UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 26, 2022

or

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

For the transition period from _________________ to _________________

Commission File Number: 001-06403

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Minnesota	**42-0802678**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
13200 Pioneer Trail **Eden Prairie** **Minnesota**	**55347**
(Address of principal executive offices)	(Zip Code)

952-829-8600
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 par value per share	WGO	New York Stock Exchange

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.

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of December 13, 2022, there were 30,542,044 shares of common stock, par value $0.50 per share, outstanding.

Winnebago Industries, Inc.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended November 26, 2022

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

Winnebago Industries, Inc.
Consolidated Statements of Income
(Unaudited)

(in millions, except per share data)	Three Months Ended November 26, 2022	Three Months Ended November 27, 2021
Net revenues	$ 952.2	$ 1,155.7
Cost of goods sold	791.8	926.3
Gross profit	160.4	229.4
Selling, general, and administrative expenses	70.7	74.8
Amortization	3.8	8.2
Total operating expenses	74.5	83.0
Operating income	85.9	146.4
Interest expense, net	5.9	10.2
Non-operating loss	0.3	6.5
Income before income taxes	79.7	129.7
Provision for income taxes	19.5	30.1
Net income	$ 60.2	$ 99.6
Earnings per common share:		
Basic	$ 1.98	$ 2.99
Diluted	$ 1.73	$ 2.90
Weighted average common shares outstanding:		
Basic	30.4	33.3
Diluted	35.5	34.4

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

Winnebago Industries, Inc.
Consolidated Balance Sheets

(in millions, except per share data)	November 26, 2022	August 27, 2022
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 271.7	$ 282.2
Receivables, less allowance for doubtful accounts ($0.4 and $0.6, respectively)	203.0	254.1
Inventories, net	553.0	525.8
Prepaid expenses and other current assets	26.1	31.7
Total current assets	1,053.8	1,093.8
Property, plant, and equipment, net	294.8	276.2
Goodwill	484.2	484.2
Other intangible assets, net	468.6	472.4
Investment in life insurance	28.9	28.6
Operating lease assets	40.1	41.1
Deferred income tax assets, net	3.7	—
Other long-term assets	19.9	20.4
Total assets	**$ 2,394.0**	**$ 2,416.7**
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 133.2	$ 217.5
Income taxes payable	20.3	0.7
Accrued expenses:		
Accrued compensation	57.1	71.6
Product warranties	122.2	127.9
Self-insurance	23.1	21.4
Promotional	22.8	21.5
Accrued interest and dividends	8.2	13.0
Other current liabilities	49.2	48.5
Total current liabilities	436.1	522.1
Long-term debt, net	590.4	545.9
Deferred income tax liabilities, net	—	6.1
Unrecognized tax benefits	5.8	5.7
Long-term operating lease liabilities	39.5	40.4
Deferred compensation benefits, net of current portion	8.4	8.1
Other long-term liabilities	25.2	25.4
Total liabilities	**1,105.4**	**1,153.7**
Contingent liabilities and commitments (Note 11)		
Shareholders' equity:		
Preferred stock, par value $0.01: 10.0 shares authorized; Zero shares issued and outstanding	—	—
Common stock, par value $0.50: 120.0 shares authorized; 51.8 shares issued	25.9	25.9
Additional paid-in capital	191.2	256.3
Retained earnings	1,626.7	1,537.5
Accumulated other comprehensive loss	(0.5)	(0.5)
Treasury stock, at cost: 21.3 and 21.5 shares, respectively	(554.7)	(556.2)
Total shareholders' equity	**1,288.6**	**1,263.0**
Total liabilities and shareholders' equity	**$ 2,394.0**	**$ 2,416.7**

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

Winnebago Industries, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Three Months Ended November 26, 2022	Three Months Ended November 27, 2021
Operating activities		
Net income	$ 60.2	$ 99.6
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	6.6	5.3
Amortization	3.8	8.2
Non-cash interest expense, net	—	3.6
Amortization of debt issuance costs	0.8	0.6
Last in, first-out expense	1.1	0.4
Stock-based compensation	3.0	2.7
Deferred income taxes	1.0	(0.2)
Contingent consideration fair value adjustment	0.4	6.4
Other, net	(0.2)	2.3
Change in operating assets and liabilities, net of assets and liabilities acquired		
Receivables, net	51.2	(7.2)
Inventories, net	(28.3)	(70.3)
Prepaid expenses and other assets	6.9	4.8
Accounts payable	(81.5)	(17.7)
Income taxes and unrecognized tax benefits	19.1	24.7
Accrued expenses and other liabilities	(14.2)	(6.7)
Net cash provided by operating activities	**29.9**	**56.5**
Investing activities		
Purchases of property, plant, and equipment	(27.8)	(23.2)
Acquisition of business, net of cash acquired	—	(228.2)
Other, net	0.7	—
Net cash used in investing activities	**(27.1)**	**(251.4)**
Financing activities		
Borrowings on long-term debt	1,475.0	932.6
Repayments on long-term debt	(1,475.0)	(932.6)
Payments of cash dividends	(8.5)	(6.0)
Payments for repurchases of common stock	(4.5)	(23.7)
Other, net	(0.3)	1.4
Net cash used in financing activities	**(13.3)**	**(28.3)**
Net decrease in cash and cash equivalents	(10.5)	(223.2)
Cash and cash equivalents at beginning of period	282.2	434.6
Cash and cash equivalents at end of period	$ 271.7	$ 211.4

Supplemental Disclosures		
Income taxes (received) paid, net	$ (1.3)	$ 8.7
Interest paid	2.3	4.8
Non-cash investing and financing activities		
Issuance of common stock for acquisition of business	$ —	$ 22.0
Capital expenditures in accounts payable	4.1	1.1
Increase in lease assets in exchange for lease liabilities:		
Operating leases	0.2	0.3
Finance leases	—	1.1

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

Winnebago Industries, Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

	Three Months Ended November 26, 2022							
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
(in millions)	Number	Amount				Number	Amount	
Balances at August 27, 2022	51.8	$ 25.9	$ 256.3	$ 1,537.5	$ (0.5)	(21.5)	$ (556.2)	$ 1,263.0
Adoption of Accounting Standards Update (ASU) 2020-06	—	—	(62.0)	29.0	—	—	—	(33.0)
Stock-based compensation	—	—	3.0	—	—	—	—	3.0
Issuance of stock for employee benefit and stock-based awards, net	—	—	(6.1)	—	—	0.3	6.0	(0.1)
Repurchase of common stock	—	—	—	—	—	(0.1)	(4.5)	(4.5)
Net income	—	—	—	60.2	—	—	—	60.2
Balances at November 26, 2022	51.8	$ 25.9	$ 191.2	$ 1,626.7	$ (0.5)	(21.3)	$ (554.7)	$ 1,288.6

	Three Months Ended November 27, 2021							
	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
(in millions)	Number	Amount				Number	Amount	
Balances at August 28, 2021	51.8	$ 25.9	$ 218.5	$ 1,173.0	$ (0.5)	(18.7)	$ (360.0)	$ 1,056.9
Stock-based compensation	—	—	2.7	—	—	—	—	2.7
Issuance of stock for employee benefit and stock-based awards, net	—	—	(2.1)	—	—	0.1	3.8	1.7
Issuance of stock for acquisition	—	—	14.7	—	—	0.4	7.3	22.0
Repurchase of common stock	—	—	—	—	—	(0.3)	(23.7)	(23.7)
Other	—	—	—	0.1	—	—	—	0.1
Net income	—	—	—	99.6	—	—	—	99.6
Balances at November 27, 2021	51.8	$ 25.9	$ 233.8	$ 1,272.7	$ (0.5)	(18.5)	$ (372.6)	$ 1,159.3

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

Winnebago Industries, Inc.

Notes to Consolidated Financial Statements
(Unaudited)
(All amounts are in millions, except share and per share data, unless otherwise designated)

Note 1. Basis of Presentation

The consolidated financial statements include the accounts of Winnebago Industries, Inc. and its wholly owned subsidiaries. Significant intercompany account balances and transactions have been eliminated.

The use of the terms "Winnebago Industries," "Winnebago," "we," "our," and "us" in this Quarterly Report on Form 10-Q, unless the context otherwise requires, refers to Winnebago Industries, Inc. and its wholly owned subsidiaries.

The interim unaudited consolidated financial statements included herein are prepared pursuant to the rules and regulations of the United States ("U.S.") Securities and Exchange Commission ("SEC"). The information furnished in these consolidated financial statements includes normal recurring adjustments, unless noted otherwise in the Notes to Consolidated Financial Statements, and reflects all adjustments that are, in management's opinion, necessary for a fair presentation of such financial statements. The consolidated financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). GAAP requires us to make estimates and assumptions that affect amounts reported. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to SEC rules and regulations.

