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**Polaris Inc. (PII)**

Q4 2025 Earnings Call

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day, and welcome to the Polaris Fourth Quarter 2025 Earnings Call and Webcast. All participants will be in a listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to J.C. Weigelt. Please go ahead.

### J.C. Weigelt

*Vice President-Investor Relations, Polaris Inc.*

Thank you, Betsy, and good morning or good afternoon, everyone. I am J.C. Weigelt, Vice President of Investor Relations at Polaris. Thank you for joining us for our 2025 fourth quarter and full year earnings call. We will reference a slide presentation today, which is accessible on our website at [ir.polaris.com](http://ir.polaris.com).

Joining me on the call today are Mike Speetzen, our Chief Executive Officer; and Bob Mack, our Chief Financial Officer. Both have prepared remarks summarizing our 2025 fourth quarter and full year results, as well as our expectations for 2026. And then we'll take your questions.

During the call, we will be discussing various topics, which should be considered forward-looking for the purpose of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projections in the forward-looking statements. You can refer to our 2024 10-K and other filings with the SEC for additional details regarding risks and uncertainties. All references to 2025 fourth quarter and full year actual results and future period guidance are for our continuing operations and are reported on an adjusted non-GAAP basis unless

otherwise noted. Please refer to our Reg G reconciliation schedules at the end of the presentation for the GAAP to non-GAAP adjustments.

Now I will turn it over to Mike Speetzen. Go ahead, Mike.

**Michael Todd Speetzen***Chief Executive Officer & Director, Polaris Inc.*

Thanks, J.C. Good morning, everyone, and thank you for joining us today. I'd like to start by acknowledging the resiliency of our Polaris team and the discipline of our strategy. These are qualities that transformed a challenging year into one that truly reflects the strength and resolve of our business. While tariffs represented the most significant challenge we have seen since the pandemic, we delivered nearly everything we said we would do and then some. We navigated difficult headwinds in 2025 while still delivering share gains, innovation, quality and operational improvements, portfolio realignments, and strategic milestones that position us for the long-term success.

We achieved share gains in all segments last year, including Off Road vehicles, snowmobiles, pontoons, and motorcycles. That reflects both our commitment to innovation and the strength of our dealer partnerships. In ORV, we launched several new products, from the RZR XP S to the all-new value tier RANGER 500. We also launched the industry's largest touchscreen in the new RZR Pro R, and our Factory Racing team had an impressive year of top podium finishes. In fact, earlier this month, our Polaris Factory Racing team proved once again what our vehicles and drivers are capable of, standing at the top of the Dakar podium for the third consecutive year. A truly amazing and incredible achievement.

In Marine, we refreshed our flagship Bennington QX line, and the all-new Godfrey Sanpan models earned Boating Magazine's Pontoon of the Year.

Last few years of product launches across our business have demonstrated our commitment to innovation and further solidified our leadership in powersports, and our future product innovation pipeline remains full.

Next, we made progress in executing against our decision to significantly reduce our exposure to China. We set a goal of lowering China-based spend by 80%, from roughly 18% of material cost to goods sold in 2024 to below 5% by year-end 2027. This transformation has three key benefits: it lowers tariff expense under the current policies, minimizes the risk associated with dramatic swings in regulatory policy, and creates a more localized supply chain with improved working capital and faster response times. We ended 2025 with China-based spend of approximately 14% of material cost of goods sold and are on track to drive our exposure down even further in 2026.

Operationally, we delivered more than \$60 million in savings as our manufacturing transformation continues. We're seeing the impact in areas like improved clean build, lower levels of rework, improved labor efficiency, and reduced inventory. I'm incredibly proud of our operations team for everything they've done to get us to this point. The team and I visited our Monterrey plant earlier this month, and it is truly impressive to see how the plant is operating now compared to just two years ago. The improvements across our plant network positions us well as the industry normalizes.

Quality has also meaningfully improved. We take exceptional pride in our product quality, and we've invested heavily in our quality systems to ensure we meet and exceed the expectations our customers have come to expect for our industry-leading products. We've seen improvements in key aspects of manufacturing, supply, and

design quality that resulted in a reduction of \$25 million in warranty expense last year. And initial model year 2026 metrics have improved versus last year, and dealer feedback is encouraging.

Finally, we made progress on our longer term strategy to improve profitability while maintaining leadership in the powersports industry. The separation of Indian Motorcycle remains on track to close by the end of this quarter, and we will be immediately accretive – and will be immediately accretive to EBITDA margins and adjusted EPS.

As I've said many times, when we stay focused on what we can control, our teams deliver. Our people and our strategy have consistently proven that Polaris is well-positioned to meet its mid-cycle targets and maintain leadership throughout innovation and strong dealer partnerships.

In Q4, sales were up 9% and North American retail was also up 9%, excluding youth, driving share gains across main – our main segments. We continue to emphasize retail, excluding youth, for two reasons. First, while youth contributes to share and retail figures, it has very little impact on profitability. Second, we're in the final stages of transitioning our youth manufacturing from China to Mexico to reduce our long-term tariff exposure. That shift temporarily impacted both retail and share this quarter simply because dealers didn't have the inventory to meet demand. We expect this to reverse in 2026. Moving forward, we believe excluding youth remain – retail remains the best indicator of the health of the business.

As expected, we couldn't overcome \$37 million of tariff cost in adjusted gross margin in the quarter. However, we did see a meaningful mixed benefit in ORV driven by higher RANGER NorthStar shipments tied to a strong – tied to strong demand for agriculture and ranch promotional programs.

Adjusted EBITDA saw additional pressure in the final quarter as a result of incentive compensation normalization. We accelerated R&D activity in support of key programs, which increased expense in the quarter. All-in, this resulted in an adjusted EPS of approximately \$0.08, slightly ahead of the implied Q4 guidance we provided in October.

Stepping back, while 2025 was a challenging year, our team did an outstanding job of remaining focused on what we could control. I think it's important to note that if you adjusted out the tariff impact, which was unknown when we provided guidance in January of 2025. We expect we would have exceeded the original guidance.

