

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 May 27, 2023

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

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

42-0802678

(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 June 15, 2023, there were 30,210,602 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 May 27, 2023

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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		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Net revenues	\$ 900.8	\$ 1,458.1	\$ 2,719.7	\$ 3,778.6
Cost of goods sold	749.4	1,185.1	2,261.1	3,059.6
Gross profit	151.4	273.0	458.6	719.0
Selling, general, and administrative expenses	66.5	88.3	203.4	235.0
Amortization	4.4	8.0	12.0	24.2
Total operating expenses	70.9	96.3	215.4	259.2
Operating income	80.5	176.7	243.2	459.8
Interest expense, net	5.2	10.5	16.4	31.1
Non-operating loss	0.2	11.7	2.3	24.5
Income before income taxes	75.1	154.5	224.5	404.2
Provision for income taxes	16.0	37.3	52.4	96.2
Net income	\$ 59.1	\$ 117.2	\$ 172.1	\$ 308.0
Earnings per common share:				
Basic	\$ 1.95	\$ 3.62	\$ 5.66	\$ 9.35
Diluted	\$ 1.71	\$ 3.57	\$ 4.95	\$ 9.18
Weighted average common shares outstanding:				
Basic	30.4	32.4	30.4	32.9
Diluted	35.4	32.9	35.5	33.6

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)

	May 27, 2023	August 27, 2022
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	\$ 225.9	\$ 282.2
Receivables, less allowance for doubtful accounts (\$0.7 and \$0.6, respectively)	205.3	254.1
Inventories, net	518.0	525.8
Prepaid expenses and other current assets	22.6	31.7
Total current assets	971.8	1,093.8
Property, plant, and equipment, net	320.0	276.2
Goodwill	514.5	484.2
Other intangible assets, net	507.7	472.4
Investment in life insurance	29.1	28.6
Operating lease assets	42.1	41.1
Deferred income tax assets, net	8.3	—
Other long-term assets	19.3	20.4
Total assets	\$ 2,412.8	\$ 2,416.7
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 133.0	\$ 217.5
Income taxes payable	1.3	0.7
Accrued expenses:		
Accrued compensation	38.3	71.6
Product warranties	106.5	127.9
Self-insurance	22.9	21.4
Promotional	28.0	21.5
Accrued interest and dividends	16.6	13.0
Other current liabilities	50.5	48.5
Total current liabilities	397.1	522.1
Long-term debt, net	591.7	545.9
Deferred income tax liabilities, net	—	6.1
Unrecognized tax benefits	6.5	5.7
Long-term operating lease liabilities	41.7	40.4
Deferred compensation benefits, net of current portion	7.9	8.1
Other long-term liabilities	6.6	25.4
Total liabilities	1,051.5	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	195.5	256.3
Retained earnings	1,713.4	1,537.5
Accumulated other comprehensive loss	(0.4)	(0.5)
Treasury stock, at cost: 21.6 and 21.5 shares, respectively	(573.1)	(556.2)
Total shareholders' equity	1,361.3	1,263.0
Total liabilities and shareholders' equity	\$ 2,412.8	\$ 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)	Nine Months Ended	
	May 27, 2023	May 28, 2022
Operating activities		
Net income	\$ 172.1	\$ 308.0
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	20.9	17.0
Amortization	12.0	24.2
Non-cash interest expense, net	—	11.2
Amortization of debt issuance costs	2.3	1.8
Last in, first-out ("LIFO") expense	2.0	5.9
Stock-based compensation	8.2	12.5
Deferred income taxes	(3.6)	(4.3)
Contingent consideration fair value adjustment	2.0	24.7
Payments of earnout liability above acquisition-date fair value	(13.3)	—
Other, net	0.3	2.3
Change in operating assets and liabilities, net of assets and liabilities acquired		
Receivables, net	49.8	(117.4)
Inventories, net	15.8	(129.1)
Prepaid expenses and other assets	12.6	10.3
Accounts payable	(81.3)	41.6
Income taxes and unrecognized tax benefits	3.2	4.0
Accrued expenses and other liabilities	(46.6)	32.5
Net cash provided by operating activities	156.4	245.2
Investing activities		
Purchases of property, plant, and equipment	(68.0)	(63.2)
Acquisition of business, net of cash acquired	(87.5)	(228.2)
Proceeds from the sale of property, plant, and equipment	0.3	0.1
Other, net	0.8	—
Net cash used in investing activities	(154.4)	(291.3)
Financing activities		
Borrowings on long-term debt	2,840.2	3,422.5
Repayments on long-term debt	(2,840.2)	(3,422.5)
Payments of cash dividends	(25.1)	(18.1)
Payments for repurchases of common stock	(24.9)	(134.2)
Payments of earnout liability up to acquisition-date fair value	(8.7)	—
Other, net	0.4	1.9
Net cash used in financing activities	(58.3)	(150.4)
Net decrease in cash and cash equivalents	(56.3)	(196.5)
Cash and cash equivalents at beginning of period	282.2	434.6
Cash and cash equivalents at end of period	<u>\$ 225.9</u>	<u>\$ 238.1</u>

Supplemental Disclosures			
Income taxes paid, net	\$	54.9	\$ 97.7
Interest paid		14.6	14.3
Non-cash investing and financing activities			
Issuance of common stock for acquisition of business	\$	—	\$ 22.0
Issuance of common stock for settlement of earnout liability		—	13.2
Capital expenditures in accounts payable		2.8	4.7
Dividends declared not yet paid		8.9	6.2
Increase in lease assets in exchange for lease liabilities:			
Operating leases		3.9	17.2
Finance leases		0.9	2.5

