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 25, 2024

or

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

For the transition period from _________________ to _________________

Commission File Number: 001-06403

WINNEBAGO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐
Smaller Reporting Company ☐ Emerging Growth Company ☐

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

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

As of June 13, 2024, there were 28,954,999 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 25, 2024

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

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

	Three Months Ended		Nine Months Ended	
(in millions, except per share data)	May 25, 2024	May 27, 2023	May 25, 2024	May 27, 2023
Net revenues	$ 786.0	$ 900.8	$ 2,252.6	$ 2,719.7
Cost of goods sold	667.8	749.4	1,913.3	2,261.1
Gross profit	118.2	151.4	339.3	458.6
Selling, general, and administrative expenses	69.1	66.5	204.4	203.4
Amortization	5.6	4.4	16.9	12.0
Total operating expenses	74.7	70.9	221.3	215.4
Operating income	43.5	80.5	118.0	243.2
Interest expense, net	5.8	5.2	15.2	16.4
Loss on note repurchase	—	—	32.7	—
Non-operating loss	2.2	0.2	5.8	2.3
Income before income taxes	35.5	75.1	64.3	224.5
Provision for income taxes	6.5	16.0	22.2	52.4
Net income	$ 29.0	$ 59.1	$ 42.1	$ 172.1
Earnings per common share:				
Basic	$ 0.99	$ 1.95	$ 1.43	$ 5.66
Diluted	$ 0.96	$ 1.71	$ 1.40	$ 4.95
Weighted average common shares outstanding:				
Basic	29.2	30.4	29.3	30.4
Diluted	30.4	35.4	30.6	35.5

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 25, 2024	August 26, 2023
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 318.1	$ 309.9
Receivables, less allowance for credit losses ($0.4 and $0.4, respectively)	199.3	178.5
Inventories, net	441.5	470.6
Prepaid expenses and other current assets	24.8	37.7
Total current assets	983.7	996.7
Property, plant, and equipment, net	335.5	327.3
Goodwill	514.5	514.5
Other intangible assets, net	485.1	502.0
Investment in life insurance	30.2	29.3
Operating lease assets	48.1	42.6
Deferred income tax assets, net	8.9	—
Other long-term assets	19.0	20.0
Total assets	**$ 2,425.0**	**$ 2,432.4**
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 134.0	$ 146.9
Income taxes payable	3.1	—
Current maturities of long-term debt, net	59.0	—
Accrued expenses:		
Accrued compensation	37.8	35.9
Product warranties	85.0	97.8
Self-insurance	22.1	23.3
Promotional	20.6	29.9
Accrued interest and dividends	20.2	13.7
Other current liabilities	20.0	48.5
Total current liabilities	401.8	396.0
Non-current liabilities		
Long-term debt, net	636.4	592.4
Deferred income tax liabilities, net	—	11.7
Unrecognized tax benefits	6.0	6.1
Long-term operating lease liabilities	47.3	42.0
Deferred compensation benefits, net of current portion	6.9	7.9
Other long-term liabilities	8.2	8.2
Total liabilities	**1,106.6**	**1,064.3**
Contingent liabilities and commitments (Note 11)		
Shareholders' equity:		
Preferred stock, par value $0.01: 10.0 shares authorized; zero shares issued and outstanding	—	—
Common stock, par value $0.50: 120.0 shares authorized; 51.8 shares issued	25.9	25.9
Additional paid-in capital	191.1	197.7
Retained earnings	1,762.3	1,747.8
Accumulated other comprehensive loss	(0.4)	(0.4)
Treasury stock, at cost: 22.8 and 22.0 shares, respectively	(660.5)	(602.9)
Total shareholders' equity	**1,318.4**	**1,368.1**
Total liabilities and shareholders' equity	**$ 2,425.0**	**$ 2,432.4**

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 25, 2024	Nine Months Ended May 27, 2023
Operating activities		
Net income	$ 42.1	$ 172.1
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	25.5	20.9
Amortization	16.9	12.0
Amortization of debt issuance costs	2.4	2.3
Last in, first-out ("LIFO") expense	(0.1)	2.0
Stock-based compensation	11.5	8.2
Deferred income taxes	(3.8)	(3.6)
Loss on note repurchase	32.7	—
Contingent consideration fair value adjustment	1.1	2.0
Payments of earnout liability above acquisition-date fair value	(14.7)	(13.3)
Other, net	3.1	0.3
Change in operating assets and liabilities, net of assets and liabilities acquired		
Receivables, net	(20.8)	49.8
Inventories, net	28.7	15.8
Prepaid expenses and other assets	6.8	12.6
Accounts payable	(12.1)	(81.3)
Income taxes and unrecognized tax benefits	14.3	3.2
Accrued expenses and other liabilities	(30.4)	(46.6)
Net cash provided by operating activities	**103.2**	**156.4**
Investing activities		
Purchases of property, plant, and equipment	(33.8)	(68.0)
Acquisition of business, net of cash acquired	—	(87.5)
Proceeds from the sale of property, plant, and equipment	0.3	0.3
Other, net	(2.9)	0.8
Net cash used in investing activities	**(36.4)**	**(154.4)**
Financing activities		
Borrowings on long-term debt	2,652.2	2,840.2
Repayments on long-term debt	(2,596.0)	(2,840.2)
Payments for convertible note bond hedge	(68.7)	—
Proceeds from issuance of convertible note warrant	31.3	—
Proceeds from partial unwind of convertible note bond hedge	55.8	—
Payments for partial unwind of convertible note warrant	(25.3)	—
Payments of cash dividends	(27.8)	(25.1)
Payments for repurchases of common stock	(64.3)	(24.9)
Payments of debt issuance costs	(10.4)	—
Payments of earnout liability up to acquisition-date fair value	(5.8)	(8.7)
Other, net	0.4	0.4
Net cash used in financing activities	**(58.6)**	**(58.3)**
Net increase (decrease) in cash and cash equivalents	8.2	(56.3)
Cash and cash equivalents at beginning of period	309.9	282.2
Cash and cash equivalents at end of period	$ 318.1	$ 225.9

Supplemental Disclosures		
Income taxes paid, net	$ 12.6	$ 54.9
Interest paid	13.9	14.6
Non-cash investing and financing activities		
Capital expenditures in accounts payable	$ 2.2	$ 2.8
Dividends declared not yet paid	10.0	8.9
Increase in lease assets in exchange for lease liabilities:		
Operating leases	9.8	3.9
Finance leases	1.2	0.9

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 25, 2024							
	Common Shares					Treasury Stock		
(in millions, except per share data)	Number	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Number	Amount	Total Shareholders' Equity
Balances at February 24, 2024	51.8	$ 25.9	$ 188.1	$ 1,751.6	$ (0.4)	(22.5)	$ (640.6)	$ 1,324.6
Stock-based compensation	—	—	3.4	—	—	—	—	3.4
Issuance of stock for employee benefit and stock-based awards, net	—	—	(0.2)	—	—	—	0.2	—
Repurchase of common stock	—	—	(0.2)	—	—	(0.3)	(20.1)	(20.3)
Common stock dividends; $0.62 per share	—	—	—	(18.3)	—	—	—	(18.3)
Net income	—	—	—	29.0	—	—	—	29.0
Balances at May 25, 2024	51.8	$ 25.9	$ 191.1	$ 1,762.3	$ (0.4)	(22.8)	$ (660.5)	$ 1,318.4

	Three Months Ended May 27, 2023							
	Common Shares					Treasury Stock		
(in millions, except per share data)	Number	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Number	Amount	Total Shareholders' Equity
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

