Risk Factors Comparison 2024-03-13 to 2023-03-09 Form: 10-K

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Our business is subject to a number of risks and uncertainties that may affect our business, results of operations and financial condition, or the trading price of our common stock. These risk factors may not be exhaustive. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. Management cannot predict such new risks and uncertainties, nor can it assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our business. These risks are more fully described in Part I, Item 1A." Risk Factors". These risks include, among others, the following: ~~COVID- 19~~ Pandemic **and Public Health** Risks • **any** ~~the continuing~~ impacts **from** ~~of the COVID- 19 pandemic~~ **pandemics** and actions taken by governments, businesses, and individuals in response to ~~the pandemic~~ **pandemics** . Strategic Risks **• our restructuring program may not be successful or we may not fully realize the expected cost savings and / or operating efficiencies from our restructuring plans;** • our ability to anticipate and respond to changing fashion, functionality and product trends; • our ability to continue to develop innovative products; • our ability to execute our e- commerce business; • consumer acceptance of new products, features or technology; • our ability to grow our sales is dependent on our business strategy; • the cost and stakeholder approval of our sustainability practices; • climate change and other environmental impacts. Operational Risks • ~~increased political uncertainty, particularly the uncertainty resulting from the invasion of Ukraine by Russia; •~~ supply chain disruptions resulting from changes in U. S. trade policy with China or as a result of **a** ~~the COVID- 19~~ pandemic; • loss of any of our license agreements for globally recognized fashion brand names ~~; • loss of our license for Google' s WEAR OS operating system~~ ; • effectively managing our retail store operations; • supply shortages for certain key components in our products; • seasonality of our business; • the success of the shopping malls and retail centers in which our stores are located; • loss of key facilities; • fluctuations in the price, availability and quality of raw materials and any impact of inflation; • problems with, or loss of, our assembly factories or manufacturing sources; • we do not maintain long- term contracts with our customers; • we face intense competition in the specialty retail and e- commerce industries and some competitors are substantially larger than us; • we face competition from traditional competitors as well as competitors in the wearable technology category; • any material disruption of our information systems; • factors affecting international commerce and our international operations; • changes in economic and social conditions in Asia, particularly China, and disruptions in international travel and shipping; • loss of key senior management or failure to attract and retain key employees. Risks related to our Indebtedness • **we are highly leveraged; •** our failure to comply with the covenants contained in our debt agreements; • our borrowings may fluctuate significantly; • our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations; • our ability to generate sufficient cash flows to meet our debt service obligations; • we may incur significantly more debt, including secured debt **; • we could face a downgrade in our debt ratings; • our indebtedness exposes us to interest rate risk; • we have restrictive covenants in our secured asset- based revolving credit agreement** . Financial Risks **• we may not achieve consistent profitability or positive cash flows; • a significant portion of our cash, cash equivalents and investments are held by our foreign subsidiaries;** • changes in the mix of product sales demand; • impact of ~~U. S. tax legislation and~~ potential changes to international tax rules; • incurring impairment charges; • increased competition from online only retailers and a highly promotional retail environment; • our license agreements may require minimum royalty commitments, regardless of the level of product sales under these agreements; • foreign currency fluctuations; Legal, Compliance and Reputational Risks • a data security or privacy breach; • violations of laws and regulations, or changes to existing laws or regulations in the U. S. or internationally; • tariffs or other restrictions placed on imports from China and any retaliatory trade measures taken by China; • loss of our intellectual property rights; • infringing the intellectual property rights of others; • failure by an independent manufacturer or license partner to use acceptable labor practices, otherwise comply with laws or suffer reputation harm. Risks Relating to our Common Stock • ~~rapid and substantial increases~~ **failure to meet the continued listing requirements of Nasdaq could result in a delisting of** ~~or~~ **our securities; • activist shareholders could negatively affect** ~~decreases in our stock price, regardless of developments in~~ our business; • **rapid and substantial increases** ~~our~~ **or decreases in** ~~CEO owns approximately 6. 2 % of~~ our ~~outstanding common~~ stock **price, regardless of developments in our business** ; • our organizational documents contain anti- takeover provisions; • failure to meet our financial guidance or achieve other forward- looking statements we have provided to the public. General Risks • any deterioration in the global economic environment, and any resulting declines in consumer confidence and spending; • the effects of economic cycles, terrorism, acts of war and retail industry conditions; • foreign government regulations and U. S. trade policy; • inherent limitations in control systems could lead to error or fraud that is not detected. Trademarks, service marks, trade names and copyrights We use our FOSSIL, MICHELE, RELIC, SKAGEN and ZODIAC trademarks, as well as other trademarks, on watches, our FOSSIL and SKAGEN trademarks on jewelry, and our FOSSIL trademark on leather goods and other fashion accessories in the U. S. and in a significant number of foreign countries. We also use FOSSIL, ~~SKAGEN,~~ WATCH STATION INTERNATIONAL and WSI as trademarks on retail stores and FOSSIL, SKAGEN, WATCH STATION INTERNATIONAL, WSI, ~~MISFIT,~~ ZODIAC ~~, KATCHIN~~ and MICHELE as trademarks on online e- commerce sites. This Annual Report may also contain other trademarks, service marks, trade names and copyrights of ours or of other companies with whom we have, for example, licensing agreements to produce, market and distribute products. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this Annual Report may be listed without the TM, SM, © and ® symbols, as applicable, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors, if any, to these trademarks, service marks, trade names and copyrights. ~~In this Annual Report, references to~~

~~“ we, ” “ our, ” “ us, ”" Fossil" and the “ Company ” refer to Fossil Group, Inc., including its consolidated subsidiaries as of December 31, 2022 (" fiscal 2022"). The Company’ s fiscal year periodically results in a 53- week year instead of a normal 52- week year. The fiscal years ended December 31, 2022 and January 1, 2022 (" fiscal 2021") were each a 52- week period, the fiscal year ended January 2, 2021 (" fiscal 2020") was a 53- week period.~~ PART I Item 1. Business **Company** We are a design, innovation and distribution company specializing in consumer fashion accessories. Our products include ~~traditional~~ watches ~~, smartwatches~~ , jewelry, handbags, small leather goods, belts and sunglasses. We design, develop, market and distribute products under our owned brands FOSSIL, SKAGEN, MICHELE, RELIC and ZODIAC and licensed brands ARMANI EXCHANGE, DIESEL, DKNY, EMPORIO ARMANI, KATE SPADE NEW YORK, MICHAEL KORS, and TORY BURCH. Based on our range of accessory products, brands, distribution channels and price points, we are able to target style- conscious consumers across a wide age spectrum on a global basis. Operating Strategy Our goal is to drive shareholder value ~~by increasing earnings~~ and ~~making~~ **make** a positive impact on our people, planet and communities. We **continue to** operate in a **very** challenging business environment ~~. However, we see opportunities~~ for **our product offerings** ~~sustainable growth and value creation~~ . ~~We recently announced~~ **In early 2023, we initiated** our Transform and Grow ~~initiative~~ **plan** (“ TAG ”) **, which was initially** designed to reduce operating expenses, improve operating margins and advance our path to profitable growth. ~~The~~ **In August 2023, as a result of a more comprehensive business review, we expanded TAG to address a broader transformation and capture a greater level of benefits. Under the expanded program, the** “ Transform ” aspect of ~~our~~ TAG ~~program~~ focuses on optimizing our core categories, brands, geographies and channels. Through this **wider** ~~more focused~~ lens, we intend to restructure our operations to achieve **improved gross margins,** lower operating expenses and **to** reduce our working capital **requirements** . ~~The reduction in~~ **This comprehensive initiative encompasses various domains such as: • organization and** operating ~~expenses~~ **model optimization; • sourcing and cost of goods sold opportunities; • pricing, promotion, and markdown improvements; • end- to- end product planning and inventory management enhancements; • indirect procurement efficiencies, including marketing and information technology areas; • logistics and distribution center operations efficiencies; • store rationalization and optimization programs. Under TAG, the Company** is ~~intended to generate estimated~~ **targeting approximately $ 300 million of** annualized **operating income** benefits ~~of at least $ 100 million~~ by the end of ~~2024~~ **2025 . In addition to the economic benefits of TAG, the Company expects to significantly improve its operating model, moving from a decentralized, regional focused organization to a global brand and commercial model. We expect these changes will enable us to: • adapt our operations to more effectively address challenges through enhanced global focus, top- down alignment, and decision- making rigor; • instigate an ongoing, sustainable operating model, underscored by a culture of enhanced accountability; • establish a more effective and efficient leadership structure** . The “ Growth ” aspect of ~~our~~ TAG **consists of investing in** ~~program focuses on the following~~ three key growth **pillars to drive sustained** ~~strategies with three growth enablers: Growth Strategies Revitalize the Fossil Brand~~ -- **and** ~~. FOSSIL is our flagship brand and is our largest revenue brand. The brand is global in distribution with high awareness in our core product categories. Our goal is to become a best- in- class global lifestyle accessory brand with strong brand equity and a highly engaged community of consumers. We have developed our strategy with a target consumer in mind, which we believe enables us to consistently grow sales in a profitable manner across both digital and physical channels globally. Grow Watches and Jewelry in our Core Portfolio Brands. We have leveraged our brand building experience to develop significant revenue and profit from the design, development and distribution of traditional watches for our licensed brands. We plan to focus more resources on our largest licensed brands and allocate more resources to grow our jewelry category for these brands, as branded jewelry is a growing category with comparable margins to watches. Focus on Premium Watches. The luxury watch business is very strong and influences the overall watch market, particularly in the men’ s watch category. We believe this influence creates white space opportunities for us to capture growth in the premium tiers of our core brands and in our premium priced brands. Growth Enablers Digital Transformation. Through our digital roadmap, we have significantly enhanced our digital capabilities in both talent and technology and are pleased with the benefits that we have realized and expect to realize. We plan to continue to invest in our digital roadmap to enable~~ profitable revenue growth **. These growth pillars are: (1) revitalizing the FOSSIL brand, (2) maximizing our licensed brand portfolio** in **watches and jewelry and (3) growing our premium watch offerings. We believe that these growth pillars are best enabled by our** digital ~~channels~~ **transformation** , ~~which includes~~ **marketing capabilities and technology investments. To execute TAG, we have established a Transformation Office. The Transformation Office is composed of members of** our ~~owned e~~ **senior management supported by a leading management consulting firm specializing in assisting companies in complex reorganizations. Additionally, the Board of Directors has established a Special Board Committee to provide primary board oversight of the Transformation Office and drive accountability, timeliness and results of the program. As we execute against the entire scope of TAG, we have an opportunity to improve our operating fundamentals, right size our cost structure, and return to sales growth. Aided by these measures, our long** - **term** ~~commerce sites and third- party platforms around the world. Marketing Transformation. We plan to invest more resources in our marketing efforts, including public relations, collaborations, social, search, influencers, as a key enabler to creating demand for our brands and products. Our marketing programs will leverage consumer insights and analytics to create more personalized communication to our end consumers. Our~~ goal is to **achieve adjusted gross margins above 50 %** ~~develop closer connections to our end consumers by building communities of consumers across our brands. Technology Investments. We plan to invest in our core applications to drive efficiency~~ and **adjusted** ~~productivity to maximize the value of our scale in our operations~~ - **operating margins of approximately 10 %** ~~, supply chain and back office operations~~ . Segments We report segment information based on the “ management approach ”. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company' s reportable segments. We manage our business primarily on a geographic basis. The Company' s reportable operating segments are comprised of (i) Americas, (ii) Europe and (iii) Asia. Each reportable operating segment includes sales to wholesale and distributor customers, and sales through Company- owned retail stores and e- commerce activities based on the location of the selling entity. The Americas segment primarily includes sales to customers based in Canada, Latin America and the United States. The Europe segment primarily includes sales to customers based in European countries, the Middle East and Africa. The Asia segment primarily includes sales to customers based in Australia, Greater China, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea and Thailand. Each reportable operating segment provides similar products and services. **Brands** We are home to a collection of world- class owned and licensed brands that share our passion for design, innovation and doing good. **We** ~~Together, we~~ make distinctive watches and lifestyle accessories, bringing each brand to life through an extensive global channel and distribution network. We believe that the way we use our time matters, and we' ve made it our goal to create lasting change at the intersection of fashion and technology, while investing in the communities around the world where we live, work and play. Our consumer- first mindset drives every decision we make. By capitalizing on fashion trends and leveraging proprietary data and insights, we are able to deliver relevant, high- value products and experiences to consumers across a diverse range of price points, style preferences and geographies. Brand Building Our ambition is to capture a greater share of the growing global accessories market with a collection of the world' s most distinctive brands. We ~~' re~~ **are** investing in and strengthening each brand within our diverse owned and licensed portfolio, connecting with customers across price point, channel, geography and styles. The ability to build and activate strong lifestyle brands is key to our success. Our multi – channel model delivers engaging experiences directly to our consumers through our owned channels of distribution, direct 1P marketplaces and via third party distributors. Being consumer- first means we walk in their shoes, learning from first party data, as well as fashion and style trends, to deliver relevant and memorable brand experiences. Proprietary Brands Our owned brands include FOSSIL, SKAGEN, MICHELE, RELIC and ZODIAC. FOSSIL is a leading global lifestyle accessories brand inspired by creativity and ingenuity **, dedicated to connecting people to what matters most: time** . ~~We create~~ **FOSSIL takes pride in creating** timeless **and exceptionally** ~~, well-~~ crafted ~~bags~~ **watches** , **leather goods and** jewelry **designed** ~~and watches~~ to ~~accessorize a joyful, inspired~~ **accompany you on every journey** life **presents** . Today, we are on a mission, continuing our decade- long commitment to" Make Time For Good," while building a dynamic, multi- channel organization connecting with customers all over the world. ~~From the coastlines of Skagen, Denmark to the city life of Copenhagen, intentional Danish design has influenced Skagen' s distinctive point of view.~~ Since 1989, **SKAGEN has** ~~our watches and jewelry have~~ been ~~defined~~ **inspired** by ~~timeless design~~ **the city of Skagen and the Danish coastline. SKAGEN embraced Danish minimalism, creating slim styles and color combinations** that ~~never goes out of~~ **reflect coastal living — an understated** style **that' s still authentic to the brand today. Denmark has much to celebrate. As SKAGEN honors its heritage, the brand is expanding its range of influence to include areas of relevance that are of the moment** . MICHELE ~~luxury~~ timepieces are an extension **and reflection** of the women who wear them **. Every MICHELE watch is built to celebrate feminine ambition and boldness — a reminder of all a woman has accomplished as she builds her legacy. MICHELE' s beautifully** - ~~women who are~~ **feminine timepieces use precise Swiss movements, genuine gemstones and diamonds, and premium finishes. Each luxury timepiece is distinctly and recognizably MICHELE with signature elements and** bold **art deco** ~~, feminine and unforgettable. Our exceptional watches feature the finest materials; hand~~ - **inspired** ~~set diamonds, 18K gold, mother- of- pearl dials and signature MICHELE~~ details ~~that women celebrate as a reflection of their distinct personal style~~ . RELIC by Fossil is an American watch and lifestyle brand creatively delivering accessible, updated casual designs. With each of our signature watches and accessories, we create styles that fit your everyday lifestyle. **With a rich legacy dating back to 1882,** ZODIAC **is** ~~was founded in 1882 by Ariste Calame in Le Locle, Switzerland. For 140 years, we have~~ dedicated ~~ourselves~~ to ~~the~~ **excellence in** precision **, bold design** and craftsmanship ~~associated~~ with **authentic** Swiss **horology** ~~mechanical timekeeping~~ . **Today** ~~Zodiac consistently pushes the limits of design innovation~~ , ~~driving new variations of our iconic~~ **ZODIAC creates exclusive watches that maintain historical authenticity to vintage** models **while incorporating contemporary updates** ~~forward with purposeful uses of color and premium materials~~ , ~~all powered by~~ proprietary ~~Swiss mechanical~~ movements and ~~leading technologies~~ **always- improving functionality** . Licensed Brands Our main licensed brands include ARMANI EXCHANGE, DIESEL, DKNY, EMPORIO ARMANI, KATE SPADE NEW YORK, MICHAEL KORS, and TORY BURCH. As a result of our vertical integration, we are uniquely positioned to launch an accessory category, such as watches, in partnership with a licensor in a timely and consistent manner. All of our major licensing relationships are exclusive for the brands we license and include traditional watches, and for certain other brands, smartwatches and / or jewelry. Products We design, develop, market and distribute accessories across a variety of product categories: traditional watches, ~~smartwatches,~~ jewelry, handbags, small leather goods, belts and sunglasses. Additionally, we manufacture and / or distribute private label brands, as well as branded products purchased for resale in certain of our other branded retail stores. The following table sets forth certain information with respect to the breakdown of our net sales and percentage change among proprietary, licensed and other brands for the fiscal years indicated (in millions, except for percentage data): Fiscal Year ~~202220212020~~ **202320222021** Dollars % ChangeDollars % ChangeDollarsNet sales Proprietary $ **720. 4 (10. 8) % $** 807. 7 (6. 0) % $ 859. 3 ~~11~~ **Licensed631** . 0 **(19** ~~% $ 774~~ . ~~2 Licensed781~~ **3) 781** . 7 (17. 2) 944. 3 ~~23~~ **Other61** . ~~7 763~~ **0 (34** . ~~5 Other93~~ **4) 93** . 0 40. 1 66. 4 ~~(12. 2) 75. 6~~ Total $ 1, ~~682~~ **412** . 4 (~~10~~ **16** . 0) % $ 1, ~~870~~ **682. 4 (10** . 0 **)** ~~15. 9~~ % $ 1, ~~613~~ **870** . ~~3~~ **0** Traditional Watches ~~and Smartwatches~~ Watches are our core global business. Sales of watches for fiscal years **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ accounted for approximately 77. **6 %, 77.** 9 % ~~,~~ **and** 80. 9 ~~% and 81. 0~~ %, respectively, of our consolidated net sales ~~. Our full display smartwatches use Google' s WEAR OS operating system. We have a license for WEAR OS that expires on August 30, 2024. Certain of our hybrid and other smartwatches use operating systems developed by us or as otherwise licensed to us by Google~~ . We have entered into multi- year, worldwide exclusive license agreements for the manufacture, distribution and sale of watches bearing the brand names of certain globally recognized fashion brands. The following table sets forth information with respect to our primary watch licenses: BrandExpirationDate 1ARMANI EXCHANGE12 / 31 / ~~2023DIESEL12~~ **2026DIESEL12** / 31 / 2027DKNY12 / 31 / 2024EMPORIO ARMANI12 / 31 / ~~2023KATE~~ **2026KATE** SPADE NEW YORK12 / 31 / 2025MICHAEL KORS12 / 31 /

