JOHNSON OUTDOORS INC
Form 10-K
December 07, 2018

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

FORM 10-K

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

For the fiscal year ended September 28, 2018

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, including zip code)

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

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

Title of Each Class	Name of Exchange on Which Registered
Class A Common Stock, $.05 par value per share	NASDAQ Global Select Market SM

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K, or any amendment to this Form 10 K.

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

Large Accelerated Filer
Accelerated Filer
Non-Accelerated Filer
Smaller Reporting Company
Emerging Growth Company

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

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

As of November 23, 2018, 8,787,360 shares of Class A and 1,211,686 shares of Class B common stock of the registrant were outstanding. The aggregate market value of voting and non-voting common stock of the registrant held by non-affiliates of the registrant was approximately $307,000,000 on March 30, 2018 (the last business day of the registrant's most recently completed fiscal second quarter) based on approximately 4,955,000 shares of Class A common stock held by non-affiliates as of such date. For purposes of this calculation only, shares of all voting stock are deemed to have a market value of $62.00 per share, the closing price of the Class A common stock as reported on the NASDAQ Global Select Market^{SM} on March 29, 2018 (the last trading day of the registrant's most recently completed fiscal second quarter). Shares of common stock held by any executive officer or director of the registrant (including all shares beneficially owned by the Johnson Family, as defined herein) have been excluded from this computation because such persons may be deemed to be affiliates. This determination of affiliate status is not a conclusive determination for other purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2019 Annual Meeting of the Shareholders of the Registrant are incorporated by reference into Part III of this report.

As used in this report, the terms "we," "us," "our," "Johnson Outdoors" and the "Company" mean Johnson Outdoors Inc. and i subsidiaries collectively, unless the context indicates another meaning.

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Forward Looking Statements

Certain matters discussed in this Form 10-K 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 statements may be identified by the use of forward-looking words or phrases such as “anticipate,” “believe,” “confident,” “could,” “expect,” “intend,” “may,” “planned,” “potential,” “should,” “will,” “would” or the negative o 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 this report and the following: changes in economic conditions, consumer confidence levels and discretionary spending patterns in key markets; uncertainties stemming from changes in US trade policies, tariffs, and the reaction of other countries to such changes; the Company’s success in implementing its strategic plan, including its targeted sales growth platforms, innovation focus and its increasing digital presence; litigation costs related to actions of and disputes with third parties, including competitors; the Company’s continued success in working capital management and cost-structure reductions; the Company’s success in integrating strategic acquisitions; the risk of future writedowns of goodwill or other long-lived assets; the ability of the Company's customers to meet payment obligations; movements in foreign currencies, interest rates or commodity costs; fluctuations in the prices of raw materials or the availability of raw materials or components used by the Company; any disruptions in the Company's supply chain as a result of material fluctuations in the Company's order volumes and requirements for raw materials and other components necessary to manufacture and produce the Company's products; the success of the Company’s suppliers and customers and the impact of any consolidation in the industries of the Company's suppliers and customers; the ability of the Company to deploy its capital successfully; unanticipated outcomes related to outsourcing certain manufacturing processes; unanticipated outcomes related to litigation matters; and adverse weather conditions. 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.

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Trademarks

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

PART I

ITEM 1. BUSINESS

Johnson Outdoors is a leading global manufacturer and marketer of branded seasonal, outdoor recreation products used primarily for fishing from a boat, diving, paddling, hiking 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. Company 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 Board of Directors. The Company is controlled by Helen P. Johnson-Leipold (Chairman and Chief Executive Officer), members of her family and related entities.

The Company was incorporated in Wisconsin in 1987 as successor to various businesses.

Fishing

The Company's Fishing segment key brands are: Minn Kota electric motors for quiet trolling or primary propulsion, marine battery chargers and shallow water anchors; Humminbird sonar and GPS equipment for fishfinding, navigation and marine cartography; and Cannon downriggers for controlled-depth fishing. Minn Kota trolling motors and shallow water anchors and Cannon downriggers are designed and manufactured primarily at the Company's Mankato, Minnesota facility. Humminbird sonar and GPS equipment are designed and manufactured in Eufaula, Alabama and Alpharetta, Georgia.

Fishing brands and related accessories are sold across the globe, with the majority of sales coming from North America through large outdoor specialty retailers, such as Bass Pro Shops and Cabela's; large retail store chains; marine products distributors; original equipment manufacturers (OEM) of boat brands such as Tracker, Skeeter and Ranger; and internet retailers and distributors. The Company also sells direct to consumers via its Minn Kota and Humminbird websites. Markets outside of North America are accessed through a network of international distributors.

Fishing has achieved market share gains by focusing on product innovation, quality products and effective marketing. Such consumer marketing and promotion activities include: product placements on fishing-related television shows; print advertising and editorial coverage in outdoor, general interest and sport magazines; professional angler and tournament sponsorships; packaging and point-of-purchase materials and offers to increase consumer appeal and sales; the Minn Kota, Humminbird and Cannon brand websites; social media networks; and online promotions.

Camping

The Company's Camping segment key brands are: Eureka! consumer, commercial and military tents and accessories, sleeping bags, camping furniture and stoves and other recreational camping products; and Jetboil portable outdoor cooking systems.

Eureka! consumer tents, sleeping bags, camping furniture, camping stoves and other recreational camping products are mid- to high-price range products sold in the U.S. and Canada through independent sales representatives, primarily to camping and backpacking specialty stores, sporting goods stores, internet retailers and direct to consumer via the Eureka! brand website. Marketing of the Company's tents, sleeping bags and other recreational camping products is focused on building the Eureka! brand name and establishing the Company as a leader in tent design and innovation. The Company's consumer camping tents and sleeping bags are produced by third party manufacturing sources in Asia. Eureka! camping products are sold under license in Japan and Australia. Consumer marketing and promotion activities include: digital marketing and social media networks; print advertising and editorial coverage in general outdoor magazines.

Eureka! commercial tents include party tents and accessories, sold primarily to general rental stores, and other commercial tents and accessories sold directly to tent erectors. The Company's commercial tent products range from 10'x10' canopies to 120' wide pole tents and other large scale frame structures and are primarily manufactured by the Company at the Company's Binghamton, New York location.

Eureka! also designs and manufactures large, heavy-duty tents and lightweight backpacking tents primarily for the U.S. military at its Binghamton, New York location. Tents produced for military use in the last twelve months include modular general purpose tents, rapid deployment shelters and various lightweight one and two person tents. The Company manufactures military tent accessories like fabric floors and insulated thermal liners and is also a subcontract manufacturer for other providers of military tents.

Jetboil portable outdoor cooking systems, single burner and two burner stoves, and accessories are sold in the U.S. and Canada through independent sales representatives, primarily to camping and backpacking specialty stores, sporting goods stores, internet retailers, and direct to consumer via the Jetboil brand website. Marketing of Jetboil systems is focused on building brand awareness and leadership in product features and innovation. Jetboil products are produced at both the Company's operating location in Manchester, New Hampshire and by third party manufacturing sources in Asia. Jetboil products are sold in approximately 30 countries around the world. Markets outside of North America are accessed through a network of international distributors.

During fiscal 2018, the Company sold its Silva North America trademark rights to Silva Sweden AB.

Watercraft Recreation

The Company's Watercraft Recreation segment designs and markets canoes and kayaks, including pedal-driven and Minn Kota motor-driven kayaks, under the Ocean Kayaks and Old Town brand names for family recreation, touring, angling and tripping. These brands are manufactured at the Company's facility in Old Town, Maine.

The Company uses a rotational molding process for manufacturing mid- to high-end polyethylene kayaks and canoes and uses a thermoform molding process in the manufacturing of lower priced models at its facility in Old Town, Maine. Watercraft Recreation accessory brands, including Carlisle branded paddles, are produced primarily by third party sources located in North America and Asia.

The Company's kayaks, canoes and accessories are sold through multiple channels in the U.S., Europe and the Pacific Basin with an emphasis on independent specialty retailers and large outdoor retailers. The Company also sells equipment direct to consumers via the Old Town and Ocean Kayak websites. The Company has a network of distributors who sell Company products outside of North America.

The Company's Watercraft Recreation business competes in the mid- to high-end of the product category by introducing product innovations, creating quality products and by focusing on the product-specific needs of each marketing channel. Consumer marketing and promotion activities include: digital marketing and social media networks; print advertising and editorial coverage in outdoor, general interest and sport magazines; and direct marketing.

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Diving

The Company manufactures and markets underwater diving products for recreational divers, which it sells and distributes under the SCUBAPRO brand name.

The Company markets a complete line of underwater diving and snorkeling equipment, including regulators, buoyancy compensators, dive computers and gauges, wetsuits, masks, fins, snorkels and accessories. SCUBAPRO diving equipment is marketed to the premium segment and high performance technical diving market. Products are sold via select distribution to independent specialty dive stores worldwide. These specialty dive stores generally provide a wide range of services to divers, including regular maintenance, product repair, diving education and travel programs. The Company also sells diving gear direct to consumers via the SCUBAPRO website and to dive training centers, resorts, public safety units and armed forces around the world.

The Company's consumer communication focuses on building brand awareness and highlighting exclusive product features and consumer benefits of its product lines. The Company's communication and distribution strategies reinforce the SCUBAPRO brand's position as the industry's quality and innovation leader. The Company markets its equipment in diving magazines, via websites, through social media and through information and displays in dive specialty stores.

The Company manufactures regulators, dive computers, gauges, and instruments at its Italian and Indonesian facilities. The Company sources buoyancy compensators, neoprene goods, plastic products, proprietary materials, and other components from third parties.

Financial Information for Business Segments

As noted above, the Company has four reportable business segments. See Note 12 to the consolidated financial statements included elsewhere in this report for financial information concerning each business segment.

International Operations

See Note 12 to the consolidated financial statements included elsewhere in this report for financial information regarding the Company's domestic and international operations. See Note 1, subheading "Foreign Operations and Related Derivative Financial Instruments," to the consolidated financial statements included elsewhere in this report, along with the information under "Risk Factors" below, for information regarding risks related to the Company's foreign operations.

Research and Development

The Company commits significant resources to new product research and development in each of its business segments. Fishing conducts its product research, design, engineering and software development activities at its locations in Mankato and Little Falls, Minnesota; Alpharetta, Georgia; Toronto, Canada; and Eufaula, Alabama. Diving maintains research and development facilities in Zurich, Switzerland and Casarza Ligure, Italy. Research and development activities for Watercraft Recreation are performed in Old Town, Maine. Product research, design and innovation for Camping products are conducted at the Company's Binghamton, New York and Manchester, New Hampshire locations.

The Company expenses research and development costs as incurred, except for software development for new electronics products and bathymetry data collection and processing. These software development and bathymetry data collection and processing costs are capitalized once technological feasibility is established and then amortized over the expected useful life of the software or database. The amounts expensed by the Company in connection with research and development activities for each of the last three fiscal years are set forth in the Company's Consolidated Statements of Operations included elsewhere in this report.

Industry and Competitive Environment

The Company believes its products compete favorably on the basis of product innovation, product performance and marketing support and, to a lesser extent, price.

