

JOHNSON OUTDOORS INC  
Form 10-Q/A  
May 18, 2015

---

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

FORM 10-Q/A

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

For the quarterly period ended March 28, 2014

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one): Large accelerated filer Accelerated filer Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company .

Edgar Filing: JOHNSON OUTDOORS INC - Form 10-Q/A

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 April 25, 2014, 8,752,137 shares of Class A and 1,212,382 shares of Class B common stock of the Registrant were outstanding.

---

---

JOHNSON OUTDOORS INC.

Index	Page No.
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements	
<u>Condensed Consolidated Statements of Operations – Three and six months ended March 28, 2014 and March 29, 2013</u>	1
<u>Condensed Consolidated Statements of Comprehensive Income – Three and six months ended March 28, 2014 and March 29, 2013</u>	2
<u>Condensed Consolidated Balance Sheets – March 28, 2014, September 27, 2013 and March 29, 2013</u>	3
<u>Condensed Consolidated Statements of Cash Flows – Six months ended March 28, 2014 and March 29, 2013</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	29
Item 4. <u>Controls and Procedures</u>	30
PART II OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	32
Item 6. <u>Exhibits</u>	32
<u>Signatures</u>	32
<u>Exhibit Index</u>	33

---

Index

EXPLANATORY NOTE

Johnson Outdoors Inc. is filing this Amendment No. 1 to its Quarterly Report on Form 10-Q for the quarterly period ended March 28, 2014, as filed with the Securities and Exchange Commission on May 2, 2014, to correct its calculation of the diluted earnings per share for the quarter ended and the year to date period ended March 28, 2014 reported in the Condensed Consolidated Statements of Operations (Unaudited) and in Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations. As a result of an error in calculating the diluted earnings per share information, Johnson Outdoors Inc. understated its diluted net income per common share of the Class A and Class B common stock for each of the three and six months ended March 28, 2014 by approximately \$0.07 per share and \$0.22 per share, respectively. After these corrections, our diluted net income per common share of our Class A and Class B common stock for each of the three and six months ended March 28, 2014 equaled \$0.74 and \$0.52, respectively.

We have also updated our discussion of our controls and procedures in Item 4 of Part I, the signature page, the certifications of our Chief Executive Officer and Chief Financial Officer in Exhibits 31.1, 31.2 and 32 and our financial statements formatted in Extensible Business Reporting Language (XBRL) in Exhibit 101. No other sections were affected, but for the convenience of the reader, this report on Form 10-Q/A restates in its entirety, as amended, our original Form 10-Q report for this period. This report on Form 10-Q/A is presented as of the filing date of the original Form 10-Q report and does not reflect events occurring after that date, or modify or update disclosures in any way other than as required to reflect the correction described above.

---

Index

## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements

## JOHNSON OUTDOORS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	Three Months Ended		Six Months Ended	
	March 28	March 29	March 28	March 29
(thousands, except per share data)	2014	2013	2014	2013
Net sales	\$124,273	\$132,100	\$203,373	\$219,374
Cost of sales	75,427	78,016	124,598	131,476
Gross profit	48,846	54,084	78,775	87,898
Operating expenses:				
Marketing and selling	23,938	25,876	42,910	45,094
Administrative management, finance and information systems	9,513	11,500	19,531	20,945
Research and development	3,849	4,070	7,696	7,695
Total operating expenses	37,300	41,446	70,137	73,734
Operating profit	11,546	12,638	8,638	14,164
Interest income	(5 )	(32 )	(36 )	(53 )
Interest expense	313	485	515	924
Other expense (income), net	24	(878 )	(135 )	(380 )
Income before income taxes	11,214	13,063	8,294	13,673
Income tax expense	3,810	4,126	3,083	4,489
Net income	\$7,404	\$8,937	\$5,211	\$9,184
Weighted average common shares - Basic:				
Class A	8,431	8,328	8,397	8,274
Class B	1,212	1,214	1,212	1,214
Dilutive stock options and restricted stock units	6	4	2	3
Weighted average common shares - Dilutive	9,649	9,546	9,611	9,491
Net income per common share - Basic:				
Class A	\$0.75	\$0.91	\$0.53	\$0.94
Class B	\$0.68	\$0.83	\$0.48	\$0.85
Net income per common share - Diluted:				
Class A	\$0.74	\$0.90	\$0.52	\$0.93
Class B	\$0.74	\$0.90	\$0.52	\$0.93
Dividends declared per common share:				
Class A	\$0.08	\$-	\$0.23	\$-
Class B	\$0.07	\$-	\$0.20	\$-

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

Index

JOHNSON OUTDOORS INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

	Three Months		Six Months	
	Ended	Ended	Ended	Ended
	March	March	March	March
	28	29	28	29
	2014	2013	2014	2013
(thousands, except per share data)				
Comprehensive income:				
Net income	\$7,404	\$8,937	\$5,211	\$9,184
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	122	(3,345)	246	(2,473)
Change in pension plans, net of tax of \$63, \$0, \$126 and \$0, respectively	103	-	207	-
Amortization of unrealized loss on interest rate swap	-	-	-	138
Total other comprehensive income (loss)	225	(3,345)	453	(2,335)
Total comprehensive income	\$7,629	\$5,592	\$5,664	\$6,849

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

-2-

---

Index

## JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
(unaudited)

	March 28 2014	September 27 2013	March 29 2013
(thousands, except share data)			
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$48,653	\$55,694	\$40,392
Accounts receivable, net	98,484	44,104	109,176
Inventories	85,089	76,363	85,192
Deferred income taxes	8,798	7,869	6,773
Other current assets	6,384	4,542	6,491
Total current assets	247,408	188,572	248,024
Property, plant and equipment, net of accumulated depreciation of \$105,758, \$103,314 and \$102,165, respectively	45,198	43,394	38,480
Deferred income taxes	7,679	8,039	15,495
Goodwill	21,137	21,053	20,907
Other intangible assets, net	14,748	15,068	14,325
Other assets	12,359	12,224	11,274
Total assets	\$348,529	\$288,350	\$348,505
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Short-term debt	\$150	\$-	\$52,000
Current maturities of long-term debt	418	539	542
Accounts payable	40,689	26,466	41,857
Accrued liabilities:			
Salaries, wages and benefits	10,413	17,702	11,475
Accrued warranty	4,614	5,214	5,280
Income taxes payable	4,215	1,300	4,168
Other	16,236	12,151	17,211
Total current liabilities	76,735	63,372	132,533
Long-term debt, less current maturities	49,627	7,794	8,057
Deferred income taxes	1,125	1,114	4,831
Retirement benefits	6,110	6,346	11,785
Other liabilities	13,558	12,056	10,934
Total liabilities	147,155	90,682	168,140
Shareholders' equity:			
Preferred stock: none issued	-	-	-
Common stock:			
Class A shares issued and outstanding:	438	438	437
March 28, 2014: 8,752,137			
September 27, 2013: 8,724,984			
March 29, 2013: 8,714,178			
Class B shares issued and outstanding:	61	61	61
March 28, 2014: 1,212,382			
September 27, 2013: 1,212,420			
March 29, 2013: 1,213,664			

Edgar Filing: JOHNSON OUTDOORS INC - Form 10-Q/A

Capital in excess of par value	66,223	66,374	64,817
Retained earnings	115,141	112,144	102,001
Accumulated other comprehensive income	19,819	19,366	13,782
Treasury stock at cost, shares of Class A common stock: 12,523, 34,766 and 35,680, respectively	(308 )	(715 )	(733 )
Total shareholders' equity	201,374	197,668	180,365
Total liabilities and shareholders' equity	\$348,529	\$288,350	\$348,505