~~2024TORY~~ **2025TORY** BURCH12 / ~~31~~ **30** / ~~2023~~ **2028**

____ (1) Subject to early termination in certain circumstances We also license certain internationally known brand names, such as Skechers, for limited distribution in select markets. ~~We mutually agreed with PUMA to an early termination of the PUMA license agreement effective at the end of 2023. We are negotiating a new long- term agreement for our license for the Tory Burch brand and negotiating an extension of our current licenses for the Armani Exchange and Emporio Armani brands.~~ Our license agreement with DKNY ~~provides~~ **expires at** the ~~licensor the right~~ **end of 2024, and we do not plan** to ~~terminate~~ **renew** the license ~~if we fail to meet the minimum net sales specified in the license agreement for two consecutive years, which we did not meet. If we do receive a termination notice from DKNY, the license agreement will terminate, but we will be allowed to sell through the current collection of articles in production when the termination occurs~~. Fashion Accessories In addition to our core watch business, we also design and create handbags, small leather goods, and belts across certain of our owned brands and jewelry under our owned brands and certain licensed brands. In the U. S. and certain international markets, we generally market our fashion accessory lines through the same distribution channels as our watches using similar marketing approaches. Our fashion accessories are typically sold in locations adjacent to watch departments, in store or online, which may lead to purchases by persons who are familiar with our watch brands. Sales of our accessory lines accounted for **20. 5 %,** 19. 8 % ~~,~~ **and** 16. 9 ~~% and 16. 7~~ % of our consolidated net sales in fiscal years **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, respectively. The following table sets forth information about our fashion accessories: BrandAccessory CategoryDIESELJewelryEMPORIO ARMANIJewelryFOSSILHandbags, small leather goods, belts, eyewear, jewelryMICHAEL KORSJewelrySKAGENJewelry Licensed Eyewear We have a license agreement with the Safilo Group for both FOSSIL branded sunglasses and optical frames worldwide, which expires on December 31, 2028. The license agreement provides for royalties to be paid to us based on a percentage of net sales and includes certain guaranteed minimum royalties. Sales of licensed eyewear accounted for approximately 0. **6 %, 0.** 5 ~~%, 0. 4~~ % and 0. 4 % of our consolidated net sales for fiscal years **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~, respectively. Stores Our products are sold across approximately ~~140~~ **150** countries worldwide through 23 Company- owned sales subsidiaries and through a network of 65 independent distributors. Our ~~products are offered on airlines and cruise ships and in international Company- owned retail stores. Our~~ network of Company- owned stores included ~~154~~ **130** retail stores and ~~188~~ **172** outlet stores as of December ~~31~~ **30**, ~~2022~~ **2023**. In certain international markets, our products are also sold through licensed and franchised FOSSIL retail stores, retail concessions operated by us and kiosks. We also operate stores under the WATCH STATION and WSI brands, in which we partner with some of the world' s most iconic brands to curate a unique collection of designer watches and jewelry for women and men. We offer a robust online and in- store experience in the United States, Europe and Asia that connects our customers to the stories, trends and latest innovations in the world of watches. **Marketing** Our marketing approach meets the consumer wherever they are, both online and offline. We create the best possible brand experience through a blend of art and science, which means that we prioritize both data- driven decision- making and creativity in our marketing approach. At our core, we are storytellers and **demand generators and** have the ability to craft ~~meaningful~~ **beautiful** ~~product~~ **products** and **deliver** brand ~~narratives across the funnel~~ **experiences worth talking about**. We have an in- house **global** marketing ~~center of excellence,~~ **team with representation across our regions** serving both our owned and licensed brands, to better connect with consumers and drive sustained engagement and awareness. This capability works across channels, including digital marketing, social media ~~/~~ **,** social commerce, email marketing, Customer Relationship Management, partner marketing and brand **and performance** media. We ~~expanded this model~~ **are also experienced brand builders, with** in **- house** ~~2022 to include~~ brand development, PR, content and integrated marketing **teams**, in addition to a dynamic global creative studio. We have built proprietary algorithms to support the profitable flow- through of marketing investment, optimized across channels, brands and countries. We deliver increasingly better personalization through ongoing test- and- learn **methods** as well as through ~~the~~ consumer ~~insight~~ **insights** and predictive analytics capabilities we have built over the past few years. We are strategically increasing our marketing investment and are telling fewer stories better so that our consumers understand the enduring role our brands play in their lives. Distribution We distribute our products globally through regional warehouses with our warehouse in Dallas, Texas serving the Americas, our warehouse in Eggstätt, Germany serving Europe and our warehouse in Hong Kong serving Asia. For those countries in which our products are distributed, but where we don' t have a physical presence, we use third- party distributors. From our regional warehouses, our products are shipped to subsidiary warehouses, distributors, wholesale accounts or directly to customers in selected markets. Our extensive distribution network allows us to reach a diverse global customer base. We sell our products through a range of channels including e- commerce, Company- owned retail stores, department and specialty retail stores, airlines, mass markets and concessions. **Digital** Our holistic e- commerce efforts include three forms of digital channels. First, our owned global e- commerce websites for our brands deliver mobile- friendly experiences, personalized content, and seamless omni- channel integration with retail stores, including buy online pick up in store, curbside pickup and ship from store. Second, we sell our products to leading third- party online retailers and our wholesalers' e- commerce websites. Third, we directly sell to consumers on major third- party platforms. Our e- commerce capabilities and total revenue contribution continue to grow as a part of our total business. In fiscal year ~~2022~~ **2023**, our digital sales comprised **38** ~~37. 0~~ % of consolidated net sales. This included sustained positive comps on our owned e- commerce channels year- over- year. We will continue to invest in growing our e- commerce capabilities in fiscal year ~~2023~~ **2024**, with a focus on improving ~~and streamlining~~ the **end- to- end** consumer experience, ~~better leveraging~~ **creating stronger CRM journeys via** first ~~-~~ party data and bringing more engaging ~~content~~ and **accessible experiences** ~~stories to life~~ across our channels. Manufacturing and Sourcing The vast majority of our products are sourced internationally. Most watch product sourcing is coordinated through our Hong Kong subsidiary, Fossil (East) Limited (" Fossil East "). We have some limited watch assembly operations through owned facilities in India and Switzerland. Although we do not have long- term contracts with our unrelated watch and accessory manufacturers, we maintain long- term relationships with several manufacturers. These relationships developed due to the significant length of time we have conducted business with the same manufacturers. We believe that we are able to exert some operational control with regard to our principal watch assemblers because of our long-standing relationships. In addition, we believe that the relative size of our business with watch manufacturers gives us priority within their production schedules. Furthermore, the manufacturers understand our quality standards, which allow us to produce quality products supporting overall operating margins. ~~We have also added third- party facilities and relationships for manufacturing our wearable technology products.~~ Our quality control program attempts to ensure that our products meet the standards established by our product development and quality staff. Development samples of products are inspected by us prior to placing orders with factories to ensure compliance with our designs. We also typically inspect or audit inspections of" top of production" samples of each product for compliance before or at the start of commencing production. The operations of the Hong Kong and Chinese factories that produce our products are monitored on a periodic basis by Fossil East, and the operations of our Swiss factories are monitored on a periodic basis by Montres Antima SA, one of our foreign operating subsidiaries. Intellectual Property We use our FOSSIL, MICHELE, RELIC, SKAGEN and ZODIAC trademarks, as well as other trademarks, on watches, our FOSSIL and SKAGEN trademarks on ~~smartwatches and~~ jewelry, and our FOSSIL trademark on leather goods and other fashion accessories in the U. S. and in a significant number of foreign countries. We also use FOSSIL ~~, SKAGEN~~ , WATCH STATION INTERNATIONAL, and WSI as trademarks on retail stores and FOSSIL, SKAGEN, WATCH STATION INTERNATIONAL, WSI, ~~MISFIT,~~ ZODIAC ~~, KATCHIN~~ and MICHELE as trademarks on online e- commerce sites. We have taken steps to establish or provide additional protection for our trademarks by registering or applying to register our trademarks for relevant classes of products in each country where our products are sold in addition to certain foreign countries where it is our intent to market our products in the future. We also have rights in certain copyrights and designs both in the United States and in other countries where ~~are~~ **our** products are principally sold. We continue to explore innovations in the design and assembly of our ~~watch, smartwatch and related~~ products. As a result, we have been granted, and have pending, various U. S. and international design and utility patents related to certain product designs, features, and technologies. As of December ~~31~~ **30** , ~~2022~~ **2023** , none of our patents were material to our business. We rely upon unpatented trade secrets, know- how, and continuing technological innovation to develop and maintain our competitive position ~~, particularly in the wearable technology space~~ . We strive to protect our trade secrets and other proprietary information through agreements with current and prospective product development partners, confidentiality agreements with employees, consultants and others that may have access to our proprietary information and through the use of other security measures. We aggressively protect our trademarks and trade dress and pursue infringement claims both domestically and internationally. We also pursue counterfeiters both domestically and internationally through third- party online monitoring tools and through leads generated internally, as well as through our business partners worldwide. Seasonality Our business has a seasonal pattern, with a significant portion of our sales occurring during the end- of- year holiday period. Significant Customer No customer accounted for 10 % or more of our consolidated net sales in fiscal years **2023,** 2022 ~~,~~ **or** 2021 ~~or 2020~~ . Competition The businesses in which we compete are highly competitive and fragmented ~~. The current market for traditional watches can be divided into tiers ranging from lower price point watches that are typically distributed through mass market channels to luxury watches at higher price points that are typically distributed through fine watch departments of upscale department stores or upscale specialty watch and fine jewelry stores~~ . Our traditional watch business generally competes ~~in these tiers~~ with a number of established manufacturers, importers and distributors, including Armitron, Citizen, Gucci, Guess?, Kenneth Cole, LVMH Group, Movado, Raymond Weil, Seiko, Swatch, Swiss Army, TAG Heuer and Timex. In addition, our leather goods, sunglasses, and jewelry businesses compete with a large number of established companies that have significant experience developing, marketing and distributing such products. Our competitors include distributors that import watches and accessories from abroad, U. S. companies that have established foreign manufacturing relationships and companies that produce accessories domestically. **In addition** ~~We believe the risk of significant new competitors for traditional watches is mitigated to some extent by barriers to entry such as high startup costs and the development of long- term relationships with customers and manufacturing sources. However, in the expanding wearable technology industry~~ , we face **intense** competition **in the watch market from smartwatches** from technology brands such as Apple, Garmin and Samsung, **and** from fitness brands such as Fitbit **.** ~~and from many~~ **Many** ~~established~~ **of these brands have significantly more resources than we do in areas such as product development and marketing. While we did compete in the smartwatch category for a number of years, we recently decided to exit this category to focus our resources on our** traditional watch **offerings** ~~manufacturers that have launched wearable technology products~~ . **We** ~~As this industry evolves and grows, there will likely be increased competition as well. However, we~~ believe our design and branding are strong competitive advantages **in the traditional watch market** . Although the level and nature of competition varies among our product categories and geographic regions, we compete on the basis of style and technical features, price, value, quality, brand name, advertising, marketing, distribution and customer service. Our ability to identify and respond to changing fashion trends and consumer preferences ~~(including wearable technology)~~ , to maintain existing relationships and develop new relationships with manufacturing sources, to deliver quality merchandise in a timely manner, to manage the retail sales process, and to continue to integrate technology into our business model are important factors in our ability to compete. Our distinctive business model of owning the distribution in many key markets and offering a globally recognized portfolio of proprietary and licensed products allows for many competitive advantages over smaller, regional or local competitors. This allows us to bypass a local distributor' s cost structure in certain countries, resulting in more competitively priced products, while also generating higher product and operating margins. Governmental Regulation Imports and Import Restrictions Most of our products are assembled or manufactured overseas. As a result, the U. S. and countries in which our products are sourced or sold may from time to time modify existing or impose new quotas, duties (including anti- dumping or countervailing duties), tariffs or other restrictions in a manner that adversely affects us. For example, our products imported for distribution in the U. S. are subject to U. S. customs duties, and in the ordinary course of our business, we may from time to time be subject to claims by the U. S. Customs Service for duties and other charges. Factors that may influence the modification or imposition of these restrictions include the determination by the U. S. Trade Representative that a country has denied adequate intellectual property rights or fair and equitable market access to U. S. firms that rely on intellectual property, trade disputes between the U. S. and a country that leads to withdrawal of" most favored nation" status for that country and economic and political changes within a country that are viewed unfavorably by the U. S. government. We cannot predict the effect these events would have on our operations, if any, especially in light of the concentration of our assembly and manufacturing operations in Hong Kong, and mainland China. We are subject to laws regarding customs, tax, employment, privacy, truth- in- advertising, consumer product safety, zoning and occupancy and other laws and regulations that regulate and / or govern the importation, promotion and sale of consumer products and our corporate, retail and distribution operations. Compliance and Trade Code of Conduct for Manufacturers (" Manufacturer Code") We are committed to ethical and responsible conduct in all of our operations and respect for the rights of all individuals. We strive to ensure that human rights are upheld for all workers involved in our supply chain, and that individuals experience safe, fair and non- discriminatory working conditions. In 2021, we ~~joined the UN Global Compact and~~ launched the Fossil Group Human Rights Policy. This further supports our commitment to human rights within our entire supply chain. In addition, we are committed to compliance with applicable environmental requirements and are committed to seeing that all of our products are manufactured and distributed in compliance with applicable environmental laws and regulations. We expect that our business partners will share these commitments, which we enforce through our Manufacturer Code. Our Manufacturer Code specifically requires our manufacturers to not use child, forced or involuntary labor and to comply with applicable environmental laws and regulations. We provide training to our factories related to our Manufacturer Code and the applicable laws in the country in which the factory is located. The training provides the factories with a more in- depth explanation of our Manufacturer Code. In addition to the contractual obligation, we evaluate our suppliers' compliance with our Manufacturer Code through audits conducted both by our employees and third- party compliance auditing firms. In most cases, the audits are announced. If we believe that a supplier is failing to live up to the standards of our Manufacturer Code, we may terminate the supplier or provide the supplier with an opportunity to remedy the non- compliance through the implementation of a corrective action plan. Our warehouse and distribution facility in Dallas, Texas operates in a special purpose sub- zone established by the U. S. Department of Commerce Foreign Trade Zone Board. This sub- zone provides the following economic and operational advantages to us: (i) we do not have to pay duty on imported merchandise until it leaves the sub- zone and enters the U. S. market; (ii) we do not have to pay any U. S. duty on merchandise if the imported merchandise is subsequently shipped to locations outside the U. S.; and (iii) we do not have to pay local property tax on inventory located within the sub- zone. Information Systems Enterprise Resource Planning We utilize SAP ERP in our U. S. operations and throughout most of our European operations to support our human resources, sales and distribution, inventory planning, retail merchandising and operational and financial reporting systems of our business, and Navision in our Asian operations to support many of the same functions on a local country level. We also use tools provided by salesforce. com, inc. to **globally** support our brand websites **, marketing and customer** ~~globally as well as in our CRM~~ initiatives. Enterprise Performance Management Systems We have implemented customized Hyperion financial reporting software from Oracle Corporation. The software increases the efficiency of our consolidation and reporting process and provides a more dynamic way to view and analyze data. The Hyperion planning tool also provides more dynamic and robust budgeting and forecasting capabilities. Point- of- Sale System We ~~plan to begin~~ **began** the global implementation of a new point- of- sale system in 2023 at our retail stores beginning in Europe with additional implementation in the Americas and Asia **planned** in 2024. This point- of- sale system will significantly enhance our omni- channel capabilities allowing us to better serve our customers across channels with inventory and fulfillment. Customer Data Platform We **utilize** ~~successfully implemented~~ a next generation, cloud- based Customer Data Platform (CDP) ~~in 2022~~ to better capture, identify, and manage our customer narrative and further enable our sales programs and interactive marketing initiatives in a more personalized, secure and dynamic manner. Customer Master Data Migration We ~~completed the formal transition~~ **transitioned** ~~of~~ **our** master customer data from an on- premise, proprietary data repository to a cloud native, industry standard design based on the Google Cloud Platform (GCP) architecture, in order to better secure and improve the long- term performance and integration for future key marketing, analytics, AI, and sales systems. ~~We have global information security and privacy compliance programs, comprised of risk management policies and procedures for our information systems, cybersecurity practices and protection of consumer and employee personal data and confidential information. Our Board of Directors has ultimate oversight of the Company' s risk management policies and procedures, and has delegated primary responsibility for monitoring the risks and programs in this area to the Audit Committee, which receives quarterly updates from management on the Company' s information security and privacy risk and compliance. The Board of Directors receives periodic updates on these topics as well. We have network security and cyber liability insurance in order to provide a level of financial protection in the event of certain covered cyber losses and data breaches.