Turning to what we're seeing at dealerships, ORV retail continues to trend positively, led by utility. Strength in utility – the utility category was across the board and strong – with strong contributions from the value to premium models. Our data shows that the new RANGER 500 was the highest retailing midsize side-by-side in the industry during the quarter, and it wasn't even close, with roughly 60% more volume than the nearest competitor. On the premium side, our RANGER XP 1000 NorthStar had its highest retail month ever in December.

The success across the lineup demonstrates the strength of our brand and product portfolio. And while recreational consumers remain somewhat on the sidelines, we continue to take multiple points of share in crossover, powered by the category-defining Polaris XPEDITION.

On Road retail was down low double digits as expected as we lapped the 2024 introduction of the new Indian Scout motorcycle.

In Marine, retail declined approximately 13%, though our pontoon brands, Bennington and Godfrey, outperform the industry.

For snowmobiles, the season started strong, thanks to early snowfall in the flatlands, something we haven't seen in prior – in the prior two years, which helped reduce non-current dealer inventory. However, the industry has moderated a bit due to lack of mountain snowfall and lighter coverage in parts of the Midwest in recent weeks. We remain cautious on the remainder of the season and plan to keep our snowmobile build schedule lower as we prepare for the 2026-2027 season, similar to our approach last year.

As we noted last quarter, we believe dealer inventory is at a healthy level, with just under 100 days of inventory on hand across the network. Not only is dealer inventory at the lowest levels it's been outside of the pandemic, but the mix of inventory is in great shape as well. We believe Polaris has the healthiest mix of current versus non-current inventory of any OEM.

With ORV and Marine inventory in good shape, we're continuing to let retail drive our build and ship plans. This is exactly where we want to be, in a place we haven't consistently been since before the pandemic. It aligns with how we manage the business and we believe is also best for dealers in this demand environment. Our teams will remain agile, and we will closely monitor retail trends. We will adjust build and ship schedules in response to market conditions to help ensure dealers have what they need to be successful.

I'm now going to turn it over to Bob to provide you with more details on the financials. Bob?

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

Thanks, Mike, and good morning or good afternoon to everyone joining us today. Let's start with fourth quarter financial results.

Adjusted sales for the quarter were up 9%. Similar to Q3, we saw higher shipments year-over-year with a notably stronger mix toward RANGER NorthStar side-by-sides. Net pricing was a modest headwind as elevated promotions continued to outpace price. International sales grew 9%, with all regions contributing, driven by double-digit growth in PG&A and On Road. Globally, PG&A sales were up 20%, supported by strength in factory installed accessories and oil. Our ridership indicators, average miles per unit and dealer repair orders, continue to trend positively, which aligns with the growth we're seeing in oil revenue.

Mix and volume were once again positive contributors to gross profits. However, those benefits were more than offset by \$37 million in new tariffs and the normalization of incentive compensation relative to last year's unusually low level. Given these headwinds, adjusted EBITDA margin contracted year-over-year as expected. The primary drivers were the impact of tariffs on gross profit and incentive compensation flowing through both gross profit and operating expense. As Mike mentioned, we also incurred higher R&D costs in the quarter as we support work on our innovation pipeline.

Stepping back after backing out the impact of tariffs, our full year 2025 results would have exceeded the expectations we set last January. That's a testament to strong execution and controlling what we can control in an extremely dynamic environment.

Off Road sales rose 11% in the quarter, supported by higher ORV shipments, a richer mix of vehicles, and 22% PG&A growth. Dealer inventory was down 9%, excluding youth in ORV and more than 40% in snow. While we still have some work to do in snow, the volume of non-current sleds sold in Q4 should help ease some of the challenges from the last two poor snow seasons in the flatlands. As Mike noted, dealer inventory overall is in a strong position across all metrics, including day sales on hand, current versus non-current mix, and the split between utility and recreation products.

We gained modest ORV share in the quarter, excluding youth and multiple points in snow. Within ORV, utility and crossover remain our strongest categories, led by RANGER and Polaris XPEDITION. Without tariffs, gross profit margin would have improved, supported by a richer shipment mix aligned to retail and continued operational improvements across our plants.

Moving to On Road, sales during the quarter were up 4%, driven by positive mix within Aixam and Goupil overcoming softness in Indian Motorcycle and our Slingshot business. Adjusted gross profit margin was up 186 basis points, driven by mix, with a modest offset from tariffs.

Marine sales rose 1%. For Q4, the key indicator is next season order book strength, and we saw exactly that. Demand increased for our entry-level Bennington models, as well as our redesigned flagship Bennington QX pontoon lineup. Thanks to our dealer inventory actions over the past 18 months, we believe Marine inventory is now aligned with demand, and we expect shipments in 2026 to be more closely aligned with retail.

December SSI data showed the market – showed market share gains across our pontoon brands. The broader industry continues to face pressure from higher interest rates and macro uncertainty, but our positioning remains strong. Gross margin declined due to mix, partially offset by positive net pricing.

Moving to our financial position, we generated approximately \$180 million in operating cash flow this quarter, translating into \$120 million of free cash flow. For the year, we generated \$605 million of free cash flow. Our progress on working capital in 2025 is important to highlight. We reduced finished goods supported by clean build, lean initiatives, improved forecasting tools that allow for more predictable build schedules, and stronger-than-planned retail. We believe these working capital levels are sustainable with further opportunity on the raw material and payable sites.

We remain committed to maintaining investment-grade metrics. We ended the year well below our covenant thresholds due to strong cash generation and about \$530 million of debt pay-down in 2025. For 2026, we expect our leverage and interest coverage ratios to remain within covenant requirements, even with the higher tariffs in the first half.

Our capital allocation remains balanced between core growth investments with attractive returns and debt reduction. And we remain firmly committed to the dividend in our Dividend Aristocrat status as we just completed our 30th consecutive year of dividend increases.