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

-3-

---



Index

## JOHNSON OUTDOORS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)

	Six Months Ended	
	March	March
	28	29
(thousands)	2014	2013
<b>CASH USED FOR OPERATING ACTIVITIES</b>		
Net income	\$5,211	\$9,184
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation	4,755	4,642
Amortization of intangible assets	355	306
Amortization of deferred financing costs	34	119
Stock based compensation	826	714
Amortization of deferred loss on interest rate swap	-	138
Deferred income taxes	(591 )	723
Change in operating assets and liabilities, net of effects of acquired business:		
Accounts receivable, net	(54,751 )	(67,858 )
Inventories, net	(8,707 )	(16,343 )
Accounts payable and accrued liabilities	12,534	20,827
Other current assets	(1,817 )	1,209
Other non-current assets	(1,333 )	(1,001 )
Other long-term liabilities	1,566	788
Other, net	(27 )	49
	(41,945 )	(46,503 )
<b>CASH USED FOR INVESTING ACTIVITIES</b>		
Payments for purchase of business	-	(15,420)
Capital expenditures	(6,704 )	(6,087 )
Proceeds from sales of property, plant and equipment	1,376	-
	(5,328 )	(21,507 )
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Net borrowings from short-term notes payable and revolving credit lines	42,149	52,000
Principal payments on senior notes and other long-term debt	(288 )	(262 )
Deferred financing costs paid to lenders	(34 )	-
Common stock transactions	68	86
Dividends paid	(1,475 )	-
Purchases of treasury stock	(638 )	(886 )
	39,782	50,938
Effect of foreign currency rate changes on cash	450	(1,440 )
Decrease in cash and cash equivalents	(7,041 )	(18,512 )
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of period	55,694	58,904
End of period	\$48,653	\$40,392

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

Index

JOHNSON OUTDOORS INC.

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 March 28, 2014 and March 29, 2013, and the results of operations for the three and six month periods then ended and cash flows for the six 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 September 27, 2013 which was filed with the Securities and Exchange Commission on December 6, 2013.

Due to seasonal variations and other factors, the results of operations for the three and six months ended March 28, 2014 are not necessarily indicative of the results to be expected for the Company's full 2014 fiscal year. See “Seasonality” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein for additional information.

Certain amounts in the Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Cash Flows and related footnotes for the periods ended March 29, 2013 have been adjusted to reflect the effect of measurement period adjustments related to the acquisition of Jetboil as of the date of acquisition. Additional information on this acquisition can be found in Note 10 below.

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

2 ACCOUNTS RECEIVABLE

Accounts receivable are stated net of allowances for doubtful accounts of \$3,072, \$3,759 and \$3,551 as of the periods ended March 28, 2014, September 27, 2013 and March 29, 2013, respectively. The increase in net accounts receivable to \$98,484 as of March 28, 2014 from \$44,104 as of September 27, 2013 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 on 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 unit. 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.

-5-

---

Index

JOHNSON OUTDOORS INC.

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 six month periods ended March 28, 2014 and March 29, 2013, basic net income per share for Class A and Class B shares has been presented using the two class method and reflects the allocation of undistributed income as 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 the three and six month periods ended March 28, 2014 and March 29, 2013, diluted net income per share reflects the effect of dilutive stock options and units and assumes the conversion of Class B common stock into Class A common stock. As a result, diluted earnings per share for Class A and Class B common stock during these periods is the same.

Stock options 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 were 0 for each of the three and six month periods ended March 28, 2014 and March 29, 2013. 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 319,632 and 386,409 for the three months ended March 28, 2014 and March 29, 2013, respectively, and 344,963 and 427,246 for the six months ended March 28, 2014 and March 29, 2013, respectively. Restricted stock units 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 were 0 for the each of three months ended March 28, 2014 and March 29, 2013. Restricted stock units 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 were 8,040 and 0 for the six months ended March 28, 2014 and March 29, 2013, respectively.

#### 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 2010 Long-Term Stock Incentive Plan and the 2012 Non-Employee Director Stock Ownership Plan (the only two plans where shares remain available for equity incentive awards) there were 708,084 shares of the Company's Class A common stock available for grant to key executives and non-employee directors at March 28, 2014.

-6-

---

Index

## JOHNSON OUTDOORS INC.

## Stock Options

All stock options have been granted at a price not less than fair market value at the date of grant and all outstanding options are currently exercisable. Stock options generally have a term of 10 years.

All of the Company's stock options outstanding are fully vested, with no further compensation expense to be recorded. There were no grants of stock options during either of the six month periods ended March 28, 2014 or March 29, 2013.

A summary of stock option activity for the six months ended March 28, 2014 related to the Company's stock ownership plans is shown below:

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (Years)
Outstanding and exercisable at September 27, 2013	15,066	\$ 18.16		
Exercised	(3,900 )	19.88		
Cancelled	(1,950 )	19.88		
Outstanding and exercisable at March 28, 2014	9,216	17.07	\$ 73	1.3

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price of \$25.03 as of March 28, 2014, which would have been received by the option holders had those option holders exercised their stock options as of that date.

The Company received cash proceeds from stock option exercises totaling \$78 and \$86 for the six month periods ending March 28, 2014 and March 29, 2013, respectively. The fair value of the stock received upon exercise of such options at their date of exercise during the six month periods ended March 28, 2014 and March 29, 2013 was \$96 and \$171, respectively.

## Non-vested Stock

All shares of non-vested stock awarded by the Company have been granted at their fair market value on the date of grant and vest either immediately or within five years after the grant date. 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 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 shares traded.

Index

## JOHNSON OUTDOORS INC.

A summary of non-vested stock activity for the six months ended March 28, 2014 related to the Company's stock ownership plans is as follows:

	Shares	Weighted Average Grant Price
Non-vested stock at September 27, 2013	386,409	\$ 13.78
Non-vested stock grants	47,934	27.70
Restricted stock vested	(114,711)	10.32
Non-vested stock at March 28, 2014	319,632	17.10

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 24,719 and 43,464 during the six month periods ended March 28, 2014 and March 29, 2013, respectively.

Stock compensation expense, net of forfeitures, related to non-vested stock was \$391 and \$346 for the three month periods ended March 28, 2014 and March 29, 2013, respectively, and \$748 and \$701 for the six month periods ended March 28, 2014 and March 29, 2013, respectively. Unrecognized compensation cost related to non-vested stock as of March 28, 2014 was \$2,883, which amount will be amortized to expense through November 2017 or adjusted for changes in future estimated or actual forfeitures.

The fair value of restricted stock vested during the six month periods ended March 28, 2014 and March 29, 2013 was \$2,961 and \$3,628, respectively.

**Restricted Stock Units**

All restricted stock units awarded by the Company have been granted at their fair market value on the date of grant and vest within one year after the grant date. The fair value at 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 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 shares traded. There were 8,040 restricted stock units unvested and outstanding as of March 28, 2014.

The Company issued 8,040 restricted stock units at a weighted average grant price of \$21.77 for the three and six month periods ended March 28, 2014 and 6,600 restricted stock units at a weighted average grant price of \$22.73 for the three and six month periods ended March 29, 2013.

Stock compensation expense, net of forfeitures, related to restricted stock units was \$40 for the three months ended March 28, 2014 and \$78 for the six month period ended March 28, 2014. Stock compensation expense, net of forfeitures, related to restricted stock units was \$13 for both the three and six month periods ended March 29, 2013. Unrecognized compensation cost related to non-vested restricted stock units as of March 28, 2014 was \$160, which amount will be amortized to expense through February 2015 or adjusted for changes in future estimated or actual forfeitures.