	Nine Months Ended May 25, 2024							
	Common Shares					Treasury Stock		
(in millions, except per share data)	Number	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Number	Amount	Total Shareholders' Equity
Balances at August 26, 2023	51.8	$ 25.9	$ 197.7	$ 1,747.8	$ (0.4)	(22.0)	$ (602.9)	$ 1,368.1
Partial repurchase of convertible notes	—	—	(22.2)	—	—	—	—	(22.2)
Partial unwind of convertible note bond hedge	—	—	55.8	—	—	—	—	55.8
Partial unwind of convertible note warrant	—	—	(25.3)	—	—	—	—	(25.3)
Convertible note bond hedge purchase, net of tax of $16.8	—	—	(51.9)	—	—	—	—	(51.9)
Issuance of convertible note warrant	—	—	31.3	—	—	—	—	31.3
Stock-based compensation	—	—	11.5	—	—	—	—	11.5
Issuance of stock for employee benefit and stock-based awards, net	—	—	(5.3)	—	—	0.2	6.7	1.4
Repurchase of common stock	—	—	(0.5)	—	—	(1.0)	(64.3)	(64.8)
Common stock dividends; $0.93 per share	—	—	—	(27.6)	—	—	—	(27.6)
Net income	—	—	—	42.1	—	—	—	42.1
Balances at May 25, 2024	51.8	$ 25.9	$ 191.1	$ 1,762.3	$ (0.4)	(22.8)	$ (660.5)	$ 1,318.4

	Nine Months Ended May 27, 2023							
	Common Shares					Treasury Stock		
(in millions, except per share data)	Number	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Number	Amount	Total Shareholders' Equity
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)
Other 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

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. Intercompany account balances and transactions have been eliminated in consolidation.

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 26, 2023 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 31, 2024.

Comprehensive Income

Comprehensive income represents the change in stockholders' equity from transactions and other events and circumstances from sources other than shareholders. As of May 25, 2024 and May 27, 2023, 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 Issued Accounting Pronouncements

In March 2024, the SEC adopted a final rule under SEC Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*. The new rule will require disclosure of greenhouse gas emissions, including Scope 1 and Scope 2 emissions; climate-related risks, governance, and oversight; and the financial impacts of severe weather events and other natural conditions, subject to certain materiality thresholds. These disclosures are required to be phased in to our annual reporting beginning in Fiscal 2026. However, in April 2024, the SEC stayed the implementation of this rule pending the outcome of legal challenges. We continue to monitor developments and evaluate the impact of adoption on our Consolidated Financial Statements and related disclosures.

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires expanded disclosures primarily related to the effective tax rate reconciliation and income taxes paid. The new guidance is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of the standard on our consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires incremental disclosures about significant segment expenses regularly provided to the Chief Operating Decision Maker. The new guidance is effective for annual reporting periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We are currently evaluating the impact of the standard on our consolidated financial statements and related disclosures.

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. 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.

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.

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 26, 2023.

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, change in fair value of note receivable, contingent consideration fair value adjustment, loss on note repurchase, and non-operating income or loss.

Financial information by reportable segment is as follows:

(in millions)	Three Months Ended May 25, 2024	Three Months Ended May 27, 2023	Nine Months Ended May 25, 2024	Nine Months Ended May 27, 2023
Net Revenues				
Towable RV	$ 386.3	$ 384.1	$ 1,001.8	$ 1,073.9
Motorhome RV	299.0	374.4	971.8	1,242.4
Marine	87.9	129.0	245.0	373.3
Corporate / All Other	12.8	13.3	34.0	30.1
Consolidated	$ 786.0	$ 900.8	$ 2,252.6	$ 2,719.7
Adjusted EBITDA				
Towable RV	$ 41.9	$ 53.8	$ 101.8	$ 129.4
Motorhome RV	13.4	26.8	60.7	119.6
Marine	8.5	17.3	20.1	50.2
Corporate / All Other	(5.8)	(1.5)	(20.7)	(17.4)
Consolidated	$ 58.0	$ 96.4	$ 161.9	$ 281.8
Capital Expenditures				
Towable RV	$ 2.9	$ 3.4	$ 5.5	$ 23.9
Motorhome RV	2.8	8.9	16.8	23.7
Marine	1.2	4.4	4.1	17.0
Corporate / All Other	4.1	1.9	7.4	3.4
Consolidated	$ 11.0	$ 18.6	$ 33.8	$ 68.0

(in millions)	May 25, 2024	August 26, 2023
Assets		
Towable RV	$ 773.2	$ 751.2
Motorhome RV	764.1	802.2
Marine	410.1	426.9
Corporate / All Other	477.6	452.1
Consolidated	$ 2,425.0	$ 2,432.4

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

(in millions)	Three Months Ended May 25, 2024	Three Months Ended May 27, 2023	Nine Months Ended May 25, 2024	Nine Months Ended May 27, 2023
Net income	$ 29.0	$ 59.1	$ 42.1	$ 172.1
Interest expense, net	5.8	5.2	15.2	16.4
Provision for income taxes	6.5	16.0	22.2	52.4
Depreciation	8.9	7.6	25.5	20.9
Amortization	5.6	4.4	16.9	12.0
EBITDA	55.8	92.3	121.9	273.8
Acquisition-related costs	—	3.9	1.5	5.6
Change in fair value of note receivable	—	—	3.0	—
Contingent consideration fair value adjustment	—	—	1.1	2.0
Loss on note repurchase	—	—	32.7	—
Non-operating loss	2.2	0.2	1.7	0.4
Adjusted EBITDA	$ 58.0	$ 96.4	$ 161.9	$ 281.8

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 25, 2024	Fair Value Hierarchy Level 1	Level 2	Level 3
Assets that fund deferred compensation				
Domestic equity funds	$ 2.0	$ 2.0	$ —	$ —
International equity funds	0.1	0.1	—	—
Total assets at fair value	$ 2.1	$ 2.1	$ —	$ —

(in millions)	Fair Value at August 26, 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	—	—
Total assets at fair value	$ 1.8	$ 1.8	$ —	$ —
Contingent consideration				
Earnout liability	$ 18.4	$ —	$ —	$ 18.4
Total liabilities at fair value	$ 18.4	$ —	$ —	$ 18.4

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 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 26, 2023 for additional information regarding these plans.

The proportion of the assets that will fund the deferred compensation payments 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, which is classified as Level 3. In the third quarter of Fiscal 2024, we paid $20.5 million to settle the remaining earnout obligations associated with calendar year 2023. Comparatively, in the third quarter of Fiscal 2023, we paid $22.0 million to settle earnout obligations associated with calendar year 2022. Refer to Note 2 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 26, 2023 for additional information regarding the contingent consideration earnout provisions.

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

(in millions)	Three Months Ended May 25, 2024	Three Months Ended May 27, 2023	Nine Months Ended May 25, 2024	Nine Months Ended May 27, 2023
Beginning fair value - contingent consideration	$ 19.5	$ 41.8	$ 18.4	$ 39.8
Fair value adjustments	—	—	1.1	2.0
Settlements	(20.5)	(22.0)	(20.5)	(22.0)
Other	1.0	—	1.0	—
Ending fair value - contingent consideration	$ —	$ 19.8	$ —	$ 19.8

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 25, 2024 or May 27, 2023.

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, and other payables. If these instruments were measured at fair value in the financial statements, they would be classified as Level 1 in the fair value hierarchy.

Our debt obligations are recorded at amortized cost but measured at fair value for disclosure purposes. The fair value of our 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 debt.

Note 5. Inventories

Inventories consist of the following:

(in millions)	May 25, 2024	August 26, 2023
Finished goods	$ 67.4	$ 53.0
Work-in-process	155.7	159.9
Raw materials	266.2	305.6
Total	489.3	518.5
Less: Excess of First-in, first-out ("FIFO") over LIFO cost	47.8	47.9
Inventories, net	$ 441.5	$ 470.6

Inventory valuation methods consist of the following:

(in millions)	May 25, 2024	August 26, 2023
LIFO basis	$ 266.1	$ 262.6
FIFO basis	223.2	255.9
Total	$ 489.3	$ 518.5

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 25, 2024	August 26, 2023
Land	$ 14.6	$ 14.6
Buildings and building improvements	277.5	247.3
Machinery and equipment	168.7	159.3
Software	72.0	52.7
Transportation	7.8	7.2
Construction in progress	20.0	49.3
Property, plant, and equipment, gross	560.6	530.4
Less: Accumulated depreciation	225.1	203.1
Property, plant, and equipment, net	$ 335.5	$ 327.3

Depreciation expense was $8.9 million and $7.6 million for the three months ended May 25, 2024 and May 27, 2023, respectively; and $25.5 million and $20.9 million for the nine months ended May 25, 2024 and May 27, 2023, respectively.