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 May 27, 2023

(in millions, except per share data)	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Number	Amount				Number	Amount	
Balances at February 25, 2023	51.8	\$ 25.9	\$ 193.9	\$ 1,671.0	(0.4)	(21.2)	\$ (553.1)	\$ 1,337.3
Stock-based compensation	—	—	1.7	—	—	—	—	1.7
Issuance of stock for employee benefit and stock-based awards, net	—	—	(0.1)	—	—	—	—	(0.1)
Repurchase of common stock	—	—	—	—	—	(0.4)	(20.0)	(20.0)
Common stock dividends; \$0.54 per share	—	—	—	(16.7)	—	—	—	(16.7)
Net income	—	—	—	59.1	—	—	—	59.1
Balances at May 27, 2023	51.8	\$ 25.9	\$ 195.5	\$ 1,713.4	(0.4)	(21.6)	\$ (573.1)	\$ 1,361.3

Three Months Ended May 28, 2022

(in millions, except per share data)	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	Number	Amount				Number	Amount	
Balances at February 26, 2022	51.8	\$ 25.9	\$ 238.2	\$ 1,357.8	(0.5)	(19.0)	\$ (412.4)	\$ 1,209.0
Stock-based compensation	—	—	5.6	—	—	—	—	5.6
Issuance of stock for settlement of earnout liability	—	—	7.8	—	—	0.2	5.4	13.2
Repurchase of common stock	—	—	—	—	—	(1.3)	(70.0)	(70.0)
Common stock dividends; \$0.36 per share	—	—	—	(11.8)	—	—	—	(11.8)
Other	—	—	0.7	—	—	—	—	0.7
Net income	—	—	—	117.2	—	—	—	117.2
Balances at May 28, 2022	51.8	\$ 25.9	\$ 252.3	\$ 1,463.2	(0.5)	(20.1)	\$ (477.0)	\$ 1,263.9

Nine Months Ended May 27, 2023

(in millions, except per share data)	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	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	—	—	8.2	—	—	—	—	8.2
Issuance of stock for employee benefit and stock-based awards, net	—	—	(7.0)	—	—	0.4	8.0	1.0
Repurchase of common stock	—	—	—	—	—	(0.5)	(24.9)	(24.9)
Common stock dividends: \$0.81 per share	—	—	—	(25.2)	—	—	—	(25.2)
Total comprehensive income	—	—	—	—	0.1	—	—	0.1
Net income	—	—	—	172.1	—	—	—	172.1
Balances at May 27, 2023	51.8	\$ 25.9	\$ 195.5	\$ 1,713.4	(0.4)	(21.6)	\$ (573.1)	\$ 1,361.3

Nine Months Ended May 28, 2022

(in millions, except per share data)	Common Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Shareholders' Equity
	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	—	—	12.5	—	—	—	—	12.5
Issuance of stock for employee benefit and stock-based awards, net	—	—	(1.9)	—	—	0.2	4.5	2.6
Issuance of stock for acquisition	—	—	14.7	—	—	0.4	7.3	22.0
Issuance of stock for settlement of earnout liability	—	—	7.8	—	—	0.2	5.4	13.2
Repurchase of common stock	—	—	—	—	—	(2.2)	(134.2)	(134.2)
Common stock dividends; \$0.54 per share	—	—	—	(17.9)	—	—	—	(17.9)
Other	—	—	0.7	0.1	—	—	—	0.8
Net income	—	—	—	308.0	—	—	—	308.0
Balances at May 28, 2022	51.8	\$ 25.9	\$ 252.3	\$ 1,463.2	(0.5)	(20.1)	\$ (477.0)	1,263.9

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.

Change in Presentation

In the first quarter of Fiscal 2023, we changed our presentation in tables from thousands to millions, unless otherwise designated. As a result, certain rounding adjustments have been made to prior period disclosed amounts in order to conform to the current year presentation. In addition, certain prior period amounts may not recalculate due to rounding. These changes were not significant, and no other updates were made to previously reported financial information.

Comprehensive Income

Comprehensive income refers to the change in stockholders' equity from transactions and other events and circumstances from non-owner sources. As of May 27, 2023 and May 28, 2022, 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.

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 by \$3.9 million (pre-tax) for the three months ended May 27, 2023 and \$11.2 million (pre-tax) for the nine months ended May 27, 2023. The if-converted method will be used prospectively 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

Lithionics Battery, LLC

On April 28, 2023, we purchased 100% of the equity interests of Lithionics Battery, LLC and Lithionics LLC (collectively, "Lithionics"), a premier lithium-ion battery solutions provider to the recreational equipment and specialty vehicle markets. Refer to Note 7 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 relating to the goodwill and other intangible assets acquired. Pro forma results of operations for this acquisition have not been presented as the impact on our consolidated financial statements was not material.

Total transaction costs related to the Lithionics acquisition of \$3.1 million were expensed during the third quarter of Fiscal 2023. Transaction costs are included in selling, general and administrative expenses in the accompanying Consolidated Statements of Income.

Barletta Boat Company, LLC

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 within the next year. 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 May 27, 2023 and August 27, 2022, the total fair value of the earnout was \$19.8 million and \$39.8 million, respectively. The portion of the earnout liability that will be settled within a year was included in other current liabilities on the Consolidated Balance Sheets, and the remaining earnout liability was included in other long-term liabilities on the Consolidated Balance Sheets. As of May 27, 2023, the entire \$19.8 million was included in other current liabilities on the Consolidated Balance Sheets. Comparatively, as of August 27, 2022, \$21.3 million was included in other current liabilities and \$18.5 million was included in other long-term liabilities on the Consolidated Balance Sheets. In the third quarter of Fiscal 2023, we paid \$22.0 million to settle earnout obligations associated with the 2022 cash consideration earnout period. In the third quarter of Fiscal 2022, we issued 0.2 million shares of common stock in connection with the settlement of the 2021 earnout period obligation.

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 eight operating segments: 1) Grand Design towables, 2) Winnebago towables, 3) Winnebago motorhomes, 4) Newmar motorhomes, 5) Chris-Craft marine, 6) Barletta marine, 7) Winnebago specialty vehicles and 8) Lithionics. 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.

In the third quarter of Fiscal 2023, we changed the name of our "Towable" reportable segment to "Towable RV" and our "Motorhome" reportable segment to "Motorhome RV". These name changes had no impact on the composition of our segments, or previously reported results of operations, financial position, cash flows or segment results.

