

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2023

OR

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

For the transition period from _____ to _____

Commission file number: 001-41040

**FOSSIL
GROUP**

FOSSIL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

75-2018505

(I.R.S. Employer
Identification No.)

901 S. Central Expressway, Richardson,

Texas

75080

(Address of principal executive offices)

(Zip Code)

(972) 234-2525

(Registrant's telephone number, including area code)

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

Title of each class	Ticker Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	FOSL	The Nasdaq Stock Market LLC
7.00% Senior Notes due 2026	FOSLL	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

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

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

The number of shares of the registrant's common stock outstanding as of October 31, 2023: 52,477,538

FOSSIL GROUP, INC.
FORM 10-Q
FOR THE FISCAL QUARTER ENDED SEPTEMBER 30, 2023
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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 and MICHELE as trademarks on online e-commerce sites. This filing 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 or incorporated by reference into this 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.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FOSSIL GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED
IN THOUSANDS

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 116,132	\$ 198,726
Accounts receivable - net of allowances for doubtful accounts of \$ 13,857 and \$ 14,647 , respectively	193,975	206,133
Inventories	326,718	376,028
Prepaid expenses and other current assets	148,114	164,413
Total current assets	784,939	945,300
Property, plant and equipment - net of accumulated depreciation of \$ 406,365 and \$ 415,172 , respectively	68,582	79,882
Operating lease right-of-use assets	154,479	156,947
Intangible and other assets-net	55,244	55,999
Total long-term assets	278,305	292,828
Total assets	\$ 1,063,244	\$ 1,238,128
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 158,028	\$ 191,141
Short-term debt	455	342
Accrued expenses:		
Current operating lease liabilities	43,762	49,702
Compensation	41,067	44,259
Royalties	13,628	20,875
Customer liabilities	40,505	41,996
Transaction taxes	7,395	14,303
Other	35,161	40,424
Income taxes payable	8,588	22,878
Total current liabilities	348,589	425,920
Long-term income taxes payable	21,126	22,603
Deferred income tax liabilities	600	616
Long-term debt	255,935	216,132
Long-term operating lease liabilities	142,128	150,188
Other long-term liabilities	16,115	19,660
Total long-term liabilities	435,904	409,199
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, 52,472 and 51,836 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	525	518
Additional paid-in capital	310,603	306,241
Retained earnings	46,638	175,491
Accumulated other comprehensive income (loss)	(76,666)	(76,318)
Total Fossil Group, Inc. stockholders' equity	281,100	405,932
Noncontrolling interests	(2,349)	(2,923)
Total stockholders' equity	278,751	403,009
Total liabilities and stockholders' equity	\$ 1,063,244	\$ 1,238,128

See notes to the unaudited condensed consolidated financial statements.

FOSSIL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
UNAUDITED
IN THOUSANDS, EXCEPT PER SHARE DATA

	For the 13 Weeks Ended September 30, 2023	For the 13 Weeks Ended October 1, 2022	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Net sales	\$ 344,121	\$ 436,271	\$ 991,123	\$ 1,183,292
Cost of sales	182,458	216,651	512,076	588,010
Gross profit	161,663	219,620	479,047	595,282
Operating expenses:				
Selling, general and administrative expenses	191,433	196,530	569,493	591,521
Other long-lived asset impairments	622	608	838	1,060
Restructuring expenses	16,003	—	27,732	5,438
Total operating expenses	208,058	197,138	598,063	598,019
Operating income (loss)	(46,395)	22,482	(119,016)	(2,737)
Interest expense	5,760	5,127	16,110	13,445
Other income (expense) - net	(3,093)	(1,859)	6,813	(1,915)
Income (loss) before income taxes	(55,248)	15,496	(128,313)	(18,097)
Provision (benefit) for income taxes	5,561	9,214	(34)	15,904
Net income (loss)	(60,809)	6,282	(128,279)	(34,001)
Less: Net income (loss) attributable to noncontrolling interests	253	433	574	738
Net income (loss) attributable to Fossil Group, Inc.	\$ (61,062)	\$ 5,849	\$ (128,853)	\$ (34,739)
Other comprehensive income (loss), net of taxes:				
Currency translation adjustment	\$ (3,801)	\$ (13,465)	\$ (1,994)	\$ (37,437)
Cash flow hedges - net change	4,623	3,668	1,646	7,836
Total other comprehensive income (loss)	822	(9,797)	(348)	(29,601)
Total comprehensive income (loss)	(59,987)	(3,515)	(128,627)	(63,602)
Less: Comprehensive income (loss) attributable to noncontrolling interests	253	432	574	738
Comprehensive income (loss) attributable to Fossil Group, Inc.	\$ (60,240)	\$ (3,947)	\$ (129,201)	\$ (64,340)
Earnings (loss) per share:				
Basic	\$ (1.16)	\$ 0.11	\$ (2.47)	\$ (0.67)
Diluted	\$ (1.16)	\$ 0.11	\$ (2.47)	\$ (0.67)
Weighted average common shares outstanding:				
Basic	52,466	51,825	52,219	51,843
Diluted	52,466	52,052	52,219	51,843

See notes to the unaudited condensed consolidated financial statements.

FOSSIL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
UNAUDITED
IN THOUSANDS

For the 13 Weeks Ended September 30, 2023

	Common stock					Accumulated other comprehensive income (loss)	Stockholders' equity attributable to Fossil Group, Inc.	Noncontrolling interest	Total stockholders' equity
	Shares	Par value	Additional paid-in capital	Treasury stock	Retained earnings				
Balance, July 1, 2023	52,446	\$ 524	\$ 308,768	\$ —	\$ 107,700	\$ (77,488)	\$ 339,504	\$ (2,602)	\$ 336,902
Common stock issued upon exercise of stock options, stock appreciation rights and restricted stock units	31	1	—	—	—	—	1	—	1
Acquisition of common stock for employee tax withholding	—	—	—	(14)	—	—	(14)	—	(14)
Retirement of common stock	(5)	—	(14)	14	—	—	—	—	—
Stock-based compensation	—	—	1,849	—	—	—	1,849	—	1,849
Net income (loss)	—	—	—	—	(61,062)	—	(61,062)	253	(60,809)
Other comprehensive income (loss)	—	—	—	—	—	822	822	—	822
Balance, September 30, 2023	52,472	\$ 525	\$ 310,603	\$ —	\$ 46,638	\$ (76,666)	\$ 281,100	\$ (2,349)	\$ 278,751

For the 13 Weeks Ended October 1, 2022

	Common stock					Accumulated other comprehensive income (loss)	Stockholders' equity attributable to Fossil Group, Inc.	Noncontrolling interest	Total stockholders' equity
	Shares	Par value	Additional paid-in capital	Treasury stock	Retained earnings				
Balance, July 2, 2022	51,807	\$ 518	\$ 304,775	\$ —	\$ 179,060	\$ (87,079)	\$ 397,274	\$ (3,249)	\$ 394,025
Common stock issued upon exercise of stock options, stock appreciation rights and restricted stock units	22	—	—	—	—	—	—	—	—
Acquisition of common stock for employee tax withholding	—	—	—	(13)	—	—	(13)	—	(13)
Retirement of common stock	(2)	—	(13)	13	—	—	—	—	—
Stock-based compensation	—	—	(264)	—	—	—	(264)	—	(264)
Net income (loss)	—	—	—	—	5,849	—	5,849	433	6,282
Other comprehensive income (loss)	—	—	—	—	—	(9,797)	(9,797)	—	(9,797)
Balance, October 1, 2022	51,827	\$ 518	\$ 304,498	\$ —	\$ 184,909	\$ (96,876)	\$ 393,049	\$ (2,816)	\$ 390,233

For the 39 Weeks Ended September 30, 2023

	Common stock					Accumulated other comprehensive income (loss)	Stockholders' equity attributable to Fossil Group, Inc.	Noncontrolling interest	Total stockholders' equity
	Shares	Par value	Additional paid-in capital	Treasury stock	Retained earnings				
Balance, December 31, 2022	51,836	\$ 518	\$ 306,241	\$ —	\$ 175,491	\$ (76,318)	\$ 405,932	\$ (2,923)	\$ 403,009
Common stock issued upon exercise of stock options, stock appreciation rights and restricted stock units	800	8	(8)	—	—	—	—	—	—
Acquisition of common stock for employee tax withholding	—	—	—	(529)	—	—	(529)	—	(529)
Retirement of common stock	(164)	(1)	(528)	529	—	—	—	—	—
Stock-based compensation	—	—	4,898	—	—	—	4,898	—	4,898
Net income (loss)	—	—	—	—	(128,853)	—	(128,853)	574	(128,279)
Other comprehensive income (loss)	—	—	—	—	—	(348)	(348)	—	(348)
Balance, September 30, 2023	52,472	\$ 525	\$ 310,603	\$ —	\$ 46,638	\$ (76,666)	\$ 281,100	\$ (2,349)	\$ 278,751

For the 39 Weeks Ended October 1, 2022

	Common stock		Additional paid-in capital	Treasury stock	Retained earnings	Accumulated other comprehensive income (loss)	Stockholders' equity attributable to Fossil Group, Inc.	Noncontrolling interest	Total stockholders' equity
	Shares	Par value							
Balance, January 1, 2022	52,146	\$ 521	\$ 300,848	\$ —	\$ 229,132	\$ (67,275)	\$ 463,226	\$ 2,132	\$ 465,358
Common stock issued upon exercise of stock options, stock appreciation rights and restricted stock units	896	9	(9)	—	—	—	—	—	—
Acquisition of common stock	—	—	—	(12,443)	—	—	(12,443)	—	(12,443)
Retirement of common stock	(1,215)	(12)	(2,947)	12,443	(9,484)	—	—	—	—
Stock-based compensation	—	—	6,606	—	—	—	6,606	—	6,606
Net income (loss)	—	—	—	—	(34,739)	—	(34,739)	738	(34,001)
Other comprehensive income (loss)	—	—	—	—	—	(29,601)	(29,601)	—	(29,601)
Distribution of noncontrolling interest earnings	—	—	—	—	—	—	—	(5,686)	(5,686)
Balance, October 1, 2022	51,827	\$ 518	\$ 304,498	\$ —	\$ 184,909	\$ (96,876)	\$ 393,049	\$ (2,816)	\$ 390,233

See notes to the unaudited condensed consolidated financial statements.

FOSSIL GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
IN THOUSANDS

	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Operating Activities:		
Net income (loss)	\$ (128,279)	\$ (34,001)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and accretion	14,487	17,587
Non-cash lease expense	56,515	60,073
Stock-based compensation	4,580	5,821
Decrease in allowance for returns and markdowns	(231)	(8,519)
Gain on disposal of assets	(3,258)	(448)
Property, plant and equipment and other long-lived asset impairment losses	838	1,060
Non-cash restructuring charges	5,048	876
Bad debt expense	2,986	5,611
Other non-cash items	1,385	9,973
Changes in operating assets and liabilities:		
Accounts receivable	11,228	22,677
Inventories	45,879	(137,244)
Prepaid expenses and other current assets	16,490	(16,091)
Accounts payable	(31,124)	(19,151)
Accrued expenses	(23,732)	(56,944)
Income taxes	(15,535)	2,470
Operating lease liabilities	(65,239)	(68,533)
Net cash used in operating activities	(107,962)	(214,783)
Investing Activities:		
Additions to property, plant and equipment and other	(7,149)	(8,689)
(Increase) decrease in intangible and other assets	(1,247)	993
Net cash used in investing activities	(8,396)	(7,696)
Financing Activities:		
Acquisition of common stock	(529)	(12,444)
Distribution of noncontrolling interest earnings and other	—	(6,069)
Debt borrowings	162,615	261,983
Debt payments	(124,013)	(111,237)
Payment for shares of Fossil Accessories South Africa Pty. Ltd.	(2,316)	—
Net cash provided by financing activities	35,757	132,233
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2,751)	(644)
Net decrease in cash, cash equivalents, and restricted cash	(83,352)	(90,890)
Cash, cash equivalents, and restricted cash:		
Beginning of period	204,075	264,572
End of period	<u>\$ 120,723</u>	<u>\$ 173,682</u>

See notes to the unaudited condensed consolidated financial statements.

FOSSIL GROUP, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

1. FINANCIAL STATEMENT POLICIES

Basis of Presentation. The condensed consolidated financial statements include the accounts of Fossil Group, Inc., a Delaware corporation, and its wholly and majority-owned subsidiaries (the "Company").

The information presented herein includes the thirteen-week period ended September 30, 2023 ("Third Quarter") as compared to the thirteen-week period ended October 1, 2022 ("Prior Year Quarter"), and the thirty-nine week period ended September 30, 2023 ("Year To Date Period") as compared to the thirty-nine week period ended October 1, 2022 ("Prior Year YTD Period"). The condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present a fair statement of the Company's financial position as of September 30, 2023, and the results of operations for the Third Quarter, Prior Year Quarter, Year To Date Period and Prior Year YTD Period. All adjustments are of a normal, recurring nature.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Annual Report on Form 10-K filed by the Company pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for the fiscal year ended December 31, 2022 (the "2022 Form 10-K"). Operating results for the Third Quarter are not necessarily indicative of the results to be achieved for the full fiscal year.

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the periods reported. We base our estimates on the information available at the time and various other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates. The Company has not made any changes in its significant accounting policies from those disclosed in the 2022 Form 10-K.

Business. The Company is a global design, marketing and distribution company that specializes in consumer fashion accessories. Its principal offerings include an extensive line of men's and women's fashion watches and jewelry, handbags, small leather goods, belts and sunglasses. In the watch and jewelry product categories, the Company has a diverse portfolio of globally recognized owned and licensed brand names under which its products are marketed. The Company's products are distributed globally through various distribution channels, including wholesale in countries where it has a physical presence, direct to the consumer through its retail stores and commercial websites and through third-party distributors in countries where the Company does not maintain a physical presence. The Company's products are offered at varying price points to meet the needs of its customers, whether they are value-conscious or luxury oriented. Based on its extensive range of accessory products, brands, distribution channels and price points, the Company is able to target style-conscious consumers across a wide age spectrum on a global basis.