Fishing: Minn Kota's main competitors in the electric trolling motors business are Motor Guide®, owned by Brunswick Corporation, and private label branded motors sourced primarily from manufacturers in Asia. Competition in this business is focused on technological innovation, product quality and durability as well as product benefits and features for fishing.

The primary competitors in the marine battery charging business are Dual Pro™ and various Pro Mariner™ products. Competition in this business is based on charging time, reliability and battery protection. The primary competitor in shallow water anchors is Power Pole®. Competition in this business is based on secure positioning, speed of deployment and quiet operation.

Humminbird's main competitors in the market for on-boat electronics are Garmin™, Lowrance™, Simrad and Raymarine®. Competition in this business is primarily focused on the quality of sonar imaging and display, easy to use graphical interfaces as well as the integration of mapping and GPS technology. Humminbird products contain marine cartography features. Competitors offering marine cartography products include Navionics®, owned by Garmin, and C-Map®, owned by Navico. Competition in this business focuses primarily on quality of data and quantity of available charts for inland lakes and ocean shoreline.

Cannon's main competitors in the downrigger market are Big Jon Sports®, Walker and Scotty®. Competition in this business primarily focuses on ease of operation, speed and durability.

Camping: The Company's Camping brands and products compete in the sporting goods and specialty segments of the Camping market. Competitive brands with a strong position in the sporting goods channel include Coleman® and private label brands. The Company also competes with specialty companies such as Kelty®, The North Face®, Marmot® and Big Agnes® on the basis of materials and innovative designs for consumers who want performance products priced at a value.

The Company's portable outdoor cooking systems compete in the specialty and higher end performance backpacking and camping markets. The primary competitor in portable outdoor cooking systems is MSR®. Competition in this market is based on product size and weight, ease of use, reliability and performance.

The Company's competitors in the commercial tent market include Anchor Industries® and Aztec Tents for tension, frame and canopy tents. Competition in the commercial tent business is based on price, quality, structure, styling, ease of installation and technical support.

The Company sells military tents via third party distributors who hold supply contracts primarily with the U.S. Government, as well as to international governments. Such supply contracts can be for commercial off-the-shelf products in addition to products required to be built to unique specifications. Competitors in the military tent business include HDT®, Alaska Structures®, Camel, Outdoor Venture, and Diamond Brand.

Watercraft Recreation: The Company primarily competes in this segment in the kayak and canoe product categories of the paddlesports market. The Company's main competitors in this market are Confluence Outdoor, Hobie Cat®, Wenonah Canoe, Jackson Kayak and Legacy Paddlesports™, each of which competes on the basis of their product's design, performance, quality and price.

Diving: The main competitors in the Diving segment include Aqua Lung®, Suunto®, Atomic Aquatics, Oceanic, Cressi and Mares®. Competitive advantage in the life support product category of this segment, which consists of regulators, dive computers, and buoyancy compensators, is a function of product innovation, performance, quality and safety. Competition in the general diving product category of fins, masks, snorkels and wetsuits is characterized by low barriers to entry and numerous competitors who compete on the basis of product innovation, performance, quality and price.

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Backlog

Unfilled orders for future delivery of products totaled approximately $61 million at September 28, 2018. For the majority of its products, the Company's businesses do not receive significant orders in advance of expected shipment dates.

Employees

At September 28, 2018, the Company had approximately 1,200 regular, full-time employees. The Company considers its employee relations to be excellent. Temporary employees are utilized primarily to manage peaks in the seasonal manufacturing of products.

Patents, Trademarks and Proprietary Rights

The Company holds patents for various of the products it sells and regularly files applications for patents. The Company has numerous trademarks and trade names which it considers important to its business, many of which are noted in this report. Historically, the Company has vigorously defended its intellectual property rights and expects to continue to do so.

Supply Chain and Sourcing of Materials

The Company manufactures some products that use parts or materials that, due to geographical distance, limited supplier capacity or availability or competing demands for such parts or materials, are only available in a cost effective manner from a single vendor or require the Company to place orders several months in advance of required delivery.

The Company attempts to mitigate product availability and these supply chain risks when possible through the purchase of safety stock, use of forecast-based supply contracts, and, to a lesser extent, with just in time inventory deliveries or supplier-owned inventory located close to the Company's manufacturing locations. The Company strives to balance the businesses' need to maintain adequate inventory levels with the cost of holding such inventory by manufacturing to forecast for high volume products, utilizing build-to-order strategies wherever possible, and by having contract-manufactured products delivered to customers directly from the supplier. The Company also seeks to manage its inventory through on-going product design and logistical initiatives with its suppliers to reduce lead times.

As most military contracts require utilization of domestic suppliers, the Company is limited to key vendors for materials used in its military tent business.

Seasonality

The Company's products are warm-weather, outdoor recreation-related, which results in seasonal variations in sales and profitability. This seasonal variability is due to customers' increasing their inventories in the quarters ending March and June, the primary selling season for the Company's outdoor recreation products, with lower inventory volumes during the quarters ending September and December. The Company mitigates the seasonality of its businesses somewhat by encouraging customers to purchase and take delivery of products more evenly through the year. The following table shows, for the past three fiscal years, the total consolidated net sales and operating profit or loss of the Company for each quarter, as a percentage of the total year.

	Fiscal Year					
	2018		2017		2016	
Quarter Ended	Net	Operating	Net	Operating	Net	Operating

	Sales	Profit	Sales	Profit	Sales	Profit
December	21 %	11 %	19 %	1 %	20 %	(4)%
March	31 %	41 %	30 %	45 %	31 %	66 %
June	31 %	51 %	32 %	54 %	32 %	59 %
September	17 %	(3)%	19 %	0 %	17 %	(21)%
	100%	100 %	100%	100 %	100%	100 %

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Environment and Climate Change

The Company is subject to various supranational, federal, state and local environmental laws, ordinances, regulations, and other requirements of governmental authorities. We believe we comply with such laws and regulations. Expenditures on environmental compliance have not had, and we believe in the future, are not expected to have, a material adverse effect on the Company's capital expenditures, earnings or competitive position. We do not believe that any direct or indirect consequences of legislation related to climate change will have a material adverse effect on our operating costs, facilities or products.

Available Information

The Company maintains a website at www.johnsonoutdoors.com. On its website, the Company makes available, free of charge, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practical after the reports have been electronically filed or furnished to the Securities and Exchange Commission. In addition, the Company makes available on its website, free of charge, its (a) proxy statement for its annual meeting of shareholders; (b) Code of Business Conduct; (c) Code of Ethics for its Chief Executive Officer and Senior Financial and Accounting Officers; and (d) the charters for the following committees of the Board of Directors: Audit; Compensation; Executive; and Nominating and Corporate Governance. Except as specifically provided herein, the Company is not including the information contained on or available through its website as a part of, or incorporating such information by reference into, this Annual Report on Form 10-K. This report includes all material information about the Company that is included on the Company's website and is otherwise required to be included in this report. Copies of any materials the Company files with the Securities and Exchange Commission (SEC) can also be obtained free of charge through the SEC's website at www.sec.gov. The SEC's Public Reference Room can be contacted at 100 F Street, N.E., Washington, D.C. 20549, or by calling 1 (800) 732-0330.

ITEM 1A. RISK FACTORS

The risks described below are not the only risks we face. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our future business operations. If any of the events or circumstances described in the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. In such cases, the trading price of our common stock could decline.

Our net sales and profitability depend on our ability to continue to conceive, design and market products that appeal to our consumers.

Our business depends on our ability to continue to conceive, design, manufacture and market new products and upon continued market acceptance of our product offering. Rapidly changing consumer preferences and trends make it difficult to predict how long consumer demand for our existing products will continue or what new products will be successful. A decline in consumer demand for our products, our failure to develop new products on a timely basis in anticipation of changing consumer preferences or the failure of our new products to achieve and sustain consumer acceptance could reduce our net sales and profitability.

Competition, consolidation and financial distress in our markets could reduce our net sales, profitability and cash flows.

We operate in highly competitive markets. We compete with several large domestic and foreign companies such as Brunswick, Navico, Garmin, Confluence Outdoor and Aqua Lung International, with private label products sold by many of our retail customers and with other producers of outdoor recreation products. Some of our competitors have longer operating histories, stronger brand recognition and greater financial, technical, marketing and other resources than us. In addition, we may face competition from new participants in our markets because some of the outdoor recreation product industries have limited barriers to entry. We experience price competition for our products, and competition for shelf space at retailers, all of which may increase in the future. Consolidation of our retail markets could result in fewer but larger retail customers, which may further result in lower selling prices or reduced sales volumes of our products or greater competition for shelf space in these retail markets. Further, financial distress or bankruptcies in our retail markets could negatively impact our operating results and cash flows. If we cannot compete in our product markets successfully in the future, our net sales, profitability and cash flows will likely decline.

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General economic conditions affect the Company’s results.

Our revenues are affected by economic conditions and consumer confidence worldwide, but especially in the United States and Europe. In times of economic uncertainty, consumers tend to defer expenditures for discretionary items, which affects demand for our products. Moreover, our businesses are cyclical in nature, and their success is impacted by general economic conditions and specific economic conditions affecting the regions and markets we serve, the overall level of consumer confidence in the economy and discretionary income levels. Any substantial deterioration in general economic conditions that diminishes consumer confidence or discretionary income can reduce our sales and adversely affect our financial results. Moreover, declining economic conditions create the potential for future impairments of goodwill and other intangible and long-lived assets that may negatively impact our financial condition and results of operations. The impact of weak consumer credit markets, corporate restructurings, layoffs, prolonged high unemployment rates, declines in the value of investments and residential real estate, higher fuel prices and increases in federal and state taxation all can negatively affect our operating results.

Intellectual property disputes relating to our products could increase our costs.

Our industry is susceptible to litigation regarding patent infringement and infringement of other intellectual property rights. We could be either a plaintiff or a defendant in trademark, patent and/or other intellectual property infringement or misappropriation claims and claims of breach of license from time to time. The prosecution or defense of any intellectual property litigation is both costly and disruptive of the time and resources of our management and product development teams, even if the claim or defense against us is without merit. The scope of any patent or other intellectual property to which we have or may obtain rights also may not prevent others from developing and selling competing products. The validity and breadth of claims covered in patents and other intellectual property involve complex legal and factual questions, and the resolution of such claims may be highly uncertain, lengthy and expensive. In addition, our patents or other intellectual property may be held invalid upon challenge, or others may claim that we have improperly or invalidly sought patent or other intellectual property protection for our technology, thus exposing us to direct or counter claims in any patent or intellectual property proceeding. We could also be required to pay substantial damages or settlement costs to resolve intellectual property litigation. Furthermore, we may rely on trade secret law to protect technologies and proprietary information that we cannot or have chosen not to patent. Trade secrets, however, are difficult to protect. Although we attempt to maintain protection through confidentiality agreements with necessary personnel, contractors and consultants, we cannot guarantee that such contracts will not be breached. In the event of a breach of a confidentiality agreement or the divulgence of proprietary information, we may not have adequate legal remedies to maintain our trade secret protection. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management’s attention away from the Company’s business. Any of these negative events could adversely affect our profitability or operating results.

