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

FORM 10-Q

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

For the quarterly period ended July 1, 2022

OR

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

For the transition period from _________ to _________

Commission file number 0-16255

JOHNSON OUTDOORS INC.

(Exact name of Registrant as specified in its charter)

Wisconsin	**39-1536083**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

555 Main Street, Racine, Wisconsin 53403
(Address of principal executive offices)

(262) 631-6600
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, $.05 par value per share	JOUT	NASDAQ Global Select Market[SM]

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 July 29, 2022, 8,965,300 shares of Class A and 1,207,798 shares of Class B common stock of the Registrant were outstanding.

JOHNSON OUTDOORS INC.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended		Nine Months Ended	
(thousands, except per share data)	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Net sales	$ 203,819	$ 213,568	$ 546,966	$ 585,391
Cost of sales	130,310	116,057	344,241	319,596
Gross profit	73,509	97,511	202,725	265,795
Operating expenses:				
Marketing and selling	34,823	37,604	98,746	106,205
Administrative management, finance and information systems	8,273	15,646	30,752	42,848
Research and development	6,614	6,162	20,239	19,050
Total operating expenses	49,710	59,412	149,737	168,103
Operating profit	23,799	38,099	52,988	97,692
Interest income	(144)	(76)	(339)	(238)
Interest expense	30	35	117	102
Other expense (income), net	4,669	(934)	6,167	(4,567)
Profit before income taxes	19,244	39,074	47,043	102,395
Income tax expense	5,162	10,300	12,205	25,940
Net income	$ 14,082	$ 28,774	$ 34,838	$ 76,455
Weighted average common shares - Basic:				
Class A	8,924	8,875	8,909	8,859
Class B	1,208	1,212	1,208	1,212
Participating securities	29	49	31	42
Weighted average common shares - Dilutive	10,161	10,136	10,148	10,113
Net income per common share - Basic:				
Class A	$ 1.40	$ 2.87	$ 3.47	$ 7.65
Class B	$ 1.27	$ 2.61	$ 3.15	$ 6.94
Net income per common share - Diluted:				
Class A	$ 1.38	$ 2.83	$ 3.42	$ 7.53
Class B	$ 1.38	$ 2.83	$ 3.42	$ 7.53

The accompanying notes are an integral part of the condensed consolidated financial statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

(thousands)	Three Months Ended July 1, 2022	Three Months Ended July 2, 2021	Nine Months Ended July 1, 2022	Nine Months Ended July 2, 2021
Net income	$ 14,082	$ 28,774	$ 34,838	$ 76,455
Other comprehensive income (loss):				
Foreign currency translation	(2,770)	742	(3,025)	1,672
Defined benefit pension plan:				
Change in pension plans, net of tax of $(2), $41, $9, and $108 respectively	(7)	123	25	325
Total other comprehensive (loss) income	(2,777)	865	(3,000)	1,997
Total comprehensive income	$ 11,305	$ 29,639	$ 31,838	$ 78,452

The accompanying notes are an integral part of the condensed consolidated financial statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

(thousands, except share data)	July 1, 2022	October 1, 2021	July 2, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	$ 117,567	$ 240,448	$ 249,016
Accounts receivable, net	103,244	71,321	94,750
Inventories	250,956	166,615	130,742
Other current assets	9,447	12,880	12,056
Total current assets	481,214	491,264	486,564
Property, plant and equipment, net of accumulated depreciation of $170,201, $163,891 and $165,017, respectively	85,879	71,510	68,296
Right of use assets	50,284	49,032	43,741
Deferred income taxes	13,097	13,129	11,526
Goodwill	11,209	11,221	11,242
Other intangible assets, net	8,438	8,633	8,699
Other assets	25,721	29,498	29,327
Total assets	$ 675,842	$ 674,287	$ 659,395
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 50,780	$ 56,744	$ 54,991
Current lease liability	6,348	5,938	5,281
Accrued liabilities:			
Salaries, wages and benefits	20,883	26,820	23,380
Accrued warranty	10,863	14,073	13,773
Income taxes payable	5,238	9,436	12,641
Accrued discounts and returns	8,088	6,633	6,224
Accrued customer programs	4,822	6,874	7,033
Other	10,006	11,052	9,392
Total current liabilities	117,028	137,570	132,715
Non-current lease liability	45,111	44,056	39,382
Deferred income taxes	1,599	1,599	1,411
Retirement benefits	1,679	1,389	954
Deferred compensation liability	24,240	27,885	27,881
Other liabilities	1,919	3,283	4,728
Total liabilities	191,576	215,782	207,071
Shareholders' equity:			
Common stock:			
Class A shares issued and outstanding: 8,965,300, 8,915,636 and 8,915,636, respectively	450	448	448
Class B shares issued and outstanding: 1,207,798, 1,211,564 and 1,211,564, respectively	61	61	61
Capital in excess of par value	86,369	82,899	81,309
Retained earnings	396,290	370,501	366,582
Accumulated other comprehensive income	4,386	7,386	6,714
Treasury stock at cost, shares of Class A common stock: 45,961, 42,598 and 42,598, respectively	(3,290)	(2,790)	(2,790)
Total shareholders' equity	484,266	458,505	452,324
Total liabilities and shareholders' equity	$ 675,842	$ 674,287	$ 659,395

The accompanying notes are an integral part of the condensed consolidated financial statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(unaudited)

Nine Months Ended July 1, 2022						
(thousands except for shares)	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock
BALANCE AT OCTOBER 1, 2021	10,127,200	$ 509	$ 82,899	$ 370,501	$ 7,386	$ (2,790)
Net income	—	—	—	10,856	—	—
Dividends declared	—	—	—	(3,005)	—	—
Award of non-vested shares	34,422	1	(2)	—	—	—
B to A conversion	—	—	(154)	—	—	154
Stock-based compensation	—	—	1,126	—	—	—
Currency translation adjustment	—	—	—	—	(423)	—
Change in pension plans, net of tax of $5	—	—	—	—	16	—
Purchase of treasury stock at cost	(4,577)	—	—	—	—	(461)
BALANCE AT DECEMBER 31, 2021	10,157,045	$ 510	$ 83,869	$ 378,352	$ 6,979	$ (3,097)
Net income	—	—	—	9,900	—	—
Dividends declared	—	—	—	(3,023)	—	—
Award of non-vested shares	13,493	1	—	—	—	—
Stock-based compensation	—	—	959	—	—	—
Currency translation adjustment	—	—	—	—	168	—
Change in pension plans, net of tax of $6	—	—	—	—	16	—
Non-vested stock forfeitures	(2,040)	—	150	—	—	(150)
Purchase of treasury stock at cost	(512)	—	—	—	—	(48)
BALANCE AT APRIL 1, 2022	10,167,986	$ 511	$ 84,978	$ 385,229	$ 7,163	$ (3,295)
Net income	—	—	—	14,082	—	—
Dividends declared	—	—	—	(3,021)	—	—
Issuance of stock under employee stock purchase plan	5,112	—	332	—	—	—
B to A conversion	—	—	(2)	—	—	2
Stock-based compensation	—	—	1,061	—	—	—
Currency translation adjustment	—	—	—	—	(2,770)	—
Change in pension plans, net of tax of $(2)	—	—	—	—	(7)	—
Treasury stock adjustment	—	—	—	—	—	3
BALANCE AT JULY 1, 2022	10,173,098	$ 511	$ 86,369	$ 396,290	$ 4,386	$ (3,290)

JOHNSON OUTDOORS INC.

Nine Months Ended July 2, 2021						
(thousands except for shares)	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock
BALANCE AT OCTOBER 2, 2020	10,084,799	$ 504	$ 78,668	$ 296,431	$ 4,717	$ (2,220)
Net income	—	—	—	19,847	—	—
Dividends declared	—	—	—	(2,094)	—	—
Award of non-vested shares	33,034	—	—	—	—	—
Stock-based compensation	—	—	711	—	—	—
Currency translation adjustment	—	—	—	—	2,442	—
Change in pension plans, net of tax of $34	—	—	—	—	101	—
Purchase of treasury stock at cost	(5,661)	—	—	—	—	(495)
BALANCE AT JANUARY 1, 2021	10,112,172	$ 504	$ 79,379	$ 314,184	$ 7,260	$ (2,715)
Net income	—	—	—	27,834	—	—
Dividends declared	—	—	—	(2,107)	—	—
Award of non-vested shares	6,016	4	(4)	—	—	—
Stock-based compensation	—	—	808	—	—	—
Currency translation adjustment	—	—	—	—	(1,512)	—
Change in pension plans, net of tax of $33	—	—	—	—	101	—
BALANCE AT APRIL 2, 2021	10,118,188	$ 508	$ 80,183	$ 339,911	$ 5,849	$ (2,715)
Net income	—	—	—	28,774	—	—
Dividends declared	—	—	—	(2,103)	—	—
Award of non-vested shares	9,633	1	(1)	—	—	—
Stock-based compensation	—	—	1,052	—	—	—
Restricted stock forfeitures	(621)	—	75	—	—	(75)
Currency translation adjustment	—	—	—	—	742	—
Change in pension plans, net of tax of $41		—	—	—	123	—
BALANCE AT JULY 2, 2021	10,127,200	$ 509	$ 81,309	$ 366,582	$ 6,714	$ (2,790)

The accompanying notes are an integral part of the condensed consolidated financial statements.

JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(thousands)	Nine Months Ended July 1, 2022	Nine Months Ended July 2, 2021
CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES		
Net income	$ 34,838	$ 76,455
Adjustments to reconcile net income to net cash (used for) provided by operating activities:		
Depreciation	10,239	9,660
Amortization of intangible assets	195	355
Amortization of deferred financing costs	26	20
Stock based compensation	3,146	2,571
Loss on disposal of productive assets	90	44
Deferred income taxes	6	(860)
Change in operating assets and liabilities:		
Accounts receivable, net	(32,590)	(26,789)
Inventories, net	(85,671)	(32,905)
Accounts payable and accrued liabilities	(18,381)	28,844
Other current assets	3,360	(659)
Other non-current assets	104	(149)
Other long-term liabilities	(2,300)	1,700
Other, net	525	(676)
	(86,413)	57,611
CASH USED FOR INVESTING ACTIVITIES		
Proceeds from sale of productive assets	12	13
Capital expenditures	(25,162)	(15,481)
	(25,150)	(15,468)
CASH USED FOR FINANCING ACTIVITIES		
Common stock transactions	332	—
Dividends paid	(9,037)	(6,297)
Purchases of treasury stock	(509)	(495)
	(9,214)	(6,792)
Effect of foreign currency rate changes on cash	(2,104)	1,228
(Decrease) Increase in cash and cash equivalents	(122,881)	36,579
CASH AND CASH EQUIVALENTS		
Beginning of period	240,448	212,437
End of period	$ 117,567	$ 249,016
Supplemental Disclosure:		
Non-cash treasury stock activity	$ (9)	$ 75
Non-cash dividends	12	7
Cash paid for taxes	16,386	18,828
Cash paid for interest	86	86

The accompanying notes are an integral part of the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1 BASIS OF PRESENTATION

The condensed consolidated financial statements included herein are unaudited. In the opinion of management, these statements contain all adjustments (consisting of only normal recurring items) necessary to present fairly the financial position of Johnson Outdoors Inc. and subsidiaries (collectively, the "Company") as of July 1, 2022 and July 2, 2021, and their results of operations for the three and nine month periods then ended and cash flows for the nine month periods then ended. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2021 which was filed with the Securities and Exchange Commission on December 10, 2021.

Due to seasonal variations and other factors, some of which are described herein, including related to the ongoing coronavirus (COVID-19) outbreak and resulting pandemic and the continued disruption to the global supply chain and logistics infrastructure, the results of operations for the three and nine months ended July 1, 2022 are not necessarily indicative of the results to be expected for the Company's full 2022 fiscal year. See "Coronavirus (COVID-19)" below and "Seasonality" and "Coronavirus (COVID-19)" in the Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein for additional information.

The Company considers all short-term investments in interest-bearing accounts and all securities and other instruments with an original maturity of three months or less, to be equivalent to cash. Cash equivalents are stated at cost which approximates market value.

All monetary amounts, other than share and per share amounts, are stated in thousands.

Coronavirus (COVID-19)

In March 2020, the World Health Organization recognized the coronavirus (COVID-19) outbreak as a global pandemic. In response to the COVID-19 outbreak, the governments of many countries, states, cities and other geographic regions imposed varying degrees of restrictions on social and commercial activity, including travel restrictions, quarantine guidelines, and related actions. These actions promoted social distancing, and subsequently resulted in adopting programs and taking actions to encourage and promote vaccination and implementing other similar programs all in an effort to slow the spread of the virus. These measures have had significant adverse impacts upon many sectors of the economy, including manufacturing and retail commerce.

While government mandates eased in the latter half of fiscal 2020, these mandates continued to emphasize social distancing measures to the general public. As a result, because we sell products that are used in a safe and socially distant manner in the great outdoors, the COVID-19 pandemic has had an overall favorable effect on our sales levels and the demand for our products starting at the end of our fiscal 2020 and continuing into fiscal 2022. Nonetheless, the continued evolution of the pandemic has resulted in disruptions to the global supply chain and the logistics infrastructure (including with respect to the sourcing, timing, availability and cost of raw materials and components that are necessary to manufacture our products). The lingering impact of these disruptions is not fully known as they, along with certain inflationary pressures in the economy, have resulted in increased costs associated with building certain items of our inventory, and may result in future economic slowdowns and ultimately lower demand for discretionary goods like our outdoor recreational products. Furthermore, the continued impact of the pandemic on the global supply chain (including with respect to impacting the sourcing, timing, availability and cost of raw materials and components that are necessary to manufacture our products) is beyond our control and remains highly uncertain and cannot be predicted at his time.

2 ACCOUNTS RECEIVABLE

Accounts receivable are stated net of allowances for doubtful accounts of $1,208, $2,494 and $1,446 as of July 1, 2022, October 1, 2021 and July 2, 2021, respectively. The increase in net accounts receivable to $103,244 as of July 1, 2022 from $71,321 as of October 1, 2021 is attributable to the seasonal nature of the Company's business. The determination of the allowance for doubtful accounts is based on a combination of factors. In circumstances where specific collection concerns about a receivable exist, a reserve is established to value the affected account receivable at an amount the Company believes will be collected. For all other customers, the Company recognizes allowances for doubtful accounts based on historical experience of bad debts as a percent of accounts receivable outstanding for each business segment. Uncollectible accounts are written off against the allowance for doubtful accounts after collection efforts have been exhausted. The Company typically does not require collateral on its accounts receivable.

3 EARNINGS PER SHARE ("EPS")

Net income or loss per share of Class A common stock and Class B common stock is computed using the two-class method. Grants of restricted stock which receive non-forfeitable dividends are classified as participating securities and are required to be included as part of the basic weighted average share calculation under the two-class method.

Holders of Class A common stock are entitled to cash dividends equal to 110% of all dividends declared and paid on each share of Class B common stock. The Company grants shares of unvested restricted stock in the form of Class A shares, which carry the same distribution rights as the Class A common stock described above. As such, the undistributed earnings for each period are allocated to each class of common stock based on the proportionate share of the amount of cash dividends that each such class is entitled to receive.

Basic EPS

Basic net income or loss per share is computed by dividing net income or loss allocated to Class A common stock and Class B common stock by the weighted-average number of shares of Class A common stock and Class B common stock outstanding, respectively. In periods with cumulative year to date net income and undistributed income, the undistributed income for each period is allocated to each class of common stock based on the proportionate share of the amount of cash dividends that each such class is entitled to receive. In periods where there is a cumulative year to date net loss or no undistributed income because distributions through dividends exceed net income, Class B shares are treated as anti-dilutive and, therefore, net losses are allocated equally on a per share basis among all participating securities.

For the three and nine month periods ended July 1, 2022 and July 2, 2021, basic income per share for the Class A and Class B shares has been presented using the two class method and reflects the allocation of undistributed income described above.

Diluted EPS

Diluted net income per share is computed by dividing allocated net income by the weighted-average number of common shares outstanding, adjusted for the effect of dilutive stock options, restricted stock units ("stock units" or "units") and non-vested restricted stock. Anti-dilutive stock options, units and non-vested stock are excluded from the calculation of diluted EPS. The computation of diluted net income per share of Class A common stock assumes that Class B common stock is converted into Class A common stock. Therefore, diluted net income per share is the same for both Class A and Class B common shares. In periods where the Company reports a net loss, the effect of anti-dilutive stock options and units is excluded and diluted loss per share is equal to basic loss per share for both classes of stock.

For the three and nine month periods ended July 1, 2022 and July 2, 2021, diluted net income per share reflects the effect of dilutive stock units and assumes the conversion of Class B common stock into Class A common stock.

Shares of non-vested stock that could potentially dilute earnings per share in the future which were not included in the fully diluted computation because they would have been anti-dilutive totaled 38,353 and 40,743 for the Third months ended July 1, 2022 and July 2, 2021, respectively, and 38,477 and 40,471 for the nine months ended July 1, 2022 and July 2, 2021, respectively. Stock units that could potentially dilute earnings per share in the future and which were not included in the fully diluted computation because they would have been anti-dilutive were 37,152 and 20,277 for the Third month periods ended July 1, 2022 and July 2, 2021, respectively, and 35,413 and 27,411 for the nine month periods ended July 1, 2022 and July 2, 2021, respectively.

Dividends per share

Dividends per share for the three and nine month periods ended July 1, 2022 and July 2, 2021 were as follows:

	Three Months Ended		Nine months ended	
	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Dividends declared per common share:				
Class A	$ 0.30	$ 0.21	$ 0.90	$ 0.63
Class B	$ 0.27	$ 0.19	$ 0.82	$ 0.57

4 STOCK-BASED COMPENSATION AND STOCK OWNERSHIP PLANS

The Company's current stock ownership plans allow for issuance of stock options to acquire shares of Class A common stock by key executives and non-employee directors. Current plans also allow for issuance of shares of restricted stock, restricted stock units or stock appreciation rights in lieu of stock options.

Under the Company's 2012 Non-Employee Director Stock Ownership Plan and the 2020 Long-Term Incentive Plan (the only plans where shares currently remain available for future equity incentive awards) there were a total of 466,598 shares of the Company's Class A common stock available for future grant to non-employee directors and key executives at July 1, 2022. Share awards previously made under the Company's 2010 Long-Term Stock Incentive Plan, which no longer allows for additional share grants, also remain outstanding.

Non-vested Stock

All shares of non-vested restricted stock awarded by the Company have been granted in the form of shares of Class A common stock at their fair market value on the date of grant and vest within one year from the date of grant for stock granted to directors and four years from the date of grant for stock granted to officers and employees. The fair value at date of grant is based on the number of shares granted and the average of the Company's high and low Class A common stock price on the date of grant or, if the Company's Class A shares did not trade on the date of grant, the average of the Company's high and low Class A common stock price on the last preceding date on which the Company's Class A shares traded.