Note 7. Goodwill and Intangible Assets

The carrying amount of goodwill by reportable segment is as follows:

(in millions)	Towable RV	Motorhome RV	Marine	Corporate / All Other	Total
Balances at May 25, 2024 and August 26, 2023[1]	$ 244.7	$ 73.1	$ 166.4	$ 30.3	$ 514.5

[1] There was no activity in the nine months ended May 25, 2024.

No impairments were recorded for non-financial assets in the nine months ended May 25, 2024 or May 27, 2023. However, factors such as a sustained decline in revenues and earnings, or other adverse changes in macroeconomic conditions could result in an impairment charge to our Chris-Craft reporting unit in a future reporting period. We will perform a quantitative impairment assessment of the Chris-Craft reporting unit during the fourth quarter of Fiscal 2024.

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

	May 25, 2024		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Indefinite-lived trade names	$ 352.3	$ —	$ 352.3
Finite-lived trade name	4.1	0.7	3.4
Dealer networks/customer relationships	183.6	87.3	96.3
Backlog	43.6	43.0	0.6
Developed technology	38.3	5.9	32.4
Non-compete agreements	6.6	6.5	0.1
Other intangible assets	$ 628.5	$ 143.4	$ 485.1

	August 26, 2023		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Indefinite-lived trade names	$ 352.3	$ —	$ 352.3
Finite-lived trade name	4.1	0.2	3.9
Dealer networks/customer relationships	183.6	75.6	108.0
Backlog	43.6	42.5	1.1
Developed technology	38.3	1.8	36.5
Non-compete agreements	6.6	6.4	0.2
Other intangible assets	$ 628.5	$ 126.5	$ 502.0

The weighted average remaining amortization period for intangible assets as of May 25, 2024 was approximately six years.

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

(in millions)	Amortization
Remainder of Fiscal 2024	$ 6.0
Fiscal 2025	22.1
Fiscal 2026	21.7
Fiscal 2027	21.7
Fiscal 2028	21.4
Fiscal 2029	15.5
Thereafter	24.4
Total amortization expense remaining	$ 132.8

Note 8. Product Warranties

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

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

Changes in the product warranty liability are as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	May 25, 2024	May 27, 2023	May 25, 2024	May 27, 2023
Balance at beginning of period	$ 89.3	$ 113.7	$ 97.8	$ 127.9
Business acquisition[1]	—	1.4	—	1.4
Provision	20.7	17.6	60.6	51.7
Claims paid	(25.0)	(26.2)	(73.4)	(74.5)
Balance at end of period	$ 85.0	$ 106.5	$ 85.0	$ 106.5

[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.

Note 9. Debt

The following table summarizes our outstanding debt:

(in millions)	May 25, 2024	August 26, 2023
ABL Credit Facility	$ —	$ —
Senior Secured Notes	300.0	300.0
2030 Convertible Notes	350.0	—
2025 Convertible Notes	59.3	300.0
Total debt, gross	709.3	600.0
Unamortized debt issuance costs, net	(13.9)	(7.6)
Current maturities of long-term debt, net	(59.0)	—
Long-term debt, net	$ 636.4	$ 592.4

Credit Agreements

On July 15, 2022, we amended and restated our 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 are being amortized over the five-year term of the ABL Credit Facility.

Senior Secured Notes

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 are being amortized over the eight-year term of the agreement.

2030 Convertible Notes

On January 23, 2024, we issued $350.0 million in aggregate principal amount of 3.25% unsecured convertible senior notes due 2030 (“2030 Convertible Notes”). The net proceeds from the issuance of the 2030 Convertible Notes, after deducting the initial purchasers' transaction fees and offering expenses payable by us, were approximately $339.8 million. The 2030 Convertible Notes bear interest at the annual rate of 3.25%, payable on January 15 and July 15 of each year, beginning on July 15, 2024, and will mature on January 15, 2030, unless earlier repurchased, redeemed, or converted in accordance with their terms prior to such date.

The 2030 Convertible Notes may be converted at any time on or after July 15, 2029, until the close of business on the second scheduled trading day immediately preceding their maturity date. Upon conversion, we will settle the principal amount of the 2030 Convertible Notes in cash, and any conversion premium in excess of the principal amount in cash, or a combination of cash and shares of common stock, at our election.

The initial conversion rate of the 2030 Convertible Notes was 11.3724 shares of common stock per $1,000 principal amount of 2030 Convertible Notes, which is equal to an initial conversion price of approximately $87.93 per share. The conversion rate is subject to adjustment upon the occurrence of events specified in the Indenture to the 2030 Convertible Notes but will not be adjusted for accrued and unpaid interest on any 2030 Convertible Note being converted. In addition, upon the occurrence of a make-whole fundamental change (as defined in the Indenture to the 2030 Convertible Notes) during the make-whole fundamental change conversion period (as defined in the Indenture to the 2030 Convertible Notes), we will, in certain circumstances, increase the conversion rate by the number of additional shares described in the Indenture to the 2030 Convertible Notes for a holder that elects to convert such holder’s 2030 Convertible Notes in connection with such make-whole fundamental change. As of May 25, 2024, there have been no changes to the initial conversion rate.

Prior to the close of business on the business day immediately preceding July 15, 2029, the 2030 Convertible Notes will be convertible only under the following circumstances:

1. during any calendar quarter commencing after the calendar quarter ended on March 31, 2024 (and only during such calendar quarter), if the last reported sale price per share 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 immediately after any five consecutive trading day period (the "measurement period to the 2030 Convertible Notes") in which the trading price per $1,000 principal amount of 2030 Convertible Notes for each trading day of the measurement period to the 2030 Convertible Notes was less than 98% of the product of the last reported sale price per share of the common stock and the conversion rate for the 2030 Convertible Notes on each such trading day;
3. upon the occurrence of certain specified corporate events set forth in the Indenture to the 2030 Convertible Notes; or
4. if we call such 2030 Convertible Notes for redemption (as described below).

The 2030 Convertible Notes will be redeemable, in whole or in part (subject to certain limitations), for cash at our option at any time, and from time to time, on or after January 15, 2028 and on or before the 40th scheduled trading day immediately before the maturity date, but only if the last reported sale price per share of our common stock exceeds 130% of the conversion price for a specified period of time (as defined in the indenture to the 2030 Convertible Notes). The redemption price will be equal to the principal amount of the 2030 Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

On January 18, 2024 and January 19, 2024, in connection with the offering of the 2030 Convertible Notes, we entered into privately negotiated convertible note hedge transactions (collectively, the “2030 Hedge Transactions”) that cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that initially underlie the 2030 Convertible Notes, and are expected generally to reduce the potential dilution and/or offset any cash payments we are required to make in excess of the principal amount due, as the case may be, upon conversion of the 2030 Convertible Notes in the event that the market price of our common stock is greater than the strike price of the 2030 Hedge Transactions, which was initially $87.93 per share (subject to adjustment under the terms of the 2030 Hedge Transactions), corresponding to the initial conversion price of the 2030 Convertible Notes.

On January 18, 2024 and January 19, 2024, we also entered into privately negotiated warrant transactions (collectively, the “2030 Warrant Transactions” and, together with the 2030 Hedge Transactions, the “2030 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 2030 Convertible Notes, subject to customary anti-dilution adjustments. The initial strike price of the 2030 warrants is $135.28 per share (subject to adjustment under the terms of the 2030 Warrant Transactions), which is approximately 100% above the last reported sale price of our common stock on January 18, 2024. The 2030 Warrant Transactions could have a dilutive effect to our stockholders to the extent that the market price per share of our common stock, as measured under the terms of the 2030 Warrant Transactions, exceeds the applicable strike price of the warrants.