Product recalls and other claims could affect our financial position and results of operations.

As a manufacturer and distributor of consumer products, we could be required to repurchase or recall one or more of our products if they are found to not meet quality or safety standards or be defective. A repurchase or recall of our products could be costly to us and could damage the reputation of our brands. If we were required to remove, or voluntarily remove our products from the market, our reputation could be tarnished and we might have large quantities of finished products that we could not sell. As a result, product recalls could have a material adverse effect on our business, results of operations and financial condition.

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Impairment charges could impact our future financial position and results of operations.

We test our goodwill, other indefinite-lived intangible assets and other long-lived assets for impairment on an annual basis or when an event occurs that might reduce the fair value of the reporting unit or applicable asset or group of assets below its carrying value. Various uncertainties, including significant adverse changes in business climate, adverse actions by regulators, unanticipated competition, loss of key customers, a downturn in the economy or in discretionary income levels or changes in consumer preferences could impact the expected cash flows to be generated by an asset or group of assets, and may result in an impairment of those assets. Although any such impairment charge would be a non-cash expense, any impairment of our assets could materially increase our expenses and reduce our profitability.

Sales of our products are seasonal, which causes our operating results to vary from quarter to quarter.

Sales of our products are seasonal. Historically, our net sales and profitability have peaked in our second and third fiscal quarters due to the buying patterns of our customers for our products. Seasonal variations in operating results may also cause us to increase our debt levels and interest expense primarily in the second and third fiscal quarters as we fund our working capital requirements.

The trading price of shares of our common stock fluctuates and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may continue to be volatile in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

- the timing of our announcements or those of our competitors concerning significant product developments, acquisitions or financial performance;
- fluctuation in our quarterly operating results;
- substantial sales of our common stock;
- general stock market conditions; or
- other economic or external factors.

You may be unable to sell your stock at or above your purchase price.

A limited number of our shareholders can exert significant influence over the Company.

As of October 17, 2018, Helen P. Johnson-Leipold, members of her family and related entities (hereinafter the Johnson Family), held approximately 76% of the voting power of both classes of our common stock taken as a whole. This voting power would permit these shareholders, if they chose to act together, to exert significant influence over the outcome of shareholder votes, including votes concerning the election of directors, by-law amendments, possible mergers, corporate control contests and other significant corporate transactions. Moreover, certain members of the Johnson Family have entered into a voting trust agreement covering approximately 96% of our outstanding class B common shares. This voting trust agreement permits these shareholders, if they continue to choose to act together, to exert significant influence over the outcome of shareholder votes, including votes concerning the election of directors, by-law amendments, possible mergers, corporate control contests and other significant corporate transactions.

We may experience difficulties in integrating strategic acquisitions.

We have, as part of our strategy, historically pursued strategic acquisitions. The pursuit of future growth through acquisitions involves significant risks that could have a material adverse effect on our business. Risks associated with integrating strategic acquisitions include:

- the acquired business may experience losses which could adversely affect our profitability;

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- unanticipated costs relating to the integration of acquired businesses may increase our expenses and reduce our profitability;
- the possible failure to obtain any necessary consents to the transfer of licenses or other material agreements of the acquired company;
- the possible failure to maintain customer, licensor and other relationships of the acquired company after the closing of the transaction with the acquired company;
- difficulties in achieving planned cost savings and synergies may increase our expenses;
- diversion of our management's attention could impair their ability to effectively manage our other business operations;
- unanticipated management or operational problems or liabilities may adversely affect our profitability and financial condition; and/or
- breaches of the representations or warranties or other violations of the contractual obligations required by the acquisition agreement of other parties to the acquisition transaction and any contractual remedies related thereto may not adequately protect or compensate us.

We are dependent upon certain key members of management.

Our success will depend to a significant degree on the abilities and efforts of our senior management. Moreover, our success depends on our ability to attract, retain and motivate qualified management, marketing, technical and sales personnel. These people are in high demand and often have competing employment opportunities. The labor market for skilled employees is highly competitive and we may lose key employees or be forced to increase their compensation to retain these people. Employee turnover could significantly increase our recruitment, training and other related employee costs. The loss of key personnel, or the failure to attract qualified personnel, could have a material adverse effect on our business, financial condition or results of operations.

Sources of and fluctuations in market prices of raw materials can affect our operating results.

The primary raw materials we use in manufacturing our products are metals, resins and packaging materials. These materials are generally available from a number of suppliers, but we have chosen to concentrate our sourcing with a limited number of vendors for each commodity or purchased component. We believe our sources of raw materials are reliable and adequate for our needs. However, the development of future sourcing issues related to the availability of these materials as well as significant fluctuations in the market prices of these materials may have an adverse effect on our financial results.

Our profitability is also affected by significant fluctuations in the prices of the raw materials we use in our products, including the effect of fluctuations in foreign currency exchange rates on raw materials and purchased components. We may not be able to pass along any price increases in our raw materials or other component costs to our customers. As a result, an increase in the cost of raw materials, labor or other costs associated with the manufacturing of our products could increase our costs of sales and reduce our gross margins.

Financial distress in supply chain and shortage of raw materials or components of supply.

Deteriorating industry conditions can adversely affect our supply base. Lower production levels at our major suppliers and volatility in certain raw material and energy costs may result in severe financial distress among many companies within our supply base. Financial distress within our supply base and/or our suppliers' inability to obtain credit from lending institutions could lead to commercial disputes and possible supply chain interruptions to our business. In addition, potential adverse industry conditions may require us to provide financial assistance or other measures to ensure uninterrupted production of key components or materials used in the production of our products which could have a material adverse effect on our existing and future revenues and net income.

Additionally, in the event of catastrophic acts of nature such as fires, tsunamis, hurricanes and earthquakes or a rapid increase in production demands, either we, or our suppliers may experience supply shortages of raw materials or components. This could be caused by a number of factors, including a lack of production line capacity or manpower or working capital constraints. As our industry consolidates its supply base in order to manage the costs of purchased goods and services, there is greater dependence on fewer sources of supply for certain components and materials used in our products, which could increase the possibility of a supply shortage of any particular component. If we or one of our own suppliers experience a supply shortage, we may become unable to produce the affected products if we cannot procure the components from another source. Such production interruptions could impede a ramp-up in production and could have a material adverse effect on our business, results of operations and financial condition.

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We consider the production capacities and financial condition of suppliers in our selection process, and expect that they will meet our delivery requirements. However, there can be no assurance that strong demand, capacity limitations, shortages of raw materials, labor disputes or other problems will not result in any shortages or delays in the supply of components to us.

Currency exchange rate fluctuations could adversely affect the Company’s results.

We have significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Hong Kong dollars and Canadian dollars. As the values of the currencies of the foreign countries in which we have operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, losses, assets and liabilities of our foreign operations, as reported in our consolidated financial statements, increase or decrease, accordingly. Approximately 16% of our revenues for the year ended September 28, 2018 were denominated in currencies other than the U.S. dollar. Approximately 7% were denominated in euros and approximately 6% were denominated in Canadian dollars with the remaining 3% denominated in various other foreign currencies. We may mitigate a portion of the impact of fluctuations in certain foreign currencies on our operations through the purchase of foreign currency swaps, forward contracts and options to hedge known commitments denominated in foreign currencies or to reduce the risk of changes in foreign currency exchange rates on foreign currency borrowings.

Because we rely on foreign suppliers and we sell products in foreign markets, we are susceptible to numerous international business risks that could increase our costs or disrupt the supply of our products.

Our international operations subject us to risks, including:

- economic and political instability;
- restrictive actions by foreign governments;
- opportunity costs and reputational damage related to the presence of counterfeit versions of the Company’s products in such foreign markets;
- greater difficulty enforcing intellectual property rights and weaker laws protecting intellectual property rights;
- changes in tariffs, import duties or import or export restrictions;
- timely shipping of product and unloading of product, including the timely rail/truck delivery to our warehouses and/or a customer’s warehouse of our products;
- complications in complying with the laws and policies of the United States affecting the importation of goods, including tariffs, duties, quotas and taxes;
- required compliance with U.S. laws that impact the Company’s operations in foreign jurisdictions that do not impact local operating companies; and
- complications in complying with trade and foreign tax laws.

Any of these risks could disrupt the supply of our products or increase our expenses. In particular, the uncertainty regarding the ability of certain European countries to continue to service their sovereign debt obligations and the related financial restructuring efforts by European governments, as well as the impact of the decision of the United Kingdom to withdraw from the European Union, may cause the value of several European currencies, including the euro, to fluctuate, which may adversely affect our non-U.S. dollar sales and earnings. As we have manufacturing operations in Italy, a significant disruption of the political or financial systems there could put these manufacturing operations at risk, which could ultimately adversely affect our profitability or operating results.

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Uncertainty over global tariffs, or the financial impact of tariffs, may negatively affect our results.

Recent changes in U.S. domestic and global tariff frameworks have increased our costs of producing goods and resulted in additional risks to our supply chain. More tariff changes are also possible. We have developed strategies to mitigate previously implemented and, in some cases, proposed tariff increases, but there is no assurance we will be able to continue to mitigate the impact of tariff increases in substantial part on our financial and operating results. Further, uncertainties about future tariff changes could result in mitigation actions undertaken by us that could prove to be detrimental to our business and our relationships with our customers and suppliers.

The recently implemented tariffs are estimated to negatively impact our fiscal 2019 operating profit in the range of $6 million to $9 million, which includes any expected benefit of mitigation efforts contemplated by us and which are identified to date.

We may be subject to disruptions or failures in our information technology systems and network infrastructures that could have a material adverse effect on our business.

We rely on the efficient and uninterrupted operation of complex information technology systems and network infrastructures to operate our business. We also hold data in various company-owned and third party data center facilities upon which our business depends. A disruption, infiltration or failure of these information technology systems or any of these data centers as a result of software or hardware malfunctions, system implementations or upgrades, computer viruses, third-party security breaches, employee error, theft or misuse, malfeasance, power disruptions, natural disasters or accidents could cause breaches of data security, loss of intellectual property and critical data and the release and misappropriation of sensitive competitive information. Any of these events could result in the loss of key information, impair our production and supply chain processes, harm our competitive position, damage our reputation with customers, cause us to incur significant costs to remedy any damages and ultimately materially and adversely affect our business, results of operations and financial condition. While we have implemented a number of protective measures, such measures may not be adequate or implemented properly to prevent or fully address the adverse effect of such events.

Cyber security vulnerabilities, threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions, services and data.

Increased global cyber security vulnerabilities, threats, computer viruses and more sophisticated and targeted cyber-related attacks, as well as cyber security failures resulting from human error and technological errors, pose a risk to our systems, products and data as well as potentially to our employees', customers' and suppliers' data. We attempt to mitigate these risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans, but we remain potentially vulnerable to additional known or unknown threats. There is no assurance the impact from such threats will not be material to our financial results or reputation and it could result in security breaches, theft, lost or corrupted data, misappropriation of sensitive, confidential or personal data or information, loss of trade secrets and commercially valuable information, production downtimes and operational disruptions, any of which may adversely affect our profitability or operating results.