A summary of non-vested stock activity for the nine months ended July 1, 2022 related to the Company's stock ownership plans is as follows:

	Shares	Weighted Average Grant Price
Non-vested stock at October 1, 2021	37,591	$ 80.86
Non-vested stock grants	14,958	90.58
Restricted stock vested	(11,326)	95.33
Forfeitures	(2,040)	73.52
Non-vested stock at July 1, 2022	39,183	80.76

Non-vested stock grantees may elect to reimburse the Company for withholding taxes due as a result of the vesting of shares by tendering a portion of the vested shares back to the Company. Shares tendered back to the Company were 1,778 and 2,341 during the nine month periods ended July 1, 2022 and July 2, 2021, respectively.

Stock compensation expense, net of forfeitures, related to non-vested stock was $335 and $286 for the three month periods ended July 1, 2022 and July 2, 2021, respectively, and $896 and $862 for the nine month periods ended July 1, 2022 and July 2, 2021, respectively. Unrecognized compensation cost related to non-vested stock as of July 1, 2022 was $1,737, which amount will be amortized to expense through February 2026 or adjusted for changes in future estimated or actual forfeitures.

The fair value of restricted stock vested during the nine month periods ended July 1, 2022 and July 2, 2021 was $1,002 and $1,950, respectively.

Restricted Stock Units

All restricted stock units (RSUs) awarded by the Company have been granted in the form of units payable in shares of Class A common stock upon vesting. The units are valued at the fair market value of a share of Class A common stock on the date of grant and vest within one year from the date of grant for RSUs granted to directors and three years from the date of grant for RSUs granted to employees. The fair value at the date of grant is based on the number of units granted and the average of the Company's high and low Class A common stock trading price on the date of grant or, if the Company's Class A shares did not trade on the date of grant, the average of the Company's high and low Class A common stock trading price on the last preceding date on which the Company's Class A shares traded.

A summary of RSU activity for the nine months ended July 1, 2022 follows:

	Number of RSUs	Weighted Average Grant Price
RSUs at October 1, 2021	69,768	$ 73.60
RSUs granted	19,758	101.22
RSUs vested	(22,192)	71.42
RSU's forfeited	(1,340)	74.62
RSUs at July 1, 2022	65,994	82.58

Stock compensation expense, net of forfeitures, related to RSUs was $636 and $735 for the three month periods ended July 1, 2022 and July 2, 2021, respectively, and $1,961 and $1,678 for the nine month periods ended July 1, 2022 and July 2, 2021, respectively. Unrecognized compensation cost related to non-vested RSUs as of July 1, 2022 was $2,746, which amount will be amortized to expense through September 2024 or adjusted for changes in future estimated or actual forfeitures.

RSU grantees may elect to reimburse the Company for withholding taxes due as a result of the vesting of units and issuance of unrestricted shares of Class A common stock by tendering a portion of such unrestricted shares back to the Company. Shares tendered back to the Company for this purpose were 3,311 and 3,320 during the nine month periods ended July 1, 2022 and July 2, 2021, respectively.

The fair value of restricted stock units recognized as a tax deduction during the nine month periods ended July 1, 2022 and July 2, 2021 was $3,240 and $3,353, respectively.

Compensation expense related to units earned by employees (as opposed to grants to outside directors) is based upon the attainment of certain Company financial goals related to cumulative net sales and cumulative operating profit over a three-year performance period. Awards are only paid if at least 80% of the target levels are met and maximum payouts are made if 120% or more of target levels are achieved. The payouts for achievement at the threshold levels of performance are equal to 50% of the target award amount. The payouts for achievement at maximum levels of performance are equal to 150% of the target award amount. To the extent earned, awards are issued in shares of Company Class A common stock after the end of the three-year performance period.

Employees' Stock Purchase Plan

The Company's shareholders have adopted the Johnson Outdoors Inc. 2009 Employees' Stock Purchase Plan, which was most recently amended on March 2, 2017, and which provides for the issuance of shares of Class A common stock at a purchase price of not less than 85% of the fair market value of such shares on the date of grant or on the date of purchase, whichever is lower.

During the Third month period ended July 1, 2022, the Company issued 5,112 shares of Class A common stock and recognized $90 of expense in connection with the Employees' Stock Purchase Plan. During the nine month period ended July 1, 2022, the Company issued 5,112 shares of Class A common stock and recognized $289 of expense in connection with the Employees' Stock Purchase Plan. During the Third month period ended July 2, 2021, the Company issued 0 shares of Class A common stock and recognized $31 of expense in connection with the Plan. During the nine month period ended July 2, 2021, the Company issued 0 shares of Class A common stock and recognized $31 of expense in connection with the Plan.

5 PENSION PLANS

The Company has non-contributory defined benefit pension plans covering certain of its U.S. employees. Retirement benefits are generally provided based on the employees' years of service and average earnings. Normal retirement age is 65, with provisions for earlier retirement.

During the fourth quarter of fiscal 2021, the Company terminated its Johnson Outdoors Inc. Mankato Operations Pension Plan and Old Town Canoe Company Pension Plan (collectively, "the Terminated Plans"), both of which were frozen defined benefit pension plans at the time of termination. In connection with the plan terminations, the Company settled all future obligations under the Terminated Plans through a combination of lump-sum payments to eligible participants who elected to receive them, and the transfer of any remaining benefit obligations under the Terminated Plans to a third-party insurance company under a group annuity contract.

The Company still maintains the Johnson Outdoors Inc. Supplemental Executive Retirement Plan ("SERP"), and all future benefit payments to participants under this plan are made from the Company's general assets.

The Company made contributions of $25 and $42 to its pension plans for the three months ended July 1, 2022 and July 2, 2021, respectively, and contributions of $74 and $130 for the nine months ended July 1, 2022 and July 2, 2021, respectively.

The components of net periodic benefit cost related to Company sponsored defined benefit plans for the three and nine month periods ended July 1, 2022 and July 2, 2021 were as follows:

	Three Months Ended		Nine Months Ended	
	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Components of net periodic benefit cost:				
Service cost	$ —	$ —	$ —	$ —
Interest on projected benefit obligation	(1)	163	13	629
Less estimated return on plan assets	—	6	—	327
Amortization of unrecognized losses	(9)	163	34	432
Net periodic benefit cost	$ (10)	$ 320	$ 47	$ 734

6 INCOME TAXES

For the three and nine months ended July 1, 2022 and July 2, 2021, the Company's earnings before income taxes, income tax expense and effective income tax rate were as follows:

	Three Months Ended		Nine Months Ended	
(thousands, except tax rate data)	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Profit before income taxes	$ 19,244	$ 39,074	$ 47,043	$ 102,395
Income tax expense	5,162	10,300	12,205	25,940
Effective income tax rate	26.8 %	26.4 %	25.9 %	25.3 %

The effective tax rates for the three and nine months ended July 1, 2022 and the prior year periods were relatively consistent with no primary factors materially impacting the rate.

The impact of the Company's operations in jurisdictions where a valuation allowance is assessed is removed from the overall effective tax rate methodology and recorded directly based on year to date results for the year for which no tax expense or benefit can be recognized. The significant tax jurisdictions that have a valuation allowance for the periods ended July 1, 2022 and July 2, 2021 were:

July 1, 2022	July 2, 2021
France	France
Indonesia	Indonesia
Switzerland	Switzerland

The Company regularly assesses the adequacy of its provisions for income tax contingencies in accordance with the applicable authoritative guidance on accounting for income taxes. As a result, the Company may adjust the reserves for unrecognized tax benefits due to the impact of changes in its assumptions or as a result of new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities and lapses of statutes of limitation. The Company's 2022 fiscal year tax expense is anticipated to be unchanged related to uncertain income tax positions.

In accordance with its accounting policy, the Company recognizes accrued interest and penalties related to unrecognized benefits as a component of income tax expense. The Company is projecting accrued interest of $100 related to uncertain income tax positions for the fiscal year ending September 30, 2022.

The Company files income tax returns, including returns for its subsidiaries, with federal, state, local and foreign taxing jurisdictions. As of the date of this report, the following tax years remain open to examination by the respective significant tax jurisdictions:

Jurisdiction	Fiscal Years
United States	2018-2021
Canada	2018-2021
France	2018-2021
Germany	2019-2021
Italy	2019-2021
Switzerland	2011-2021

7 INVENTORIES

The Company values inventory at the lower of cost (determined using the first-in first-out method) or net realizable value. Inventories at the end of the respective periods consisted of the following:

	July 1, 2022	October 1, 2021	July 2, 2021
Raw materials	$ 175,261	$ 110,974	$ 82,648
Work in process	258	116	87
Finished goods	75,437	55,525	48,007
	$ 250,956	$ 166,615	$ 130,742

8 GOODWILL

The changes in goodwill during the nine months ended July 1, 2022 and July 2, 2021 were as follows:

	July 1, 2022	July 2, 2021
Balance at beginning of period	$ 11,221	$ 11,184
Amount attributable to movements in foreign currency rates	(12)	58
Balance at end of period	$ 11,209	$ 11,242

The Company evaluates the carrying value of goodwill for a reporting unit on an annual basis or more frequently when events and circumstances warrant such an evaluation. In conducting this analysis, the Company uses the income approach to compare the reporting unit's carrying value to its indicated fair value. Fair value is determined primarily by using a discounted cash flow methodology that requires considerable management judgment and long-term assumptions and is considered a Level 3 (unobservable) fair value determination in the fair value hierarchy (see Note 13) below.

9 WARRANTIES

The Company provides warranties on certain of its products as they are sold. The following table summarizes the Company's warranty activity for the nine months ended July 1, 2022 and July 2, 2021.

	July 1, 2022	July 2, 2021
Balance at beginning of period	$ 14,073	$ 10,849
Expense accruals for warranties issued during the period	3,007	9,776
Less current period warranty claims paid	6,217	6,852
Balance at end of period	$ 10,863	$ 13,773

10 CONTINGENCIES

The Company is subject to various legal actions and proceedings in the normal course of business, including those related to commercial disputes, product liability, intellectual property and regulatory matters. The Company is insured against loss for certain of these matters. Although litigation is subject to many uncertainties and the ultimate exposure with respect to these matters cannot be ascertained, management does not believe the final outcome of any pending litigation will have a material adverse effect on the financial condition, results of operations, liquidity or cash flows of the Company.