~~ Human Capital Resources As of December ~~31~~ **30** , ~~2022~~ **2023** , ~~we employed~~ **our global team consisted of** approximately 6, ~~900~~ **100** people, **with** ~~including approximately~~ 4, **300 based in** ~~400 persons employed by~~ our **international** ~~foreign operating~~ subsidiaries. None of our domestic or foreign- based employees are represented by a trade union. However, certain European- based employees are represented by work councils, which include a number of our current employees who negotiate with management on behalf of all the applicable employees. ~~As~~ **Our Commitment We pride ourselves on being** a purpose driven consumer- centric organization **where** ~~that understands the value of a having a high performing, actively engaged workforce, we believe that~~ our employees **have** ~~fuel our success and are~~ the **opportunity to thrive** ~~driving force in delivering our business objectives and creating value for our key stakeholders, including customers, investors, and partners~~ . We **aim** ~~consistently strive~~ to ~~be a responsible employer in everything we do, including attracting~~ --- **attract, develop** and **retain top** ~~employing the most talented~~ -- **talent** ~~people while retaining them over the long- term~~ through **compelling** employment opportunities, **competitive** compensation **,** and benefits, **and fostering** personal development **within a** ~~, and the purpose~~ **purposeful work** ~~- driven~~ environment ~~that we create together~~ . **Workforce**

Composition Our **global presence spans** ~~Organization Our approach to business achievement and our workplace culture continue to support our ability to be an employer of choice and elevate~~ the **Americas (38** ~~collective strength of our workforce, which provides a competitive advantage through successful human resources management. Our values, which include authenticity, grit, curiosity, sense of humor and making an impact, are the foundation for our workplace policies and practices. By the numbers, our workforce is increasingly diverse. Globally, 37~~ % **), Europe (** ~~of our employees are in the Americas;~~ 30 % **),** ~~are based in Europe;~~ and ~~33 % are in the~~ Asia- Pacific ~~region. Women represent~~ **(32 %), with a diverse workforce where** 62 % **are** ~~of our employees and men~~ **women and** 38 % **are men** . In the U. S., including corporate, retail **,** and distribution employees, **59** ~~in the aggregate 58~~ % of employees identify as black and indigenous people of color (“ BIPOC ”), ~~41~~ **40** % identify as white **,** and 1 % did not self- identify. We **'** ~~are~~ - **re** ~~committed~~ **dedicated** to **fostering** ~~be a company that reflects our diverse world, and~~ - **an environment where** ~~we will enable~~ diversity ~~and inclusion to fuel employee and Company success. We welcome fresh perspectives and believe that a diverse and inclusive workplace leads to innovation, collaboration, creativity, and personal and commercial growth. Our diversity~~ , equity **,** and inclusion (~~“~~ DE & I ~~”~~) ~~strategy was reviewed by~~ **propel both our employees** ~~an~~ **and the company forward** ~~independent third- party, assuring we continue to push ourselves to become more inclusive~~ . Our ~~journey~~ **commitment** to ~~become a more diverse workforce around the world is guided by five primary goals: 1. Growing our knowledge. We recognize~~ DE & I is ~~a journey and~~ **guided by our five key objectives: 1.** ~~growing~~ **Growing** our knowledge **. We understand** ~~is the foundation for our entire~~ DE & I **is a continuous** ~~strategy. Our employees are at the center of this~~ journey, **centralizing our efforts on education** ~~providing them with opportunities to learn and grow~~ through **various platforms like** ~~a variety of methods-~~ online ~~DE & I~~ communities, ~~participation in~~ Employee Resource Groups (ERGs), ~~continuing~~ **and mandatory training on** unconscious ~~–~~ bias **and** ~~education (required for certain employees),~~ inclusion **. Celebrating cultural moments and fostering open discussions on** ~~education (required for certain leaders), other broader~~ DE & I ~~topics and Fossil Group Gathering sessions, which provides our workforce the opportunity to discuss~~ issues **are** ~~, incidents and moments impacting our diverse employee community. We~~ also **pivotal** ~~increased our focus on celebrating key cultural heritage and identity moments with our employees, customers and stakeholders. We continue to create space for our employees to have meaningful discussions on topics and real- time incidents related to DE & I~~ . 2. Increasing our Diversity. **Our aim to** ~~We have DE & I goals, which include increasing~~ **increase** ~~the overall number of~~ BIPOC **and** ~~employees we employ. Our goals also include increasing~~ female ~~and~~ **representation has led to nearly 50 % of our external hires being** BIPOC ~~leadership~~ **the past year** , **a 4 % increase over the previous year** ~~providing mentor programs for underrepresented groups and investing in female and BIPOC leadership~~ . ~~We launched our~~ **Initiatives like the** WINGEd ~~program~~ **!** (Women Inspired to Network and Grow through Education) ~~for our female managers and directors. The~~ program **, which** focuses on growing skills around self- awareness, confidence, the value of risk, and career ownership, ~~with approximately 5~~ **is one of the key items that has helped us to have 54** % of our global **leaders and 46** ~~female manager population completing the program in 2022. 52~~ % of ~~our global leader population is female and, in the past year, female~~ senior leadership **being female** ~~increased to 42 % overall~~ . 3. Creating a more inclusive and equitable environment for all employees. **For** ~~We were rated a best place to work for~~ **four** ~~LGBTQ employees for the third year~~ **years ,** ~~in a row by~~ the Human Rights Campaign **has recognized us as a top employer for LGBTQ employees** . ~~Over 10~~ **We' ve seen a 30** % ~~of our Americas- based~~ **increase in ERG participation, emphasizing support across diverse** ~~employees~~ - **employee groups. Our** ~~are members of one of our six~~ ERGs **have organized over 71 events** , ~~with groups~~ **engaging more** ~~that~~ **than 12** ~~focus on parents~~ , **000 participants** ~~female employees, Black / African American employees, Hispanic and Latino employees and LGBTQ employees. We continue to leverage our survey capabilities to understand employee engagement by gender and race~~ . 4. Driving accountability. We **' ve linked** ~~have taken steps to increase accountability by tying certain~~ executive compensation to **DE & I achievements and integrated DE & I into our leadership programs, aiming for transparency in** our DE & I goals ~~, building key DE & I topics into our required leadership development programs and working to transparently share our DE & I aspirations~~ . 5. Leveraging our diversity to benefit external stakeholders. **Our influence extends beyond our company.** We ~~continue to use our Company knowledge, achievement and influence to make a difference in our community. Additionally, we are~~ actively ~~engaged~~ **participate** in ~~multiple~~ industry DE & I ~~focused counsels~~ **councils** ~~, including~~ **and initiatives like** the Black in Fashion **Council** ~~Counsel, the Diversity in Design Collaborative~~ and ~~the~~ CEO Action for Diversity and Inclusion ~~,~~ **. Our efforts include creating products supporting causes like the HBCU 20x20 program and organizing career development events for students. Through** ~~the~~ **these** ~~largest CEO- driven business commitment to advance~~ **efforts, we' re not just promoting** diversity and inclusion **internally but also making a meaningful impact** in the ~~workplace~~ **community and industry** . Engaging the Fossil Group Workforce We ~~work~~ **are committed** to **fostering a vibrant** ~~ensure that people in our~~ workplace **where engagement thrives** ~~are and remain engaged~~ . Our ~~objective~~ **aim** is to ~~create~~ **cultivate** a high- performance culture **enriched with individuals possessing the necessary skills and behaviors to drive company success and achieve personal excellence daily. By regularly surveying our employees, we gain valuable insights into their viewpoints, motivations, and the areas** where **we** ~~people have the skills and behaviors to help fuel company results and be at their personal best~~ , ~~every day. Surveying our employees allows us to understand their perspective, what inspires them and how~~ as an organization ~~we~~ **,** can ~~improve~~ **enhance our operations** . ~~Doing so helps to establish~~ **This process is crucial for building** and ~~sustain meaningful~~ **maintaining genuine** engagement. ~~Consistent~~ **Our** findings **consistently highlight** ~~tell us that at the top of their~~ -- **the importance of** ~~list are the following:~~ career growth and development, effective communication, recognition, a clear ~~view~~ **understanding** of the ~~Company~~ **company** ~~'~~ **'** s future, ~~compelling~~ **attractive** compensation and benefits, and the **chance** ~~ability and opportunity~~ to ~~connect~~ **contribute** to something ~~bigger~~ **greater** . **To align our employees' aspirations** ~~With~~ **with our** ~~regard to~~ business ~~success~~ **objectives** , **we have developed** ~~the views of our employees are aligned with business needs to establish~~ a workplace culture ~~including~~ **that includes** : • Comprehensive health and ~~leading- edge~~ wellness benefits; • ~~Innovative~~ **Dynamic** two- way communication **strategies** ; • ~~Value- creating employee~~ **Employee** development programs **that foster value creation** ; • **A** ~~Performance~~ **performance**

management **system that encourages growth opportunities** through ~~Company~~ **company support** ~~- sponsored time to grow~~ ; • Meaningful recognition **mechanisms** ; ~~and~~ • **A** ~~Values~~ **values** - ~~based~~ **driven** culture and ~~work~~ **workplace** environment. **To maintain our status** ~~Our employee benefits include tuition and professional certification reimbursement to full- and part- time employees. We also work to create a workplace where families are a priority through a number of programs, including a parental leave program, a partnership with Maven, which is a family planning all- in- one digital health platform that provides 24 / 7 support to employees and their partners~~ as ~~they pursue parenthood, a milk shipping program for working mothers to continue to breastfeed and reduce business- travel stress, a Healthy Babies Program that supports parents during their pregnancy; and an enhanced return to work policy that allows new parents to phase back into work. Additionally, our WeCare Employee Emergency Assistance Fund is also in place to provide charitable assistance to employees facing financial and personal hardship in connection with a qualifying disaster or unforeseen hardship. Because of our focus, we have received Cigna' s Healthy Workplace award five times and have been designated a Best Place for Working Parents and as a Texas Mother- Friendly Worksite. By offering extensive retail and corporate career development programs, employees are positioned for continued success, which is further supported through our performance process that effectively cascades goals throughout the organization to ensure our employees' efforts are aligned with our strategic priorities. To increase leadership skills and engagement in our retail stores, we continued to invest in our " Leadership DNA " program, which focuses on communication, building relationships, working with diverse teams, providing coaching and feedback and channeling career ambitions. We launched a digital badging program to recognize employee accomplishments and to track verified skills. To remain~~ a competitive and ~~equitable~~ **fair** employer where ~~people~~ **every individual** ~~feel~~ **feels** ~~valued~~ **esteemed** , we ~~utilize~~ **employ** a standardized compensation **framework. This** system ~~to ensure~~ **ensures** equitable pay **by defining** ~~practices among employees. Our standardized process defines~~ , ~~documents~~ **documenting** , and ~~benchmarks~~ **benchmarking positions against** ~~jobs to each~~ local market ~~and uses~~ **standards, utilizing** third **-** party, ~~industry~~ leading **- edge** salary ~~surveys~~ **data** to **establish fair** ~~determine the appropriate~~ pay ~~range~~ **ranges** for each ~~job~~ **role** . ~~To verify that our internal practices align to the communities and customers we serve and what we stand for as a company, we conducted a gender and race equal pay audit in 2021. The audit looked to find potential differences in compensation across indicators such as base pay, total cash compensation, variable pay, benefits, and other perquisites where those differences weren' t the result of job- related factors. Our continued focus on the employee has resulted in strong employee engagement and retention during a time when employees are leaving jobs at unprecedented rates. Our 12- month corporate employee turnover rate remains consistent with our five- year employee turnover rate. In our distribution centers, we' ve improved our 12- month retention rate for the second year in a row, with the turnover rate decreasing overall. To maximize our approach, we trained our employees on " Successfully Working in a Hybrid Environment " and " Leading in a Hybrid Environment. "~~ The Future of the Fossil Group Workforce ~~As we look~~ **In our journey** ~~towards~~ - **toward shaping** the future ~~workplace~~ **of work** , **this** ~~we used the~~ past year ~~to~~ **has been pivotal for us in** ~~listen~~ **listening** and ~~understand~~ **learning** how to ~~create~~ **craft** the ~~best~~ **optimal** employee experience while ~~driving~~ **propelling** our business forward. **We have continued with** ~~The outcome resulted in us evolving the way we get work done and moving toward~~ a hybrid ~~work~~ **working** model, **thoughtfully** ~~offering our employees the opportunity to work at home and in our offices. We believe~~ balancing the ~~need~~ **demand** for ~~greater~~ flexibility with the ~~importance~~ **necessity** of ~~in~~ **face** - ~~person~~ **to- face** interactions ~~to fuel~~ **that spur** ~~creative~~ **creativity** ~~thinking~~ , **efficient** execution, and **personal development** ~~employee growth enables us to drive the business collectively~~ . ~~As~~ **Additionally,** we **have streamlined** ~~continue to drive~~ our **operational framework, transitioning from a regionally dispersed model to a more unified structure, enhancing our overall efficiency. In line with our commitment to a** ~~Direct~~ **direct** - to- ~~Consumer~~ **consumer** strategy, we ~~upped~~ **have significantly increased** our **digital** investments **, achieving notable strides** in **assembling** ~~digital and made outstanding progress in building~~ a ~~global~~ **worldwide** team ~~, significantly enhancing~~ **and substantially boosting** our ~~technology capabilities~~ **technical ability** . ~~In addition, we launched~~ **Our ongoing investment in our** Digital U **program underscores our dedication** to ~~upskill~~ **equipping** our employees ~~in new~~ **with advanced** digital ~~behaviors~~ **skills, ensuring they are well- versed in the latest digital practices** . Oversight Our Board of Directors and related board committees are actively involved in areas associated with excellence in human ~~resources~~ - **resource** management and related oversight of certain policies, practices **,** and outcomes – including compensation, DE & I, employee development, engagement, and succession planning. We share our employee survey results with our Board of Directors to keep them apprised of related ~~sentiment~~ **sentiments** , interests **,** and concerns. The Nominating and Corporate Governance Committee helps to oversee ESG matters. The Audit Committee regularly participates in discussions with our leadership team to ensure oversight of enterprise- level risks and mitigation plans on various topics **,** including those associated with human capital risk. The Audit Committee also engages in regular review of the Company' s monitoring and enforcement of our Code of Conduct and Ethics and compliance. The Compensation and Talent Management Committee reviews and approves matters associated with compensation, benefits **,** and equity awards for qualifying employees. This work includes oversight of executive compensation and ~~Company~~ **company** goals that are part of executives' annual performance ~~review~~ **reviews** . These same goals serve as the foundation for the Company' s employee annual cash bonus plan. **Our Board of Directors also established in 2023 a Special Committee of the Board to oversee the Company' s strategic transformation initiatives, including those relating to our organizational structure.** We ~~are proud of~~ **take pride in** the ~~progress~~ **strides** we have made **toward creating a** ~~to provide an inspiring, engaging and rewarding~~ work environment **that is not only rewarding, but also deeply engaging and inspiring** for our ~~employees~~ **team members. In a world that evolves rapidly, our commitment to cultivating our culture remains steadfast. To surpass our goals and realize our ambitions, we are dedicated to a cycle of listening, learning, and collaboration** . We **aim to** ~~will never stop nurturing our culture in this quickly changing world. To exceed expectations and achieve our aspirations, we will listen, learn, collaborate,~~ set ~~meaningful goals~~ **impactful objectives** , **foster** ~~innovate~~ **innovation** , and ~~be~~ **maintain** ~~transparent~~ **transparency** ~~in~~ **about** our ~~progress~~ **journey** , **including both our achievements and the** challenges ~~, and opportunities that make us~~ **we face. This approach solidifies our position as** a ~~destination~~ **prime**