The 2030 Hedge Transactions and the 2030 Warrant Transactions are separate transactions, in each case, are not part of the terms of the 2030 Convertible Notes and will not affect any holder’s rights under the 2030 Convertible Notes. Holders of the 2030 Convertible Notes will not have any rights with respect to the 2030 Call Spread Transactions.

Accounting Treatment of the 2030 Convertible Notes and Related 2030 Hedge Transactions and 2030 Warrant Transactions

The 2030 Convertible Notes are accounted for as a single liability measured at amortized cost. Interest expense, representing the amortization of the $10.2 million of debt issuance costs as well as the contractual interest expense are amortized using an effective interest rate of 3.8% over the term of the 2030 Convertible Notes. We recorded $3.3 million and $4.4 million of interest expense during the three and nine months ended May 25, 2024, respectively.

The net after-tax cost incurred in connection with the 2030 Call Spread Transactions was $20.6 million. These transactions are classified as equity and are not remeasured each reporting period.

2025 Convertible Notes

On November 1, 2019, we issued $300.0 million in aggregate principal amount of 1.5% unsecured convertible senior notes due 2025 (“2025 Convertible Notes”). The net proceeds from the issuance of the 2025 Convertible Notes, after deducting the initial purchasers' transaction fees and offering expense payable by us, were approximately $290.2 million. The 2025 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 2025 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 $1,000 principal amount of 2025 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 2025 Convertible Notes. The 2025 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.

The conversion rate of the 2025 Convertible Notes may be adjusted in certain circumstances, including in connection with a conversion of the 2025 Convertible Notes made following certain fundamental changes and under other circumstances set forth in the indenture to the 2025 Convertible Notes. As of May 25, 2024, the conversion rate was 15.9923 shares of common stock per $1,000 principal amount of 2025 Convertible Notes, which is equivalent to a conversion price of approximately $62.53. The difference between the initial conversion rate and the conversion rate as of May 25, 2024 is due to cash dividends that have been declared following the issuance of the 2025 Convertible Notes.

It is our current intent to settle all conversions of the 2025 Convertible Notes in cash. Our ability to cash settle may be limited depending on the stock price at the time of conversion.

Prior to the close of business on the business day immediately preceding October 1, 2024, the 2025 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 to the 2025 Convertible Notes") in which the trading price per $1,000 principal amount of 2025 Convertible Notes for each trading day of the measurement period to the 2025 Convertible Notes was less than 98% of the product of the last reported sale price of the common stock and the conversion rate for the 2025 Convertible Notes on each such trading day; or
3. upon the occurrence of certain specified corporate events set forth in the indenture for the 2025 Convertible Notes.

We may not redeem the 2025 Convertible Notes at our option prior to the maturity date, and no sinking fund is provided for the 2025 Convertible Notes.

On October 29, 2019 and October 30, 2019, in connection with the offering of the 2025 Convertible Notes, we entered into privately negotiated convertible note hedge transactions (collectively, the “2025 Hedge Transactions”) that cover, subject to customary anti-dilution adjustments, the number of shares of our common stock that initially underlie the 2025 Convertible Notes.

On October 29, 2019 and October 30, 2019, we also entered into privately negotiated warrant transactions (collectively, the “2025 Warrant Transactions” and, together with the 2025 Hedge Transactions, the “2025 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 2025 Convertible Notes, subject to customary anti-dilution adjustments.

The 2025 Hedge Transactions and the 2025 Warrant Transactions are separate transactions, in each case, and are not part of the terms of the 2025 Convertible Notes and will not affect any holder’s rights under the 2025 Convertible Notes. Holders of the 2025 Convertible Notes will not have any rights with respect to the 2025 Call Spread Transactions.

On January 18, 2024, we entered into separate, privately negotiated transactions (the "2025 Convertible Note Repurchases") with certain holders of the 2025 Convertible Notes to repurchase $240.7 million aggregate principal amount of the 2025 Convertible Notes using $293.8 million of the net proceeds received from the 2030 Convertible Notes. In connection with the 2025 Convertible Note Repurchases, we recorded a loss on note repurchase of $32.7 million in the accompanying Consolidated Statements of Income for the nine months ended May 25, 2024. The loss on note repurchase represents the difference between the fair value of consideration transferred to the holders of the repurchased 2025 Convertible Notes and the conversion value of 2025 Convertible Notes repurchased pursuant to the original conversion terms. Concurrently with the 2025 Convertible Note Repurchases, we entered into agreements to terminate a proportionate amount of the 2025 Call Spread Transactions, which resulted in net proceeds of $30.5 million recorded as equity in the accompanying Consolidated Balance Sheets.

Accounting Treatment of the 2025 Convertible Notes and Related 2025 Hedge Transactions and 2025 Warrant Transactions

The 2025 Convertible Notes are accounted for as a single liability measured at amortized cost. Interest expense, representing the amortization of the remaining debt issuance costs as well as the contractual interest expense are amortized using an effective interest rate of 2.1% over the term of the 2025 Convertible Notes. We recorded $0.3 million and $1.6 million of interest expense during the three months ended May 25, 2024 and May 27, 2023, respectively; and we recorded $3.0 million and $4.7 million of interest expense during the nine months ended May 25, 2024 and May 27, 2023, respectively.

The 2025 Call Spread Transactions are classified as equity and are not remeasured each reporting period.

Fair Value and Future Maturities

The fair value of outstanding debt obligations, gross is as follows:

(in millions)	May 25, 2024	August 26, 2023
ABL Credit Facility	$ —	$ —
Senior Secured Notes	295.0	291.2
2030 Convertible Notes	337.4	—
2025 Convertible Notes	64.8	349.0
Total debt, gross	$ 697.2	$ 640.2

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

(in millions)	Amount
Remainder of Fiscal 2024	$ —
Fiscal 2025	59.3
Fiscal 2026	—
Fiscal 2027	—
Fiscal 2028	300.0
Fiscal 2029	—
Thereafter	350.0
Total	$ 709.3

We were in compliance with all of our financial debt covenants as of May 25, 2024.

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 26, 2023 for additional information regarding our debt.

Note 10. Employee and Retiree Benefits

Deferred compensation liabilities are as follows:

(in millions)	May 25, 2024	August 26, 2023
Non-qualified deferred compensation	$ 5.5	$ 6.7
Supplemental executive retirement plan	1.0	1.2
Executive deferred compensation plan	2.1	1.8
Total deferred compensation benefits	8.6	9.7
Less: current portion[1]	1.7	1.8
Deferred compensation benefits, net of current portion	$ 6.9	$ 7.9

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

Note 11. Contingent Liabilities and Commitments

Repurchase Commitments

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

Our repurchase agreements generally provide that, in the event of default by the dealer on the agreement to pay the lending institution, we will repurchase the financed merchandise. The terms of these agreements, which generally can last up to 24 months, provide that our liability will be the lesser of remaining principal owed by the dealer to the lending institution, or dealer invoice less periodic reductions based on the time since the date of the original invoice. Our liability cannot exceed 100% of the dealer invoice. In certain instances, we also repurchase inventory from dealers due to state law or regulatory requirements that govern voluntary or involuntary relationship terminations. Although laws vary from state to state, some states have laws in place that require manufacturers of recreational vehicles or boats to repurchase current inventory if a dealership exits the business. The total contingent liability on all of our repurchase agreements was approximately $1,924.5 million and $1,816.7 million at May 25, 2024 and August 26, 2023, 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 at May 25, 2024 and August 26, 2023. 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 25, 2024 and May 27, 2023.

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:

	Three Months Ended		Nine Months Ended	
(in millions)	May 25, 2024	May 27, 2023	May 25, 2024	May 27, 2023
Net Revenues				
Towable RV				
Fifth Wheel	$ 195.3	$ 185.0	$ 501.4	$ 548.0
Travel Trailer	183.0	189.2	475.3	494.7
Other[1]	8.0	9.9	25.1	31.2
Total Towable RV	386.3	384.1	1,001.8	1,073.9
Motorhome RV				
Class A	124.4	166.5	420.2	580.7
Class B	60.2	112.9	209.5	366.4
Class C and Other[1]	114.4	95.0	342.1	295.3
Total Motorhome RV	299.0	374.4	971.8	1,242.4
Marine	87.9	129.0	245.0	373.3
Corporate / All Other[2]	12.8	13.3	34.0	30.1
Consolidated Net Revenues	$ 786.0	$ 900.8	$ 2,252.6	$ 2,719.7

(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 25, 2024 or May 27, 2023.