Our three reportable segments are: Towable RV (an aggregation of the Grand Design towables and the Winnebago towables operating segments); Motorhome RV (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 RV is comprised of non-motorized RV products that are generally towed by another vehicle, along with other related manufactured products and services. Motorhome RV is comprised of products that include a motorhome 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 and Lithionics operating segments 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, contingent consideration fair value adjustment, and non-operating income or loss.

Financial information by reportable segment is as follows:

(in millions)	Three Months Ended		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Net Revenues				
Towable RV	\$ 384.1	\$ 805.6	\$ 1,073.9	\$ 2,103.2
Motorhome RV	374.4	516.3	1,242.4	1,355.4
Marine	129.0	126.5	373.3	303.2
Corporate / All Other	13.3	9.7	30.1	16.8
Consolidated	<u>\$ 900.8</u>	<u>\$ 1,458.1</u>	<u>\$ 2,719.7</u>	<u>\$ 3,778.6</u>
Adjusted EBITDA				
Towable RV	\$ 53.8	\$ 117.8	\$ 129.4	\$ 330.4
Motorhome RV	26.8	64.4	119.6	160.6
Marine	17.3	19.8	50.2	43.3
Corporate / All Other	(1.5)	(10.3)	(17.4)	(24.6)
Consolidated	<u>\$ 96.4</u>	<u>\$ 191.7</u>	<u>\$ 281.8</u>	<u>\$ 509.7</u>
Capital Expenditures				
Towable RV	\$ 3.4	\$ 12.6	\$ 23.9	\$ 34.0
Motorhome RV	8.9	0.6	23.7	16.2
Marine	4.4	6.0	17.0	8.6
Corporate / All Other	1.9	0.6	3.4	4.4
Consolidated	<u>\$ 18.6</u>	<u>\$ 19.8</u>	<u>\$ 68.0</u>	<u>\$ 63.2</u>

(in millions)	May 27, 2023	August 27, 2022
Assets		
Towable RV	\$ 818.4	\$ 874.9
Motorhome RV	802.2	823.4
Marine	434.4	416.1
Corporate / All Other	357.8	302.3
Consolidated	<u>\$ 2,412.8</u>	<u>\$ 2,416.7</u>

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

(in millions)	Three Months Ended		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Net income	\$ 59.1	\$ 117.2	\$ 172.1	\$ 308.0
Interest expense, net	5.2	10.5	16.4	31.1
Provision for income taxes	16.0	37.3	52.4	96.2
Depreciation	7.6	6.3	20.9	17.0
Amortization	4.4	8.0	12.0	24.2
EBITDA	92.3	179.3	273.8	476.5
Acquisition-related costs	3.9	0.7	5.6	4.6
Litigation reserves	—	—	—	4.0
Contingent consideration fair value adjustment	—	11.8	2.0	24.7
Non-operating loss (income)	0.2	(0.1)	0.4	(0.1)
Adjusted EBITDA	\$ 96.4	\$ 191.7	\$ 281.8	\$ 509.7

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 May 27, 2023	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	—	—	—	—
Total assets at fair value	\$ 1.8	\$ 1.8	\$ —	\$ —
Contingent consideration				
Earnout liability	\$ 19.8	\$ —	\$ —	\$ 19.8
Total liabilities at fair value	\$ 19.8	\$ —	\$ —	\$ 19.8

(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 current 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		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Beginning fair value - contingent consideration	\$ 41.8	\$ 37.1	\$ 39.8	\$ —
Additions	—	—	—	24.2
Fair value adjustments	—	11.8	2.0	24.7
Settlements	(22.0)	(13.2)	(22.0)	(13.2)
Other	—	(0.6)	—	(0.6)
Ending fair value - contingent consideration	\$ 19.8	\$ 35.1	\$ 19.8	\$ 35.1

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. Refer to Note 2 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 classification of earnout 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 nine months ended May 27, 2023 or May 28, 2022.

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)	May 27, 2023	August 27, 2022
Finished goods	\$ 77.8	\$ 59.3
Work-in-process	152.9	198.9
Raw materials	336.7	315.0
Total	567.4	573.2
Less: Excess of FIFO over LIFO cost	49.4	47.4
Inventories, net	\$ 518.0	\$ 525.8

Inventory valuation methods consist of the following:

(in millions)	May 27, 2023	August 27, 2022
LIFO basis	\$ 239.1	\$ 212.3
First-in, first-out ("FIFO") basis	328.3	360.9
Total	\$ 567.4	\$ 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)	May 27, 2023	August 27, 2022
Land	\$ 14.6	\$ 14.6
Buildings and building improvements	232.1	171.0
Machinery and equipment	156.3	142.6
Software	49.8	43.8
Transportation	7.1	6.5
Construction in progress	58.6	76.8
Property, plant, and equipment, gross	518.5	455.3
Less: Accumulated depreciation	198.5	179.1
Property, plant, and equipment, net	<u>\$ 320.0</u>	<u>\$ 276.2</u>

Depreciation expense was \$7.6 million and \$6.3 million for the three months ended May 27, 2023 and May 28, 2022, respectively; and \$20.9 million and \$17.0 million for the nine months ended May 27, 2023 and May 28, 2022, 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 nine months ended May 27, 2023 and May 28, 2022 are as follows:

(in millions)	Towable RV	Motorhome RV	Marine	Corporate / All Other	Total
Balances at August 28, 2021	\$ 244.7	\$ 73.1	\$ 30.3	\$ —	\$ 348.1
Acquisition of Barletta ⁽¹⁾	—	—	136.1	—	136.1
Balances at May 28, 2022	<u>\$ 244.7</u>	<u>\$ 73.1</u>	<u>\$ 166.4</u>	<u>\$ —</u>	<u>\$ 484.2</u>
Balances at August 27, 2022	\$ 244.7	\$ 73.1	\$ 166.4	\$ —	\$ 484.2
Acquisition of Lithionics ⁽²⁾	—	—	—	30.3	30.3
Balances at May 27, 2023	<u>\$ 244.7</u>	<u>\$ 73.1</u>	<u>\$ 166.4</u>	<u>\$ 30.3</u>	<u>\$ 514.5</u>

⁽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⁾ The change in corporate / all other activity is related to the acquisition of Lithionics that occurred on April 28, 2023. 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.