Operating Expenses. Operating expenses include selling, general and administrative ("SG&A"), other long-lived asset impairments and restructuring charges. SG&A expenses include selling and distribution expenses primarily consisting of sales and distribution labor costs, sales distribution center and warehouse facility costs, depreciation expense related to sales distribution and warehouse facilities, the four-wall operating costs of the Company's retail stores, point-of-sale expenses, advertising expenses and art, and design and product development labor costs. SG&A also includes general and administrative expenses primarily consisting of administrative support labor and support costs such as treasury, legal, information services, accounting, internal audit, human resources, executive management costs and costs associated with stock-based compensation. Restructuring charges include costs to reduce and optimize the Company's infrastructure and store closures. See Note 16— Restructuring for additional information on the Company's restructuring plan.

Earnings (Loss) Per Share ("EPS"). Basic EPS is based on the weighted average number of common shares outstanding during each period. Diluted EPS adjusts basic EPS for the effects of dilutive common stock equivalents outstanding during each period using the treasury stock method.

The following table reconciles the numerators and denominators used in the computations of both basic and diluted EPS (in thousands, except per share data):

	For the 13 Weeks Ended September 30, 2023	For the 13 Weeks Ended October 1, 2022	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Numerator:				
Net income (loss) attributable to Fossil Group, Inc.	\$ (61,062)	\$ 5,849	\$ (128,853)	\$ (34,739)
Denominator:				
Basic EPS computation:				
Basic weighted average common shares outstanding	52,466	51,825	52,219	51,843
Basic EPS	\$ (1.16)	\$ 0.11	\$ (2.47)	\$ (0.67)
Diluted EPS computation:				
Effect of stock options, stock appreciation rights, restricted stock units and performance restricted stock units	—	227	—	—
Diluted weighted average common shares outstanding	52,466	52,052	52,219	51,843
Diluted EPS	\$ (1.16)	\$ 0.11	\$ (2.47)	\$ (0.67)

At the end of the Third Quarter and Year To Date Period, approximately 2.2 million and 2.1 million weighted average shares issuable under stock-based awards, respectively, were not included in the diluted EPS calculation because they were antidilutive. The total antidilutive weighted average shares included 0.3 million and 0.3 million weighted average performance-based shares at the end of the Third Quarter and Year To Date Period, respectively.

At the end of each of the Prior Year Quarter and Prior Year YTD Period, approximately 1.7 million and 2.2 million weighted average shares issuable under stock-based awards, respectively, were not included in the diluted EPS calculation because they were antidilutive. The total antidilutive weighted average shares included 12,900 and 26,100 weighted average performance-based shares at the end of the Prior Year Quarter and Prior Year YTD Period, respectively. Additionally, 73,500 weighted average performance-based shares were not included in the diluted EPS calculation at the end of the Prior Year Quarter because performance targets were not met.

Cash, Cash Equivalents and Restricted Cash. Restricted cash included in intangible and other-assets net was comprised primarily of pledged collateral to secure bank guarantees for the purpose of obtaining retail space. The following table provides a reconciliation of the cash, cash equivalents, and restricted cash balances as of September 30, 2023 and October 1, 2022 that are presented in the condensed consolidated statement of cash flows (in thousands):

	September 30, 2023	October 1, 2022
Cash and cash equivalents	\$ 116,132	\$ 162,612
Restricted cash included in prepaid expenses and other current assets	106	106
Restricted cash included in intangible and other assets-net	4,485	10,964
Cash, cash equivalents and restricted cash	\$ 120,723	\$ 173,682

Recently Issued Accounting Standards

In October 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-06, *Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"). The amendments in ASU 2023-06 modify the disclosure or presentation requirements of a variety of topics in the FASB Accounting Standards Codification (the "Codification"), with the intention of clarifying or improving them and to align the requirements in the Codification with the regulations of the U.S. Securities and Exchange Commission (the "SEC"). The effective date for ASU 2023-06 varies and is determined for each individual disclosure based on the effective date of the SEC's removal of the related disclosure. ASU 2023-06 will not have an impact on the Company's financial position or results of operation.

Recently Adopted Accounting Standards

In October 2021, the FASB issued ASU 2021-08, *Business Combinations – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The guidance requires an acquirer to recognize and measure contract assets and liabilities acquired in a business combination as if they had originated the contracts, as opposed to at fair value on the acquisition date. The standard is effective for business combinations after January 1, 2023. The adoption of this standard did not have an impact on the Company's consolidated financial statements or related disclosures.

2. REVENUE

Disaggregation of Revenue. The Company's revenue disaggregated by major product category and timing of revenue recognition was as follows (in thousands):

	For the 13 Weeks Ended September 30, 2023				
	Americas	Europe	Asia	Corporate	Total
<u>Product type</u>					
Watches:					
Traditional watches	\$ 113,611	\$ 72,941	\$ 66,103	\$ 28	\$ 252,683
Smartwatches	7,352	5,927	4,034	—	17,313
Total watches	\$ 120,963	\$ 78,868	\$ 70,137	\$ 28	\$ 269,996
Leathers	20,815	6,201	5,993	—	33,009
Jewelry	8,797	19,892	5,928	—	34,617
Other	2,034	2,705	995	765	6,499
Consolidated	\$ 152,609	\$ 107,666	\$ 83,053	\$ 793	\$ 344,121
<u>Timing of revenue recognition</u>					
Revenue recognized at a point in time	\$ 152,469	\$ 107,479	\$ 82,936	\$ 518	\$ 343,402
Revenue recognized over time	140	187	117	275	719
Consolidated	\$ 152,609	\$ 107,666	\$ 83,053	\$ 793	\$ 344,121

For the 13 Weeks Ended October 1, 2022					
	Americas	Europe	Asia	Corporate	Total
<u>Product type</u>					
Watches:					
Traditional watches	\$ 132,077	\$ 102,142	\$ 75,970	\$ 9	\$ 310,198
Smartwatches	14,578	10,401	8,327	—	33,306
Total watches	\$ 146,655	\$ 112,543	\$ 84,297	\$ 9	\$ 343,504
Leathers	27,262	5,683	8,150	—	41,095
Jewelry	8,353	22,955	6,560	—	37,868
Other	2,056	2,498	1,205	8,045	13,804
Consolidated	\$ 184,326	\$ 143,679	\$ 100,212	\$ 8,054	\$ 436,271

<u>Timing of revenue recognition</u>					
Revenue recognized at a point in time	\$ 183,900	\$ 143,453	\$ 100,076	\$ 800	\$ 428,229
Revenue recognized over time	426	226	136	7,254	8,042
Consolidated	\$ 184,326	\$ 143,679	\$ 100,212	\$ 8,054	\$ 436,271

For the 39 Weeks Ended September 30, 2023					
	Americas	Europe	Asia	Corporate	Total
<u>Product type</u>					
Watches:					
Traditional watches	\$ 313,842	\$ 204,156	\$ 194,259	\$ 1,955	\$ 714,212
Smartwatches	28,285	17,812	13,395	—	59,492
Total watches	\$ 342,127	\$ 221,968	\$ 207,654	\$ 1,955	\$ 773,704
Leathers	68,889	17,959	19,746	—	106,594
Jewelry	20,439	53,773	16,808	—	91,020
Other	5,736	7,918	3,104	3,047	19,805
Consolidated	\$ 437,191	\$ 301,618	\$ 247,312	\$ 5,002	\$ 991,123

<u>Timing of revenue recognition</u>					
Revenue recognized at a point in time	\$ 436,727	\$ 301,047	\$ 246,971	\$ 4,177	\$ 988,922
Revenue recognized over time	464	571	341	825	2,201
Consolidated	\$ 437,191	\$ 301,618	\$ 247,312	\$ 5,002	\$ 991,123

For the 39 Weeks Ended October 1, 2022					
	Americas	Europe	Asia	Corporate	Total
Product type					
Watches:					
Traditional watches	\$ 366,714	\$ 253,728	\$ 209,857	\$ 23	\$ 830,322
Smartwatches	47,228	33,347	24,134	—	104,709
Total watches	\$ 413,942	\$ 287,075	\$ 233,991	\$ 23	\$ 935,031
Leathers	69,091	18,372	23,763	—	111,226
Jewelry	25,548	62,730	18,217	—	106,495
Other	5,944	7,933	3,592	13,071	30,540
					1,183,292
Consolidated	\$ 514,525	\$ 376,110	\$ 279,563	\$ 13,094	\$
Timing of revenue recognition					
Revenue recognized at a point in time	\$ 513,393	\$ 375,433	\$ 279,193	\$ 3,032	\$ 1,171,051
Revenue recognized over time	1,132	677	370	10,062	12,241
					1,183,292
Consolidated	\$ 514,525	\$ 376,110	\$ 279,563	\$ 13,094	\$

Contract Balances. As of September 30, 2023, the Company had no material contract assets on the Company's condensed consolidated balance sheets and no deferred contract costs. The Company had contract liabilities of (i) \$ 0.5 million and \$ 0.8 million as of September 30, 2023 and December 31, 2022, respectively, related to remaining performance obligations on licensing income, (ii) \$ 1.6 million and \$ 3.7 million as of September 30, 2023 and December 31, 2022, respectively, primarily related to remaining performance obligations on wearable technology products and (iii) \$ 2.6 million and \$ 3.1 million as of September 30, 2023 and December 31, 2022, respectively, related to gift cards issued.

3. INVENTORIES

Inventories consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
Components and parts	\$ 14,137	\$ 20,998
Work-in-process	211	—
Finished goods	312,370	355,030
Inventories	\$ 326,718	\$ 376,028

4. WARRANTY LIABILITIES

The Company's warranty liability is recorded in accrued expenses-other in the Company's condensed consolidated balance sheets. Warranty liability activity consisted of the following (in thousands):

	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Beginning balance	\$ 13,623	\$ 19,159
Settlements in cash or kind	(5,266)	(5,465)
Warranties issued and adjustments to preexisting warranties ⁽¹⁾	1,879	(148)
Ending balance	\$ 10,236	\$ 13,546

⁽¹⁾ Changes in cost estimates related to preexisting warranties are aggregated with accruals for new standard warranties issued and foreign currency changes.

5. INCOME TAXES

The Company's income tax (benefit) expense and related effective rates were as follows (in thousands, except percentage data):

	For the 13 Weeks Ended September 30, 2023	For the 13 Weeks Ended October 1, 2022	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Income tax (benefit) expense	\$ 5,561	\$ 9,214	\$ (34)	\$ 15,904
Effective tax rate	(10.1)%	59.5 %	— %	(87.9)%

The effective tax rate in the Third Quarter differed from the Prior Year Quarter primarily due to a change in the Company's global mix of earnings. In addition, income taxes were accrued on certain income in foreign jurisdictions and no tax benefit has been accrued on the US tax losses and on certain losses in other foreign jurisdictions due to valuation allowances previously recorded. The effective tax rate can also vary from quarter-to-quarter due to changes in the resolution of income tax audits, changes in uncertain tax positions, and changes in tax law.

As of September 30, 2023, the Company's total amount of unrecognized tax benefits, excluding interest and penalties, was \$ 23.3 million, of which \$ 23.3 million would favorably impact the effective tax rate in future periods, if recognized. The Company is subject to examinations in various state and foreign jurisdictions for its 2013-2022 tax years, none of which the Company believes are significant, individually or in the aggregate. Tax audit outcomes and timing of tax audit settlements are subject to significant uncertainty.

The Company has classified uncertain tax positions as long-term income taxes payable, unless such amounts are expected to be settled within twelve months of the condensed consolidated balance sheet date. As of September 30, 2023, the Company had recorded \$ 8.5 million of unrecognized tax benefits, excluding interest and penalties, for positions that are expected to be settled within the next twelve months. Consistent with its past practice, the Company recognizes interest and/or penalties related to income tax overpayments and income tax underpayments in income tax expense and income taxes receivable/payable. At September 30, 2023, the total amount of accrued income tax-related interest included in the condensed consolidated balance sheets was \$ 5.7 million. There were no accrued tax-related penalties.

6. STOCKHOLDERS' EQUITY

Common and Preferred Stock. The Company has 100,000,000 shares of common stock, par value \$ 0.01 per share, authorized, with 52,472,039 and 51,836,456 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively. The Company has 1,000,000 shares of preferred stock, par value \$ 0.01 per share, authorized, with none issued or outstanding at September 30, 2023 or December 31, 2022. Rights, preferences and other terms of preferred stock will be determined by the Board of Directors at the time of issuance.

Common Stock Repurchase Programs. Purchases of the Company's common stock are made from time to time pursuant to its repurchase programs, subject to market conditions and at prevailing market prices, through the open market. Repurchased shares of common stock are recorded at cost and become authorized but unissued shares which may be issued in the future for general corporate or other purposes. The Company may terminate or limit its stock repurchase program at any time. In the event the repurchased shares are cancelled, the Company accounts for retirements by allocating the repurchase price to common stock, additional paid-in capital and retained earnings. The repurchase price allocation is based upon the equity contribution associated with historical issuances. The repurchase programs are conducted pursuant to Rule 10b-18 of the Exchange Act.

At September 30, 2023 and December 31, 2022, all treasury stock had been effectively retired. As of September 30, 2023, the Company had \$ 20.0 million of repurchase authorizations remaining under its repurchase program.