The consolidated financial statements included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 filed with the SEC. Interim results of operations are not necessarily indicative of the results to be expected for the full fiscal year ending August 26, 2023.

Comprehensive Income

Comprehensive income refers to the change in stockholders' equity from transactions and other events and circumstances from non-owner sources. As of November 26, 2022 and November 27, 2021, the difference between comprehensive income and net income was not material.

Subsequent Events

In preparing the accompanying unaudited consolidated financial statements, we have evaluated subsequent events for potential recognition and disclosure through the date of this filing noting no material subsequent events.

CARES Act

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law on March 27, 2020 to help alleviate the impact of the COVID-19 pandemic in the U.S. We took advantage of the employer payroll tax deferral offered by the CARES Act, which allowed us to defer the payment of employer payroll taxes for the period from March 27, 2020 to December 31, 2020. The deferred employer payroll tax liability was $8.1 million as of November 26, 2022. We are required to remit this remaining deferred tax balance on or before December 31, 2022. We also took advantage of a tax credit granted to companies under the CARES Act who continued to pay their employees when operations were fully or partially suspended. As of November 26, 2022, $0.8 million remains outstanding within other current assets on the Consolidated Balance Sheets.

Recently Adopted Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) which reduces the number of models used to account for convertible instruments, amends diluted earnings per share ("EPS") calculations for convertible instruments, and amends the requirements for a contract (or embedded derivative) that is potentially settled in an entity's own shares to be classified in equity. Certain disclosure requirements were also added to increase transparency and decision-usefulness regarding a convertible instrument's terms and features. Additionally, the if-converted method must be used for including convertible instruments in diluted EPS as opposed to the treasury stock method. We adopted the new guidance in the first quarter of Fiscal 2023 using the modified retrospective approach, resulting in a decrease to additional paid-in capital of $62.0 million, an increase to long-term debt of $43.8 million, a decrease in the deferred income tax liability of $10.8 million, and an increase to beginning retained earnings of $29.0 million. In addition, the adoption of the amended guidance reduced our non-cash interest expense in the first quarter of Fiscal 2023 by $3.6 million (pre-tax). We will prospectively utilize the if-converted method to calculate the impact of our convertible instruments on diluted EPS. Under the if-converted method, the 4.7 million shares underlying our convertible instruments are assumed to have been outstanding at the beginning of the reporting period, and any interest expense related to these instruments is excluded from the calculation of diluted EPS. Refer to Note 15 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q for more information on the change from the treasury stock method to the if-converted method.

Note 2. Business Combinations

On August 31, 2021, we purchased 100% of the equity interests of Barletta Boat Company, LLC and Three Limes, LLC (collectively, "Barletta"), a manufacturer of high-quality, premium pontoon boats that are sold through a network of independent authorized dealers.

We acquired Barletta for a purchase price of $286.3 million, including cash payments of $240.1 million, $25.0 million in common stock issued to the sellers (subject to a discount noted below), and contingent consideration from earnout provisions. The common stock fair value included in the purchase price reflects a 12% discount, due to the lack of marketability as these are unregistered shares that have a one-year lockup restriction, which reduced the value of the common stock to $22.0 million. The contingent consideration includes both a potential stock payout as well as a potential cash payment based on achievement of certain financial performance metrics over the next few years. The maximum payout under the earnout is $50.0 million in cash and $15.0 million in stock if all metrics are achieved. The fair value of the earnout as of August 31, 2021 was $24.2 million. As of November 26, 2022 and August 27, 2022, the fair value of the earnout was $40.2 million and $39.8 million, respectively. The portion of the earnout liability that will be settled within a year is included in other current liabilities on the Consolidated Balance Sheets, and the remaining earnout liability is included in other long-term liabilities on the Consolidated Balance Sheets. As of November 26, 2022 and August 27, 2022, $21.7 million and $21.3 million was included in other current liabilities, respectively, and $18.5 million and $18.5 million was included in other long-term liabilities on the Consolidated Balance Sheets, respectively.

The total purchase price was allocated to the acquired net tangible and intangible assets of Barletta, based on their preliminary fair values at the date of the acquisition. This resulted in the recognition of goodwill of $136.1 million and other intangible assets of $111.4 million. Goodwill from the Barletta acquisition is recognized in our Marine segment. The other intangible assets acquired include a trade name, dealer network, and backlog. The trade name has an indefinite life, while the dealer network is being amortized on a straight line basis over 12 years. The backlog, which was being amortized over 10 months, was fully amortized as of August 27, 2022. We finalized the allocation of the purchase price in the third quarter of fiscal 2022.

Total transaction costs related to the Barletta acquisition were $3.1 million, of which $2.4 million were expensed during the first quarter of Fiscal 2022. Transaction costs were included in selling, general and administrative expenses in the accompanying Consolidated Statements of Income.

Note 3. Business Segments

We have seven operating segments: 1) Grand Design towables, 2) Winnebago towables, 3) Winnebago motorhomes, 4) Newmar motorhomes, 5) Chris-Craft marine, 6) Barletta marine and 7) Winnebago specialty vehicles. Financial performance is evaluated based on each operating segment's Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), as defined below, which excludes certain corporate administration expenses and non-operating income and expense.

Our three reportable segments are: Towable (an aggregation of the Grand Design towables and the Winnebago towables operating segments); Motorhome (an aggregation of the Winnebago motorhomes and Newmar motorhomes operating segments); and Marine (an aggregation of the Chris-Craft marine and Barletta marine operating segments). Towable is comprised of non-motorized products that are generally towed by another vehicle, along with other related manufactured products and services. Motorhome is comprised of products that include a motorized chassis, along with other related manufactured products and services. Marine is comprised of products that include boats, along with other related manufactured products and services.

The Corporate / All Other category includes the Winnebago specialty vehicles operating segment as well as certain corporate administration expenses related to the oversight of the enterprise, such as corporate leadership and administration costs.

Identifiable assets of the reportable segments exclude general corporate assets, which principally consist of cash and cash equivalents and certain deferred tax balances. The general corporate assets are included in the Corporate / All Other category.

Our Chief Executive Officer (the Chief Operating Decision Maker ("CODM")) regularly reviews consolidated financial results in their entirety and operating segment financial information through Adjusted EBITDA and has ultimate responsibility for enterprise decisions. Our CODM is responsible for allocating resources and assessing performance of the consolidated enterprise, reportable segments and between operating segments. Management of each operating segment has responsibility for operating decisions, allocating resources and assessing performance within their respective operating segment. The accounting policies of all reportable segments are the same as those described in Note 1 in the Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022.

We monitor and evaluate operating performance of our reportable segments based on Adjusted EBITDA. We believe disclosing Adjusted EBITDA is useful to securities analysts, investors and other interested parties when evaluating companies in our industries. EBITDA is defined as net income before interest expense, provision for income taxes, and depreciation and amortization expense. Adjusted EBITDA is defined as net income before interest expense, provision for income taxes, depreciation and amortization expense, and other pretax adjustments made in order to present comparable results period over period. Examples of items excluded from Adjusted EBITDA include acquisition-related costs, litigation reserves, and contingent consideration fair value adjustment.

Financial information by reportable segment is as follows:

	Three Months Ended	
(in millions)	November 26, 2022	November 27, 2021
Net Revenues		
Towable	$ 347.3	$ 651.0
Motorhome	464.2	421.5
Marine	131.4	79.3
Corporate / All Other	9.3	3.9
Consolidated	$ 952.2	$ 1,155.7
Adjusted EBITDA		
Towable	$ 36.3	$ 112.1
Motorhome	50.3	50.2
Marine	18.5	10.6
Corporate / All Other	(8.1)	(5.7)
Consolidated	$ 97.0	$ 167.2
Capital Expenditures		
Towable	$ 14.3	$ 11.2
Motorhome	5.8	7.8
Marine	7.3	0.6
Corporate / All Other	0.4	3.6
Consolidated	$ 27.8	$ 23.2

(in millions)	November 26, 2022	August 27, 2022
Assets		
Towable	$ 828.2	$ 874.9
Motorhome	840.6	823.4
Marine	425.8	416.1
Corporate / All Other	299.4	302.3
Consolidated	$ 2,394.0	$ 2,416.7

Reconciliation of net income to consolidated Adjusted EBITDA is as follows:

	Three Months Ended	
(in millions)	November 26, 2022	November 27, 2021
Net income	$ 60.2	$ 99.6
Interest expense, net	5.9	10.2
Provision for income taxes	19.5	30.1
Depreciation	6.6	5.3
Amortization	3.8	8.2
EBITDA	96.0	153.4
Acquisition-related costs	0.6	3.4
Litigation reserves	—	4.0
Contingent consideration fair value adjustment	0.4	6.4
Adjusted EBITDA	$ 97.0	$ 167.2