Today, we are introducing our full year 2026 guidance. There are two important assumptions. One, that the Indian Motorcycle separation closes by the end of this quarter. Annualized, the benefit is about \$1 of adjusted EPS. But with the closing expected to occur near the end of the first quarter, the 2026 benefit is expected to be between \$0.75 and \$0.80 with the balance of EPS savings to equate to the annualized dollar being attributed to the Indian Motorcycle Q1 loss under our ownership. And, two, that there are no changes to regulatory policy including tariffs relative to the policies in place today.

With those assumptions, we expect total company sales to grow 1% to 3%. This incorporates a more challenging year-over-year comparison, due to more than \$300 million from Indian Motorcycle sales that were included in last year's second, third, and fourth quarters, but will not recur in 2026. That tougher comparable is offset by over \$400 million of tailwinds from aligning shipments in retail. In addition, we expect a net pricing benefit to offset negative mix. The net pricing benefit is due to normal model year price increases and a lower promotional

environment. If you were to remove Indian Motorcycle sales from our 2025 and expected 2026 results, this guidance would equate to 7% to 9% organic sales growth.

We expect adjusted EBITDA margin to expand 80 basis points to 120 basis points year-over-year, driven by the aforementioned volume benefit and lean improvement initiatives across our facilities, while being partially offset by approximately \$90 million in incremental tariffs.

Other big pieces – moving pieces impacting the year include: the adjusted EBITDA benefit of three quarters without Indian Motorcycle, over \$30 million of absorption benefit from operational efficiency improvements, operating expenses are expected to be down approximately 4% due to the separation of Indian Motorcycle, we are also planning for modest increases in strategic investment across IT and innovation, and there should not be any material change in year-over-year compensation expense following normalization in 2025.

In other income, we expect \$30 million to \$35 million of income due to transition service agreements or TSAs that will be put in place to help ensure the smooth separation of Indian Motorcycle into an independent company. Some examples of TSAs that are expected to be in place are for IT systems, supply agreements, and freight. These TSAs are in place to neutralize the costs we are incurring within cost of sales and operating expenses to help stand up Indian Motorcycle independently with the majority of the agreements expected to expire in 9 to 12 months.

Putting this all together, we expect adjusted EPS of \$1.50 to \$1.60 for 2026. This includes a modest benefit from FX and interest expense. For Q1 specifically, Indian Motorcycle is expected to be included in our results for a significant portion of the quarter. Sales are expected to grow more than 10%. Tariffs will represent a significant headwind of approximately \$45 million. Adjusted EPS is expected to be approximately negative \$0.45.

In summary, Q4 played out largely as expected. Excluding the impact of tariffs, we exceeded what we said we would do in 2025, including share gains and healthier dealer inventory. Operationally, we gained efficiencies within our manufacturing facilities, generated \$741 million in operating cash and paid off approximately \$530 million in debt. Much of this was overlooked in such a dynamic macro environment last year. But as Mike said, it's good to close the book on 2025. It was a uniquely challenging year, but I'm incredibly proud of how our team executed, stayed focused, and delivered against our long-term objectives.

We entered 2026 playing offense. We expect this year to reflect the start of what is to come as we continue to execute on our longer term initiatives of mid single-digit sales growth, mid to high-teens EBITDA margin, double-digit EPS growth, and mid-20s ROIC. I look forward to sharing our progress with you as we move into the spring and throughout the year.

With that, I will turn the call back over to Mike to wrap up. Go ahead, Mike.

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**Michael Todd Sleetzen***Chief Executive Officer & Director, Polaris Inc.*

Thanks, Bob. We've been clear and consistent about our strategy over the past several years: strengthen our global leadership in powersports while improving the profitability and returns of the business. Our strategy is designed not just to make us more profitable, but to make us more resilient across cycles. So, as Polaris succeeds, our dealers succeed, and our customers continue to enjoy the best products in the industry.

A major part of our strategy has been delivering the best customer experience and rider-driven innovation through our portfolio of iconic brands. With our recent share gains and the success of products like RZR Pro R, Polaris

XPEDITION, and the RANGER 500 and XD platforms, we firmly reestablish ourselves as the innovation leader in powersports, and we're not slowing down. We have a strong pipeline of new products scheduled to launch over the next several years.

We've also brought you along on our journey to strengthen our operations. With new leadership in place, we've removed more than \$240 million in structural costs from our plants over the last two years. From procurement through final shipment, we've embraced lean across our factories, and the benefits are clear. While the full impact of this work has not yet been realized, even with a modest uptick in production in 2026, we expect over \$30 million in absorption benefit, demonstrating the operating leverage we are building into our network.

Last year, we operated our Monterrey and Huntsville plants at roughly 60% capacity. As the industry normalizes and with the infrastructure and lean discipline we now have in place, we believe we can support a substantial improvement in industry volumes with minimal fixed cost investment while maintaining our quality standards.

Another important part of our resiliency is the strength of our dealer network. With approximately 2,000 of the best off-road and marine dealers across North America, coupled with our close relationships, leading products, integrated programs, and appropriately sized inventory, both Polaris and our dealers are well-positioned to benefit when demand improves.

It's also important to acknowledge the work we've done to sharpen our focus. Over the past few years, we've strategically pivoted our business towards a more profitable and focused core with the sale of businesses such as TAP, GEM, Taylor-Dunn, as well as the soon-to-be-completed separation of Indian Motorcycle. We also realigned the organization in 2024 with the goal of reducing complexity and improving decision-making speed.

I've been with Polaris over 10 years, and I've never seen the organization more focused and energized than it is today. We're focused on the important elements to ensure we remain number one and to meaningfully improve profitability of our business model. Looking back, we've made tremendous progress, which I'm proud of. But what excites me most is what lies ahead as we continue to lead the powersports industry.

Let me close with this. 2025 was a challenging and unique year with a regulatory environment that shifted constantly. And the consumer remains pressured by higher interest rates, lower confidence, and macro uncertainty. Despite all that, Polaris executed incredibly well. Dealer inventory is right-sized, we delivered innovative new products on time, and we continue to improve our operations and quality. This is exactly what we set out to do and the best team in powersports delivered. And lastly, we made the difficult decision to separate Indian Motorcycle, a move that we believe is best for Polaris and Indian Motorcycle.

