreements is limited to the difference between the amounts unpaid by the dealer or distributor with respect to the repossessed product plus costs of repossession and the amount received on the resale of the repossessed product. No material losses have been incurred under this agreement during the periods presented.

The amount financed worldwide by dealers under arrangements with finance companies as of December 31, 2021 was approximately $946.7 million. The Company has agreed to repurchase products repossessed by the finance companies. As a part of its marketing program, the Company contributes to the cost of dealer financing up to certain limits and subject to certain conditions. Such expenditures are presented as a reduction of sales in the consolidated statements of income.

The Company has agreements with third-party financing companies to provide financing options to end consumers of the Company's products. The Company has no material contingent liabilities for residual value or credit collection risk under these agreements. The Company's income generated from these agreements has been included as a component of income from financial services in the consolidated statements of income.

Note 11. Investment in Other Affiliates

The Company has certain investments in nonmarketable securities of strategic companies. The Company had $23.0 million and $7.5 million of such investments as of December 31, 2021 and 2020, respectively. These investments are recorded as a component of other long-term assets in the consolidated balance sheets.

The Company impairs an investment and recognize a loss if and when events or circumstances indicate there is impairment in the investment that is other-than-temporary. The Company evaluates investments in nonmarketable securities for impairment utilizing level 3 fair value inputs. The Company recorded a $7.7 million impairment associated with a strategic investment during 2021. The impairment was recorded within other (income) expense, net in the consolidated statements of income.

Note 12. Leases

Information on the Company's leases is summarized as follows (in millions):

	Classification	As of December 31, 2021	As of December 31, 2020
Assets			
Operating lease assets	Operating lease assets	$ 165.2	$ 125.4
Finance lease assets	Property and equipment, net [1]	9.3	11.6
Total leased assets		$ 174.5	$ 137.0
Liabilities			
Current			
Operating lease liabilities	Current operating lease liabilities	$ 39.3	$ 34.7
Finance lease liabilities	Current portion of debt, finance lease obligations and notes payable	1.4	1.5
Long-term			
Operating lease liabilities	Long-term operating lease liabilities	128.5	92.3
Finance lease liabilities	Finance lease obligations	12.1	14.7
Total lease liabilities		$ 181.3	$ 143.2

[1] Finance lease assets are recorded net of accumulated amortization of $10.0 million and $9.5 million as of December 31, 2021 and 2020, respectively.

Lease Cost	Classification	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Operating lease cost [1]	Operating expenses and cost of sales	$ 51.6	$ 45.4
Finance lease cost			
Amortization of leased assets	Operating expenses and cost of sales	1.3	1.5
Interest on lease liabilities	Interest expense	0.7	0.9
Sublease income	Other (income) expense, net	(0.7)	(2.6)
Total lease cost		$ 52.9	$ 45.2

[1] Includes short-term leases and variable lease costs, which are immaterial.

Maturity of Lease Liabilities	Operating Leases[(1)]	Finance Leases	Total
2022	$ 43.8	$ 2.2	$ 46.0
2023	37.1	2.2	39.3
2024	28.7	2.2	30.9
2025	23.2	2.2	25.4
2026	18.0	2.2	20.2
Thereafter	27.5	5.3	32.8
Total lease payments	$ 178.3	$ 16.3	$ 194.6
Less: interest	10.5	2.8	
Present value of lease payments	$ 167.8	$ 13.5	

(1) Operating lease payments exclude $18.1 million of legally binding minimum lease payments for leases signed but not yet commenced. There were no options to extend lease terms that were reasonably certain of being exercised as of December 31, 2021.

Lease Term and Discount Rate	As of December 31, 2021	2020
Weighted-average remaining lease term (years)		
Operating leases	5.62	4.88
Finance leases	7.49	8.52
Weighted-average discount rate		
Operating leases	2.25 %	2.71 %
Finance leases	5.17 %	5.20 %

Other Information	For the Year Ended December 31, 2021	2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 51.7	$ 45.3
Operating cash flows from finance leases	0.8	0.8
Financing cash flows from finance leases	1.5	1.4
Leased assets obtained in exchange for new operating lease liabilities	82.0	47.7

Note 13. Commitments and Contingencies

Product liability. The Company is subject to product liability claims in the normal course of business. The Company carries excess insurance coverage for product liability claims. The Company self-insures product liability claims before the policy date and up to the purchased insurance coverage after the policy date. The estimated costs resulting from any losses are charged to operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably estimable. The Company utilizes historical trends and actuarial analysis, along with an analysis of current claims, to assist in determining the appropriate loss reserve levels. As of December 31, 2021 and 2020, the Company had an accrual of $70.3 million and $70.7 million, respectively, for the probable payment of pending claims related to product liability litigation associated with the Company's products. This accrual is included as a component of other accrued expenses in the consolidated balance sheets.