Our failure to adequately protect personal information could have a material adverse effect on our business.

A wide variety of local, state, national, and international laws, directives and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data (including with respect to the European Union's General Data Protection Regulation). These data protection and privacy-related laws and regulations continue to evolve and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Our failure to comply with applicable laws and regulations, or to protect such data, could result in enforcement actions against us, including fines, imprisonment of company officials and public censure, claims for damages by end-customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing end-customers and prospective end-customers), any of which could have a material adverse effect on our operations, financial performance, and business. Changing definitions of personal data and personal information, within the European Union, the United States, and elsewhere may limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of data. The evolving data protection regulatory environment may require significant management attention and financial resources to analyze and modify our information technology infrastructure to meet these changing requirements all of which could reduce our operating margins and impact our operating results and financial condition.

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Future terror attacks, war, natural disasters or other catastrophic events beyond our control could negatively impact our business.

Terror attacks, war or other civil disturbances, natural disasters and other catastrophic events could lead to economic instability and decreased demand for our products, which could negatively impact our business, financial condition, results of operations and cash flows. In the past, terrorist attacks have caused instability in global financial markets and the industries in which we compete and have negatively affected spending on consumer discretionary products. In addition, our facilities are located throughout the world and could be subject to damage from terrorism incidents or from fires, floods, earthquakes or other natural or man-made disasters. Terrorist incidents could also lead to increased border security which could in turn negatively impact our global supply chain by causing shipping delays or shortages in key materials or components, increasing the cost of such goods or requiring us to keep greater inventories, any of which may adversely impact our business, results of operations, financial condition or cash flows.

The inability to successfully defend claims asserted by taxing authorities could adversely affect our financial condition, results of operations and cash flows.

We conduct business in many countries, which requires us to interpret the income tax laws and rulings in each of those taxing jurisdictions. Due to the subjectivity of tax laws in or between those jurisdictions, as well as the subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. Claims from taxing authorities related to these differences could have an adverse impact on our financial condition, results of operations and cash flows.

The effective tax rate of the Company may be negatively impacted by future changes to tax laws in global jurisdictions in which we operate.

Changes in tax laws or tax rulings could have a material impact on our effective tax rate. Many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws. Certain proposals could include recommendations that could increase our tax obligations in many countries where we do business. Any changes in the taxation of our activities in such jurisdictions may result in a material increase in our effective tax rate.

We are subject to environmental, safety and human rights regulations.

We are subject to supranational, federal, state, local and foreign laws and other legal requirements related to the generation, storage, transport, treatment and disposal of materials as a result of our manufacturing and assembly operations. These laws include the Resource Conservation and Recovery Act (as amended), the Clean Air Act (as amended) and the Comprehensive Environmental Response, Compensation and Liability Act (as amended). Risk of environmental liability and changes associated with maintaining compliance with environmental laws is inherent in the nature of our business and there is no assurance that material liabilities or changes would not arise.

The Company is also subject to the requirement of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and SEC rules related thereto to conduct due diligence and disclose and report on whether certain minerals and metals, known as “conflict minerals,” are contained in the Company’s products and whether they originate from the Democratic Republic of Congo (“DRC”) and adjoining countries. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins of all conflict minerals used in our products through the procedures we implement.

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We rely on our credit facilities to provide us with sufficient working capital to operate our business.

Historically, we have relied upon our existing credit facilities to provide us with adequate working capital to operate our business. If our lenders reduce or terminate our access to amounts under our credit facilities, we may not have sufficient capital to fund our working capital needs and/or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facilities. We can make no assurance that we will be successful in ensuring our availability of amounts under our credit facilities or in connection with raising additional capital and that any amount, if raised, will be sufficient to meet our cash flow requirements. If we are not able to maintain our borrowing availability under our credit facilities and/or raise additional capital when needed, we may be forced to sharply curtail our efforts to manufacture and promote the sale of our products or to curtail our operations.

Our debt covenants may limit our ability to complete acquisitions, incur debt, make investments, sell assets, merge or complete other significant transactions.

Our credit facilities and certain other of our debt instruments include limitations on a number of our activities in the event of a default, and in some cases regardless of whether a default has occurred, including our ability to:

- incur additional debt;
- create liens on our assets or make guarantees;
- make certain investments or loans; or
- dispose of or sell assets, make acquisitions above certain amounts or enter into a merger or similar transaction.

The restrictive covenants in our credit facilities may limit our ability to engage in acts that may be in our best long term interests. A breach of any of the restrictive covenants in our credit facilities could result in a default under these facilities. If a default occurs, the lenders under our credit facilities may elect to declare all outstanding borrowings, together with accrued interest, to be immediately due and payable, to terminate any commitments they have to provide further borrowings and to exercise any other rights they have under the facilities or applicable law.

Our shares of common stock are thinly traded and our stock price may be volatile.

Because our common stock is thinly traded, its market price may fluctuate significantly more than the stock market in general or the stock prices of similar companies, which are exchanged, listed or quoted on NASDAQ. We believe there are approximately 4,955,000 shares of our Class A common stock held by non-affiliates as of October 17, 2018. Thus, our common stock will be less liquid than the stock of companies with broader public ownership, and as a result, the trading price for our shares of common stock may be more volatile. Among other things, trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger.

Our business is susceptible to adverse weather conditions or events.

Our success is in part affected by adverse weather conditions, including fires, floods, tornadoes, severe cold and other natural disasters. Such events have the tendency to create fluctuations in demand for our products which may impact our borrowing costs, increase our expenses and reduce our profitability. Moreover, our profitability is affected by our ability to successfully manage our inventory levels and demand for our products, which, in part depends upon the efficient operation of our production and delivery systems. These systems are vulnerable to damage or interruption from the aforementioned natural disasters. Such natural disasters could adversely impact our ability to meet delivery requirements of our customers, which may result in our need to incur extra costs to expedite production and delivery of product to meet customer demand. Any of these events could negatively impact our profitability.

ITEM 1A. UNRESOLVED STAFF COMMENTS

Not Applicable

ITEM 2. PROPERTIES

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The Company maintains leased and owned manufacturing, warehousing, distribution and office facilities throughout the world. The Company believes that its facilities are well maintained and have capacity adequate to meet its current needs.

See Note 5 to the consolidated financial statements included elsewhere in this report for a discussion of the Company's lease obligations.

As of September 28, 2018, the Company's principal manufacturing (identified with an asterisk) and other locations are:

Alpharetta, Georgia (Fishing)
Antibes, France (Diving)
Barcelona, Spain (Diving)
Batam, Indonesia* (Diving)
Binghamton, New York* (Camping)
Brussels, Belgium (Diving)
Burlington, Ontario, Canada (Fishing, Camping, Watercraft Recreation)
Casarza Ligure, Italy* (Diving)
Chai Wan, Hong Kong (Diving)
Chatswood, Australia (Diving)
El Cajon, California (Diving)
Eufaula, Alabama* (Fishing)
Little Falls, Minnesota (Fishing)
Manchester, New Hampshire* (Camping)
Mankato, Minnesota* (Fishing)
Mexicali, Mexico* (Fishing)
Old Town, Maine* (Watercraft Recreation)
Toronto, Canada (Fishing)
Nuremberg, Germany (Diving)
Zurich, Switzerland (Diving)

The Company's corporate headquarters is located in a facility in Racine, Wisconsin.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business, we may be involved in various legal proceedings from time to time. As of the date of the filing of this Report, we are not involved in any litigation involving amounts deemed to be material to the business or financial condition of the Company.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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Market Information

Certain information with respect to this item is included in Notes 9 and 10 to the Company's consolidated financial statements included elsewhere in this report. The Company's Class A common stock is traded on the NASDAQ Global Select Market^{SM} under the symbol: JOUT. There is no public market for the Company's Class B common stock. However, the Class B common stock is convertible at all times at the option of the holder into shares of Class A common stock on a share for share basis. As of October 17, 2018, the Company had approximately 540 holders of record of its Class A common stock and 24 holders of record of its Class B common stock. We believe the number of beneficial owners of our Class A common stock on that date was substantially greater.

A summary of the high and low closing prices for the Company's Class A common stock during each quarter of the years ended September 28, 2018, September 29, 2017 and September 30, 2016 is as follows:

	First Quarter			Second Quarter			Third Quarter			Fourth Quarter		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Stock prices:												
High	$75.21	$44.86	$24.24	$74.48	$37.77	$22.99	$86.66	$48.85	$26.75	$105.16	$73.28	$36.62
Low	59.92	34.72	21.43	60.16	31.68	19.69	61.82	33.38	20.79	78.92	46.68	26.09

Dividends

The Company's Articles of Incorporation provide that no dividend, other than a dividend payable in shares of the Company's common stock, may be declared or paid upon the Class B common stock unless such dividend is declared or paid upon both classes of common stock. Whenever a dividend (other than a dividend payable in shares of Company common stock) is declared or paid upon any shares of Class B common stock, at the same time there must be declared and paid a dividend on the shares of Class A common stock equal in value to 110% of the amount per share of the dividend declared and paid on the shares of Class B common stock. Whenever a dividend is payable in shares of Company common stock, such dividend must be declared or paid at the same rate on the Class A common stock and the Class B common stock.

Quarterly dividends declared in the first quarter of fiscal 2018 were $0.10 per share of Class A common stock, $0.12 per share for each of the second and third fiscal quarters of fiscal 2018 and $0.14 per share for the fourth fiscal quarter of 2018. Quarterly dividends declared per share of Class B common stock were $0.09 for the first quarter of fiscal 2018, $0.11 per share for each of the second and third fiscal quarters of 2018 and $0.13 per share for the fourth fiscal quarter of 2018. Total dividends declared in fiscal 2018 were $4,746. Cash dividends paid in fiscal 2018 totaled $4,350 and dividends payable of $1,384 were included in current liabilities at September 28, 2018.

While the Board of Directors of the Company presently intends to continue the payment of regular quarterly cash dividends on the Company's common stock, they monitor and evaluate the Company's dividend payment practice quarterly and may elect to increase, decrease or not pay a dividend at any time. The Company's ability to pay dividends could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and compliance with debt covenants in its loan agreements.

Total Shareholder Return

The graph below compares on a market cap weighted cumulative basis the yearly percentage change since September 27, 2013 in the total return (assuming reinvestment of dividends) to shareholders on the Class A common stock with (a) the total return (assuming reinvestment of dividends) on The NASDAQ Stock Market-U.S. Index; (b) the total return (assuming reinvestment of dividends) on the Russell 2000 Index; and (c) the total return (assuming reinvestment of dividends) on a self-constructed peer group index. The Company's peer group consists of Black Diamond Inc., Brunswick Corporation, Callaway Golf Company, Escalade Inc., Garmin Ltd., Marine Products Corporation, Malibu Boats Inc. and Nautilus, Inc. The graph assumes $100 was invested on September 27, 2013 in the Company's Class A common stock, The NASDAQ Stock Market-U.S. Index, the Russell 2000 Index and the peer group index.