Note 13. Stock-Based Compensation

On December 14, 2023, our shareholders approved the Amended and Restated 2019 Omnibus Incentive Plan (“Restated Plan”) as detailed in our Proxy Statement for the 2023 Annual Meeting of Shareholders. The Restated Plan continues to allow us to grant or issue non-qualified stock options, incentive stock options, share awards, and other equity compensation to key employees and to non-employee directors. The number of shares of our Common Stock that may be awarded and issued under the Restated Plan is 2.4 million, plus the shares still available under the 2019 Omnibus Incentive Plan (“2019 Plan”) and the shares subject to any awards outstanding under the 2014 Omnibus Equity, Performance Award, and Incentive Compensation Plan (“2014 Plan”). Awards under the 2014 Plan that are outstanding on December 14, 2023 will continue to be subject to the terms of the 2014 Plan, as applicable. Shares remaining available for future awards under the 2014 Plan were not carried over into the Restated Plan.

Stock-based compensation expense was $3.4 million and $1.7 million for the three months ended May 25, 2024 and May 27, 2023, respectively; and $11.5 million and $8.2 million for the nine months ended May 25, 2024 and May 27, 2023, 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 18.4% and 21.4% for the three months ended May 25, 2024 and May 27, 2023, respectively, and 34.5% and 23.4% for the nine months ended May 25, 2024 and May 27, 2023, respectively. The decrease in tax rate for the three months ended May 25, 2024 compared to the three months ended May 27, 2023 was driven primarily by an increase in research and development ("R&D") credits year-over-year and a favorable reserve release in the current year over decreased income. The increase in tax rate for the nine months ended May 25, 2024 compared to the nine months ended May 27, 2023 was driven primarily by the impact of the non-deductible loss on note repurchase during the second quarter of Fiscal 2024.

As of May 25, 2024, $3.1 million of U.S. federal income taxes payable was included in income taxes payable on the Consolidated Balance Sheets. Comparatively, as of August 26, 2023, $10.7 million of U.S. federal income taxes receivable was included in prepaid expenses and other current assets on the Consolidated Balance Sheets.

We file a U.S. Federal tax return, as well as returns in various international and state jurisdictions. As of May 25, 2024, our U.S. Federal returns from Fiscal 2020 to present are subject to review by the Internal Revenue Service. With limited exceptions, U.S. state returns from Fiscal 2020 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 2020 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

Basic and diluted earnings per share are calculated as follows:

(in millions, except per share data)	Three Months Ended May 25, 2024	Three Months Ended May 27, 2023	Nine Months Ended May 25, 2024	Nine Months Ended May 27, 2023
Earnings per share - basic				
Net income	$ 29.0	$ 59.1	$ 42.1	$ 172.1
Weighted average common shares outstanding	29.2	30.4	29.3	30.4
Basic earnings per common share[(1)]	$ 0.99	$ 1.95	$ 1.43	$ 5.66
Earnings per share - diluted				
Net income	$ 29.0	$ 59.1	$ 42.1	$ 172.1
Interest expense on convertible notes, net of tax	0.2	1.2	0.7	3.6
Diluted net income	$ 29.2	$ 60.3	$ 42.8	$ 175.7
Weighted average common shares outstanding	29.2	30.4	29.3	30.4
Dilutive impact of stock compensation awards	0.2	0.3	0.3	0.4
Dilutive impact of convertible notes	1.0	4.7	1.0	4.7
Weighted average common shares outstanding, assuming dilution	30.4	35.4	30.6	35.5
Anti-dilutive securities excluded from weighted average common shares outstanding, assuming dilution	0.2	0.1	0.2	0.1
Diluted earnings per common share[(1)]	$ 0.96	$ 1.71	$ 1.40	$ 4.95

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

The dilutive effect of stock compensation awards, if any, was determined using the treasury stock method while the dilutive impact of the 2025 Convertible Notes and the 2030 Convertible Notes was determined using the if-converted 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. As the 2025 Convertible Notes will be convertible into cash, shares of our common stock or a combination thereof, at our election, the 2025 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. For the 2030 Convertible Notes, we are required to settle the principal amount in cash and any conversion premium in excess of the principal amount in cash, shares of common stock, or a combination of cash and shares of common stock, at our election. As such, the 2030 Convertible Notes only have an impact on diluted earnings per share when the average share price of our common stock exceeds the conversion price.

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 26, 2023 (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 ("RVs") and marine products with a diversified portfolio used primarily in leisure travel and outdoor recreational activities. We also design and manufacture advanced battery solutions that deliver "house power," supporting internal electrical features and appliances for a variety of outdoor products including RVs, boats, specialty and other low-speed vehicles, as well as other industrial applications. We produce our motorhome RV units in Iowa and Indiana; our towable RV units in Indiana; our marine units in Indiana and Florida; and our battery solutions in Florida. We distribute our RV and marine products primarily through independent dealers across 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. Our battery solutions are primarily sold to customers in the U.S.

Known Trends and Uncertainties

Our business continues to be challenged by macroeconomic conditions impacting retail consumers and our dealers, such as inflation and elevated 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, our dealers continue to exercise caution when managing stocking levels. In the first nine months of Fiscal 2024, these trends resulted in decreased sales due to declines in unit volume. We anticipate that as consumer demand stabilizes, dealers will exhibit a willingness to maintain stable inventory levels and ordering patterns. We continue to produce and ship in accordance with dealer demand as evidenced and requested by dealer orders.

Despite the current economic uncertainty, we believe in the long-term health of consumer demand for RV and marine products.

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 25, 2024 compared to the comparable prior year period is a reconciliation of EBITDA and Adjusted EBITDA from net income, the most directly comparable 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, change in fair value of note receivable, contingent consideration fair value adjustment, loss on note repurchase, 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 25, 2024 Compared to Three Months Ended May 27, 2023

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 25, 2024 compared to the three months ended May 27, 2023:

	Three Months Ended					
($ in millions, except per share data)	May 25, 2024	% of Revenues[1]	May 27, 2023	% of Revenues[1]	$ Change[1]	% Change[1]
Net revenues	$ 786.0	100.0 %	$ 900.8	100.0 %	$ (114.8)	(12.7)%
Cost of goods sold	667.8	85.0 %	749.4	83.2 %	(81.5)	(10.9)%
Gross profit	118.2	15.0 %	151.4	16.8 %	(33.3)	(22.0)%
Selling, general, and administrative expenses	69.1	8.8 %	66.5	7.4 %	2.5	3.7 %
Amortization	5.6	0.7 %	4.4	0.5 %	1.2	27.0 %
Total operating expenses	74.7	9.5 %	70.9	7.9 %	3.7	5.2 %
Operating income	43.5	5.5 %	80.5	8.9 %	(37.0)	(46.0)%
Interest expense, net	5.8	0.7 %	5.2	0.6 %	0.7	13.1 %
Non-operating loss	2.2	0.3 %	0.2	— %	2.0	883.6 %
Income before income taxes	35.5	4.5 %	75.1	8.3 %	(39.6)	(52.8)%
Provision for income taxes	6.5	0.8 %	16.0	1.8 %	(9.5)	(59.3)%
Net income	$ 29.0	3.7 %	$ 59.1	6.6 %	$ (30.1)	(51.0)%
Diluted earnings per share	$ 0.96		$ 1.71		$ (0.75)	(43.9)%
Diluted weighted average shares outstanding	30.4		35.4		(5.0)	(14.1)%

(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 product mix and lower volume related to market conditions.

Gross profit as a percentage of revenue decreased primarily due to deleverage, operational efficiency challenges, and higher warranty expense due to a favorable prior year trend, partially offset by cost containment efforts.