As we enter 2026, our priorities are clear. We are prepared to manage through a flattish retail environment. Like the last few years, we expect utility growth to offset ongoing pressure in recreation. Dealer inventory is healthy, and we expect to operate our facilities so that build, shipments, and retail all align. If we see any shift in demand through dealer feedback or data, we are ready to adapt production accordingly. With the expected closing of the Indian Motorcycle separation later this quarter, we've allocated the right resources to support the transition and help set the business up for long-term success.

Our lean journey continues as well. With additional lean lines coming online this year, we will further strengthen our operations and improve our ability to make fast, informed decisions as demand changes in real time.

Finally, we remain committed to executing our tariff mitigation strategy. Our goal is to reduce our reliance on China-sourced components to less than 5% of material cost of goods sold by year-end 2027. We have a

dedicated team in place, and I'm confident we can achieve this goal. We're entering 2026 from a position of strength. Internally, we are aligned on the priorities that can drive another successful year as we sustain our leadership in powersports and deliver on our long-term goals of higher sales growth, greater earnings power, and stronger returns.

We appreciate your continued support. And with that, I'll turn it over to Betsy to open the line for questions.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now begin the question-and-answer session. [Operator Instructions] The first question today comes from Joe Altobello with Raymond James. Please go ahead.

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**Joseph Altobello**

*Analyst, Raymond James & Associates, Inc.*



Thanks. Hey, guys. Good morning. I guess first question for you, Bob. I think you just mentioned that the revenue lift in 2026 from wholesale and retail being aligned is north of \$400 million. I think that number was around \$300 million last quarter. So, did something change? Or is that just more visibility there? And should we assume some sort of flow-through of around 25% on that number?

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Yeah, Joe. Yeah. So, the number did increase from where we thought it would be last quarter because we had a really strong Q4. And although we expect retail to be relatively flat, you're obviously off of a bit of a higher base.

And as you think about the flow-through, right, it's – the math gets complicated because you got to look at it sort of ex-tariffs. But if you took the tariffs out – and we've got about \$20 million of commodities headwind. So, if you sort of added back the impact of \$90-ish million of incremental tariffs and \$20 million of commodities, the flow-through would actually be closer to 40%, which I really think shows how much progress we've made in our plants over the last couple years. As Mike said in his prepared remarks, we were down in Mexico a week or two ago, and it was really heartwarming to see how great those plants are running right now.

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



Yeah, Joe. I mean, I want to stress that 40% incremental. I worked in industrial companies pretty much my whole career, and that's not a number that happens easily. And I think when you look at our operations, we effectively have one lean line at each factory. And that doesn't mean that we're not getting lean benefits in other parts of the factory. But we are still early in the journey. Our first pass yield in terms of getting product through the line cleanly is still – it's much better than it has been historically. But we've still got significant improvements sitting in front of us.

And while our quality has improved, and a 20% reduction in cost is nothing to blink an eye at, I'm still not happy with where we stand and I think there's a lot more that we can do. So, I think the opportunity in front of us, it's frustrating because a lot of it gets blurred by the massive tariff load that we've got on the business. The good news is, we've got an incredible team focused on moving us away from high tariff countries. That doesn't mean that all the cost comes out of the system because you're likely not moving to someone who's priced at the same

level as a supplier out of Asia. But the team can then start working value engineering projects and really put us in a good position over the long term to get our margins up into that mid to high-teen EBITDA range.

**Joseph Altobello***Analyst, Raymond James & Associates, Inc.*

Yeah. It's very helpful. Maybe just to follow-up, you've given us a lot of building blocks for 2026, but it does seem like your guidance implies some level of cost saves. I know you mentioned \$30 million of absorption, for example. Is there anything beyond the \$30 million that's built into that guidance?

**Robert P. Mack***Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

In terms of cost takeout, obviously the math with Indian starts to get relatively complicated with it coming out in the first quarter. But ex-Indian, we're expecting GP to be down slightly. And a lot of that is driven by the accounting for the TSAs. And I know that's kind of been confusing to everybody. But the way these things are accounted for under GAAP, there's about \$90 million that will flow through COGS and about \$20 million that will go through ops or \$15 million that will go through OpEx. And we'll recover that in different lines. So, we'll get about \$60 million of it in sales, about \$10 million of it in COGS, and about \$35 million in other income.

And, really, what flows through other income are things like if we're billing them for providing IT services or even freight sometimes because it's co-mingled. The way the GAAP rules work, it has to go through other income. So, that's kind of about a 30 bps headwind to our GP ex-Indian. But that stuff will all fall off through the course of the year, and going into 2027 should be relatively clean. It's not like those – those costs will not – the recoveries won't continue and the costs won't continue. So, there's not a – really, a go-forward impact there, but it will sort of distort GPs in 2026.

And – but if you think about the fact that the – what we've got for incremental tariffs, nearly \$90 million ex-Indian, \$100 million as reported with Indian in in Q1, plus we talked about \$20 million of commodities inflation that we see right now, being able to offset that and effectively being flat I think is actually better performance than it looks like on paper.

**Michael Todd Speetzen***Chief Executive Officer & Director, Polaris Inc.*

Yeah. I think, Joe, on the TSA front, we didn't have them to the extent that we do with Indian with some of the prior divestitures because those businesses were really somewhat self-contained. Indian was so incredibly embedded. And the teams have done significant work to extract as best we can. The management team will be leaving the facility. They've got a new facility. We've cordoned off engineers. But the reality is, to get it done right, we want to make sure the business is set up. So, we've got a variety of these things that span largely 6 to 12 months, and a really skilled team that's helping manage that. And our number one priority is, we want to make sure that there's minimal disruption as the business comes out, and that it's set up in a way that it can sustain and continue to grow.

**Joseph Altobello***Analyst, Raymond James & Associates, Inc.*

Got it. Okay. Thank you.

**Operator:** The next question comes from Craig Kennison with Baird. Please go ahead.



**Craig Kennison**

*Analyst, Robert W. Baird & Co., Inc.*

Hey. Good morning. Thanks for taking my question. So, Bob, in a year when you needed to generate cash, you generated quite a bit. On slide 30, it shows adjusted free cash flow over \$600 million. I'm wondering what your thoughts are on 2026 free cash flow. And maybe if you could shed some light on working capital and CapEx expectations.