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*$100 invested on September 27, 2013 in stock or index, including reinvestment of dividends.
Indices calculated on a mid-month basis.

	9/27/2013	10/3/2014	10/2/2015	9/30/2016	9/29/2017	9/28/2018
Johnson Outdoors Inc.	$ 100.0	$ 98.1	$ 83.1	$ 142.0	$ 288.9	$ 368.9
NASDAQ Composite	100.0	119.8	127.5	145.7	180.2	225.5
Russell 2000 Index	100.0	104.2	106.5	121.5	146.7	169.0
Peer Group	100.0	112.3	98.7	124.4	147.1	195.8

The information in this section titled “Total Shareholder Return” shall not be deemed to be “soliciting material” or “filed” with the Securities and Exchange Commission or subject to Regulation 14A or 14C promulgated by the Securities and Exchange Commission or subject to the liabilities of section 18 of the Securities Exchange Act of 1934, as amended, and this information shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected consolidated financial data, which should be read along with the Company’s consolidated financial statements and the notes to those statements and with “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in or referred to elsewhere in this report. The operating results for the years ended September 28, 2018, September 29, 2017 and September 30, 2016 and the balance sheet data as of September 28, 2018 and September 29, 2017, are derived from the Company’s audited consolidated financial statements included elsewhere herein. The operating results for the years ended October 2, 2015 and October 3, 2014, and the balance sheet data as of September 30, 2016, October 2, 2015 and October 3, 2014 are derived from the Company’s audited consolidated financial statements which are not included in this report. The historical results are not necessarily indicative of results to be expected for future periods.

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(thousands, except per share data)	September 28 2018	September 29 2017	September 30 2016	October 2 2015	October 3 2014
OPERATING RESULTS					
Net sales	$ 544,268	$ 490,565	$ 433,727	$430,489	$425,410
Gross profit	241,860	210,940	176,462	171,733	168,613
Impairment losses	—	—	6,197	—	8,475
Operating expenses	178,839	165,349	147,371	153,880	143,447
Operating profit	63,021	45,591	22,894	17,853	16,691
Interest expense	203	757	727	865	788
Other (income) expense, net	(5,288)	(3,376)	(1,488)	1,235	(1,519)
Income before income taxes	68,106	48,210	23,655	15,753	17,422
Income tax expense	27,437	13,053	10,154	5,137	8,299
Net income	$ 40,669	$ 35,157	$ 13,501	$10,616	$9,123
Weighted average common shares - Dilutive	9,996	9,920	9,855	9,727	9,635
Net income per common share - Diluted:					
Class A	$ 4.05	$ 3.51	$ 1.34	$1.06	$0.90
Class B	4.05	3.51	1.34	1.06	0.90
Dividends declared, per common share*:					
Class A	$ 0.48	$ 0.37	$ 0.32	$0.31	$0.38
Class B	0.44	0.34	0.29	0.28	0.34

* There were five quarterly dividends declared in fiscal 2014 and four quarterly dividends declared in fiscal 2015, 2016, 2017 and 2018.

(thousands, except per share data)	September 28 2018	September 29 2017	September 30 2016	October 2 2015	October 3 2014
BALANCE SHEET DATA					
Current assets	$ 285,694	$ 240,849	$ 201,968	$209,370	$197,550
Total assets	395,936	353,659	310,279	299,204	288,626
Current liabilities	92,784	84,077	67,654	69,554	60,232
Long-term debt, less current maturities	—	—	7,008	7,062	7,431
Total debt	—	—	7,389	7,430	7,791
Shareholders' equity	279,197	243,004	207,496	197,968	198,458

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise stated, all monetary amounts in this Management’s Discussion and Analysis of Financial Condition and Results of Operations, other than per share amounts, are stated in thousands.

Executive Overview

The Company designs, manufactures and markets high quality recreational products for the outdoor enthusiast. Through a combination of innovative products, strong marketing, a talented and passionate workforce and efficient distribution, the Company seeks to set itself apart from the competition. Its subsidiaries operate as a network that promotes innovation and leverages best practices and synergies, following the strategic vision set by executive management and approved by the Company’s Board of Directors.

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Highlights

The Company's fiscal 2018 revenues increased by 11% over the prior year driven primarily by strong performance in the Fishing segment. Operating profit grew faster than sales in 2018, increasing $17,430, or 38%, over 2017 due primarily to the higher sales volume and related operating efficiencies.

Results of Operations

Summary consolidated financial results from continuing operations for the fiscal years presented were as follows:

(thousands, except per share data)	2018	2017	2016
Net sales	$544,268	$490,565	$433,727
Gross profit	241,860	210,940	176,462
Operating expenses	178,839	165,349	153,568
Operating profit	63,021	45,591	22,894
Interest expense	203	757	727
Other (income) expense, net	(5,288)	(3,376)	(1,488)
Income tax expense	27,437	13,053	10,154
Net income	40,669	35,157	13,501

The Company's internal and external sales and operating profit (loss) by business segment for each of the three most recent completed fiscal years were as follows:

	2018	2017	2016
Net sales:			
Fishing	$391,110	$328,138	$274,872
Camping	37,770	37,920	40,018
Watercraft Recreation	36,280	48,272	50,388
Diving	78,932	76,732	69,137
Other / Eliminations	176	(497)	(688)
	$544,268	$490,565	$433,727

	2018	2017	2016
Operating profit (loss):			
Fishing	$83,696	$58,697	$43,092
Camping	1,867	1,946	2,077
Watercraft Recreation	(1,555)	2,860	3,349
Diving	2,766	1,847	(9,384)
Other / Eliminations	(23,753)	(19,759)	(16,240)
	$63,021	$45,591	$22,894

See Note 12 to the Consolidated Financial Statements included elsewhere in this report for the definition of segment net sales and operating profit.

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Fiscal 2018 vs. Fiscal 2017

Net Sales

Net sales in 2018 increased by 11% to $544,268 compared to $490,565 in 2017. Foreign currency exchange had a $3,396 favorable impact, less than 1%, on the current year’s sales versus the prior year.

Net sales for the Fishing business increased by $62,972, or 19% during 2018. Strong performance of new products drove the growth over the prior year.

Camping net sales decreased $150 in 2018 from 2017. Increases in sales of consumer camping products during the current year were offset by the impact on our sales of the divestiture of the Silva brand at the beginning of fiscal 2018.

Net sales in the Watercraft Recreation business decreased $11,992, or 25%, due to a weakened paddling market and lost distribution related to retail consolidations.

Diving net sales increased $2,200, or 3%, year over year. A decrease in sales due to the closure of the Company's subsidiary in Japan at the beginning of 2018 was offset by increased sales of new products in 2018. Foreign currency translation impacted Diving's year to date sales favorably by 3% versus the prior year period.

Cost of Sales

Cost of sales was $302,408, or 55.6% of net sales, on a consolidated basis for fiscal 2018 compared to $279,625, or 57.0% of net sales, in the prior year. Higher sales volumes between years were the primary driver of the increase in the cost of sales, while modest increases in labor rates were more than offset by volume related efficiencies occurring between the fiscal years.

Gross Profit

Gross profit of $241,860 was 44.4% of net sales on a consolidated basis for the year ended September 28, 2018 compared to $210,940, or 43.0% of net sales in the prior year.

Gross profit in the Fishing business increased by $34,480 from the prior year due primarily to the 19% increase in net sales year over year and a sales mix shift to higher value new products during fiscal 2018.

Camping gross profit decreased by $294 from 2017 due primarily to its decreased sales volume between years.

Gross profit in the Watercraft Recreation segment decreased by $5,435 from 2017 levels due primarily to lower sales volumes occurring during 2018.

The $2,114 increase in gross profit in the Diving segment was due primarily to price increases and the favorable impact of foreign currency translation in that segment during fiscal 2018.

Operating Expenses

Operating expenses increased from the prior year by $13,490. The increase was driven primarily by higher sales volume related costs, higher spending on the Company's digital initiatives and increased compensation costs spread across all businesses.

Operating expenses for the Fishing segment increased by $9,481 from fiscal 2017 levels. The increase was due primarily to higher sales volume related expenses. In addition, higher research and development expenses further contributed to the increase between years.

Camping operating expenses decreased by $215 from the prior year due primarily to lower marketing spending in 2018.

In the Watercraft Recreation segment, operating expenses decreased $1,020 from their levels in fiscal 2017 due primarily to lower sales volume related costs in 2018.

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Operating expenses for the Diving business increased by $1,195 year over year due primarily to increased marketing and advertising and promotional spending in the current year over the prior year.

The Company's 2018 general corporate expenses of $24,008 increased $4,049 from $19,959 in 2017. The year over year increase primarily reflects additional investment in digital marketing capabilities.

Operating Results

The Company’s operating profit was $63,021 in fiscal 2018 compared to an operating profit of $45,591 in fiscal 2017. Fishing operating profit increased by $24,999 to $83,696 from $58,697 in the prior year due primarily to higher sales volumes. The operating profit for Camping was $1,867 compared to $1,946 in 2017. Operating profit for the Watercraft Recreation business decreased by $4,415 in fiscal 2018 due to the factors noted above. Operating profit for the Diving business increased by $919 in fiscal 2018 from fiscal 2017.

Other Income and Expenses

Interest expense of $203 declined from the prior year expense of $757. Interest income of $1,166 increased from prior year income of $316 due to the increase in cash and short-term investments and rising interest rates in 2018. Net other income of $4,122 in fiscal 2018 compared favorably to net other income of $3,060 in fiscal 2017. The current year other income included currency gains of $1,985 and market gains and dividends of $1,734 on deferred compensation plan assets. In the prior year, other income included $903 of currency gains and $2,142 of market gains and dividends on the deferred compensation plan assets. The dividends and market gains and losses on deferred compensation plan assets recognized in the Consolidated Statement of Operations in “Other (income) expense” are offset as compensation expense in “Operating expenses.”

Pretax Income and Income Taxes

The Company realized pretax income of $68,106 in fiscal 2018 compared to $48,210 in fiscal 2017. The Company recorded income tax expense of $27,437 in 2018, which equated to an effective tax rate of 40.3%, compared to $13,053 in 2017, which equated to an effective tax rate of 27.1%. The fiscal 2018 expense reflects the impact of provisional expense of $8,456 from the enactment of U.S. Tax Cuts & Jobs Act during our fiscal 2018 in the current year. The fiscal 2017 tax expense reflects the impact of a first quarter foreign tax credit net tax benefit of $4,537 generated by the repatriation of $22,315 in that quarter from foreign jurisdictions into the U.S.

Net Income

The Company recognized net income of $40,669, or $4.05 per diluted common share, in fiscal 2018 compared to $35,157, or $3.51 per diluted common share, in fiscal 2018 based on the factors discussed above.

Fiscal 2017 vs. Fiscal 2016

Net Sales

Net sales in 2017 increased by 13% to $490,565 compared to $433,727 in 2016. Foreign currency exchange had a $236 unfavorable impact, less than 1%, on fiscal 2017 sales versus fiscal 2016.