The Company recognized an income tax benefit on stock-based compensation expense of \$164 and \$136 for the three month periods ended March 28, 2014 and March 29, 2013, respectively, and \$314 and \$271 for the six month periods ended March 28, 2014 and March 29, 2013, respectively. The Company recognized income tax benefit (expense) on

exercises of stock options and vesting of non-vested stock of \$9 and \$(2) for the three and six month periods ended March 28, 2014 and March 29, 2013, respectively.

-8-

---



Index

## JOHNSON OUTDOORS INC.

## Employees' Stock Purchase Plan

The Company's shareholders have adopted the Johnson Outdoors Inc. 2009 Employees' Stock Purchase Plan 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 at the end of the offering period, whichever is lower.

The Company did not issue any shares under the Employees' Stock Purchase Plan during the three or six month periods ended March 28, 2014 or March 29, 2013.

## 5 PENSION PLANS

The Company has non-contributory defined benefit pension plans covering certain 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.

The components of net periodic benefit cost related to Company sponsored defined benefit plans for the three and six month periods ended March 28, 2014 and March 29, 2013 were as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
Components of net periodic benefit cost:				
Service cost	\$-	\$-	\$-	\$-
Interest on projected benefit obligation	250	240	499	499
Less estimated return on plan assets	244	253	488	489
Amortization of unrecognized losses	166	249	333	333
	\$172	\$236	\$344	\$343

## 6 INCOME TAXES

For the three and six months ended March 28, 2014 and March 29, 2013, the Company's earnings before tax, tax expense and effective income tax rate attributable to earnings before income taxes was as follows:

	Three Months Ended		Six Months Ended	
	March 28, 2014	March 29, 2013	March 28, 2014	March 29, 2013
(thousands, except tax rate data)				
Income before income taxes	\$11,214	\$13,063	\$8,294	\$13,673
Income tax expense	\$3,810	\$4,126	\$3,083	\$4,489
Effective income tax rate	34.0 %	31.6 %	37.2 %	32.8 %

Index

## JOHNSON OUTDOORS INC.

The change in the Company's effective tax rate for the three and six months ended March 28, 2014 versus the prior year period was primarily due to variances in income or loss as of March 28, 2014 for entities that have a valuation allowance and the retroactive enactment of the research and development credit during the prior year period which expired in the current year period. The tax jurisdictions where such entities with a valuation allowance were located in were as follows for the periods ended March 28, 2014 and March 29, 2013, respectively:

March 28	March 29
2014	2013
Japan	Japan
France	France
Indonesia	Indonesia
Italy	Italy
Netherlands	Netherlands
New Zealand	New Zealand
Spain	Spain
United Kingdom	United Kingdom

The Company would ordinarily recognize a tax expense or benefit on operating income or loss in these jurisdictions; however, due to the recent cumulative losses for book purposes and the uncertainty of the realization of certain deferred tax assets in these jurisdictions, the Company continues to adjust its valuation allowances resulting in effectively no recorded tax expense or benefit in these jurisdictions.

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 of March 28, 2014, there was no material change in the amount of uncertain income tax positions and the Company's 2014 fiscal year tax expense is anticipated to include approximately \$350 related to uncertain income tax positions.

The Company recognizes accrued interest and penalties related to uncertain income tax positions as a component of income tax expense and is projecting accrued interest of \$100 related to uncertain income tax positions for the fiscal year ending October 3, 2014.

The Company files income tax returns, including returns for its subsidiaries, with federal, state, local and foreign taxing jurisdictions. The Company is currently undergoing an income tax examination in Italy. The following tax years remain subject to examination by the respective tax jurisdictions:

Jurisdiction	Fiscal Years
United States	2011-2013
Canada	2009-2013
France	2009-2013
Germany	2009-2013
Italy	2009-2013
Japan	2012-2013
Switzerland	2003-2013

Index

## JOHNSON OUTDOORS INC.

## 7 INVENTORIES

Inventories at the end of the respective periods consisted of the following:

	March 28 2014	September 27 2013	March 29 2013
Raw materials	\$32,635	\$27,935	\$29,604
Work in process	441	198	654
Finished goods	52,013	48,230	54,934
	\$85,089	\$76,363	\$85,192

## 8 GOODWILL

The changes in goodwill during the six months ended March 28, 2014 and March 29, 2013 were as follows:

	March 28 2014	March 29 2013
Balance at beginning of period	\$21,053	\$14,466
Jetboil® acquisition	-	6,475
Amount attributable to movements in foreign currency rates	84	(34 )
Balance at end of period	\$21,137	\$20,907

## 9 WARRANTIES

The Company provides for warranties of certain products as they are sold. The following table summarizes the Company's warranty activity for the six months ended March 28, 2014 and March 29, 2013.

	March 28 2014	March 29 2013
Balance at beginning of period	\$5,214	\$4,751
Expense accruals for warranties issued during the period	1,668	2,080
Less current period warranty claims paid	2,268	1,551
Balance at end of period	\$4,614	\$5,280

## 10 ACQUISITION

On November 14, 2012, the Company acquired all of the outstanding common and preferred stock of Jetboil, Inc. ("Jetboil") in a purchase transaction with Jetboil's founders and other shareholders (the "Sellers"). Jetboil, founded and based in Manchester, New Hampshire, designs and manufactures the world's top brand of portable outdoor cooking systems.

The Company believes that sales of Jetboil's innovative cooking products can be expanded through the Company's U.S. and Canadian marketing and distribution networks and that the Company's other camping and paddling brands will benefit from Jetboil's strong presence in the Specialty trade channel and from its international sales network. The Jetboil acquisition, including acquired goodwill, is included in the Company's Outdoor Equipment segment.



Index

## JOHNSON OUTDOORS INC.

The \$15,420 of consideration paid in this acquisition was funded with existing cash and credit facilities. Approximately \$3,200 of the purchase price was paid into a segregated escrow account which was set aside to fund potential indemnity claims that may be made by the Company against the Sellers in connection with the inaccuracy of certain representations and warranties made by Sellers or related to the breach or nonperformance of certain other actions or conditions related to the acquisition, for a period of 15 months from the acquisition date. On February 14, 2014, within the 15 month timeframe, the Company filed an indemnity claim against the Sellers which claim is currently pending. With respect to this currently pending claim, the Company cannot estimate the amount of potential recovery, if any, at this time. If the Company is not successful in its claim, the remaining escrow balance, net of any recovery amounts, will be released to the Sellers.

Following are the measurement period adjustments made since the acquisition date to the provisional amounts as a result of the completion of the Company's valuations of the assets acquired and liabilities assumed. The effect of these measurement period adjustments has been reflected in the condensed consolidated financial statements for the period ended March 29, 2013.

Provisional amount adjustments increase	
(decrease)	
Financial assets	\$(33 )
Inventories	(159 )
Property, plant and equipment	80
Identifiable intangible assets and goodwill	3,865
Deferred tax liabilities	4,257
Financial liabilities	(390 )

The following table summarizes the final fair values of the assets acquired and liabilities assumed, and the resulting goodwill acquired at the date of the Jetboil acquisition.

Recognized amounts of identifiable assets	
acquired and liabilities assumed	
Accounts receivable	\$1,184
Inventories	2,232
Other current assets	167
Property, plant and equipment	314
Identifiable intangible assets	10,400
Less, accounts payable and accruals	1,111
Less, deferred tax liabilities	4,241
Total identifiable net assets	8,945
Goodwill	6,475
Net assets acquired	\$15,420

The goodwill resulting from this acquisition reflects the strong cash flow expected from the acquisition due primarily to expanded distribution and growth in all Outdoor Equipment brands. This goodwill is not deductible for tax purposes. Transaction costs incurred for the acquisition during the three and six months ended March 29, 2013 were \$267 and were included in the "Administrative management, finance and information systems" line in the Company's accompanying Condensed Consolidated Statements of Operations in the Other/Corporate segment.