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Yeah. So, obviously, a ton of progress on working capital in 2025. I think for 2026, we're going to have some kind of competing issues. Finished goods will probably go up a little just because revenue is going up and shipments are going up. We're going to look to try to hold raw flat to down and then continue to make some progress on payables to drive working capital a little bit lower. I don't think you'll see the – we won't be able to sustain the massive progress that was made in 2025.

And the progress in 2025 really was a combination of a lot of things, right? It was all the lean stuff we're doing at the plants. We put in a lot of new forecasting tools in 2024, which helped us better forecast the model mix, which, again, helped control inventory. We also really just kind of cleaned up a lot of the stuff coming out of COVID, right, just the craziness of COVID and the builds and all the volatility in 2024. As you recall, we shut down. Really slowed production in the back half of 2024, so we exited with a high level of finished goods. We corrected that in 2025, which we had committed to do.

So, we really executed on the things we said we'd do with working capital. So, 2026, that benefit probably won't be quite as high. But – so we're looking from a cash flow standpoint, really, to be more in the range of about \$160 million of operating cash flow and about \$120 million of free cash flow. So, we'll continue to work to improve that. It's just going to be tough to repeat the performance from 2025. But working capital will continue to be a big focus. We're getting close to being back to some of our kind of historic best working capital levels. But I think there's opportunity there as we continue to invest in our IT systems, improve our forecasting. And [ph] Marc (00:33:24) and the team continue to improve the operations of the factories.

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**Craig Kennison**

*Analyst, Robert W. Baird & Co., Inc.*



Yeah. Thanks, Bob. And as a follow-up, could you give us a sense of your goals for financial leverage at the end of 2026?

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Yeah. So, as you guys know, we went out about mid-year last year, renegotiated our covenants. We got a year of covenant relief. So, we're sitting with covenants in the 5s for the first two quarters. And we knew all along that the most challenging quarters from a covenant standpoint were going to be Q1 and Q2 this year because we're starting to pull in some of the lower tariff impacted EBITDA from last year. And the unexpected quarters that we had in 2025 are rolling off. And, obviously, we've got about a \$90-plus million tariff headwind in the first half of 2026.

So, we knew those were going to be the most challenging. We were able to pay down a lot more debt obviously in 2025 than we had originally anticipated. So, as we get through the year, we expect to be able – get to be under our normal covenants that are in the 3-5 range through the back half of the year, and then we'll continue to pay

down debt from there. I mean, long term, as EBITDA recovers through tariffs reduction and price and debt comes down, we'd like to be back in that 1 to 2 range, which is our goal for being investment-grade rated. But we've got a great relationship with our banks. We spent a lot of time with the rating agencies. Those conversations have all been productive. Everybody understands the short-term impacts of the tariffs that can be offset with the moves out of Asia that Mike talked about. It just is going to take some time. And so, we'll continue to make progress on that in 2026 and start to really see the benefits of all those moves more in 2027.

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**Craig Kennison***Analyst, Robert W. Baird & Co., Inc.*

Thanks, Bob.

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**Operator:** The next question comes from Tristan Thomas-Martin with BMO. Please go ahead.

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**Tristan M. Thomas-Martin***Analyst, BMO Capital Markets*

Hey, good morning. I just want to make sure I'm thinking about India in the right way in 2027. So, it sounds like just about – like TSA, a lot of this stuff drops off. And then the only thing we have to think about is that \$0.20 to \$0.25 of dollar incremental in 2027. Is that right?

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**Robert P. Mack***Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

Yeah. That's right. I mean, the TSAs, there might be a little bit of IT stuff that hangs on longer, but it won't be material. It'll be really easy to show you guys when we get there. We just don't know. Obviously, we're pushing to get out of the TSAs as fast as we can. And the Indian team is doing the same. So, everybody's goals are aligned there, trying to be separate companies as soon as possible. So, the – really, the only impact in 2027 obviously is the dollar. And it'll be – we'll get all of it in 2027, where we won't in 2026 because we'll sell the business sometime in the quarter.

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**Tristan M. Thomas-Martin***Analyst, BMO Capital Markets*

Okay. And then just one more. You called out – can't remember. You got 7% to 9% organic sales growth. If I kind of adjust for Indian and the \$400 million, it implies, call it, \$200 million at the midpoint. Can you maybe just talk to what's driving that? And then also, maybe give us a little help around how you were thinking about Off Road versus On Road versus Marine? Thanks.

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**Michael Todd Speetzen***Chief Executive Officer & Director, Polaris Inc.*

Yeah. I mean, look, the big block math, when you strip Indian out on both sides is, our revenue is up somewhere in that \$400 million to \$500 million range. And it's – we've got a little bit of price in there. That's our normal model year pricing that will – that we'd put in place. The majority of that is really just simply the math of not under-shipping retail, which is essentially where we've been for the last couple of years.

We pulled our dealer inventory down 17% overall; within Off Road, down 9%. And as we talked about, we've got the mix of that healthy, all those things. So, we feel like our inventory is in a really good spot. So, as we look through 2026 and we talk about a flat industry, that puts us in a spot to be able to have build, ship, and retail all aligned. And as a result of that, we pick up revenue on an incremental basis.

I'd point you back to the comments we made. We expect the strength, really, to maintain in utility. We think the rec side is going to continue to be challenged. I think we're going to need more relief from an interest standpoint. I think we're going to need to see continued inflation reduction. And I do think that there's a lot going on in our country right now. And I think that just as people kind of standing back and waiting. If they don't absolutely have to make a purchase, they're not going to make it.

The good news is, as we talked about, I mean, you've seen it show up in our PG&A results. I mean, we're moving a lot of wheels and tires and oil and parts and components. And we know because we track RO activity miles driven. People are still out using our products, so we know people are riding. And the good news is, at some point in time, they're going to want to come in and get our latest and greatest on the rec side. And we've got some pretty cool stuff there, and we feel good about what we're doing to set us up for the long term.