The following table reflects the Company's common stock repurchase activity for the periods indicated (in millions):

Fiscal Year Authorized	Dollar Value Authorized	Termination Date	For the 39 Weeks Ended September 30, 2023		For the 39 Weeks Ended October 1, 2022	
			Number of Shares Repurchased	Dollar Value Repurchased	Number of Shares Repurchased	Dollar Value Repurchased
2010	\$ 30.0	None	—	\$ —	1.0	\$ 10.0

7. EMPLOYEE BENEFIT PLANS

Stock-Based Compensation Plans. The following table summarizes stock appreciation rights activity during the Third Quarter:

Stock Appreciation Rights	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in Thousands)		(in Years)	(in Thousands)
Outstanding at July 1, 2023	75	\$ 46.55	0.6	\$ —
Outstanding at September 30, 2023	75	46.55	0.3	—
Exercisable at September 30, 2023	75	\$ 46.55	0.3	\$ —

The aggregate intrinsic value shown in the table above is based on the exercise price for outstanding and exercisable rights at September 30, 2023.

Stock Appreciation Rights Outstanding and Exercisable. The following table summarizes information with respect to stock appreciation rights outstanding and exercisable at September 30, 2023:

Stock Appreciation Rights Outstanding				Stock Appreciation Rights Exercisable	
Range of Exercise Prices	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Number of Shares	Weighted-Average Exercise Price
	(in Thousands)		(in Years)	(in Thousands)	
\$ 36.73 - \$ 55.09	75	\$ 46.55	0.3	75	\$ 46.55
Total	75	\$ 46.55	0.3	75	\$ 46.55

Restricted Stock Units and Performance Restricted Stock Units. The following table summarizes restricted stock unit and performance restricted stock unit activity during the Third Quarter:

Restricted Stock Units and Performance Restricted Stock Units	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
	(in Thousands)	
Nonvested at July 1, 2023	2,235	\$ 6.25
Vested	(31)	7.72
Forfeited	(191)	6.31
Nonvested at September 30, 2023	2,013	\$ 6.21

The total fair value of restricted stock units vested was \$ 0.1 million during the Third Quarter. Vesting of performance restricted stock units is based on achievement of operating margin growth and achievement of sales growth and operating margin targets in relation to the performance of a certain identified peer group.

Long-Term Incentive Plans. On the date of the Company's annual stockholders meeting, each non-employee director automatically receives a grant of restricted stock units which vest 100 % on the earlier of one year from the date of grant or the date of the Company's next annual stockholders meeting, provided such director is providing services to the Company or a subsidiary of the Company on that date. Beginning with the grant in fiscal year 2021, non-employee directors may elect to defer receipt of all or a portion of the restricted stock units settled in common stock of the Company upon the vesting date. In addition, beginning in fiscal year 2021, non-employee directors may defer the cash portion of their annual fees. Each participant may also elect to have the cash portion of his or her annual fees for each calendar year treated as if invested in units of common stock of the Company.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following tables disclose changes in the balances of each component of accumulated other comprehensive income (loss), net of taxes (in thousands):

For the 13 Weeks Ended September 30, 2023				
	Currency Translation Adjustments	Cash Flow Hedges Forward Contracts	Pension Plan	Total
Beginning balance	(\$ 88,874)	(\$ (580)	\$ 11,966	(77,488 \$)
Other comprehensive income (loss) before reclassifications	(3,801)	3,881	—	80
Tax (expense) benefit	—	59	—	59
Amounts reclassified from accumulated other comprehensive income (loss)	—	(882)	—	(882)
Tax (expense) benefit	—	199	—	199
Total other comprehensive income (loss)	(3,801)	4,623	—	822
Ending balance	(\$ 92,675)	(\$ 4,043	\$ 11,966	(76,666 \$)

For the 13 Weeks Ended October 1, 2022				
	Currency Translation Adjustments	Cash Flow Hedges Forward Contracts	Pension Plan	Total
Beginning balance	\$ (99,573)	\$ 8,512	\$ 3,982	\$ (87,079)
Other comprehensive income (loss) before reclassifications	(13,465)	7,950	—	(5,515)
Tax (expense) benefit	—	261	—	261
Amounts reclassified from accumulated other comprehensive income (loss)	—	4,310	—	4,310
Tax (expense) benefit	—	233	—	233
Total other comprehensive income (loss)	(13,465)	3,668	—	(9,797)
Ending balance	\$ (113,038)	\$ 12,180	\$ 3,982	\$ (96,876)

For the 39 Weeks Ended September 30, 2023				
	Currency Translation Adjustments	Cash Flow Hedges Forward Contracts	Pension Plan	Total
Beginning balance	\$ (90,681)	\$ 2,397	\$ 11,966	\$ (76,318)
Other comprehensive income (loss) before reclassifications	(1,994)	130	—	(1,864)
Tax (expense) benefit	—	687	—	687
Amounts reclassified from accumulated other comprehensive income	—	(1,568)	—	(1,568)
Tax (expense) benefit	—	739	—	739
Total other comprehensive income (loss)	(1,994)	1,646	—	(348)
Ending balance	\$ (92,675)	\$ 4,043	\$ 11,966	\$ (76,666)

For the 39 Weeks Ended October 1, 2022				
	Currency Translation Adjustments	Cash Flow Hedges		Total
		Forward Contracts	Pension Plan	
Beginning balance	\$ (75,601)	\$ 4,344	\$ 3,982	\$ (67,275)
Other comprehensive income (loss) before reclassifications	(37,437)	16,151	—	(21,286)
Tax (expense) benefit	—	790	—	790
Amounts reclassified from accumulated other comprehensive income (loss)	—	8,512	—	8,512
Tax (expense) benefit	—	593	—	593
Total other comprehensive income (loss)	(37,437)	7,836	—	(29,601)
Ending balance	\$ (113,038)	\$ 12,180	\$ 3,982	\$ (96,876)

See Note—10 Derivatives and Risk Management for additional disclosures about the Company's use of derivatives.

9. SEGMENT INFORMATION

The Company reports 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.

The Company manages its 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, China (including Hong Kong, Macau and Taiwan), India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea and Thailand. Each reportable operating segment provides similar products and services.

The Company evaluates the performance of its reportable segments based on net sales and operating income (loss). Net sales for geographic segments are based on the location of the selling entity. Operating income (loss) for each segment includes net sales to third parties, related cost of sales and operating expenses directly attributable to the segment. Corporate includes peripheral revenue generating activities from factories and intellectual property and general corporate expenses, including certain administrative, legal, accounting, technology support costs, equity compensation costs, payroll costs attributable to executive management, brand management, product development, art, creative/product design, marketing, strategy, compliance and back office supply chain expenses that are not allocated to the various segments because they are managed at the corporate level internally. The Company does not include intercompany transfers between segments for management reporting purposes.

Summary information by operating segment was as follows (in thousands):

	For the 13 Weeks Ended September 30, 2023		For the 13 Weeks Ended October 1, 2022	
	Net Sales	Operating Income (Loss)	Net Sales	Operating Income (Loss)
Americas	\$ 152,609	\$ 25,818	\$ 184,326	\$ 33,403
Europe	107,666	13,290	143,679	31,076
Asia	83,053	15,951	100,212	17,515
Corporate	793	(101,454)	8,054	(59,512)
Consolidated	\$ 344,121	\$ (46,395)	\$ 436,271	\$ 22,482

	For the 39 Weeks Ended September 30, 2023		For the 39 Weeks Ended October 1, 2022	
	Net Sales	Operating Income (Loss)	Net Sales	Operating Income (Loss)
Americas	\$ 437,191	\$ 61,817	\$ 514,525	\$ 87,966
Europe	301,618	19,572	376,110	65,489
Asia	247,312	30,555	279,563	38,807
Corporate	5,002	(230,960)	13,094	(194,999)
Consolidated	\$ 991,123	\$ (119,016)	\$ 1,183,292	\$ (2,737)

The following table reflects net sales for each class of similar products in the periods presented (in thousands, except percentage data):

	For the 13 Weeks Ended September 30, 2023			For the 13 Weeks Ended October 1, 2022		
	Net Sales	Percentage of Total		Net Sales	Percentage of Total	
Watches:						
Traditional watches	\$ 252,683	73.4 %		\$ 310,198	71.1 %	
Smartwatches	17,313	5.0		33,306	7.6	
Total watches	\$ 269,996	78.4 %		\$ 343,504	78.7 %	
Leathers	33,009	9.6		41,095	9.4	
Jewelry	34,617	10.1		37,868	8.7	
Other	6,499	1.9		13,804	3.2	
Total	\$ 344,121	100.0 %		\$ 436,271	100.0 %	

	For the 39 Weeks Ended September 30, 2023			For the 39 Weeks Ended October 1, 2022		
	Net Sales	Percentage of Total		Net Sales	Percentage of Total	
Watches:						
Traditional watches	\$ 714,212	72.1 %		\$ 830,322	70.2 %	
Smartwatches	59,492	6.0		104,709	8.8	
Total watches	\$ 773,704	78.1 %		\$ 935,031	79.0 %	
Leathers	106,594	10.8		111,226	9.4	
Jewelry	91,020	9.2		106,495	9.0	
Other	19,805	1.9		30,540	2.6	
Total	\$ 991,123	100.0 %		\$ 1,183,292	100.0 %	

10. DERIVATIVES AND RISK MANAGEMENT

Cash Flow Hedges. The primary risks managed by using derivative instruments are the fluctuations in global currencies that will ultimately be used by non-U.S. dollar functional currency subsidiaries to settle future payments of intercompany inventory transactions denominated in U.S. dollars. Specifically, the Company projects future intercompany purchases by its non-U.S. dollar functional currency subsidiaries generally over a period of up to 24 months. The Company enters into forward contracts, generally for up to 85 % of the forecasted purchases, to manage fluctuations in global currencies that will ultimately be used to settle such U.S. dollar denominated inventory purchases. Additionally, the Company enters into forward contracts to manage fluctuations in Japanese yen exchange rates that will be used to settle future third-party inventory component purchases by a U.S. dollar functional currency subsidiary. Forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon settlement date and exchange rate. These forward contracts are designated as single cash flow hedges. Fluctuations in exchange rates will either increase or decrease the Company's U.S. dollar equivalent cash flows from these inventory transactions, which will affect the Company's U.S. dollar earnings. Gains or losses on the forward contracts are expected to offset these fluctuations to the extent the cash flows are hedged by the forward contracts.

For a derivative instrument that is designated and qualifies as a cash flow hedge, the gain or loss on the derivative is reported as a component of accumulated other comprehensive income (loss), net of taxes and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

As of September 30, 2023, the Company had the following outstanding forward contracts designated as cash flow hedges that were entered into to hedge future payments of inventory transactions (in millions):

Functional Currency		Contract Currency	
Type	Amount	Type	Amount
Euro	91.3	U.S. dollar	100.2
Canadian dollar	41.2	U.S. dollar	31.0
Mexican peso	220.3	U.S. dollar	12.5
British pound	8.1	U.S. dollar	10.2
Australian dollar	7.8	U.S. dollar	5.2
Japanese yen	602.6	U.S. dollar	4.6
U.S. dollar	7.7	Japanese yen	1,040.0

Non-designated Hedges. The Company also periodically enters into forward contracts to manage exchange rate risks associated with certain intercompany transactions and for which the Company does not elect hedge accounting treatment. As of September 30, 2023, the Company had non-designated forward contracts of \$ 0.1 million on 1.8 million rand associated with a South African rand-denominated foreign subsidiary. Changes in the fair value of derivatives not designated as hedging instruments are recognized in earnings when they occur.

The gains and losses on cash flow hedges that were recognized in other comprehensive income (loss), net of taxes are set forth below (in thousands):

	For the 13 Weeks Ended September 30, 2023	For the 13 Weeks Ended October 1, 2022
Cash flow hedges:		
Forward contracts	\$ 3,940	\$ 8,211
Total gain (loss) recognized in other comprehensive income (loss), net of taxes	\$ 3,940	\$ 8,211
	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Cash flow hedges:		
Forward contracts	\$ 817	\$ 16,941
Total gain (loss) recognized in other comprehensive income (loss), net of taxes	\$ 817	\$ 16,941

The following tables disclose the gains and losses on derivative instruments recorded in accumulated other comprehensive income (loss), net of taxes during the term of the hedging relationship and reclassified into earnings, and gains and losses on derivatives not designated as hedging instruments recorded directly to earnings (in thousands):

Derivative Instruments	Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) Location	Effect of Derivative Instruments	For the 13	For the 13
			Weeks Ended September 30, 2023	Weeks Ended October 1, 2022
Forward contracts designated as cash flow hedging instruments	Cost of sales	Total gain (loss) reclassified from accumulated other comprehensive income (loss)	(1,368 \$)	\$ 3,15
Forward contracts designated as cash flow hedging instruments	Other income (expense)-net	Total gain (loss) reclassified from accumulated other comprehensive income (loss)	\$ 685	\$ 1,38
Forward contracts not designated as hedging instruments	Other income (expense)-net	Total gain (loss) recognized in income	\$ 29	\$ (

Derivative Instruments	Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) Location	Effect of Derivative Instruments	For the 39	For the 39
			Weeks Ended September 30, 2023	Weeks Ended October 1, 2022
Forward contracts designated as cash flow hedging instruments	Cost of sales	Total gain (loss) reclassified from accumulated other comprehensive income (loss)	\$ (1,387)	\$ 6,198
Forward contracts designated as cash flow hedging instruments	Other income (expense)-net	Total gain (loss) reclassified from accumulated other comprehensive income (loss)	\$ 558	\$ 2,907
Forward contracts not designated as hedging instruments	Other income (expense)-net	Total gain (loss) recognized in income	\$ 92	\$ 63

The following table discloses the fair value amounts for the Company's derivative instruments as separate asset and liability values, presents the fair value of derivative instruments on a gross basis, and identifies the line items in the condensed consolidated balance sheets in which the fair value amounts for these categories of derivative instruments are included (in thousands):