The fair value assigned to finite lived intangible assets was as follows:

Description	Amount	Useful Life (yrs)
Patents	\$ 240	7
Noncontractual customer relationships	3,700	15
Non-compete agreements	1,060	4

-12-

---

Index

## JOHNSON OUTDOORS INC.

The weighted average useful life at the date of acquisition of total amortizable intangible assets acquired in the acquisition was 12.3 years. The acquisition included an indefinite lived tradename valued at \$5,400.

## 11 RESTRUCTURING

On July 11, 2012, the Company announced plans to restructure certain operations related to its Watercraft segment. Specifically, the Company restructured its product sales and distribution in Europe and consolidated all of its U.S. operations at a single location in Old Town, Maine. The Company believes this plan will enhance the competitiveness and profit potential of its Watercraft business. This action resulted in the closure of two sales offices in the U.K. and France, the closure of a marketing and R&D facility in Bellingham, Washington and the elimination of approximately 24 positions in the U.S. and Europe. The related charges are included in the "Administrative management, finance and information systems" line in the Company's accompanying Condensed Consolidated Statements of Operations in the Watercraft segment. The restructuring accrual is included in the "Other current liabilities" line in the Company's accompanying Condensed Consolidated Balance Sheets. The planned actions related to this restructuring were completed in fiscal 2013 and the Company expects the total cost of this restructuring to be approximately \$2,597. The remaining restructuring liabilities should be settled by the end of fiscal 2014.

Changes in the accrual related to this restructuring project for the six month period ended March 28, 2014 were as follows:

	Employee Termination Costs	Contract Exit Costs	Other Exit Costs	Total
Accrued restructuring liabilities as of September 27, 2013	84	219	203	506
Activity during the period ended March 28, 2014:				
Charges to earnings	-	(10 )	-	(10 )
Settlement payments	(45 )	(181 )	(89 )	(315 )
Accrued restructuring liabilities as of March 28, 2014	\$ 39	\$ 28	\$ 114	\$ 181

## 12 LITIGATION

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 environmental 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.

Index

JOHNSON OUTDOORS INC.

## 13 INDEBTEDNESS

Debt was comprised of the following at March 28, 2014, September 27, 2013, and March 29, 2013:

	March 28 2014	September 27 2013	March 29 2013
Term loans	\$7,965	\$ 8,142	\$8,299
Revolvers	42,000	-	52,000
Other	230	191	300
Total debt	50,195	8,333	60,599
Less current portion of long term debt	418	539	542
Less short term debt	150	-	52,000
Total long-term debt	\$49,627	\$ 7,794	\$8,057

## Term Loans

The Company's term loans have a maturity date of September 29, 2029. Each term loan requires monthly payments of principal and interest. Interest on the aggregate outstanding amount of the term loans is based on the prime rate plus an applicable margin. The interest rate in effect on the term loans was 5.25% at March 28, 2014.

The term loans are guaranteed in part under the United States Department of Agriculture Rural Development program and are secured with a first priority lien on land, buildings, machinery and equipment of the Company's domestic subsidiaries and a second lien on working capital and certain patents and trademarks of the Company and its subsidiaries. Any proceeds from the sale of secured property are first applied against the related term loans and then against the Revolvers (as defined below). The Company's term loans include covenants related to its current ratio, debt to net worth ratio, fixed charge ratio, minimum net worth and capital expenditures.

The aggregate term loan borrowings are subject to a pre-payment penalty. The penalty is currently 6% of the pre-payment amount, and the penalty will decrease by 1% annually on the anniversary date of the effective date of the loan agreement.

## Revolvers

On September 16, 2013, the Company and certain of its subsidiaries entered into a new credit facility with PNC Bank National Association and certain other lenders which terminated the Amended Revolving Credit and Security agreement with PNC Bank National Association and the other lenders named therein, dated as of November 16, 2010. The new credit facility consists of a Revolving Credit Agreement dated September 16, 2013 among the Company, certain of the Company's subsidiaries, PNC Bank National Association, as lender and as administrative agent, and the other lenders named therein (the "Revolving Credit Agreement" or "Revolver"). The Revolver has an expiration date of September 16, 2018 and provides for borrowing of up to an aggregate principal amount not to exceed \$90,000 with an accordion feature that gives the Company the option to increase the maximum seasonal financing availability subject to the conditions of the Revolving Credit Agreement and subject to the approval of the lenders. The Revolver imposes a seasonal borrowing limit such that borrowings may not exceed \$60,000 from the period June 30<sup>th</sup> through October 31<sup>st</sup> of each year under the agreement.

The interest rate on the Revolver resets each quarter and is based on LIBOR plus an applicable margin. The applicable margin ranges from 1.25 percent to 2.00 percent and is dependent on the Company's leverage ratio for the trailing twelve month period. The interest rate on the Revolver at March 28, 2014 was approximately 1.4%.





Index

## JOHNSON OUTDOORS INC.

The Revolver is secured with a first priority lien on working capital assets and certain patents and trademarks of the Company and its subsidiaries and a second priority lien on land, buildings, machinery and equipment of the Company's domestic subsidiaries. Under the terms of the Revolver, the Company is required to comply with certain financial and non-financial covenants. The Revolving Credit Agreement limits asset or stock acquisitions to no more than \$20,000 in the event that the Company's consolidated leverage ratio is greater than 2.5 times. No limits are imposed if the Company's consolidated leverage ratio is less than 2.5 times and the remaining borrowing availability under the Revolver is greater than \$10,000 at the time of the acquisition. The Revolving Credit Agreement limits the amount of restricted payments (primarily dividends and repurchases of common stock) made during each fiscal year. The Company may declare, and pay, dividends in accordance with historical practices, but in no event may the aggregate amount of all dividends or repurchases of common stock exceed \$10,000 in any fiscal year. The Revolving Credit Agreement restricts the Company's ability to incur additional debt and includes maximum leverage ratio and minimum interest coverage ratio covenants.

**Other Borrowings**

The Company had no unsecured revolving credit facilities at its foreign subsidiaries as of March 28, 2014 or March 29, 2013. The Company utilizes letters of credit primarily as security for the payment of future claims under its workers' compensation insurance, which totaled \$811 and \$1,401 at March 28, 2014 and March 29, 2013, respectively. The Company had no unsecured lines of credit as of March 28, 2014 or March 29, 2013.

Aggregate scheduled maturities of long-term debt as of March 28, 2014, for the remainder of fiscal 2014 and subsequent fiscal years, were as follows:

Fiscal Year	
2014	\$255
2015	359
2016	368
2017	389
2018	42,410
Thereafter	6,264
Total	\$50,045

Balances carried on the Revolving Credit Agreement not in excess of the seasonal borrowing limit may be repaid at the Company's discretion at any time through the maturity date. Accordingly, this balance has been classified as long term.

Interest paid for the three months ended March 28, 2014 and March 29, 2013 was \$273 and \$409, respectively. Interest paid for the six month periods ended March 28, 2014 and March 29, 2013 was \$411 and \$620, respectively.

The weighted average borrowing rate for short-term debt was approximately 1.4% and 2.5% for the six months ended March 28, 2014 and March 29, 2013, respectively.

Based on the borrowing rates currently available to the Company for debt with similar terms and maturities, the fair value of the Company's long-term debt as of March 28, 2014 and March 29, 2013 approximated its carrying value.

**14 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.

-15-

---

Index

## JOHNSON OUTDOORS INC.

## Foreign Exchange Risk

The Company has significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Japanese yen, 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 18% of the Company's revenues for the six month period ended March 28, 2014 were denominated in currencies other than the U.S. dollar. Approximately 9% were denominated in euros, 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 March 28, 2014, 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's goal in managing its interest rate risk is to maintain a mix of floating rate and fixed rate debt such that permanent non-equity capital needs are largely funded with long term fixed rate debt and seasonal working capital needs are funded with short term floating rate debt.