Note 4. Investments and Fair Value Measurements

In determining the fair value of financial assets and liabilities, we utilize market data or other assumptions that we believe market participants would use in pricing the asset or liability in the principal or most advantageous market and adjust for non-performance and/or other risks associated with us as well as counterparties, as appropriate. 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 — Unadjusted quoted prices which are available in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 — Inputs other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 — Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis are as follows:

(in millions)	Fair Value at November 26, 2022	Fair Value Hierarchy Level 1	Level 2	Level 3
Assets that fund deferred compensation				
Domestic equity funds	$ 1.7	$ 1.7	$ —	$ —
International equity funds	0.1	0.1	—	—
Fixed income funds	0.2	0.2	—	—
Total assets at fair value	$ 2.0	$ 2.0	$ —	$ —
Contingent consideration				
Earnout liability	$ 40.2	$ —	$ —	$ 40.2
Total liabilities at fair value	$ 40.2	$ —	$ —	$ 40.2

(in millions)	Fair Value at August 27, 2022	Fair Value Hierarchy Level 1	Level 2	Level 3
Assets that fund deferred compensation				
Domestic equity funds	$ 1.2	$ 1.2	$ —	$ —
International equity funds	0.1	0.1	—	—
Fixed income funds	0.1	0.1	—	—
Total assets at fair value	$ 1.4	$ 1.4	$ —	$ —
Contingent consideration				
Earnout liability	$ 39.8	$ —	$ —	$ 39.8
Total liabilities at fair value	$ 39.8	$ —	$ —	$ 39.8

Assets that Fund Deferred Compensation

Our assets that fund deferred compensation are marketable equity securities measured at fair value using quoted market prices and primarily consist of equity-based mutual funds. These securities, used to fund the Executive Share Option Plan and the Executive Deferred Compensation Plan, are classified as Level 1 as they are traded in an active market for which closing stock prices are readily available. Refer to Note 11 in the Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 for additional information regarding these plans.

The proportion of the assets that will fund options which expire within a year are included in prepaid expenses and other assets on the Consolidated Balance Sheets. The remaining assets are classified as non-current and are included in other assets on the Consolidated Balance Sheets.

Contingent Consideration

Contingent consideration represents the earnout liability related to the Barletta acquisition and is valued using a probability-weighted scenario analysis of projected gross profit results and discounted at a risk-free rate. The contingent consideration is classified as Level 3. Actual gross profit results may differ significantly from those used in the estimate above, which may affect future payments. Changes in future payments will be reflected in future operating results as they occur.

The following table provides a reconciliation of the beginning and ending balances of the contingent consideration:

(in millions)	Three Months Ended November 26, 2022	Three Months Ended November 27, 2021
Beginning fair value - contingent consideration	$ 39.8	$ —
Additions	—	24.2
Fair value adjustments	0.4	6.4
Ending fair value - contingent consideration	$ 40.2	$ 30.6

The fair value of the earnout liability that will be settled within a year is included in other current liabilities on the Consolidated Balance Sheets. The remaining earnout liability is included in other long-term liabilities on the Consolidated Balance Sheets.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain financial instruments are measured at fair value on a nonrecurring basis. These assets primarily include goodwill, intangible assets, property, plant and equipment, and right-of-use lease assets. These assets were originally recognized at amounts equal to the fair value determined at date of acquisition or purchase. If certain triggering events occur, or if an annual impairment test is required, we will evaluate the non-financial asset for impairment. If an impairment has occurred, the asset will be written down to its current estimated fair value. No impairments were recorded for non-financial assets in the three months ended November 26, 2022 or November 27, 2021.

Assets and Liabilities Not Measured at Fair Value

Certain financial instruments are not measured at fair value but are recorded at carrying amounts approximating fair value based on their short-term nature. These financial instruments include cash and cash equivalents, receivables, accounts payable, other payables, and long-term debt. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy. The fair value of our long-term debt was determined using current quoted prices in active markets for our publicly traded debt obligations, which is classified as Level 1 in the fair value hierarchy. See Note 9 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this quarterly report on Form 10-Q for the fair value of our long-term debt.

Note 5. Inventories

Inventories consist of the following:

(in millions)	November 26, 2022	August 27, 2022
Finished goods	$ 78.5	$ 59.3
Work-in-process	206.0	198.9
Raw materials	317.0	315.0
Total	601.5	573.2
Less: Excess of FIFO over LIFO cost	48.5	47.4
Inventories, net	$ 553.0	$ 525.8

Inventory valuation methods consist of the following:

(in millions)	November 26, 2022	August 27, 2022
LIFO basis	$ 247.1	$ 212.3
First-in, first-out basis	354.4	360.9
Total	$ 601.5	$ 573.2

The above inventory value, before reduction for the LIFO reserve, approximates replacement cost at the respective dates.

Note 6. Property, Plant, and Equipment

Property, plant, and equipment is stated at cost, net of accumulated depreciation, and consists of the following:

(in millions)	November 26, 2022	August 27, 2022
Land	$ 14.6	$ 14.6
Buildings and building improvements	197.8	171.0
Machinery and equipment	145.1	142.6
Software	43.8	43.8
Transportation	6.5	6.5
Construction in progress	72.3	76.8
Property, plant, and equipment, gross	480.1	455.3
Less: Accumulated depreciation	185.3	179.1
Property, plant, and equipment, net	$ 294.8	$ 276.2

Depreciation expense was $6.6 million and $5.3 million for the three months ended November 26, 2022 and November 27, 2021, respectively.

Note 7. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by reportable segment, with no accumulated impairment losses, for the three months ended November 26, 2022 and November 27, 2021 are as follows:

(in millions)	Towable	Motorhome	Marine	Total
Balances at August 28, 2021	$ 244.7	$ 73.1	$ 30.3	$ 348.1
Acquisition of Barletta[1]	—	—	136.1	136.1
Balances at November 27, 2021	$ 244.7	$ 73.1	$ 166.4	$ 484.2
Balances at August 27, 2022 and November 26, 2022[2]	$ 244.7	$ 73.1	$ 166.4	$ 484.2

[1] The change in marine activity is related to the acquisition of Barletta that occurred on August 31, 2021. See Note 2 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this quarterly report on Form 10-Q.

[2] There was no activity in the three months ended November 26, 2022.

Other intangible assets, net of accumulated amortization, consist of the following:

	November 26, 2022		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trade names	$ 352.3		$ 352.3
Dealer networks	180.0	$ 64.2	115.8
Backlog	42.3	42.3	—
Non-compete agreements	6.6	6.1	0.5
Other intangible assets	$ 581.2	$ 112.6	$ 468.6

	August 27, 2022		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trade names	$ 352.3		$ 352.3
Dealer networks	180.0	$ 60.5	119.5
Backlog	42.3	42.3	—
Non-compete agreements	6.6	6.0	0.6
Other intangible assets	$ 581.2	$ 108.8	$ 472.4

The weighted average remaining amortization period for intangible assets as of November 26, 2022 was approximately eight years.

Table of Contents

Estimated future amortization expense related to finite-lived intangible assets is as follows:

(in millions)		Amortization
Remainder of Fiscal 2023	$	11.4
Fiscal 2024		15.1
Fiscal 2025		14.9
Fiscal 2026		14.9
Fiscal 2027		14.9
Fiscal 2028		14.9
Thereafter		30.2
Total amortization expense remaining	$	116.3

Note 8. Product Warranties

We provide certain service and warranty on our products. From time to time, we also voluntarily incur costs for certain warranty-type expenses occurring after the normal warranty period expires to help protect the reputation of our products and maintain the goodwill of our customers. Estimated costs related to product warranty are accrued at the time of sale and are based upon historical warranty and service claims experience. Adjustments are made to accruals as claim data and cost experience becomes available.

In addition to the costs associated with the contractual warranty coverage provided on products, we also occasionally incur costs as a result of additional service actions not covered by warranties, including product recalls and customer satisfaction actions. Although we estimate and reserve for the cost of these service actions when probable and estimable, there can be no assurance that expense levels will remain at current levels or such reserves will continue to be adequate.

Changes in the product warranty liability are as follows:

	Three Months Ended			
(in millions)	November 26, 2022		November 27, 2021	
Balance at beginning of period	$	127.9	$	91.2
Business acquisition[1]		—		4.7
Provision		18.1		26.1
Claims paid		(23.8)		(19.6)
Balance at end of period	$	122.2	$	102.4

[1] Relates to the acquisition of Barletta on August 31, 2021. See Note 2 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this quarterly report on Form 10-Q.