Net sales for the Fishing business increased by $53,266, or 19% during fiscal 2017. The increase from fiscal 2016 was driven primarily by exceptional new product performance in both the Minn Kota and Humminbird product lines, which included sales of new electric steer trolling motors with redesigned i-Pilot and i-Pilot Link systems, the new Ultrex trolling motor and large display HELIX series fish finders.

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Camping net sales decreased $2,098, or 5%, in 2017 from 2016. An increase in sales of Jetboil products during 2017 was not able to offset declines in sales of consumer tents year over year driven by a soft retail marketplace and bankruptcies in key accounts.

Net sales in the Watercraft Recreation business decreased in 2017 by $2,116, or 4%, from 2016 due to softness in the paddling market and bankruptcies in key accounts.

Diving net sales increased $7,595, or 11%, year over year on the strength of new product offerings in the dive computer, buoyancy compensator and regulator product segments.

Cost of Sales

Cost of sales was $279,625, or 57.0% of net sales, on a consolidated basis for fiscal 2017 compared to $257,265, or 59.3% of net sales, in 2016. Higher sales volumes between years were the primary driver of the increase in the cost of sales, while modest increases in labor rates were more than offset by process improvements in each of the business segments.

Gross Profit

Gross profit of $210,940 was 43.0% of net sales on a consolidated basis for the year ended September 29, 2017 compared to $176,462, or 40.7% of net sales in fiscal 2016. Each business segment grew its profit margin percentage year over year.

Gross profit in the Fishing business increased by $29,110 from 2016 due primarily to the 19% increase in net sales and a sales mix shift to higher value new products.

Camping gross profit was essentially flat year over year, growing $72 over 2016 despite a 5% decline in sales due primarily to a favorable mix of products sold.

Gross profit in the Watercraft Recreation segment decreased by $280 from 2016 levels due primarily to lower sales volumes occurring during 2017.

The 11% increase in net sales in the Diving segment was the primary driver of a $5,653 increase in gross profit of that segment year over year. Price increases and a favorable mix of products sold also contributed to the increase.

Operating Expenses

Operating expenses increased in fiscal 2017 from fiscal 2016 levels by $11,781. The increase was driven primarily by higher sales volume related costs, higher incentive and deferred compensation expenses and higher health care expense in fiscal 2017 offset in part by the impact of $6,197 of impairment charges on Diving goodwill recognized in the third quarter of the fiscal 2016.

Operating expenses for the Fishing segment increased by $13,505 from fiscal 2016 levels. The increase in fiscal 2017 was due primarily to higher sales volume related expenses. In addition, higher administrative and legal expenses further contributed to the increase.

Camping operating expenses increased in fiscal 2017 by $203 from fiscal 2016 due primarily to higher marketing costs in 2017 offset in part by lower sales volume related costs.

In the Watercraft Recreation segment, operating expenses increased $210 from their levels in fiscal 2016 due primarily to higher marketing costs in 2017.

Operating expenses for the Diving business decreased by $5,579 year over year due primarily to a goodwill impairment charge of $6,197 recognized in fiscal 2016 offset in part by higher sales volume related costs in fiscal 2017.

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The Company's general corporate expenses in 2017 of $19,959 increased $3,441 from $16,518 in 2016. The year over year increase primarily reflects approximately $1,100 of higher deferred compensation expense, offset with market gains on deferred compensation plan assets in Other Income and Expense, approximately $1,100 of higher health care costs and approximately $1,200 of additional investment in digital marketing capabilities.

Operating Results

The Company's operating profit was $45,591 in fiscal 2017 compared to an operating profit of $22,894 in fiscal 2016. Fishing operating profit increased by $15,605 to $58,697 from $43,092 in 2016 due primarily to higher sales volumes. The operating profit for Camping was $1,946 compared to $2,077 and reflects the decline in consumer tent sales year over year. Operating profit for the Watercraft Recreation business decreased by $489 in fiscal 2017 due to the factors noted above. Operating profit for the Diving business increased by $11,231 from fiscal 2016 due in part to the goodwill impairment charge recognized in 2016 as well as the increase in sales volume in 2017.

Other Income and Expenses

Interest expense in fiscal 2017 of $757 was comparable to the 2016 expense of $727. Interest income of $316 increased from 2016 income of $81 due to the investment of excess cash in short-term investments in 2017. Net other income of $3,060 in fiscal 2017 compared favorably to net other income of $1,407 in fiscal 2016. Other income in 2017 included currency gains of $903 and market gains and dividends of $2,142 on deferred compensation plan assets. In 2016, other income included $277 of currency gains as well as $1,092 of market gains and dividends on the deferred compensation plan assets. The dividends and market gains and losses on deferred compensation plan assets recognized in the Consolidated Statement of Operations in "Other (income) expense" are offset as compensation expense in "Operating expenses."

Pretax Income and Income Taxes

The Company realized pretax income of $48,210 in fiscal 2017 compared to $23,655 in fiscal 2016. The Company recorded income tax expense of $13,053 in 2017, which equated to an effective tax rate of 27.1%, compared to $10,154 in 2016, which equated to an effective tax rate of 42.9%. The fiscal 2017 tax expense reflects the impact of a foreign tax credit net tax benefit of $4,537 generated by the repatriation of $22,315 in the first quarter of fiscal 2017 from foreign jurisdictions into the U.S. Additionally, the change in the comparative effective tax rate was also impacted from the result of no tax benefit being recorded on the non-deductible portion of the goodwill impairment charge recognized in the Diving segment in 2016.

Net Income

The Company recognized net income of $35,157, or $3.51 per diluted common share, in fiscal 2017 compared to $13,501, or $1.34 per diluted common share, in fiscal 2016 based on the factors discussed above.

Financial Condition, Liquidity and Capital Resources

The Company believes its existing balances of cash, cash equivalents and short-term investments will be sufficient to satisfy its working capital needs, capital asset purchases, outstanding commitments and other liquidity requirements associated with its existing operations over the next twelve months. The Company currently anticipates the cash used for future dividends will come from its current cash and cash generated from ongoing operating activities.

The Company's short-term investment portfolio is invested in certificates of deposit with original maturities greater than three months but less than one year, with the primary objective of minimizing the potential risk of principal loss. The Company's investment policy generally requires securities to be investment grade.

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

(thousands)	Year Ended September 28 2018	September 29 2017	September 30 2016
Cash provided by (used for):			
Operating activities	$63,358	$ 46,350	$ 43,434
Investing activities	48	(58,008)	(20,741)
Financing activities	(4,935)	(11,551)	(4,736)
Effect of foreign currency rate changes on cash	(404)	(275)	178
Increase (decrease) in cash and cash equivalents	$58,067	$ (23,484)	$ 18,135

Operating Activities

The following table sets forth the Company’s working capital position at the end of each of the years shown:

(thousands, except share data)	September 28 2018	September 29 2017
Current assets	$ 285,694	$ 240,849
Current liabilities	92,784	84,077
Working capital	$ 192,910	$ 156,772
Current ratio	3.1:1	2.9:1

Cash flows provided by operations totaled $63,358, $46,350 and $43,434 in fiscal 2018, 2017 and 2016, respectively. The increase in net income and the effect of an increase in non-cash tax expense in the current year were the primary drivers of the increase in operating cash in 2018 versus 2017. Cash provided by the significant increase in net income in 2017 over 2016 was nearly offset by an increase in inventory in 2017 versus a decrease in inventory in 2016.

Depreciation and amortization charges were $13,105, $13,080 and $11,833 in fiscal 2018, 2017 and 2016, respectively.

Investing Activities

Cash flows provided by investing activities were $48 in fiscal 2018. Cash flows used for investing activities were $58,008 and $20,741 in fiscal 2017 and 2016, respectively. Proceeds from the sale of short-term investments in 2018 provided cash of $52,682, offset by purchases of $34,789, while the purchase of short-term investments in 2017 used cash of $46,607. The purchases of the Seabear and Northport businesses in fiscal 2016 used cash of $9,152. Expenditures for property, plant and equipment were $19,152, $11,613 and $11,702 in fiscal 2018, 2017 and 2016, respectively. In general, the Company’s ongoing capital expenditures are primarily related to tooling for new products and facilities and information systems improvements.

Financing Activities

Cash flows used for financing activities totaled $4,935 in fiscal 2018 compared to $11,551 and $4,736 in 2017 and 2016, respectively. Dividend payments were $4,350, $3,559 and $3,169 in 2018, 2017 and 2016, respectively.

On October 24, 2016, the Company repaid its outstanding term loans with Ridgestone Bank totaling $7,068. The early repayment of these loans resulted in payment of a 3% pre-payment penalty. The Company's term loans had a maturity date of September 29, 2029. The interest rate in effect on the term loans was 5.50% at the date of repayment. Payments on long-term debt were $332 in fiscal 2016. The Company had current maturities of its long-term debt of $381 as of September 30, 2016. The Company had outstanding borrowings on long-term debt (net of current maturities) of $7,008 as of September 30, 2016.

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On November 15, 2017, the Company and certain of its subsidiaries entered into a new unsecured revolving credit facility with PNC Bank, National Association and Associated Bank, N.A. ("the Lending Group"). This credit facility replaced the Company's previous revolving credit agreement dated September 16, 2013 and consists of an Amended and Restated Revolving Credit Agreement dated November 15, 2017 among the Company, certain of the Company's subsidiaries, PNC Bank, National Association, as lender and as administrative agent, and the other lender named therein (the "New Revolving Credit Agreement" or "New Revolver"). The New Revolver has an expiration date of November 15, 2022, and provides for borrowing of up to an aggregate principal amount not to exceed $75,000 with a $50,000 accordion feature that gives the Company the option to increase the maximum financing availability subject to the conditions of the New Revolving Credit Agreement and subject to the approval of the lenders.

The interest rate on the New Revolver is based on LIBOR plus an applicable margin, which margin resets each quarter. The applicable margin ranges from 1.00% to 1.75% and is dependent on the Company's leverage ratio for the trailing twelve month period. The interest rates on the Revolvers were approximately 3.3% at September 28, 2018 and 2.5% at September 29, 2017.

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

As of September 28, 2018, the Company held approximately $40,999 of cash and cash equivalents in bank accounts in foreign jurisdictions.

Contractual Obligations and Off Balance Sheet Arrangements

The Company has contractual obligations and commitments to make future payments under its operating leases and open purchase orders. The following schedule details these significant contractual obligations at September 28, 2018.

	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Operating lease obligations	$52,163	$7,723	$13,022	$6,586	$24,832
Open purchase orders	90,470	90,470	—	—	—
Total contractual obligations	$142,633	$98,193	$13,022	$6,586	$24,832

The Company utilizes letters of credit primarily as security for the payment of future claims under its workers' compensation insurance. Letters of credit outstanding at September 28, 2018 and September 29, 2017 were $279 and were included in the Company's total loan availability. The Company had no unsecured revolving credit facilities at its foreign subsidiaries as of September 28, 2018 or September 29, 2017.

