

Johnson Outdoors - Planning for the Next Season

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Decision scope: FY2027 seasonal inventory and supplier-commitment policy

Case convention: This author-created exercise asks students to advise on a hypothetical policy choice. Public disclosures are historical; no private deliberations or actual FY2027 plan are represented.

The decision

The fiscal year had just ended, but Johnson Outdoors had not yet reported its fourth-quarter or full-year results [S7]. The latest operating figures available were for the three and nine months ended 3 July 2026. Sales differed across the company's three segments: Fishing and Diving were higher year over year, while Camping & Watercraft Recreation was lower. At the same time, inventory was \$188.3 million, up \$24.5 million from the prior year. Management described the increase as both cost-related and a strategic ramp-up of inventory and safety stock. [S2], MD&A, pp.25-28.

Johnson Outdoors makes branded outdoor recreation products used in fishing, camping, paddling and diving. Its products include Minn Kota trolling motors, Humminbird sonar and GPS, Jetboil cooking systems, Old Town canoes and kayaks, Carlisle paddles and SCUBAPRO dive equipment. Some products are made in company facilities; others use contract manufacturers and suppliers in North America, Asia, Europe and Africa. [S1], Item 1, pp.3-5.

For this classroom exercise, assume senior leaders are setting the principles that will guide the next warm-weather selling season's inventory and supplier commitments. The public filings do not say which future orders remain open, flexible or cancellable. Any plan must first distinguish binding purchase orders from commitments that management can still change.

Assignment: Recommend a seasonal inventory and supplier-commitment policy for FY2027. Should the company broadly protect availability with preseason inventory, apply tighter product-level commitment gates, or use a hybrid? Explain how the policy should account for segment signals, lead times, supplier constraints, tariff uncertainty, customer service and working capital. Identify the internal data needed before leaders set product-level quantities. Use only evidence public by 3 October 2026.

A seasonal business with uneven signals

Johnson Outdoors says its products are primarily warm-weather and outdoor recreation-related. Customers traditionally increased inventories in quarters ending March and June, which the company describes as its primary selling season. It has also encouraged customers to purchase and take delivery more evenly through the year. Company-wide sales mix shows that the calendar can move: June accounted for 31% of FY2025 sales, 29% in FY2024 and 28% in FY2023; September's share ranged from 15% to 23%. These figures are historical, consolidated and not forecasts for any segment or product. [S1], Item 1, p.6; [S2], MD&A, pp.24-25.

Exhibit 1. Reported sales by segment

USD millions; three months ended 3 July 2026 and nine months ended 3 July 2026, compared with the corresponding prior-year periods.

Segment	Q3 FY2026	Q3 FY2025	Q3 change	9M FY2026	9M FY2025	9M change
Fishing	\$149.985	\$140.679	+7%	\$421.380	\$358.042	+18%
Camping & Watercraft Recreation	16.432	18.908	−13%	45.086	46.211	−2%
Diving	23.313	21.201	+10%	58.602	52.705	+11%
Other / Corporate / Eliminations	0.001	−0.133	-	0.078	−0.305	-
Consolidated total	\$189.731	\$180.655	+5%	\$525.146	\$456.653	+15%

Source: [S2], MD&A, printed p.25, segment table; [S3], “Third Quarter Results” and “Year-to-Date Results.” Amounts are in USD millions, converted from the filing’s \$000; displayed to \$0.001 million. Growth rates are company-reported rounded percentages. Other / Corporate / Eliminations reconciles segment net sales to the consolidated total; segment results do not show brand or SKU-level demand.

Management attributed the Q3 Fishing increase mainly to stronger competitive position and pricing. It attributed the Camping & Watercraft Recreation decline to weak marketplace conditions. For Diving, the release cited strong sales of regulators and buoyancy compensator devices; the 10-Q attributed the quarter’s growth to strong U.S. and Asian sales and about 2% favorable currency impact. The separate nine-month explanation cited improved market position, new products and about 3% favorable currency impact. These are issuer explanations, not independent demand measures. [S2], MD&A, pp.25-26; [S3], “Third Quarter Results.”