When the appropriate mix of fixed rate or floating rate debt cannot be directly obtained in a cost effective manner, the Company may enter into interest rate swap contracts in order to change floating rate interest into fixed rate interest or vice versa for a specific amount of debt in order to achieve the desired proportions of floating rate and fixed rate debt.

The Company held no interest rate swap contracts during the six month periods ended March 28, 2014 and March 29, 2013 and as of March 28, 2014, the Company was unhedged with respect to interest rate risk on its floating rate debt. The Company has fully amortized the unrealized loss related to the formerly effective interest rate swap that had subsequently become ineffective on January 2, 2009.

The following table discloses the location of loss reclassified from accumulated other comprehensive income ("AOCI") into net income related to derivative instruments during the three and six month periods ended March 28, 2014 and March 29, 2013.

	Three Months Ended March 28 29 2014	Six Months Ended March 28 29 2013
Loss reclassified from AOCI into:		
Interest expense	\$ -	\$ -
		\$ -
		\$ 138



Index

## JOHNSON OUTDOORS INC.

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended March 28, 2014 and March 29, 2013 was:

		Three Months Ended March 28 29 2014 2013
Derivatives not designated as hedging instruments	Location of loss (gain) recognized in statement of operations	
Foreign exchange forward contracts	Other expense (income), net	\$- \$ 191

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the six months ended March 28, 2014 and March 29, 2013 was:

		Six Months Ended March 28 29 2014 2013
Derivatives not designated as hedging instruments	Location of loss (gain) recognized in statement of operations	
Foreign exchange forward contracts	Other expense (income), net	\$- \$ 69

## 15 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, accounts receivable, and accounts payable approximated fair value at March 28, 2014, September 27, 2013 and March 29, 2013 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 fair value.

Valuation Techniques

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. The mark to market adjustments are recorded in "Other expense (income), net" in the accompanying Condensed Consolidated Statements of Operations.

-17-

---

Index

## JOHNSON OUTDOORS INC.

## Goodwill and Other Intangible Assets

In assessing the recoverability of the Company's goodwill and other indefinite lived intangible assets, the Company estimates the future discounted cash flows of the businesses to which such goodwill and intangibles relate. When estimated future discounted cash flows are less than the carrying value of the net assets and related goodwill, an impairment test is performed to measure and recognize the amount of the impairment loss, if any. In determining estimated future cash flows, the Company makes assumptions regarding anticipated financial position, future earnings, and other factors to determine the fair value of the respective assets. This calculation is highly sensitive to changes in key assumptions and could result in a future impairment charge. The Company will continue to evaluate whether circumstances and events have changed to the extent that they require the Company to conduct an interim test of goodwill. In particular, if the Company's business units do not achieve short term revenue and gross margin goals, an interim impairment test may be triggered which could result in a goodwill impairment charge in future periods.

During the three months ended March 28, 2014, the Company evaluated its business components for the purposes of identifying reporting units to reflect the recent acquisition of the Jetboil business into other components of the Outdoor Equipment segment. Accordingly, the reporting units of the Outdoor Equipment segment were re-aligned to include a Consumer reporting unit and a Commercial and Government reporting unit.

The following table summarizes the Company's financial assets measured at fair value as of March 28, 2014:

	Level 1	Level 2	Level 3	Total
Assets:				
Rabbi trust assets	\$10,322	\$ -	\$ -	\$10,322

The following table summarizes the Company's financial assets measured at fair value as of September 27, 2013:

	Level 1	Level 2	Level 3	Total
Assets:				
Rabbi trust assets	\$8,948	\$ -	\$ -	\$8,948

The following table summarizes the Company's financial assets and liabilities measured at fair value as of March 29, 2013:

	Level 1	Level 2	Level 3	Total
Assets:				
Rabbi trust assets	\$8,053	\$-	\$ -	\$8,053
Liabilities:				
Foreign currency forward contracts	-	143	-	143

The effect of changes in the fair value of financial instruments on the Condensed Consolidated Statements of Operations for the three months ended March 28, 2014 and March 29, 2013 was:

Location of (income) loss recognized in Statement of Operations	Three Months Ended	
	March 28	March 29



		2014	2013
Rabbi trust assets	Other expense (income), net	\$(116)	\$(567)
Foreign currency forward contracts	Other expense (income), net	-	191

-18-

---

Index

## JOHNSON OUTDOORS INC.

The effect of changes in the fair value of financial instruments on the Condensed Consolidated Statements of Operations for the six months ended March 28, 2014 and March 29, 2013 was:

		Six Months Ended	
		March 28 2014	March 29 2013
	Location of (income) loss recognized in Statement of Operations		
Rabbi trust assets	Other expense (income), net	\$(508)	\$(438)
Foreign currency forward contracts	Other expense (income), net	-	69

There were no assets and liabilities measured at fair value on a non-recurring basis in periods subsequent to their initial recognition for the six month periods ended March 28, 2014.

## 16NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (“FASB”) issued authoritative guidance in February 2013 that amends the presentation of accumulated other comprehensive income and clarifies how to report the effect of significant reclassifications out of accumulated other comprehensive income. The guidance requires footnote disclosures regarding the changes in accumulated other comprehensive income by component and the line items affected in the statements of operations. The Company adopted this updated authoritative guidance effective as of September 28, 2013, the beginning of its first quarter of fiscal 2014. The adoption of this updated authoritative guidance resulted in an additional footnote disclosure but had no effect on our financial condition, results of operations or cash flows.

## 17SEGMENTS OF BUSINESS

The Company conducts its worldwide operations through separate business units, 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. The Company had no single customer that represented more than 10% of its total net sales during either of the six month periods ended March 28, 2014 or March 29, 2013.

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.

Index

## JOHNSON OUTDOORS INC.

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

	Three Months Ended		Six Months Ended		September
	March 28 2014	March 29 2013	March 28 2014	March 29 2013	27 2013
Net sales:					
Marine Electronics:					
Unaffiliated customers	\$81,810	\$87,692	\$129,983	\$141,324	
Interunit transfers	60	86	72	105	
Outdoor Equipment:					
Unaffiliated customers	10,964	10,077	19,342	18,510	
Interunit transfers	10	19	15	26	
Watercraft:					
Unaffiliated customers	13,202	13,742	18,627	20,549	
Interunit transfers	26	12	50	19	
Diving					
Unaffiliated customers	18,192	20,473	35,250	38,820	
Interunit transfers	249	342	515	478	
Other / Corporate	105	116	171	171	
Eliminations	(345 )	(459 )	(652 )	(628 )	
Total	\$124,273	\$132,100	\$203,373	\$219,374	
Operating profit (loss):					
Marine Electronics	\$13,748	\$15,594	\$16,080	\$20,340	
Outdoor Equipment	573	(268 )	385	(44 )	
Watercraft	(395 )	(542 )	(2,031 )	(2,224 )	
Diving	605	1,379	754	2,081	
Other / Corporate	(2,985 )	(3,525 )	(6,550 )	(5,989 )	
	\$11,546	\$12,638	\$8,638	\$14,164	
Total assets (end of period):					
Marine Electronics			\$158,189	\$163,461	\$111,459
Outdoor Equipment			43,363	41,595	43,630
Watercraft			33,381	41,892	27,810
Diving			78,548	71,402	70,810
Other / Corporate			35,048	30,155	34,641
			\$348,529	\$348,505	\$288,350

1

## 18 ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in AOCI by component, net of tax, for the three months ended March 28, 2014 were as follows:

(thousands)	Foreign Currency Translation Adjustment	Unamortized	Accumulated Other Comprehensive Income (Loss)
		loss on defined benefit pension plans	