11 INDEBTEDNESS

The Company had no debt outstanding at July 1, 2022, October 1, 2021, or July 2, 2021.

Revolvers

The Company and certain of its subsidiaries have entered into an unsecured credit facility with PNC Bank National Association and Associated Bank, N.A. ("the Lending Group"). This credit facility consists of a $75 million Revolving Credit Facility among the Company, certain of the Company's subsidiaries, PNC Bank National Association, as lender and as administrative agent, and the other lender named therein (as amended, the "Credit Agreement" or "Revolver"). The Revolver provides for borrowing of up to an aggregate principal amount not to exceed $75,000 with a $50,000 accordion feature that gives the Company the option to increase the maximum financing availability (i.e., an aggregate borrowing amount of $125,000) subject to the conditions of the Credit Agreement and subject to the approval of the lenders. On July 15, 2021, the Company entered into a First Amendment to this credit facility that extended its expiration date from November 15, 2022, to July 15, 2026. Other key provisions of the credit facility remained as outlined herein and the description herein is qualified in its entirety by the terms and conditions of the original Debt Agreement (a copy of which was filed as Exhibit 99.1 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on November 20, 2017) and the Amendment, (a copy of which was filed as Exhibit 10.1 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on July 16, 2021).

The interest rate on the Revolver is based on LIBOR plus an applicable margin, which margin resets each quarter. The applicable margin ranges from 1.00% to 1.75% and is dependent on the Company's leverage ratio for the trailing twelve month period. The interest rates on the Revolver at both July 1, 2022 and July 2, 2021 were approximately 2.8% and 1.1%, respectively.

The Credit Agreement restricts the Company's ability to incur additional debt, includes maximum leverage ratio and minimum interest coverage ratio covenants and is unsecured.

Other Borrowings

The Company had no unsecured revolving credit facilities at its foreign subsidiaries as of July 1, 2022 or July 2, 2021. The Company utilizes letters of credit primarily as security for the payment of future claims under its workers' compensation insurance, which totaled approximately $173 and $181 as of July 1, 2022 and July 2, 2021, respectively.

12 DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following disclosures describe the Company's objectives in using derivative instruments, the business purpose or context for using derivative instruments, and how the Company believes the use of derivative instruments helps achieve the stated objectives. In addition, the following disclosures describe the effects of the Company's use of derivative instruments and hedging activities on its financial statements.

Foreign Exchange Risk
The Company has significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Hong Kong dollars and Canadian dollars. As the values of the currencies of the foreign countries in which the Company has operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, losses, assets and liabilities of the Company's foreign operations, as reported in the Company's consolidated financial statements, increase or decrease, accordingly. Approximately 13% of the Company's revenues for the nine month period ended July 1, 2022 were denominated in currencies other than the U.S. dollar. Approximately 4% were denominated in euros, approximately 7% were denominated in Canadian dollars and approximately 1% were denominated in Hong Kong dollars, with the remaining revenues denominated in various other foreign currencies. Changes in foreign currency exchange rates can cause the Company to experience unexpected financial losses or cash flow needs.

The Company may mitigate a portion of the fluctuations in certain foreign currencies through the use of foreign currency forward contracts. Foreign currency forward contracts enable the Company to lock in the foreign currency exchange rate to be paid or received for a fixed amount of currency at a specified date in the future. The Company may use such foreign currency forward contracts to mitigate the risk associated with changes in foreign currency exchange rates on financial instruments and known commitments, including commitments for inventory purchases, denominated in foreign currencies. As of July 1, 2022 and July 2, 2021, the Company held no foreign currency forward contracts.

13 FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has been established based on three levels of inputs, of which the first two are considered observable and the last unobservable.

- Level 1 - Quoted prices in active markets for identical assets or liabilities. These are typically obtained from real-time quotes for transactions in active exchange markets involving identical assets or liabilities.

- Level 2 - Inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. These are typically obtained from readily-available pricing sources for comparable instruments.

- Level 3 - Unobservable inputs, where there is little or no market activity for the asset or liability. These inputs reflect the reporting entity's own assumptions of the data that market participants would use in pricing the asset or liability, based on the best information available in the circumstances.

The carrying amounts of cash, cash equivalents, short term investments, accounts receivable, and accounts payable approximated their fair values at July 1, 2022, October 1, 2021 and July 2, 2021 due to the short term maturities of these instruments. When indicators of impairment are present, the Company may be required to value certain long-lived assets such as property, plant, and equipment, and other intangibles at their fair value.

<u>Valuation Techniques</u>

Rabbi Trust Assets

Rabbi trust assets are classified as trading securities and are comprised of marketable debt and equity securities that are marked to fair value based on unadjusted quoted prices in active markets. The rabbi trust assets are used to fund amounts the Company owes to certain officers and other employees under the Company's non-qualified deferred compensation plan. These assets are included in "Other assets" in the accompanying Company's Condensed Consolidated Balance Sheets, and the mark to market adjustments on the assets are recorded in "Other income, net" in the accompanying Condensed Consolidated Statements of Operations. The offsetting deferred compensation liability is also reported at fair value as "Deferred compensation liability" in the Company's accompanying Condensed Consolidated Balance Sheets. Changes in the liability are recorded in "Administrative management, finance and information systems" expense in the accompanying Condensed Consolidated Statements of Operations.

The following table summarizes the Company's financial assets measured at fair value as of July 1, 2022:

	Level 1	Level 2	Level 3	Total
Assets:				
Rabbi trust assets	$ 24,238	$ —	$ —	$ 24,238

The following table summarizes the Company's financial assets measured at fair value as of October 1, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Rabbi trust assets	$ 27,851	$ —	$ —	$ 27,851

The following table summarizes the Company's financial assets measured at fair value as of July 2, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Rabbi trust assets	$ 27,879	$ —	$ —	$ 27,879

The effect of changes in the fair value of financial instruments on the accompanying Condensed Consolidated Statements of Operations for the three and nine month periods ended July 1, 2022 and July 2, 2021 was:

		Three Months Ended		Nine months ended	
	Location of expense (income) recognized in Statement of Operations	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Rabbi trust assets	Other expense (income), net	$ 3,851	$ (1,351)	$ 4,900	$ (5,151)

There were no assets or liabilities measured at fair value on a non-recurring basis in periods subsequent to their initial recognition for either of the nine month periods ended July 1, 2022 or July 2, 2021.

14 NEW ACCOUNTING PRONOUNCEMENTS

Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13 *"Financial Instruments - Credit Losses (Topic 326)"* and also issued subsequent amendments to the initial guidance under ASU 2018-19, ASU 2019-04 and ASU 2019-05 (collectively Topic 326). Topic 326 requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. This replaces the existing incurred loss model with an expected loss model and requires the use of forward-looking information to calculate credit loss estimates. This guidance was effective for the Company in the first quarter of fiscal year 2021, and must be adopted by applying a cumulative effect adjustment to retained earnings. The Company adopted the provisions of this ASU at the beginning of the first quarter of fiscal 2021, however the ASU did not have a significant impact on its financial statements, and therefore no adjustment to retained earnings was necessary.

In August 2018, the FASB issued ASU 2018-14, *Changes to the Disclosure Requirements for Defined Benefit Plans (Topic 715)*, which modifies the disclosure requirements for employers that sponsor defined pension or postretirement plans. The amendments in this guidance are effective for fiscal years ending after December 15, 2020, with early adoption permitted. The Company adopted the provisions of this ASU in fiscal 2021, however, the ASU did not have a significant impact on its disclosures.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes*. ASU 2019-12 is intended to simplify accounting for income taxes. It removes certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years, with early adoption permitted. The Company adopted the provisions of this ASU in the first quarter of fiscal 2022, however, the ASU did not have a significant impact on its financial statements.

Recently issued accounting pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*. ASU 2020-04 is intended to provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (LIBOR) or by another reference rate expected to be discontinued. The amendments in this guidance were effective beginning on March 12, 2020, and the Company may elect to apply the amendments prospectively through December 31, 2022. The Company does not expect this guidance to have a significant impact on its financial statements and disclosures.

15 REVENUES

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied; generally this occurs with the transfer of control of our goods at a point in time based on shipping terms and transfer of title. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. The amount of consideration received can vary, primarily because of customer incentive or rebate arrangements. The Company estimates variable consideration based on the expected value of total consideration to which customers are likely to be entitled based on historical experience and projected market expectations. Included in the estimate is an assessment as to whether any variable consideration is constrained. Revenue estimates are adjusted at the earlier of a change in the expected value of consideration or when the consideration becomes fixed. For all contracts with customers, the Company has not adjusted the promised amount of consideration for the effects of a significant financing component as the period between the transfer of the promised goods and the customer's payment is expected to be one year or less. Sales are made on normal and customary short-term credit terms, generally ranging from 30 to 90 days, or upon delivery of point of sale transactions. Sales, value add, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue.

The Company enters into contractual arrangements with customers in the form of individual customer orders which specify the goods, quantity, pricing, and associated order terms. The Company does not have contracts which are satisfied over time. Due to the nature of these contracts, no significant judgment exists in relation to the identification of the customer contract, satisfaction of the performance obligation, or transaction price. The Company expenses incremental costs of obtaining a contract due to the short-term nature of the contracts.