choice for **talented individuals who are both** high- performing ~~,~~ **and** highly engaged ~~talent~~. Corporate Social Responsibility As a global **business** ~~fashion leader~~, we ~~recognize the~~ **are aware of our environmental and social** impact ~~that our operations can have on the environment and the social well- being of others~~. **Our** ~~We have developed a~~ corporate social responsibility **(CSR)** strategy," Make Time for Good," **aims** to drive positive change ~~within~~ **across** our ~~organization~~ **operations** and **beyond** ~~our world~~. **It sets measurable objectives in key areas of environmental and social sustainability."** Make Time for Good **" focuses on** ~~outlines our plan to achieve significant, measurable goals across a range of important environmental and social sustainability issues. Make Time for Good is divided into~~ three **pillars** ~~areas of focus~~: ~~•~~ **a.** Good for Planet **: Reducing** ~~– focused on actions across~~ our **environmental footprint through sustainable design and** operations ~~and supply chain, meant to significantly reduce our environmental impact, through our designing for the future and leaving a light footprint initiatives~~. ~~•~~ **b.** Good for Communities **: Supporting** ~~– focused on making our world a better place to live through our empowering~~ **empowerment** ~~women and girls and enhancing communities~~ initiatives **and improving community well- being**. ~~•~~ **c.** Good for People ~~– focused~~ **: Promoting inclusion within our workforce. Our latest CSR report, also serving as our UN Global Compact Communication** on ~~our employees and enhancing our workplace culture by driving diversity and inclusion and advancing equality initiatives. We released our first Corporate Social Responsibility report in 2022 that shows our progress~~ **Progress , outlines our achievements** and **future** ~~long- term~~ goals. **Access the** ~~You can find this~~ report at https: / / www. fossilgroup. com / sustainability / **to see how we are making a difference** ~~. This report also served as our UN Global Compact (UNGC) Communication on Progress, affirming our support for the UNGC and its 10 Principles~~. Available Information Our website address is www. fossilgroup. com. The information on our website **(including the CSR report)** is not, and shall not be deemed to be, a part of this Annual Report on Form 10- K or incorporated into any other filings we make with the SEC. Our Annual Reports on Form 10- K, Quarterly Reports on Form 10- Q, Current Reports on Form 8- K and amendments to those reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934, as amended, (the " Exchange Act "), are available free of charge on our website as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. In addition, the SEC maintains a website at www. sec. gov that contains reports, proxy and information statements, and other information regarding issuers, including Fossil Group, that are electronically filed with the SEC. We are a Delaware corporation formed in 1991 and are the successor to a Texas corporation formed in 1984. Our principal executive offices are located at 901 S. Central Expressway, Richardson, Texas 75080, and our telephone number at that address is (972) 234- 2525. Our common stock is traded on the NASDAQ Global Select Market under the trading symbol FOSL. Item 1A. Risk Factors In addition to the risks described elsewhere in this report, set forth below is a summary of the material risks related to an investment in our securities. These risks, some of which have occurred and / or are occurring and any of which could occur in the future, are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of these risks actually occur, our business, results of operations, cash flows and financial condition could be materially and adversely impacted, which might cause the value of our securities to decline. **A pandemic has had in the past, and may have in the future, a material adverse impact on our business, operations, liquidity, financial condition and results of operations.** The **recent** COVID- 19 pandemic ~~has had, and may continue to have, a material adverse impact on our business, operations, liquidity, financial condition and results of operations. The COVID- 19 pandemic has~~ caused global uncertainty and disruption in the geographic regions in which we run our business and where our suppliers, third- party manufacturers, retail stores, wholesale customers and consumers are located, particularly in China. **Future public health epidemics or outbreaks could also adversely impact our business.** The ~~total~~ **extent to which a new public health epidemic or outbreak** ~~impact~~ **impacts our operations** ~~of the pandemic on us~~ will depend on **future** developments ~~outside of our control~~, including **the duration of the outbreak, the severity of the outbreak and the actions to contain the outbreak or treat its impact**, among **others. Depending on the severity of a future outbreak, we may experience significant disruptions to our business operations. In addition, the spread and impact of an outbreak could adversely impact demand for our products, our ability to operate our stores and warehouse facilities, or our supply chain, all of which could adversely affect our future sales, operating results and overall financial performance. In addition, to the extent an outbreak adversely affects our business and financial results, it may also have the effect of heightening many of the** other **risks described in the risk** factors **included herein,** ~~: • the extent of any resurgence~~ or ~~variants of COVID- 19 or any other infectious diseases in areas where we operate or where many~~ - **may** ~~of~~ **affect our operating and financial results in a manner that is not presently known to us. Our restructuring program may not be successful** ~~our~~ - **or** ~~customers~~ **we may not fully realize the expected cost savings and / or operating efficiencies from our restructuring plans. In February 2023, we announced that we had implemented a restructuring plan entitled " Transform and Grow ". In August 2023, we expanded the financial goals of TAG beyond operating expense reductions to include gross margin improvements, which** are **expected to drive incremental operating income benefits over** ~~located; • the manner in which our customers, suppliers and other~~ -- **the** ~~third parties respond~~ **next three years. The expanded TAG plan is expected** to ~~COVID- 19; • new information~~ **generate approximately $ 300 million of annualized operating income benefits by the end of 2025. Restructuring plans present significant potential risks** that may **impair** ~~emerge concerning the severity of COVID- 19, and the actions to contain or~~ **our ability to achieve anticipated** ~~treat it, especially in areas where we operate; • general, local or national economic conditions; • local or national rules, regulations or policies which may restrict travel and~~ operating **enhancements** ~~hours or impose other operating restrictions;~~ and **/ or cost reductions** ~~• consumer confidence. Accordingly~~, **or otherwise harm** ~~we cannot reasonably estimate the extent to which COVID- 19 will further impact~~ our business **, including higher than anticipated costs in implementing TAG, management distraction and employee attrition in excess of headcount reductions. If this program is not successful, then our results of operations** and financial condition **could be materially adversely affected** ~~, results of operations and cash flows~~. Our success depends upon our ability to anticipate and respond to changing fashion, functionality and product trends. Our success depends upon our ability to anticipate and respond to changing fashion, functionality and product trends and consumer preferences in a timely manner. The purchasing decisions of consumers are highly subjective and can be influenced by many factors, such as brand image, marketing programs, functionality, **and** product ~~and technology~~ features and ~~product~~ design. Our success depends, in part, on our ability to anticipate, gauge and respond to these changing consumer preferences in a timely manner while preserving the authenticity and the quality of our brands. Although we attempt to stay abreast of emerging lifestyle and fashion trends ~~and technology advances~~ affecting accessories, any failure by us to identify and respond to such trends could adversely affect consumer acceptance of our existing brand names and product lines, which in turn could result in inventory valuation reserves and adversely affect sales of our products. If we misjudge the market for our products, we may be faced with a significant amount of unsold finished goods inventory, which could adversely affect our results of operations. In recent years, we have experienced decreasing net sales across certain of our product categories; in particular, net sales of watches have declined, reflecting the decline in the traditional watch market. If we are unable to adjust our product offerings and reverse the decrease in net sales, our results of operations and financial condition could be adversely affected. Our success depends upon our ability to continue to develop innovative products. Our success depends upon our ability to continue to develop innovative products in the respective markets in which we compete. The process of developing new products is complex and uncertain, and involves time, substantial costs and risks ~~, which are further magnified when the development process involves integrating new technology or operating systems~~ . Our inability or the inability of our partners, for technological or other reasons, some of which may be beyond our or our partners' control, to enhance, develop, manufacture, distribute and monetize products in a timely manner, or at all, in response to changing consumer preferences could have a material adverse effect on our business, results of operations and financial condition or could result in our products not achieving market acceptance or becoming obsolete. If we are unable to successfully introduce new products, or if our competitors introduce new or superior products, customers may purchase increasing amounts of products from our competitors, which could adversely affect our sales and results of operations. If we are unable to effectively execute our e- commerce business strategy and provide a reliable digital experience for our customers, our reputation and operating results may be harmed. E- commerce has increasingly comprised a larger portion of our net revenues and was particularly impacted by the COVID- 19 pandemic, which drove an acceleration in the shift to online shopping. The success of our e- commerce business depends, in part, on third parties and factors over which we have limited control, including changing consumer preferences, both domestically and abroad, and promotional or other advertising initiatives employed by our wholesale customers or other third parties on their e- commerce sites. Any failure on our part, or on the part of our third- party digital partners, to provide attractive, reliable, secure and user- friendly e- commerce platforms could negatively impact our consumers’ shopping experience, resulting in reduced website traffic, diminished loyalty to our brands and lost sales. The success of our business also depends on our ability to continue to develop and maintain a reliable digital experience for our customers. We strive to give our customers a seamless omni- channel experience both in stores and online across devices. Potential friction points in the consumer experience could negatively impact our ability to compete with other brands, which could adversely impact our business. In addition, we must keep up to date with competitive technology trends, including the use of new applications, enhancements and releases, and digital marketing tools. Failure to innovate and keep abreast of technology and improving the consumer experience could adversely affect digital sales and damage our brand and reputation. Additionally, the success of our e- commerce business and the satisfaction of our consumers depend on their timely receipt of our products. The efficient flow of our products requires that our distribution facilities have adequate capacity to support the current level of e- commerce operations and any anticipated increased levels that may follow from the growth of our e- commerce business. If we encounter difficulties with our distribution facilities, or if any such facilities were to shut down or be limited in capacity for any reason, including as a result of fire, other natural disaster, labor disruption, **cyberattack** or pandemic (including as a consequence of public health directives, quarantine policies or social distancing measures resulting from a pandemic), we could face shortages of inventory, and we could experience disruption or delay, or incur significantly higher costs and longer lead times for distributing our products to our consumers which could result in customer dissatisfaction. Any of these issues could have an adverse effect on our business and harm our reputation. ~~Our restructuring program may not be successful or we may not fully realize the expected cost savings and / or operating efficiencies from our restructuring plans. We announced in February 2023 that we have implemented a restructuring plan entitled “ Transform and Grow ” (“ TAG Plan ”) designed to reduce operating costs, improve operating margins, and advance our commitment to profitable growth. The TAG Plan is expected to be implemented over a two year period and is intended to generate estimated annualized benefits of at least $ 100 million by the end of 2024. Restructuring plans present significant potential risks that may impair our ability to achieve anticipated operating enhancements and / or cost reductions, or otherwise harm our business, including higher than anticipated costs in implementing the TAG Plan, management distraction and employee attrition in excess of headcount reductions. If this program is not successful, then our results of operations and financial condition could be materially adversely affected.~~ We regularly develop new products ~~,~~ **and** features ~~and technology~~ , and new products introduced by us may not achieve consumer acceptance comparable to that of our existing product lines. We regularly update our product offerings ~~, particularly in the wearable technology space~~ . As is typical with new products, market acceptance of new designs, features, ~~technology~~ and products is subject to uncertainty. In addition, we generally make decisions regarding product designs ~~and technology development~~ several months in advance of the time when consumer acceptance can be measured. If trends shift away from our products, if ~~our wearable technology becomes outdated, if~~ we are not able to develop and introduce new **compelling** products ~~that incorporate new technologies~~ or if we misjudge the market for our product lines ~~, including demand for older generation technology products~~ , we may be faced with significant amounts of unsold inventory or other conditions which could have a material adverse effect on our financial condition and results of operations. The failure of new product designs ~~, technology or next generation wearable products~~ or new product lines to gain market acceptance could also adversely affect our business and the image of our brands. Achieving market acceptance for new products ~~or technology~~ may also require substantial marketing efforts and expenditures to generate consumer demand. These requirements could strain our management, financial and operational resources. If we do not continue to develop innovative products that provide better design ~~, technology~~ and **features** ~~performance attributes~~ than the products of our competitors and that are accepted by consumers, or if our future product lines misjudge consumer demands, we may lose consumer loyalty, which could result in a decline in our sales and market share. Our ability to grow our sales is dependent upon the implementation of our business strategy, which we may not be able to achieve. Our ability to grow our sales is dependent on the successful implementation of our business strategy. This includes diversification and innovation of our product offerings, driving our core brands and improving our omni- channel and digital capabilities. If we are not successful in the expansion or development of our product offerings, our new products are not profitable or do not generate sales comparable to those of our existing businesses, we are unable to achieve our digital transformation goals or our restructuring and savings initiative does not achieve our desired results, our results of operations could be negatively impacted. We also operate FOSSIL brand stores and other watch stores globally to further strengthen our brand image. As of December ~~31~~ **30** , ~~2022~~ **2023** , we operated ~~342~~ **302** stores worldwide. The costs associated with leasehold improvements to current stores and the costs associated with opening new stores and closing low performing stores, particularly those stores that have seen a significant reduction in traffic, could materially increase our costs of operation and result in impairment charges. Increased scrutiny from investors and others regarding our corporate social responsibility initiatives, including environmental, social and other matters of significance relating to sustainability, could result in additional costs or risks and adversely impact our reputation. Investor advocacy groups, large and influential institutional investors, investment funds, other market participants, shareholders and customers have increasingly focused on the environmental, social and governance (" ESG") or " sustainability " practices of companies. These parties have placed increased importance on the implications of the social cost of their investments. If our ESG practices do not meet investor or other industry stakeholder expectations and standards, which continue to evolve, our brand, reputation and customer and employee retention may be negatively impacted. Any sustainability report that we publish or other sustainability disclosure we make may include our policies, practices, metrics or targets on a variety of social and ethical matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, product quality, supply chain management, and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG practices or the speed of adoption. We could also incur additional costs and require additional resources to monitor, report and comply with various ESG practices. Also, our failure, or perceived failure, to meet the standards included in any sustainability disclosure could negatively impact our reputation, employee retention and the willingness of our customers and suppliers to do business with us. The risks associated with climate change and other environmental impacts and increased focus by stakeholders on corporate responsibility issues, including those associated with climate change, could negatively affect our business and operations. Our business is susceptible to risks associated with climate change, including through disruption to our supply chain, potentially impacting the production and distribution of our products and availability and cost of raw materials. Increased frequency and intensity of weather events due to climate change could increase the risk of a significant disruption to our operations, including at our global offices and warehouses and transportation and manufacturing partners. There is also increased focus from our stakeholders, including large institutional investors, consumers and employees, on corporate responsibility matters. While we are addressing climate- related issues impacting our business, there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. In addition, concern over climate change may result in new or additional legal, legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment. Failure to implement our strategy or achieve our goals could damage our reputation, causing our investors, consumers or employees to lose confidence in our Company and brands, and negatively impact our operations. ~~We face risks associated with increased political uncertainty. The invasion of Ukraine by Russia and the sanctions, bans and other measures taken by governments, organizations and companies against Russia and certain Russian citizens in response thereto has increased the political uncertainty in Europe and has strained the relations between Russia and a significant number of governments, including the U. S. The duration and outcome of this conflict, any retaliatory actions taken by Russia and the continuing or any future impact on regional or global economies is unknown, but could have a material adverse effect on our business, financial condition and results of our operations. Potential changes in relationships among the U. S. and China and other countries could have significant impacts on global trade and regional economic conditions, among other things. In addition, changes in the relationships between the U. S. and its neighbors, such as Mexico, could have significant, potentially negative, impacts on commerce. Further, anti- American sentiment could harm the reputation and success of U. S. companies doing business abroad. Our business is dependent upon its international operations, particularly in Asia and Europe. During fiscal years 2022, 2021 and 2020, we generated 63. 1 %, 63. 5 % and 66. 1 %, respectively, of our net sales outside the U. S. In addition, we source the vast majority of our products from outside the U. S. Our ability to respond to these developments or comply with any resulting new legal or regulatory requirements, including those involving economic and trade sanctions, could reduce our sales, increase our costs of doing business, reduce our financial flexibility and otherwise have a material adverse effect on our business, financial condition and results of our operations.~~ Our supply chain may be disrupted by changes in U. S. trade policy with China or as a result of **a** ~~the COVID- 19~~ pandemic. We rely on domestic and foreign suppliers to provide us with merchandise in a timely manner and at favorable prices. Among our foreign suppliers, China is the source of a substantial majority of our imports. We recently experienced increased international transit times and increased shipping costs for a majority of our products, primarily as a result of the COVID- 19 pandemic. While **our** ~~we have recently seen improvements in~~ transit times and shipping costs **have improved** , any future disruption in the flow of our imported merchandise from China or a material increase in the cost of those goods or transportation without any offsetting price increases may significantly decrease our profits. New U. S. tariffs or other actions against China and any responses by China, could impair our ability to meet customer demand and could result in lost sales or an increase in our cost of merchandise. This would have a material adverse impact on our business and results of operations. The loss of any of our license agreements for globally recognized fashion brand names may result in the loss of significant revenues and may adversely affect our business. We have entered into multi- year, worldwide exclusive license agreements for the manufacture, distribution and sale of products bearing the brand names of certain globally recognized fashion brands. We sell products under certain licensed brands, including, but not limited to, ARMANI EXCHANGE, DIESEL, DKNY, EMPORIO ARMANI, KATE SPADE NEW YORK, MICHAEL KORS, and TORY BURCH. Sales of our licensed products accounted for ~~46~~ **44** . ~~5~~ **7** % of our consolidated net sales for fiscal year ~~2022~~ **2023** , including MICHAEL KORS product sales, which accounted for ~~19~~ **17** . ~~2~~ **6** % of our consolidated net sales, and ARMANI product sales, which accounted for 14. ~~6~~ **0** % of our consolidated net sales. Our significant third- party fashion brand license agreements have various expiration dates between the years ~~2023~~ **2024** and ~~2027~~ **2028** . In addition, many of these license agreements require us to make minimum royalty payments, spend minimum amounts on marketing, subject us to restrictive covenants or require us to comply with certain other obligations and may be terminated by the licensor if these or other conditions are not met or upon certain events. For example, our license agreement with MICHAEL KORS provides the licensor with a right to terminate some or all of the licensing rights if we fail to meet certain net sales thresholds for two consecutive years. For fiscal year ~~2022~~ **2023** , we met **the** net sales thresholds for MICHAEL KORS ~~. We did not meet certain minimum contractual requirements in our DKNY license agreement, which subjects the respective licensing rights under this agreement to be terminated~~ . If we are unable to achieve the minimum net sales thresholds, minimum marketing spend, restrictive covenants and / or other obligations of a license, we would need to seek a waiver of the non- compliance from the applicable licensor or amend the agreement to modify the thresholds, covenants or obligations or face the possibility that the licensor could terminate the license agreement before its expiration date. Though waivers may be obtained for non- compliance, we, or the licensor, may instead elect to modify or terminate the license agreement. In addition, we may be unable to renew our existing license agreements beyond the current term or obtain new license agreements to replace any lost license agreements on similar economic terms or at all. The failure by us to maintain or renew one or more of our existing license agreements could result in a significant decrease in our sales and have a material adverse effect on our results of operations. ~~The loss of our license for Google' s WEAR OS operating system may result in the loss of significant revenues and may adversely affect our business. Our full display smartwatches use Google' s WEAR OS operating system. We have a license for WEAR OS that expires on August 30, 2024. Sales of our full display smartwatches running the WEAR OS operating system accounted for 7. 