Note 9. Long-Term Debt

Long-term debt consists of the following:

(in millions)	November 26, 2022		August 27, 2022	
ABL Credit Facility	$	—	$	—
Senior Secured Notes		300.0		300.0
Convertible Notes		300.0		300.0
Long-term debt, gross		600.0		600.0
Convertible Notes unamortized interest discount[1]		—		(45.3)
Debt issuance costs, net		(9.6)		(8.8)
Long-term debt, net	$	590.4	$	545.9

[1] In connection with the adoption of ASU 2020-06, the unamortized interest discount was derecognized in the first quarter of Fiscal 2023. Refer to Note 1 in the Notes to Consolidated Financial Statements in Item 1 of Part I of this quarterly report on Form 10-Q for additional information.

Credit Agreements

On July 15, 2022, we amended and restated our existing asset-backed revolving credit agreement ("ABL Credit Facility") to, among other things, increase the commitments available from $192.5 million to $350.0 million, and extend the maturity date from October 22, 2024 to July 15, 2027 (subject to certain factors which may accelerate the maturity date). The $350.0 million credit facility is on a revolving basis, subject to availability under a borrowing base consisting of eligible accounts receivable and eligible inventory. The ABL is available for issuance of letters of credit to a specified limit of $35.0 million. We pay a commitment fee of 0.25% based on the average daily amount of the facility available, but unused during the most recent quarter. We can elect to base the interest rate on various rates plus specific spreads depending on the borrowing amount outstanding. If drawn, interest on ABL borrowings is at a floating rate based upon our election, either term SOFR or REVSOFR30 (as defined in the credit agreement), plus, in each case, a credit spread adjustment of 0.10%, as well as an applicable spread between 1.25% and 1.75%, depending on the usage of the facility during the most recent quarter. Based on current usage, we would pay an applicable spread of 1.25%. In connection with the amendment, we capitalized $1.2 million of issuance costs that will be amortized over the five-year term of the agreement.

On July 8, 2020, we closed our private offering (the “Senior Secured Notes Offering”) of $300.0 million aggregate principal amount of 6.25% Senior Secured Notes due 2028 (the “Senior Secured Notes”). The Senior Secured Notes were issued in accordance with an Indenture dated as of July 8, 2020 (the “Indenture”). The Senior Secured Notes will mature on July 15, 2028 unless earlier redeemed or repurchased. Interest on the Senior Secured Notes accrues starting July 8, 2020 and is payable semi-annually in arrears on January 15 and July 15 of each year, which began on January 15, 2021.

Debt issuance costs incurred and capitalized are amortized on a straight-line basis over the term of the associated debt agreement. If early principal payments are made on the Senior Secured Notes, a proportional amount of the unamortized debt issuance costs is expensed. As part of the Senior Secured Notes Offering, we capitalized $7.5 million in debt issuance costs that will be amortized over the eight-year term of the agreement.

Refer to Note 9 in the Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 for additional information regarding these credit agreements.

Convertible Notes

On November 1, 2019, we issued $300.0 million in aggregate principal amount of 1.5% unsecured convertible senior notes due 2025 (“Convertible Notes”). The net proceeds from the issuance of the Convertible Notes, after deducting the initial purchasers' transaction fees and offering expense payable by us, were approximately $290.2 million. The Convertible Notes bear interest at the annual rate of 1.5%, payable on April 1 and October 1 of each year, beginning on April 1, 2020, and will mature on April 1, 2025, unless earlier converted or repurchased by us.

The Convertible Notes will be convertible into cash, shares of our common stock or a combination thereof, at our election, at an initial conversion rate of 15.6906 shares of common stock per $1 thousand principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately $63.73 per share, as adjusted pursuant to the terms of the indenture governing the Convertible Notes. The Convertible Notes may be converted at any time on or after October 1, 2024, until the close of business on the second scheduled trading day immediately preceding the maturity date.

Prior to the close of business on the business day immediately preceding October 1, 2024, the Convertible Notes will be convertible only under the following circumstances:

1. during any calendar quarter commencing after December 31, 2019 if the closing sale price of the common stock is more than 130% of the applicable conversion price on each applicable trading day for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;
2. during the five consecutive business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1 thousand principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate for the Convertible Notes on each such trading day; or
3. upon the occurrence of certain specified corporate events set forth in the indenture for the Convertible Notes.

We may not redeem the Convertible Notes at our option prior to the maturity date, and no sinking fund is provided for the Convertible Notes.

The conversion rate of the Convertible Notes may be adjusted in certain circumstances, including in connection with a conversion of the Convertible Notes made following certain fundamental changes and under other circumstances set forth in the indenture. It is our current intent to settle all conversions of the Convertible Notes in cash. Our ability to cash settle may be limited depending on the stock price at the time of conversion.

On October 29, 2019 and October 30, 2019, in connection with the offering of the Convertible Notes, we entered into privately negotiated convertible note hedge transactions (collectively, the “Hedge Transactions”) that cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that initially underlie the Convertible Notes.

On October 29, 2019 and October 30, 2019, we also entered into privately negotiated warrant transactions (collectively, the “Warrant Transactions” and, together with the Hedge Transactions, the “Call Spread Transactions”), whereby we sold warrants at a higher strike price relating to the same number of shares of our common stock that initially underlie the Convertible Notes, subject to customary anti-dilution adjustments.

The Hedge Transactions and the Warrant Transactions are separate transactions, in each case, and are not part of the terms of the Convertible Notes and will not affect any holder’s rights under the Convertible Notes. Holders of the Convertible Notes will not have any rights with respect to the Call Spread Transactions.

Refer to Note 9 in the Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 for additional information regarding the Convertible Notes and the Call Spread Transactions.

Accounting Treatment of the Convertible Notes and Related Hedge Transactions and Warrant Transactions

In the first quarter of Fiscal 2023, we adopted ASU 2020-06 using the modified retrospective approach. The new guidance simplifies the accounting for convertible instruments by removing certain separation models. As a result, more convertible debt instruments will be accounted for as a single liability measured at amortized cost.

Prior to our adoption of ASU 2020-06, we bifurcated the proceeds from the offering of the Convertible Notes between liability and equity components. On the date of issuance, the liability and equity components were calculated to be approximately $215.0 million and $85.0 million, respectively. The initial $215.0 million liability component was determined based on the fair value of similar debt instruments excluding the conversion feature assuming a hypothetical interest rate of 8%. The initial $85.0 million ($64.1 million net of tax) equity component represented the difference between the fair value of the initial $215.0 million in debt and the $300.0 million of gross proceeds. The initial debt discount of $85.0 million was being amortized over the life of the Convertible Notes as non-cash interest expense using the effective interest method. We recognized $3.6 million of non-cash interest expense during the three months ended November 27, 2021. In addition, offering-related costs of $9.8 million were allocated to the liability and equity components in proportion to the allocation of proceeds.

In connection with our adoption of ASU 2020-06, we derecognized the remaining unamortized interest discount on the Convertible Notes and therefore recorded no non-cash interest expense related to the amortization of the debt discount during the three months ended November 26, 2022. As a result, the Convertible Notes are now accounted for as a single liability measured at amortized cost. Interest expense, representing the amortization of the debt issuance costs as well as the contractual interest expense is amortized using an effective interest rate of 2.1% over the term of the Convertible Notes. We recorded $1.6 million of interest expense during the three months ended November 26, 2022.

Refer to Note 15 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q for more information related to the earnings per share impact associated with the Convertible Notes and our adoption of ASU-2020-06.

The net cost incurred in connection with the Call Spread Transactions was $11.2 million. These transactions are classified as equity and are not remeasured each reporting period.

Table of Contents

Fair Value and Future Maturities

As of November 26, 2022 and August 27, 2022, the fair value of long-term debt, gross, was $615.5 million and $634.2 million, respectively. The fair value of the Convertible Notes was $334.7 million as of November 26, 2022.

Aggregate contractual maturities of debt in future fiscal years are as follows:

(in millions)		Amount
Remainder of Fiscal 2023	$	—
Fiscal 2024		—
Fiscal 2025		300.0
Fiscal 2026		—
Fiscal 2027		—
Fiscal 2028		300.0
Total Senior Secured Notes and Convertible Notes	$	600.0

Note 10. Employee and Retiree Benefits

Deferred compensation liabilities are as follows:

(in millions)		November 26, 2022		August 27, 2022
Non-qualified deferred compensation	$	7.5	$	7.9
Supplemental executive retirement plan		1.4		1.4
Executive deferred compensation plan		1.9		1.4
Total deferred compensation benefits		10.8		10.7
Less current portion[1]		2.4		2.6
Deferred compensation benefits, net of current portion	$	8.4	$	8.1

[1] Included in accrued compensation on the Consolidated Balance Sheets.

