Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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The risks described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. If any of the following risks occur, our business, financial condition or operating results could be materially adversely affected. Risks Related to the Company If we are not successful in the continued development, timely manufacture, and introduction of new products or product categories, overall demand for our products could decrease to the extent that lost sales and profits are not entirely offset. We expect that a significant portion of our future revenue will continue to be derived from sales of newly introduced products. The market for our products is characterized by rapidly changing technology, evolving industry standards and **regulations and** changes in customer needs. If we fail to introduce new products, or to modify or improve our existing products, in response to changes in technology, industry standards **, regulatory requirements** or customer needs, our products could rapidly become less competitive or obsolete. We must continue to make significant investments in research and development in order to continue to develop new products, enhance existing products and achieve market acceptance for such products. However, there can be no assurance that development stage products will be successfully completed or, if developed, will achieve significant customer acceptance. If we are unable to successfully develop and introduce competitive new products, and enhance our existing products, our future results of operations would be materially adversely affected. Our pursuit of necessary technology may require substantial time and expense. We may need to license new technologies to respond to technological change. These licenses may not be available to us on terms that we can accept or may materially change the gross profits that we are able to obtain on our products. We may not succeed in adapting our products to new technologies as they emerge. Development and manufacturing schedules for technology products are difficult to predict, and there can be no assurance that we will achieve timely initial customer shipments of new products. The timely availability of these products in volume and their acceptance by customers are important to our future success. Any future challenges related to new products, whether due to product development delays, manufacturing delays, supply chain constraints, lack of market acceptance, delays in regulatory approval, or otherwise, could have a material adverse effect on our **business, financial condition and** results of operations. If we are unable to compete effectively with existing or new competitors, the associated loss of competitive position could result in price reductions, fewer customer orders, reduced margins and loss of market share. The markets for many of our products and services are highly competitive, and we expect competition to increase in the future. Some of our competitors have significantly greater financial, technical and marketing resources than we do. These competitors ~~may be~~ **have been** able to replicate certain features offered by **some of** our products and services or respond more rapidly to emerging technologies or changes in customer requirements. They may also be able to devote greater resources to the development, promotion and sale of their products or secure better product positioning with retailers. Increased competition could result in price reductions, fewer customer orders, reduced margins and loss of market share. Our failure to compete successfully against current or future competitors could seriously harm our business, financial condition and results of operations. Maturation or contraction of the market for wearable devices or categories of these devices could adversely affect our revenue and profits. We have experienced periods of annual growth in sales and profits in our outdoor and fitness segments, which have benefited from increased sales of wearable devices. However, we have ~~recently~~ **also** experienced **periods of** declines in sales and profits in **these** ~~our fitness segment~~ **segments** . If the overall wearable device market declines, or categories of devices within the wearable device market decline significantly, our business, financial condition or operating results could be materially adversely affected **. We may experience unique economic and political risks associated with companies that operate in Taiwan. Our principal manufacturing facilities for consumer products are located in Taiwan. The People' s Republic of China, also referred to as the PRC, asserts sovereignty over all of China, including Taiwan, certain other islands, and all of mainland China. The PRC government does not recognize the legitimacy of the Taiwan government. Although significant economic and cultural relations exist between Taiwan and the PRC, the PRC government has indicated that it may use military force to gain control over Taiwan in certain circumstances, such as the declaration of independence by Taiwan. There is also a risk that the PRC government may unilaterally seek to occupy Taiwan, by force if necessary, without a clear triggering event. In this scenario, Garmin' s manufacturing facilities and suppliers based in Taiwan could be subject to disruptions that could have a material negative impact to our operations. The United States' relations with Taiwan are governed by the 1979 Taiwan Relations Act, which signifies when the U. S. switched diplomatic recognition from Taiwan to the PRC, referred to as the" one- China" policy. Deviations from the" one- China" policy or other conflicts or disputes could lead to adverse changes in China- U. S. and China- Taiwan relations and could materially