The Company has no other off-balance sheet arrangements. The Company anticipates making contributions of approximately $184 to its defined benefit pension plans through September 27, 2019.

Market Risk Management

Foreign Exchange Risk

The Company has significant foreign operations, for which the functional currencies are denominated primarily in euros, Swiss francs, Hong Kong dollars and Canadian dollars. As the values of the currencies of the foreign countries in which the Company has operations increase or decrease relative to the U.S. dollar, the sales, expenses, profits, losses, assets and liabilities of the Company's foreign operations, as reported in the Company's consolidated financial statements, increase or decrease, accordingly. Approximately 16% of the Company's revenues for the fiscal year ended September 28, 2018 were denominated in currencies other than the U.S. dollar. Approximately 7% were denominated in euros and approximately 6% were denominated in Canadian dollars, with the remaining 3% denominated in various other foreign currencies. Changes in foreign currency exchange rates can cause unexpected financial losses or cash flow needs.

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The Company may mitigate the impact on its operating results of 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 for a fixed amount of currency to be paid or received on 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 denominated in foreign currencies. As of September 28, 2018 and September 29, 2017, 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.

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-cancellable 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.

Critical Accounting Estimates

The Company's management discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of its assets, liabilities, sales and expenses, and related footnote disclosures. On an on-going basis, the Company evaluates its estimates for product returns, bad debts, inventories, long lived assets and goodwill, income taxes, warranty obligations, pensions and other post-retirement benefits, litigation and other subjective matters impacting the financial statements. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. Management has discussed these policies with the Audit Committee of the Company's Board of Directors.

Allowance for Doubtful Accounts

Allowances for doubtful accounts are estimated by the individual operating companies based on estimates of losses related to customer accounts receivable balances. Estimates are developed by using standard quantitative measures based on historical losses, adjusting for current economic conditions and, in some cases, evaluating specific customer accounts for risk of loss. The establishment of reserves requires the use of judgment and assumptions regarding the potential for losses on receivable balances. Though the Company considers these balances adequate and proper, changes in economic conditions in specific markets in which the Company operates and any specific customer collection issues the Company identifies could have a favorable or unfavorable effect on required reserve balances.

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Inventories

The Company values inventory at the lower of cost (determined using the first-in first-out method) or net realizable value. Management's judgment is required to determine the reserve for obsolete or excess inventory. Inventory on hand may exceed future demand either because the product is outdated or because the amount on hand is more than will be used to meet future needs. Inventory reserves are estimated by the individual operating companies using standard quantitative measures based on criteria established by the Company. The Company also considers current forecast plans, as well as market and industry conditions in establishing reserve levels. Though the Company considers these reserve balances to be adequate, changes in economic conditions, customer inventory levels or competitive conditions could have a favorable or unfavorable effect on required reserve balances.

Deferred Taxes

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. While the Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event the Company were to determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to income in the period such determination was made. Likewise, should the Company determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income in the period such determination was made.

Goodwill and Other Intangible Assets Impairment

Goodwill and indefinite-lived intangible assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. Generally, annual impairment tests are performed by the Company in the fourth quarter of each fiscal year.

In assessing the recoverability of the Company's goodwill, the Company estimates the fair value of the businesses to which the goodwill relates. Fair value is estimated using a discounted cash flow analysis. If the fair value of a reporting unit exceeds its net book value, no impairment exists. When fair value is less than the carrying value of the net assets and related goodwill, an impairment charge is recognized based on the excess of carrying amount over its fair value. The Company recognized goodwill impairment charges of $6,197 in 2016. See further discussion at Note 1 to the consolidated financial statements included elsewhere in this report.

The discounted cash flow analysis used to estimate fair value requires a number of key estimates and assumptions. The Company estimates the future cash flows of the reporting units based on historical and forecasted revenues and operating costs and applies a discount rate to the estimated future cash flows for purposes of the valuation. This discount rate is based on the estimated weighted average cost of capital, which includes certain assumptions made by management such as market capital structure, market betas, the risk-free rate of return and the estimated costs of borrowing. Changes in these key estimates and assumptions, or in other assumptions used in this process, could materially affect our impairment analysis in a given year.

In assessing the recoverability of the Company's other indefinite lived intangible assets, the Company estimates the fair value of the various intangible assets. The fair value of trademarks and patents is estimated using the relief from royalty method. If the fair value of an intangible asset exceeds its net book value, no impairment exists. When fair value is less than the carrying value of the intangible asset, an impairment loss is recognized for the amount of the difference.

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A number of factors, many of which the Company has no ability to control, could affect its financial condition, operating results and business prospects and could cause actual results to differ from the estimates and assumptions that the Company uses in preparing its financial statements. These factors include: a prolonged global economic crisis, a significant decrease in demand for the Company's products, a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator and successful efforts by the Company's competitors to gain market share.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances, such as unplanned negative cash flow indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to future undiscounted cash flows expected to be generated by the asset group. If such assets are determined to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Application of alternative assumptions, such as changes in the estimate of future cash flows, could produce significantly different results. Because of the significance of the judgments and estimation processes, it is likely that materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change.

Warranties

The Company accrues a warranty reserve for estimated costs to provide warranty services. Warranty reserves are estimated using standard quantitative measures based on criteria established by the Company. Estimates of costs to service its warranty obligations are based on historical experience, expectation of future conditions and known product issues. To the extent the Company experiences increased warranty claim activity or increased costs associated with servicing those claims, revisions to the estimated warranty reserve would be required. The Company engages in product quality programs and processes, including monitoring and evaluating the quality of its suppliers, to help minimize warranty obligations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information with respect to this item is included in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Market Risk Management."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information with respect to this item is included in the Company's consolidated financial statements attached to this report on pages F-1 to F-38.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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ITEM 9A. CONTROLS AND PROCEDURES

(a) 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) designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 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 Securities Exchange Act of 1934 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. The Company carried out an evaluation as of September 28, 2018, under the supervision and with the participation of the Company's management, including its 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 such evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 28, 2018 at reaching a level of reasonable assurance. 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.

The report of management required under this Item 9A is included on page F-2 of the Company's Consolidated Financial Statements attached to this Report under the heading "Management's Report on Internal Control over Financial Reporting" and is incorporated herein by reference.

(b) Changes in Internal Control over Financial Reporting.

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(c) Attestation Report of Independent Registered Public Accounting Firm

RSM US LLP, the independent registered public accounting firm who audited the Company's consolidated financial statements, has issued an attestation report on the Company's internal control over financial reporting, which is contained in the Company's consolidated financial statements under the heading "Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting."

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to this item is incorporated herein by reference to the discussion under the headings "Proposal 1: Election of Directors," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Nominating and Corporate Governance Committee" and "Audit Committee Matters – Audit Committee Financial Expert" in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019. Information regarding the Company's Code of Business Ethics is incorporated herein by reference to the discussion under "Corporate Governance Matters – Employee Code of Conduct and Code of Ethics; Corporate Governance Guidelines; and Procedures for Reporting of Accounting Concerns" in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019.

The Audit Committee of the Company's Board of Directors is an "audit committee" for purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Terry E. London (Chairman), Thomas F. Pyle, Jr., Edward F. Lang and Richard ("Casey") Sheahan.

ITEM 11. EXECUTIVE COMPENSATION

Information with respect to this item is incorporated herein by reference to the discussion under the headings "Directors Compensation" and "Executive Compensation" and "CEO Pay Relative to Median Pay of our Employees" in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019.

The information incorporated by reference from "Report of the Compensation Committee" in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to this item is incorporated herein by reference to the discussion under the heading "Stock Ownership of Management and Others" in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019.

Equity Compensation Plan Information

The following table summarizes share information, as of September 28, 2018, for the Company's equity compensation plans, including the Johnson Outdoors Inc. 2012 Non-Employee Director Stock Ownership Plan, the Johnson Outdoors Inc. 2010 Long-Term Stock Incentive Plan and the Johnson Outdoors Inc. 2009 Employee Stock Purchase Plan. All of these plans have been approved by the Company's shareholders.

Plan Category	Number of Common Shares to Be Issued Upon Exercise of	Weighted-average Exercise Price of Outstanding Options,	Number of Common Shares Available for Future Issuance Under

	Outstanding Options, Warrants and Rights	Warrants and Rights	Equity Compensation Plans
2010 Long-Term Stock Incentive Plan	—	$ —	523,879
2012 Non-Employee Director Stock Ownership Plan	32,908	—	54,291
2009 Employee Stock Purchase Plan	—	—	87,624
Total All Plans	32,908	—	665,794

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information with respect to this item is incorporated herein by reference to the discussion under the heading “Certain Relationships and Related Transactions” in the Company’s Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019. Information regarding director independence is incorporated by reference to the discussions under “Corporate Governance Matters-Director Independence” in the Company’s Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information with respect to this item is incorporated herein by reference to the discussion under the heading “Audit Committee Matters – Fees of Independent Registered Public Accounting Firm” in the Company’s Proxy Statement for the 2019 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission on or before January 26, 2019.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this report:

Financial Statements

Included in Item 8 of Part II of this report are the following:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Statements of Operations – Years ended September 28, 2018, September 29, 2017 and September 30, 2016
- Consolidated Statements of Comprehensive Income – Years ended September 28, 2018, September 29, 2017 and September 30, 2016
- Consolidated Balance Sheets – September 28, 2018 and September 29, 2017
- Consolidated Statements of Shareholders’ Equity – Years ended September 28, 2018, September 29, 2017 and September 30, 2016
- Consolidated Statements of Cash Flows – Years ended September 28, 2018, September 29, 2017 and September 30, 2016
- Notes to Consolidated Financial Statements

Exhibits

See Exhibit Index.

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ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, in the City of Racine and State of Wisconsin, on the 7th day of December 2018.

JOHNSON OUTDOORS INC.
(Registrant)

By /s/ Helen P. Johnson-Leipold
Helen P. Johnson-Leipold
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 7th day of December 2018.