Note 11. Contingent Liabilities and Commitments

Repurchase Commitments

Generally, manufacturers in the same industries as us enter into repurchase agreements with lending institutions which have provided wholesale floorplan financing to dealers. Most dealers are financed on a "floorplan" basis under which a bank or finance company lends the dealer all, or substantially all, of the purchase price, collateralized by a security interest in the units purchased.

Our repurchase agreements generally provide that, in the event of default by the dealer on the agreement to pay the lending institution, we will repurchase the financed merchandise. The terms of these agreements, which generally can last up to 24 months, provide that our liability will be the lesser of remaining principal owed by the dealer to the lending institution, or dealer invoice less periodic reductions based on the time since the date of the original invoice. Our liability cannot exceed 100% of the dealer invoice. In certain instances, we also repurchase inventory from dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations. Although laws vary from state to state, some states have laws in place that require manufacturers of recreational vehicles or boats to repurchase current inventory if a dealership exits the business. The total contingent liability on all of our repurchase agreements was approximately $1,902.0 million and $1,783.7 million at November 26, 2022 and August 27, 2022, respectively.

Our loss reserve for repurchase commitments contains uncertainties because the calculation requires management to make assumptions and apply judgment regarding a number of factors. Our risk of loss related to these repurchase commitments is significantly reduced by the potential resale value of any products that are subject to repurchase and is spread over numerous dealers and lenders. The aggregate contingent liability related to our repurchase agreements represents all financed dealer inventory at the period-end reporting date subject to a repurchase agreement, net of the greater of periodic reductions per the agreement or dealer principal payments. Based on these repurchase agreements and our historical loss experience, an associated loss reserve is established which is included in other current liabilities on the Consolidated Balance Sheets. Our repurchase accrual was $1.3 million and $1.4 million at November 26, 2022 and August 27, 2022, respectively. Repurchase risk is affected by the credit worthiness of our dealer network. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to establish the loss reserve for repurchase commitments.

There was no material activity related to repurchase agreements during the three months ended November 26, 2022 and November 27, 2021.

Litigation

We are involved in various legal proceedings which are considered ordinary and routine litigation incidental to the business, some of which are covered in whole or in part by insurance. While we believe the ultimate disposition of litigation will not have a material adverse effect on our financial position, results of operations or liquidity, the possibility exists that such litigation may have an impact on our results for a particular reporting period in which litigation effects become probable and reasonably estimable. Though we do not believe there is a reasonable likelihood that there will be a material change related to these matters, litigation is subject to inherent uncertainties and our view of these matters may change in the future.

Note 12. Revenue

All operating revenue is generated from contracts with customers. Our primary revenue source is generated through the sale of manufactured non-motorized towable units, motorhome units and marine units to our independent dealer network (our customers). The following table disaggregates revenue by reportable segment and product category:

	Three Months Ended	
(in millions)	November 26, 2022	November 27, 2021
Net Revenues		
Towable		
Fifth Wheel	$ 187.7	$ 325.8
Travel Trailer	148.3	315.4
Other[1]	11.3	9.8
Total Towable	347.3	651.0
Motorhome		
Class A	231.1	195.3
Class B	146.9	145.0
Class C and Other [1]	86.2	81.2
Total Motorhome	464.2	421.5
Marine	131.4	79.3
Corporate / All Other[2]	9.3	3.9
Consolidated Net Revenues	$ 952.2	$ 1,155.7

(1) Relates to parts, accessories, and services.
(2) Relates to specialty vehicle units, parts, accessories, and services.

We do not have material contract assets or liabilities. Allowances for uncollectible receivables are established based on historical collection trends, write-off history, consideration of current conditions and expectations for future economic conditions.

Concentration of Risk

No single dealer organization accounted for more than 10% of net revenue for the three months ended November 26, 2022 or November 27, 2021.

Note 13. Stock-Based Compensation

On December 11, 2018, our shareholders approved the Winnebago Industries, Inc. 2019 Omnibus Incentive Plan ("2019 Plan") as detailed in our Proxy Statement for the 2018 Annual Meeting of Shareholders. The 2019 Plan allows us to grant or issue non-qualified stock options, incentive stock options, restricted share units, and other equity compensation to key employees and to non-employee directors. The 2019 Plan replaces the 2014 Omnibus Equity, Performance Award, and Incentive Compensation Plan (as amended, the "2014 Plan"). The number of shares of our common stock that may be awarded and issued under the 2019 Plan is 4.1 million shares, plus the shares subject to any awards outstanding under the 2014 Plan and our predecessor plan, the 2004 Incentive Compensation Plan (the “2004 Plan”), on December 11, 2018 that subsequently expire, are forfeited or canceled, or are settled for cash. Until such time, awards under the 2014 Plan and the 2004 Plan, respectively, that were outstanding on December 11, 2018 will continue to be subject to the terms of the 2014 Plan or 2004 Plan, as applicable. Shares remaining available for future awards under the 2014 Plan were not carried over into the 2019 Plan.

Stock-based compensation expense was $3.0 million and $2.7 million for the three months ended November 26, 2022 and November 27, 2021, respectively. Compensation expense is recognized over the requisite service or performance period of the award, unless accelerated by certain retirement eligibility provisions.

Note 14. Income Taxes

Our effective tax rate was 24.5% and 23.2% for the three months ended November 26, 2022 and November 27, 2021, respectively. The increase in tax rate for the three months ended November 26, 2022 compared to the three months ended November 27, 2021 was driven primarily by the impact of a net favorable impact related to stock compensation in the prior year.

On August 16, 2022, the Inflation Reduction Act (“IRA”) was signed into law in the United States. Among other provisions, the IRA includes a 15% corporate minimum tax rate applied to certain large corporations and a 1% excise tax on corporate stock repurchases made after December 31, 2022. We do not expect the IRA to have a material impact on our consolidated financial statements.

We file a U.S. Federal tax return, as well as returns in various international and state jurisdictions. As of November 26, 2022, our Federal returns from Fiscal 2019 to present are subject to review by the Internal Revenue Service. With limited exceptions, state returns from Fiscal 2018 to present continue to be subject to review by state taxing jurisdictions. We are currently under review by certain U.S. state tax authorities for Fiscal 2019 and Fiscal 2020. We believe we have adequately reserved for our exposure to potential additional payments for uncertain tax positions in our liability for unrecognized tax benefits.

Note 15. Earnings Per Share

In the first quarter of Fiscal 2023, we adopted ASU 2020-06 using the modified retrospective approach. Prior to adoption, we utilized the treasury stock method for calculating the dilutive impact of our Convertible Notes. Upon adoption, we prospectively utilized the if-converted method to calculate the dilutive impact of our Convertible Notes. Under the if-converted method, the Convertible Notes are assumed to be converted into common stock at the beginning of the reporting period, and interest charges are added back to the numerator as the principal amount of the Convertible Notes is not required to be paid in cash.

Basic and diluted earnings per share are calculated as follows:

(in millions, except per share data)	Three Months Ended November 26, 2022	Three Months Ended November 27, 2021
Earnings per share - basic		
Net income	$ 60.2	$ 99.6
Weighted average common shares outstanding	30.4	33.3
Basic earnings per common share	$ 1.98	$ 2.99
Earnings per share - diluted		
Net income	$ 60.2	$ 99.6
Interest expense on convertible notes, net of tax	1.2	—
Diluted net income	$ 61.4	$ 99.6
Weighted average common shares outstanding	30.4	33.3
Dilutive impact of stock compensation awards	0.4	0.6
Dilutive impact of convertible notes	4.7	0.5
Weighted average common shares outstanding, assuming dilution	35.5	34.4
Anti-dilutive securities excluded from weighted average common shares outstanding, assuming dilution	0.1	0.1
Diluted earnings per common share	$ 1.73	$ 2.90

For both periods presented, the dilutive effect of stock compensation awards was determined using the treasury stock method. Under the treasury stock method, shares associated with certain anti-dilutive securities have been excluded from the diluted weighted average shares outstanding calculation because the exercise of those options would lead to a net reduction in common shares outstanding or anti-dilution.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The terms "Winnebago," "we," "us," and "our," unless the context otherwise requires, refer to Winnebago Industries, Inc. and its wholly-owned subsidiaries.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude.

Our MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 (including the information presented therein under Risk Factors), as well as our reports on Forms 10-Q and 8-K and other publicly available information. All amounts herein are unaudited. All amounts in tables are in millions, except share and per share data, unless otherwise noted.

Overview

Winnebago Industries, Inc. is one of the leading North American manufacturers of recreation vehicles ("RV"s) and marine products with a diversified portfolio used primarily in leisure travel and outdoor recreational activities. We produce our motorhome units in Iowa and Indiana; our towable units in Indiana; and our marine units in Indiana and Florida. We distribute our RV and marine products primarily through independent dealers throughout the U.S. and Canada, who then retail the products to the end consumer. We also distribute our marine products internationally through independent dealers, who then retail the products to the end consumer.