5 % of our consolidated net sales for fiscal year 2022. We may be unable to renew our existing license for WEAR OS beyond the current term. The failure by us to maintain or renew our license for WEAR OS or develop or license a new operating system could result in us being unable to produce and market full display smartwatches, which could result in a significant decrease in our sales and have a material adverse effect on our results of operations.~~ Our inability to effectively manage our retail store operations could adversely affect our results of operations. During fiscal year ~~2022~~ **2023** , our global comparable retail store sales ~~increased~~ **decreased 2** ~~22. 6~~ %. During fiscal year ~~2023~~ **2024** , we anticipate closing approximately **60** ~~fifty- five~~ stores globally, depending on lease negotiations, and opening a limited number of additional retail stores. The success of our retail business depends, in part, on our ability to close low performing stores and renew our existing store leases on terms that meet our financial targets. Our ability to open new stores on schedule or at all, to close low performing stores and to renew existing store leases on favorable terms or to operate them on a profitable basis will depend on various factors, including our ability to: • identify suitable markets for new stores and available store locations; • negotiate acceptable lease terms for new locations or renewal terms for existing locations, particularly for those existing locations that have experienced a significant reduction in traffic; • hire and train qualified sales associates; • develop new merchandise and manage inventory effectively to meet the needs of new and existing stores on a timely basis; and • maintain favorable relationships with major developers and other landlords. Our plans to manage our store base may not be successful and the opening of new stores in the future may not result in an increase in our net sales even though they increase our costs. Our inability to effectively manage our retail store base could have a material adverse effect on the amount of net sales we generate and on our financial condition and results of operations. Certain key components in our products come from limited sources of supply, which exposes us to potential supply shortages that could disrupt the manufacture and sale of our products. We and our contract manufacturers currently purchase a number of key components used to manufacture our products from limited sources of supply for which alternative sources may not be readily available. Any interruption or delay in the supply of any of these components could significantly harm our ability to meet scheduled product deliveries to our customers and cause us to lose sales. Interruptions or delays in supply may be caused by a number of factors that are outside of our and our contract manufacturers' control. In addition, the purchase of these components on a limited source basis subjects us to risks of price increases and potential quality assurance problems. An increase in the cost of components could make our products less competitive and result in lower gross margins. In the event that we can no longer obtain materials from these limited sources of supply, we might not be able to qualify or identify alternative suppliers in a timely fashion. Any extended interruption in the supply of any of the key components currently obtained from a limited source or delay in transitioning to a replacement supplier could disrupt our operations and significantly harm our business in any given period. If our supply of certain components is disrupted, our lead times are extended or the cost of our components increases, our business, operating results and financial condition could be materially affected. Seasonality of our business may adversely affect our net sales ~~and~~ **,** operating income **and liquidity** . Our quarterly results of operations have fluctuated in the past and ~~may~~ **will** continue to fluctuate as a result of a number of factors, including seasonal cycles, timing of new product introductions, timing of orders by our customers and mix of product sales demand. Our business is seasonal by nature. A significant portion of our net sales and operating income are generated during the third and fourth quarters of our fiscal year, which includes the" back to school" and holiday seasons. The amount of net sales and operating income generated during our fiscal fourth quarter depends upon the anticipated level of retail sales during the holiday season, as well as general economic conditions and other factors beyond our control. In addition, the amount of net sales and operating income generated during our fiscal first quarter depends in part upon the actual level of retail sales during the previous holiday season. The seasonality of our business may adversely affect our net sales ~~and~~ **,** operating income **and liquidity** during the first and fourth quarters of our fiscal year. The amount of traffic to our retail stores depends heavily on the success of the shopping malls and retail centers in which our stores are located. There continues to be a decrease in traffic in many of the shopping malls and retail centers in which our stores are located, which was accelerated by the impact of COVID- 19, and has resulted in a decrease in traffic to our stores. The resulting decrease in customers for our retail stores has had an adverse effect on our results of operations. Additionally, several national department store anchors have closed or will be closing a number of their locations in shopping malls, which is likely to further decrease traffic and put increasing financial strain on the operators of those shopping mall locations. The loss of an anchor or other significant tenant in a shopping mall in which we have a store, continued declines in traffic to shopping malls or the closure of a significant number of shopping malls in which we have stores, may have a material adverse effect on our results of operations. We have key facilities in the U. S. and overseas, the loss or shut down of any of which could harm our business. Our administrative, information technology and distribution operations in the U. S. are conducted primarily from two separate facilities located in the Dallas, Texas area. Our operations internationally are conducted from various administrative, distribution and assembly facilities outside of the U. S., particularly in China, Germany, Hong Kong, India ~~,~~ **and** Switzerland ~~and Vietnam~~ . The complete or temporary loss of use of all or part of these facilities could have a material adverse effect on our business. Our warehouse and distribution facilities in the Dallas, Texas area are operated in a special purpose sub- zone established by the U. S. Department of Commerce Foreign Trade Zone Board. Although the sub- zone allows us certain tax advantages, the sub- zone is highly regulated by the U. S. Customs Service. This level of regulation may cause disruptions or delays in the distribution of our products out of these facilities. Under some circumstances, the U. S. Customs Service has the right to shut down the entire sub- zone and, therefore, our entire warehouse and distribution facilities. During the time that the sub- zone is shut down, we may be unable to adequately meet the supply requests of our customers and our Company- owned retail stores, which could have an adverse effect on our sales, relationships with our customers, and results of operations, especially if the shutdown were to occur during our third or fourth quarter. Fluctuations in the price, availability and quality of raw materials could cause delays and increase costs. Fluctuations in the price, availability and quality of the raw materials used in our products could have a material adverse effect on our cost of sales or ability to meet our customers' demand. The price and availability of such raw materials may fluctuate significantly, depending on many factors, including natural resources, increased freight costs, increased labor costs, especially in China, increased component costs and weather conditions. ~~Recent~~ **Recently** inflation rates in the U. S. and certain international markets ~~have~~ reached ~~historical highs~~ **levels not seen in decades** . While we have recently increased the prices of a number of our products as a result and may implement other price increases in the future, we may not be able to pass on all, or a significant portion of, such higher raw materials prices to our customers or such price increases may not be accepted by our customers, which could impact our margins or result in lost revenues. We rely on third- party assembly factories and manufacturers; and problems with, or loss of, our assembly factories or manufacturing sources could harm our business and results of operations. The majority of our watch and jewelry products are currently assembled or manufactured to our specifications by independent entities in China. All of our handbags, small leather goods, belts and soft accessories are produced by independent manufacturers. We have no long- term contracts with these independent assembly factories or manufacturers and compete with other companies for production facilities. All transactions between us and our independent assembly factories or manufacturers are conducted on the basis of purchase orders. We face the risk that these independent assembly factories or manufacturers may not produce and deliver our products on a timely basis, or at all. As a result, we cannot be certain that these assembly factories or manufacturers will continue to assemble or manufacture products for us or that we will not experience operational difficulties with our manufacturers, such as reductions in the availability of production capacity, errors in complying with product specifications, insufficient quality control, shortages of raw materials, failures to meet production deadlines, increases in manufacturing costs or pandemic- related delays. Our future success will depend upon our ability to maintain close relationships with our current assembly factories and manufacturers and to develop long- term relationships with other manufacturers that satisfy our requirements for price, quality and production flexibility. Our ability to establish new manufacturing relationships involves numerous uncertainties, including those relating to payment terms, costs of manufacturing, adequacy of manufacturing capacity, quality control and timeliness of delivery. Any failure by us to maintain long- term relationships with our current assembly factories and manufacturers or to develop relationships with other manufacturers could have a material adverse effect on our ability to manufacture and distribute our products. We do not maintain long- term contracts with our customers and are unable to control their purchasing decisions. We do not maintain long- term purchasing contracts with our customers and therefore have no contractual leverage over their purchasing decisions. A decision by a major department store or other significant customer to decrease the amount of merchandise purchased from us or to cease carrying our products could have a material adverse effect on our net sales and operating strategy. We face intense competition in the specialty retail and e-commerce industries and the size and resources of some of our competitors are substantially greater than ours, which may allow them to compete more effectively. We face intense competition in the specialty retail and e- commerce industry where we compete primarily with specialty retailers, department stores and e- commerce businesses that engage in the retail sale of watches and accessories. We believe that the principal basis upon which we compete is the quality and design of merchandise and the quality of customer service. We also believe that price is an important factor in our customers' decision- making processes. Many of our competitors are, and many of our potential competitors may be, larger and have greater financial, marketing and other resources than we have and therefore may be able to adapt to changes in customer requirements more quickly, devote greater resources to the marketing and sale of their products and generate greater national brand recognition than we can, especially in the developing area of omni- channel retailing. Omni- channel retailing may include retail stores, e-commerce sites, mobile channels and other direct- to- consumer points of contact that enhance the consumer' s ability to interact with a retailer in the research, purchase, returning and serving of products. The intense competition and greater size and resources of some of our competitors could have a material adverse effect on the amount of net sales we generate and on our results of operations. We face competition from traditional accessory competitors as well as competitors in the wearable technology category. There is intense competition in each of the businesses in which we compete. In all of our businesses, we compete with numerous manufacturers, importers and distributors who may have significantly greater financial, distribution, advertising and marketing resources than us. Our competitors include distributors that import watches and accessories from abroad, U. S. companies that have established foreign manufacturing relationships and companies that produce accessories domestically. In addition, we face continuing competition from technology companies in the smartwatch category, such as Apple **, Garmin and Samsung** . Many of these technology competitors have significantly greater financial, distribution, advertising and marketing resources than us. In addition, the impact of wearable technology products on sales of our traditional product lines may be materially adverse. Our results of operations and market position may be adversely affected by our competitors and their competitive pressures in the watch, wearable technology and fashion accessory industries. Any material disruption of our information systems could disrupt our business and reduce our sales. We are increasingly dependent on information systems to operate our websites, process transactions, manage inventory, monitor sales and purchase, sell and ship goods on a timely basis. We utilize SAP ERP in our U. S. operations and throughout most of our European operations to support our human resources, sales and distribution, inventory planning, retail merchandising and operational and financial reporting systems of our business, and Navision in our Asian operations to support many of the same functions on a local country level. We also use tools provided by salesforce. com, inc. in our CRM initiatives. In fiscal year 2023, we **began** ~~also plan~~ to implement a new global point of sale system beginning with our European retail stores. We may experience operational problems with our information systems as a result of system failures, viruses, ransomware, computer" hackers" or other causes. These risks may be heightened as a result of our workforce that works remotely. Any material disruption or slowdown of our systems could cause information, including data related to customer orders, to be lost, unavailable or delayed, which could result in delays in the delivery of merchandise to our stores and customers or lost sales, which could reduce demand for our merchandise and cause our sales to decline. Moreover, the failure to maintain, or a disruption in, financial and management control systems could have a material adverse effect on our ability to respond to trends in our target markets, market our products and meet our customers' requirements. In addition, we have e- commerce and other websites in the U. S. and internationally. In addition to changing consumer preferences and buying trends relating to Internet usage, we are vulnerable to certain additional risks and uncertainties associated with the Internet, including changes in required technology interfaces, website downtime and other technical failures, security breaches, and consumer privacy concerns. Our failure to successfully respond to these risks and uncertainties could reduce e- commerce sales, increase costs and damage the reputation of our brands. Factors affecting international commerce and our international operations may seriously harm our financial condition. During fiscal year ~~2022~~ **2023** , we generated 63. ~~1~~ **6** % of our net sales from outside of the U. S. Our international operations are directly related to, and dependent on, the volume of international trade and foreign market conditions. International commerce and our international operations are subject to many risks, some of which are discussed in more detail ~~below~~ , including: • recessions in foreign economies **; • political instability or uncertainty, including as a result of elections, economic instability, geopolitical events and tensions, wars and military conflicts, such as the war in Ukraine, the Israel- Hamas war and tensions between China and Taiwan** ; • the adoption and expansion of trade restrictions or the occurrence of trade wars; • limitations on repatriation of earnings; • difficulties in protecting our intellectual property or enforcing our intellectual property rights under the laws of other countries; • longer receivables collection periods and greater difficulty in collecting accounts receivable; • difficulties in managing foreign operations; • social, political and economic instability; • restrictions on travel to and from international locations; • political tensions between the U. S. and foreign countries; • compliance with, changes in or adoption of current, new or expanded regulatory requirements ~~, particularly in the areas of wearable technology and data privacy~~ ; • our ability to finance foreign operations; • tariffs and other trade barriers; • U. S. government licensing requirements for exports; and • the ~~continuing~~ impact of ~~COVID- 19~~ **a pandemic.** The occurrence or consequences of any of these risks may restrict our ability to operate in the affected regions and decrease the profitability of our international operations, which may seriously harm our financial condition. Because we depend on foreign manufacturing, we are vulnerable to changes in economic and social conditions in Asia, particularly China, and disruptions in international travel and shipping. Because a substantial portion of our watches and jewelry and certain of our handbags, sunglasses and other products are assembled or manufactured in China, our success will depend to a significant extent upon future economic and social conditions existing in China. If these factories in China are disrupted for any reason, we would need to arrange for the manufacture and shipment of products by alternative sources. While we do have initiatives in place to diversify certain of our manufacturing outside of China, because the establishment of new manufacturing relationships involves numerous uncertainties, including those relating to payment terms, costs of manufacturing, adequacy of manufacturing capacity, quality control and timeliness of delivery, we are unable to predict whether such new relationships would be on terms that we regard as satisfactory. Any significant disruption in our relationships with our manufacturing sources located in China would have a material adverse effect on our ability to manufacture and distribute our products. In addition, restrictions on travel to and from this and other regions, such as the travel restrictions that ~~have~~ occurred with COVID- 19, and any delays or cancellations of customer orders or the manufacture or shipment of our products, including on account of **a** ~~the COVID- 19~~ pandemic or other health crises, could have a material adverse effect on our ability to meet customer deadlines and timely distribute our products in order to match consumer expectations. The loss of key senior management personnel or our failure to attract and retain qualified personnel could negatively affect our business. We depend on our senior management and other key personnel ~~, particularly Kosta N. Kartsotis, our Chief Executive Officer (" CEO") and Chairman~~ . We do not have" key person" life insurance policies for any of our personnel. Competition for qualified personnel in the fashion industry is intense. Our ability to attract and retain employees, especially in the competitive market for employees with digital experience, is influenced by our ability to offer competitive compensation and benefits, employee morale, our reputation, recruitment by other employers, perceived internal opportunities, non- competition and non- solicitation agreements and macro unemployment rates. The loss of any of our executive officers or other key employees could harm our business. We must also attract, develop, motivate and retain a sufficient number of qualified retail and distribution center personnel. Historically, competition for talent has been intense and the turnover rate in the retail industry is generally high ~~, which has recently further been exacerbated by the " Great Resignation " and a significant number of people leaving the workforce~~ . There can be no assurance that we will be able to attract or retain a sufficient number of qualified employees in future periods to execute on our business objectives. Additionally, our ability to meet our labor needs while also controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and overtime regulations. If we are unable to attract, develop, motivate and retain talented employees with the necessary skills and experience, or if changes to our organizational structure, operating results, or business model adversely affect morale, hiring and / or retention, we may not achieve our objectives and our results of operations could be adversely impacted. Risks Related to our Indebtedness **We are highly leveraged. Our substantial indebtedness and cash flow used in operating activities could adversely affect our ability to service debt or obtain additional financing if necessary. As of December 30, 2023, we had $ 212. 