Derivative Instruments	Asset Derivatives				Liability Derivatives			
	September 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
	Condensed Consolidated Balance Sheets Location	Fair Value	Condensed Consolidated Balance Sheets Location	Fair Value	Condensed Consolidated Balance Sheets Location	Fair Value	Condensed Consolidated Balance Sheets Location	Fair Value
Forward contracts designated as cash flow hedging instruments	Prepaid expenses and other current assets	\$ 3,781	Prepaid expenses and other current assets	\$ 2,783	Accrued expenses-other	\$ 698	Accrued expenses-other	\$ 2,659
Forward contracts not designated as cash flow hedging instruments	Prepaid expenses and other current assets	6	Prepaid expenses and other current assets	—	Accrued expenses-other	—	Accrued expenses-other	16
Forward contracts designated as cash flow hedging instruments	Intangible and other assets-net	680	Intangible and other assets-net	112	Other long-term liabilities	—	Other long-term liabilities	318
Total		\$ 4,467		\$ 2,895		\$ 698		\$ 2,993

The following tables summarize the effects of the Company's derivative instruments on earnings (in thousands):

	Effect of Derivative Instruments			
	For the 13 Weeks Ended September 30, 2023		For the 13 Weeks Ended October 1, 2022	
	Cost of Sales	Other Income (Expense)- net	Cost of Sales	Other Income (Expense)- net
Total amounts of income and expense line items presented in the condensed consolidated statements of income (loss) and comprehensive income (loss) in which the effects of cash flow hedges are recorded	\$182,458	\$ (3,093)	\$216,651	\$ (1,859)
Gain (loss) on cash flow hedging relationships:				
Forward contracts designated as cash flow hedging instruments:				
Total gain (loss) reclassified from other comprehensive income (loss)	\$ (1,368)	\$ 685	\$ 3,158	\$ 1,385
Forward contracts not designated as hedging instruments:				
Total gain (loss) recognized in income	\$ —	\$ 29	\$ —	\$ (3)

	Effect of Derivative Instruments			
	For the 39 Weeks Ended September 30, 2023		For the 39 Weeks Ended October 1, 2022	
	Cost of Sales	Other Income (Expense)- net	Cost of Sales	Other Income (Expense)- net
Total amounts of income and expense line items presented in the condensed consolidated statements of income (loss) and comprehensive income (loss) in which the effects of cash flow hedges are recorded	\$512,076	\$ 6,813	\$588,010	\$ (1,915)
Gain (loss) on cash flow hedging relationships:				
Forward contracts designated as cash flow hedging instruments:				
Total gain (loss) reclassified from other comprehensive income (loss)	\$ (1,387)	\$ 558	\$ 6,198	\$ 2,907
Forward contracts not designated as hedging instruments:				
Total gain (loss) recognized in income	\$ —	\$ 92	\$ —	\$ 63

At the end of the Third Quarter, the Company had forward contracts designated as cash flow hedges with maturities extending through March 2025. As of September 30, 2023, a \$ 3.1 million gain is expected to be reclassified into earnings within the next twelve months at prevailing foreign currency exchange rates.

11. FAIR VALUE MEASUREMENTS

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

ASC 820, *Fair Value Measurement and Disclosures* ("ASC 820"), establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.

- Level 2 — Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 — Unobservable inputs based on the Company's assumptions.

ASC 820 requires the use of observable market data if such data is available without undue cost and effort.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 (in thousands):

	Fair Value at September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Forward contracts	\$ —	\$ 4,467	\$ —	\$ 4,467
Total	\$ —	\$ 4,467	\$ —	\$ 4,467
Liabilities:				
Contingent consideration	\$ —	\$ —	\$ 593	\$ 593
Forward contracts	—	698	—	698
Total	\$ —	\$ 698	\$ 593	\$ 1,291

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 (in thousands):

	Fair Value at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Forward contracts	\$ —	\$ 2,895	\$ —	\$ 2,895
Total	\$ —	\$ 2,895	\$ —	\$ 2,895
Liabilities:				
Contingent consideration	\$ —	\$ —	\$ 3,630	\$ 3,630
Forward contracts	—	2,993	—	2,993
Total	\$ —	\$ 2,993	\$ 3,630	\$ 6,623

The fair values of the Company's forward contracts are based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates. See Note 10—Derivatives and Risk Management, for additional disclosures about the forward contracts.

As of September 30, 2023, debt, excluding unamortized debt issuance costs and capital leases, was recorded at cost and had a carrying value of \$ 261.9 million and had a fair value of approximately \$ 195.8 million. The fair value of debt was based on observable market inputs.

During the Year to Date Period, operating lease right-of-use ("ROU") assets with a carrying amount of \$ 2.0 million and property, plant and equipment-net with a carrying value of \$ 0.3 million were written down to a fair value of \$ 1.3 million and \$ 0.2 million, respectively, resulting in impairment charges of \$ 0.8 million. During the Prior Year YTD Period, ROU assets with carrying amount of \$ 3.3 million and property, plant and equipment-net with a carrying value of \$ 0.3 million related to retail store leasehold improvements, fixturing and shop-in-shops were written down to a fair value of \$ 2.3 million and \$ 0.2 million, respectively, resulting in impairment charges of \$ 1.1 million.

The fair values of operating lease ROU assets and fixed assets related to retail stores were determined using Level 3 inputs, including forecasted cash flows and discount rates. Of the \$ 0.8 million impairment expense in the Year to Date Period, \$ 0.6 million and \$ 0.2 million was recorded in other long-lived asset impairments in the Europe and Americas segments, respectively. Of the \$ 1.1 million impairment expense in the Prior Year YTD Period, \$ 0.6 million, \$ 0.3 million and \$ 0.2 million was recorded in other long-lived asset impairments in the Americas, Europe and Asia segments, respectively.

12. INTANGIBLE AND OTHER ASSETS

The following table summarizes intangible and other assets (in thousands):

	Useful Lives	September 30, 2023		December 31, 2022	
		Gross	Accumulated	Gross	Accumulated
		Amount	Amortization	Amount	Amortization
Intangibles-subject to amortization:					
Trademarks	10 yrs.	\$ 4,051	\$ 3,316	\$ 3,728	\$ 3,243
Customer lists	5 - 10 yrs.	—	—	279	266
Patents	3 - 20 yrs.	909	559	867	537
Trade name	6 yrs.	4,502	3,001	4,502	2,439
Other	7 - 20 yrs.	342	227	342	195
Total intangibles-subject to amortization		9,804	7,103	9,718	6,680
Intangibles-not subject to amortization:					
Trade names		8,880		8,876	
Other assets:					
Deposits		16,144		16,487	
Deferred tax asset-net		16,859		17,262	
Restricted cash		4,485		5,243	
Debt issuance costs		2,649		3,124	
Other		3,526		1,969	
Total other assets		43,663		44,085	
Total intangible and other assets		\$ 62,347	\$ 7,103	\$ 62,679	\$ 6,680
Total intangible and other assets-net			\$ 55,244		\$ 55,999

Amortization expense for intangible assets was \$ 0.2 million and \$ 0.6 million for the Third Quarter and the Prior Year Quarter, respectively, and \$ 0.7 million and \$ 1.9 million for the Year To Date Period and Prior Year YTD Period, respectively. Estimated aggregate future amortization expense by fiscal year for intangible assets is as follows (in thousands):

Fiscal Year	Amortization Expense
2023 (remaining)	\$ 232
2024	\$ 928
2025	\$ 737
2026	\$ 146
2027	\$ 128
Thereafter	\$ 530

13. COMMITMENTS AND CONTINGENCIES

Litigation. The Company is occasionally subject to litigation or other legal proceedings in the normal course of its business. The Company does not believe that the outcome of any currently pending legal matters, individually or collectively, will have a material effect on the business or financial condition of the Company.

14. LEASES

The Company's leases consist primarily of retail space, offices, warehouses, distribution centers, equipment and vehicles. The Company determines if an agreement contains a lease at inception based on the Company's right to the economic benefits of the leased assets and its right to direct the use of the leased asset. ROU assets represent the Company's right to use an underlying asset, and ROU liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As the Company's leases do not provide an implicit rate, the Company uses its estimated incremental borrowing rate based on the information available at the commencement date adjusted for the lease term and lease country to determine the present value of the lease payments.

Some leases include one or more options to renew at the Company's discretion, with renewal terms that can extend the lease from approximately one to ten additional years. The renewal options are not included in the measurement of ROU assets and ROU liabilities unless the Company is reasonably certain to exercise the optional renewal periods. Short-term leases are leases having a term of twelve months or less at inception. The Company does not record a related lease asset or liability for short-term leases. The Company has certain leases containing lease and non-lease components which are accounted for as a single lease component. The Company has certain lease agreements where lease payments are based on a percentage of retail sales over contractual levels and others include rental payments adjusted periodically for inflation. The variable portion of these lease payments is not included in the Company's lease liabilities. The Company's lease agreements do not contain any significant restrictions or covenants other than those that are customary in such arrangements.

The components of lease expense were as follows (in thousands):

Lease Cost	Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) Location		For the 13 Weeks Ended September 30, 2023	For the 13 Weeks Ended October 1, 2022	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Operating lease cost ⁽¹⁾	SG&A		\$ 18,108	\$ 18,445	\$ 54,599	\$ 58,001
Short-term lease cost	SG&A		\$ 302	\$ 170	\$ 812	\$ 570
Variable lease cost	SG&A		\$ 4,684	\$ 7,166	\$ 16,337	\$ 21,817

⁽¹⁾ Includes sublease income, which was immaterial.

The following table discloses supplemental balance sheet information for the Company's leases (in thousands):

Leases	Condensed Consolidated Balance Sheets	September 30,	
	Location	2023	December 31, 2022
Assets			
Operating	Operating lease ROU assets	\$ 154,479	\$ 156,947
Liabilities			
Current:			
Operating	Current operating lease liabilities	\$ 43,762	\$ 49,702
Noncurrent:			
Operating	Long-term operating lease liabilities	\$ 142,128	\$ 150,188

The following table discloses the weighted-average remaining lease term and weighted-average discount rate for the Company's leases:

Lease Term and Discount Rate	September 30, 2023	December 31, 2022
Weighted-average remaining lease term:		
Operating leases	6.4 years	5.6 years
Weighted-average discount rate:		
Operating leases	14.8 %	14.1 %

Future minimum lease payments by year as of September 30, 2023 were as follows (in thousands):

Fiscal Year	Operating Leases
2023 (remaining)	\$ 19,821
2024	65,741
2025	48,230
2026	37,191
2027	26,782
Thereafter	101,945
Total lease payments	\$ 299,710
Less: Interest	113,820
Total lease obligations	\$ 185,890

Supplemental cash flow information related to leases was as follows (in thousands):

	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 65,239	\$ 68,182
Leased assets obtained in exchange for new operating lease liabilities	35,507	22,775

As of September 30, 2023, the Company did not have any material operating or finance leases that have been signed but not commenced.

15. DEBT ACTIVITY

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 secured asset-based revolving credit agreement (the "Revolving Facility") with JPMorgan Chase Bank, N.A. as administrative agent (the "ABL 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 (the "ABL Lenders"). On November 8, 2022, the Company entered into Amendment No. 4 (the "Amendment") to the Revolving Facility. The Amendment, among other things, (i) extended 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) changed 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.

In November 2021, the Company sold \$ 150.0 million aggregate principal amount of 7.00 % senior notes due 2026 (the "Notes"), generating net proceeds of approximately \$ 141.7 million. The Notes were issued pursuant to an indenture (the "Base Indenture") and a first supplemental indenture (the "First Supplemental Indenture" and, together with the Base Indenture, the "Indenture") with The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The Notes are general unsecured obligations of the Company and rank equally in right of payment with all of the Company's existing and future senior unsecured and unsubordinated indebtedness, and will rank senior in right of payment to the Company's future subordinated indebtedness, if any. The Notes are effectively subordinated to all of the Company's existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, and the Notes are structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) of the Company's subsidiaries (excluding any amounts owed by such subsidiaries to the Company). The Notes bear interest at the rate of 7.00 % per annum. Interest on the Notes is payable quarterly in arrears on February 28, May 31, August 31 and November 30 of each year. The Notes mature on November 30, 2026.

The Company may redeem the Notes for cash in whole or in part at any time at its option. Prior to November 30, 2023, the redemption price will be \$ 25.00 per \$ 25.00 principal amount of Notes, plus a "make-whole" premium consisting of the greater of (1) 1.0 % of the principal amount of the Note and (2) the excess of (a) the present value at such redemption date of (i) the redemption price of the Note at November 30, 2023 plus (ii) all required interest payments due on the Note through November 30, 2023 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points discounted to the redemption date on a semi-annual basis (assuming a 360- day year consisting of twelve 30-day months), over (b) the principal amount of the Note, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. On and after November 30, 2023, the Company may redeem the Notes (i) on or after November 30, 2023 and prior to November 30, 2024, at a price equal to \$ 25.50 per \$ 25.00 principal amount of Notes, (ii) on or after November 30, 2024 and prior to November 30, 2025, at a price equal to \$ 25.25 per \$ 25.00 principal amount of Notes and (iii) on or after November 30, 2025, at a price equal to \$ 25.00 per \$ 25.00 principal amount of Notes, plus (in each case noted above) accrued and unpaid interest, if any, to, but excluding, the date of redemption.

The Indenture contains 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 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 Notes shall, declare the principal amount plus accrued and unpaid interest, premium and additional amounts, if any, on the 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 accrued and unpaid interest, and premium, if any, on the Notes will become immediately due and payable without any action on the part of the Trustee or any holder of the Notes.