Estimated costs of returns, allowances and discounts, based on historic experience, are accrued as a reduction to sales when revenue is recognized. The Company provides customers the right to return eligible products under certain circumstances. At July 1, 2022, the right to returns asset was $765 and the accrued returns liability was $2,226. At July 2, 2021, the right to returns asset was $1,105 and the accrued returns liability was $3,043. The Company also offers assurance-type warranties relating to its products sold to end customers that continue to be accounted for under ASC 460 *Guarantees.*

The Company generally accounts for shipping and handling activities as a fulfillment activity, consistent with the timing of revenue recognition; that is, when a customer takes control of the transferred goods. In the event that a customer were to take control of a product upon or after shipment, the Company has made an accounting policy election to treat such shipping and handling activities as a fulfillment cost. Shipping and handling fees billed to customers are included in "Net Sales," and shipping and handling costs are recognized within "Marketing and selling expenses" in the same period the related revenue is recognized.

The Company has a wide variety of seasonal, outdoor recreation products used primarily for fishing from a boat, diving, paddling, hiking and camping, that are sold to a variety of customers in multiple end markets. Nonetheless, the revenue recognition policies are similar among all the various products sold by the Company.

See Note 16 for required disclosures of disaggregated revenue.

16 SEGMENTS OF BUSINESS

The Company conducts its worldwide operations through separate business segments, each of which represents major product lines. Operations are conducted in the United States and various foreign countries, primarily in Europe, Canada and the Pacific Basin. During the three and nine month periods ended July 1, 2022, combined net sales to one customer of the Company's Fishing, Camping and Watercraft Recreation segments represented approximately $20,607 and $69,528, respectively, of the Company's consolidated revenues. During the three and nine month periods ended July 2, 2021, combined net sales to one customer of the Company's Fishing, Camping and Watercraft Recreation segments represented approximately $25,138 and $88,649, respectively, of the Company's consolidated revenues.

Net sales and operating profit include both sales to customers, as reported in the Company’s accompanying Condensed Consolidated Statements of Operations, and interunit transfers, which are priced to recover cost plus an appropriate profit margin. Total assets represent assets that are used in the Company’s operations in each business segment at the end of the periods presented.

A summary of the Company's operations by business segment is presented below:

	Three Months Ended		Nine Months Ended		
	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021	October 1, 2021
Net sales:					
Fishing:					
Unaffiliated customers	$ 136,026	$ 155,098	$ 373,341	$ 441,727	
Interunit transfers	539	250	903	636	
Camping:					
Unaffiliated customers	23,468	17,744	56,741	44,160	
Interunit transfers	11	13	39	35	
Watercraft Recreation:					
Unaffiliated customers	21,821	19,783	59,427	49,948	
Interunit transfers	51	90	54	146	
Diving					
Unaffiliated customers	22,197	20,678	56,879	48,973	
Interunit transfers	4	2	7	8	
Other / Corporate	307	265	578	583	
Eliminations	(605)	(355)	(1,003)	(825)	
Total	$ 203,819	$ 213,568	$ 546,966	$ 585,391	
Operating profit (loss):					
Fishing	$ 16,553	$ 39,390	$ 44,166	$ 107,553	
Camping	4,998	4,305	12,867	10,075	
Watercraft Recreation	2,893	3,446	7,588	7,329	
Diving	2,412	1,978	4,074	384	
Other / Corporate	(3,057)	(11,020)	(15,707)	(27,649)	
	$ 23,799	$ 38,099	$ 52,988	$ 97,692	
Total assets (end of period):					
Fishing			$ 379,135	$ 264,364	$ 285,321
Camping			60,562	48,352	54,276
Watercraft Recreation			43,508	29,519	27,530
Diving			74,969	67,927	67,069
Other / Corporate			117,668	249,233	240,091
	$ —	$ —	$ 675,842	$ 659,395	$ 674,287

17 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in Accumulated Other Comprehensive Income ("AOCI") by component, net of tax, for the Third months ended July 1, 2022 were as follows:

	Foreign Currency Translation Adjustment	Unamortized Loss on Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at April 1, 2022	$ 7,351	$ (188)	$ 7,163
Other comprehensive loss before reclassifications	(2,770)	—	(2,770)
Amounts reclassified from accumulated other comprehensive income	—	(9)	(9)
Tax effects	—	2	2
Balance at July 1, 2022	$ 4,581	$ (195)	$ 4,386

The changes in AOCI by component, net of tax, for the Third months ended July 2, 2021 were as follows:

	Foreign Currency Translation Adjustment	Unamortized Loss on Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at April 2, 2021	$ 8,253	$ (2,404)	$ 5,849
Other comprehensive income before reclassifications	742	—	742
Amounts reclassified from accumulated other comprehensive income	—	164	164
Tax effects	—	(41)	(41)
Balance at July 2, 2021	$ 8,995	$ (2,281)	$ 6,714

The changes in AOCI by component, net of tax, for the nine months ended July 1, 2022 were as follows:

	Foreign Currency Translation Adjustment	Unamortized Loss on Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at October 1, 2021	$ 7,606	$ (220)	$ 7,386
Other comprehensive loss before reclassifications	(3,025)	—	(3,025)
Amounts reclassified from accumulated other comprehensive income	—	34	34
Tax effects	—	(9)	(9)
Balance at July 1, 2022	$ 4,581	$ (195)	$ 4,386

The changes in AOCI by component, net of tax, for the nine months ended July 2, 2021 were as follows:

	Foreign Currency Translation Adjustment	Unamortized Loss on Defined Benefit Pension Plans	Accumulated Other Comprehensive Income (Loss)
Balance at October 2, 2020	$ 7,323	$ (2,606)	$ 4,717
Other comprehensive income before reclassifications	1,672	—	1,672
Amounts reclassified from accumulated other comprehensive income	—	433	433
Tax effects	—	(108)	(108)
Balance at July 2, 2021	$ 8,995	$ (2,281)	$ 6,714

The reclassifications out of AOCI for the Third and nine months ended July 1, 2022 and July 2, 2021 were as follows:

	Three Months Ended		Nine Months Ended		Statement of Operations Presentation
	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021	
Unamortized loss on defined benefit pension plans:					
Amortization of loss	$ (9)	$ 164	$ 34	$ 433	Other income and expense
Tax effects	2	(41)	(9)	(108)	Income tax expense
Total reclassifications for the period	$ (7)	$ 123	$ 25	$ 325	

18 LEASES

The Company leases certain facilities and machinery and equipment under long-term, non-cancelable operating leases. The Company determines if an arrangement is a lease at inception.

As of July 1, 2022, the Company had approximately 200 leases, with remaining terms ranging from less than one year to 17 years. Some of the leases contain variable payment terms, such as payments based on fluctuations in the Consumer Price Index (CPI). Some leases also contain options to extend or terminate the lease. To the extent the Company is reasonably certain to exercise these options, they have been considered in the calculation of the right-of-use ("ROU") assets and lease liabilities. Under current lease agreements, there are no residual value guarantees or restrictive lease covenants. In calculating the ROU assets and lease liabilities, several assumptions and judgments were made by the Company, including whether a contract is or contains a lease under the applicable definition, and the determination of the discount rate, which is assumed to be the incremental borrowing rate. The incremental borrowing rate is derived from information available to the Company at the lease commencement date based on lease length and location.

The components of lease expense recognized in the accompanying Condensed Consolidated Statements of Operations for the three and nine months ended July 1, 2022 and July 2, 2021 were as follows:

	Three months ended		Nine months ended	
	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Lease Cost				
Operating lease costs	$ 2,212	$ 2,107	$ 6,430	$ 6,184
Short-term lease costs	542	403	1,501	1,206
Variable lease costs	43	46	131	138
Total lease cost	$ 2,797	$ 2,556	$ 8,062	$ 7,528

Included in the amounts in the table above were rent expense to related parties of $314 and $895 for the three and nine months ended July 1, 2022, respectively, and $262 and $778 for the three and nine months ended July 2, 2021, respectively.

As of July 1, 2022, the Company did not have any finance leases or sublease agreements. Additionally, the Company does not have any leases in which it is the lessor. While the Company extended or renewed various existing leases during the quarter, there were no significant new leases entered into during the quarter ended July 1, 2022. Supplemental balance sheet, cash flow, and other information related to operating leases was as follows:

	Nine months ended	
	July 1, 2022	July 2, 2021
Operating leases:		
Operating lease ROU assets	$ 50,284	$ 43,741
Current operating lease liabilities	6,348	5,281
Non-current operating lease liabilities	45,111	39,382
Total operating lease liabilities	$ 51,459	$ 44,663
Weighted average remaining lease term (in years)	12.10	13.24
Weighted average discount rate	3.11 %	3.15 %
Cash paid for amounts included in the measurement of lease liabilities	$ 5,674	$ 5,680

Future minimum rental commitments under non-cancelable operating leases with an initial lease term in excess of one year at July 1, 2022 were as follows:

Year	Related parties included in total	Total
Remainder of 2022	$ 301	$ 2,145
2023	1,233	8,158
2024	1,270	7,255
2025	1,308	6,581
2026	1,348	4,942
Thereafter	226	33,955
Total undiscounted lease payments	5,686	63,036
Less: Imputed interest	(195)	(11,577)
Total net lease liability	$ 5,491	$ 51,459

During the second quarter of fiscal 2021, the Company amended its agreement with the landlord on an existing leased facility. During the third quarter of fiscal 2022, the Company took occupancy of part of the space, and began making pro-rated payments under the amended agreement, which are included in the amounts above. The Company expects to occupy the remaining space in the fourth quarter of fiscal 2022, and total estimated rental payments, not included in the amounts above, will be approximately $8 million over the course of the lease as amended, through June 2039. As of July 1, 2022, the Company did not have any other additional significant operating lease commitments that have not yet commenced.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") includes comments and analysis relating to the results of operations and financial condition of Johnson Outdoors Inc. and its subsidiaries (collectively, the "Company") as of and for the three and nine month periods ended July 1, 2022 and July 2, 2021. All monetary amounts, other than share and per share amounts, are stated in thousands.