6 million of outstanding indebtedness, not including $ 5. 1 million of debt issuance costs. We also had $ 64. 0 million of additional borrowing capacity under our Revolving Facility. During fiscal year 2023, we used $ 59. 5 million of cash flows in operating activities. Our high level of indebtedness and recent negative operating cash flows will continue to restrict our operations. Among other things, our indebtedness will: • limit our flexibility in planning for, or reacting to, changes in the markets in which we compete; • place us at a competitive disadvantage relative to our competitors with less indebtedness; • limit our ability to reinvest in our business; • render us more vulnerable to general adverse economic, regulatory and industry conditions; and • require us to dedicate a substantial portion of our cash flow to service our debt. Our ability to meet our cash requirements, including our debt service obligations, is dependent upon our ability to maintain and improve our operating performance, which is subject to general economic and competitive conditions and to financial, business and other factors, many of which are beyond our control. Although we believe we have sufficient sources of liquidity to meet our anticipated requirements for working capital, debt service and capital expenditures through at least the next twelve months, if our operating results do not meet our expectations or if we experience adverse financial, business and other factors that we do not currently anticipate, we could face liquidity constraints. If we are unable to service our debt or experience a significant reduction in our liquidity, we could be forced to sell assets, restructure or refinance our debt or raise additional capital through sales of equity or debt, and we may be unable to take any of these actions on satisfactory terms or in a timely manner. Any of these actions may not be sufficient to allow us to service our debt obligations or may have an adverse impact on our business. Our existing debt agreements limit our ability to take certain of these actions. Our failure to generate sufficient operating cash flow to pay our debt obligations could have a material adverse effect on us.** Our debt agreements subject us to certain covenants, which may restrict our ability to operate our business and to pursue our business strategies. Our failure to comply with the covenants contained in our debt agreements ~~or any agreement under which we have incurred other indebtedness~~ , including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our operating results and our financial condition. On September 26, 2019, the Company and Fossil Partners L. P., as the U. S. borrowers, and Fossil Group Europe GmbH, Fossil Asia Pacific Limited, Fossil (Europe) GmbH, Fossil (UK) Limited and Fossil Canada Inc., as the non- U. S. borrowers, certain other subsidiaries of the Company from time to time party thereto designated as borrowers, and certain subsidiaries of the Company from time to time party thereto as guarantors, entered into a ~~$ 275. 0 million, subsequently reduced to $ 225 million,~~ secured asset- based revolving credit agreement (the " Revolving Facility ") with JPMorgan Chase Bank, N. A. as administrative agent, J. P. Morgan AG, as French collateral agent, JPMorgan Chase Bank, N. A., Citizens Bank, N. A. and Wells Fargo Bank, National Association as joint bookrunners and joint lead arrangers, and Citizens Bank, N. A. and Wells Fargo Bank, National Association, as co- syndication agents and each of the lenders from time to time party thereto ~~. On November 8, 2022, the Company entered into Amendment No. 4 (the " Amendment ") to the Revolving Facility. The Amendment, among other things, (i) extends the maturity date of the credit facility to November 8, 2027 (provided, that if the Company has any indebtedness in an amount in excess of $ 35 million that matures prior to November 8, 2027, the maturity date of the credit facility shall be the 91st day prior to the maturity date of such other indebtedness) and (ii) changes the calculation methodology of the borrowing base to include the value of certain of the Company' s intellectual property in such methodology and to provide for seasonal increases to certain advance rates~~ . The Revolving Facility imposes, and future financing agreements are likely to impose, affirmative and negative covenants that restrict our activities. These restrictions limit or prohibit our ability to, among other things: • incur additional indebtedness or issue certain types of stock; • pay dividends or make other distributions, repurchase or redeem our stock; • make certain investments; • prepay, redeem, or repurchase certain debt; • sell assets and issue capital stock of our restricted subsidiaries; • incur liens; • enter into agreements restricting our restricted subsidiaries' ability to pay dividends, make loans to other related entities or restrict the ability to incur liens; • enter into transactions with affiliates; and • consolidate or merge. These restrictions on our ability to operate our business, along with restrictions that may be contained in agreements evidencing or governing future indebtedness, could seriously harm our business and our ability to grow in accordance with our growth strategy by, among other things, limiting our ability to take advantage of merger and acquisition and other corporate opportunities. In addition, the limitations imposed by financing agreements on our ability to incur additional debt **and liens** might significantly impair our ability to obtain other financing. As a result of these restrictions, we may be: • limited in how we conduct our business; • unable to raise additional debt or equity financing to operate during general economic or business downturns; or • unable to compete effectively or to take advantage of new business opportunities. The Revolving Facility also requires us to maintain **a** specified financial ~~ratios~~ **ratio** ~~and satisfy other financial condition tests~~ in certain circumstances. The Revolving

Facility contains a fixed charge coverage ratio covenant if our Availability (as defined in the Revolving Facility) falls below a certain threshold. See Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations " under the heading " Sources of Liquidity " for an additional discussion of the financial covenants contained in the Revolving Facility. Various risks, uncertainties and events beyond our control could affect our ability to comply with ~~these covenants and maintain these financial tests. Failure to comply with~~ any of the covenants in our existing or future financing agreements **, which** could result in a default under those agreements and under other agreements containing cross- default provisions. A default would permit lenders to accelerate the maturity of the debt under these agreements. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. We cannot know for certain that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements or that we will be able to refinance our debt on terms acceptable to us, or at all. In addition, an event of default under the Revolving Facility would permit the lenders to terminate all commitments to extend further credit under the Revolving Facility **and to accelerate the maturity of all outstanding loans under the Revolving Facility** . Furthermore, the Revolving Facility is secured by liens on our assets. If we were unable to repay the amounts due and payable under our Revolving Facility, the applicable lenders could proceed against the collateral granted to them to secure that indebtedness. The Revolving Facility provides the ~~lenders~~ **administrative agent** considerable discretion to impose reserves **and** ~~or availability blocks or~~ to determine that certain assets are not eligible for inclusion in our borrowing base, which could materially ~~impair~~ **reduce** the **maximum** amount ~~of borrowings~~ that **we are able** ~~would otherwise be available~~ to ~~us~~ **borrow at any one time under the Revolving Facility. The administrative agent has imposed reserves previously and may impose reserves in the future** . There can be no assurance that the ~~lenders~~ **administrative agent** under the Revolving Facility will not take such actions **. If** ~~during the term of that facility and, further, were~~ they ~~to~~ do so, the resulting impact of such actions could materially and adversely impair our ability to meet our other obligations as they become due, among other matters. The **maximum** amount ~~of borrowings~~ **that we are** permitted **to borrow** under ~~our~~ **the** Revolving Facility ~~may~~ **is limited, is subject to seasonal** ~~fluctuate~~ **fluctuations** ~~significantly~~ **and is subject to the discretion of the lenders** , which may adversely affect our liquidity, results of operations and financial position. The **maximum** amount ~~of borrowings~~ **that we are** permitted **to borrow** at any time under ~~our~~ **the** Revolving Facility is limited ~~to~~ **by** a ~~periodic~~ borrowing base ~~valuation~~ **that is recalculated monthly or, in some circumstances, more frequently. The borrowing base is a function** of, among other things, our eligible accounts receivable ~~and~~ **,** inventory **and certain intellectual property** . As a result, our access to credit under ~~our~~ **the** Revolving Facility ~~is potentially subject to significant fluctuations~~ **fluctuates** depending on the value of the borrowing base eligible assets as of any measurement date **. Because our business is seasonal and generates higher net sales and accounts receivable in the third and fourth quarters** , ~~as well as certain discretionary rights of~~ **our borrowing base is also seasonal and is typically lower during our second and third quarters, which can adversely affect our liquidity during these quarters. In addition,** the administrative agent ~~of our~~ **under the** Revolving Facility **has** ~~in respect of~~ the ~~calculation of such~~ **discretionary right to impose reserves or to determine that certain assets are not eligible for inclusion in our** borrowing base ~~value~~ . ~~Our inability~~ **The administrative agent' s discretionary changes could materially reduce the maximum amount that we are able** to borrow at **any one time** ~~current advance rates or at all~~ under ~~, or~~ the ~~early termination of, our~~ Revolving Facility **. Our accounts receivable, inventory and intellectual property are pledged to secure our obligations under the Revolving Facility and cannot be used as collateral for any other financings unless we refinance or terminate the Revolving Facility. These limitations on our ability to borrow under the Revolving Facility or another financing** may adversely affect our liquidity, results of operations and financial position. Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations. The Revolving Facility provides that the lenders thereunder may extend revolving loans in an aggregate principal amount not to exceed $ 225. 0 million at any time outstanding, subject to the borrowing base availability limitations. As of December 31, ~~2022~~ **2023** , we had $ ~~73~~ **62** . ~~0~~ **1** million outstanding under the Revolving Facility. The covenants under the Revolving Facility allow us to incur additional indebtedness from other sources in certain circumstances. On November 8, 2021, we sold $ 150 **million** ~~, 000, 000~~ aggregate principal amount of our 7. 00 % Senior Notes due 2026 (the " Senior Notes "). The Senior Notes are general unsecured obligations of the Company and rank equally in right of payment with all of our existing and future senior unsecured and unsubordinated indebtedness, and rank senior in right of payment to any future subordinated indebtedness. The Senior Notes are effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, and the Senior Notes are structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries (excluding any amounts owed by such subsidiaries to us). The base **indenture** and first supplemental ~~indentures~~ - **indenture that** ~~governing~~ --- **govern** the Senior Notes ~~(collectively, the " Indenture ")~~ contain customary events of default and cure provisions. If an event of default (other than an event of default of the type described in the following sentence) occurs and is continuing with respect to the Senior Notes, the trustee may, and at the direction of the registered holders of at least 25 % in aggregate principal amount of the outstanding ~~debt securities of the~~ Senior Notes shall, declare the principal ~~amount plus~~ **of all Senior Notes, together with all** accrued and unpaid interest, ~~premium and additional amounts, if any, on the Senior Notes~~ to be due and payable immediately. If an event of default relating to certain events of bankruptcy, insolvency or reorganization of the Company occurs, the principal ~~amount plus~~ **of all Senior Notes, together with all** accrued and unpaid interest, ~~and premium, if any, on the Senior Notes~~ will become **due and payable** immediately ~~due and payable~~ without ~~any~~ **further** action **or notice by** ~~on the part of~~ the trustee or any holder of the Senior Notes. A portion of our cash flow will be required to pay interest and principal on our outstanding indebtedness, and we may be unable to generate sufficient cash flow from operations ~~,~~ or ~~have future borrowings~~ ---- **borrow** ~~available~~ **additional funds** under our Revolving Facility **or otherwise** , to enable us to **meet** ~~repay our indebtedness or~~ **our** ~~to~~ **debt service obligations and** fund **our** other liquidity needs. ~~This~~ **Our** level of indebtedness could have **other** important consequences, including the following: ~~• it requires us to use a meaningful percentage of our cash flow from operations for debt service and the repayment of~~

~~our indebtedness, including indebtedness we may incur in the future, and such cash flow may not be available for other purposes;~~ • it limits our ability to borrow money or sell stock to fund our working capital, capital expenditures, acquisitions and debt service requirements; • it may limit our flexibility in planning for, or reacting to, changes in our business and future business opportunities; • we are more highly leveraged than some of our competitors, which may place us at a competitive disadvantage; • it may make us more vulnerable to a downturn in our business or the economy; • it may increase our cost of borrowing **and** ; ~~• debt service requirements could make it more difficult for us to make payments on our other indebtedness; and~~ • there would be a material adverse effect on our business and financial condition if we were unable to service our indebtedness or obtain additional financing as needed. We may not be able to generate sufficient cash flows to meet our debt service obligations and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. Our ability to make payments on and to refinance our indebtedness and to fund **operations and** planned capital expenditures and other investments in our business will depend on our ability to generate cash from our operations in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. ~~Our~~ **During the fiscal year ended December 30, 2023, we used $ 59. 5 million of cash flows in our operations. In the future, our** business may not generate sufficient cash flow from operations and future sources of capital under the Revolving Facility or otherwise may not be available to us in an amount sufficient to enable us to pay our ~~indebtedness or~~ **debt service obligations and** to fund our other liquidity needs. If we complete an acquisition, our debt service requirements could increase ~~. We may need to refinance or restructure all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness, including the Revolving Facility, on commercially reasonable terms, or at all~~ . If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity, reducing or delaying capital expenditures, strategic acquisitions, investments and alliances or restructuring or refinancing our indebtedness. **The Revolving Facility restricts our ability to take such actions, and in some cases imposes limitations on the use of proceeds that we might receive from such actions.** We may not be able to ~~effect~~ **consummate asset sales or other transactions at prices and on terms that we believe are commercially reasonable, or at all, and any proceeds that we do receive may not be available for, or adequate to meet, any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our debt service obligations. The maximum amount that we are permitted to borrow at any time under the Revolving Facility is limited by a borrowing base that is recalculated monthly or, in some circumstances, more frequently. If the borrowing base declines or is reduced by the administrative agent to an amount below the then- outstanding amount of loans under the Revolving Facility, we are required to prepay the outstanding loans under the Revolving Facility in an amount that will result in the aggregate amount of outstanding loans being less than the amount of the borrowing base. We may not have sufficient funds to make any** such ~~actions~~ **prepayments. We will need to repay** , **refinance or restructure all of our debt obligations on or before their respective maturity dates. The maturity date of the Revolving Facility is November 8, 2027, but** if ~~necessary~~ **the Company has any indebtedness in an amount in excess of $ 35. 0 million that matures prior to November 8, 2027, the maturity date of the Revolving Facility will be the 91st day prior to the maturity date of such other indebtedness. The maturity date of the Company' s $ 150. 0 million of Senior Notes is November 30, 2026. If the Senior Notes are not repaid or refinanced to a later maturity date in a manner that reduces the balance due on November 30, 2026 to $ 35. 0 million or less, the maturity date of the Revolving Facility will be August 31, 2026. We may not be able to repay, refinance or restructure any of our indebtedness, including the Revolving Facility** , on commercially reasonable terms, or at all. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants. ~~These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.~~ The **occurrence of certain specified change of control events would cause an event of default under the** Revolving Facility ~~restricts our ability to conduct asset sales and to use the proceeds from asset sales~~ . ~~We~~ **In such event, we** may not be able to ~~consummate~~ **repay, refinance or restructure** ~~these~~ -- **the Revolving Facility,** ~~asset sales to raise capital~~ or ~~sell assets~~ **obtain a waiver of such event of default, on commercially reasonable terms, or** at **all. If** ~~prices and on terms that~~ we **cannot** ~~believe are fair, and any proceeds that we do receive may not be adequate to~~ meet ~~any~~ **our** debt service obligations **or repay, refinance or restructure** ~~then due. If we cannot meet~~ our debt ~~service~~ obligations **on or before their respective maturity dates, or are otherwise in default under our debt agreements** , the holders of our debt may accelerate ~~our~~ **any** debt **that is not yet due, demand payment of our debt,** and, to the extent such debt is secured, foreclose on ~~our~~ **the** assets **securing that debt** . In **any** such ~~an~~ event, we may not have sufficient assets to repay all of our debt **, and the interests of our equity holders and other stakeholders may be materially adversely affected** . We may ~~still~~ be able to incur significantly more debt, including secured debt. This could intensify already- existing risks related to our indebtedness. The terms of the Revolving Facility contain restrictions on our ability to incur additional indebtedness. However, these restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Accordingly, we could incur significant additional **secured** indebtedness in the future ~~, much of which could constitute~~ **under the Revolving Facility and significant additional** secured **and unsecured** ~~, senior, or pari passu~~ indebtedness **under other debt instruments permitted by the Revolving Facility** . As of December ~~31~~ **30** , ~~2022~~ **2023** , our Revolving Facility provided for unused borrowing capacity **under the Revolving Facility** of up to $ ~~141~~ **64** . ~~2~~ **0** million. If new debt is added to our current debt levels, the related risks that we now face could intensify **. If we experience liquidity concerns, we could face a downgrade in our debt ratings which could restrict our access to, and negatively impact the terms of, current or future financings or trade credit. Our ability to obtain financings and trade credit and the terms of any financings or trade credit is, in part, dependent on the credit ratings assigned to our debt by independent credit rating agencies. We cannot provide assurance that any of our current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. A ratings**