Operating expenses increased primarily due to strategic investments and increased amortization related to Lithionics intangible assets.

The change in our effective tax rate was primarily driven by an increase in R&D credits year-over-year and a favorable reserve release in the current year over decreased income.

Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the three months ended May 25, 2024 and May 27, 2023:

	Three Months Ended	
(in millions)	May 25, 2024	May 27, 2023
Net income	$ 29.0	$ 59.1
Interest expense, net	5.8	5.2
Provision for income taxes	6.5	16.0
Depreciation	8.9	7.6
Amortization	5.6	4.4
EBITDA	55.8	92.3
Acquisition-related costs	—	3.9
Non-operating loss	2.2	0.2
Adjusted EBITDA	$ 58.0	$ 96.4

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 25, 2024 compared to the three months ended May 27, 2023:

	Three Months Ended					
(in millions, except ASP and units)	May 25, 2024	% of Revenues[(1)]	May 27, 2023	% of Revenues[(1)]	$ Change[(1)]	% Change[(1)]
Net revenues	$ 386.3		$ 384.1		$ 2.2	0.6 %
Adjusted EBITDA	41.9	10.9 %	53.8	14.0 %	(11.8)	(22.0)%
Average Selling Price ("ASP")[(2)]	$ 41,638		$ 44,070		$ (2,432)	(5.5)%

	Three Months Ended					
Unit deliveries	May 25, 2024	Product Mix[(3)]	May 27, 2023	Product Mix[(3)]	Unit Change	% Change
Travel trailer	6,120	66.1 %	6,376	73.2 %	(256)	(4.0)%
Fifth wheel	3,143	33.9 %	2,339	26.8 %	804	34.4 %
Total Towable RV	9,263	100.0 %	8,715	100.0 %	548	6.3 %

(1) Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.
(2) ASP excludes off-invoice dealer incentives.
(3) Percentages may not add due to rounding differences.

Net revenues increased primarily due to an increase in unit volume, partially offset by a reduction in average selling price per unit related to product mix.

Adjusted EBITDA margin decreased primarily due to operational efficiency challenges and higher warranty expense due to a favorable prior year trend, partially offset by lower discounts and allowances.

Motorhome RV

The following is an analysis of key changes in our Motorhome RV segment for the three months ended May 25, 2024 compared to the three months ended May 27, 2023:

	Three Months Ended					
(in millions, except ASP and units)	May 25, 2024	% of Revenues[1]	May 27, 2023	% of Revenues[1]	$ Change[1]	% Change[1]
Net revenues	$ 299.0		$ 374.4		$ (75.3)	(20.1)%
Adjusted EBITDA	13.4	4.5 %	26.8	7.2 %	(13.5)	(50.2)%
ASP[2]	$ 183,568		$ 177,612		$ 5,956	3.4 %

	Three Months Ended					
Unit deliveries	**May 25, 2024**	**Product Mix[3]**	**May 27, 2023**	**Product Mix[3]**	**Unit Change**	**% Change**
Class A	417	24.8 %	524	24.6 %	(107)	(20.4)%
Class B	476	28.3 %	1,018	47.8 %	(542)	(53.2)%
Class C	787	46.8 %	589	27.6 %	198	33.6 %
Total Motorhome RV	1,680	100.0 %	2,131	100.0 %	(451)	(21.2)%

(1) Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.
(2) ASP excludes off-invoice dealer incentives.
(3) Percentages may not add due to rounding differences.

Net revenues decreased primarily due to a decline in unit volume related to market conditions and higher levels of discounts and allowances, partially offset by price increases related to higher motorized chassis costs.

Adjusted EBITDA margin decreased primarily due to deleverage and operational efficiency challenges, partially offset by cost containment efforts.

Marine

The following is an analysis of key changes in our Marine segment for the three months ended May 25, 2024 compared to the three months ended May 27, 2023:

	Three Months Ended					
(in millions, except ASP and units)	May 25, 2024	% of Revenues[1]	May 27, 2023	% of Revenues[1]	$ Change[1]	% Change[1]
Net revenues	$ 87.9		$ 129.0		$ (41.1)	(31.8)%
Adjusted EBITDA	8.5	9.7 %	17.3	13.4 %	(8.8)	(50.9)%
ASP[2]	$ 78,595		$ 81,492		$ (2,897)	(3.6)%

	Three Months Ended			
Unit deliveries	**May 25, 2024**	**May 27, 2023**	**Unit Change**	**% Change**
Boats	1,127	1,586	(459)	(28.9)%

(1) Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.
(2) ASP excludes off-invoice dealer incentives.

Net revenues decreased primarily due to a decline in unit volume related to market conditions and product mix.

Adjusted EBITDA margin decreased due to deleverage, partially offset by cost containment efforts.

Results of Operations - Nine Months Ended May 25, 2024 Compared to the Nine Months Ended May 27, 2023

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 25, 2024 compared to the nine months ended May 27, 2023:

	Nine Months Ended					
($ in millions, except per share data)	May 25, 2024	% of Revenues[1]	May 27, 2023	% of Revenues[1]	$ Change[1]	% Change[1]
Net revenues	$ 2,252.6	100.0 %	$ 2,719.7	100.0 %	$ (467.2)	(17.2)%
Cost of goods sold	1,913.3	84.9 %	2,261.1	83.1 %	(347.8)	(15.4)%
Gross profit	339.3	15.1 %	458.6	16.9 %	(119.3)	(26.0)%
Selling, general, and administrative expenses	204.4	9.1 %	203.4	7.5 %	0.9	0.5 %
Amortization	16.9	0.7 %	12.0	0.4 %	4.8	40.0 %
Total operating expenses	221.3	9.8 %	215.4	7.9 %	5.8	2.7 %
Operating income	118.0	5.2 %	243.2	8.9 %	(125.1)	(51.4)%
Interest expense, net	15.2	0.7 %	16.4	0.6 %	(1.1)	(6.6)%
Loss on note repurchase	32.7	1.5 %	—	— %	32.7	NM
Non-operating loss	5.8	0.3 %	2.3	0.1 %	3.5	158.0 %
Income before income taxes	64.3	2.9 %	224.5	8.3 %	(160.3)	(71.4)%
Provision for income taxes	22.2	1.0 %	52.4	1.9 %	(30.3)	(57.7)%
Net income	$ 42.1	1.9 %	$ 172.1	6.3 %	$ (130.0)	(75.5)%
Diluted earnings per share	$ 1.40		$ 4.95		$ (3.55)	(71.7)%
Diluted weighted average shares outstanding	30.6		35.5		(4.9)	(13.8)%

(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.

NM: Not meaningful.

Net revenues decreased primarily due to product mix and lower volume related to market conditions.

Gross profit as a percentage of revenue decreased primarily due to deleverage, higher warranty expense due to a favorable prior year trend and operational efficiency challenges, partially offset by cost containment efforts.

Operating expenses increased primarily due to increased amortization related to Lithionics intangible assets and strategic investments, partially offset by lower incentive-based compensation.

Interest expense, net decreased primarily due to higher interest income on short-term investments as a result of increased interest rates.

The loss on note repurchase recorded in the nine months ended May 25, 2024 is related to the refinancing of the 2025 Convertible Notes. Refer to 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 further information.

Our effective tax rate increased primarily due to the impact of the non-deductible loss on note repurchase.