Our MD&A is presented in the following sections:

- Forward Looking Statements
- Trademarks
- Overview
- Results of Operations
- Liquidity and Financial Condition

- Contractual Obligations and Off Balance Sheet Arrangements
- Critical Accounting Policies and Estimates

This discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related notes that immediately precede this section, as well as the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2021 which was filed with the Securities and Exchange Commission on December 10, 2021.

Forward Looking Statements

Certain matters discussed in this Form 10-Q are "forward-looking statements," and the Company intends these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and is including this statement for purposes of those safe harbor provisions. These forward-looking statements can generally be identified as such because they include phrases such as the Company "expects," "believes," "anticipates," "intends," use of words such as "confident," "could," "may," "planned," "potential," "should," "will," "would" or the negative of such words or other words of similar meaning. Similarly, statements that describe the Company's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which could cause actual results or outcomes to differ materially from those currently anticipated.

Factors that could affect actual results or outcomes include the matters described under the caption "Risk Factors" in Item 1A of the Company's Form 10-K which was filed with the Securities and Exchange Commission on December 10, 2021 and the following: changes in economic conditions, consumer confidence levels and discretionary spending patterns in key markets; uncertainties stemming from changes in U.S. trade policies, tariffs, and the reaction of other countries to such changes; the global outbreaks of disease, such as the COVID-19 pandemic which has affected, and may continue to affect, market and economic conditions, and the timing, pricing and continued availability of raw materials and components from our supply chain, along with wide-ranging impacts on employees, customers and various aspects of our operations; the Company's success in implementing its strategic plan, including its targeted sales growth platforms, innovation focus and its increasing digital presence; litigation costs related to actions of and disputes with third parties, including competitors; the Company's continued success in its working capital management and cost-structure reductions; the Company's success in integrating strategic acquisitions; the risk of future writedowns of goodwill or other long-lived assets; the ability of the Company's customers to meet payment obligations; the impact of actions of the Company's competitors with respect to product development or enhancement or the introduction of new products into the Company's markets; movements in foreign currencies, interest rates or commodity costs; fluctuations in the prices of raw materials or the availability of raw materials or components used by the Company; any disruptions in the Company's supply chain as a result of material fluctuations in the Company's order volumes and requirements for raw materials and other components, or the demand for those same raw materials and components by third parties, necessary to manufacture and produce the Company's products; the success of the Company's suppliers and customers and the impact of any consolidation in the industries of the Company's suppliers and customers; the ability of the Company to deploy its capital successfully; unanticipated outcomes related to outsourcing certain manufacturing processes; unanticipated outcomes related to litigation matters; and adverse weather conditions and other factors impacting climate change legislation. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this filing. The Company assumes no obligation, and disclaims any obligation, to update such forward-looking statements to reflect subsequent events or circumstances.

Trademarks

We have registered the following trademarks, among others, which may be used in this report: Minn Kota®, Cannon®, Humminbird®, Eureka!®, Jetboil®, Old Town®, Ocean Kayak®, Carlisle®, and SCUBAPRO®.

Overview

The Company is a leading global manufacturer and marketer of branded seasonal outdoor recreation products used primarily for fishing, diving, paddling and camping. The Company's portfolio of well-known consumer brands has attained leading market positions due to continuous innovation, marketing excellence, product performance and quality. The Company's values and culture support innovation in all areas, promoting and leveraging best practices and synergies within and across its subsidiaries to advance the Company's strategic vision set by executive management and approved by the Company's Board of Directors. The Company is controlled by Helen P. Johnson-Leipold, the Company's Chairman and Chief Executive Officer, members of her family and related entities.

Coronavirus (COVID-19)

The COVID-19 pandemic drove consumer desire to engage in socially distant and safe activities outdoors. As a result, increased participation in fishing, camping, watercraft recreation also increased demand for our products across Company segments beginning in fiscal 2020, and continuing into the first three quarters of fiscal 2022. As global travel restrictions also eased, we experienced increased participation and resulting increased product demand in the Diving segment beginning in fiscal 2021 and continuing into the first three quarters of fiscal 2022.

In addition to this increase in demand for Company products, COVID-19 and the resulting macroeconomic dynamics have also caused widely-documented supply chain and logistics disruptions across industries. Specifically, the adverse supply chain and logistics constraints and disruptions have impacted the timing, sourcing, availability and cost of certain raw materials and components that are necessary to manufacture our outdoor recreation products, especially in our fishing segment due to the electronic components used in those products. Because certain electronic components that are necessary for manufacturing our higher volume products in that segment have been the most impacted by the supply chain and logistics disruptions, there has been limited availability of those materials and components, as well as increased pricing on such components. The Company has attempted to mitigate these disruptions by purchasing significantly higher levels of certain raw material and component inventory as they have been available, in many cases at higher price points than what was historically paid, to enable the Company to complete finished product orders as soon as the missing raw material and component inventory items become available. Nonetheless, continuing shortages have impacted the fishing segment’s ability to complete products for shipping, which has ultimately resulted in decreased sales volumes in the fishing segment over the same periods in the prior year, despite continued strong demand for the products, as evidenced by outstanding orders.

Additionally, the Company’s buying actions have subsequently resulted in decreased margins and the Company carrying significantly higher levels of inventory for a number of its materials, components and products at the end of each of the first three fiscal quarters of 2022. Though the Company continues to believe the inventory that it has built and which exists on its balance sheet is useable and saleable in the ordinary course of business, it continues to monitor the current reserve balances for obsolete and excess inventory. However, any changes in consumer demand for the Company's outdoor recreation products, changes in economic conditions, or changes in customer inventory levels or competitive conditions could have a favorable or unfavorable effect on required reserve balances in the future.

Because the Company expects that these same supply chain and logistics disruptions will continue through the end of fiscal 2022, the Company remains focused on evaluating and pursuing additional options (beyond building inventory) to meet the continued strong demand for its products. Nonetheless, these supply chain and logistics disruptions remain fluid and will likely adversely impact the cost of goods sold for future sales of product for the remainder of fiscal 2022 and/or adversely impact the Company’s ability to fill all demand for its products, especially given the volatility and changing circumstances brought on by the COVID-19 pandemic and its impact on the global supply chain and logistics infrastructure.

Highlights

Net sales of $203,819 for the third quarter of fiscal 2022 decreased $9,749, or 5%, from the same period in the prior year. While consumer and customer demand for the Company's products remains solid as evidenced by outstanding order volumes, sales volumes have been negatively impacted by product availability and supply chain disruptions, particularly in Fishing, the Company's largest segment, as described above. This sales volume decrease and the lower gross margins resulting from higher costs of sales were the primary drivers of the $14,300 decrease in operating profit over the prior year quarter.

Seasonality

The Company’s business is seasonal in nature. The third fiscal quarter traditionally falls within the Company’s primary selling season for its warm-weather outdoor recreation products. The table below sets forth a historical view of the Company’s seasonality during the last three fiscal years. Due to the timing of the COVID-19 outbreak, the Company's traditional seasonal sales pacing, where our heaviest sales volumes typically occurred during our second and third fiscal quarters, shifted during fiscal 2020. See “Coronavirus (COVID-19)” above for additional information regarding the impact of COVID-19.

	Fiscal Year					
	2021		2020		2019	
Quarter Ended	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
December	22 %	22 %	22 %	10 %	19 %	9 %
March	27 %	32 %	27 %	45 %	32 %	43 %
June	29 %	34 %	23 %	17 %	31 %	43 %
September	22 %	12 %	28 %	28 %	18 %	5 %
	100 %	100 %	100 %	100 %	100 %	100 %

Results of Operations

The Company's net sales and operating profit (loss) by business segment for the periods shown below were as follows:

	Three Months Ended		Nine Months Ended	
	July 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Net sales:				
Fishing	$ 136,565	$ 155,348	$ 374,244	$ 442,363
Camping	23,479	17,757	56,780	44,195
Watercraft Recreation	21,872	19,873	59,481	50,094
Diving	22,201	20,680	56,886	48,981
Other / Eliminations	(298)	(90)	(425)	(242)
Total	$ 203,819	$ 213,568	$ 546,966	$ 585,391
Operating profit (loss):				
Fishing	$ 16,553	$ 39,390	$ 44,166	$ 107,553
Camping	4,998	4,305	12,867	10,075
Watercraft Recreation	2,893	3,446	7,588	7,329
Diving	2,412	1,978	4,074	384
Other / Eliminations	(3,057)	(11,020)	(15,707)	(27,649)
Total	$ 23,799	$ 38,099	$ 52,988	$ 97,692

See "Note 16 – Segments of Business" of the notes to the accompanying Condensed Consolidated Financial Statements for the definition of segment net sales and operating profit.

Net Sales

Consolidated net sales for the Third months ended July 1, 2022 were $203,819, a decrease of $9,749, or 5%, compared to $213,568 for the Third months ended July 2, 2021. Foreign currency translation had an unfavorable impact of less than 1% on current year third quarter net sales compared to the prior year's third quarter net sales.

Net sales for the Third months ended July 1, 2022 for the Fishing business were $136,565, a decrease of $18,783, or 12%, from $155,348 during the third fiscal quarter of the prior year. While customer and consumer demand remains solid, the decrease in Fishing sales was driven by significant supply chain disruptions and the resulting unavailability of certain necessary components (especially as it relates to electronic components) experienced in the current year quarter, which impacted the ability to complete product build and fill customer orders. Specifically, due to the technical and electronic nature of the product categories, the fishing segment has been the most susceptible to the previously discussed supply chain issues, as discussed in "Coronavirus (COVID-19)" above.