/s/ Helen P. Johnson-Leipold (Helen P. Johnson-Leipold)	Chairman and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Thomas F. Pyle, Jr. (Thomas F. Pyle, Jr.)	Vice Chairman of the Board and Lead Outside Director
/s/ Terry E. London (Terry E. London)	Director
/s/ John M. Fahey, Jr. (John M. Fahey, Jr.)	Director
/s/ Edward Stevens (Edward Stevens)	Director
/s/ Edward F. Lang (Edward F. Lang)	Director
/s/ Katherine Button Bell (Katherine Button Bell)	Director
/s/ Richard Sheahan (Richard ("Casey") Sheahan)	Director
/s/ William D. Perez (William D. Perez)	Director
/s/ David W. Johnson (David W. Johnson)	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit	Title
3.1	Articles of Incorporation of the Company as amended through February 17, 2000. (Filed as Exhibit 3.1(a) to the Company’s Form 10-Q for the quarter ended March 31, 2000 and incorporated herein by reference.)
3.2	Bylaws of the Company as amended and restated through December 6, 2010. (Filed as Exhibit 3.2 to the Company’s Form 10-K for the year ended October 1, 2010 and incorporated herein by reference.)
9.1	Johnson Outdoors Inc. Class B common stock Amended and Restated Voting Trust Agreement, dated as of February 16, 2010 (Filed as Exhibit 2 to Amendment No. 14 to the Schedule 13D filed by Helen P. Johnson-Leipold on February 24, 2017 and incorporated herein by reference.)
10.1	Registration Rights Agreement regarding Johnson Outdoors Inc. common stock issued to the Johnson family prior to the acquisition of Johnson Diversified, Inc. (Filed as Exhibit 10.1 to the Company’s Form 10-K dated and filed with the Securities and Exchange Commission on December 8, 2017 and incorporated herein by reference.)
10.2	Registration Rights Agreement regarding Johnson Outdoors Inc. Class A common stock held by Mr. Samuel C. Johnson. (Filed as Exhibit 10.2 to the Company’s Form 10-K dated and filed with the Securities and Exchange Commission on December 8, 2017 and incorporated herein by reference.)
10.3 +	Johnson Outdoors Inc. 2000 Long-Term Stock Incentive Plan. (Filed as Exhibit 99.1 to the Company’s Current Report on Form 8-K dated July 29, 2005 and incorporated herein by reference.)
10.4 +	Johnson Outdoors Inc. Worldwide Key Executives’ Discretionary Bonus Plan. (Filed as Appendix A to the Company’s Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 13, 2014 and incorporated herein by reference.)
10.5 +	Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 10.2 to the Company’s Form 10-Q dated April 2, 2004 and incorporated herein by reference.)
10.6 +	Form of Restricted Stock Agreement under Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 4.2 to the Company’s Form S-8 Registration Statement No. 333-115298 and incorporated herein by reference.)
10.7 +	Form of Stock Option Agreement under Johnson Outdoors Inc. 2003 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 10.2 to the Company’s Form S-8 Registration Statement No. 333-115298 and incorporated herein by reference.)

10.8	Amended and Restated Credit Agreement dated as of November 15, 2017 among Johnson Outdoors Inc., certain subsidiaries of Johnson Outdoors Inc., PNC Bank, National Association, as lender and administrative agent, PNC Capital markets LLC, as sole lead arranger and bookrunner, and the other lender named therein (filed as Exhibit 99.1 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on November 20, 2017).
10.9 +	Johnson Outdoors Inc. 2009 Employees' Stock Purchase Plan. (Filed as Exhibit 99.2 to the current report on Form 8-K dated and filed with the Securities and Exchange Commission on March 8, 2010.)
10.10 +	Johnson Outdoors Inc. 2010 Long Term Stock Incentive Plan. (Filed as Appendix A to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 15, 2015 and incorporated herein by reference.)
10.11 +	Johnson Outdoors Inc. 2012 Non-Employee Director Stock Ownership Plan. (Filed as Appendix A to the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on January 13, 2017 and incorporated herein by reference.)
10.12 +	Form of Restricted Stock Unit Agreement under Johnson Outdoors Inc. 2012 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 10.31 to the annual report on Form 10-K dated and filed with the Securities and Exchange Commission on December 5, 2014.)
10.13 +	Form of Restricted Stock Unit Agreement (Performance Based) under Johnson Outdoors Inc. 2012 Non-Employee Director Stock Ownership Plan. (Filed as Exhibit 10.32 to the annual report on Form 10-K dated and filed with the Securities and Exchange Commission on December 7, 2015.)
10.14+	Form of Restricted Stock Agreement under Johnson Outdoors Inc. 2012 Non-Employee Director Stock Ownership Plan.
21	Subsidiaries of the Company as of September 28, 2018.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a).
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350. (1)
101	The following materials from Johnson Outdoors Inc.'s Annual Report on Form 10-K for the fiscal year ended September 28, 2018 formatted in XBRL (eXtensible Business Reporting Language) and furnished electronically herewith: (i) Consolidated Statements of Operations; (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Shareholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.

+A management contract or compensatory plan or arrangement.

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

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CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Johnson Outdoors Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. The Company’s internal control over financial reporting is designed to provide reasonable assurance to the Company’s management and board of directors regarding the preparation and fair presentation of published financial statements. The Company’s internal control over financial reporting includes those policies and procedures that:

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of September 28, 2018. In making this assessment, management used the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on our assessment, management believes that, as of September 28, 2018, the Company’s internal control over financial reporting was effective based on those criteria.

/s/ Helen P. Johnson-Leipold	/s/ David W. Johnson
Chairman and Chief Executive Officer	Vice President and Chief Financial Officer

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders and the Board of Directors of Johnson Outdoors Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited Johnson Outdoors Inc.'s internal control over financial reporting as of September 28, 2018, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, Johnson Outdoors Inc. maintained, in all material respects, effective internal control over financial reporting as of September 28, 2018, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements of Johnson Outdoors Inc. and our report dated December 7, 2018 expressed an unqualified opinion.

Basis for Opinion

Johnson Outdoors Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Johnson Outdoors Inc.'s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Johnson Outdoors Inc. in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Johnson Outdoors Inc.; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of Johnson Outdoors Inc. are being made only in accordance with authorizations of management and directors of Johnson Outdoors Inc.; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Johnson Outdoors Inc.'s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP
Milwaukee, Wisconsin
December 7, 2018

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Johnson Outdoors Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Johnson Outdoors Inc. as of September 28, 2018 and September 29, 2017, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended September 28, 2018, and the related notes to the consolidated financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of Johnson Outdoors Inc. as of September 28, 2018 and September 29, 2017, and the results of their operations and their cash flows for each of the three years in the period ended September 28, 2018, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), Johnson Outdoors Inc.’s internal control over financial reporting as of September 28, 2018, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated December 7, 2018 expressed an unqualified opinion on the effectiveness of Johnson Outdoors Inc.’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of Johnson Outdoors Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Johnson Outdoors Inc. in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as Johnson Outdoors Inc.'s auditor since 2010.

Milwaukee, Wisconsin
December 7, 2018

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CONSOLIDATED STATEMENTS OF OPERATIONS

(thousands, except per share data)	Year Ended September 28 2018	September 29 2017	September 30 2016
Net sales	$544,268	$ 490,565	$ 433,727
Cost of sales	302,408	279,625	257,265
Gross profit	241,860	210,940	176,462
Operating expenses:			
Marketing and selling	112,782	100,359	90,690
Administrative management, finance and information systems	45,616	45,824	38,251
Goodwill and other intangible assets impairment	—	—	6,197
Research and development	20,441	19,166	18,430
Total operating expenses	178,839	165,349	153,568
Operating profit	63,021	45,591	22,894
Interest income	(1,166)	(316)	(81)
Interest expense	203	757	727
Other (income) expense	(4,122)	(3,060)	(1,407)
Profit before income taxes	68,106	48,210	23,655
Income tax expense	27,437	13,053	10,154
Net income	$40,669	$ 35,157	$ 13,501
Weighted average common shares - Basic:			
Class A	8,730	8,675	8,627
Class B	1,212	1,212	1,212
Dilutive stock options and restricted stock units	54	33	16
Weighted average common shares - Dilutive	9,996	9,920	9,855
Net income per common share - Basic:			
Class A	$4.12	$ 3.56	$ 1.36
Class B	$3.74	$ 3.23	$ 1.24
Net income per common share - Diluted:			
Class A	$4.05	$ 3.51	$ 1.34
Class B	$4.05	$ 3.51	$ 1.34
Dividends declared per common share:			
Class A	$0.48	$ 0.37	$ 0.32
Class B	$0.44	$ 0.34	$ 0.29

The accompanying notes are an integral part of the Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended		
(thousands, except per share data)	September 28 2018	September 29 2017	September 30 2016
Net income	$40,669	$ 35,157	$ 13,501
Other comprehensive (loss) income:			
Foreign currency translation:			
Foreign currency translation	(1,005)	590	521
Reclassification adjustment for currency translation (gains) losses related to the liquidation of foreign entities included in net income	(2,378)	64	(249)
Defined benefit pension plan:			
Unrecognized gain (loss) arising during period, net of tax of ($460), ($938) and $1,168, respectively	1,457	1,532	(1,906)
Amortization of unrecognized losses included in net periodic benefit cost, net of tax of ($133), ($278) and ($215), respectively	420	453	351
Total other comprehensive (loss) income	(1,506)	2,639	(1,283)
Total comprehensive income	$39,163	$ 37,796	$ 12,218

The accompanying notes are an integral part of the Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS

(thousands, except share data)	September 28 2018	September 29 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 121,877	$ 63,810
Short-term investments	28,714	46,607
Accounts receivable, net	40,866	46,814
Inventories	88,864	79,148
Other current assets	5,373	4,470
Total current assets	285,694	240,849
Property, plant and equipment, net of accumulated depreciation of $131,322 and $132,567, respectively	55,934	48,938
Deferred income taxes	11,748	22,632
Goodwill	11,199	11,238
Other intangible assets, net	12,341	13,476
Other assets	19,020	16,526
Total assets	$ 395,936	$ 353,659
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	34,160	31,686
Accrued liabilities:		
Salaries, wages and benefits	22,315	21,825
Accrued warranty	8,499	6,393
Income taxes payable	7,739	5,434
Accrued discounts and returns	7,505	5,137
Other	12,566	13,602
Total current liabilities	92,784	84,077
Deferred income taxes	1,715	1,845
Retirement benefits	1,945	8,844
Other liabilities	20,295	15,889
Total liabilities	116,739	110,655
Shareholders' equity:		
Preferred stock: none issued	—	—
Common stock:		
Class A shares issued and outstanding: September 28, 2018: 8,787,360 September 29, 2017: 8,784,513	442	442
Class B shares issued and outstanding: September 28, 2018: 1,211,686 September 29, 2017: 1,211,686	61	61
Capital in excess of par value	75,025	72,801
Retained earnings	202,828	166,905
Accumulated other comprehensive income	3,487	4,993
Treasury stock at cost, shares of Class A common stock: 67,655 and 67,137, respectively	(2,646)	(2,198)
Total shareholders' equity	279,197	243,004
Total liabilities and shareholders' equity	$ 395,936	$ 353,659

The accompanying notes are an integral part of the Consolidated Financial Statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(thousands except for shares)	Shares	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)
BALANCE AT OCTOBER 2, 2015	9,982,994	$ 502	$ 69,545	$ 125,173	$ (889)	$ 3,637
Net income	—	—	—	13,501	—	—
Dividends declared	—	—	—	(3,269)	—	—
Issuance of stock under employee stock purchase plan	7,732	—	160	—	—	—
Award of non-vested shares	54,850	—	(493)	—	493	—
Stock-based compensation	—	—	1,813	—	—	—
Tax effects on stock based awards	—	—	112	—	—	—
Currency translation adjustment	—	—	—	—	—	521
Write off of currency translation adjustment loss	—	—	—	—	—	(249)
Change in pension plans, net of tax of $952	—	—	—	—	—	(1,555)
Non-vested stock forfeitures	(7,885)	—	—	—	—	—
Purchase of treasury stock at cost	(19,973)	—	—	—		