Litigation. The Company is a defendant in lawsuits and subject to other claims arising in the normal course of business, including matters related to intellectual property, commercial matters, and product liability claims. In addition, as of December 31, 2021, the Company is party to two putative class actions pending against the Company in the United States. These class actions allege that the Company violated various California consumer protection laws related to rollover protection structure certification in California, Oregon, Nevada, and Texas. The Company is unable to provide an evaluation of the likelihood that a loss will be incurred or an estimate of the range of possible loss on the putative class actions.

In the opinion of management, it is presently unlikely that any legal proceedings pending against or involving the Company will have a material adverse effect on the Company's financial position, results of operations, or cash flows. However, in many of these matters, it is inherently difficult to determine whether a loss is probable or reasonably possible or to estimate the size or range of the possible loss given the variety and potential outcomes of actual and potential claims, the uncertainty of future rulings, the behavior or incentives of adverse parties, and other factors outside the control of the Company. Accordingly, the Company's loss reserve may change from time to time, and actual losses could exceed the amounts accrued by an amount that could be material to the Company's consolidated financial position, results of operations, or cash flows in any particular reporting period.

Regulatory. In the normal course of business, the Company's products are subject to extensive laws and regulations relating to safety, environmental and other regulations promulgated by the United States federal government and individual states, as well as international regulatory authorities. Failure to comply with applicable regulations could result in fines, penalties or other costs.

Note 14. Derivative Instruments and Hedging Activities

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are foreign currency risk and interest rate risk. Derivative contracts on various currencies are entered into in order to manage foreign currency exposures associated with certain product sourcing activities and intercompany cash flows. Interest rate swaps are entered into in order to maintain a balanced risk of fixed and floating interest rates associated with the Company's debt.

The Company's foreign currency management objective is to mitigate the potential impact of currency fluctuations on the value of its U.S. dollar cash flows and to reduce the variability of certain cash flows at the subsidiary level. The Company actively manages certain forecasted foreign currency exposures and uses a centralized currency management operation to take advantage of potential opportunities to naturally offset foreign currency exposures. The decision of whether and when to execute derivative instruments, along with the duration of the instrument, may vary from period to period depending on market conditions, the relative costs of the instruments and capacity to hedge. The duration is linked to the timing of the underlying exposure, with the connection between the two being regularly monitored. The Company does not use any financial contracts for trading purposes.

As of December 31, 2021 and 2020, the Company had the following open foreign currency contracts (in millions):

	December 31, 2021		December 31, 2020	
Foreign Currency	**Notional Amounts (in U.S. dollars)**	**Net Unrealized Gain (Loss)**	**Notional Amounts (in U.S. dollars)**	**Net Unrealized Gain (Loss)**
Australian Dollar	$ 20.3	$ 0.4	$ 26.0	$ (0.5)
Canadian Dollar	121.1	0.6	169.8	(2.8)
Mexican Peso	87.9	1.1	13.5	1.0
Total	$ 229.3	$ 2.1	$ 209.3	$ (2.3)

These contracts, with maturities through June 2023, met the criteria for cash flow hedges, and are recorded in other current assets or other current liabilities in the consolidated balance sheet. The unrealized gains or losses, after tax, are recorded as a component of accumulated other comprehensive loss in shareholders' equity.

The Company enters into interest rate swap transactions to hedge the variable interest rate payments for the Term Loan Facility. In connection with these transactions, the Company pays interest based upon a fixed rate and receives variable rate interest payments based on the one-month LIBOR.

As of December 31, 2021 and 2020, the Company had the following open interest rate swap contracts (in millions):

		December 31, 2021		December 31, 2020	
Effective Date	**Termination Date**	**Notional Amounts**	**Net Unrealized Gain (Loss)**	**Notional Amounts**	**Net Unrealized Gain (Loss)**
May 2, 2018	May 4, 2021	$ —	$ —	$ 25.0	$ (0.2)
September 30, 2019	September 30, 2023	150.0	(5.8)	150.0	(11.3)
March 3, 2020	February 28, 2023	400.0	(2.0)	400.0	(6.6)
Total		$ 550.0	$ (7.8)	$ 575.0	$ (18.1)

These contracts, with maturities through September 2023, met the criteria for cash flow hedges, and are recorded in other current assets or other current liabilities in the consolidated balance sheet. Assets and liabilities are offset in the consolidated balance sheet if the right of offset exists. The unrealized gains or losses, after tax, are recorded as a component of accumulated other comprehensive loss in shareholders' equity.