Net sales for the Camping business were $23,479 for the third quarter of the current fiscal year, an increase of $5,722, or 32%, from the prior year net sales during the same period of $17,757 due to increased sales of Jetboil and Eureka! consumer camping products. These higher levels of sales over the prior year period were due to continued strong participation in outdoor recreation activities.

Net sales for the third quarter of fiscal 2022 for the Watercraft Recreation business were $21,872, an increase of $1,999, or 10%, compared to $19,873 in the prior year same period. Continued strong demand for the segment's Sportsman line and successful pedal product offerings drove the increase over the prior year quarter.

Net sales for Diving, our most global business, for the third quarter of fiscal 2022 were $22,201, an increase of $1,521 or 7% versus $20,680 for the Third months ended July 2, 2021. As several regions around the world have re-opened, sales volumes have increased along with the increase in tourism, partially offset by an unfavorable foreign currency translation impact on sales in this segment of approximately 5% versus the prior year quarter.

For the nine months ended July 1, 2022, consolidated net sales of $546,966 decreased $38,425 or 7% compared to $585,391 for the nine months ended July 2, 2021. Foreign currency translation had an unfavorable impact of less than 1% on net sales of the current year to date period versus the prior year to date period.

Net sales for the nine months ended July 1, 2022 for the Fishing business were $374,244, a decrease of $68,119, or 15% from $442,363 during the same period of the prior year. The decrease over the prior year to date period was driven mainly by the previously discussed logistics and supply chain disruptions which adversely impacted our ability to satisfy customer demand for product orders.

Net sales for the Camping business were $56,780 for the nine months ended July 1, 2022, an increase of $12,585, or 28%, from the prior year net sales during the same period of $44,195. Increased sales of Jetboil and Eureka! consumer camping products as a result of increased participation in outdoor recreation activities were the primary driver of the increase.

Net sales for the nine months ended July 1, 2022 for the Watercraft Recreation business were $59,481, an increase of $9,387, or 19%, compared to $50,094 in the prior year same period. Increased demand as a result of increased participation in watercraft recreation drove the overall increase over the prior year to date period.

Diving net sales were $56,886 for the nine months ended July 1, 2022 versus $48,981 for the nine months ended July 2, 2021, an increase of $7,905, or 16%. The sales increase between periods was largely due to increased demand for our products as the global tourism industry has started to recover following the removal of many travel restrictions imposed in the prior year as a result of the COVID-19 pandemic. The impact of increased sales volumes was offset in part by the unfavorable effect of foreign currency translation of approximately 4% versus the prior year to date period.

Cost of Sales

Despite the decrease in sales between quarters noted above, cost of sales for the Third months ended July 1, 2022 of $130,310 increased $14,253 compared to $116,057 for the Third months ended July 2, 2021. The increase year over year was driven primarily by significant increases in materials costs. The Company continues to manage disruptions in its supply chain to ensure the availability of necessary components, parts and other raw materials, in some cases at significantly higher price points than what was historically paid, to try to meet sales demand for our products across our segments.

For the nine months ended July 1, 2022, cost of sales was $344,241 compared to $319,596 in the same period of the prior year. The increase year over year was primarily driven by increased material and inbound freight costs in the current year versus the prior year.

Gross Profit Margin

For the Third months ended July 1, 2022, gross profit as a percentage of net sales was 36.1% compared to 45.7% in the Third month period ended July 2, 2021. While the Company has implemented price increases across product lines, these actions were not enough to offset the negative gross profit impact of raw material and component cost increases noted above as well as reduced overhead absorption.

For the nine months ended July 1, 2022, gross profit as a percentage of net sales was 37.1% compared to 45.4% in the prior nine month period. As noted above, the Company has implemented price increases across product lines, but they have not outweighed the negative gross profit impact of cost increases and reduced overhead absorption noted above.

Operating Expenses

Operating expenses were $49,710 for the Third months ended July 1, 2022, compared to $59,412 for the Third months ended July 2, 2021. The decrease of $9,702 was primarily due to the impact of lower sales volume-driven expenses, as well as lower variable and deferred compensation expense, between quarters. Unfavorable market conditions on the Company's deferred compensation plan assets resulted in approximately $5,300 of lower deferred compensation expense in the current year quarter as compared to the prior year quarter, which was entirely offset by a loss in Other Expense (Income), net related to marking these deferred compensation plan assets to market.

Operating expenses were $149,737 for the nine months ended April 2, 2021, compared to $168,103 for the nine months ended July 2, 2021. The decrease of $18,366 was primarily due to the impact of lower sales volume-driven expenses, as well as lower variable and deferred compensation expense, between periods. Unfavorable market conditions on the Company's deferred compensation plan assets resulted in approximately $10,000 of lower deferred compensation expense in the current year to date period as compared to the prior year to date period, which was entirely offset by a loss in Other Expense (Income), net related to marking these deferred compensation plan assets to market.

Operating Profit

Operating profit on a consolidated basis for the Third month period ended July 1, 2022 was $23,799, compared to an operating profit of $38,099 in the third quarter of the prior fiscal year. Lower sales volumes and reduced gross margins as discussed above were the primary drivers of the decrease in operating profit between quarters.

Operating profit on a consolidated basis for the nine months ended July 1, 2022 was $52,988, compared to an operating profit of $97,692 in the prior year to date period. The decrease year over year was driven primarily by lower sales volumes and reduced gross margins as discussed above.

Interest

Interest expense was $30 and $35 for the Third months ended July 1, 2022 and July 2, 2021, respectively. Interest expense was $117 for the nine months ended July 1, 2022 compared to $102 for the nine months ended July 2, 2021.

Interest income for the Third month periods ended July 1, 2022 and July 2, 2021 was $144 and $76, respectively. Interest income was $339 for the nine months ended July 1, 2022 compared to $238 for the nine months ended July 2, 2021.

Other Expense (Income), net

Other expense was $4,669 for the Third months ended July 1, 2022 compared to other income of $934 in the prior year period. Net investment losses on the assets related to the Company’s non-qualified deferred compensation plan were $3,741 in the Third month period ended July 1, 2022 compared to net investment gains and earnings of $1,550 in the Third month period ended July 2, 2021. The change year over year in the investment value of these assets was offset by the decrease in deferred compensation expense included in the Company's Operating expenses during the same periods. For the Third months ended July 1, 2022, foreign currency exchange losses were $807 compared to $220 for the Third months ended July 2, 2021.

For the nine months ended July 1, 2022, other expense was $6,167 compared to other income of $4,567 in the nine months ended July 2, 2021. Net investment losses on the assets related to the Company’s non-qualified deferred compensation plan in the nine months ended July 1, 2022 were $4,443, compared to net investment gains and earnings of $5,554 in the nine months ended July 2, 2021. Foreign currency exchange losses were $1,320 for the nine months ended July 1, 2022, compared to $99 for the nine months ended July 2, 2021.

Income Tax Expense

The Company’s provision for income taxes is based upon estimated annual effective tax rates in the tax jurisdictions in which the Company operates. The effective tax rate for the three and nine month periods ended July 1, 2022 were 26.8% and 25.9%, respectively, compared to 26.4% and 25.3% in the corresponding periods of the prior year.

Net Income

Net income for the three months ended July 1, 2022 was $14,082, or $1.38 per diluted common class A and B share, compared to net income of $28,774, or $2.83 per diluted common class A and B share, for the third quarter of the prior fiscal year.

Net income for the nine months ended July 1, 2022 was $34,838, or $3.42 per diluted common class A and B share, compared to net income of $76,455, or $7.53 per diluted common class A and B share, for the nine months ended July 2, 2021.

Liquidity and Financial Condition

Cash and cash equivalents totaled $117,567 as of July 1, 2022, compared to cash and cash equivalents of $249,016 as of July 2, 2021. The decrease in cash year over year was due primarily to the Company's decision to build and procure numerous categories of inventory (in some cases at significantly higher prices than was historically paid) in an attempt to mitigate against potential shortages during this fiscal year. The Company's debt to total capitalization ratio was 0% as of July 1, 2022 and July 2, 2021. The Company's total debt balance was $0 as of each of July 1, 2022 and July 2, 2021. See "Note 11 – Indebtedness" in the notes to the Company's accompanying condensed consolidated financial statements for further discussion.

Accounts receivable, net of allowance for doubtful accounts, were $103,244 as of July 1, 2022, an increase of $8,494 compared to $94,750 as of July 2, 2021. The increase is consistent with increased sales volumes in three of the operating segments year over year. Receivables balances in the Fishing segment remained consistent with the prior year. Inventories were $250,956 as of July 1, 2022, an increase of $120,214, compared to $130,742 as of July 2, 2021. As noted above, the increase in our inventory balances over the prior year period is primarily due to increased raw material and other component purchases, in many instances at higher costs, in an effort to meet increased demand for products in the current year period. Accounts payable were $50,780 at July 1, 2022 compared to $54,991 as of July 2, 2021.

The Company's cash flows from operating, investing and financing activities, as presented in the Company's accompanying Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

	Nine months ended	
(thousands)	July 1, 2022	July 2, 2021
Cash (used for) provided by:		
Operating activities	$ (86,413)	$ 57,611
Investing activities	(25,150)	(15,468)
Financing activities	(9,214)	(6,792)
Effect of foreign currency rate changes on cash	(2,104)	1,228
(Decrease) increase in cash and cash equivalents	$ (122,881)	$ 36,579

Operating Activities

Cash used for operations totaled $86,413 for the nine months ended July 1, 2022 compared to cash provided by operations of $57,611 during the corresponding period of the prior fiscal year. The increase in cash used for operations over the prior year nine month period was due primarily to the Company's decision to build and procure certain raw material and component inventory in its attempt to mitigate against shortages in meeting product demand. Lower net income in the current year to date period also contributed to the change between periods. Depreciation and amortization charges were $10,434 for the nine month period ended July 1, 2022 compared to $10,015 for the corresponding period of the prior year.