Non-GAAP Reconciliation

The following table reconciles net income to consolidated EBITDA and Adjusted EBITDA for the nine months ended May 25, 2024 and May 27, 2023:

	Nine Months Ended	
(in millions)	May 25, 2024	May 27, 2023
Net income	$ 42.1	$ 172.1
Interest expense, net	15.2	16.4
Provision for income taxes	22.2	52.4
Depreciation	25.5	20.9
Amortization	16.9	12.0
EBITDA	121.9	273.8
Acquisition-related costs	1.5	5.6
Change in fair value of note receivable	3.0	—
Contingent consideration fair value adjustment	1.1	2.0
Loss on note repurchase	32.7	—
Non-operating loss	1.7	0.4
Adjusted EBITDA	$ 161.9	$ 281.8

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 25, 2024 compared to the nine months ended May 27, 2023:

	Nine Months Ended					
(in millions, except ASP and units)	May 25, 2024	% of Revenues[1]	May 27, 2023	% of Revenues[1]	$ Change[1]	% Change[1]
Net revenues	$ 1,001.8		$ 1,073.9		$ (72.1)	(6.7)%
Adjusted EBITDA	101.8	10.2 %	129.4	12.0 %	(27.5)	(21.3)%
ASP[2]	$ 41,841		$ 46,018		$ (4,177)	(9.1)%

	Nine Months Ended					
Unit deliveries	May 25, 2024	Product Mix[3]	May 27, 2023	Product Mix[3]	Unit Change	% Change
Travel trailer	15,987	67.0 %	16,049	68.8 %	(62)	(0.4)%
Fifth wheel	7,869	33.0 %	7,293	31.2 %	576	7.9 %
Total Towable RV	23,856	100.0 %	23,342	100.0 %	514	2.2 %

	May 25, 2024	May 27, 2023	$ Change[1]	% Change[1]
Backlog[4]				
Units	4,734	5,297	(563)	(10.6)%
Dollars	$ 153.1	$ 236.0	$ (82.9)	(35.1)%
Dealer Inventory				
Units	18,110	20,218	(2,108)	(10.4)%

(1) Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.
(2) ASP excludes off-invoice dealer incentives.
(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 reduction in average selling price per unit related to product mix and targeted price reductions, partially offset by an increase in unit volume.

Adjusted EBITDA margin decreased primarily due to deleverage and higher warranty expense due to a favorable prior year trend, partially offset by lower discounts and allowances.

Backlog decreased due to current market conditions and a cautious dealer network.

Motorhome RV

The following is an analysis of key changes in our Motorhome RV segment for the nine months ended May 25, 2024 compared to the nine months ended May 27, 2023:

	Nine Months Ended							
(in millions, except ASP and units)	May 25, 2024		% of Revenues[1]	May 27, 2023		% of Revenues[1]	$ Change[1]		% Change[1]
Net revenues	$	971.8		$	1,242.4		$	(270.6)	(21.8)%
Adjusted EBITDA		60.7	6.2 %		119.6	9.6 %		(59.0)	(49.3)%
ASP[2]	$	189,356		$	182,326		$	7,030	3.9 %

	Nine Months Ended					
Unit deliveries	**May 25, 2024**	**Product Mix[3]**	**May 27, 2023**	**Product Mix[3]**	**Unit Change**	**% Change**
Class A	1,269	24.3 %	1,734	25.5 %	(465)	(26.8)%
Class B	1,815	34.8 %	3,233	47.5 %	(1,418)	(43.9)%
Class C	2,128	40.8 %	1,837	27.0 %	291	15.8 %
Total Motorhome RV	5,212	100.0 %	6,804	100.0 %	(1,592)	(23.4)%

	May 25, 2024		May 27, 2023		$ Change[1]		% Change[1]
Backlog[4]							
Units		1,596		4,595		(2,999)	(65.3)%
Dollars	$	354.9	$	800.4	$	(445.5)	(55.7)%
Dealer Inventory							
Units		4,386		4,544		(158)	(3.5)%

(1) Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.
(2) ASP excludes off-invoice dealer incentives.
(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 market conditions and higher levels of discounts and allowances, partially offset by price increases related to higher motorized chassis cost.

Adjusted EBITDA margin decreased due to deleverage, higher discounts and allowances, higher warranty expense and operational efficiency challenges, partially offset by cost containment efforts.

Backlog decreased due to current market conditions and a cautious dealer network.

Marine

The following is an analysis of key changes in our Marine segment for the nine months ended May 25, 2024 compared to the nine months ended May 27, 2023:

	Nine Months Ended					
(in millions, except ASP and units)	May 25, 2024	% of Revenues[(1)]	May 27, 2023	% of Revenues[(1)]	$ Change[(1)]	% Change[(1)]
Net revenues	$ 245.0		$ 373.3		$ (128.3)	(34.4)%
Adjusted EBITDA	20.1	8.2 %	50.2	13.5 %	(30.2)	(60.0)%
ASP[(2)]	$ 80,819		$ 82,582		$ (1,763)	(2.1)%

	Nine Months Ended			
Unit deliveries	May 25, 2024	May 27, 2023	Unit Change	% Change
Boats	3,107	4,552	(1,445)	(31.7)%

	May 25, 2024	May 27, 2023	$ Change[(1)]	% Change[(1)]
Backlog[(3)]				
Units	642	1,348	(706)	(52.4)%
Dollars	$ 62.0	$ 146.3	$ (84.3)	(57.6)%
Dealer Inventory[(4)]				
Units	3,400	4,109	(709)	(17.3)%

(1) Amounts are calculated based on unrounded numbers and therefore may not recalculate using the rounded numbers provided.
(2) ASP excludes off-invoice dealer incentives.
(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 decreased primarily due to a decline in unit volume related to market conditions and product mix.

Adjusted EBITDA margin decreased due to deleverage and operational efficiency challenges, partially offset by lower incentive-based compensation.

Backlog decreased primarily driven by a cautious dealer network.

Analysis of Financial Condition, Liquidity, and Resources

Cash Flows

The following table summarizes our cash flows from operations:

	Nine Months Ended	
(in millions)	May 25, 2024	May 27, 2023
Total cash provided by (used in):		
Operating activities	$ 103.2	$ 156.4
Investing activities	(36.4)	(154.4)
Financing activities	(58.6)	(58.3)
Net decrease in cash and cash equivalents	$ 8.2	$ (56.3)

Operating Activities

During the nine months ended May 25, 2024, net cash provided by operating activities was $103.2 million compared to net cash provided by operating activities of $156.4 million in the same period last year. The decrease in operating cash flow is primarily driven by lower profitability adjusted for non-cash items and an increase in accounts receivable due to timing of invoicing and collections, partially offset by favorable changes in accounts payable due to lower purchasing requirements and timing of payments.

Investing Activities

Cash used in investing activities decreased primarily due to our acquisition of Lithionics during the third quarter of Fiscal 2023 and elevated capital expenditures in the first nine months of Fiscal 2023 to support operational expansion and organic growth.

Financing Activities

Cash used in financing activities increased primarily due to higher share repurchases compared to prior year, partially offset by $39.1 million of net cash proceeds related to the debt refinancing.

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 25, 2024, we had no borrowings against the ABL Credit Facility.

As of May 25, 2024, we had $318.1 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 2030 Convertible Notes, the 2025 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 25, 2024 and August 26, 2023 was $581.9 million and $600.7 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 25, 2024, we repurchased approximately 989,000 shares of our own common stock at a cost of $60.0 million under this authorization, and approximately 74,000 shares at a cost of $4.3 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 25, 2024, we have $240.0 million remaining on our Board approved repurchase authorization.

On May 15, 2024, our Board of Directors approved a quarterly cash dividend of $0.31 per share payable on June 26, 2024, to common stockholders of record at the close of business on June 12, 2024.

Contractual Obligations and Commercial Commitments

There have been no material changes in our contractual obligations since the end of Fiscal 2023. See our Annual Report on Form 10-K for the fiscal year ended August 26, 2023 for additional information regarding our contractual obligations and commercial commitments.

Critical Accounting Estimates

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 26, 2023. 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 26, 2023. There have been no material changes to our critical accounting policies or critical accounting estimates since the end of Fiscal 2023.

Recently Issued Accounting Pronouncements

For a summary of recently issued applicable accounting pronouncements, see Note 1 in the Notes to Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

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 26, 2023, 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.
- Availability of financing for RV and marine dealers.
- Competition and new product introductions by competitors.
- Ability to innovate and commercialize new products.
- Ability to manage our inventory to meet demand.
- Risk related to cyclicality and seasonality of our business.
- Risk related to independent dealers.
- Risk related to dealer consolidation or the loss of a significant dealer.
- Significant increase in repurchase obligations.
- Ability to retain relationships with our suppliers and obtain components.
- Business or production disruptions.
- Inadequate management of dealer inventory levels.
- 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.
- Increased attention to environmental, social, and governance ("ESG") matters, and our ability to meet our commitments.
- Impairment of goodwill and trade names.
- Risks related to our 2025 Convertible Notes, 2030 Convertible Notes 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 25, 2024.

