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wyatt.hulsey@northcoastresearch.com**CHANNEL CHATTER: DOO-TSE & PII****DOO PII: SPRING HAS SPRUNG AND SO HAVE POWERSPORTS PROMOTIONS****Incremental Insight**

With the Spring ORV selling season right ahead, we recently spent time assessing the promotional environment and inventory dynamics in the industry. We call out the following takeaways from our checks: (1) significant increase in Polaris models receiving promotions m/m, with large growth coming from 2025 models, (2) an increase in promotional spend at BRP with focus on special rate financing incentives, and (3) both companies leaning into special rate financing, offering 0% APR for 60 months on MY24 inventory, down 199-bps m/m. All in, we view the promotional environment as remaining highly competitive, as private OEM competitors continue to aggressively promote aged inventory to a less-receptive retail buyer than we would have hoped to start the year.

Looking into the promotional environment from Polaris, we highlight an increase in promotional intensity compared to the previous promotional period for both MY24 and MY25 units. We note that in the April promotional period, there are 78 different 2025 models receiving dollar rebates, compared to 46 models for the March promotional round. Specifically, we highlight the introduction of rebates onto additional 2025 RZR and Sportsman models. The average absolute dollar rebate has also increased across all products in the portfolio both new and aged, excluding XPEDITION models. In April, 2025 General units are receiving an average dollar rebate of \$2,500, compared to \$1,333 for March. 2025 Ranger units are receiving an average rebate of \$941 in April, compared to \$765 in March, while 2025 RZR units went from \$750 to \$1,087, and 2025 Sportsman models went from \$500 to \$603. Additionally, we highlight special financing rates for some MY25 units that have decreased sequentially, becoming more consumer friendly. Specifically, we note rates of 0.99% for select RZR units, as well as a decrease from 3.99% to 2.99% for various Sportsman and General units.

Taking a look at the promotions on MY24 units from Polaris, we highlight an increase in absolute dollar rebates, as well as a decrease in rates. We note the average dollar rebate for 2024 Ranger units increased from \$1,390 to \$1,750 m/m, while 2024 General units increased from \$2,625 to \$3,625, rebates on 2024 RZR's increased from \$2,065 to \$2,806, and average dollar rebates on 2024 Sportsman units increased from \$981 to \$1,308. In addition to the step-up in dollar rebates, we note Polaris also slashed its special financing rates for 2024 models as well. Across the entire 2024 portfolio special financing terms improved to 0.00% for 60 months in April, up from 2.99% for 36 months in March.

Looking into the promotional environment from BRP, we see promotions have stepped up specifically related to special rate financing promotions. We note there were no sequential increases in the dollar rebates offered on BRP SxS or ATV products but rather saw an increase in financing-related promotions. For 2025 models, the utility model Defender and recreation model Maverick X3 saw special financing rates of 0.99% for 36 months compared to their previous promotion rate of 2.99% for 36 months. Switching to 2024 models, all models saw a decrease to 0% APR for 60 months compared to the previously advertised 1.99% for 36 months while dollar rebates remain unchanged. We believe that BRP is increasing promotional spend, primarily on aged units, ahead of the model year changeover to help stimulate demand in the prime selling season to right-size dealer inventory.

As part of our ORV channel work, we analyze dealer inventory levels along with age-mix, both of which we believe on aggregate is moving in the right direction. In analyzing the broader industry, we estimate 68% of new inventory is MY25, with Polaris and BRP both pacing ahead of the industry at 77% and 72%, respectively. Rightsizing inventories to match the current level of demand has been a major focal point of both companies over the last year, and Polaris and BRP have both made progress on that end, with inventories down 20% and 21% y/y respectively, compared to industry declines of 14%.

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Total	119	100%	9	100%	128	100%

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