Macroeconomic Events

In February 2022, the United States announced targeted economic sanctions on Russia in response to the military conflict in Ukraine. As described in Part I, Item 1A — Risk Factors, in the Annual Report on Form 10-K for the fiscal year ended August 27, 2022, our business may be sensitive to economic conditions such as the adverse impact of global tensions, which could impact input costs, consumer spending, and fuel prices. As our operations are primarily in North America, we have no direct exposure to Russia and Ukraine. However, we are actively monitoring the broader economic impact of the crisis, especially the potential impact of rising commodity and fuel prices, and the potential decreased demand for our products.

Supply chain disruptions continue to impact the global economy, resulting in increased volatility and inflationary cost pressures. For example, our production has experienced certain supply shortages, particularly within our Motorhome and Marine segments, as well as material and component cost inflation. If these disruptions continue, or if there are additional disruptions in our supply chain, it could materially or adversely impact our operating results and financial condition. Despite certain supply shortages and inflationary cost input pressures, we continue to operate and adapt to these temporary supply chain disruptions.

Non-GAAP Financial Measures

This MD&A includes financial information prepared in accordance with generally accepted accounting principles ("GAAP"), as well as certain adjusted or non-GAAP financial measures such as EBITDA and Adjusted EBITDA. EBITDA is defined as net income before interest expense, provision for income taxes, and depreciation and amortization expense. Adjusted EBITDA is defined as net income before interest expense, provision for income taxes, depreciation and amortization expense, and other pretax adjustments made in order to present comparable results from period to period.

These non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, have been provided as information supplemental and in addition to the financial measures presented in accordance with GAAP. Such non-GAAP financial measures should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein. The non-GAAP financial measures presented may differ from similar measures used by other companies.

Included in "Results of Operations" below for the three months ended November 26, 2022 compared to the comparable prior year period is a reconciliation of EBITDA and Adjusted EBITDA from net income, the nearest GAAP measure. We have included these non-GAAP performance measures as a comparable measure to illustrate the effect of non-recurring transactions that occurred during the reported periods and to improve comparability of our results from period to period. We believe Adjusted EBITDA provides meaningful supplemental information about our operating performance as this measure excludes amounts from net income that we do not consider part of our core operating results when assessing our performance. Examples of items excluded from Adjusted EBITDA include acquisition-related costs, litigation reserves, and contingent consideration fair value adjustment.

Management uses these non-GAAP financial measures (a) to evaluate our historical and prospective financial performance and trends as well as our performance relative to competitors and peers; (b) to measure operational profitability on a consistent basis; (c) in presentations to the members of our Board of Directors to enable our Board of Directors to have the same measurement basis of operating performance as used by management in their assessment of performance and in forecasting; (d) to evaluate potential acquisitions; and (e) to ensure compliance with covenants and restricted activities under the terms of our ABL Credit Facility and outstanding notes, as further described in Note 9 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q. We believe these non-GAAP financial measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in the industry.

Industry Trends and Uncertainties

The RV and marine industries continue to experience shipping delays associated with a constrained supply chain. While we continue to operate and adapt to these supply chain disruptions, they impacted our ability to meet existing demand in the first quarter of Fiscal 2023.

In the first quarter of Fiscal 2023, Mercedes-Benz AG issued a global recall related to an electronic parking brake defect affecting 2019 through 2022 Sprinter chassis. As a result, retail sales and wholesale shipments of our products built on this chassis are suspended until a remedy is implemented in cooperation with Mercedes-Benz AG. This recall impacted our Motorhome segment net sales, profitability, and working capital in the first quarter of Fiscal 2023.

We believe field inventory for our Towable segment has normalized to adequately serve end consumer demand, while field inventory for our Motorhome segment is returning to normalized levels. Field inventory for our Marine segment continues to remain lower than desired by our dealer network, but is beginning to show signs of normalizing. We continue to produce and ship in accordance with dealer demand as evidenced and requested by dealer orders.

RV industry retail sales have been softening compared to record high prior year levels; however, we still believe in the long-term health of consumer demand for RV and marine products. More people are pursuing outdoor activities, household penetration of RVs is increasing, and campers are more diverse than ever. According to statistics published by Kampgrounds of America, Inc., over 14 million households camped for the first time in 2020 and 2021, and combined with record levels of first-time buyers of RVs over the past two years, we believe a positive outlook exists for new product and upgrade-related sales. Despite these developments, current macroeconomic trends such as inflation, rising interest rates and low consumer sentiment, as well as global political tensions, contribute to reduced short-term consumer demand for large discretionary products such as RVs and Marine products, which could in turn impact our future revenue and profits.

Results of Operations - Three Months Ended November 26, 2022 Compared to the Three Months Ended November 27, 2021

Consolidated Performance Summary

The following is an analysis of changes in key items included in the Consolidated Statements of Income for the three months ended November 26, 2022 compared to the three months ended November 27, 2021:

	Three Months Ended					
($ in millions, except per share data)	November 26, 2022	% of Revenues[1]	November 27, 2021	% of Revenues[1]	$ Change	% Change
Net revenues	$ 952.2	100.0 %	$ 1,155.7	100.0 %	$ (203.5)	(17.6)%
Cost of goods sold	791.8	83.2 %	926.3	80.2 %	(134.5)	(14.5)%
Gross profit	160.4	16.8 %	229.4	19.8 %	(69.0)	(30.1)%
Selling, general, and administrative expenses	70.7	7.4 %	74.8	6.5 %	(4.1)	(5.5)%
Amortization	3.8	0.4 %	8.2	0.7 %	(4.4)	(53.7)%
Total operating expenses	74.5	7.8 %	83.0	7.2 %	(8.5)	(10.2)%
Operating income	85.9	9.0 %	146.4	12.7 %	(60.5)	(41.3)%
Interest expense, net	5.9	0.6 %	10.2	0.9 %	(4.3)	(42.2)%
Non-operating loss	0.3	— %	6.5	0.6 %	6.2	(95.4)%
Income before income taxes	79.7	8.4 %	129.7	11.2 %	(50.0)	(38.6)%
Provision for income taxes	19.5	2.0 %	30.1	2.6 %	(10.6)	(35.2)%
Net income	$ 60.2	6.3 %	$ 99.6	8.6 %	$ (39.4)	(39.6)%
Diluted earnings per share	$ 1.73		$ 2.90		$ (1.17)	(40.3)%
Diluted average shares outstanding	35.5		34.4		1.1	3.2 %

(1) Percentages may not add due to rounding differences.

Net revenues decreased primarily due to lower unit sales particularly in the Towables segment, compared to record high year-ago levels, partially offset by Marine segment unit growth and price increases in all segments related to higher material and component costs.

Gross profit as a percentage of revenue decreased compared to record high year-ago levels, primarily due to timing of inflationary pressures relative to pricing, deleverage, and productivity loss from supply disruptions including the chassis recall by Mercedes-Benz AG as described above in this Item 2 under "Industry Trends and Uncertainties."

Operating expenses decreased primarily due to lower amortization related to Barletta intangible assets, and legal settlement and transaction costs incurred in the prior year, partially offset by strategic investments.

Non-operating loss decreased due to a lower contingent consideration fair value adjustment related to the earnout from the acquisition of Barletta.

Our effective tax rate increased primarily due to a net favorable impact related to stock compensation in the prior year.

Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the three months ended November 26, 2022 and November 27, 2021:

	Three Months Ended	
(in millions)	November 26, 2022	November 27, 2021
Net income	$ 60.2	$ 99.6
Interest expense, net	5.9	10.2
Provision for income taxes	19.5	30.1
Depreciation	6.6	5.3
Amortization	3.8	8.2
EBITDA	96.0	153.4
Acquisition-related costs	0.6	3.4
Litigation reserves	—	4.0
Contingent consideration fair value adjustment	0.4	6.4
Adjusted EBITDA	$ 97.0	$ 167.2

Reportable Segment Performance Summary

Towable

The following is an analysis of key changes in our Towable segment for the three months ended November 26, 2022 compared to the three months ended November 27, 2021:

	Three Months Ended					
(in millions, except ASP and units)	November 26, 2022	% of Revenues	November 27, 2021	% of Revenues	$ Change	% Change
Net revenues	$ 347.3		$ 651.0		$ (303.7)	(46.7)%
Adjusted EBITDA	36.3	10.5 %	112.1	17.2 %	(75.8)	(67.6)%
Average Selling Price ("ASP")[(1)]	48,173		39,237		8,936	22.8 %

	Three Months Ended					
Unit deliveries	November 26, 2022	Product Mix[(2)]	November 27, 2021	Product Mix[(2)]	Unit Change	% Change
Travel trailer	4,650	64.7 %	11,143	67.8 %	(6,493)	(58.3)%
Fifth wheel	2,541	35.3 %	5,288	32.2 %	(2,747)	(51.9)%
Total towables	7,191	100.0 %	16,431	100.0 %	(9,240)	(56.2)%

	November 26, 2022	November 27, 2021	Change	% Change
Backlog[(3)]				
Units	10,441	48,759	(38,318)	(78.6)%
Dollars	$ 434.0	$ 1,874.8	$ (1,440.8)	(76.9)%
Dealer Inventory				
Units	20,576	15,344	5,232	34.1 %

(1) Average selling price excludes off-invoice dealer incentives.
(2) Percentages may not add due to rounding differences.
(3) Our backlog includes all accepted orders from dealers which generally have been requested to be shipped within the next six months. Orders in backlog generally can be cancelled or postponed at the option of the dealer at any time without penalty; therefore, backlog may not necessarily be an accurate measure of future sales.