The Revolving Facility provides that the ABL Lenders may extend revolving loans in an aggregate principal amount not to exceed \$ 225.0 million at any time outstanding (the "Revolving Credit Commitment"), of which up to \$ 125.0 million is available under a U.S. facility, an aggregate of \$ 80.0 million is available under a European facility, \$ 10.0 million is available under a Hong Kong facility, \$ 5.0 million is available under a French facility, and \$ 5.0 million is available under a Canadian facility, in each case, subject to the borrowing base availability limitations described below. The Revolving Facility also includes an up to \$ 45.0 million subfacility for the issuance of letters of credit (the "Letters of Credit"). The French facility includes a \$ 1.0 million subfacility for swingline loans, and the European facility includes a \$ 7.0 million subfacility for swingline loans. The Revolving Facility is subject to a line cap equal to the lesser of the total Revolving Credit Commitment and the aggregate borrowing bases under the U.S. facility, the European facility, the Hong Kong facility, the French facility and the Canadian facility. Loans under the Revolving Facility may be made in U.S. dollars, Canadian dollars, euros, Hong Kong dollars or pounds sterling.

The Revolving Facility is an asset-based facility, in which borrowing availability is subject to a borrowing base equal to: (a) with respect to the Company, the sum of (i) the lesser of (x) 90 % of the appraised net orderly liquidation value of eligible U.S. finished goods inventory and (y) 65 % of the lower of cost or market value of eligible U.S. finished goods inventory, plus (ii) 85 % of the eligible U.S. accounts receivable, plus (iii) 90 % of eligible U.S. credit card accounts receivable, plus (iv) the lesser of (x) 40 % of the appraised net orderly liquidation value of eligible U.S. intellectual property and (y) \$ 20.0 million, minus (v) the aggregate amount of reserves, if any, established by the ABL Agent; (b) with respect to each non-U.S. borrower (except for the French Borrower), the sum of (i) the lesser of (x) 90 % of the appraised net orderly liquidation value of eligible foreign finished goods inventory of such non-U.S. borrower and (y) 65 % of the lower of cost or market value of eligible foreign finished goods inventory of such non-U.S. borrower, plus (ii) 85 % of the eligible foreign accounts receivable of such non-U.S. borrower, minus (iii) the aggregate amount of reserves, if any, established by the ABL Agent; and (c) with respect to the French Borrower, (i) 85 % of eligible French accounts receivable minus (ii) the aggregate amount of reserves, if any, established by the ABL Agent. Not more than 60 % of the aggregate borrowing base under the Revolving Facility may consist of the non-U.S. borrowing bases. The above advance rates (other than the advance rates with respect to intellectual property) are seasonally increased by 5 % (e.g. from 90 % to 95 %) during the period commencing on the date of delivery of the borrowing base certificate with respect to the second fiscal month of the Company and ending on the last day of the period covered by the borrowing base certificate delivered with respect to the fifth fiscal month of the Company.

The Revolving Facility also includes a commitment fee, payable quarterly in arrears, of 0.250 % or 0.375 % determined by reference to the average daily unused portion of the overall commitment under the Revolving Facility. The ABL Borrowers will pay the ABL Agent, on the account of the issuing ABL Lenders, an issuance fee of 0.125 % for any issued Letters of Credit.

The ABL Borrowers have the right to request an increase to the commitments under the Revolving Facility or any subfacility in an aggregate principal amount not to exceed \$ 75.0 million in increments no less than \$ 10.0 million, subject to certain terms and conditions as defined in the Revolving Facility.

The Revolving Facility is secured by guarantees by the Company and certain of its domestic subsidiaries. Additionally, the Company and such subsidiaries have granted liens on all or substantially all of their assets in order to secure the obligations under the Revolving Facility. In addition, the Swiss Borrower, the Hong Kong Borrower, the French Borrower, the German Borrower and the Canadian Borrower, and the other non-U.S. borrowers from time to time party to the Revolving Facility are

required to enter into security instruments with respect to all or substantially all of their assets that can be pledged under applicable local law, and certain of their respective subsidiaries may guarantee the respective non-U.S. obligations under the Revolving Facility.

The Revolving Facility contains customary affirmative and negative covenants and events of default, such as compliance with annual audited and quarterly unaudited financial statements disclosures. Upon an event of default, the ABL Agent will have the right to declare the revolving loans and other obligations outstanding immediately due and payable and all commitments immediately terminated or reduced, subject to cure periods and grace periods set forth in the Revolving Facility.

As of September 30, 2023, the Company had \$ 150.0 million and \$ 111.5 million outstanding under the Notes and Revolving Facility, respectively. The Company had net borrowings of \$ 12.5 million and \$ 38.5 million under the Revolving Facility during the Third Quarter and Year To Date Period, respectively. Amounts available under the Revolving Facility were reduced by any amounts outstanding under standby Letters of Credit. As of September 30, 2023, the Company had available borrowing capacity of \$ 23.4 million under the Revolving Facility. As of September 30, 2023, the Company had unamortized debt issuance costs of \$ 5.5 million recorded in long-term debt and \$ 2.6 million recorded in intangible and other assets-net on the Company's consolidated balance sheets. The Company incurred \$ 2.6 million and \$ 7.8 million of interest expense related to the Notes during the Third Quarter and Year To Date Period, respectively. The Company incurred \$ 1.6 million and \$ 3.8 million of interest expense related to the Revolving Facility during the Third Quarter and Year To Date Period, respectively. The Company incurred \$ 0.6 million and \$ 1.8 million of interest expense related to the amortization of debt issuance costs during the Third Quarter and Year To Date Period, respectively. At September 30, 2023, the Company was in compliance with all debt covenants related to its credit facilities.

16. RESTRUCTURING

In the first quarter of fiscal year 2023, the Company announced its Transform and Grow plan ("TAG") designed to reduce operating costs, improve operating margins, and advance the Company's commitment to profitable growth. The Company has now expanded the scope and duration of TAG to focus on a more comprehensive review of its global business operations. The expansion of TAG will put greater emphasis on initiatives to exit or minimize certain product offerings, brands and distribution, and to strengthen gross margin and increase the level of operating expense efficiencies. TAG is estimated to generate approximately \$ 300 million of annualized operating income benefits by the end of 2025. The previously announced TAG plan was expected to generate \$ 100 million of annualized cost savings by the end of 2024. The Company estimates approximately \$ 100 million to \$ 120 million in total charges over the duration of TAG and estimates approximately \$ 50 million of charges in fiscal year 2023. Aided by these measures, the Company's long-term goal is to achieve adjusted gross margins in the low to mid 50 % range and adjusted operating margins of approximately 10 %.

The following table shows a summary of TAG plan charges (in thousands):

	For the 13 Weeks Ended September 30, 2023	For the 39 Weeks Ended September 30, 2023
Cost of sales	\$ (1,347)	\$ 6,827
Selling, general and administrative expenses	16,003	27,732
Consolidated	\$ 14,656	\$ 34,559

The following table shows a rollforward of the accrued liability related to the Company's TAG plan (in thousands):

	For the 13 Weeks Ended September 30, 2023				
	Liabilities July 1, 2023	Charges	Cash Payments	Non-cash Items	Liabilities September 30, 2023
Stores and facilities closures	\$ —	\$ 4,730	\$ —	\$ 4,730	\$ —
Professional services	898	3,298	2,268	—	1,928
Severance and employee-related benefits	4,813	7,975	6,424	318	6,046
Charges related to exits of certain product offerings	7,474	(1,347)	—	—	6,127
Total	\$ 13,185	\$ 14,656	\$ 8,692	\$ 5,048	\$ 14,101

For the 39 Weeks Ended September 30, 2023

	Liabilities				Liabilities	
	December 31, 2022	Charges	Cash Payments	Non-cash Items	September 30, 2023	
Stores and facilities closures	\$ —	\$ 4,730	\$ —	\$ 4,730	\$ —	
Professional services	—	4,300	2,372	—	1,928	
Severance and employee-related benefits	—	18,702	12,338	318	6,046	
Charges related to exits of certain product offerings	—	6,827	700	—	6,127	
Total	\$ —	\$ 34,559	\$ 15,410	\$ 5,048	\$ 14,101	

TAG plan restructuring charges by operating segment were as follows (in thousands):

	For the 13 Weeks Ended September 30, 2023	For the 39 Weeks Ended September 30, 2023
Americas	\$ (488)	\$ 4,005
Europe	(368)	6,973
Asia	2,556	8,510
Corporate	12,956	15,071
Consolidated	\$ 14,656	\$ 34,559

In fiscal year 2022, the Company completed its New World Fossil 2.0 ("NWF 2.0") restructuring program it launched in 2019. The following table shows a rollforward of the accrued liability related to the Company's NWF 2.0 restructuring plan (in thousands):

	For the 13 Weeks Ended September 30, 2023		
	Liabilities July 1, 2023	Cash Payments	Liabilities September 30, 2023
Professional services	47	47	—
Severance and employee-related benefits	260	124	136
Total	\$ 307	\$ 171	\$ 136

	For the 13 Weeks Ended October 1, 2022		
	Liabilities July 2, 2022	Cash Payments	Liabilities October 1, 2022
Professional services	130	43	87
Severance and employee-related benefits	3,616	885	2,731
Total	\$ 3,746	\$ 928	\$ 2,818

	For the 39 Weeks Ended September 30, 2023		
	Liabilities December 31, 2022	Cash Payments	Liabilities September 30, 2023
Professional services	74	74	—
Severance and employee-related benefits	2,821	2,685	136
Total	\$ 2,895	\$ 2,759	\$ 136

For the 39 Weeks Ended October 1, 2022

	Liabilities			Liabilities		
			Cash			
	January 1, 2022	Charges	Payments	Non-cash Items	October 1, 2022	
Store closures	\$ 300	\$ 405	\$ 613	\$ 92	\$ —	
Professional services	643	135	691	—	87	
Severance and employee-related benefits	4,388	4,898	5,770	785	2,731	
Total	<u>\$ 5,331</u>	<u>\$ 5,438</u>	<u>\$ 7,074</u>	<u>\$ 877</u>	<u>\$ 2,818</u>	

NWF 2.0 restructuring charges by operating segment were as follows (in thousands):

	For the 39 Weeks Ended October 1, 2022
Americas	\$ 83
Europe	1,531
Asia	1,204
Corporate	2,620
Consolidated	<u>\$ 5,438</u>

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

The following is a discussion of the financial condition and results of operations of Fossil Group, Inc. and its subsidiaries for the thirteen week periods ended September 30, 2023 (the "Third Quarter") and October 1, 2022 (the "Prior Year Quarter"), and the thirty-nine week periods ended September 30, 2023 (the "Year To Date Period") and October 1, 2022 (the "Prior Year YTD Period"). This discussion should be read in conjunction with the condensed consolidated financial statements and the related notes thereto.

Overview

We are a global design, marketing and distribution company that specializes in consumer fashion accessories. Our principal offerings include an extensive line of men's and women's fashion watches and jewelry, handbags, small leather goods, belts, and sunglasses. In the watch and jewelry product categories, we have a diverse portfolio of globally recognized owned and licensed brand names under which our products are marketed.

Our products are distributed globally through various distribution channels including wholesale in countries where we have a physical presence, direct to the consumer through our retail stores and commercial websites and through third-party distributors in countries where we do not maintain a physical presence. Our products are offered at varying price points to meet the needs of our customers, whether they are value-conscious or luxury oriented. 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.

Known or Anticipated Trends

Based on our recent operating results and current perspectives on our operating environment, we anticipate the following trends will continue to impact our operating results:

Economic Environment Impacting Consumer Spending Ability and Preferences: We believe macroeconomic factors, including inflation and increased interest rates, are impacting customer behavior, such as cautiousness in placing advance orders for merchandise. While the impact of these macroeconomic factors are difficult to quantify, we expect continued pressure on consumer discretionary spending during the fourth quarter of fiscal year 2023 in many of our major markets.

Inventory Levels: A slowing of consumer demand in our core categories, in part due to macro economic factors such as higher inflation, has resulted in excess inventory with many of our wholesale customers. With higher marketplace inventories and a rapidly changing economic environment, retailers are rationalizing their inventory needs. We continue to proactively manage our inventory purchases to mitigate our cash flow and inventory risks.

World Conflicts: We continuously monitor the direct and indirect impacts from the military conflicts between Russia and Ukraine and Israel and Hamas. Our operations in Russia and Israel consist of sales through third-party distributors, and sales to these distributors are currently on hold. Our sales in Russia and Israel are not material to our financial results. We have no other operations, including supply chain, in Israel, Palestine, Russia or Ukraine. However, the continuation of the current military conflicts and/or an escalation of the conflicts beyond their current scope may continue to weaken the global economy and could result in additional inflationary pressures and supply chain constraints.

Supply Chain: Our business is subject to the risks inherent in global sourcing supply. We rely on domestic and foreign suppliers to provide us with merchandise in a timely manner and at favorable prices. 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. Any interruption or delay in the supply of key components could significantly harm our ability to meet scheduled product deliveries to our customers and cause us to lose sales.

Among our foreign suppliers, China is the source of a substantial majority of our imports. We expect fewer impacts from international transit times and transportation costs in the current fiscal year compared with the prior fiscal year. A material increase in the cost of our products or transportation without any offsetting price increases or a disruption in the flow of finished goods from China may significantly decrease our profits.

Data: 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. 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. In addition, 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.

Business Strategies and Outlook: We have expanded our Transform and Grow Plan ("TAG"), to undertake a more comprehensive review of our business operations, in order to create a more profitable company and to enable investment in our growth strategies.

Our goal in expanding TAG is to put additional emphasis on initiatives to exit or minimize certain product offerings, brands and distribution, and to strengthen gross margin and increase the level of operating expense efficiencies. The Company estimates it can generate approximately \$300 million of annualized operating income benefits by the end of 2025. The previously announced TAG program was designed to generate annualized cost savings of approximately \$100 million by the end of fiscal year 2024. In connection with TAG, the Company expects to incur charges of approximately \$100 million to \$120 million over the duration of TAG and estimates approximately \$50 million of charges in fiscal year 2023.

The "Transform" aspect of TAG focuses on optimizing our core categories, brands, geographies and channels. Through this more focused lens, we intend to restructure our operations to achieve improved gross margins, lower operating expenses and to reduce our working capital, primarily through lower inventory purchases in fiscal year 2023 and improved inventory efficiency through better assortment strategies and inventory management. Key focus areas under the expansion of TAG include pricing and promotion, manufacturing and supply chain.