downgrade could adversely impact our ability to access financings or trade credit and increase our borrowing costs. Our indebtedness exposes us to interest rate risk. Our earnings are exposed to interest rate risk associated with borrowings under the Revolving Facility. The terms of the Revolving Facility provide for interest on borrowings at a floating rate that is tied to SOFR. SOFR tends to fluctuate based on multiple facts, including general short- term interest rates, rates set by the U. S. Federal Reserve, and other central banks and general economic conditions. We have not hedged our interest rate exposure with respect to our floating rate debt. During fiscal year 2023, our average interest rate on borrowings under the Revolving Facility was 6. 5 %. If interest rates increase, so will our interest costs, which may have a material adverse effect on our results of operations and financial condition. The Senior Notes bear interest at a fixed rate of 7. 00 % per annum. If interest rates decrease, the interest rate on the Senior Notes would not change, and we would not be able to obtain the benefit of reduced interest rates unless we refinanced the Senior Notes. This could put us at a competitive disadvantage to other companies that have floating rate debt. We may not be able to refinance the Senior Notes on commercially reasonable terms, or at all. Any redemption of the Senior Notes prior to November 30, 2025 would trigger a redemption premium. Prior to November 30, 2024, the redemption price would be $ 25. 50 for each $ 25. 00 of Senior Notes, and from November 30, 2024 until November 29, 2025, the redemption price would be $ 25. 25 for each $ 25. 00 of Senior Notes. In addition, any refinancing could be at higher interest rates and may require us to comply with more onerous covenants. The restrictive covenants in the Revolving Facility are subject to a number of important qualifications, exceptions and limitations, and to amendment. The restrictive covenants in the Revolving Facility are subject to a number of important qualifications, exceptions and limitations. We may be able to engage in some of the restricted activities, in limited amounts, or in certain circumstances, in unlimited amounts, notwithstanding the restrictive covenants. For example, subject to the satisfaction of certain tests specified in the Revolving Facility, we are permitted to make unlimited distributions to our equity holders. Further, the restrictive covenants in the Revolving Facility can be amended or waived with the consent of the lenders under the Revolving Facility, who may have interests that are opposed to the interests of our equity holders, the holders of our other debt obligations, and other stakeholders. There can be no assurance that the restrictive covenants in the Revolving Facility will limit our activities. We have a recent history of net losses and negative cash flow and may not achieve consistent profitability or positive cash flow in the future. We have incurred substantial losses and negative cash flow in recent fiscal years. During fiscal years 2023 and 2022, we generated a net loss attributable to Fossil Group, Inc. of $ 157. 1 million and $ 44. 2 million, respectively, and we used $ 59. 5 million and $ 110. 9 million of cash flows in operating activities, respectively. In addition, our cash and cash equivalents have declined from $ 198. 7 million at December 31, 2022 to $ 117. 2 million at December 30, 2023. We will need to generate and sustain increased net sales levels in future periods and reduce expenses in order to become profitable and generate positive cash flow, and even if we do, we may not be able to maintain or increase our level of profitability and cash flow. If we cannot become profitable or generate positive cash flow, our business, results of operations and financial condition could be materially and adversely affected. A significant portion of our cash, cash equivalents and investments are held by our foreign subsidiaries, which could negatively affect future liquidity needs. As of December 30, 2023, $ 104. 4 million, or approximately 89 % of our cash and cash equivalents were held by our foreign subsidiaries. While we intend to use some of the cash held outside the U. S. to fund our international operations, when we encounter a significant need for liquidity in the U. S. or other location that we cannot fulfill through other internal or external sources, our liquidity requirements could necessitate transfers of existing cash balances between our subsidiaries or to the U. S. Some of our subsidiaries are located in jurisdictions that require foreign government approval before a cash repatriation can occur. If we are unable to transfer existing cash balances in such a situation, our business, results of operations and financial condition could be materially and adversely affected . Changes in the mix of product sales demand could negatively impact our gross profit margins. Our gross profit margins are impacted by our sales mix as follows: Sales channel mix: sales from our direct retail and e- commerce channels typically provide gross margins in excess of our historical consolidated gross profit margins, while sales from our distributor, mass market and off- price channels typically provide gross margins below our historical consolidated gross profit margins. Product mix: traditional watch and jewelry sales typically provide gross margins in excess of historical consolidated gross profit margins, while leather goods and private label products typically provide gross margins below our historical consolidated gross profit margins. ~~In addition, sales of our wearable technology products have produced gross profit margins below our historical consolidated gross profit margins.~~ Geographic mix: international sales typically produce gross margins in excess of our historical consolidated gross profit margins, while domestic sales typically provide gross margins below our historical consolidated gross profit margins. If future sales from our higher gross margin businesses do not increase at a faster rate than our lower gross margin businesses, our gross profit margins may grow at a slower pace, cease to grow, or decrease relative to our historical consolidated gross profit margin. **The** ~~U. S. tax legislation enacted in December 2017 and the~~ global implementation of Pillar Two may adversely affect our business, results of operations, financial condition and cash flow. **Under The Organization for Economic Cooperation** ~~On December 22, 2017, then President Trump signed into law Public Law No. 115- 97, commonly referred to as the Tax Cuts~~ and **Development** ~~Jobs Act~~ (~~the~~ " **OECD** ~~Tax Act~~ ") ~~, following its passage by the United States Congress. The Tax Act made significant changes to U. S. federal income tax laws, including changing the corporate tax rate to a flat 21 % rate, introducing a capital investment deduction in certain circumstances, placing certain limitations on the interest deduction, modifying the rules regarding the usability of certain net operating losses, and making extensive changes to the U. S. international tax system. The new Global Intangible Low- Taxed Income (" GILTI ") provisions of the Tax Act requiring the inclusion of certain foreign earnings in U. S. taxable income increased our effective tax rate in post- Tax Act fiscal years and will continue to increase it in future years. Technically, corporate shareholders of foreign corporations generating GILTI are generally entitled to a 50 % deduction against such income, lowering the effective rate of tax from 21 % to 10. 5 %. Furthermore, they are able to recognize~~

~~a foreign tax credit for 80 % of local taxes paid on GILTI income. Therefore, as long as the GILTI average effective rate is 13. 125 % or more, the tax associated with GILTI should be fully offset by foreign tax credits. However, when a corporate group has a domestic source loss, the GILTI absorbs this loss, eliminating any ability to carry the loss forward to offset future income and also generates excess foreign tax credits which cannot be carried forward. We account for GILTI as incurred under the period cost method. Any increase in corporate tax rates or changes to the calculation of GILTI may be detrimental to us. The impact of any such changes could adversely affect our business, results of operations, financial condition and cash flow. Under an OECD~~ Inclusive Framework, 140 countries agreed to enact a two- pillar solution to reform the international tax rules to address the challenges arising from the globalization and digitalization of the economy. The Pillar Two Global Anti- Base Erosion (GloBE) Rules provide a coordinated system to ensure that multinational enterprises with revenues above EUR 750 million pay a minimum effective tax rate of 15 % tax on the income arising in each of the jurisdictions in which they operate. They will be liable to pay a top- up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15 % minimum rate. It is the ultimate parent entity of the multinational enterprise that is primarily liable for the GLoBE top- up tax in its jurisdiction' s territory. Therefore, some countries may engage in domestic tax policy reforms in anticipation of the GloBE rules becoming effective and enact their own domestic minimum tax rates to avoid " tax leakage ". Notwithstanding any new local minimum tax regime which may be designed to reduce or eliminate the GloBE top- up tax, additional top- up tax under GLoBE may still be due. This will depend on the local effective tax rate calculation according to the specific rules set out in the Pillar Two implementation guidance. The technical aspects of the calculation are still being developed. Any increase in corporate tax rates or rules regarding the calculation of taxable income for the top- up tax could adversely affect our business, results of operations, financial condition and cash flow. We have recorded impairment charges in the past and may record impairment charges in the future. We are required, at least annually, or as facts and circumstances warrant, to test trade names to determine if impairment has occurred. We are also required to test property plant and equipment and other long lived assets for impairment as facts and circumstances warrant. Impairment may result from any number of factors, including adverse changes in assumptions used for valuation purposes, such as actual or projected net sales, growth rates, profitability or discount rates, or other variables. If the testing indicates that impairment has occurred, we are required to record a non- cash impairment charge. Should the value of trade names, property plant and equipment and other long lived assets become impaired, it could have an adverse effect on our results of operations. Increased competition from online only retailers and a highly promotional retail environment may increase pressure on our margins. The continued increase in e- commerce competitors for retail sales and slowing mall traffic has resulted in significant pricing pressure and a highly promotional retail environment, which was heightened by the impact of COVID- 19. These factors may cause us to be more promotional with our sales prices to retailers and consumers, which could cause our gross margin to decline if we are unable to appropriately manage inventory levels and / or otherwise offset any price reductions with comparable reductions in our costs. If we have to reduce our sales prices for competitive purposes and we fail to sufficiently reduce our product costs or operating expenses, our profitability will decline. This could have a material adverse effect on our business, results of operations, and financial condition. Our license agreements may require minimum royalty commitments regardless of the level of product sales under these agreements. Under our license agreements, we have in the past experienced, and could again in the future experience, instances where our minimum royalty commitments exceeded the royalties payable based upon our sales of the licensed products. Payments of minimum royalties in excess of the royalties based on our sales of the licensed products reduce our margins and could adversely affect our results of operations. Foreign currency fluctuations could adversely impact our financial condition. We generally purchase our products in U. S. dollars. However, we source a significant amount of our products overseas and, as such, the cost of these products may be affected by changes in the value of the currencies of these countries, including the Australian dollar, British pound, Canadian dollar, Chinese yuan, Danish krone, euro, Hong Kong dollar, Indian rupee, Japanese yen, South Korean won, Malaysian ringgit, Mexican peso, Norwegian kroner, Singapore dollar, Swedish krona and Swiss franc. Due to our dependence on manufacturing operations in China, changes in the value of the Chinese yuan may have a material impact on our supply channels and manufacturing costs, including component and assembly costs. In addition, changes in currency exchange rates may also affect the prices at which we sell products in foreign markets. For fiscal years **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ **, 63. 6 %** , 63. 1 % ~~,~~ **and** 63. 5 ~~% and 66. 1~~ % of our consolidated net sales were generated outside of the U. S. In general, our overall financial results are affected positively by a weaker U. S. dollar and are affected negatively by a stronger U. S. dollar as compared to the foreign currencies in which we conduct our business. For example, due to a stronger U. S. dollar in fiscal year ~~2022~~ **2023** , the translation of foreign- based net sales into U. S. dollars decreased our reported net sales by approximately $ ~~86~~ **2** . ~~9~~ **1** million compared to fiscal year ~~2021~~ **2022** . If the value of the U. S. dollar remains at its current levels or strengthens against foreign currencies, particularly against the euro, Chinese yuan, Indian rupee, Canadian dollar, South Korean won, British pound and Japanese yen, our financial condition and results of operations could be materially and adversely impacted. **As a result** ~~Although we utilize forward contracts to help mitigate foreign currency risks (mostly relating to the euro, Canadian dollar, British pound, Japanese yen, Mexican peso and Australian dollar)~~ , foreign currency fluctuations may have a material adverse impact on our financial condition and results of operations. Legal, Compliance and Reputational risks A data security or privacy breach could damage our reputation, harm our customer relationships, expose us to litigation or government actions, and result in a material adverse effect to our business, financial condition and results of operations. We depend on information technology systems, the Internet and computer networks for a substantial portion of our retail and e- commerce businesses, including credit card transaction authorization and processing. We also receive and store personal information about our customers and employees, the protection of which is critical to us. In the normal course of our business, we collect, retain, and transmit certain sensitive and confidential customer information, including credit card information, over public networks. Our customers have a high expectation that we will adequately protect their personal information. In addition, personal information is highly regulated at the international, federal and state level. While we and our third- party service providers have safeguards in place to defend our systems against intrusions and attacks and to protect our data, we cannot be certain that these measures are sufficient to counter all current and emerging technology threats. Despite the security measures we currently have in place, our facilities and systems and those of our third party service providers have been, and will continue to be, vulnerable to theft of physical information, security breaches, hacking attempts, computer viruses and malware, ransomware, phishing, lost data and programming and / or human errors. To date, none of these risks, intrusions, attacks or human error have resulted in any material liability to us. While we carry insurance policies that would provide liability coverage for certain of these matters, if we experience a significant security incident, we could be subject to liability or other damages that exceed our insurance coverage, and we cannot be certain that such insurance policies will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. Any electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security or those of our third party service providers, could disrupt our business, severely damage our reputation and our customer relationships, expose us to litigation and liability, subject us to governmental investigations, fines and enforcement actions, result in negative media coverage and distraction to management and result in a material adverse effect to our business, financial condition, and results of operations. In addition, as a result of security breaches at a number of prominent retailers and other companies, the media and public scrutiny of information security and privacy has become more intense and the regulatory environment related thereto has become more uncertain. As a result, we may incur significant costs in complying with new and existing state, federal, and foreign laws regarding protection of, and unauthorized disclosure of, personal information. A successful ransomware attack on our systems could make them inaccessible for a period of time pending the payment of a ransom to unlock the systems or our ability to otherwise restore our access to our systems. We are subject to laws and regulations in the U. S. and the many countries in which we operate. Violations of laws and regulations, or changes to existing laws or regulations, could have a material adverse effect on our financial condition or results of operations. Our operations are subject to domestic and international laws and regulations in a number of areas, including, but not limited to, labor, advertising, consumer protection, real estate, product safety, e- commerce, promotions, intellectual property, tax, import and export, anti- corruption, anti- bribery, foreign exchange controls and cash repatriation, data privacy, anti- competition, environmental, health and safety. Compliance with these numerous laws and regulations is complicated, time consuming and expensive, and the laws and regulations may be inconsistent from jurisdiction to jurisdiction, further increasing the difficulty and cost to comply with them. New laws and regulations, or changes to existing laws and regulations, could individually or in the aggregate make our products more costly to produce, delay the introduction of new products in one or more regions, cause us to change or limit our business practices, or affect our financial condition and results of operations. We have implemented policies and procedures designed to ensure compliance with the numerous laws and regulations affecting our business, but there can be no assurance that our employees, contractors, or agents will not violate such laws, regulations or our policies related thereto. Any such violations could have a material adverse effect on our financial condition or operating results. Tariffs or other restrictions placed on imports from China and any retaliatory trade measures taken by China could materially harm our revenue and results of operations. Beginning in July 2018, certain of our products have been subject to additional ad valorem duties imposed by the U. S. government on products of China under Section 301 of the Trade Act of 1974. These tariffs, imposed via four successive " Lists " were the result of an April 2018 determination by the Office of the U. S. Trade Representative (" USTR ") that China' s acts, practices, and policies with respect to technology transfer, intellectual property, and innovation are unreasonable or discriminatory and burden or restrict U. S. commerce. In particular, certain of our packaging and handbag products have been subject to an additional 25 % ad valorem tariff, based on the first sale export price as imported into the U. S., since July 2018 (" List 1 "). Certain of our handbag and wallet products were subject to an additional 10 % ad valorem tariff, based on the first sale export price as imported into the U. S., beginning in September 2018, a rate that was then raised to 25 % ad valorem from June 2019 to present (" List 3 "). Finally, **smartwatches** ~~smart watches~~, certain jewelry products, and several of our traditional watch products were subject to an additional 15 % ad valorem tariff, based on the first sale export price as imported into the U. S., beginning in September 2019, a rate that was lowered to 7. 