The table below summarizes the carrying values of derivative instruments as of December 31, 2021 and 2020 (in millions):

	Carrying Values of Derivative Instruments as of December 31, 2021		
	Fair Value— Assets	Fair Value— (Liabilities)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Foreign exchange contracts	$ 2.4	$ (0.3)	$ 2.1
Interest rate contracts	—	(7.8)	(7.8)
Total derivatives designated as hedging instruments	$ 2.4	$ (8.1)	$ (5.7)

	Carrying Values of Derivative Instruments as of December 31, 2020		
	Fair Value— Assets	Fair Value— (Liabilities)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Foreign exchange contracts	$ 1.0	$ (3.3)	$ (2.3)
Interest rate contracts	—	(18.1)	(18.1)
Total derivatives designated as hedging instruments	$ 1.0	$ (21.4)	$ (20.4)

Assets are included in prepaid expenses and other and liabilities are included in other accrued expenses in the consolidated balance sheets. Gains and losses on derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized currently in the consolidated statements of income.

The amount of gains (losses), net of tax, related to the effective portion of derivative instruments designated as cash flow hedges included in other comprehensive loss for the years ended December 31, 2021 and 2020 were $11.1 million and $(9.4) million, respectively.

See Note 9 for information about the amount of gains and losses, net of tax, reclassified from accumulated other comprehensive loss into the statements of income for derivative instruments designated as hedging instruments. The ineffective portion of foreign currency contracts was not material for the years ended December 31, 2021 and 2020.

Note 15. Segment Reporting

The Company's reportable segments are based on the Company's method of internal reporting, which generally segregates the operating segments by product line, inclusive of wholegoods and PG&A. These results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. The internal reporting of these operating segments is defined based, in part, on the reporting and review process used by the Company's Chief Executive Officer. The Company has six operating segments: 1) ORV, 2) Snowmobiles, 3) Motorcycles, 4) Global Adjacent Markets, 5) Aftermarket, and 6) Boats, and five reportable segments: 1) ORV/Snowmobiles, 2) Motorcycles, 3) Global Adjacent Markets, 4) Aftermarket, and 5) Boats.

The ORV/Snowmobiles reporting segment includes the aggregated results of the Company's ORV and Snowmobiles operating segments. The Motorcycles, Global Adjacent Markets, Aftermarket, and Boats segments include the results for those respective operating segments. The Corporate amounts include costs that are not allocated to segments, including certain unallocated manufacturing costs, and other manufacturing adjustments. Additionally, given the commonality of customers, manufacturing and asset management, the Company does not maintain separate balance sheets for each segment. Accordingly, the segment information presented below is limited to sales and gross profit data (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Sales			
ORV/Snowmobiles	$ 5,186.2	$ 4,533.3	$ 4,209.1
Motorcycles	721.6	581.7	584.1
Global Adjacent Markets	599.8	424.6	461.3
Aftermarket	930.4	884.9	906.7
Boats	760.2	603.4	621.3
Total sales	$ 8,198.2	$ 7,027.9	$ 6,782.5
Gross profit			
ORV/Snowmobiles	1,226.3	1,218.4	1,145.5
Motorcycles	52.3	20.0	30.0
Global Adjacent Markets	162.3	116.4	128.8
Aftermarket	247.2	222.8	222.7
Boats	170.6	116.4	124.6
Corporate	84.0	16.2	(2.8)
Total gross profit	$ 1,942.7	$ 1,710.2	$ 1,648.8

On January 1, 2022, the Company began management of its portfolio of businesses under a new basis; changing from the previous basis described herein. Starting in the first quarter of 2022, the Company expects to report its results under the new basis with the following reportable segments: Off-Road, On-Road, Marine, and Aftermarket. The new basis is intended to create a simplified reporting structure to provide better focus and allow for resources to be best leveraged for future growth and profitability improvement.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Interim Chief Executive Officer and its Interim Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the Company's Interim Chief Executive Officer along with the Company's Interim Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report on Form 10-K, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934, as amended, is (1) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (2) accumulated and communicated to the Company's management including its Interim Chief Executive Officer and Interim Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure. No changes have occurred during the period covered by this report or since the evaluation date that would have a material effect on the disclosure controls and procedures.

The Company's internal control report is included in this report after Item 8, under the caption "Management's Report on Company's Internal Control over Financial Reporting."

The effectiveness of the Company's internal control over financial reporting has been audited by Ernst & Young LLP (PCAOB ID: 42), an independent registered public accounting firm, as stated in its report included herein.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The sections entitled “Proposal 1 – Election of Directors—Information Concerning Nominees and Directors,” “Corporate Governance—Committees of the Board and Meetings” and “Corporate Governance—Code of Business Conduct and Ethics” in the Polaris definitive Proxy Statement to be filed on or about March 17, 2022 for its 2022 annual meeting of stockholders (the “2022 Proxy Statement”), are incorporated herein by reference. See also Item 1 “Executive Officers of the Registrant” in Part I hereof.