adversely affect our manufacturing operations and suppliers based in Taiwan, which could materially adversely affect our business, financial condition and results of operations and the market price and the liquidity of our shares** . We have made and expect to continue making significant investments in the auto OEM operating segment, which will continue to negatively impact total Company profits and may negatively impact shareholder value if the operating segment fails to become profitable. We have been awarded several tier- one and tier- two auto OEM supplier contracts. To fulfill the associated program commitments, we have invested significantly in facilities, research and development, and other operating expenses and expect to continue doing so. Operating margins associated with these auto OEM programs will negatively impact consolidated operating margin as auto OEM revenue increases as a percentage of consolidated revenue. If we are not successful in winning additional contracts and substantially leveraging our past and future investments, operating losses in the auto OEM segment will continue to negatively impact total Company profits and may negatively impact shareholder value. We may incur substantial restructuring costs if we are unable to generate profits from auto OEM contracts. We depend on third party suppliers and...... of operations could be materially impacted. Our results of operations and financial condition are subject to fluctuations in foreign currency translation. The movement of foreign currencies relative to the U. S. Dollar affects the U. S. Dollar value of our foreign currency- denominated sales. The weakening of foreign currencies relative to the U. S. Dollar has had and may ~~continue to~~ **in the future** have a significant adverse effect on our revenue, gross margin, and profitability, or may cause us to raise international pricing, which has reduced and may continue to reduce demand for certain of our products **in certain countries** . Conversely, a strengthening of certain foreign currencies relative to the U. S. Dollar would increase product costs and operating expenses denominated in those currencies, which could materially adversely affect profitability. We have not historically used financial instruments to hedge our foreign currency exchange rate risks. We have experienced significant foreign currency gains and losses due to the strengthening and weakening of the U. S. Dollar relative to certain other currencies. The majority of our consolidated foreign currency gain or loss is typically driven by exchange rate impacts on the significant cash, receivables, and payables held in a currency other than the functional currency at a given legal entity. Such gain or loss will create variations in our earnings per share. However, because there is minimal cash impact caused by such exchange rate variations, management ~~will~~ **expects to** continue to focus on our operating performance before the impact of foreign currency gains and losses. ~~We~~ **Public health emergencies, including epidemics or pandemics, could have significant impacts on our business. Widespread public health emergencies, including epidemics or pandemics, such as the COVID- 19 pandemic, have significantly affected, and** may ~~experience unique~~ **in the future significantly affect, our business due to their impact on the** ~~economic~~ **economy** and ~~political~~ **the demand for our products and services, disruptions to our operations, supply chain and sales and distribution channels, and government- imposed restrictions. Additional** risks ~~associated with companies that operate in Taiwan. Our principal manufacturing facilities are located in Taiwan. Deterioration of relations between Taiwan and the People' s Republic of China~~ , ~~also referred~~ **including gross margin fluctuation, foreign currency fluctuations, product development challenges, impacts** to **our key personnel, and dependencies on third party suppliers, may be heightened** as **a result of a widespread public health emergency. If we were unable to manage** ~~the~~ **these** ~~PRC~~ **risks effectively** , ~~and other factors affecting the political or~~ **our** ~~economic~~ **business, financial** ~~conditions~~ - **condition** ~~of Taiwan in the future~~ , **and results of** ~~could cause disruption to our manufacturing~~ operations ~~and suppliers based in Taiwan which~~ could **be** materially adversely ~~affect~~ **affected . We depend on third party suppliers and licensors, some of which are sole source, for technology and components used in** our **products. Our production and** business ~~, financial condition~~ **would be seriously harmed if these suppliers or licensors are not able to meet our demand** and **alternative** sources are not available,or if the costs of components rise.We are dependent on third party suppliers for various components used in our current products.Some of the components that we procure from third party suppliers include semiconductors ~~and electroluminescent panels~~ ,liquid crystal displays,memory chips,batteries and microprocessors.The availability of high- quality components at reasonable cost is essential to the successful production and sale of our products.Some components we use are from sole source suppliers.We have **experienced** and may ~~continue to~~ **in the future** experience shortages of certain components as well as delays in procuring certain components.In addition,a shortage in supply of components may ~~results~~ - **result in** ~~of operations and~~ - **an increase of the costs of procuring** ~~the~~ **these** ~~market~~ **components. If suppliers are unable to meet our demand for components on a timely basis or if we are unable to obtain components from an alternative source, or if the** price ~~and the liquidity~~ of **alternative