Investing Activities

Cash used for investing activities totaled $25,150 for the nine months ended July 1, 2022 compared to $15,468 for the corresponding period of the prior fiscal year. Cash usage for capital expenditures totaled $25,162 for the current year nine month period and $15,481 for the prior year period. The increase in capital expenditures in the current year period is primarily related to the expansion of Fishing facilities to accommodate additional production. Any additional capital expenditures in fiscal 2022 are expected to be funded by working capital.

Financing Activities

Cash used for financing activities totaled $9,214 for the nine months ended July 1, 2022 compared to $6,792 for the nine month period ended July 2, 2021 and represents the payment of dividends and purchase of treasury stock. The Company had no debt during either quarter ended July 1, 2022 and July 2, 2021. See Note 11 "Indebtedness" to the accompanying Condensed Consolidated Financial Statements for additional information on our credit facilities.

As of July 1, 2022 the Company held approximately $52,208 of cash and cash equivalents in bank accounts in foreign taxing jurisdictions.

Contractual Obligations and Off Balance Sheet Arrangements

The Company has contractual obligations and commitments to make future payments including under operating leases and open purchase orders. There have been no changes outside of the ordinary course of business in the specified contractual obligations during the quarter ended July 1, 2022.

The Company utilizes letters of credit primarily as security for the payment of future claims under its workers compensation insurance. Letters of credit outstanding were approximately $173 and $181 as of July 1, 2022 and July 2, 2021, respectively.

The Company anticipates making contributions of $22 to its defined benefit pension plan during the remainder of fiscal 2022.

The Company has no other off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The Company's critical accounting policies and estimates are identified in the Company's Annual Report on Form 10-K for the fiscal year ending October 1, 2021 in *Management's Discussion and Analysis of Financial Condition and Results of Operations* under the heading "Critical Accounting Estimates", which was filed with the Securities and Exchange Commission on December 10, 2021. There were no significant changes to the Company's critical accounting policies and estimates during the nine months ended July 1, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Except as noted below with respect to the COVID-19 outbreak, the Company's exposure to market risk is limited to the availability of necessary raw materials and fluctuations in raw material commodity and other component prices, interest rate fluctuations on borrowings under our unsecured credit facilities and foreign currency exchange rate risk associated with our foreign operations. The Company does not utilize financial instruments for trading purposes.

Coronavirus outbreak

As disclosed in our prior filings with the Securities and Exchange Commission and elsewhere herein, in December 2019, a new strain of coronavirus ("COVID-19") began to spread globally, leaving no region or part of the world unaffected by the pandemic it has created. Governments and health authorities have been taking, and continue to take, measures to prevent the spread of this virus, and have approved the use of vaccines to help curb the spread of this virus, but it is presently unknown to what extent the vaccines and these other actions will be successful or the potential timing of completion of these measures and their outcome and any resulting impact on the Company's business in the future, including related to demand for the Company's products and any continued disruption in the supply of (or the costs associated with) components and raw materials needed for the Company to produce products to meet sales demand. If COVID-19 is not contained, among other things, the ability of the Company's suppliers to manufacture and deliver the products that it sells to the Company (at the quantities and pricing demanded by the Company), the ability of the Company to manufacture and deliver its products to its customers, the Company's ability to display its products at trade shows and similar events, the Company's ability to conduct meetings with its customers and prospective customers, and, if a significant number of its employees at a particular facility or location were to contract coronavirus, the Company's ability to conduct its day-to-day operations could all be adversely impacted. The continued financial impact of the coronavirus pandemic on the Company (including with respect to the continued heightened demand for the Company's outdoor recreation products and any continued disruption in its supply chain and global logistics infrastructure) will depend on future developments and cannot be reasonably predicted or estimated at this time, but could materially and adversely affect its results for an unknown but possibly extended period. See the section "Risk Factors" identified in Part I, Item 1A in our Form 10-K filed with the Securities and Exchange Commission on December 10, 2021 for more information.

Foreign Exchange Risk

The Company has significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Hong Kong dollars, and Canadian dollars. As the values of the currencies of the foreign countries in which the Company has operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, losses, assets and liabilities of the Company's foreign operations, as reported in the Company's consolidated financial statements, increase or decrease, accordingly. Approximately 13% of the Company's revenues for the nine month period ended July 1, 2022 were denominated in currencies other than the U.S. dollar. Approximately 4% were denominated in euros, approximately 7% in Canadian dollars and approximately 1% in Hong Kong dollars, with the remaining revenues denominated in various other foreign currencies. Changes in foreign currency exchange rates can cause unexpected financial losses or cash flow needs. The Company may mitigate a portion of the fluctuations in certain foreign currencies through the use of foreign currency forward contracts. Foreign currency forward contracts enable the Company to lock in the foreign currency exchange rate to be paid or received for a fixed amount of currency at a specified date in the future. The Company may use such foreign currency forward contracts to mitigate the risk associated with changes in foreign currency exchange rates on financial instruments and known commitments, including commitments for inventory purchases, denominated in foreign currencies. As of July 1, 2022 and July 2, 2021, the Company held no foreign currency forward contracts.

Interest Rate Risk

The Company operates in a seasonal business and experiences significant fluctuations in operating cash flow as working capital needs increase in advance of the Company's primary selling and cash generation season, and decline as accounts receivable are collected and cash is accumulated or debt is repaid. The Company is subject to interest rate risk on its seasonal working capital needs if such needs are funded with short term floating rate debt.

Commodities

Certain components used in the Company's products are exposed to commodity price changes. The Company manages this risk through instruments such as purchase orders and non-cancelable supply contracts. Primary commodity price exposures include costs associated with metals, resins and packaging materials.

Impact of Inflation

The Company anticipates that changing costs of basic raw materials may impact future operating costs and, accordingly, the prices of its products. The Company is involved in continuing programs to mitigate the impact of cost increases through changes in product design and identification of sourcing and manufacturing efficiencies. Price increases and, in certain situations, price decreases are implemented for individual products, when appropriate.

The Company's results of operations and financial condition are presented based on historical cost.

Supply Chain Sourcing Risk

As described elsewhere herein, the COVID-19 pandemic has disrupted the normal seasonal selling patterns for the Company's warm-weather outdoor recreation products. As stay at home restrictions were lifted, the Company has seen an increase in demand for its products that has continued into fiscal 2022. This higher than normal level of demand has (along with demand for certain raw materials and components used in our products from third parties in other industries unrelated to our products) placed strain on the Company's supply chain and the global logistics infrastructure, which has resulted in, and may continue to result in, limited availability of key raw materials and components that may ultimately result in delays in completing inventory builds, fulfilling orders and/or higher purchase prices (including increased expediting costs) to get the raw material and other components needed for the Company to fulfill orders and meet demand. The Company is monitoring this risk and planning for alternative sources of supply of critical components where feasible.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective at reaching a level of reasonable assurance. It should be noted that in designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures. The Company has designed its disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives.

There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, the Company may be involved in various legal proceedings from time to time. We do not believe we are currently involved in any claim or action the ultimate disposition of which would have a material adverse effect on our financial statements.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Form 10-K as filed with the Securities and Exchange Commission on December 10, 2021.

Item 6. Exhibits

See Exhibit Index to this Form 10-Q report.

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.

	JOHNSON OUTDOORS INC.
Signatures Dated: August 5, 2022	
	/s/ Helen P. Johnson-Leipold
	Helen P. Johnson-Leipold Chairman and Chief Executive Officer (Principal Executive Officer)
	/s/ David W. Johnson
	David W. Johnson Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

JOHNSON OUTDOORS INC.

Exhibit Index to Quarterly Report on Form 10-Q

Exhibit Number	Description
3.1	Articles of Incorporation of the Company as amended through February 17, 2000. (Filed as Exhibit 3.1(a) to the Company's Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)
3.2	Bylaws of the Company as amended and restated through December 6, 2010. (Filed as Exhibit 3.2 to the Company's Form 10-K for the year ended October 1, 2010 and incorporated herein by reference.)
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32 (1)	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Johnson Outdoors Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended July 1, 2022 formatted in XBRL (eXtensible Business Reporting Language) and furnished electronically herewith: (i) Condensed Consolidated Balance Sheets; (ii) Condensed Consolidated Statements of Operations; (iii) Condensed Consolidated Statements of Comprehensive Income; (iv) Condensed Consolidated Statements of Cash Flows; (v) Condensed Consolidated Statements of Shareholders' Equity and (vi) Notes to Condensed Consolidated Financial Statements. XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2022, formatted in Inline XBRL (included in Exhibit 101).

(1) This certification is not "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Exhibit 31.1

Certification of Chief Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934

I, Helen P. Johnson-Leipold, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Johnson Outdoors Inc.;

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) 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; 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: August 5, 2022

/s/ Helen P. Johnson-Leipold

Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934

I, David W. Johnson, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Johnson Outdoors Inc.;

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: August 5, 2022

/s/ David W. Johnson

David W. Johnson
Vice President and Chief Financial Officer
Treasurer

Exhibit 32

Written Statement of the Chairman and Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chairman and Chief Executive Officer of Johnson Outdoors Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarter ended July 1, 2022 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Helen P. Johnson-Leipold

Helen P. Johnson-Leipold
Chairman and Chief Executive Officer
August 5, 2022

Written Statement of the Vice President and Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Vice President and Chief Financial Officer of Johnson Outdoors Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q of the Company for the quarter ended July 1, 2022 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David W. Johnson

David W. Johnson
Vice President and Chief Financial Officer
Treasurer
August 5, 2022

The above certifications are made solely for the purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.