Net revenues decreased primarily due to a decline in unit volume.

Adjusted EBITDA decreased primarily due to lower revenues associated with volume declines compared to record high year-ago levels and the timing of price increases compared to inflation.

Motorhome

The following is an analysis of key changes in our Motorhome segment for the three months ended November 26, 2022 compared to the three months ended November 27, 2021:

	Three Months Ended					
(in millions, except ASP and units)	November 26, 2022	% of Revenues	November 27, 2021	% of Revenues	$ Change	% Change
Net revenues	$ 464.2		$ 421.5		$ 42.7	10.1 %
Adjusted EBITDA	50.3	10.8 %	50.2	11.9 %	0.1	0.2 %
ASP[1]	182,386		152,550		29,836	19.6 %

	Three Months Ended					
Unit deliveries	November 26, 2022	Product Mix[2]	November 27, 2021	Product Mix[2]	Unit Change	% Change
Class A	693	27.6 %	744	27.2 %	(51)	(6.9)%
Class B	1,322	52.7 %	1,447	52.9 %	(125)	(8.6)%
Class C	493	19.7 %	544	19.9 %	(51)	(9.4)%
Total motorhomes	2,508	100.0 %	2,735	100.0 %	(227)	(8.3)%

	November 26, 2022	November 27, 2021	Change	% Change
Backlog[3]				
Units	10,089	18,826	(8,737)	(46.4)%
Dollars	$ 1,596.0	$ 2,412.6	$ (816.6)	(33.8)%
Dealer Inventory				
Units	4,234	2,468	1,766	71.6 %

(1) Average selling price excludes off-invoice dealer incentives.
(2) Percentages may not add due to rounding differences.
(3) Our backlog includes all accepted orders from dealers which generally have been requested to be shipped within the next six months. Orders in backlog generally can be cancelled or postponed at the option of the dealer at any time without penalty; therefore, backlog may not necessarily be an accurate measure of future sales.

Net revenues increased primarily due to price increases related to higher material and component costs, partially offset by unit volume decline.

Adjusted EBITDA was essentially flat primarily due to higher revenues, offset by productivity and supply chain challenges, including the chassis recall by Mercedes-Benz AG as described above in this Item 2 under "Industry Trends and Uncertainties."

Marine

The following is an analysis of key changes in our Marine segment for the three months ended November 26, 2022 compared to the three months ended November 27, 2021:

	Three Months Ended					
(in millions, except ASP and units)	November 26, 2022	% of Revenues	November 27, 2021	% of Revenues	$ Change	% Change
Net revenues	$ 131.4		$ 79.3		$ 52.1	65.7 %
Adjusted EBITDA	18.5	14.1 %	10.6	13.3 %	7.9	74.5 %
ASP[(1)]	78,957		69,935		9,022	12.9 %

	Three Months Ended			
Unit deliveries	November 26, 2022	November 27, 2021	Unit Change	% Change
Boats	1,700	1,135	565	49.8 %

	November 26, 2022	November 27, 2021	Change	% Change
Backlog[(2)]				
Units	3,633	3,002	631	21.0 %
Dollars	$ 318.5	$ 257.2	$ 61.3	23.8 %
Dealer Inventory				
Units	3,182	1,446	1,736	120.1 %

(1) ASP excludes off-invoice dealer incentives.
(2) Our backlog includes all accepted orders from dealers which generally have been requested to be shipped within the next six months. Orders in backlog generally can be cancelled or postponed at the option of the dealer at any time without penalty; therefore, backlog may not necessarily be an accurate measure of future sales.

Net revenues increased primarily due to unit growth and price increases related to higher material and component costs.

Adjusted EBITDA increased primarily due to increased revenue and operational improvements.

Analysis of Financial Condition, Liquidity, and Resources

Cash Flows

The following table summarizes our cash flows from operations:

	Three Months Ended	
(in millions)	November 26, 2022	November 27, 2021
Total cash provided by (used in):		
Operating activities	$ 29.9	$ 56.5
Investing activities	(27.1)	(251.4)
Financing activities	(13.3)	(28.3)
Net decrease in cash and cash equivalents	$ (10.5)	$ (223.2)

Operating Activities

During the three months ended November 26, 2022, cash provided by operating activities was $29.9 million compared to $56.5 million in the same period last year. The decrease is primarily driven by lower profitability, partially offset by favorable changes in operating assets and liabilities. The favorable impact of operating assets and liabilities is primarily due to changes in accounts receivable due to lower revenues and timing of invoicing/collections, and changes in inventory due to elevated purchases in Fiscal 2022 to support customer demand, partially offset by a decrease in accounts payable due to timing of payments and supply chain production slowdowns. Working capital and cash provided by operating activities were negatively impacted by the Mercedes-Benz AG chassis recall in the first quarter of Fiscal 2023.

Investing Activities

Cash used in investing activities decreased primarily due to our acquisition of Barletta during the first quarter of Fiscal 2022.

Financing Activities

Cash used in financing activities decreased primarily due to $4.5 million of stock repurchases in the first quarter of Fiscal 2023 compared to $23.7 million in the first quarter of Fiscal 2022.

Debt and Capital

We maintain a $350.0 million asset-based revolving credit facility ("ABL Credit Facility") with a maturity date of July 15, 2027 subject to certain factors which may accelerate the maturity date. As of November 26, 2022, we had no borrowings against the ABL Credit Facility.

As of November 26, 2022, we had $271.7 million in cash and cash equivalents and $350.0 million in unused ABL Credit Facility. Our cash and cash equivalent balances consist of high quality, short-term money market instruments.

We believe cash flow from operations, existing lines of credit, and access to debt and capital markets will be sufficient to meet our current liquidity needs, and we have committed liquidity and cash reserves in excess of our anticipated funding requirements. We evaluate the financial stability of the counterparties for the Convertible Notes, the Senior Secured Notes, and the ABL Credit Facility, and will continue to monitor counterparty risk on an on-going basis.

Other Financial Measures

Working capital at November 26, 2022 and August 27, 2022 was $617.7 million and $571.7 million, respectively. We currently expect cash on hand, funds generated from operations, and the borrowing available under our ABL Credit Facility to be sufficient to cover both short-term and long-term operating requirements.

Share Repurchases

We repurchase our common stock and pay dividends pursuant to programs approved by our Board of Directors. Our long-term capital allocation strategy is to first fund operations and investments in growth, maintain a debt leverage ratio within our targeted zone, maintain reasonable liquidity, and then return excess cash over time to shareholders through dividends and share repurchases.

On August 17, 2022, our Board of Directors authorized a new share repurchase program in the amount of $350.0 million with no time restriction on the authorization, which took effect immediately and replaced the prior program. In the three months ended November 26, 2022, we repurchased 79,387 shares at a cost of $4.5 million to satisfy tax obligations on employee equity awards vested. We continually evaluate if share repurchases reflect a prudent use of our capital and, subject to compliance with our ABL Credit Facility and Senior Secured Notes, we may purchase shares in the future. As of November 26, 2022, we have $350.0 million remaining on our Board approved repurchase authorization.

On December 14, 2022, our Board of Directors approved a quarterly cash dividend of $0.27 per share payable on January 25, 2023, to common stockholders of record at the close of business on January 11, 2023.

Contractual Obligations and Commercial Commitments

There has been no material change in our contractual obligations since the end of Fiscal 2022. See our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 for additional information regarding our contractual obligations and commercial commitments.

Critical Accounting Policies

We describe our critical accounting policies in Note 1 in the Notes to Consolidated Financial Statements included in Item 8 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022. We discuss our critical accounting estimates in Item 7 of Part II of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022. There have been no material changes to our critical accounting policies or critical accounting estimates since the end of Fiscal 2022.

Recently Issued Accounting Pronouncements

There have been no new accounting pronouncements issued but not yet adopted or effective that we believe will have a significant impact on our consolidated financial statements.