Edgar Filing: JOHNSON OUTDOORS INC - Form 10-Q/A

BALANCE AT DECEMBER 27, 2013	\$ 23,913	\$ (4,319	) \$ 19,594
Other comprehensive income before reclassifications	122	-	122
Amounts reclassified from accumulated other comprehensive income	-	166	166
Tax effects	-	(63	) (63
BALANCE AT MARCH 28, 2014	\$ 24,035	\$ (4,216	) \$ 19,819

-20-

---

Index

## JOHNSON OUTDOORS INC.

The changes in AOCI by component, net of tax, for the six months ended March 28, 2014 were as follows:

(thousands)	Foreign Currency Translation Adjustment	Unamortized loss on defined benefit pension plans	Accumulated Other Comprehensive Income (Loss)
BALANCE AT SEPTEMBER 27, 2013	\$ 23,789	\$ (4,423 )	\$ 19,366
Other comprehensive income before reclassifications	246	-	246
Amounts reclassified from accumulated other comprehensive income	-	333	333
Tax effects	-	(126 )	(126 )
BALANCE AT MARCH 28, 2014	\$ 24,035	\$ (4,216 )	\$ 19,819

The reclassifications out of AOCI for the three month period ended March 28, 2014 were as follows:

(thousands)	Statement of Operations Presentation
Unamortized loss on defined benefit pension plans	
Amortization of loss	\$166 Cost of sales / Operating expense
Tax effects	(63 ) Income tax expense
Total reclassifications for the period	\$103

The reclassifications out of AOCI for the six month period ended March 28, 2014 were as follows:

(thousands)	Statement of Operations Presentation
Unamortized loss on defined benefit pension plans	
Amortization of loss	\$333 Cost of sales / Operating expense
Tax effects	(126) Income tax expense
Total reclassifications for the period	\$207

Index

JOHNSON OUTDOORS INC.

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

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 six month periods ended March 28, 2014 and March 29, 2013. 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 September 27, 2013 which was filed with the Securities and Exchange Commission on December 6, 2013.

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" 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 6, 2013 and the following: changes in economic conditions, consumer confidence levels and discretionary spending patterns in key markets; the Company's success in implementing its strategic plan, including its targeted sales growth platforms and focus on innovation; 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 ongoing success in meeting financial covenants in its credit arrangements with its lenders; 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; movements in foreign currencies, interest rates or commodity costs; fluctuations in the prices of raw materials or the availability of raw materials used by the Company; the success 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. 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.

-22-

---

Index

JOHNSON OUTDOORS INC.

## Trademarks

We have registered the following trademarks, which may be used in this report: Minn Kota®, Cannon®, Humminbird®, LakeMaster®, Silva®, Eureka!®, Jetboil®, Old Town®, Ocean Kayakä, Necky®, Extrasport®, Carlisle®, SCUBAPRO® and SUBGEAR®.

## 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.

Highlights

Net sales of \$124,273 for the second fiscal quarter of 2014 declined by 6% from the same period in the prior year and net sales for the first six months of fiscal year 2014 of \$203,373 declined by 7% from the same period in the prior year. The declines for both the three and six month periods were due primarily to harsh winter weather which has shifted the pacing of customer orders. Delayed shipments of new products and challenging economic conditions across all segments further contributed to the year over year decline.

Seasonality

The Company's business is seasonal in nature. The second and third fiscal quarters fall within the Company's primary selling season for its outdoor recreation products. The table below sets forth a historical view of the Company's seasonality during the last three fiscal years.

Quarter Ended	Year Ended					
	2013		2012		2011	
	Net Sales	Operating Profit	Net Sales	Operating Profit	Net Sales	Operating Profit
December	21 %	6 %	19 %	-17 %	19 %	-8 %
March	31 %	49 %	31 %	65 %	32 %	65 %
June	30 %	63 %	31 %	66 %	30 %	67 %
September	18 %	-18 %	19 %	-14 %	19 %	-24 %
	100 %	100 %	100 %	100 %	100 %	100 %



Index

## JOHNSON OUTDOORS INC.

## Results of Operations

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

	Three Months Ended		Six Months Ended	
	March 28 2014	March 29 2013	March 28 2014	March 29 2013
Net sales:				
Marine Electronics	\$81,870	\$87,778	\$130,055	\$141,429
Outdoor Equipment	10,974	10,096	19,357	18,536
Watercraft	13,228	13,754	18,677	20,568
Diving	18,441	20,815	35,765	39,298
Other / Eliminations	(240 )	(343 )	(481 )	(457 )
Total	\$124,273	\$132,100	\$203,373	\$219,374
Operating profit (loss):				
Marine Electronics	\$13,748	\$15,594	\$16,080	\$20,340
Outdoor Equipment	573	(268 )	385	(44 )
Watercraft	(395 )	(542 )	(2,031 )	(2,224 )
Diving	605	1,379	754	2,081
Other / Eliminations	(2,985 )	(3,525 )	(6,550 )	(5,989 )
Total	\$11,546	\$12,638	\$8,638	\$14,164

See "Note 17 – 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 three months ended March 28, 2014 were \$124,273, a decrease of \$7,827 from the prior year second quarter.

Marine Electronics net sales were \$81,870 for the three months ended March 28, 2014. The decrease from the same period in the prior year of \$5,908 was due primarily to pacing of new product shipments in the current year.

Net sales for the three months ended March 28, 2014 for the Outdoor Equipment business were \$10,974 compared to \$10,096 in the prior year. The increase of \$878 was due primarily to an increase in sales of military tents.

Net sales for the second fiscal quarter for the Watercraft business were \$13,228 versus \$13,754 in the same period of the prior year. The 4% decrease from the prior year was due primarily to the loss of international sales resulting from global restructuring.

Diving net sales were \$18,441 for the three months ended March 28, 2014 which was a decrease of \$2,374 from the second fiscal quarter of the prior year. The decrease was due primarily to a delay in new product shipments and weak economies in key markets.

Consolidated net sales for the six months ended March 28, 2014 were \$203,373, a decrease of \$16,001, or 7%, compared to \$219,374 for the six months ended March 29, 2013.

Net sales for the six months ended March 28, 2014 for the Marine Electronics business were \$130,055, down \$11,374, or 8%, from \$141,429 during the first six months of the prior year. Significant pre-season shipments in the prior year and pacing of new product shipments in the current year were the primary drivers of the decrease.

-24-

---

Index

JOHNSON OUTDOORS INC.

Net sales for the Outdoor Equipment business were \$19,357 for the current year to date period, an increase of \$821, or 4%, from the prior year net sales during the same period of \$18,536. An increase in sales of military tents more than offset other declines in this segment.

Net sales for the first six months of fiscal 2014 for the Watercraft business were \$18,677, a decrease of \$1,891, or 9%, compared to \$20,568 in the prior year period. The decrease was driven primarily by the loss of international sales resulting from global restructuring.

Diving net sales were \$35,765 for the six months ended March 28, 2014 versus \$39,298 for the six months ended March 29, 2013, a decrease of \$3,533, or 9%. Delayed shipments of new products and challenging economic conditions in key markets contributed to the year over year decrease.

Cost of Sales

For the three months ended March 28, 2014, cost of sales was \$75,427 versus \$78,016 in the same period of the prior year.

Cost of sales for the six months ended March 28, 2014 was \$124,598, a decrease of \$6,878 from the same prior year period. The decreases for both the three and six month periods versus the prior year periods were driven primarily by lower sales volume in addition to modest material and labor cost decreases in the current year.

Gross Profit Margin

For the three months ended March 28, 2014, gross profit as a percentage of net sales was 39.3% compared to 40.9% during the quarter ended March 29, 2013.