To execute the expanded TAG plan, we have established a Transformation Office and have partnered with a leading strategic consulting firm. We have also established an informal Transformation Office Committee comprised of members of our Audit Committee to oversee and guide the Company's strategic transformation initiatives. In addition to the program outlined above, the Transformation Office will focus on the "Growth" aspect of our TAG plan which consists of investing in three key growth pillars to drive sustained and 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 transformation, marketing capabilities and technology investments. As we execute against our three core growth pillars, we have an opportunity to improve our operating fundamentals and right size our cost structure to be more closely aligned with the realities of the external environment. Aided by these measures, our long term goal is to achieve adjusted gross margins in the low to mid 50% range and adjusted operating margins of approximately 10%.

For a more complete discussion of the risks facing our business, see "Part I, Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Operating Segments

We operate our business in three segments which are divided into geographies. Net sales for each geographic segment are based on the location of the selling entity, and each reportable segment provides similar products and services.

Americas: The Americas segment is comprised of sales from our operations in the United States, Canada and Latin America. Sales are generated through diversified distribution channels that include wholesalers, distributors, and direct to consumer. Within each channel, we sell our products through a variety of physical points of sale, distributors and e-commerce channels. In the direct to consumer channel, we had 143 Company-owned stores as of the end of the Third Quarter and an extensive collection of products available through our owned websites.

Europe: The Europe segment is comprised of sales to customers based in European countries, the Middle East and Africa. Sales are generated through diversified distribution channels that include wholesalers, distributors and direct to consumer. Within each channel, we sell our products through a variety of physical points of sale, distributors, and e-commerce channels. In the direct to consumer channel, we had 87 Company-owned stores as of the end of the Third Quarter and an extensive collection of products available through our owned websites.

Asia: The Asia segment is comprised of sales to customers based in Australia, China (including Hong Kong, Macau and Taiwan), India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea and Thailand. Sales are generated through diversified distribution channels that include wholesalers, distributors and direct to consumer. Within each channel, we sell our products through a variety of physical points of sale, distributors, and e-commerce channels. In the direct to consumer channel,

we had 73 Company-owned stores as of the end of the Third Quarter and an extensive collection of products available through our owned websites.

Key Measures of Financial Performance and Key Non-GAAP Financial Measures

Constant Currency Financial Information: As a multinational enterprise, we are exposed to changes in foreign currency exchange rates. The translation of the operations of our foreign-based entities from their local currencies into U.S. dollars is sensitive to changes in foreign currency exchange rates and can have a significant impact on our reported financial results. 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.

As a result, in addition to presenting financial measures in accordance with accounting principles generally accepted in the United States of America ("GAAP"), our discussion contains references to constant currency financial information, which is a non-GAAP financial measure. To calculate net sales on a constant currency basis, net sales for the current fiscal year for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average rates during the comparable period of the prior fiscal year. We present constant currency information to provide investors with a basis to evaluate how our underlying business performed excluding the effects of foreign currency exchange rate fluctuations. The constant currency financial information presented herein should not be considered a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. Reconciliations between constant currency financial information and the most directly comparable GAAP measure are included where applicable.

Adjusted EBITDA, Adjusted Operating Income (Loss), Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share: Adjusted EBITDA, Adjusted operating income (loss), Adjusted net income (loss) and Adjusted earnings (loss) per share are non-GAAP financial measures. We define Adjusted EBITDA as our income (loss) before income taxes, plus interest expense, amortization and depreciation, impairment expense, other non-cash charges, stock-based compensation expense and restructuring expense, minus interest income. We define Adjusted operating income (loss) as operating income (loss) before impairment expense and restructuring expense. We define Adjusted net income (loss) and Adjusted earnings (loss) per share as net income attributable to Fossil Group, Inc. and diluted earnings (loss) per share, respectively, before impairment expense, and restructuring expense. We have included Adjusted EBITDA, Adjusted operating income (loss), Adjusted net income (loss) and Adjusted earnings (loss) per share herein because they are widely used by investors for valuation and for comparing our financial performance with the performance of our competitors. We also use these non-GAAP financial measures to monitor and compare the financial performance of our operations. Our presentation of Adjusted EBITDA, Adjusted operating income (loss), Adjusted net income (loss) and Adjusted earnings (loss) per share may not be comparable to similarly titled measures other companies report. Adjusted EBITDA, Adjusted operating income (loss), Adjusted net income (loss) and Adjusted earnings (loss) per share are not intended to be used as alternatives to any measure of our performance in accordance with GAAP.

Comparable Retail Sales: Both stores and e-commerce sites are included in comparable retail sales in the thirteenth month of operation. Stores that experience a gross square footage change of 10% or more due to an expansion and/or relocation are removed from the comparable store sales base, but are included in total sales. These stores are returned to the comparable store sales base in the thirteenth month following the expansion and/or relocation. Comparable retail sales also exclude the effects of foreign currency fluctuations.

Store Counts: While macro economic factors have shifted sales away from traditional brick and mortar stores towards digital channels, store counts continue to provide a key metric for management. Both the size and quality of our store fleet have a direct impact on our sales and profitability. Over time, we have made progress right-sizing our fleet of stores by focusing on closing our least profitable stores.

Total Liquidity: We define total liquidity as cash and cash equivalents plus available borrowings on our revolving credit facility. We monitor and forecast total liquidity to ensure we can meet our financial obligations.

Components of Results of Operations

Revenues from sales of our products, including those that are subject to inventory consignment agreements, are recognized when control of the product is transferred to the customer and in an amount that reflects the consideration we expect to be entitled in exchange for the product. We accept limited returns from customers. We continually monitor returns and maintain a provision for estimated returns based upon historical experience and any specific issues identified. Our product returns provision is accounted for as a reduction to revenue and cost of sales and increases to customer liabilities and other current assets to the extent the returned product is expected to be resalable.

Cost of Sales includes raw material costs, assembly labor, assembly overhead including depreciation expense, assembly warehousing costs and shipping and handling costs related to the movement of finished goods from assembly locations to sales distribution centers and from sales distribution centers to customer locations. Additionally, cost of sales includes customs duties, product packaging cost, royalty cost associated with sales of licensed products, the cost of molding and tooling, inventory shrinkage and damages and restructuring charges.

Gross Profit and gross profit margin are influenced by our diversified business model that includes, but is not limited to: (i) product categories that we distribute; (ii) the multiple brands, including both owned and licensed, we offer within several product categories; (iii) the geographical presence of our businesses; and (iv) the different distribution channels we sell to or through.

The attributes of this diversified business model produce varying ranges of gross profit margin. Generally, on a historical basis, our fashion branded traditional watch and jewelry offerings produce higher gross profit margins than our smartwatches and leather goods offerings. In addition, in most product categories that we offer, brands with higher retail price points generally produce higher gross profit margins compared to those of lower retail priced brands. However, smartwatches carry relatively lower margins than our other major product categories. Gross profit margins related to sales in our Europe and Asia businesses are historically higher than our Americas business, primarily due to the following factors: (i) premiums charged in comparison to retail prices on products sold in the U.S.; (ii) the product sales mix in our international businesses, in comparison to our Americas business, is comprised more predominantly of watches and jewelry that generally produce higher gross profit margins than leather goods; and (iii) the watch sales mix in our Europe and Asia businesses, in comparison to our Americas business, are comprised more predominantly of higher priced licensed brands.

Operating Expenses include selling, general and administrative ("SG&A"), other long-lived asset impairments and restructuring charges. SG&A expenses include selling and distribution expenses primarily consisting of sales and distribution labor costs, sales distribution center and warehouse facility costs, depreciation expense related to sales distribution and warehouse facilities, the four-wall operating costs of our retail stores, point-of-sale expenses, advertising expenses and art, design and product development labor costs. SG&A also includes general and administrative expenses primarily consisting of administrative support labor and support costs such as treasury, legal, information services, accounting, internal audit, human resources, executive management costs and costs associated with stock-based compensation. Restructuring charges include costs to reorganize, refine and optimize our Company's infrastructure and store closures under our TAG and New World Fossil initiatives.

Results of Operations

Quarterly Periods Ended September 30, 2023 and October 1, 2022

Consolidated Net Sales. Net sales decreased \$92.2 million, or 21.1%, for the Third Quarter as compared to the Prior Year Quarter, with sales declines in all three regions. Corporate revenue decreased due to decreases in revenue recognized over time, based on the timing of progress in completing performance obligations under a licensing agreement. The sales decrease was largely driven by the wholesale channel, and to a lesser extent, softness in smartwatch sales and our store rationalization initiatives. Wholesale sales declined 24.2% (25.4% in constant currency), reflecting lower purchases by wholesale accounts due to tighter management of inventories and lower end-consumer demand. Direct to consumer sales decreased 11.4% (11.9% in constant currency), mainly due to a smaller store base. We have reduced our store footprint by 41 stores (12%), since the end of the Prior Year Quarter. Global comparable retail sales decreased 6% due to sales decreases in our retail stores and partially offset by sales increases in our owned e-commerce websites. From a category perspective, traditional watch sales decreased 18.5% (19.4% in constant currency). Sales of smartwatches declined 48.0% (49.1% in constant currency) reflecting lower consumer demand across geographies and channels and reduced marketing as compared to the Prior Year Quarter. Leathers declined 19.7% (20.2% in constant currency). Jewelry declined 8.7% (11.3% in constant currency) primarily due to declines in EMPORIO ARMANI, FOSSIL and MICHAEL KORS jewelry. From a brand perspective, sales decreased throughout most of our brand portfolio, with the most predominant declines in FOSSIL, MICHAEL KORS and EMPORIO ARMANI.

The following table sets forth consolidated net sales by segment (dollars in millions):

	For the 13 Weeks Ended September 30, 2023			For the 13 Weeks Ended October 1, 2022			Growth (Decline)			
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported	Percentage Constant Currency	
Americas	\$ 152.6	44.3	%	\$ 184.3	42.2	%	\$ (31.7)	(17.2)	%	(17.6)
Europe	107.7	31.3		143.7	32.9		(36.0)	(25.1)		(29.6)
Asia	83.0	24.1		100.2	23.0		(17.2)	(17.2)		(14.2)
Corporate	0.8	0.3		8.1	1.9		(7.3)	(90.1)		(90.1)
Total	\$ 344.1	100.0	%	\$ 436.3	100.0	%	\$ (92.2)	(21.1)	%	(22.1)

Net sales information by product category is summarized as follows (dollars in millions):

	For the 13 Weeks Ended September 30, 2023			For the 13 Weeks Ended October 1, 2022			Growth (Decline)		
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported	Percentage Constant Currency
Watches:									
Traditional watches	\$ 252.7	73.4	%	\$ 310.2	71.1	%	\$ (57.5)	(18.5)	%
Smartwatches	17.3	5.0		33.3	7.6		(16.0)	(48.0)	
Total watches	\$ 270.0	78.4	%	\$ 343.5	78.7	%	\$ (73.5)	(21.4)	
Leathers	33.0	9.6		41.1	9.4		(8.1)	(19.7)	
Jewelry	34.6	10.1		37.9	8.7		(3.3)	(8.7)	
Other	6.5	1.9		13.8	3.2		(7.3)	(52.9)	
Total	\$ 344.1	100.0	%	\$ 436.3	100.0	%	\$ (92.2)	(21.1)	%

In the Third Quarter, the translation of foreign-based net sales into U.S. dollars increased reported net sales by \$4.4 million, including favorable impacts of \$6.5 million and \$0.8 million in our Europe and Americas segments, respectively, and an unfavorable impact of \$2.9 million in our Asia segment as compared to the Prior Year Quarter.

Stores. The following table sets forth the number of stores on the dates indicated below:

	October 1, 2022	Opened	Closed	September 30, 2023
Americas	153	0	10	143
Europe	111	2	26	87
Asia	80	2	9	73
Total stores	344	4	45	303

Americas Net Sales. Americas net sales decreased \$31.7 million, or 17.2% (17.6% in constant currency), during the Third Quarter in comparison to the Prior Year Quarter. Sales decreases were largely in the FOSSIL, MICHAEL KORS and MICHELE brands. Sales decreases in wholesale and stores were partially offset by sales increasing in our e-commerce channel. Comparable retail sales were moderately negative during the Third Quarter.

The following table sets forth product net sales and the changes in product net sales on both a reported and constant currency basis from period to period for the Americas segment (dollars in millions):

	For the 13 Weeks Ended September 30, 2023				For the 13 Weeks Ended October 1, 2022				Growth (Decline)				
	Net Sales		Percentage of Total		Net Sales		Percentage of Total		Dollars	Percentage As Reported		Percentage Constant Currency	
Watches:													
Traditional watches	\$	113.6	74.4	%	\$	132.1	71.7	%	\$ (18.5)	(14.0)	%	(14.6)	%
Smartwatches		7.4	4.8			14.6	7.9		(7.2)	(49.3)		(50.0)	
Total watches	\$	121.0	79.3	%	\$	146.7	79.6	%	\$ (25.7)	(17.5)		(18.1)	
Leathers		20.8	13.6			27.3	14.8		(6.5)	(23.8)		(23.4)	
Jewelry		8.8	5.8			8.4	4.6		0.4	4.8		4.8	
Other		2.0	1.3			1.9	1.0		0.1	5.3		5.3	
Total	\$	152.6	100.0	%	\$	184.3	100.0	%	\$ (31.7)	(17.2)	%	(17.6)	%

Europe Net Sales. Europe net sales decreased \$36.0 million, or 25.1% (29.6% in constant currency), during the Third Quarter in comparison to the Prior Year Quarter. Our sales across much of the Eurozone decreased. From a brand perspective, sales decreased throughout most of our brand portfolio, with the largest decline in MICHAEL KORS. FOSSIL branded sales decreased moderately, largely driven by declines in smartwatches and jewelry while traditional watches increased 17% in constant currency. Sales declines in our wholesale and stores channels were partially offset by e-commerce sales increases. Comparable retail sales increased slightly during the Third Quarter.