components is prohibitive** ~~our shares. The PRC asserts sovereignty over all of China~~ , ~~including Taiwan,~~ **our ability to maintain timely and cost- effective production of our products would be seriously harmed. Our products are also dependent on** certain ~~other islands,~~ **licensed technology and content. If we are unable to continue sourcing such technology and content from our licensors and are unable to obtain** ~~and~~ - **an alternative source, or if our** ~~all of mainland China. The PRC government does not recognize the legitimacy of the Taiwan government. Although significant economic and cultural relations~~ **relationships with our licensors change detrimentally** ~~exist between Taiwan and the PRC~~ , **our ability** ~~the PRC government has indicated that it may use military force~~ to **provide** ~~gain control over Taiwan in~~ certain **features** ~~circumstances, such as the declaration of independence by Taiwan. There is also a risk that the PRC government may unilaterally seek to occupy Taiwan, by force if necessary, without a clear triggering event. In this scenario, Garmin' s manufacturing facilities and suppliers based~~ in ~~Taiwan~~ **our products** ~~could~~ **would** be **seriously harmed** ~~subject to disruptions that could have a material negative impact to our operations. The United States' relations with Taiwan are governed by the 1979 Taiwan Relations Act, which signifies when the U. S. switched diplomatic recognition from Taiwan to the PRC, referred to as the" one- China" policy. Deviations from the" one- China" policy could lead to adverse changes in China- U. S. and China- Taiwan relations and could materially adversely affect our operations in Taiwan in the future~~ . Our business and reputation have been and are expected to continue to be impacted by information technology system failures and network disruptions. The Company and its global supply chain have experienced and are expected to continue to be exposed to information technology system failures and network disruptions including those caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break- ins, and ransomware or other cybersecurity incidents. We have technology and processes in place designed to detect and respond to such failures and disruptions. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems, and the nature of other potential incidents change frequently and may be difficult to detect for long periods of time, our detection and response measures may be ineffective or inadequate. Furthermore, even with appropriate training conducted in support of such measures, human errors and omissions may still occur resulting in system failures and / or disruptions to our information technology infrastructure. Therefore, the Company' s business continuity and disaster recovery planning, or those of others in our global supply chain, may not be able to sufficiently mitigate all threats. Such failures or disruptions can materially adversely affect our business, reputation, results of operations, and financial condition through, among other things, a disruption of internal operations, including order processing, invoicing, and manufacturing and distribution of products, and a loss of functionality of critical systems and online services. Actual or anticipated attacks and risks have caused, and are expected to continue to cause, us to incur increasing costs, including costs to deploy additional personnel and protection technologies, to conduct additional employee training, and to engage third party security experts and consultants. Although we maintain cyber insurance coverage that, subject to policy terms and conditions and significant self- insured retentions, is designed to address certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. Losses or unauthorized access to or releases of proprietary or confidential information, including personal information, could result in significant reputational, financial, legal, and operational consequences. We have experienced, and are expected to continue to experience, malicious attacks and other attempts to gain unauthorized access to our systems that seek to compromise the confidentiality, integrity or availability of proprietary and confidential information. A breach of our security systems and procedures or those of others in our global supply chain could result in significant data losses or theft of our intellectual property, confidential and proprietary information, or that of our business partners, as well as our users' or employees' personal information, which could compromise our competitive position, reputation, operating results, and financial condition. Also, if we fail to reasonably maintain the security of our intellectual property, confidential and proprietary information, or that of our business partners, or the personal information of our users or employees, we may be subject to private litigation, government investigations, regulatory proceedings, enforcement actions, and cause us to incur potentially significant liability, damages, or remediation costs. Although we maintain cyber insurance coverage that, subject to policy terms and conditions and significant self- insured retentions, is designed to address certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. Our business would suffer if we are not able to hire and retain sufficient qualified personnel or if we lose our key personnel. Our future success depends significantly on the continued contribution of our key executive, engineering, sales, marketing, manufacturing, and administrative personnel. Recruiting and retaining the skilled personnel we require to maintain and grow our market position has been and is expected to continue to be difficult. The overall shortage in qualified workforce personnel combined with the increased willingness