Gross profit as a percentage of net sales declined from 40.1% in the prior year to date period to 38.7% during the six months ended March 28, 2014. For both the three and six month periods, new pricing strategies in certain of our business segments, which were implemented to enhance the Company's competitive position, and inefficiencies resulting from producing at less than optimal capacity both drove the decrease in gross profit as a percentage of sales.

Operating Expenses

Operating expenses for the quarter ended March 28, 2014 were \$37,300 versus \$41,446 in the prior year. The decrease was due primarily to lower incentive compensation expense, lower sales volume related expense and lower restructuring costs in the current year quarter.

Operating expenses were \$70,137 for the six months ended March 28, 2014 compared to \$73,734 in the prior year six month period. This \$3,597 decrease was driven primarily by lower sales volume related expense, lower incentive compensation expense, lower restructuring costs and lower warranty expense in the current year.

Operating Profit

Operating profit on a consolidated basis for the three months ended March 28, 2014 was \$11,546 compared to operating profit of \$12,638 in the second quarter of the prior year. Lower operating expenses were not able to entirely offset the effect of the lower sales volumes between periods.

Operating profit on a consolidated basis for the six months ended March 28, 2014 was \$8,638 compared to operating profit of \$14,164 in the prior year period, a decrease of \$5,526. Lower gross profit for the six months ended March 28, 2014 occurring as a result of the factors described above, was the primary driver of the decline in operating profit.

-25-

---

Index

**JOHNSON OUTDOORS INC.**

Interest

Interest expense was \$313 for the three months ended March 28, 2014 versus \$485 for the three months ended March 29, 2013. The decrease in interest expense was due primarily to lower interest rates in the current year.

For the six months ended March 28, 2014, interest expense totaled \$515 compared to \$924 for the six months ended March 29, 2013. This decrease in interest expense was primarily due to lower interest rates in the current year and the absence of interest rate swap amortization expense in the six month period ended March 28, 2014 compared to expense of \$138 reported in the prior year to date period. The swap became fully amortized during the first quarter of fiscal 2013.

Interest income for each of the three and six month periods ended March 28, 2014 and March 29, 2013 was less than \$100.

Other Expense (Income)

Other expense for the three months ended March 28, 2014 was \$24 compared to other income of \$878 for the three months ended March 29, 2013. For the three months ended March 28, 2014, foreign currency exchange losses were \$284 compared to gains of \$458 for the three months ended March 29, 2013. Foreign currency forward contracts resulted in losses of \$191 for the three months ended March 29, 2013. The Company had no foreign currency forward contracts during the fiscal second quarter of fiscal 2014. Net investment gains and earnings on the rabbi trust assets related to the Company's non-qualified deferred compensation plan were \$140 in the three month period ended March 28, 2014 compared to \$595 in the prior year second fiscal quarter.

Other income for the six months ended March 28, 2014 was \$135 compared to income of \$380 for the six months ended March 29, 2013. For the six months ended March 28, 2014, foreign currency exchange losses were \$604 compared to losses of \$109 for the six months ended March 29, 2013. The Company's foreign currency forward contracts resulted in losses of \$69 for the six months ended March 29, 2013. The Company had no foreign currency forward contracts during the first six months of fiscal 2014. Net investment gains and earnings on the rabbi trust assets related to the Company's non-qualified deferred compensation plan were \$709 in the six month period ended March 28, 2014 compared to \$637 in the six month period ended March 29, 2013.

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 six months ended March 28, 2014 was 37.2%, compared to 32.8% in the corresponding period of the prior year.

The increase in the Company's effective tax rate for the three and six months ended March 28, 2014 versus the prior year periods was primarily due to losses in tax jurisdictions with deferred tax valuation allowances in the current period versus income in the prior year period and the retroactive enactment of the research and development credit during the prior year period which expired in the current year period.

Net Income

Net income for the three months ended March 28, 2014 was \$7,404, or \$0.74 per diluted common class A and B share, compared to net income of \$8,937, or \$0.90 per diluted common class A and B share, for the corresponding period of the prior year.

Net income for the six months ended March 28, 2014 was \$5,211 or \$0.52 per diluted common class A and B share, compared to net income of \$9,184, or \$0.93 per diluted common class A and B share, for the corresponding period of the prior year.

#### Liquidity and Financial Condition

Debt, net of cash, was \$1,542 as of March 28, 2014 compared to \$20,207 as of March 29, 2013. The Company's debt to total capitalization ratio was 20% as of March 28, 2014 compared to 25% as of March 29, 2013. The Company's total debt balance was \$50,195 as of March 28, 2014 compared to \$60,599 as of March 29, 2013. See "Note 13 – Indebtedness" in the notes to the Company's accompanying condensed consolidated financial statements for further discussion.

Index

## JOHNSON OUTDOORS INC.

Accounts receivable, net of allowance for doubtful accounts, were \$98,484 as of March 28, 2014, a decrease of \$10,692 compared to \$109,176 as of March 29, 2013. The decrease from the prior year was due primarily to the decrease in sales volume in the current year to date period.

Inventories, net of inventory reserves, were \$85,089 as of March 28, 2014, a decrease of \$103 compared to \$85,192 as of March 29, 2013.

Accounts payable were \$40,689 at March 28, 2014, a decrease of \$1,168 compared to \$41,857 as of March 29, 2013. The decrease was driven primarily by decreased production volumes in the current year.

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

(thousands)	Year Ended	
	March	March
	28 2014	29 2013
Cash (used for) provided by:		
Operating activities	\$(41,945)	\$(46,503)
Investing activities	(5,328 )	(21,507)
Financing activities	39,782	50,938
Effect of foreign currency rate changes on cash	450	(1,440 )
Decrease in cash and cash equivalents	\$(7,041 )	\$(18,512)

Operating Activities

Cash used for operations totaled \$41,945 for the six months ended March 28, 2014 compared with \$46,503 during the corresponding period of the prior fiscal year. Lower net income in the current period was the primary driver of the change.

Amortization of deferred financing costs, depreciation and other amortization charges were \$5,144 for the six month period ended March 28, 2014 compared to \$5,067 for the corresponding period of the prior year.

Investing Activities

Cash used for investing activities totaled \$5,328 for the six months ended March 28, 2014 and \$21,507 for the corresponding period of the prior year. The Company used cash of \$15,420 for the purchase of Jetboil during the six months ended March 29, 2013. There were no such acquisitions in the current year to date period. Cash usage in the current and prior year six month periods related to capital expenditures was \$6,704 and \$6,087, respectively. The Company's recurring investments are made primarily for software development and tooling for new products and enhancements on existing products. Any additional expenditures in fiscal 2014 are expected to be funded by working capital or existing credit facilities.

Financing Activities

Cash flows provided by financing activities totaled \$39,782 for the six months ended March 28, 2014 compared to \$50,938 for the six month period ended March 29, 2013. The Company made principal payments on senior notes and other long-term debt of \$288 during the six month period ended March 28, 2014. For the six month period ended March 29, 2013, the Company made principal payments on senior notes and other long-term debt of \$262.

-27-

---



Index

JOHNSON OUTDOORS INC.

The Company's term loans have a maturity date of September 29, 2029. Each term loan requires monthly payments of principal and interest. Interest on the aggregate outstanding amount of the terms loans is based on the prime rate plus an applicable margin. The interest rate in effect on the term loans was 5.25% at March 28, 2014.

The aggregate term loan borrowings are subject to a pre-payment penalty. The penalty is currently 6% of the pre-payment amount, and the penalty will decrease by 1% annually on the anniversary date of the effective date of the loan agreement.