Item 11. Executive Compensation

The sections entitled “Director Compensation,” “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Executive Compensation,” “Potential Payments Upon Termination or Change-In-Control,” and “Pay Ratio Disclosure” in the Company’s 2022 Proxy Statement are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The sections entitled “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management” in the Company’s 2022 Proxy Statement are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The sections entitled “Corporate Governance—Corporate Governance Guidelines and Independence” and “Corporate Governance—Certain Relationships and Related Transactions” in the Company’s 2022 Proxy Statement are incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The section entitled “Fees Paid to Independent Registered Public Accounting Firm” in the Company’s 2022 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

(1) Financial Statements

The financial statements listed in the Index to Financial Statements on page 34 are included in Part II of this Form 10-K.

(2) Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts is included on page 70 of this report.

All other supplemental financial statement schedules have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

(3) Exhibits

The Exhibits to this report are listed in the Exhibit Index to Annual Report on Form 10-K on pages 71 to 75.

A copy of any of these Exhibits will be furnished at a reasonable cost to any person who was a shareholder of the Company as of February 15, 2022, upon receipt from any such person of a written request for any such exhibit. Such request should be sent to Polaris Inc., 2100 Highway 55, Medina, Minnesota 55340, Attention: Investor Relations.

(b) Exhibits

Included in Item 15(a)(3) above.

(c) Financial Statement Schedules

Included in Item 15(a)(2) above.

Item 16. Form 10-K Summary

None.

POLARIS INC.
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Allowance for Doubtful Accounts	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Reductions From Divestiture	Other Changes Add (Deduct)[1]	Balance at End of Period
(In millions)					
2019: Deducted from asset accounts—Allowance for doubtful accounts receivable	$ 9.5	$ 0.7	$ —	$ (0.9)	$ 9.3
2020: Deducted from asset accounts—Allowance for doubtful accounts receivable	$ 9.3	$ 1.3	$ —	$ (5.3)	$ 5.3
2021: Deducted from asset accounts—Allowance for doubtful accounts receivable	$ 5.3	$ 1.3	$ (0.2)	$ (0.8)	$ 5.6

(1) Uncollectible accounts receivable written off, net of recoveries

Inventory Reserve	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Through Acquisition (Reductions From Divestiture)	Other Changes Add (Deduct)[2]	Balance at End of Period
(In millions)					
2019: Deducted from asset accounts—Allowance for obsolete inventory	$ 48.3	$ 21.9	$ 0.5	$ (14.0)	$ 56.7
2020: Deducted from asset accounts—Allowance for obsolete inventory	$ 56.7	$ 27.5	$ —	$ (16.5)	$ 67.7
2021: Deducted from asset accounts—Allowance for obsolete inventory	$ 67.7	$ 30.1	$ (2.4)	$ (14.1)	$ 81.3

(2) Inventory disposals, net of recoveries

Deferred Tax Asset Valuation Allowance	Balance at Beginning of Period	Additions Charged to Costs and Expenses [3]	Other Changes Add (Deduct) [4]	Balance at End of Period
(In millions)				
2019: Deducted from asset accounts—Allowance for deferred tax assets	$ 10.4	$ 4.3	$ (0.1)	$ 14.6
2020: Deducted from asset accounts—Allowance for deferred tax assets	$ 14.6	$ 3.3	$ (1.8)	$ 16.1
2021: Deducted from asset accounts—Allowance for deferred tax assets	$ 16.1	$ 2.1	$ (1.2)	$ 17.0

(3) Increases related to losses, credits, impairments and capital losses without tax benefits

(4) Decreases related to utilization of loss carryforwards and certain deferred tax assets

POLARIS INC.
EXHIBIT INDEX TO ANNUAL REPORT ON
FORM 10-K
For Fiscal Year Ended December 31, 2021