of companies to hire such personnel in fully remote positions has increased ~~,~~ and in the future may continue to increase our compensation costs in order for us to retain such personnel. If we fail to hire and retain qualified employees, our business and growth prospects will be harmed. We currently do not have employment agreements with any of our key executive officers. Swiss law prohibits us from paying certain severance payments to our senior executive officers, which may impair our ability to recruit for these positions. We do not have key person life insurance on any of our key executive officers and do not currently intend to obtain such insurance. The loss of the services of any of our senior level management, or other key employees, could harm our business. If we do not correctly anticipate demand...... which could result in lower margins. Changes in applicable tax laws or resolutions of tax disputes could result in adverse tax consequences to the Company. Our tax positions could be adversely impacted by changes to tax laws, tax treaties, or tax regulations or the interpretation or enforcement thereof by any tax authority in which we file income tax returns, particularly in the U. S., Switzerland, Taiwan, and United Kingdom (U. K.). We cannot predict the outcome of any specific legislative proposals. Global taxing standards **have** ~~continue to evolve~~ **evolved** as a result of the Organization for Economic Co- Operation and Development (OECD) recommendations aimed at preventing perceived base erosion and profit shifting (BEPS) by multinational corporations. **The** ~~While these recommendations do not change tax law, the countries where we operate may implement legislation or take unilateral actions which may result in adverse effects to our income tax provision and financial statements. Partially to respond to changes to global tax standards, we initiated an intercompany transaction in 2020 which migrates ownership of certain intellectual property from Switzerland to the United States, which is the primary location of research, development and executive management. At the end of this migration, a higher percentage of income will be recognized in the U. S. Due to the subjectivity inherent in transfer pricing associated with this intercompany transaction, we are pursuing an advanced pricing agreement with relevant jurisdictions to provide certainty regarding the pricing. However, we are unable to predict the outcome of the final advanced pricing agreement and related negotiations, which could have a material adverse impact on our income tax provision, net income and cash flows for periods during negotiation and upon finalization. In 2021, the~~ OECD **issued** ~~continued work on the BEPS project by issuing~~ a statement regarding a two- pillar solution which includes within " Pillar Two " a global minimum tax. Numerous countries have signed onto the OECD statement including Switzerland, the U. S. **,** and the U. K. ~~Recently~~ **In 2023** , Switzerland' s Federal Council ~~proposed~~ **passed** legislation ~~which~~ **that** would implement a minimum tax **in Switzerland** of 15 % in 2024 **, and the Swiss canton of Schaffhausen has also passed legislation that would increase the cantonal corporate tax rate beginning in 2024, resulting in a combined federal and cantonal statutory tax rate of approximately 15 % in Switzerland** . ~~Neither~~ **Additionally, many** ~~the~~ **other countries have** ~~OECD statement nor~~ proposed **or enacted Pillar Two** legislation **in jurisdictions in which Garmin operates. Partially to respond to** changes ~~actual~~ **to global** tax ~~law~~ **standards** , ~~but~~ **we initiated an intercompany transaction in 2020 which migrates ownership of certain intellectual property from Switzerland to** ~~these~~ -- **the** ~~actions may lead~~ **United States, which is the company' s primary location for research, development and executive management. At the end of this migration, a higher percentage of income will be recognized in the U. S. Due** to **the subjectivity inherent in transfer pricing associated with this intercompany transaction, we are pursuing an advanced pricing agreement with relevant jurisdictions to provide certainty regarding the pricing. The ultimate outcome and effects of the final advanced pricing agreement are not yet known. The implementation of certain tax** legislation ~~in~~ **described above,** ~~those~~ -- **the negotiations** ~~countries in which we operate. The passage of a minimum tax may result in an~~ **and** ~~increase in~~ **final outcome of** the ~~tax paid by the Company which~~ **advanced pricing agreement, or both,** could have a material adverse impact on ~~our~~ **the Company' s future** income tax provision **, effective tax rate,** and financial statements. **Additionally,** ~~Significant~~ **significant** judgment is required in determining our global provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain, most notably in the area of transfer pricing. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on our income tax provision, net income, or cash flows in the period or periods for which that determination is made. If we do not correctly anticipate demand for our products,we may not be able to secure sufficient quantities or cost- effective production of our products or we could have costly excess production or inventories.The demand for our products depends on many factors and may be difficult to forecast due to our increasingly diverse product portfolio,intensifying competition in the markets for our products,and the maturing of markets for some of our products.Significant unanticipated fluctuations in demand have caused and could in the future cause the following challenges to our operations:• If demand increases beyond what we forecast,we **would have** ~~may not be able~~ to ~~adequately~~ **rapidly** increase production ~~to meet demand~~ .We would depend on suppliers to provide additional volumes of components and those suppliers might not be able to increase production rapidly enough,due to supply chain issues or other constraints,to meet unexpected demand.