The following table sets forth product net sales and the changes in product net sales on both a reported and constant currency basis from period to period for the Europe segment (dollars in millions)

	For the 13 Weeks Ended September 30, 2023				For the 13 Weeks Ended October 1, 2022				Growth (Decline)				
	Net Sales		Percentage of Total		Net Sales		Percentage of Total		Dollars	Percentage As		Percentage Constant Currency	
										Reported			
Watches:													
Traditional watches	\$	72.9	67.7	%	\$	102.1	71.1	%	\$ (29.2)	(28.6)	%	(32.6)	%
Smartwatches		5.9	5.5			10.4	7.2		(4.5)	(43.3)		(47.1)	
Total watches	\$	78.8	73.2	%	\$	112.5	78.3	%	\$ (33.7)	(30.0)		(34.0)	
Leathers		6.2	5.8			5.7	4.0		0.5	8.8		1.8	
Jewelry		19.9	18.5			23.0	16.0		(3.1)	(13.5)		(19.1)	
Other		2.8	2.6			2.5	1.7		0.3	12.0		—	
Total	\$	107.7	100.0	%	\$	143.7	100.0	%	\$ (36.0)	(25.1)	%	(29.6)	%

Asia Net Sales. Net sales in Asia decreased \$17.2 million, or 17.2% (14.2% in constant currency), during the Third Quarter in comparison to the Prior Year Quarter. Sales increased in India, and decreased across the rest of the Asia region, with the largest sales decreases in the EMPORIO ARMANI brand. FOSSIL branded sales decreased moderately, largely driven by declines in smartwatches while traditional watches increased 11% in constant currency. Comparable retail sales decreased strongly during the Third Quarter, driven by store sales declines, partially offset by increased owned e-commerce sales.

The following table sets forth product net sales and the changes in product net sales on both a reported and constant currency basis from period to period for the Asia segment (dollars in millions):

	For the 13 Weeks Ended September 30, 2023			For the 13 Weeks Ended October 1, 2022			Growth (Decline)			
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported		Percentage Constant Currency
Watches:										
Traditional watches	\$ 66.1	79.6	%	\$ 76.0	75.8	%	\$ (9.9)	(13.0)	%	(10.0) %
Smartwatches	4.0	4.8		8.3	8.3		(4.3)	(51.8)		(49.4)
Total watches	\$ 70.1	84.5	%	\$ 84.3	84.1	%	\$ (14.2)	(16.8)		(13.9)
Leathers	6.0	7.2		8.2	8.2		(2.2)	(26.8)		(24.4)
Jewelry	5.9	7.1		6.6	6.6		(0.7)	(10.6)		(6.1)
Other	1.0	1.2		1.1	1.1		(0.1)	(9.1)		(9.1)
Total	\$ 83.0	100.0	%	\$ 100.2	100.0	%	\$ (17.2)	(17.2)	%	(14.2) %

Gross Profit. Gross profit of \$161.7 million in the Third Quarter decreased 26.4% in comparison to \$219.6 million in the Prior Year Quarter. Our gross profit margin rate decreased to 47.0% in the Third Quarter compared to 50.3% in the Prior Year Quarter. The year-over-year decrease primarily reflects timing of licensor minimum royalty costs, increased revenue recognized over time in the Prior Year Quarter, due to the timing of progress in completing performance obligations under a licensing agreement and net foreign currency hedging contract losses in the Third Quarter as compared to gains in the Prior Year Quarter. These costs were partially offset by decreased freight costs.

Operating Expenses. Total operating expenses in the Third Quarter increased by 5.5% to \$208.1 million or 60.5% of net sales, in comparison to \$197.1 million or 45.2% of net sales in the Prior Year Quarter. SG&A expenses were \$191.4 million in the Third Quarter as compared to \$196.5 million in the Prior Year Quarter. As a percentage of net sales, SG&A expenses increased to 55.6% in the Third Quarter as compared to 45.0% in the Prior Year Quarter due to decreased sales. Restructuring expenses were \$16.0 million in the Third Quarter, compared to zero in the Prior Year Quarter. We incurred other long-lived asset impairment charges of \$0.6 million in both the Third Quarter and Prior Year Quarter. The translation of foreign-denominated expenses during the Third Quarter increased operating expenses by \$2.4 million as a result of the weaker U.S. dollar.

Operating Income (loss). Operating loss in the Third Quarter was \$46.4 million as compared to an operating income of \$22.5 million in the Prior Year Quarter. As a percentage of net sales, operating margin was (13.5)% in the Third Quarter compared to 5.2% in the Prior Year Quarter. Operating margin rate in the Third Quarter included an unfavorable impact of 10 basis points due to changes in foreign currencies.

Operating income (loss) by segment is summarized as follows (dollars in millions):

	For the 13 Weeks Ended September 30, 2023		For the 13 Weeks Ended October 1, 2022		Change		Operating Margin %	
	Dollars	Percentage	Dollars	Percentage	Dollars	Percentage	2023	2022
Americas	\$ 25.8		\$ 33.4		\$ (7.6)	(22.8) %	16.9 %	18.1 %
Europe	13.3		31.1		(17.8)	(57.2)	12.3	21.6
Asia	16.0		17.5		(1.5)	(8.6)	19.2	17.5
Corporate	(101.5)		(59.5)		(42.0)	(70.6)		
Total operating income (loss)	\$ (46.4)		\$ 22.5		\$ (68.9)	(306.2) %	(13.5) %	5.2 %

Interest Expense. Interest expense increased by \$0.6 million during the Third Quarter compared to the Prior Year Quarter, primarily driven by increased interest rates.

Other Income (Expense)-Net. During the Third Quarter, other income (expense)-net was an expense of \$3.1 million in comparison to an expense of \$1.9 million in the Prior Year Quarter, reflecting increased net currency losses in the Third Quarter as compared to the Prior Year Quarter.

Provision for Income Taxes. Income tax expense for the Third Quarter was \$5.6 million, resulting in an effective income tax rate of (10.1)%. For the Prior Year Quarter, income tax expense was \$9.2 million, resulting in an effective income tax rate of 59.5%. The effective tax rate in the Third Quarter was unfavorable as compared to the Prior Year Quarter due to income tax

accrued on certain foreign income and no tax benefit has been accrued on the Third Quarter U.S. tax losses and certain foreign tax losses due to the uncertainty of whether they can be used in the future, ultimately resulting in a negative effective tax rate.

Net Income (Loss) Attributable to Fossil Group, Inc. Third Quarter net income (loss) attributable to Fossil Group, Inc. was net loss of \$61.1 million, or \$1.16 per diluted share, in comparison to a net income of \$5.8 million, or \$0.11 per diluted share, in the Prior Year Quarter. During the Third Quarter, currencies unfavorably affected loss per diluted share by approximately \$0.05.

Adjusted Net Income (Loss). Adjusted net income (loss) for the Third Quarter was a net loss of \$49.0 million with adjusted loss per diluted share of \$0.93 compared to adjusted net income of \$6.3 million with adjusted income per diluted share of \$0.12 in the Prior Year Quarter.

Adjusted EBITDA. The following table reconciles Adjusted EBITDA to the most directly comparable GAAP financial measure, which is income (loss) before income taxes. Certain line items presented in the table below, when aggregated, may not foot due to rounding (dollars in millions).

	For the 13 Weeks Ended September 30, 2023		For the 13 Weeks Ended October 1, 2022		
	Dollars	% of Net Sales	Dollars	% of Net Sales	
Income (loss) before income taxes	\$ (55.2)	(16.1)%	\$ 15.5	3.6	%
Plus:					
Interest expense	5.8		5.1		
Amortization and depreciation	4.5		5.6		
Other long-lived asset impairments	0.6		0.6		
Other non-cash charges	(0.2)		(0.4)		
Stock-based compensation	1.5		(0.3)		
Restructuring expense	16.0		—		
Restructuring cost of sales	(1.3)		—		
Less:					
Interest income	1.0		0.1		
Adjusted EBITDA	\$ (29.3)	(8.4) %	\$ 26.0	6.0	%

Adjusted Operating Income (Loss), Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share. The following tables reconcile Adjusted operating income (loss), Adjusted net income (loss) and Adjusted earnings (loss) per share to the most directly comparable GAAP financial measures, which are operating income (loss), net income (loss) attributable to Fossil Group, Inc. and diluted earnings (loss) per share, respectively. Certain line items presented in the table below, when aggregated, may not foot due to rounding.

For the 13 Weeks Ended September 30, 2023

(\$ in millions, except per share data):	As Reported	Restructuring Cost of Sales	Other Long-Lived Asset Impairment	Restructuring Expenses	As Adjusted
Operating income (loss)	\$ (46.4)	\$ (1.3)	\$ 0.6	\$ 16.0	\$ (31.1)
Operating margin (% of net sales)	(13.5) %				(9.0) %
Interest expense	\$ (5.8)	\$ —	\$ —	\$ —	\$ (5.8)
Other income (expense) - net	(3.1)	—	—	—	(3.1)
Income (loss) before income taxes	(55.2)	(1.3)	0.6	16.0	(39.9)
Provision (benefit) for income taxes	5.6	(0.3)	0.1	3.4	8.8
Less: net income attributable to noncontrolling interest	(0.3)	—	—	—	(0.3)
Net income (loss) attributable to Fossil Group, Inc.	\$ (61.1)	\$ (1.0)	\$ 0.5	\$ 12.6	\$ (49.0)
Diluted earnings (loss) per share	\$ (1.16)	\$ (0.02)	\$ 0.01	\$ 0.24	\$ (0.93)

For the 13 Weeks Ended October 1, 2022

(\$ in millions, except per share data):	As Reported	Other Long-Lived Asset Impairment	As Adjusted
Operating income (loss)	\$ 22.5	\$ 0.6	\$ 23.1
Operating margin (% of net sales)	5.2 %		5.3 %
Interest expense	(5.1)	—	(5.1)
Other income (expense) - net	(1.9)	—	(1.9)
Income (loss) before income taxes	15.5	0.6	16.1
Provision for income taxes	9.2	0.1	9.3
Less: Net income attributable to noncontrolling interest	(0.4)	—	(0.4)
Net income (loss) attributable to Fossil Group, Inc.	\$ 5.8	\$ 0.5	\$ 6.3
Diluted earnings (loss) per share	\$ 0.11	\$ 0.01	\$ 0.12

Fiscal Year To Date Periods Ended September 30, 2023 and October 1, 2022

Consolidated Net Sales. Net sales decreased \$192.2 million or 16.2% (15.5% in constant currency) for the Year To Date Period as compared to the Prior Year YTD Period. Sales declined in all three regions. Corporate revenue decreased due to decreases in revenue recognized over time, based on the timing of progress in completing performance obligations under a licensing agreement. The sales decrease was largely driven by the wholesale channel, and to a lesser extent softness in smartwatch sales and our store rationalization initiatives. Sales declined in wholesale and retail store channels, while owned e-commerce sales increased. Global comparable retail sales increased 3% due to the sales increases in our owned e-commerce websites. Sales of smartwatches declined due to lower consumer demand across geographies and channels and reduced marketing as compared to the Prior Year YTD Period. From a brand perspective, sales decreased throughout most of our brand portfolio, with the most predominant declines in MICHAEL KORS, FOSSIL and EMPORIO ARMANI.

The following table sets forth consolidated net sales by segment (dollars in millions):

	For the 39 Weeks Ended September 30, 2023			For the 39 Weeks Ended October 1, 2022			Growth (Decline)			
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported		Percentage Constant Currency
Americas	\$ 437.2	44.1 %		\$ 514.5	43.5 %		\$ (77.3)	(15.0) %		(15.2) %
Europe	301.6	30.4		376.1	31.8		(74.5)	(19.8)		(20.5)
Asia	247.3	25.0		279.6	23.6		(32.3)	(11.6)		(7.3)
Corporate	5.0	0.5		13.1	1.1		(8.1)	(61.8)		(61.8)
Total	\$ 991.1	100.0 %		\$ 1,183.3	100.0 %		\$ (192.2)	(16.2) %		(15.5) %

Net sales information by product category is summarized as follows (dollars in millions):

	For the 39 Weeks Ended September 30, 2023			For the 39 Weeks Ended October 1, 2022			Growth (Decline)			
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported		Percentage Constant Currency
Watches:										
Traditional watches	\$ 714.2	72.1 %		\$ 830.3	70.2 %		\$ (116.1)	(14.0) %		(13.2) %
Smartwatches	59.5	6.0		104.7	8.8		(45.2)	(43.2)		(42.6)
Total watches	\$ 773.7	78.1 %		\$ 935.0	79.0 %		\$ (161.3)	(17.3)		(16.5)
Leathers	106.6	10.8		111.2	9.4		(4.6)	(4.1)		(3.1)
Jewelry	91.0	9.2		106.5	9.0		(15.5)	(14.6)		(14.3)
Other	19.8	2.0		30.6	2.6		(10.8)	(35.3)		(34.9)
Total	\$ 991.1	100.0 %		\$ 1,183.3	100.0 %		\$ (192.2)	(16.2) %		(15.5) %

In the Year To Date Period, the translation of foreign-based net sales into U.S. dollars decreased reported net sales by \$8.5 million, including unfavorable impacts of \$12.0 million in Asia and favorable impacts of \$2.5 million and \$1.0 million in our Europe and Americas segments, respectively, compared to the Prior Year YTD Period.

Americas Net Sales. Americas net sales decreased \$77.3 million, or 15.0% (15.2% in constant currency), during the Year To Date Period in comparison to the Prior Year YTD Period. The sales declines were across brands, but most significantly in the MICHAEL KORS brand. Sales declined in our wholesale and store channels and were partially offset by e-commerce sales increases. Comparable retail sales were slightly positive during the Year To Date Period.