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**Tristan M. Thomas-Martin**

*Analyst, BMO Capital Markets*



Great. Thank you.

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**Operator:** The next question comes from James Hardiman with Citi. Please go ahead.

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**James Hardiman**

*Analyst, Citigroup Global Markets, Inc.*



Hey. Good morning. You guys have done a great job of sort of helping us bridge. I just want to make sure I have these pieces right because certainly the wholesale piece is bigger than I think most of us thought. So, you're talking about a \$400 million top line, 40% flow-through on that. That's \$160 million. So, that's almost \$2 right there. You've got another, call it, \$0.75, \$0.80 coming from Indian. And then you've got some cost savings and some commodities that may be offset. And then the rest is ultimately to get to that call it about 55 bridge from 2025 to 2026. The rest of that is just tariffs. Correct? Like, we're not missing any pieces there?

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



And commodities.

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Tariffs, commodities, and a little bit of lift in OpEx as we invest more in engineering and IT once you pull Indian out.

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**James Hardiman**

*Analyst, Citigroup Global Markets, Inc.*



Got it. And then sort of that \$90 million tariff number, maybe I was doing the math wrong last quarter. It's a little bit higher than what I thought you guys were saying a quarter ago. Did that number change at all? And I guess to this, I mean, obviously, you don't have a crystal ball in terms of where things are going to go. But specifically, the tariffs that Mexico has put on China doesn't seem like you think that's going to be particularly impactful to your numbers. Maybe walk us through sort of what the latest is there, what your lawyers are saying, and if you feel confident that that's never going to be a piece that's ultimately going to impact you. Thanks.

A

**Michael Todd Sleetzen**

*Chief Executive Officer & Director, Polaris Inc.*

Yeah. Well – so, look, I – we're obviously still awaiting what the Supreme Court may come through. And, obviously, the team's got a plan of action because there's a lot of complexity if they were to rule against President Trump. We are obviously off still working the lobbying angle as aggressively as we can or – I – look, I give our team a lot of credit for – we're small compared to the majority of these companies that are up, getting airtime in D.C. And I think our team has done a really good job of getting in front of USTR and Commerce and the executive team there.

So, we're not backing off. We're going to continue to put pressure on it as best we can. And certainly, if something were to break there, that would be tremendous. I mean, we've got over \$200 million worth of tariff in our business right now. And when you add all that together, it's darn close to \$3 worth of earnings. That's really frustrating for us when we see all the benefits and the operational improvements, and they just are getting dwarfed.

And so we're going to take matters into our own hands, like we always do. We'll keep working all those angles that require someone else to act on. But we've got a team. We've quoted pretty much 100% of what comes out of China. And now we're working, and we've got – we got meetings every couple of weeks. We're looking at the amount of transition that we've got. Getting that material cost of goods sold from China from 18% down to less than 5% by the time we get into 2027 is – that's not easy work. There's a fair amount of revalidation and things that have to go into that, and the team is aggressively going after it. I actually think we're going to turn it into a net positive. I think we're going to find opportunities for localizing the supply chain.

Back to the earlier question about cash flow, that's going to give us working capital and, quite frankly, flexibility and responsiveness that we don't have today because the lead times are so long with product being on the ocean for four to six weeks making its way over here. So, I think we'll be able to turn into a positive. But it is – it's a very real load on the business financially, and we're working every angle we can to mitigate that.

Q

**James Hardiman**

*Analyst, Citigroup Global Markets, Inc.*

But to clarify, you don't think – I'm sorry. Go ahead.

A

**Michael Todd Sleetzen**

*Chief Executive Officer & Director, Polaris Inc.*

[Technical Difficulty] (00:42:56) we thought it would be about \$100 million of incremental tariff impact. So, in our view, it's come down a little bit. But the \$20 million of commodities is new. And that's obviously where commodities sit today, and that moves around and we do hedge. But, yeah, there just has been a lot of pressure on commodities. And a lot of that is tariff-driven, right, as there's different tariffs on steel and aluminum and other commodities. That puts pricing pressure on stuff that you're sourcing out of the US, which is primarily where we buy all that stuff.

So, total for the year ex-Indian, we're looking at \$215 million of tariffs on the business in. So, it's still a big drag when you include the [ph] old 301s (00:43:46) and stuff that came in last year.

Q

**James Hardiman**

*Analyst, Citigroup Global Markets, Inc.*

But you guys, just to clarify, don't think that the Mexico tariff on China is ultimately going to impact you?

**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

**A**

Oh, yeah. Sorry. [indiscernible] (00:43:56) that – they put tariffs on a pretty defined group of parts. And as of right now, that hasn't impacted us. I mean, obviously there's – we – it's hard to foresee the future in this tariff environment. But we don't believe right now that's going to be a significant impact.

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*

**A**

No. And we're in – we're participating in the comment process through the USMCA. And, knock on wood, there hasn't been a whole lot of drama associated with that. So, I think the administration understands the importance of the relationship with Mexico.

And to Bob's point, Mexico, this isn't new. They've always had some level of restrictions, maybe not always tariffs, but employment requirements and et cetera that they've tried to slow down some of the proliferation of the Chinese suppliers in Mexico.

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**James Hardiman**

*Analyst, Citigroup Global Markets, Inc.*

**Q**

Got it. That's really helpful. Thanks, guys.

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*

**A**

Thanks.

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**Operator:** The next question comes from Noah Zatzkin with KeyBanc. Please go ahead.

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**Noah Zatzkin**

*Analyst, KeyBanc Capital Markets, Inc.*

**Q**

Hi. Thanks for taking my questions. I guess, first, in terms of kind of inventory levels across the industry, I think this time last year, there were really kind of a couple offenders in terms of making the channel heavier. So, if you could just kind of speak to what the channel looks like, maybe relative to last year and just expand on how you guys are feeling about your position. Thanks.

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*

**A**

Yeah. I – look, I feel really good about where we're at. When you look at us and the next largest competitor together, we make up probably 60% of the industry. We are both pretty much in parity from days sales outstanding or inventory on hand, current/non-current. The data we have would suggest we probably have the healthiest mix. But with 60% of the industry in a good spot, that is certainly helpful to dealers.