Exhibit Number	Description
2.a	Agreement and Plan of Merger, dated as of May 29, 2018, by and among Polaris Industries Inc., Polaris Sales Inc., Beam Merger Sub, LLC, Boat Holdings, LLC and the Holder Representative thereunder (*excluding schedules and exhibits, which the Company agrees to furnish supplementally to the Securities and Exchange Commission upon request*), incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed May 30, 2018.
3.a	Restated Articles of Incorporation of Polaris Inc. (the "Company"), effective July 29, 2019, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 29, 2019.
.b	Bylaws of Polaris Inc., as amended and restated on July 29, 2019, incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed July 29, 2019.
4.a	Specimen Stock Certificate of the Company, incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-4/A, filed November 18, 1994 (No. 033-55769).
.b	Master Note Purchase Agreement by and among Polaris Industries Inc. and the purchasers party thereto, dated December 13, 2010, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed December 15, 2010.
.c	First Amendment to Master Note Purchase Agreement effective as of August 18, 2011, incorporated by reference to Exhibit 4.c to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.
.d	First Supplement to Master Note Purchase Agreement effective as of December 19, 2013, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed December 20, 2013.
.e	Second Amendment to Master Note Purchase Agreement, as Supplemented by the First Supplement to the Master Note Amendment effective as of December 28, 2016, incorporated by reference to Exhibit 4.f to the Company' Annual Report on Form 10-K for the year ended December 31, 2016.
.f	Third Amendment to Master Note Purchase Agreement, as Supplemented by the First Supplement to the Master Note Amendment, effective as of July 31, 2018, incorporated by reference to Exhibit 4.f to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018.
.g	Fourth Amendment to Master Note Purchase Agreement, effective as of May 26, 2020, incorporated by reference to Exhibit 10.02 to the Company's Current Report on Form 8-K filed May 29, 2020.
.h	Fifth Amendment to Master Note Purchase Agreement, effective January 15, 2021, incorporated by reference to Exhibit 10.02 to the Company's Current Report on Form 8-K filed January 19, 2021.
.i	Master Note Purchase Agreement by and among Polaris Industries Inc. and the purchasers party thereto, dated July 2, 2018, incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 2, 2018.
.j	First Amendment to Master Note Purchase Agreement effective May 26, 2020, incorporated by reference to Exhibit 10.03 to the Company's Current Report on Form 8-K filed May 29, 2020.
.k	Second Amendment to Master Note Purchase Agreement, effective January 15, 2021, incorporated by reference to Exhibit 10.03 to the Company's Current Report on Form 8-K filed January 19, 2021.
.l	Description of the Company's Capital Stock, incorporated by reference to Exhibit 4.h to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.
10.a	Polaris Industries Inc. Supplemental Retirement/Savings Plan, as amended and restated effective July 23, 2014, incorporated by reference to Exhibit 10.a to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.*
.b	Amendment to the Polaris Industries Inc. Supplemental Retirement/Savings Plan effective January 1, 2018 incorporated by reference to Exhibit 10.b to the Company's Annual Report on Form 10-K for the year ended December 31, 2017.*

.c Polaris Inc. Deferred Compensation Plan for Directors, as amended and restated, effective October 24, 2019, incorporated by reference to Exhibit 10.c to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.*

.d Polaris Industries Inc. Senior Executive Annual Incentive Plan, as amended and restated effective February 27, 2018 incorporated by reference to Exhibit 10.a to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.*

.e Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020), incorporated by reference to Annex A to the Company’s Proxy Statement for the 2020 Annual Meeting of Shareholders filed March 13, 2020.*

.f Form of Nonqualified Stock Option Agreement (Single Trigger) made under the Polaris Industries Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 28, 2011), incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K filed on May 3, 2011.*

.g Form of Nonqualified Stock Option Agreement (Double Trigger) made under the Polaris Industries Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 28, 2011), incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K filed on May 3, 2011.*

.h Form of Deferred Stock Award Agreement for shares of deferred stock granted to non-employee directors in 2007 under the Polaris Industries Inc. 2007 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.t to the Company’s Annual Report on Form 10-K for the year ended December 31, 2007.*

.i Form of the Deferred Stock Unit Award Agreement for units of deferred stock granted to non-employee directors under the Company’s Amended and Restated 2007 Omnibus Incentive Plan, incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed May 3, 2016.*

.j Form of Nonqualified Stock Option Agreement entered into with Kenneth J. Pucel, incorporated by reference to Exhibit 10.gg to the Company’s Annual Report on Form 10-K for the year ended December 31, 2014 .*

.k Form of Performance Restricted Stock Unit Award Agreement entered into with Kenneth J. Pucel, incorporated by reference to Exhibit 10.hh to the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.*

.l Form of Restricted Stock Unit Award Agreement made under the Polaris Industries Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2015), incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K as filed July 13, 2015.*

.m Form of Performance Restricted Stock Unit Award Agreement made under the Polaris Industries Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2015), incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K as filed July 13, 2015.*

.n Form of Nonqualified Stock Option Award Agreement made under the Polaris Industries Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2015), incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K as filed July 13, 2015.*

.o Form of Nonqualified Stock Option Award Agreement made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 25, 2019), incorporated by reference to Exhibit 10.p to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.*

.p Form of Nonqualified Stock Option Award Agreement entered into with Kenneth J. Pucel, made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 25, 2019), incorporated by reference to Exhibit 10.q to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.*

.q Form of Restricted Stock Unit Award Agreement made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 25, 2019), incorporated by reference to Exhibit 10.r to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.*