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 2024 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 26, 2023.

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 2024 are as follows:

Period	Total Number of Shares Purchased[1,2]	Average Price Paid per Share	Total 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)
2/25/24 - 3/30/24	357	$ 72.01	—	$ 260.0
3/31/24 - 4/27/24	—	—	—	260.0
4/28/24 - 5/25/24	319,166	62.84	318,275	240.0
Total	319,523	$ 62.85	318,275	$ 240.0

(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 5. Other Information

During the quarter ended May 25, 2024, no director or officer of the Company adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

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	Bylaws of Winnebago Industries, Inc., effective August 15, 2023 (incorporated by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K dated August 17, 2023).
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).
4.5	Indenture, dated January 23, 2024, by and between Winnebago Industries, Inc. and U.S. Bank Trust Company, National Association (incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated January 23, 2024.
4.6	Form of 3.250% Convertible Senior Note due 2030 (included in Exhibit 4.5).
10.1	First Amendment to Lease dated March 12, 2024 by and between Three Oaks, LLC and Grand Design RV, LLC.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	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).
32.2	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).
1.SCH	Inline XBRL Taxonomy Extension Schema Document (furnished herewith).
)1.CAL	Inline XBRL Taxonomy Calculation Linkbase Document (furnished herewith).
)1.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (furnished herewith).
)1.LAB	Inline XBRL Taxonomy Label Linkbase Document (furnished herewith).
1.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).

* Management contract or compensation plan or arrangement.

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 20, 2024	By:	*/s/ Michael J. Happe*
			Michael J. Happe Chief Executive Officer, President (Principal Executive Officer)
Date:	June 20, 2024	By:	*/s/ Bryan L. Hughes*
			Bryan L. Hughes Chief Financial Officer and Senior Vice President (Principal Financial and Accounting Officer)

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "**Amendment**") is made and entered into as of March 12, 2024, by and between THREE OAKS, LLC ("**Landlord**") and GRAND DESIGN RV, LLC ("**Tenant**").

RECITALS

A. Landlord and Tenant entered into that certain First Restated and Amended Lease Agreement dated as of October 4, 2019 (the "**Lease**") relating to the lease of certain real property located at 11333 CR2, Middlebury, IN 46540, as more particularly described in the Lease (the "**Premises**").

B. Landlord and Tenant desire to extend the Lease Term and to otherwise amend the Lease on the terms set forth below.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment shall have the meanings given to them in the Lease.

2. Extension of Lease Term. The Lease Term is hereby extended to midnight on December 31, 2031, unless earlier terminated in accordance with the terms of the Lease.

3. "AS-IS" Condition. Tenant hereby acknowledges and agrees that Tenant shall accept the Premises in its "as-is, where-is" condition, and that Landlord shall not be obligated to make any improvements to the Premises, nor shall Tenant be entitled to any construction, build-out or other allowance with respect thereto.

4. Extension Options. The second paragraph of Section 1 of the Lease is deleted and replaced with the following:

> "Tenant has a right to extend the Lease Term (each an "**Extension Option**") for four (4) subsequent periods of seven (7) years each (each such seven (7) year period is an "**Extension Period**") on the same terms and conditions set forth in this Lease, except that the Rent for each Extension Period shall be as specified in Section 2 of the Lease (as amended by Section 5 of the First Amendment to Lease)."

5. Rent.

(a) Section 2.(c) of the Lease is deleted. For the period between the date of this Amendment and December 31, 2024, Tenant shall continue to pay as rent for the Premises ("**Rent**") the amounts specified in Section 2.(b) of the Lease.

(b) For the period commencing on January 1, 2025, and ending on December 31, 2025, Tenant shall pay as Rent an annual amount of Two Million Three Hundred Forty Thousand Dollars ($2,340,000), which shall be paid in equal monthly installments in advance of One Hundred Ninety-Five Thousand Dollars ($195,000) pursuant to paragraph 2 of Section 2 of the Lease.

(c) Commencing on January 1, 2026, and on each January 1st thereafter for the remainder of the Lease Term, including any applicable Extension Periods (each date being an "**Adjustment Date**"), the Rent shall be increased by the greater of (i) 0%, or (ii) the CPI Amount. For clarity, the last sentence of the last paragraph in Section 2 of the Lease and Section 1 of Exhibit B of the Lease are deleted.

6. Notices. The address of the Landlord set forth in Section 22 of the Lease shall be deleted and replaced with the following:

Ron Fenech
3430 Gordon Dr.
Naples, FL 34102

7. Brokers. Each of Landlord and Tenant represents and warrants to the other that it has not engaged or dealt with any realtor, agent or broker in connection with this Amendment or the negotiation thereof. Each of Landlord and Tenant agrees to indemnify, defend and hold harmless the other from and against any cost, expense or liability, including without limitation, reasonable attorneys' fees, for any compensation, commission, broker's fees, finder's fees or any other claims by any realtor, agent or broker claiming to have any dealings with such indemnifying party in connection with this Amendment or the negotiation thereof.

8. Reaffirmation; Application of Lease Terms. The parties hereby ratify and reaffirm the Lease as amended hereby. Except to the extent inconsistent with this Amendment and except to the extent that the terms of this Amendment specifically address a topic, the terms and conditions of the Lease remain unchanged and in full force and effect. Wherever in the Lease reference is made to the Lease, such reference shall be to the Lease as amended by this Amendment.

9. Successors and Assigns. This Amendment shall be binding upon and be enforceable by Landlord and Tenant and their successors and assigns.

10. Authority. Each party to this Amendment represents and warrants to the other party that it has taken all corporate, partnership or other action necessary to execute and deliver this Amendment, and this Amendment constitutes a legally binding obligation, enforceable in accordance with its terms. Landlord represents and warrants to Tenant that Landlord does not need the consent of any lender or any other party to enter into this Amendment.

11. Counterparts; Electronic Signatures. This Amendment may be executed in any number of counterparts, all of which shall be considered one and the same Amendment, even though all parties hereto have not signed the same counterpart. This Amendment may be executed

and delivered by emailed .pdf file or other electronic means, and any emailed .pdf or other electronic copy of any party's signature hereto shall be deemed to constitute an original for all purposes.

[*Signature Pages Follow*]

SIGNATURE PAGE TO
FIRST AMENDMENT TO LEASE
BETWEEN
THREE OAKS, LLC
AND
GRAND DESIGN RV, LLC

IN WITNESS WHEREOF, Landlord has executed this Amendment to be effective as of the date first above written.

THREE OAKS, LLC

By: RON FENECH
Name: Ron Fenech
Title: Co-Owner

US.362310336.02

SIGNATURE PAGE TO
FIRST AMENDMENT TO LEASE
BETWEEN
THREE OAKS, LLC
AND
GRAND DESIGN RV, LLC

IN WITNESS WHEREOF, Tenant has executed this Amendment to be effective as of the date first above written.

GRAND DESIGN RV, LLC

By: Stacy Bogart
Name: Stacy Bogart
Title: Secretary

Exhibit 31.1

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

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

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's Board of Directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 20, 2024

/s/ Michael J. Happe
Michael J. Happe
Chief Executive Officer, President

Exhibit 31.2

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

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

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's Board of Directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: June 20, 2024

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

Exhibit 32.1

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

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

a. The Quarterly Report on Form 10-Q for the fiscal quarter ended May 25, 2024 (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 20, 2024	*/s/ Michael J. Happe*
		Michael J. Happe
		Chief Executive Officer, President

Exhibit 32.2

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

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

a. The Quarterly Report on Form 10-Q for the fiscal quarter ended May 25, 2024 (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 20, 2024

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