That said, we still do see some pockets where some of the Japanese competitors are struggling. It tends to move around quarter-to-quarter. As to exactly who that is, I don't want to get into naming names. We know who they are. We know where our overlaps are. It's more of a nuisance to the dealer. The volumes that those products have, most of them are less than 10% market share. So, it's not creating substantial financial headwinds for the dealers. It's just more of something that they've got to deal with.

We know we spend – every quarter, we meet with our dealer council. And they're incredibly appreciative of the work that we've done. The fact that we set expectations in August of 2024 and drove hard to get there, by the end of 2024 and then to 2025 we've held. And we've stayed consistent with what we told them. We've done a lot of work. When we talk about health of dealer inventory, there's been tremendous work done during the course of 2025 to make sure that we have the right inventory. Having the day sales at 100 or less is one thing, but it's the mix of inventory and making sure we get the right stuff at the right dealership.

We talked about the aged inventory. We've taken the inventory that's greater than 180 days down almost 60%. That's all helpful because it's not just taking the interest burden off, but it allows them to focus on being able to move product and make healthier margins. And so, we feel good about that setup. And there's still a couple players out there that got a little work to do, but thankfully they are a relatively smaller part of the industry.

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**Noah Zatzkin**

*Analyst, KeyBanc Capital Markets, Inc.*



Great. Maybe just one more. Obviously, we've kind of talked about this, but if you could just remind us kind of what are the pieces to consider when we're thinking about kind of the \$400 million plus volume benefit in a flat retail environment. Like, where are kind of the pockets of kind of lighter inventory? Thanks.

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



Well, I mean, I guess I'd step back and say, we feel good about the inventory level at the dealers for both ORV and Marine. And so both businesses have an opportunity as we move forward, even in a flat environment, to have growth. Because we're now at a build, ship, retail are all equal. And so largely, it's driven off of that.

And then I would just say that the utility segment remains strong. So, we don't expect big things from the rec side, but we do think that the utility will have enough growth to help offset any weakness that we see on the rec side.

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**Noah Zatzkin**

*Analyst, KeyBanc Capital Markets, Inc.*



Really helpful. Thank you.

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**Operator:** The next question comes from Robin Farley with UBS. Please go ahead.

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**Robin M. Farley**

*Analyst, UBS Securities LLC*



Great. Thank you. Just it's interesting with the benefit here to your EPS from the Indian sale. Can you help us think about – you're still going to have Slingshot in your On Road business. What kind of EPS drag is Slingshot? If we think about what you'll have when everything is fully separated from Indian, just to kind of think about what the EPS impact from Slingshot is. Thanks.

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Yeah. And, Robin, I'm going to take the opportunity to answer your question a little more broadly because you're introducing kind of the thoughts around the portfolio. And I'm going to get to the Slingshot answer here in a second. But we've heard a fair amount of noise out in the environment around our Marine business. And I just

want to go on the record that we have zero intention of divesting the Marine business. We know that many of our competitors tried to wade into the marine space and struggled.

We have an excellent business, and it's an excellently run business. And I'll remind you that back in 2020 when the pandemic first hit, we took the opportunity and we shed three brands that were underperforming, leaving us with Bennington, Godfrey, and Hurricane, which are all number one or number two in their category. And you've seen the performance over the past couple of years, both in terms of refreshing the portfolio and the share gains that we've had. The business has returned over 80% of the original purchase price. And even at low points that we've been in in the industry, the business is still making a lot of cash flow.

And so I just want to – I want to quell some of the noise that's been out there. And largely, we feel good about our portfolio now. We've gone through and really pulled out a lot of underperforming businesses. There's always going to be things within the portfolio. We've gotten far more refined at how we look at things financially.

Slingshot has been heavily impacted over the past couple of years. It is our most interest rate sensitive business, highest level of financing, and, obviously, with interest rates being high, as well as consumers being somewhat stretched with inflation and just other interest payments. That business has slowed down significantly. And so, we have been losing money. I'm not going to get into the specifics. It's not material to the company. And we have an aggressive plan on how we're going to resolve that moving forward.

And similar to what we've talked about in the past, if we can't get things to where they need to be, then we'll obviously take action. But I'm not ready to make any declaration relative to that. Slingshot's a really neat business. It's an important component of our adventure's offering. Those products tend to [ph] ramp (00:51:46) really well on both coasts. And so, we're at a product refresh cycle. And so, over the next couple years, I think you're going to see improved performance coming from that business.

And we'll continue to look in different aspects of our company, aftermarket brands, et cetera, and make sure that we've got the right level of returns across the portfolio. But I think you can rest assured, there are no big remaining moves left for us to make at this point.

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**Robin M. Farley***Analyst, UBS Securities LLC*

Great. Thank you for that super thorough answer. Appreciate that. Maybe just one small follow-up, and maybe more on for Bob. Just a [ph] follow (00:52:22) on your guidance for margin, are you assuming that mix is going to be a benefit or a drag this year? I'm just thinking specifically on the ORV business with RANGER 500, a little bit more midsize. Just how is that factored into your guide, the higher mix of that? Thanks.

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**Robert P. Mack***Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

Yeah. I would – we think mix is going to be a headwind this year. We had really strong NorthStar retail and NorthStar shipments to really kind of get – keep up with that demand in Q3, Q4. And so, it's – we'll see how that – the NorthStar mix plays out going into 2026. But it's certainly a strong tailwind in 2025, and I don't know if it'll sustain quite that well in 2026. The RANGER 500, to your point, selling really well, really popular with customers and dealers. But that is a bit of a margin headwind. And then we've got a little bit just in the mix in rec.

We've also got some kind of inner product mix headwind. Marine starts to ship to retail, which will recover. And that's a headwind to GP. It's really not to EBITDA, but it's definitely a headwind to GP. As Mike was saying, it's a

strong business. But it's structurally the GPs are lower because the OpEx is significantly lower. EBITDA margins in the business are actually pretty good, but it will be a mix headwind to GP.