• ~~Additionally,rapid~~ **Rapid** increases in production levels to meet unanticipated demand could result in higher costs for manufacturing and supply of components,higher freight costs associated with urgent distribution of the products,and other expenses.These higher costs could lower our profit margins.Further,if production is increased rapidly,manufacturing quality could decline,which may also lower our margins and reduce customer satisfaction.• If forecasted demand does not develop,we could have excess inventories of finished products and components,which would use cash and could lead to write- offs of some or all of the excess inventories.Lower than forecasted demand could also result in excess manufacturing capacity or reduced manufacturing efficiencies at our facilities, **which could result in lower margins.** Changes to trade regulations, including trade restrictions, sanctions, ~~or~~ tariffs **, or duties** , could significantly harm our results of operations. Trade and other international disputes can result in tariffs **, duties** , sanctions, and other measures that restrict international trade and can adversely affect our business. For example, tensions between the U. S. and the PRC have led to a series of tariffs being imposed by the U. S. on imports from the PRC. Many other countries have considered or imposed similar measures. **Certain of our products are subject to tariffs and duties imposed by customs authorities of the countries in which they are imported. Those duties and tariffs are based on the classifications of those products, which are routinely subject to review by the customs authorities. We are unable to predict whether those authorities will change the determination of the classifications of our products. Any such changes could result in additional duties, tariffs or other restrictions on the importation of our products.** The imposition of additional governmental controls or regulations that create new or enhanced restrictions on free trade, trade sanctions, ~~or~~ tariffs, ~~particularly those applicable to materials~~ or **duties** ~~goods from the PRC,~~ could have a substantial adverse effect on our business, results of operations, and financial condition. Economic, regulatory, and political conditions and uncertainty could adversely affect our revenue and profits. Our revenue and profits depend significantly on general economic conditions and the demand for products in the markets in which we compete. We have operations outside the United States that make up a significant portion of our total revenue, which can present challenges depending on economic and geopolitical conditions on both a global and regional scale. Economic weakness or constrained consumer and business spending has resulted in periods of decreased revenue in the past, and could in the future result in decreased revenue and problems with our ability to manage inventory levels and collect customer receivables. In addition, financial difficulties experienced by our retailers and OEM customers have resulted, and could result in the future, in significant bad debt write- offs and additions to reserves in our receivables and could have an adverse effect on our results of operations. Gross margins for our products may fluctuate or erode. Gross margins in some of our segments are volatile and could decline in the future due to competitive price reductions that are not fully offset by material cost reductions. In addition, our overall gross margin may fluctuate from period to period due to a number of other factors, including product mix, foreign exchange rates, freight and component costs, manufacturing facility utilization, and unit volumes. In particular, the average selling prices of a specific product tend to decrease over that product' s life. To offset such decreases, we intend to rely primarily on component cost reduction, obtaining yield improvements and corresponding cost reductions in the manufacturing of existing products and on introducing new products that incorporate advanced features and therefore can be sold at higher average selling prices. However, there can be no assurance that we will be able to obtain any such yield improvements or cost reductions or introduce any such new products in the future. To the extent that such cost reductions and new product introductions do not occur in a timely manner or our products do not achieve market acceptance, our business, financial condition and results of operations could be materially adversely affected. Our intellectual property rights are important to our operations, and we could suffer loss if they infringe upon others' rights or are infringed upon by others. We rely on a combination of patents, copyrights, trademarks and trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. To this end, we hold rights to a number of patents and registered trademarks and regularly file applications to attempt to protect our rights in new technology and trademarks. However, there is no guarantee that our patent applications will become issued patents, or that our trademark applications will become registered trademarks. In addition, effective copyright, patent and trade secret protection may be unavailable, limited or not applied for in certain countries. Moreover, even if approved, our patents or trademarks may thereafter be successfully challenged by others or otherwise become invalidated for a variety of reasons. Thus, any patents or trademarks we currently have or may later acquire may not provide us a significant