5 % ad valorem from February 2020 to present (" List 4A "). USTR is currently conducting a statutory review of these tariffs, but they remain in place during that review and Biden Administration officials have ~~publically~~ -- **publicly** signaled that modifications to the tariffs may not be extensive. Any modifications USTR may make, which are expected by the end of ~~September~~ **May** ~~2023~~ **2024** , could also further impact our products. We continue to monitor these developments for potential risks. We have also joined litigation before the U. S. Court of International Trade challenging the legality of the Section 301 List 3 and List 4A tariffs and seeking refunds of duties paid on imports that were subject to those tariffs. That litigation is ongoing ~~with a final decision possible~~ in **appeal stages** ~~mid- 2023 at the earliest~~. As a result, it is difficult to accurately estimate the impact on our business from these tariff actions or similar actions. However, assuming no further offsets from price increases, sourcing changes, or other changes to trade policy and regulatory rulings, all of which are currently under review, the estimated gross profit exposure from the Section 301 tariffs is approximately $ ~~5~~ **2** . ~~6~~ **4** million in fiscal year ~~2023~~ **2024** . If the tariffs continue or increase, we may be required to raise our prices, which may result in the loss of customers and harm our operating performance. Alternatively, we may seek to shift production outside of China or otherwise change our sourcing strategy for these products, resulting in significant costs and disruption to our operations. Even if the U. S. further modifies these tariffs, it is always possible that new products we introduce could be impacted by the changes, or that our business will be impacted by retaliatory trade measures taken by China or other countries in response to existing or future tariffs, causing us to raise prices or make changes to our operations, any of which could materially harm our revenue or operating results. The loss of our intellectual property rights may harm our business. Our trademarks, patents and other intellectual property rights are important to our success and competitive position. We are devoted to the establishment and protection of our trademarks, patents and other intellectual property rights in those countries where we believe it is important to our ability to sell our products. However, we cannot be certain that the actions we have taken will result in enforceable rights, will be adequate to protect our products in every country where we may want to sell our products, will be adequate to prevent imitation of our products by others or will be adequate to prevent others from seeking to prevent sales of our products as a violation of the trademarks, patents or other intellectual property rights of others. Additionally, we rely on the patent, trademark and other intellectual property laws of the U. S. and other countries to protect our proprietary rights. Even if we are successful in obtaining appropriate trademark, patent and other intellectual property rights, we may be unable to prevent third parties from using our intellectual property without our authorization, particularly in those countries where the laws do not protect our proprietary rights as fully as in the U. S. Because we sell our products internationally and are dependent on foreign manufacturing in China, we are significantly dependent on foreign countries to protect our intellectual property rights. The use of our intellectual property or similar intellectual property by others could reduce or eliminate any competitive advantage we have developed, causing us to lose sales or otherwise harm our business. Further, if it became necessary for us to resort to litigation to protect our intellectual property rights, any proceedings could be burdensome and costly and we may not prevail. The failure to obtain or maintain trademark, patent or other intellectual property rights could materially harm our business. Our products may infringe the intellectual property rights of others, which may cause us to incur unexpected costs or prevent us from selling certain of our products. We cannot be certain that our products do not and will not infringe upon the intellectual property rights of others. The wearable technology space is rapidly developing with new innovation, resulting in a number of domestic and international patent filings for new technology. As a result, wearable technology companies may be subject to an increasing number of claims that their products infringe the intellectual property rights of competitors or non- practicing entities. We have been, are and may in the future be subject to legal proceedings involving claims of alleged infringement of the intellectual property rights of third parties by us and our customers in connection with the marketing and sale of our products. Any such claims, whether or not meritorious, could result in costly litigation and divert the efforts of our personnel. Moreover, should we be found liable for infringement, we may be required to enter into agreements (if available on acceptable terms or at all) or to pay damages and cease making or selling certain products. Moreover, we may need to redesign or rename some of our products to avoid future infringement liability. Any of the foregoing could cause us to incur significant costs and prevent us from manufacturing or selling certain of our products. If an independent manufacturer or license partner of ours fails to use acceptable labor practices or otherwise comply with laws or suffers reputation harm, our business could suffer. While we have a code of conduct for our manufacturing partners, we have no control over the ultimate actions or labor practices of our independent manufacturers. The violation of labor or other laws by one of our independent manufacturers, or by one of our license partners, or the divergence of an independent manufacturer' s or license partner' s labor practices from those generally accepted as ethical in the U. S. or other countries in which the violation or divergence occurred, could interrupt or otherwise disrupt the shipment of finished products to us or damage our reputation. In addition, certain of our license agreements are with named globally recognized fashion designers. Should one of these fashion designers, or any or our licensor companies, conduct themselves inappropriately or make controversial statements, the underlying brand, and consequently our business under that brand, could suffer. Any of these, in turn, could have a material adverse effect on our financial condition and results of operations. As a result, should one of our independent manufacturers or licensors be found in violation of state or international laws or receive negative publicity, we could suffer financial or other unforeseen consequences. **Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our securities. If we fail to satisfy the continued listing requirements of Nasdaq, such as the corporate governance requirements or the minimum closing bid price requirement, Nasdaq may take steps to delist our securities. Our Common Stock has recently closed below the $ 1. 00 closing bid requirement for Nasdaq. Such a delisting would likely have a negative effect on the price of our securities and would impair stockholder' s ability to sell or purchase our securities. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our securities from dropping below the Nasdaq minimum bid price requirement or prevent future non- compliance with Nasdaq' s listing requirements. Additionally, if our securities are not listed on, or become delisted from, Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter- dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. Holders of our stock may be unable to sell their securities unless a market can be established or sustained. Our business could be negatively affected as a result of actions of activist stockholders, and such activism could impact the trading value of our securities. Stockholders may, from time to time, engage in proxy solicitations or advance stockholder proposals, or otherwise attempt to effect changes and assert influence on our board of directors and management. For example, in February 2024, an activist stockholder nominated four directors for election at our 2024 annual meeting of stockholders. Activist campaigns that contest or conflict with our strategic direction or seek changes in the composition of our board of directors could have an adverse effect on our operating results and financial condition. A proxy contest would require us to incur significant legal and advisory fees, proxy solicitation expenses and administrative and associated costs and require significant time and attention by our board of directors and management, diverting their attention from the pursuit of our business strategy. Any perceived uncertainties as to our future direction and control, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team arising from a proxy contest could lead to the perception of a change in the direction of our business or instability which may result in the loss of potential business opportunities, make it more difficult to pursue our strategic initiatives, or limit our ability to attract and retain qualified personnel, any of which could adversely affect our business and operating results. If individuals are ultimately elected to our board of directors with a specific goal, it may adversely affect our ability to effectively implement our business strategy and create additional value for our stockholders. We may choose to initiate,**

or may become subject to, litigation as a result of a proxy contest or matters arising from the proxy contest, which would serve as a further distraction to our board of directors and management and would require us to incur significant additional costs. In addition, actions such as those described above could cause significant fluctuations in our stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. We may continue to incur rapid and substantial increases or decreases in our stock price in the foreseeable future that may not coincide in timing with the disclosure of news or developments by or affecting us. Accordingly, the market price of our common stock may fluctuate dramatically, and may decline rapidly, regardless of any developments in our business. Overall, there are various factors, many of which are beyond our control, that could negatively affect the market price of our common stock or result in fluctuations in the price or trading volume of our common stock, including: • the ~~ongoing impacts~~ - **impact of any future** ~~and developments relating to the COVID- 19~~ pandemic; • actual or anticipated variations in our annual or quarterly results of operations, including our earnings estimates and whether we meet market expectations with regard to our earnings **and liquidity** ; • our decision not to, or our current inability to, pay dividends or other distributions; • publication of research reports by analysts or others about us or the specialty retail industry, which may be unfavorable, inaccurate, inconsistent or not disseminated on a regular basis; • changes in market valuations of similar companies; • market reaction to any additional equity, debt or other securities that we may issue in the future, and which may or may not dilute the holdings of our existing stockholders; • additions or departures of key personnel; • actions by **activist and** institutional or significant stockholders; • short interest in our stock and the market response to such short interest; • a dramatic increase in the number of individual holders of our stock and their participation in social media platforms targeted at speculative investing; • speculation in the press or investment community about our company or industry; • financial results reported by certain of our significant public licensing partners; • strategic actions by us or our competitors, such as acquisitions or other investments; • legislative, administrative, regulatory or other actions affecting our business, our industry, including positions taken by the Internal Revenue Service (" IRS "); • investigations, proceedings, or litigation that involve or affect us; ~~and~~ • general market and economic conditions **; •** ~~. Our CEO owns approximately 6. 2 % of our outstanding common stock. Mr. Kosta Kartsotis owns approximately 6. 2 % of our common stock as of December 31, 2022. As~~ a **downgrade** ~~result, he is~~ in ~~a position to influence the outcome of elections of our directors, the adoption, amendment or~~ **our debt ratings;** ~~repeal of our bylaws~~ and ~~any~~ **• the** other **risks identified herein** ~~actions requiring the vote or consent of our stockholders, and to otherwise influence our affairs. Because the interests of Mr. Kartsotis may not coincide with the interests of other stockholders, Mr. Kartsotis may influence the Company to enter into transactions or agreements that other stockholders would not approve or make decisions with which other stockholders may disagree~~ . Our organizational documents contain anti- takeover provisions that could discourage a proposal for a takeover. Our certificate of incorporation and bylaws, as well as the General Corporation Law of the State of Delaware, contain provisions that may have the effect of discouraging a proposal for a takeover. These include a provision in our certificate of incorporation authorizing the issuance of" blank check" preferred stock and provisions in our bylaws establishing advance notice procedures with respect to certain stockholder proposals. Our bylaws may be amended by a vote of 80 % of the Board of Directors, subject to repeal by a vote of 80 % of the stockholders. In addition, Delaware law limits the ability of a Delaware corporation to engage in certain business combinations with interested stockholders. Finally, Mr. Kartsotis has the ability, by virtue of his stock ownership, to influence a vote regarding a change in control. Failure to meet our financial guidance or achieve other forward- looking statements we have provided to the public could result in a decline in our stock price. From time to time, we provide public guidance on our expected financial results or disclose other forward- looking information for future periods. We manage our business to maximize our growth and profitability and not to achieve financial or operating targets for any particular reporting period. Although we believe that public guidance may provide investors with a better understanding of our expectations for the future and is useful to our existing and potential stockholders, such guidance is subject to risks, uncertainties and assumptions. Any such guidance or other forward- looking statements are predictions based on our then-existing expectations and projections about future events that we believe are reasonable. Actual events or results may differ materially from our expectations, and as such, our actual results may not be in line with guidance we have provided. We are under no duty to update any of our forward- looking statements to conform to actual results or to changes in our expectations, except as required by federal securities laws. If our financial results for a particular period do not meet our guidance or the expectations of investors, or if we reduce our guidance for future periods, the market price of our common stock may decline and stockholders could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk. In addition, our stock price may also decline if we fail to meet securities research analysts' projections. Similarly, if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price could decline. Any deterioration in the global economic environment, and any resulting declines in consumer confidence and spending, could have an adverse effect on our operating results and financial condition. Uncertainty in global markets, slowing economic growth, high levels of unemployment, **a** ~~the continuing impact and duration of the COVID- 19~~ pandemic, inflation, rising interest rates and eroding consumer confidence can negatively impact the level of consumer spending for discretionary items. This can affect our business as it is dependent on consumer demand for our products. Global economic conditions remain uncertain, and the possibility remains that domestic or global economies, or certain industry sectors of those economies that are key to our sales, may slow or deteriorate, which could result in a corresponding decrease in demand for our products and negatively impact our results of operations and financial condition. The effects of economic cycles, terrorism, acts of war and retail industry conditions may adversely affect our business. Our business is subject to economic cycles and retail industry conditions. Purchases of discretionary fashion accessories, such as our watches, jewelry, handbags, sunglasses and other products, tend to decline during recessionary periods when disposable income is low and consumers are hesitant to use available credit. In addition, acts of terrorism, acts of war and military action both in the U. S. and abroad can have a significant effect on economic conditions and may negatively affect our ability to procure our products from manufacturers for sale to our customers. Any significant declines in general economic conditions, public safety concerns or uncertainties regarding future economic prospects that affect consumer spending habits could have a material adverse effect on consumer purchases of our products. Risks associated with foreign government regulations and U. S. trade policy may affect our foreign operations and sourcing. Our businesses are subject to risks generally associated with doing business abroad, such as foreign governmental regulation in the countries in which our manufacturing sources are located, primarily China. While we have not experienced any material issues with foreign governmental regulations that would impact our arrangements with our foreign manufacturing sources, we believe that this issue is of particular concern with regard to China due to the less mature nature of the Chinese market economy, the historical involvement of the Chinese government in the industry and recent trade tensions between China and the United States. If regulations or other factors were to render the conduct of business in a particular country undesirable or impracticable, or if our current foreign manufacturing sources were for any other reason to cease doing business with us, such a development could have a material adverse effect on our product sales and on our supply, manufacturing and distribution channels. Our business is also subject to risks associated with U. S. and foreign legislation and regulations relating to imports, including quotas, duties, tariffs or taxes, and other charges or restrictions on imports, which could adversely affect our operations and our ability to import products at current or increased levels. Substantially all of our import operations are subject to customs duties imposed by the governments where our production facilities are located on imported products, including raw materials. We cannot predict whether additional U. S. and foreign customs quotas, duties (including antidumping or countervailing duties), tariffs, taxes or other charges or restrictions, requirements as to whether raw materials must be purchased, additional workplace regulations or other restrictions on our imports will be imposed upon the importation of our products in the future or adversely modified, or what effect such actions would have on our costs of operations. For example, our products imported for distribution in the United States are subject to U. S. customs duties, and in the ordinary course of our business, we may from time to time be subject to claims by U. S. Customs and Border Protection for duties and other charges. Factors that may influence the modification or imposition of these restrictions may include determinations by the Office of the U. S. Trade Representative that a country has denied adequate intellectual property rights or fair and equitable market access to U. S. firms, trade disputes between the United States and another country that leads to withdrawal of " most favored nation " status for that country and economic and political changes within a country that are viewed unfavorably by the U. S. government, resulting in trade policy changes towards that country. Future quotas, duties, or tariffs may have a material adverse effect on our business, financial condition and results of operations. Future trade agreements could also provide our competitors with an advantage over us, or increase our costs, either of which could have a material adverse effect on our business, financial condition and results of operations. There are inherent limitations in all control systems, and misstatements due to error or fraud may occur and not be detected. We are subject to the ongoing internal control provisions of Section 404 of the Sarbanes- Oxley Act of 2002. These provisions provide for the identification of material weaknesses in internal control over financial reporting, which is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Our management, including our CEO and Chief Financial Officer (" CFO"), does not expect that our internal controls and disclosure controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, in our Company have been detected. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of simple errors or mistakes. Further, controls can be circumvented by individual acts, by collusion of two or more persons, or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, a control may be inadequate because of changes in conditions, such as growth of the Company or increased transaction volume, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected. In addition, discovery and disclosure of a material weakness, by definition, could have a material adverse impact on our financial statements. Such an occurrence could discourage certain customers or suppliers from doing business with us, result in higher borrowing costs and affect how our stock trades. This could in turn negatively affect our ability to access public debt or equity markets for capital.