And then snow. Snow, while improving, snow is just structurally a little bit lower GPs than Off Road. And so, as snow starts to recover, we're not going to have a huge snow build year in 2026. We said that in our prepared remarks. We're going to be cautious going through 2026 into the 2027 season and really try to make sure we get inventory where we want it. We've made good progress this year, but there'll be a little bit of headwind from that.

So, you'll see some headwinds in mix, but some of that is offset by – we expect a promotional environment to slow down a little bit as there's a lot of promo in the channel in 2025 as it related to clearing inventory. And now we're kind of more just into trying to get retail because everybody's – the Japanese are a little heavy, as Mike said, but retail inventory is in a better place. So, we'll see some positive there. And then also, with just our normal price increases that we hadn't put through in a few years. So, we've got a little bit of price going in also to help offset that mix.

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**Robin M. Farley***Analyst, UBS Securities LLC*

Okay. Great. Thank you very much.

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**Michael Todd Speetzen***Chief Executive Officer & Director, Polaris Inc.*

Thanks, Robin.

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**Operator:** The next question comes from Gerrick Johnson with Seaport Research Partners. Please go ahead.

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**Gerrick L. Johnson***Analyst, Seaport Global Securities LLC*

All right. Thank you. Good morning, everybody. In the past, you've given us explicit guidance on the segments' top line, up or down low single digits, whatnot. I know you given us a lot of bits and pieces to kind of put the puzzle together. But can you give us sort of guidance for 2026 on the three segments and how you expect top line to perform?

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**Robert P. Mack***Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

We're not ready to do that, Gerrick, just with the complexity of Indian moving out. And we will be reevaluating our segments in the first quarter, and we may make some changes to how the segments fall. So, our plan would be to update that guidance either on the Q1 call in April or, if the opportunity presents itself, we may do it at a conference ahead of that, depending on the timing of the Indian sale. But we've given the guidance we're going to give right now for 2026.

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**Michael Todd Speetzen***Chief Executive Officer & Director, Polaris Inc.*

Yeah. I mean, Gerrick, the way to think about it is, we're trying to get the Indian transaction closed sooner rather than later. So, whenever that happens, there's obviously going to be updates to guidance in terms of, we've made the assumption it's a full quarter worth of revenue and loss. And if I were a betting guy, I'd say it's probably going

to be something less than that. So, when we are able to come out with that, we'll also share the new segmentation of the business and be able to provide more color at that point in time.

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**Gerrick L. Johnson**

*Analyst, Seaport Global Securities LLC*



Okay. Okay. And then on utility, you mentioned utility strength, and that's been ongoing. But next year – or actually I should say this year looks like there's some benefits to small businesses, construction, farmers, ranchers with bonus depreciation, other goodies out of the One Big Beautiful Bill. So, what kind of impact you're anticipating from the incentives there?

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



I mean, that's largely what we think is going to keep that utility segment. I mean, there's other aspects, obviously, with all the innovation. But we do think that those are – the utility segment is where most of that benefit comes through. And so, we've got programs that are specifically targeted that.

What we have not assumed is some significant uptick across the rec side from higher tax returns, et cetera. We've scoured the data and it's tough to know exactly where and how that's going to come through, in which customer segment it could potentially impact, and whether or not that money actually goes to buying discretionary products as opposed to people deleveraging and cleaning up credit card bills and things like that. So, we've got the factories in a much better spot so we can respond. Hopefully, we're responding to an uptick in volume, but at this point, we're not making that call.

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Yeah. I mean...

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**Gerrick L. Johnson**

*Analyst, Seaport Global Securities LLC*



Okay. Good.

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



...if you look at [indiscernible] (00:58:05), you would think that rec, this should be about the time the buyers from kind of the COVID era start to rebuy. And we can see in the data that they're still riding their vehicles. Oil sales have been strong. We talked about that earlier in the call. But we're not baking that in. We've got some great new products out there, the XP S, the updated Pro R. But until we see data different, we expect rec to continue to be a challenge, the challenge side of the industry with better opportunity in utility.

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**Gerrick L. Johnson**

*Analyst, Seaport Global Securities LLC*



Okay. Thank you.

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**Operator:** The next question comes from Scott Stember with ROTH Capital. Please go ahead.

**Scott L. Stember**

*Analyst, ROTH MKM*



Good morning. Thanks for taking my questions, guys. Questions on Off Road outside of Indian. It looks like Goupil and Aixam are really doing well. Could you talk about how that fits into your guidance for 2026?

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



Yeah. I mean, they – look, I missed part of your question. So, it sounds like it was on the Goupil/Aixam business.

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**Scott L. Stember**

*Analyst, ROTH MKM*



Yes. Yes.

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



Yeah.

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**Scott L. Stember**

*Analyst, ROTH MKM*



Just how that kind of ties into guidance [ph] with the share caught up (00:59:23).

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**Michael Todd Speetzen**

*Chief Executive Officer & Director, Polaris Inc.*



The majority of the guidance move is our ORV and Marine businesses.

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**Scott L. Stember**

*Analyst, ROTH MKM*



Okay. And then on the retail financing side, obviously, it doesn't seem like we've gotten a lot of help. But have you seen through your relationships any budging on lending rates with the banks? Have – anything on the margin that you could share?

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**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*



Not really. Credit stats for the quarter and, really, for the full year were pretty consistent. When we ran aggressive promo financing, it had the intended impact. So, consumers are still looking for lower rates. Rates have come down a little, certainly at the better end, if you're in the 700-plus credit score range. But nothing dramatic yet. And I think it's tough to plan what the Fed is going to do. It's bounced all over the map. So, we're assuming not a lot of help Fed-wise in the year, and that 2026 will kind of be a lot like 2025 where promo rates will help and people will choose between rebates and promo.

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**Scott L. Stember**

*Analyst, ROTH MKM*



Got you. That's all I got. Thank you.

A

**Robert P. Mack**

*Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.*

Thank you.

**Operator:** This concludes our question-and-answer session and concludes our conference call today. Thank you for attending today's presentation. You may now disconnect.

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