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

(in millions)	May 27, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Trade names	\$ 356.4	\$ —	\$ 356.4
Dealer networks/customer relationships	183.6	71.6	112.0
Backlog	43.6	42.4	1.2
Developed technology	38.3	0.5	37.8
Non-compete agreements	6.6	6.3	0.3
Other intangible assets	<u>\$ 628.5</u>	<u>\$ 120.8</u>	<u>\$ 507.7</u>

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

The weighted average remaining amortization period for intangible assets as of May 27, 2023 was approximately seven years.

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

(in millions)	Amortization
Remainder of Fiscal 2023	\$ 5.6
Fiscal 2024	22.5
Fiscal 2025	22.1
Fiscal 2026	21.7
Fiscal 2027	21.7
Fiscal 2028	21.4
Thereafter	40.3
Total amortization expense remaining	<u>\$ 155.3</u>

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:

(in millions)	Three Months Ended		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Balance at beginning of period	\$ 113.7	\$ 113.8	\$ 127.9	\$ 91.2
Business acquisition ⁽¹⁾	1.4	—	1.4	4.7
Provision	17.6	37.1	51.7	94.3
Claims paid	(26.2)	(23.6)	(74.5)	(62.9)
Balance at end of period	\$ 106.5	\$ 127.3	\$ 106.5	\$ 127.3

⁽¹⁾ Refer to Note 2 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 acquisition of Lithionics on April 28, 2023 and the acquisition of Barletta on August 31, 2021.

Note 9. Long-Term Debt

Long-term debt consists of the following:

(in millions)	May 27, 2023	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	(8.3)	(8.8)
Long-term debt, net	\$ 591.7	\$ 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 Credit Facility 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 Credit Facility borrowings is at a floating rate based upon our election, either term SOFR or REVSOFR30 (as defined in the ABL Credit Facility 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 ABL Credit Facility.

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 \$3.9 million and \$11.2 million of non-cash interest expense during the three and nine months ended May 28, 2022, respectively. 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 nine months ended May 27, 2023. 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 and \$4.7 million of interest expense during the three and nine months ended May 27, 2023, respectively.

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.

Fair Value and Future Maturities

As of May 27, 2023 and August 27, 2022, the fair value of long-term debt, gross, was \$624.5 million and \$634.2 million, respectively. The fair value of the Convertible Notes was \$332.8 million as of May 27, 2023.

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	<u>\$ 600.0</u>

Note 10. Employee and Retiree Benefits

Deferred compensation liabilities are as follows:

(in millions)	May 27, 2023	August 27, 2022
Non-qualified deferred compensation	\$ 6.9	\$ 7.9
Supplemental executive retirement plan	1.1	1.4
Executive deferred compensation plan	1.8	1.4
Total deferred compensation benefits	9.8	10.7
Less: current portion ⁽¹⁾	1.9	2.6
Deferred compensation benefits, net of current portion	<u>\$ 7.9</u>	<u>\$ 8.1</u>

⁽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 \$2,069.8 million and \$1,783.7 million at May 27, 2023 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 May 27, 2023 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 nine months ended May 27, 2023 and May 28, 2022.

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 towable RV units, motorhome RV units and marine units to our independent dealer network (our customers). The following table disaggregates revenue by reportable segment and product category:

(in millions)	Three Months Ended		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Net Revenues				
Towable RV				
Fifth Wheel	\$ 185.0	\$ 392.1	\$ 548.0	\$ 999.0
Travel Trailer	189.2	404.5	494.7	1,076.7
Other ⁽¹⁾	9.9	9.0	31.2	27.5
Total Towable RV	384.1	805.6	1,073.9	2,103.2
Motorhome RV				
Class A	166.5	208.4	580.7	568.7
Class B	112.9	194.5	366.4	507.2
Class C and Other ⁽¹⁾	95.0	113.4	295.3	279.5
Total Motorhome RV	374.4	516.3	1,242.4	1,355.4
Marine	129.0	126.5	373.3	303.2
Corporate / All Other ⁽²⁾	13.3	9.7	30.1	16.8
Consolidated Net Revenues	\$ 900.8	\$ 1,458.1	\$ 2,719.7	\$ 3,778.6

⁽¹⁾ Relates to parts, accessories, services, and other miscellaneous revenue.

⁽²⁾ Relates to units, parts, accessories, and services associated with Winnebago specialty vehicles. In addition, this activity also includes Lithionics battery sales, including the related systems and accessories, that are sold directly to external customers.

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 nine months ended May 27, 2023 or May 28, 2022.

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 \$1.7 million and \$5.6 million for the three months ended May 27, 2023 and May 28, 2022, respectively; and \$8.2 million and \$12.5 million for the nine months ended May 27, 2023 and May 28, 2022, 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 21.4% and 24.2% for the three months ended May 27, 2023 and May 28, 2022, respectively, and 23.4% and 23.8% for the nine months ended May 27, 2023 and May 28, 2022, respectively. The decrease in tax rate for the three months ended May 27, 2023 compared to the three months ended May 28, 2022 was driven primarily by the impact of favorable tax return to provision adjustments. The decrease in tax rate for the nine months ended May 27, 2023 compared to the nine months ended May 28, 2022 was driven primarily by the impact of favorable tax return to provision adjustments in the current year and the impact of mostly consistent tax credits year-over-year over decreased income in the current year, offset by a net favorable benefit in the prior year related to stock compensation.

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 May 27, 2023, 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 through Fiscal 2021. 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. 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 the resulting shares are included in the denominator of the calculation. In addition, interest charges, net of any income tax effects are added back to the numerator of the calculation.