.r Form of Restricted Stock Unit Award Agreement entered into with Kenneth J. Pucel, made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 25, 2019), incorporated by reference to Exhibit 10.s to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.*

.s Form of Performance Restricted Stock Unit Award Agreement made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 25, 2019), incorporated by reference to Exhibit 10.t to the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.*

.t Form of Performance Restricted Stock Unit Award Agreement entered into with Kenneth J. Pucel, made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 25, 2019), incorporated by reference to Exhibit 10.u to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.*

.u Form of Nonqualified Stock Option Award Agreement made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.v Form of Nonqualified Stock Option Award Agreement entered into with Kenneth J. Pucel, made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.w Form of Restricted Stock Unit Award Agreement made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.x Form of Restricted Stock Unit Award Agreement entered into with Kenneth J. Pucel, made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.y Form of Performance Restricted Stock Unit Award Agreement made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.z Form of Performance Restricted Stock Unit Award Agreement entered into with Kenneth J. Pucel, made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.aa Form of Restricted Stock Unit Award Agreement (Retention Grant) made under the Polaris Inc. 2007 Omnibus Incentive Plan (As Amended and Restated April 30, 2020.)*

.bb Employment Offer Letter dated September 15, 2014 by and between the Company and Kenneth J. Pucel, incorporated by reference to Exhibit 10.w to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.*

.cc Employment Offer Letter dated July 10, 2015 by and between the Company and Michael T. Speetzen, incorporated by reference to Exhibit 10.d to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015.*

.dd Employment Offer Letter dated December 21, 2020 by and between the Company and Michael T. Speetzen.*

.ee Employment Offer Letter dated December 21, 2020 by and between the Company and Robert P. Mack.*

.ff Employment Offer letter dated January 12, 2011 by and between the Company and James P. Williams, incorporated by reference to Exhibit 10.cc to the Company's Annual Report on Form 10-K for the year ended December 31, 2011.*

.gg Severance Agreement entered into with Kenneth J. Pucel dated December 1, 2014.*

.hh Severance Agreement dated July 31, 2015 entered into with Michael T. Speetzen, incorporated by reference to Exhibit 10.ff to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*

.ii Severance Agreement dated April 4, 2011 entered into with James P. Williams, incorporated by reference to Exhibit 10.ff to the Company's Annual Report on Form 10-K for the year ended December 31, 2019.*

.jj Amended and Restated Joint Venture Agreement dated as of February 28, 2011, by and between the Company and GE Commercial Distribution Finance Corporation, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 1, 2011.

.kk Amended and Restated Manufacturer's Repurchase Agreement dated as of February 28, 2011, by and among the Company, Polaris Industries Inc., a Delaware Corporation, Polaris Sales Inc., and Polaris Acceptance, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed March 1, 2011.

.ll First Amendment dated December 7, 2015 to the Amended and Restated Joint Venture Agreement dated as of February 28, 2011, by and between the Company and GE Commercial Distribution Finance LLC f/k/a GE Commercial Distribution Corporation, incorporated by reference to Exhibit 10.nn to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

.mm Second Amendment dated December 7, 2015 to the Second Amended and Restated Partnership Agreement, by and between Polaris Acceptance Inc. and CDF Joint Ventures, Inc. dated as of June 1, 2014, incorporated by reference to Exhibit 10.oo to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

.nn Third Amended and Restated Credit Agreement dated November 9, 2016 by and among Polaris Industries Inc., Polaris Sales Inc., any other Domestic Borrower (as defined therein) that thereafter becomes a party thereto, Polaris Sales Europe Sárl, any other Foreign Borrower (as defined therein) that hereafter becomes a party thereto, the Lenders named therein, U.S. Bank National Association, as Administrative Agent, Left Lead Arranger and Lead Book Runner, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Joint Lead Arrangers, Joint Book Runners and Syndication Agents, and Bank of the West, Fifth Third Bank, JP Morgan Chase Bank, N.A., PNC Bank, National Association and BMO Harris Bank N.A., as Documentation Agents, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed November 10, 2016.

.oo Fourth Amended and Restated Credit Agreement, dated July 2, 2018 by and among Polaris Industries Inc., Polaris Sales Europe Sàrl, any other Foreign Borrower (as defined therein) that hereafter becomes a party thereto, the Lenders named therein, U.S. Bank National Association, as Administrative Agent, Left Lead Arranger and Lead Book Runner, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC, and MUFG Bank, Ltd., as Joint Lead Arrangers, Joint Book Runners and Syndication Agents, and Bank of the West, Fifth Third Bank, JP Morgan Chase Bank N.A., PNC Bank, National Association and BMO Harris Bank N/A., as Documentation Agents, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 2, 2018.