Safe Harbor Statement Under the Private Securities Litigation Reform Act

Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”), provide a “safe harbor” for forward-looking statements to encourage companies to provide prospective information about their companies. With the exception of historical information, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements and may be identified by the use of words such as "anticipate," "assume," "believe," "estimate," "expect," "guidance," "intend," "outlook," "plan," "project," and other words and terms of similar meaning. Such statements reflect our current views and estimates with respect to future market conditions, company performance and financial results, operational investments, business prospects, new strategies, the competitive environment, and other events. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the potential results discussed in such forward-looking statements. Readers should review Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022, and Item 1A of Part II of this Quarterly Report on Form 10-Q, for a description of important factors that could cause our actual results to differ materially from those contemplated by the forward-looking statements made in this Quarterly Report on Form 10-Q. Among the factors that could cause actual results and outcomes to differ materially from those contained in such forward-looking statements are the following:

- General economic uncertainty in key markets and a worsening of domestic and global economic conditions or low levels of economic growth.
- Uncertainty surrounding the COVID-19 pandemic.
- Availability of financing for RV and marine dealers.
- Ability to innovate and commercialize new products.
- Ability to manage our inventory to meet demand.
- Competition and new product introductions by competitors.
- Risk related to cyclicality and seasonality of our business.
- Risk related to independent dealers.
- Significant increase in repurchase obligations.
- Business or production disruptions.
- Inadequate inventory and distribution channel management.
- Ability to retain relationships with our suppliers and obtain components, including the nature and timing of the remedy for the recall of Mercedes-Benz Sprinter chassis.
- Increased material and component costs, including availability and price of fuel and other raw materials.
- Ability to integrate mergers and acquisitions.
- Ability to attract and retain qualified personnel and changes in market compensation rates.
- Exposure to warranty claims.
- Ability to protect our information technology systems from data security, cyberattacks, and network disruption risks and the ability to successfully upgrade and evolve our information technology systems.
- Ability to retain brand reputation and related exposure to product liability claims.
- Governmental regulation, including for climate change.
- Impairment of goodwill and trade names.
- Risks related to our Convertible and Senior Secured Notes, including our ability to satisfy our obligations under these notes.

We caution that the foregoing list of important factors is not complete. Any forward-looking statements speak only as of the date they are made, and we assume no obligation to update any forward-looking statement that we may make.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The assets we maintain to fund deferred compensation have market risk, but we maintain a corresponding liability for these assets. The market risk is therefore borne by the participants in the deferred compensation program.

Interest rate risk

The ABL Credit Facility, which is our only floating rate debt instrument, remains undrawn as of November 26, 2022.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the Evaluation Date.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the first quarter of Fiscal 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 11 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, *Risk Factors*, of our Annual Report on Form 10-K for the fiscal year ended August 27, 2022, except for the risk factor updated below:

For some of the components used in production, we depend on a small group of suppliers and the loss of any of these suppliers could affect our ability to obtain components timely or at competitive prices, which would decrease our results of operations, financial condition, and cash flows.

Most of our RV and marine components are readily available from numerous sources. However, a few of our components are produced by a small group of suppliers. In the case of motorhome chassis, Mercedes-Benz (USA and Canada), Stellantis N.V., Freightliner Trucks, Ford Motor Company, and Spartan RV Chassis are our major suppliers. Our relationship with our chassis suppliers is similar to our other supplier relationships in that no specific contractual commitments are engaged in by either party. This means that we do not have minimum purchase requirements, and our chassis suppliers do not have minimum supply requirements. Our chassis suppliers also supply to our competitors. Historically, chassis suppliers resort to an industry-wide allocation system during periods when supply is restricted. These allocations have been based on the volume of chassis previously purchased, which could mean our larger competitors could receive more chassis in a time of scarcity. Sales of motorhomes rely on chassis supply and are affected by shortages or instability from time to time. For example, in the first quarter of Fiscal 2023, the Mercedes-Benz Sprinter chassis became subject to a recall notice, which suspended all retail sales and wholesale shipments of our products built on this chassis, which we believe materially adversely affected our net revenues and earnings for the quarter ended November 26, 2022. The exact nature of the remedy and timing for executing the remedy remain uncertain and will further impact our results for the quarter ending February 25, 2023 and potentially beyond. Furthermore, decisions by our suppliers to decrease production, production delays or work stoppages by the employees of such suppliers, or price increases could have a material adverse effect on our ability to produce motorhomes and ultimately, on our results of operations, financial condition, and cash flows. In Fiscal 2022, one of our suppliers individually accounted for approximately 11% of our consolidated raw material purchases.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Stock Repurchases

Purchases of our common stock during each fiscal month of the first quarter of Fiscal 2023 are as follows:

Period	Total Number of Shares Purchased[1,2]	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1,2]	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[3] (in millions)
8/28/22 - 10/1/22	—	$ —	—	$ 350.0
10/2/22 - 10/29/22	79,025	56.47	—	350.0
10/30/22 - 11/26/22	362	57.86	—	350.0
Total	79,387	$ 56.47	—	$ 350.0

(1) Number of shares in the table are shown in whole numbers.
(2) Shares not purchased as part of a publicly announced program were repurchased from employees who vested in Company shares and elected to pay their payroll tax via the value of shares delivered as opposed to cash.
(3) Pursuant to a $350.0 million share repurchase program authorized by our Board of Directors on August 17, 2022. There is no time restriction on the authorization.

Our Senior Secured Notes, as defined in Note 9 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q, contains occurrence based restrictions that may limit our ability to make distributions or payments with respect to purchases of our common stock without consent of the lenders, except for limited purchases of our common stock from employees, in the event of a significant reduction in our EBITDA or in the event of a significant borrowing on our ABL Credit Facility.

Table of Contents

Item 6. Exhibits

3.1	Articles of Incorporation of Winnebago Industries, Inc., effective January 1, 2022 (incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated January 1, 2022).
3.2	By-Laws of the Registrant effective January 1, 2022 (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K dated January 1, 2022).
4.1	Indenture, dated November 1, 2019, by and between Winnebago Industries, Inc. and U.S. Bank National Association (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated October 29, 2019).
4.2	Form of 1.50% Convertible Senior Note due 2025 (included in Exhibit 4.1).
4.3	Indenture, dated as of July 8, 2020, by and among Winnebago Industries, Inc., the guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated July 8, 2020)
4.4	Form of 6.250% Senior Secured Note due 2028 (included in Exhibit 4.3)
1.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
1.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
2.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
2.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
1.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (furnished herewith).
.SCH	Inline XBRL Taxonomy Extension Schema Document (furnished herewith).
.CAL	Inline XBRL Taxonomy Calculation Linkbase Document (furnished herewith).
.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (furnished herewith).
1.LAB	Inline XBRL Taxonomy Label Linkbase Document (furnished herewith).
.PRE	Inline XBRL Taxonomy Presentation Linkbase Document (furnished herewith).
.04	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101) (furnished herewith).

SIGNATURES

Pursuant to the requirements 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.

WINNEBAGO INDUSTRIES, INC.

Date:	December 16, 2022	By:	*/s/ Michael J. Happe*
			Michael J. Happe
			Chief Executive Officer, President (Principal Executive Officer)
Date:	December 16, 2022	By:	*/s/ Bryan L. Hughes*
			Bryan L. Hughes Chief Financial Officer and Senior Vice President (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Happe, Chief Executive Officer of Winnebago Industries, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Winnebago Industries, Inc. (the "Registrant");

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 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 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 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.

Date: December 16, 2022

/s/ Michael J. Happe

Michael J. Happe
Chief Executive Officer, President

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan L. Hughes, Chief Financial Officer of Winnebago Industries, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Winnebago Industries, Inc. (the "Registrant");

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 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 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 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.

Date: December 16, 2022

/s/ Bryan L. Hughes
Bryan L. Hughes
Senior Vice President, Chief Financial Officer

Exhibit 32.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael J. Happe, Chief Executive Officer of Winnebago Industries, Inc. (the "Company"), hereby certify that to my knowledge:

a. The Quarterly Report on Form 10-Q for the fiscal quarter ended November 26, 2022 (the "Report") of the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

b. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	December 16, 2022	*/s/ Michael J. Happe*
		Michael J. Happe
		Chief Executive Officer, President

Exhibit 32.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Bryan L. Hughes, Chief Financial Officer of Winnebago Industries, Inc. (the "Company"), hereby certify that to my knowledge:

a. The Quarterly Report on Form 10-Q for the fiscal quarter ended November 26, 2022 (the "Report") of the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

b. The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	December 16, 2022	*/s/ Bryan L. Hughes*
		Bryan L. Hughes
		Senior Vice President, Chief Financial Officer