On September 16, 2013, the Company and certain of its subsidiaries entered into a new credit facility with PNC Bank National Association and certain other lenders which terminated the Amended Revolving Credit and Security agreement with PNC Bank National Association and the other lenders named therein, dated as of November 16, 2010. The new credit facility consists of a Revolving Credit Agreement dated September 16, 2013 among the Company, certain of the Company's subsidiaries, PNC Bank National Association, as lender and as administrative agent, and the other lenders named therein (the "Revolving Credit Agreement" or "Revolver"). The Revolver has an expiration date of September 16, 2018 and provides for borrowing of up to an aggregate principal amount not to exceed \$90,000 with an accordion feature that gives the Company the option to increase the maximum seasonal financing availability subject to the conditions of the Revolving Credit Agreement and subject to the approval of the lenders. The Revolver imposes a seasonal borrowing limit such that borrowings may not exceed \$60,000 from the period June 30<sup>th</sup> through October 31<sup>st</sup> of each year under the agreement. Balances carried on the Revolving Credit Agreement of \$60,000 or less may be repaid at the Company's discretion at any time through the maturity date. Accordingly, this balance has been classified as long term as of March 28, 2014.

The interest rate on the Revolver resets each quarter and is based on LIBOR plus an applicable margin. The applicable margin ranges from 1.25 percent to 2.00 percent and is dependent on the Company's leverage ratio for the trailing twelve month period. The interest rate on the Revolver at March 28, 2014 was approximately 1.4%.

The Revolver is secured with a first priority lien on working capital assets and certain patents and trademarks of the Company and its subsidiaries and a second priority lien on land, buildings, machinery and equipment of the Company's domestic subsidiaries. Under the terms of the Revolver, the Company is required to comply with certain financial and non-financial covenants. The Revolving Credit Agreement limits asset or stock acquisitions to no more than \$20,000 in the event that the Company's consolidated leverage ratio is greater than 2.5 times. No limits are imposed if the Company's consolidated leverage ratio is less than 2.5 times and the remaining borrowing availability under the Revolver is greater than \$10,000 at the time of the acquisition. The Revolving Credit Agreement limits the amount of restricted payments (primarily dividends and repurchases of common stock) made during each fiscal year. The Company may declare, and pay, dividends in accordance with historical practices, but in no event may the aggregate amount of all dividends or repurchases of common stock exceed \$10,000 in any fiscal year. The Revolving Credit Agreement restricts the Company's ability to incur additional debt and includes maximum leverage ratio and minimum interest coverage ratio covenants.

The Company had short-term debt of \$568 as of March 28, 2014 consisting primarily of current maturities of its term loans. As of March 29, 2013, the Company had short-term debt of \$52,542 consisting of \$52,000 outstanding on revolving credit facilities and current maturities of its term loans of \$542. The Company had long-term debt of \$49,627 consisting of \$42,000 outstanding on its Revolving Credit Agreement, \$7,547 of term loans net of current maturities and \$80 of other long-term debt as of March 28, 2014. As of March 29, 2013, the Company had long-term debt of \$8,057 consisting of term loans net of current maturities of \$7,757 and \$300 of other long-term debt.

As of March 28, 2014 the Company held approximately \$41,800 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 under its existing credit facilities, including interest, operating leases and open purchase orders. The following schedule details these significant contractual obligations existing at March 28, 2014.

-28-

---

Index

## JOHNSON OUTDOORS INC.

	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Long-term debt	\$50,045	\$255	\$727	\$42,799	\$6,264
Short-term debt	150	150	-	-	-
Operating lease obligations	16,619	3,323	9,853	2,807	636
Open purchase orders	56,414	56,414	-	-	-
Contractually obligated interest payments	6,270	507	1,976	1,895	1,892
Total contractual obligations	\$129,498	\$60,649	\$12,556	\$47,501	\$8,792

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 \$811 and \$1,401 at March 28, 2014 and March 29, 2013, respectively.

The Company anticipates making contributions of \$365 to its defined benefit pension plans through the end of fiscal 2014.

The Company has no other off-balance sheet arrangements.

## Critical Accounting Policies and Estimates

The Company's critical accounting policies are identified in the Company's Annual Report on Form 10-K for the fiscal year ending September 27, 2013 in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Critical Accounting Estimates." There were no significant changes to the Company's critical accounting policies during the six months ended March 28, 2014.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk is limited to fluctuations in raw material commodity prices, interest rate fluctuations on borrowings under our secured credit facilities and foreign currency exchange rate risk associated with our foreign operations. We do not utilize financial instruments for trading purposes.

## Foreign Exchange Risk

The Company has significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Hong Kong dollars, Japanese yen 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 18% of the Company's revenues for the six month period ended March 28, 2014 were denominated in currencies other than the U.S. dollar.

Approximately 9% were denominated in euros, 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 March 28, 2014, the Company held no foreign currency forward contracts.



Index

JOHNSON OUTDOORS INC.

## 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's goal in managing its interest rate risk is to maintain a mix of floating rate and fixed rate debt such that permanent non-equity capital needs are largely funded with long term fixed rate debt and seasonal working capital needs are funded with short term floating rate debt. When the appropriate mix of fixed rate or floating rate debt cannot be directly obtained in a cost effective manner, the Company may enter into interest rate swap contracts in order to change floating rate interest into fixed rate interest or vice versa for a specific amount of debt in order to achieve the desired proportions of floating rate and fixed rate debt. The Company held no interest rate swap contracts during the six month periods ended March 28, 2014 and March 29, 2013 and as of March 28, 2014, the Company was unhedged with respect to interest rate risk on its 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. The Company does not believe that inflation has significantly affected its results of operations.

## Sensitivity to Changes in Value

The estimates that follow are intended to measure the maximum potential fair value or earnings the Company could lose in one year from adverse changes in market interest rates. The calculations are not intended to represent actual losses in fair value or earnings that the Company expects to incur. The estimates do not consider favorable changes in market rates. The table below presents the estimated maximum potential loss in fair value and annual income before income taxes from a 100 basis point movement in interest rates on the Company's outstanding interest bearing debt at March 28, 2014:

	Estimated Impact on Income Before Fair Income Taxes
(thousands)	Value
Interest rate instruments	\$- \$ 502

## Item 4. Controls and Procedures

Original Evaluation of Disclosure 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.

Index

JOHNSON OUTDOORS INC.

Consideration of Amendment

In light of this Amendment No. 1 to the Quarterly Report on Form 10-Q for the quarterly period ended March 28, 2014, the Company's Chief Executive Officer and Chief Financial Officer reevaluated the effectiveness of the Company's disclosure controls and procedures as of March 28, 2014, including whether the error identified was the result of a material weakness in our internal control over financial reporting. As part of this assessment, we reconsidered whether our existing disclosure controls and procedures are expected to provide us with a reasonable level of assurance in meeting their stated objective. Based on this assessment, our Chief Executive Officer and Chief Financial Officer have again concluded that our disclosure controls and procedures were effective as of March 28, 2014.

Changes in Internal Control Over Financial Reporting

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.

-31-

---

Index

JOHNSON OUTDOORS INC.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, we 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 6, 2013.

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.

Signatures Dated: May 18, 2015

JOHNSON OUTDOORS INC.

/s/ Helen P. Johnson-Leipold  
Helen P. Johnson-Leipold  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

David W. Johnson  
David W. Johnson  
Vice President and Chief Financial Officer  
(Principal Financial and Accounting Officer)



Index

JOHNSON OUTDOORS INC.

Exhibit Index to Quarterly Report on Form 10-Q

Exhibit

NumberDescription

10.1 Johnson Outdoors Inc. Worldwide Key Executives' Discretionary Bonus Plan. (Filed as Appendix A to the Company's Definitive Schedule 14A Proxy Statement for the 2014 annual Meeting of Shareholders filed with the SEC on January 13, 2014 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 <sup>(1)</sup> 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 March 28, 2014 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; and (v) Notes to Condensed Consolidated Financial Statements

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