.pp Incremental Amendment to Fourth Amended and Restated Credit Agreement dated as of April 9, 2020, incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K filed April 13, 2020.

.qq Amendment No. 1 to Fourth Amended and Restated Credit Agreement dated as of May 26, 2020, incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K filed May 29, 2020.

.rr Amendment No. 2 to Fourth Amended and Restated Credit Agreement dated as of January 15, 2021, incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K filed January 19, 2021.

.ss Amendment No. 3 dated as of June 30, 2021 to Fourth Amended and Restated Credit Agreement dated as of July 2, 2018 by and among Polaris Inc., certain of its affiliates listed on the signature pages thereto, the lenders listed on the signature pages thereto and U.S. Bank National Association, as administrative agent, incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K filed June 30, 2021.

.tt Amendment No. 4 dated as of December 17, 2021 to Fourth Amended and Restated Credit Agreement dated as of July 2, 2018 by and among Polaris Inc., certain of its affiliates listed on the signature pages thereto, the lenders listed on the signature pages thereto and U.S. Bank National Association, as administrative agent, incorporated by reference to Exhibit 10.01 to the Company's Current Report on Form 8-K filed December 21, 2021.

.uu Severance Agreement dated August 18, 2011 entered into with Steven Menneto, incorporated by reference to Exhibit 10.a to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.*

.vv Employment Offer Letter dated April 27, 2016 by and between the Company and Stephen L. Eastman, incorporated by reference to Exhibit 10.b to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.*

.ww Severance Agreement dated February 6, 2012 entered into with Stephen L. Eastman, incorporated by reference to Exhibit 10.dd to the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*

.xx Severance Agreement entered into with Robert Mack, incorporated by reference to Exhibit 10.aa to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.*

.yy Offer Letter Agreement dated April 29, 2021 between Michael T. Speetzen and the Company, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 4, 2021.*

.zz Offer Letter Agreement dated April 29, 2021 between Robert P. Mack and the Company, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed May 4, 2021.*

21 Subsidiaries of Registrant.

23 Consent of Ernst & Young LLP.

24 Power of Attorney.

31.a Certification of Chief Executive Officer required by Exchange Act Rule 13a-14(a).

31.b Certification of Chief Financial Officer required by Exchange Act Rule 13a-14(a).

32.a Certification furnished pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.b Certification furnished pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following financial information from Polaris Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 15, 2022, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Consolidated Balance Sheets as of December 31, 2021 and 2020, (ii) the Consolidated Statements of Income for the years ended December 31, 2021, 2020 and 2019 (iii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019, (iv) the Consolidated Statements of Equity for the years ended December 31, 2021, 2020 and 2019, (v) the Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019, and (vi) Notes to Consolidated Financial Statements.

104 The cover page from the Annual Report on Form 10-K of the Company for the year ended December 31, 2021 formatted in iXBRL.

* Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Minneapolis, State of Minnesota on February 15, 2022.

POLARIS INC.

By: /s/ MICHAEL T. SPEETZEN

Michael T. Speetzen
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/S/ MICHAEL T. SPEETZEN **Michael T. Speetzen**	Chief Executive Officer (Principal Executive Officer)	February 15, 2022
/S/ ROBERT P. MACK **Robert P. Mack**	Chief Financial Officer (Principal Financial and Accounting Officer)	February 15, 2022
* **George W. Bilicic**	Director	February 15, 2022
* **Kevin M. Farr**	Director	February 15, 2022
* **Gary E. Hendrickson**	Director	February 15, 2022
* **Gwenne A. Henricks**	Director	February 15, 2022
* **Darryl R. Jackson**	Director	February 15, 2022
* **Bernd F. Kessler**	Director	February 15, 2022
* **Lawrence D. Kingsley**	Director	February 15, 2022
* **Gwynne E. Shotwell**	Director	February 15, 2022
* **John P. Wiehoff**	Lead Director	February 15, 2022
*By: /S/ MICHAEL T. SPEETZEN **(Michael T. Speetzen Attorney-in-Fact)**		February 15, 2022

* Michael T. Speetzen, pursuant to Powers of Attorney executed by each of the officers and directors listed above whose name is marked by an “*” and filed as an exhibit hereto, by signing his name hereto does hereby sign and execute this report of Polaris Inc. on behalf of each of such officers and directors in the capacities in which the names of each appear above.