Basic and diluted earnings per share are calculated as follows:

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	May 27, 2023	May 28, 2022	May 27, 2023	May 28, 2022
Earnings per share - basic				
Net income	\$ 59.1	\$ 117.2	\$ 172.1	\$ 308.0
Weighted average common shares outstanding	30.4	32.4	30.4	32.9
Basic earnings per common share ⁽¹⁾	<u>\$ 1.95</u>	<u>\$ 3.62</u>	<u>\$ 5.66</u>	<u>\$ 9.35</u>
Earnings per share - diluted				
Net income	\$ 59.1	\$ 117.2	\$ 172.1	\$ 308.0
Interest expense on convertible notes, net of tax	1.2	—	3.6	—
Diluted net income	<u>\$ 60.3</u>	<u>\$ 117.2</u>	<u>\$ 175.7</u>	<u>\$ 308.0</u>
Weighted average common shares outstanding	30.4	32.4	30.4	32.9
Dilutive impact of stock compensation awards	0.3	0.5	0.4	0.5
Dilutive impact of convertible notes	4.7	—	4.7	0.2
Weighted average common shares outstanding, assuming dilution	35.4	32.9	35.5	33.6
Anti-dilutive securities excluded from weighted average common shares outstanding, assuming dilution	0.1	0.2	0.1	0.2
Diluted earnings per common share ⁽¹⁾	<u>\$ 1.71</u>	<u>\$ 3.57</u>	<u>\$ 4.95</u>	<u>\$ 9.18</u>

⁽¹⁾ Earnings per share amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

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 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 RV units in Iowa and Indiana; our towable RV 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.

Acquisition of Lithionics

On April 28, 2023, we completed our acquisition of all the equity interests of Lithionics, a premier lithium-ion battery solutions provider to the recreational equipment and specialty vehicle markets. For further discussion regarding the acquisition, refer to Note 2 to the Notes to Consolidated Financial Statements, included in Item 1 of Part I in this Quarterly Report on Form 10-Q.

Reportable Segment Name Changes

In the third quarter of Fiscal 2023, we changed the name of our "Towable" segment to "Towable RV" and our "Motorhome" segment to "Motorhome RV". These name changes had no impact on the composition of our segments, or previously reported results of operations, financial position, cash flows or segment results.

Known Trends and Uncertainties

Our business continues to be challenged by macroeconomic conditions impacting retail consumers, such as inflation and rising interest rates. These factors have contributed to lower consumer spending and reduced short-term demand for large discretionary products such as RVs and marine products. In response, we are working closely with dealer partners across all our segments to align field inventory levels to meet end consumer demand. We continue to produce and ship in accordance with dealer demand as evidenced and requested by dealer orders.

Despite the current economic slowdown, we still believe in the long-term health of consumer demand for RV and marine products. According to statistics published by Kampgrounds of America, Inc., the number of households in North America that own an RV increased by approximately 34% between 2019 and 2022. In addition, according to a recent study conducted by the National Marine Manufacturers Association, recreational boating saw a 36% increase in annual economic activity from 2018 to 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, all retail sales and wholesale shipments of our products built on this chassis were temporarily suspended until a recall remedy was implemented. During the second quarter of Fiscal 2023, the recall remedy was implemented in cooperation with Mercedes-Benz AG.

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 and nine months ended May 27, 2023 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, contingent consideration fair value adjustment, and non-operating income or loss.

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.

Results of Operations - Three Months Ended May 27, 2023 Compared to the Three Months Ended May 28, 2022

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 May 27, 2023 compared to the three months ended May 28, 2022:

(\$ in millions, except per share data)	Three Months Ended					
	May 27, 2023	% of Revenues ⁽¹⁾	May 28, 2022	% of Revenues ⁽¹⁾	\$ Change ⁽¹⁾	% Change ⁽¹⁾
Net revenues	\$ 900.8	100.0 %	\$ 1,458.1	100.0 %	\$ (557.3)	(38.2)%
Cost of goods sold	749.4	83.2 %	1,185.1	81.3 %	(435.8)	(36.8)%
Gross profit	151.4	16.8 %	273.0	18.7 %	(121.5)	(44.5)%
Selling, general, and administrative expenses	66.5	7.4 %	88.3	6.1 %	(21.7)	(24.6)%
Amortization	4.4	0.5 %	8.0	0.5 %	(3.6)	(44.7)%
Total operating expenses	70.9	7.9 %	96.3	6.6 %	(25.3)	(26.3)%
Operating income	80.5	8.9 %	176.7	12.1 %	(96.2)	(54.5)%
Interest expense, net	5.2	0.6 %	10.5	0.7 %	(5.4)	(51.0)%
Non-operating loss	0.2	— %	11.7	0.8 %	(11.4)	(98.1)%
Income before income taxes	75.1	8.3 %	154.5	10.6 %	(79.4)	(51.4)%
Provision for income taxes	16.0	1.8 %	37.3	2.6 %	(21.3)	(57.0)%
Net income	\$ 59.1	6.6 %	\$ 117.2	8.0 %	\$ (58.2)	(49.6)%
Diluted earnings per share	\$ 1.71		\$ 3.57		\$ (1.86)	(52.1)%
Diluted weighted average shares outstanding	35.4		32.9		2.5	7.6 %

⁽¹⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided. In addition, percentages may not add in total due to rounding.

Net revenues decreased primarily due to lower unit sales related to retail market conditions and higher discounts and allowances compared to prior year, partially offset by carryover price increases.

Gross profit as a percentage of revenue decreased primarily from deleverage and higher discounts and allowances compared to prior year.

Operating expenses decreased primarily due to lower incentive-based compensation related to operating performance, and lower amortization related to Barletta intangible assets, partially offset by strategic investments and Lithionics transaction costs.

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 decreased primarily from the impact of favorable tax return to provision adjustments.

Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the three months ended May 27, 2023 and May 28, 2022:

(in millions)	Three Months Ended	
	May 27, 2023	May 28, 2022
Net income	\$ 59.1	\$ 117.2
Interest expense, net	5.2	10.5
Provision for income taxes	16.0	37.3
Depreciation	7.6	6.3
Amortization	4.4	8.0
EBITDA	92.3	179.3
Acquisition-related costs	3.9	0.7
Contingent consideration fair value adjustment	—	11.8
Non-operating loss (income)	0.2	(0.1)
Adjusted EBITDA	\$ 96.4	\$ 191.7

Reportable Segment Performance Summary

Towable RV

The following is an analysis of key changes in our Towable RV segment for the three months ended May 27, 2023 compared to the three months ended May 28, 2022:

(in millions, except ASP and units)	Three Months Ended					
	May 27, 2023	% of Revenues ⁽²⁾	May 28, 2022	% of Revenues ⁽²⁾	\$ Change ⁽²⁾	% Change ⁽²⁾
Net revenues	\$ 384.1		\$ 805.6		\$ (421.5)	(52.3)%
Adjusted EBITDA	53.8	14.0 %	117.8	14.6 %	(64.0)	(54.3)%
Average Selling Price ("ASP") ⁽¹⁾	\$ 44,070		\$ 45,322		\$ (1,252)	(2.8)%

Unit deliveries	Three Months Ended					
	May 27, 2023	Product Mix ⁽³⁾	May 28, 2022	Product Mix ⁽³⁾	Unit Change	% Change
Travel trailer	6,376	73.2 %	12,031	68.1 %	(5,655)	(47.0)%
Fifth wheel	2,339	26.8 %	5,644	31.9 %	(3,305)	(58.6)%
Total Towable RV	8,715	100.0 %	17,675	100.0 %	(8,960)	(50.7)%

⁽¹⁾ ASP excludes off-invoice dealer incentives.

⁽²⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

⁽³⁾ Percentages may not add due to rounding differences.

Net revenues decreased primarily due to a decline in unit volume associated with retail market conditions and higher discounts and allowances compared to prior year.

Adjusted EBITDA decreased primarily due to lower revenues associated with volume declines related to retail market conditions, and higher discounts and allowances compared to prior year, partially offset by favorable warranty experience.

Motorhome RV

The following is an analysis of key changes in our Motorhome RV segment for the three months ended May 27, 2023 compared to the three months ended May 28, 2022:

(in millions, except ASP and units)	Three Months Ended					
	May 27, 2023	% of Revenues ⁽²⁾	May 28, 2022	% of Revenues ⁽²⁾	\$ Change ⁽²⁾	% Change ⁽²⁾
Net revenues	\$ 374.4		\$ 516.3		\$ (142.0)	(27.5)%
Adjusted EBITDA	26.8	7.2 %	64.4	12.5 %	(37.5)	(58.3)%
ASP ⁽¹⁾	\$ 177,612		\$ 159,699		\$ 17,913	11.2 %

Unit deliveries	Three Months Ended					
	May 27, 2023	Product Mix ⁽³⁾	May 28, 2022	Product Mix ⁽³⁾	Unit Change	% Change
Class A	524	24.6 %	672	21.0 %	(148)	(22.0)%
Class B	1,018	47.8 %	1,801	56.3 %	(783)	(43.5)%
Class C	589	27.6 %	728	22.7 %	(139)	(19.1)%
Total Motorhome RV	2,131	100.0 %	3,201	100.0 %	(1,070)	(33.4)%

⁽¹⁾ ASP excludes off-invoice dealer incentives.

⁽²⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

⁽³⁾ Percentages may not add due to rounding differences.

Net revenues decreased primarily due to unit volume decline and higher discounts and allowances compared to prior year, partially offset by price increases related to higher chassis costs.

Adjusted EBITDA decreased primarily due to lower revenues associated with volume declines, higher discounts and allowances compared to prior year, and productivity and operational efficiency challenges, primarily related to an ERP system implementation.

Marine

The following is an analysis of key changes in our Marine segment for the three months ended May 27, 2023 compared to the three months ended May 28, 2022:

(in millions, except ASP and units)	Three Months Ended					
	May 27, 2023	% of Revenues ⁽²⁾	May 28, 2022	% of Revenues ⁽²⁾	\$ Change ⁽²⁾	% Change ⁽²⁾
Net revenues	\$ 129.0		\$ 126.5		\$ 2.4	1.9 %
Adjusted EBITDA	17.3	13.4 %	19.8	15.7 %	(2.5)	(12.5)%
ASP ⁽¹⁾	\$ 81,492		\$ 76,371		\$ 5,121	6.7 %

Unit deliveries	Three Months Ended			
	May 27, 2023	May 28, 2022	Unit Change	% Change
Boats	1,586	1,655	(69)	(4.2)%

⁽¹⁾ ASP excludes off-invoice dealer incentives.

⁽²⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

Net revenues increased primarily due to carryover price increases, partially offset by unit volume decline.

Adjusted EBITDA decreased primarily due to higher discounts and allowances compared to prior year.

Results of Operations - Nine Months Ended May 27, 2023 Compared to the Nine Months Ended May 28, 2022
Consolidated Performance Summary

The following is an analysis of changes in key items included in the Consolidated Statements of Income for the nine months ended May 27, 2023 compared to the nine months ended May 28, 2022:

(\$ in millions, except per share data)	Nine Months Ended					
	May 27, 2023	% of Revenues ⁽¹⁾	May 28, 2022	% of Revenues ⁽¹⁾	\$ Change ⁽¹⁾	% Change ⁽¹⁾
Net revenues	\$ 2,719.7	100.0 %	\$ 3,778.6	100.0 %	\$ (1,058.8)	(28.0)%
Cost of goods sold	2,261.1	83.1 %	3,059.6	81.0 %	(798.5)	(26.1)%
Gross profit	458.6	16.9 %	719.0	19.0 %	(260.3)	(36.2)%
Selling, general, and administrative expenses	203.4	7.5 %	235.0	6.2 %	(31.5)	(13.4)%
Amortization	12.0	0.4 %	24.2	0.6 %	(12.1)	(50.2)%
Total operating expenses	215.4	7.9 %	259.2	6.9 %	(43.6)	(16.8)%
Operating income	243.2	8.9 %	459.8	12.2 %	(216.7)	(47.1)%
Interest expense, net	16.4	0.6 %	31.1	0.8 %	(14.7)	(47.3)%
Non-operating loss	2.3	0.1 %	24.5	0.6 %	(22.3)	(90.9)%
Income before income taxes	224.5	8.3 %	404.2	10.7 %	(179.7)	(44.5)%
Provision for income taxes	52.4	1.9 %	96.2	2.5 %	(43.7)	(45.5)%
Net income	\$ 172.1	6.3 %	\$ 308.0	8.2 %	\$ (136.0)	(44.1)%
Diluted earnings per share	\$ 4.95		\$ 9.18		\$ (4.23)	(46.1)%
Diluted weighted average shares outstanding	35.5		33.6		1.9	5.7 %

⁽¹⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided. In addition, percentages may not add in total due to rounding.

Net revenues decreased primarily due to lower unit sales related to retail market conditions, and higher discounts and allowances compared to prior year, partially offset by carryover price increases in all segments.

Gross profit as a percentage of revenue decreased primarily due to deleverage and higher discounts and allowances compared to prior year.

Operating expenses decreased primarily due to lower incentive-based compensation related to operating performance, lower amortization related to Barletta intangible assets and lower legal settlement expenses, 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 decreased primarily from the impact of favorable tax return to provision adjustments in the current year and the impact of mostly consistent tax credits year-over-year over decreased income in the current year, offset by a net favorable benefit in the prior year related to stock compensation.

Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the nine months ended May 27, 2023 and May 28, 2022:

(in millions)	Nine Months Ended	
	May 27, 2023	May 28, 2022
Net income	\$ 172.1	\$ 308.0
Interest expense, net	16.4	31.1
Provision for income taxes	52.4	96.2
Depreciation	20.9	17.0
Amortization	12.0	24.2
EBITDA	273.8	476.5
Acquisition-related costs	5.6	4.6
Litigation reserves	—	4.0
Contingent consideration fair value adjustment	2.0	24.7
Non-operating loss (income)	0.4	(0.1)
Adjusted EBITDA	\$ 281.8	\$ 509.7

Reportable Segment Performance Summary

Towable RV

The following is an analysis of key changes in our Towable RV segment for the nine months ended May 27, 2023 compared to the nine months ended May 28, 2022:

(in millions, except ASP and units)	Nine Months Ended					
	May 27, 2023	% of Revenues ⁽²⁾	May 28, 2022	% of Revenues ⁽²⁾	\$ Change ⁽²⁾	% Change ⁽²⁾
Net revenues	\$ 1,073.9		\$ 2,103.2		\$ (1,029.3)	(48.9)%
Adjusted EBITDA	129.4	12.0 %	330.4	15.7 %	(201.1)	(60.9)%
ASP ⁽¹⁾	\$ 46,018		\$ 42,244		\$ 3,774	8.9 %

Unit deliveries	Nine Months Ended					
	May 27, 2023	Product Mix ⁽³⁾	May 28, 2022	Product Mix ⁽³⁾	Unit Change	% Change
Travel trailer	16,049	68.8 %	33,938	68.7 %	(17,889)	(52.7)%
Fifth wheel	7,293	31.2 %	15,462	31.3 %	(8,169)	(52.8)%
Total Towable RV	23,342	100.0 %	49,400	100.0 %	(26,058)	(52.7)%

	May 27, 2023	May 28, 2022	Change ⁽²⁾	% Change ⁽²⁾
Backlog⁽⁴⁾				
Units	5,297	31,606	(26,309)	(83.2)%
Dollars	\$ 236.0	\$ 1,312.9	\$ (1,076.9)	(82.0)%

Dealer Inventory

Units	20,218	25,230	(5,012)	(19.9)%
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⁽¹⁾ ASP excludes off-invoice dealer incentives.

⁽²⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

⁽³⁾ Percentages may not add due to rounding differences.

⁽⁴⁾ 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 related to retail market conditions and higher discounts and allowances compared to prior year, partially offset by carryover price increases.

Adjusted EBITDA decreased primarily due to lower revenues associated with volume declines related to retail market conditions and higher discounts and allowances compared to prior year.

Backlog decreased compared to the prior year when dealers were replenishing inventories.

Motorhome RV

The following is an analysis of key changes in our Motorhome RV segment for the nine months ended May 27, 2023 compared to the nine months ended May 28, 2022:

(in millions, except ASP and units)	Nine Months Ended					
	May 27, 2023	% of Revenues ⁽²⁾	May 28, 2022	% of Revenues ⁽²⁾	\$ Change ⁽²⁾	% Change ⁽²⁾
Net revenues	\$ 1,242.4		\$ 1,355.4		\$ (113.0)	(8.3)%
Adjusted EBITDA	119.6	9.6 %	160.6	11.9 %	(41.0)	(25.5)%
ASP ⁽¹⁾	\$ 182,326		\$ 153,139		\$ 29,187	19.1 %

Unit deliveries	Nine Months Ended					
	May 27, 2023	Product Mix ⁽³⁾	May 28, 2022	Product Mix ⁽³⁾	Unit Change	% Change
Class A	1,734	25.5 %	2,004	22.9 %	(270)	(13.5)%
Class B	3,233	47.5 %	4,889	55.8 %	(1,656)	(33.9)%
Class C	1,837	27.0 %	1,874	21.4 %	(37)	(2.0)%
Total Motorhome RV	6,804	100.0 %	8,767	100.0 %	(1,963)	(22.4)%

	May 27, 2023	May 28, 2022	Change ⁽²⁾	% Change ⁽²⁾
Backlog⁽⁴⁾				
Units	4,595	15,180	(10,585)	(69.7)%
Dollars	\$ 800.4	\$ 2,285.2	\$ (1,484.8)	(65.0)%
Dealer Inventory				
Units	4,544	3,008	1,536	51.1 %

⁽¹⁾ ASP excludes off-invoice dealer incentives.