Inventory protects service-and uses cash

Johnson Outdoors reported \$188.263 million of inventory at 3 July 2026, compared with \$163.732 million at 27 June 2025 and \$170.726 million at 3 October 2025. Inventory included \$79.853 million of raw materials and \$108.410 million of finished goods. The company values inventory at the lower of FIFO cost or net realizable value. [S2], Note 7, p.13.

Management said year-over-year inventory growth reflected increased costs and “a strategic ramp-up of inventory and safety stock in response to higher sales volumes experienced period over period.” The filing does not disclose inventory by segment, brand, product age or units on hand. It does not report SKU-level sell-through, dealer stock, shortages or open purchase orders. [S2], MD&A, p.28.

The company had \$175.245 million in cash, cash equivalents and short-term investments at 3 July and no debt. Nine-month operating cash flow was \$26.994 million, compared with \$32.810 million a year earlier; management said the decline was primarily due to inventory changes, partially offset by higher income. Nine-month capital expenditures were \$16.350 million. The company expected any additional FY2026 capex to be funded by working capital. [S2], MD&A, p.28. These are historical balances and flows, not an inventory budget or evidence of a cash constraint.

Tariff policy complicated the cost picture. Q3 gross margin was 45.3%, compared with 37.6% a year earlier, but Johnson Outdoors said tariff refunds contributed 7.9 percentage points of that increase. About \$15.0 million of refunds on previously sold products reduced cost of sales; approximately \$15.6 million including interest was received. Higher raw-material costs and additional tariffs partly offset the refund. Management said tariff policy remained unsettled and it was cautious about the cost outlook. Do not treat the refund or Q3 margin as a recurring run rate. [S2], MD&A, pp.13-14, 24, 26-27; [S3], “Third Quarter Results” and CFO comments.

A supply chain with different lead times

Johnson Outdoors states that some parts or materials are cost-effective from only one supplier or must be ordered several months before delivery. It describes a mix of existing tools: safety stock, forecast-based supply contracts, some just-in-time or supplier-owned inventory, forecast production for high-volume products, build-to-order where possible, direct shipments from contract manufacturers, and supplier design or logistics initiatives intended to reduce lead times. [S1], Item 1, p.6.

The company warns that it may buy components earlier than normal or above existing orders to protect seasonal demand, long lead times or supply disruptions. Overestimating demand can raise carrying costs or create excess and obsolete stock; underestimating demand can cause shortages, delays and lost sales. It does not consider backlog material because unfilled orders vary and are nonbinding. [S1], Item 1, p.5; Item 1A, p.9.

Exhibit 2. Selected inventory and liquidity facts

Measure	Reported value
Inventory, 3 July 2026	\$188.263m
Inventory, 27 June 2025	\$163.732m
Inventory, 3 October 2025	\$170.726m
Cash, cash equivalents and short-term investments, 3 July 2026	\$175.245m
Total debt, 3 July 2026	\$0
Nine-month operating cash flow, ended 3 July 2026	\$26.994m
Nine-month capital expenditures, ended 3 July 2026	\$16.350m

Source: [S2], Note 7, p.13; MD&A, p.28. Dollar balances converted from \$000. Inventory is a point-in-time accounting balance, not units, inventory age, inventory committed to customers or future purchase orders.

What competitors say about the channel

Johnson Outdoors identifies Garmin and Lowrance as competitors in trolling motors and on-boat electronics. Garmin's second-quarter 2026 marine segment recorded \$341.4 million of sales, up 14% year over year. Garmin reports five segments and a broader marine portfolio; its quarter ended six days before Johnson Outdoors' quarter, and Garmin also reported tariff refunds. These data are context, not a like-for-like demand or margin comparison. [S1], Item 1, pp.4-5; [S4], Note 11, pp.14-15.