EXHIBIT 31.a

I, Michael T. Speetzen, certify that:

1. I have reviewed this annual report on Form 10-K of Polaris Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ MICHAEL T. SPEETZEN

Michael T. Speetzen

Chief Executive Officer

Date: February 15, 2022

EXHIBIT 31.b

I, Robert P. Mack, certify that:

1. I have reviewed this annual report on Form 10-K of Polaris Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ ROBERT P. MACK

Robert P. Mack

Chief Financial Officer

Date: February 15, 2022

Exhibit 32.a

POLARIS INC.
STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Michael T. Speetzen, Chief Executive Officer of Polaris Inc., a Minnesota corporation (the “Company”), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company’s Annual Report on Form 10-K for the period ended December 31, 2021 (the “Periodic Report”);

2. The Periodic Report fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and

3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: February 15, 2022

/S/ MICHAEL T. SPEETZEN

Michael T. Speetzen
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Polaris Inc. and will be retained by Polaris Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.b

POLARIS INC.
STATEMENT PURSUANT TO 18 U.S.C. §1350

I, Robert P. Mack, Chief Financial Officer of Polaris Inc., a Minnesota corporation (the "Company"), hereby certify as follows:

1. This statement is provided pursuant to 18 U.S.C. § 1350 in connection with the Company's Annual Report on Form 10-K for the period ended December 31, 2021 (the "Periodic Report");

2. The Periodic Report fully complies with the requirements of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and

3. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods indicated therein.

Date: February 15, 2022

/s/ Robert P. Mack
Robert P. Mack
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Polaris Inc. and will be retained by Polaris Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

STOCK EXCHANGE

Shares of common stock of Polaris Inc. trade on the New York Stock Exchange under the symbol PII.

PII
LISTED
NYSE

INDEPENDENT AUDITORS

Ernst & Young LLP, Minneapolis, MN

TRANSFER AGENT AND REGISTRAR

Communications concerning transfer requirements, address changes, dividends and lost certificates, as well as requests for Dividend Reinvestment Plan enrollment information, should be addressed to:

EQ Shareowner Services
1110 Centre Point Curve, Suite 101
Mendota Heights, MN 55120
1-800-468-9716
www.shareowneronline.com

ANNUAL SHAREHOLDERS' MEETING

The virtual only meeting will be held at 9 a.m. Central Time, April 28, 2022. The proxy statement will be available on or about March 17, 2022. The shareholder-of-record date is March 7, 2022.

SUMMARY OF TRADING

For the Years Ended December 31

Quarter	2021		2020	
	High	**Low**	High	Low
First	**$140.93**	**$94.42**	$104.37	$81.97
Second	**147.73**	**122.67**	103.09	41.14
Third	**139.79**	**114.21**	104.22	37.36
Fourth	**132.50**	**100.52**	110.30	86.67

CASH DIVIDENDS DECLARED

Cash dividends are declared quarterly and have been paid since 1995. On January 27, 2022, the quarterly dividend was increased 2% percent to $0.64 per share.

Quarter	2021	2020
First	**$0.63**	$0.62
Second	**0.63**	0.62
Third	**0.63**	0.62
Fourth	**0.63**	0.62
Total	**$2.52**	$2.48

STOCK-SPLIT HISTORY

August 1993	2 for 1
October 1995	3 for 2
March 2004	2 for 1
September 2011	2 for 1

DIVIDEND REINVESTMENT PLAN

Shareholders may automatically reinvest their dividends in additional Polaris common stock through the Dividend Reinvestment Plan, which also provides for purchase of common stock with voluntary cash contributions. For additional information, please contact EQ Shareowner Services at 1-800-468-9716 or visit the website at www.shareowneronline.com.

INTERNET ACCESS

To view the Company's annual report and financial information, products and specifications, press releases, dealer locations and product brochures, access Polaris on the Internet at:

www.polaris.com

INVESTOR RELATIONS

Security analysts and investment professionals should direct their business-related inquiries to:

J.C. Weigelt
Vice President of Investor Relations
Polaris Inc.
2100 Highway 55
Medina, MN 55340-9770
763-542-0525
jc.weigelt@polaris.com

RESEARCH COVERAGE AS OF FEBRUARY 2022

Baird
BMO Capital Markets
BNP Paribas Exane
Citi Research
CL King & Associates
Edgewater Research
KeyBanc Capital Markets
Lake Street Capital Markets
Longbow Research
Morgan Stanley Research
Morningstar Equity Research
Northcoast Research
Raymond James & Associates
RBC Capital Markets
Truist Securities
UBS Securities
Wolfe Research

CORPORATE SOCIAL RESPONSIBILITY

For a detailed conversation on our ongoing effort to follow sound business practices, please read the Polaris Corporate Responsibility Report posted on our website at polaris.com/en-us/corporate-responsibility

Polaris Inc.
2100 Highway 55
Medina, MN 55340

763-542-0500
www.polaris.com

MIX
Paper | Supporting responsible forestry
FSC
www.fsc.org
FSC® C174835

Printed in the USA on paper containing mixed post-consumer fiber.