⁽²⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

⁽³⁾ Percentages may not add due to rounding differences.

⁽⁴⁾ 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 unit volume decline, partially offset by price increases.

Adjusted EBITDA decreased due to lower revenues and productivity and operational efficiency challenges.

Backlog decreased due to normalizing levels of dealer inventories.

Marine

The following is an analysis of key changes in our Marine segment for the nine months ended May 27, 2023 compared to the nine months ended May 28, 2022:

(in millions, except ASP and units)	Nine Months Ended					
	May 27, 2023	% of Revenues ⁽²⁾	May 28, 2022	% of Revenues ⁽²⁾	\$ Change ⁽²⁾	% Change ⁽²⁾
Net revenues	\$ 373.3		\$ 303.2		\$ 70.1	23.1 %
Adjusted EBITDA	50.2	13.5 %	43.3	14.3 %	6.9	15.9 %
ASP ⁽¹⁾	\$ 82,582		\$ 73,669		\$ 8,913	12.1 %

Unit deliveries	Nine Months Ended			
	May 27, 2023	May 28, 2022	Unit Change	% Change
Boats	4,552	4,112	440	10.7 %

	Nine Months Ended			
	May 27, 2023	May 28, 2022	Change ⁽²⁾	% Change ⁽²⁾
Backlog⁽³⁾				
Units	1,348	2,491	(1,143)	(45.9)%
Dollars	\$ 146.3	\$ 245.4	\$ (99.2)	(40.4)%
Dealer Inventory⁽⁴⁾				
Units	4,109	2,454	1,655	67.4 %

⁽¹⁾ ASP excludes off-invoice dealer incentives.

⁽²⁾ Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.

⁽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.

⁽⁴⁾ Due to the nature of the Marine industry, this amount includes a higher proportion of retail sold units than our other segments.

Net revenues increased primarily due to unit growth and price increases.

Adjusted EBITDA increased primarily due to increased revenue, partially offset by higher discounts and allowances compared to prior year.

Backlog decreased due to normalizing levels of dealer inventories.

Analysis of Financial Condition, Liquidity, and Resources

Cash Flows

The following table summarizes our cash flows from operations:

(in millions)	Nine Months Ended	
	May 27, 2023	May 28, 2022
Total cash provided by (used in):		
Operating activities	\$ 156.4	\$ 245.2
Investing activities	(154.4)	(291.3)
Financing activities	(58.3)	(150.4)
Net decrease in cash and cash equivalents	\$ (56.3)	\$ (196.5)

Operating Activities

During the nine months ended May 27, 2023, cash provided by operating activities was \$156.4 million compared to \$245.2 million in the same period last year. The decrease is primarily driven by lower profitability adjusted for non-cash items, partially offset by

net 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 sales 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 lower purchasing requirements.

Investing Activities

Cash used in investing activities decreased primarily due to our acquisition of Barletta during the first quarter of Fiscal 2022 compared to the acquisition of Lithionics during the third quarter of Fiscal 2023.

Financing Activities

Cash used in financing activities decreased primarily due to \$24.9 million of stock repurchases in the first nine months of Fiscal 2023 compared to \$134.2 million in the first nine months 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 May 27, 2023, we had no borrowings against the ABL Credit Facility.

As of May 27, 2023, we had \$225.9 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.

Working Capital

Working capital at May 27, 2023 and August 27, 2022 was \$574.7 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 nine months ended May 27, 2023, we repurchased 346,860 shares of our own common stock at a cost of \$20.0 million under this authorization, and 86,840 shares at a cost of \$4.9 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 May 27, 2023, we have \$330.0 million remaining on our Board approved repurchase authorization.

On May 17, 2023, our Board of Directors approved a quarterly cash dividend of \$0.27 per share payable on June 28, 2023, to common stockholders of record at the close of business on June 14, 2023.

Contractual Obligations and Commercial Commitments

There have been no material changes 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 cyclical 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.
- 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 May 27, 2023.

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 third quarter of Fiscal 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 RV 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 motorhome RVs rely on chassis supply and are affected by shortages, instability, or recalls 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 temporarily suspended all retail sales and wholesale shipments of our products built on this chassis until a recall remedy was implemented. The remedy was implemented in the second quarter of Fiscal 2023 in cooperation with Mercedes-Benz AG. 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 motorhome RVs 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 third 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)
2/26/23 - 4/1/23	52,556	\$ 57.08	52,556	\$ 347.0
4/2/23 - 4/29/23	294,304	57.76	294,304	330.0
4/30/23 - 5/27/23	113	58.73	—	330.0
Total	346,973	\$ 57.66	346,860	\$ 330.0

⁽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, contain 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.

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).
..LAB	Inline XBRL Taxonomy Label Linkbase Document (furnished herewith).
..PRE	Inline XBRL Taxonomy Presentation Linkbase Document (furnished herewith).
104	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: June 21, 2023

By: /s/ Michael J. Happe

Michael J. Happe
Chief Executive Officer, President
(Principal Executive Officer)

Date: June 21, 2023

By: /s/ Bryan L. Hughes

Bryan L. Hughes
Chief Financial Officer and Senior Vice President
(Principal Financial and Accounting Officer)

**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: June 21, 2023

/s/ Michael J. Happe

Michael J. Happe

Chief Executive Officer, President

**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: June 21, 2023

/s/ Bryan L. Hughes

Bryan L. Hughes

Senior Vice President, Chief Financial Officer

**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 May 27, 2023 (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: June 21, 2023

/s/ Michael J. Happe

Michael J. Happe

Chief Executive Officer, President

**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 May 27, 2023 (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: June 21, 2023

/s/ Bryan L. Hughes

Bryan L. Hughes

Senior Vice President, Chief Financial Officer