Other marine manufacturers described their own dealer-channel actions. MasterCraft said it monitored retail sales, dealer inventory and product turns, and used rebates, promotions and floor-plan support to help balance production. Its 5 February 2026 Q2 release described dealer inventories as "right-sized" and production management as disciplined; the accompanying presentation reported dealer inventory down 25% year over year and production weighted to the second half. Its FY2026 filing also described a tariff surcharge for MasterCraft-brand dealer invoices, while noting uncertainty about its FY2027 continuation. [S5], FY2026 Form 10-K, Item 1, pp.2-4 and Item 1A, pp.10-11; Q2 release, lines 39-40; Q2 presentation, slide 5.

Brunswick described pressure in value-segment new boats and resilience in its premium/core portfolio, and management characterized boat and engine dealer pipelines as "lean and fresh." It estimated approximately \$40 million of FY2026 incremental tariffs and \$25-30 million of net IEEPA refunds expected to be recognized. Those are Brunswick-specific statements and estimates. MasterCraft and Brunswick sell boats or engines through different portfolios and dealer economics; neither company's experience establishes Johnson Outdoors' inventory position, ability to pass costs through, or best policy. [S6], Q2 2026 release, lines 37-45 and 77-92.

The policy choice

Three approaches are available for discussion. Each is hypothetical.

- **Protect availability broadly.** Maintain or expand preseason safety stock and early commitments where seasonal service failures or long lead times could lose sales. This limits supply exposure, but risks tying up more cash and leaving excess or obsolete inventory if demand weakens.
- **Apply product-level commitment gates.** Keep early orders for items with documented supplier constraints or service consequences; use updated demand confidence, landed-cost and sell-through checks before additional orders where timing and supplier terms allow. This can limit overbuying but may delay stock or miss early demand.
- **Use a hybrid.** Protect a defined set of high-criticality or long-lead products while applying later, conditional commitments to more flexible items. This relies on accurate item-level classification and requires leaders to confirm which orders can still change.

The public record does not establish how much inventory is committed, cancellable or flexible, nor does it show which products have high lost-sales costs or strong post-season recovery. The alternatives should therefore be evaluated as decision rules, not public-data forecasts.

Deliverable: Submit a two-page memo selecting one policy posture for FY2027, defending it against the strongest alternative, and naming the measures management should monitor. Specify which order and supplier data leaders must obtain before applying the policy to a product or segment. Identify one fact that would cause you to change your recommendation.

Sources and conventions

All figures and statements above were publicly available by 3 October 2026 EOD ET. FY2026 ended 2 October 2026, but Q4/annual operating results were not yet public at the cutoff (S7). No later results are used.

- **S1.** Johnson Outdoors, FY2025 Form 10-K, filed 12 December 2025, year ended 3 October 2025. [SEC filing](#).
- **S2.** Johnson Outdoors, FY2026 Q3 Form 10-Q, filed 7 August 2026, quarter ended 3 July 2026. [SEC filing](#).
- **S3.** Johnson Outdoors, Q3 FY2026 earnings release, 7 August 2026, Form 8-K Exhibit 99.1. [SEC release](#).
- **S4.** Garmin, FY2026 Q2 Form 10-Q, filed 29 July 2026, quarter ended 27 June 2026. [SEC filing](#).
- **S5.** MasterCraft Boat Holdings, FY2026 Form 10-K and Q2 FY2026 earnings release/presentation. [10-K](#) · [release](#) · [presentation](#).
- **S6.** Brunswick, Q2 FY2026 earnings release, 30 July 2026, Form 8-K Exhibit 99.1. [SEC release](#).
- **S7.** Johnson Outdoors, SEC issuer filing archive and investor-news archive, chronology checked through 3 October 2026 EOD ET. [SEC issuer archive](#) · [investor-news archive](#). These records were used only to confirm that FY2026 Q4/annual operating results had not been published by the cutoff.

Historical facts, management explanations and competitor statements are distinguished from the hypothetical policy alternatives. Dollar values may be rounded; all exhibits retain their source period and scope.