competitive advantage. The value of our products relies substantially on our technical innovation in fields in which there are many patent filings. Third parties have claimed and may in the future claim that we or our customers (some of whom are indemnified by us) are infringing their intellectual property rights. For example, individuals and groups have purchased and may in future purchase intellectual property assets for the purpose of asserting claims of infringement and attempting to extract settlements from us or our customers. The number of these claims has increased in recent years and may continue to increase in the future. Such claims could have a material adverse effect on our business ~~and~~ **,** financial condition **, and results of operations** . From time to time **,** we receive ~~letters~~ **communications** alleging infringement of patents, trademarks or other intellectual property rights and we have been, and currently are, a defendant in lawsuits alleging patent infringement. Litigation concerning patents or other intellectual property is costly and time consuming and at the present time cost- effective insurance is not available. We may seek licenses from such parties, but they could refuse to grant us a license or demand commercially unreasonable terms. Such infringement claims could also cause us to incur substantial liabilities and to suspend or permanently cease the use of critical technologies or processes or the production or sale of major products. Our products and services may be affected by design and manufacturing defects that could materially adversely affect our business, financial condition, and results of operations. Our products and services, or those of our OEM customers in which our products are installed, could be affected by design and manufacturing defects. There can be no assurance we will be able to detect and fix all issues and defects in our products and services, and may have limited ability to respond to those impacting our OEM customers. Failure to do so can result in recalls, product replacements or modifications, reputational harm, and significant warranty and other expenses, which could have a material adverse impact on our business, financial condition and results of operations. If our products malfunction or contain errors or defects, we could also be subject to significant liability for personal injury and property damage and, under certain circumstances, could be subject to a judgment for punitive damages. We maintain insurance against accident- related risks involving our products. However, there can be no assurance that such insurance would be sufficient to cover the cost of litigation or damages to others or that such insurance will continue to be available at commercially reasonable rates. In addition, insurance coverage may not cover awards of punitive damages and may not cover the cost of associated legal fees and defense costs, which could result in lower margins. If we are unable to maintain sufficient insurance to cover product liability costs or if our insurance coverage does not cover the award, this could have a material adverse impact on our business, financial condition and results of operations. We have claims and lawsuits against us that may result in adverse outcomes. We are subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. Litigation and other claims are subject to inherent uncertainties and the outcomes can be difficult to predict. Management may not adequately reserve for a contingent liability, or we may suffer unforeseen liabilities, which could then impact the results of a financial period. A material adverse impact on our consolidated financial statements could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable **or in which we otherwise incur a loss in excess of our reserves** and could harm our **business,** ~~results of operations and~~ financial condition **and results of operations** . Our products may contain undetected security vulnerabilities, which could result in damage to our reputation, lost revenue, diverted development resources ~~and~~ **,** increased warranty claims, and litigation. Undiscovered vulnerabilities in our products could expose them to hackers or other unscrupulous third parties who develop and deploy viruses and other malicious software programs that could attack our products. Actual or perceived security vulnerabilities in our products could harm our reputation and lead some customers to return products, to reduce or delay future purchases, or use competing products. As a business that operates worldwide, we are subject to complex and changing global laws and regulations, which exposes the Company to potential liabilities, increased costs and other adverse effects on our business. Our global operations are subject to complex and changing laws and regulations, including those in the following areas: telecommunications; environmental, health and safety; labor and employment; antitrust; data privacy and security; consumer protection; product liability; anticorruption; import, export and trade; foreign exchange controls; anti – money laundering; and tax. Compliance with these laws and regulations is onerous and expensive, increasing the cost of conducting our global operations. We have implemented policies and procedures designed to ensure compliance with applicable global laws and regulations, but there can be no assurance that at all times we will be in compliance with all global regulations given their multitude, complexity and ever- changing nature. **Our failure** ~~If we are found~~ to ~~have violated~~ **comply with such** laws and regulations ~~, it~~ could materially adversely affect our **reputation,** business, ~~reputation, results of operations and~~ financial condition **and results of operations** . Our business is subject to a variety of United States and international laws, regulations and other legal obligations regarding data protection. We collect, store, process, and use personal information and other user data. Our users' personal information may include, among other information, names, addresses, phone numbers, email addresses, payment account information, height, weight, age, gender, heart rates, sleeping patterns, GPS- based location, and activity patterns. Regulatory authorities and legislative bodies around the world, including in the United States, have enacted or are considering enacting a number of legislative and regulatory proposals concerning data protection. These laws continue to develop and may be inconsistent from jurisdiction to jurisdiction. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Noncompliance could result in significant penalties, governmental investigations and regulatory proceedings, litigation, harm to our brand, and a decrease in the use of our products and services. Many of these laws provide for significant penalties. Under the General Data Protection Regulation in the European Union, for example, potential penalties can be as high as 4 % of a company' s total global revenue. ~~Some of~~ **Natural disasters, catastrophic events,** ~~our~~ - **or climate change** ~~products are subject to governmental regulation or certification. Failure to obtain required certifications of our products on a timely basis, either due to government shutdown or other delays in the certification process, could harm our business. Federal Aviation Administration (FAA) certification is required for all of our aviation products that are intended for installation in type- certificated aircraft. To the extent required, certification is an~~ **and associated** ~~expensive and time- consuming process that requires~~ **requirements** ~~significant focus and resources. An inability to obtain, or excessive delay in obtaining, such certifications could have an~~ **and** ~~adverse~~ **pressures could** ~~effect~~ **affect** ~~on our ability to introduce new products and, for certain aviation OEM products, our customers' ability to sell airplanes. Delays in our obtaining certification for our aviation products have resulted and may in the future result in our being required to pay compensation to our customers. Additionally, failure of the United States Congress to appropriate funds for FAA operations that results in a shutdown of FAA operations or~~ **our** ~~furloughing of FAA employees, due to partial or complete government shutdowns or otherwise, could result in delays in the required FAA certification of our avionics products and in the production, sale and registration of aircraft that use our avionics products. Therefore, such~~

~~inabilities or delays could have a material adverse effect on our business and~~ financial results. ~~In addition, we cannot assure that our certified products will not be decertified. Any such decertification could have an adverse effect on our operating results. In addition, in accordance with FCC rules and regulations, wireless transceiver products are required to be certified by the FCC in the United States and comparable authorities in foreign countries where they are sold. Garmin' s products sold in Europe are required to comply with relevant directives of the European Commission. A delay in receiving required certifications for new products, or enhancements to Garmin' s products, or losing certification for Garmin' s existing products could adversely affect our business. Changes in our United States federal income tax classification, or that of our subsidiaries, could result in adverse tax consequences to our 10 % or greater U. S. shareholders. The United States Tax Cuts and Jobs Act (the " 2017 Act ") signed on December 22, 2017 may have changed the consequences to U. S. shareholders that own, or are considered to own, as a result of the attribution rules, ten percent or more of the voting power or value of the stock of a non- U. S. corporation (a 10 % U. S. shareholder) under the U. S. federal income tax law applicable to owners of U. S. controlled foreign corporations (" CFCs "). The 2017 Act repealed Internal Revenue Code Section 958 (b) (4), which, unless clarified in future regulations or other guidance, may result in classification of certain of the Company' s foreign subsidiaries as CFCs with respect to any single 10 % U. S. shareholder. This may be the result without regard to whether 10 % U. S. shareholders together own, directly or indirectly, more than fifty percent of the voting power or value of the Company as was the case under prior rules. Additional tax consequences to 10 % U. S. shareholders of a CFC may result from other provisions of the 2017 Act. For example, the 2017 Act added Section 951A which requires a 10 % U. S. shareholder of a CFC to include in income its pro- rata share of the global intangible low- taxed income (GILTI) of the CFC. The 2017 Act also eliminated the requirement in Section 951 (a) necessitating that a foreign corporation be considered a CFC for an uninterrupted period of at least 30 days in order for a 10 % U. S. shareholder to have a current income inclusion. From time to time, the Company may elect to employ antidilutive measures such as a stock buyback program. These measures could inadvertently create additional 10 % U. S. shareholders and thus trigger adverse tax consequences for those shareholders as described above. We urge shareholders to consult their individual tax advisers for advice regarding the 2017 Act revisions to the U. S. federal income tax law applicable to owners of CFCs given the current uncertainty regarding their scope of applicability. Natural disasters, catastrophic events, or climate change and associated requirements and pressures could affect our financial results.~~