The following table sets forth product net sales and the changes in product net sales on both a reported and constant currency basis from period to period for the Americas segment (dollars in millions):

	For the 39 Weeks Ended September 30, 2023			For the 39 Weeks Ended October 1, 2022			Growth (Decline)			
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported		Percentage Constant Currency
Watches:										
Traditional watches	\$ 313.8	71.8 %		\$ 366.7	71.3 %		\$ (52.9)	(14.4) %		(14.9) %
Smartwatches	28.3	6.5		\$ 47.2	9.2		(18.9)	(40.0)		(40.3)
Total watches	\$ 342.1	78.2 %		\$ 413.9	80.5 %		\$ (71.8)	(17.3)		(17.8)
Leathers	68.9	15.8		69.1	13.4		(0.2)	(0.3)		0.6
Jewelry	20.4	4.7		25.5	5.0		(5.1)	(20.0)		(19.6)
Other	5.8	1.3		6.0	1.1		(0.2)	(3.3)		(3.3)
Total	\$ 437.2	100.0 %		\$ 514.5	100.0 %		\$ (77.3)	(15.0) %		(15.2) %

Europe Net Sales. Europe net sales decreased \$74.5 million, or 19.8% (20.5% in constant currency), during the Year To Date Period in comparison to the Prior Year YTD Period. Sales decreased across the Eurozone and in the majority of our brands, with the largest declines in MICHAEL KORS. Sales growth in our owned e-commerce was more than offset by declines in other channels. Comparable retail sales in the region also increased moderately during the Year To Date Period.

The following table sets forth product net sales and the changes in product net sales on both a reported and constant currency basis from period to period for the Europe segment (dollars in millions):

	For the 39 Weeks Ended September 30, 2023		For the 39 Weeks Ended October 1, 2022		Growth (Decline)		
	Net Sales	Percentage of Total	Net Sales	Percentage of Total	Dollars	Percentage As Reported	Percentage Constant Currency
Watches:							
Traditional watches	\$ 204.2	67.7 %	\$ 253.7	67.5 %	\$ (49.5)	(19.5) %	(20.1) %
Smartwatches	17.8	5.9	33.3	8.8	(15.5)	(46.5)	(47.1)
Total watches	\$ 222.0	73.6 %	\$ 287.0	76.3 %	\$ (65.0)	(22.6)	(23.2)
Leathers	17.9	6.0	18.4	4.9	(0.5)	(2.7)	(2.7)
Jewelry	53.8	17.8	62.7	16.7	(8.9)	(14.2)	(15.5)
Other	7.9	2.6	8.0	2.1	(0.1)	(1.3)	(2.5)
Total	\$ 301.6	100.0 %	\$ 376.1	100.0 %	\$ (74.5)	(19.8) %	(20.5) %

Asia Net Sales. Asia net sales decreased \$32.3 million, or 11.6% (7.3% in constant currency), during the Year To Date Period in comparison to the Prior Year YTD Period. Net Sales declined across all channels and the majority of the region during the Year To Date Period as compared to the Prior Year YTD Period, with the most significant sales declines in China. Sales declines were predominantly in EMPORIO ARMANI and FOSSIL brands. Comparable retail sales declined moderately for the Year To Date Period.

The following table sets forth product net sales and the changes in product net sales on both a reported and constant currency basis from period to period for the Asia segment (dollars in millions):

	For the 39 Weeks Ended September 30, 2023			For the 39 Weeks Ended October 1, 2022			Growth (Decline)		
	Net Sales	Percentage of Total		Net Sales	Percentage of Total		Dollars	Percentage As Reported	Percentage Constant Currency
Watches:									
Traditional watches	\$ 194.3	78.6 %		\$ 209.9	75.1 %		\$ (15.6)	(7.4) %	(3.0) %
Smartwatches	13.4	5.4		24.1	8.6		(10.7)	(44.4)	(40.7)
Total watches	\$ 207.7	84.0 %		\$ 234.0	83.7 %		\$ (26.3)	(11.2)	(6.9)
Leathers	19.7	8.0		23.8	8.5		(4.1)	(17.2)	(14.3)
Jewelry	16.8	6.8		18.2	6.5		(1.4)	(7.7)	(2.7)
Other	3.1	1.2		3.6	1.3		(0.5)	(13.9)	(8.3)
Total	\$ 247.3	100.0 %		\$ 279.6	100.0 %		\$ (32.3)	(11.6) %	(7.3) %

Gross Profit. Gross profit of \$479.0 million in the Year To Date Period decreased \$116.2 million, or 19.5%, in comparison to \$595.3 million in the Prior Year YTD Period. Gross profit margin rate decreased to 48.3% in the Year To Date Period compared to 50.3% in the Prior Year YTD Period. The gross profit margin rate declined largely due to increased promotions, an unfavorable currency impact, increased licensor minimum royalty costs and restructuring charges related to product offering exits. These costs were partially offset by reduced freight costs and favorable region and product mix.

Operating Expenses. For the Year To Date Period, total operating expenses increased to \$598.1 million compared to \$598.0 million in the Prior Year YTD Period. SG&A expenses were \$569.5 million in the Year To Date Period in comparison to \$591.5 million in the Prior Year YTD Period. As a percentage of net sales, SG&A expenses increased to 57.5% in the Year To Date Period as compared to 50.0% in the Prior Year YTD Period, mainly driven by decreased sales. During the Year To Date Period, we incurred restructuring costs of \$27.7 million in comparison to restructuring costs of \$5.4 million in the Prior

Year YTD Period. We incurred other long-lived asset impairment charges of \$0.8 million in the Year To Date Period compared to charges of \$1.1 million in the Prior Year YTD Period. The translation of foreign-denominated expenses during the Year To Date Period decreased operating expenses by \$3.6 million when compared to the Prior Year YTD Period, as a result of the stronger U.S. dollar.

Operating Income (Loss). Operating income (loss) was a loss of \$119.0 million in the Year To Date Period as compared to a loss of \$2.7 million in the Prior Year YTD Period. The operating loss in the Year To Date Period was primarily due to deleveraging of expenses with the decline in net sales. As a percentage of net sales, operating margin was (12.0)% in the Year To Date Period as compared to (0.2)% in the Prior Year YTD Period and was negatively impacted by approximately 140 basis points due to changes in foreign currencies.

Operating income (loss) by segment is summarized as follows (dollars in millions):

	For the 39 Weeks Ended September 30, 2023	For the 39 Weeks Ended October 1, 2022	Change		Operating Margin %	
			Dollars	Percentage	2023	2022
Americas	\$ 61.8	\$ 88.0	\$ (26.2)	(29.8)%	14.0 %	17.1 %
Europe	19.6	65.5	(45.9)	(70.1)	6.5	17.4
Asia	30.6	38.8	(8.2)	(21.1)	12.4	13.9
Corporate	(231.0)	(195.0)	(36.0)	(18.5)		
Total operating income (loss)	\$ (119.0)	\$ (2.7)	\$ (116.3)	(4,307.4)%	(12.0)%	(0.2) %

Interest Expense. Interest expense increased by \$2.7 million during the Year To Date Period, primarily driven by increased interest rates and increased debt balance compared to the Prior Year YTD Period.

Other Income (Expense)-Net. During the Year To Date Period, other income (expense)-net was income of \$6.8 million in comparison to an expense of \$1.9 million in the Prior Year YTD Period. The change in other income (expense)-net was largely reflective of net currency gains in the Year To Date Period as compared to net currency losses in the Prior Year YTD Period and increased interest income in the Year to Date Period.

Provision for Income Taxes. Income tax benefit for the Year To Date Period was less than \$0.1 million, resulting in an effective income tax rate of 0.03%. The Prior Year YTD Period income tax expense was \$15.9 million resulting in an effective tax rate of (87.9)%. The Year to Date Period effective tax rate was favorable to the Prior Year YTD Period due to reduced foreign income taxes and discrete items. No tax benefit has been accrued on the Year to Date Period U.S. tax losses and certain foreign tax losses due to the uncertainty of whether they can be used in the future. The Year to Date Period effective tax rate is positive because income tax benefit was accrued on certain foreign losses combined with favorable discrete items.

Net Income (Loss) Attributable to Fossil Group, Inc. For the Year To Date Period, we had a net loss of \$128.9 million, or \$2.47 per diluted share, in comparison to a loss of \$34.7 million, or \$0.67 per diluted share, in the Prior Year YTD Period. Diluted loss per share in the Year To Date Period, as compared to the Prior Year YTD Period, was negatively impacted by \$0.12 per diluted share due to the currency impact of a stronger U.S. dollar.

Adjusted Net Income (Loss). Adjusted net loss for the Year To Date Period was \$101.0 million with adjusted loss per diluted share of \$1.94 compared to adjusted net loss of \$29.5 million with adjusted loss per diluted share of \$0.57 in the Prior Year YTD Period.

Adjusted EBITDA. The following table reconciles Adjusted EBITDA to the most directly comparable GAAP financial measure, which is income (loss) before income taxes. Certain line items presented in the table below, when aggregated, may not foot due to rounding (dollars in millions).

	For the 39 Weeks Ended September 30, 2023		For the 39 Weeks Ended October 1, 2022		
	Dollars	% of Net Sales	Dollars	% of Net Sales	
Income (loss) before income taxes	\$ (128.3)	(12.9)%	\$ (18.1)	(1.5)	%
Plus:					
Interest expense	16.1		13.4		
Amortization and depreciation	14.5		17.6		
Other long-lived asset impairments	0.8		1.1		
Other non-cash charges	(0.9)		(1.6)		
Stock-based compensation	4.6		5.8		
Restructuring expense	27.7		5.4		
Restructuring cost of sales	6.8		—		
Less:					
Interest income	2.3		(0.4)		
Adjusted EBITDA	\$ (61.0)	(6.1) %	\$ 24.0	2.0	%

Adjusted Operating Income (Loss), Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share. The following tables reconcile Adjusted operating income (loss), Adjusted net income (loss) and Adjusted earnings (loss) per share to the most directly comparable GAAP financial measures, which are operating income (loss), net income (loss) attributable to Fossil Group, Inc. and diluted earnings (loss) per share, respectively. Certain line items presented in the table below, when aggregated, may not foot due to rounding.

For the 39 Weeks Ended September 30, 2023						
(\$ in millions, except per share data):	As Reported		Restructuring Cost of Sales	Other Long-Lived Asset Impairment	Restructuring Expenses	As Adjusted
Operating income (loss)	\$ (119.0)		\$ 6.8	\$ 0.8	\$ 27.7	\$ (83.7)
Operating margin (% of net sales)	(12.0)	%				(8.4) %
Interest expense	\$ (16.1)		\$ —	\$ —	\$ —	\$ (16.1)
Other income (expense) - net	6.8		—	—	—	6.8
Income (loss) before income taxes	(128.3)		6.8	0.8	27.7	(93.0)
Provision for income taxes	—		1.4	0.2	5.8	7.4
Less: net income attributable to noncontrolling interest	(0.6)		—	—	—	(0.6)
Net income (loss) attributable to Fossil Group, Inc.	\$ (128.9)		\$ 5.4	\$ 0.6	\$ 21.9	\$ (101.0)
Diluted earnings (loss) per share	\$ (2.47)		\$ 0.10	\$ 0.01	\$ 0.42	\$ (1.94)

For the 39 Weeks Ended October 1, 2022

(\$ in millions, except per share data):	As Reported	Other Long-Lived Asset Impairment	Restructuring Expenses	As Adjusted
Operating income (loss)	\$ (2.7)	\$ 1.1	\$ 5.4	\$ 3.8
Operating margin (% of net sales)	(0.2)%			0.3 %
Interest expense	\$ (13.4)	\$ —	\$ —	\$ (13.4)
Other income (expense) - net	(1.9)	—	—	(1.9)
Income (loss) before income taxes	(18.1)	1.1	5.4	(11.6)
Provision for income taxes	15.9	0.2	1.1	17.2
Less: Net income attributable to noncontrolling interest	(0.7)	—	—	(0.7)
Net income (loss) attributable to Fossil Group, Inc.	\$ (34.7)	\$ 0.9	\$ 4.3	\$ (29.5)
Diluted earnings (loss) per share	\$ (0.67)	\$ 0.02	\$ 0.08	\$ (0.57)

Liquidity and Capital Resources

Our cash and cash equivalents balance at the end of the Third Quarter was \$116.1 million, including \$114.8 million held in banks outside the U.S., in comparison to cash and cash equivalents of \$162.6 million at the end of the Prior Year Quarter and \$198.7 million at the end of fiscal year 2022. Generally, starting in the third quarter, our cash needs begin to increase, typically reaching a peak in the September-November time frame as we increase inventory levels in advance of the holiday season. Our quarterly cash requirements are also impacted by debt repayments, restructuring expenditures and capital expenditures.

At the end of the Third Quarter, we had net working capital of \$436.4 million compared to net working capital of \$586.6 million at the end of the Prior Year Quarter. At the end of the Third Quarter, we had \$0.5 million of short-term borrowings and \$255.9 million in long-term debt including unamortized issuance costs compared to \$0.4 million of short-term borrowings and \$293.6 million in long-term debt including unamortized issuance costs at the end of the Prior Year Quarter.

Operating Activities. Cash used in operating activities is net income (loss) adjusted for certain non-cash items and changes in assets and liabilities. Cash used in operating activities of \$108.0 million in the Year To Date Period decreased \$106.8 million from the Prior Year YTD Period, primarily due to proactively managing our inventory levels down in the Year To Date Period, and partially offset by decreased earnings in the Year To Date Period compared to the Prior Year YTD Period.

Investing Activities. Investing cash flows consist of capital expenditures and an increase in intangible and other assets.

Financing Activities. Financing cash flows primarily consist of borrowings and repayments of debt. The \$96.5 million decrease in financing cash flows year-over-year was primarily due to less net borrowings during the Year To Date Period compared to the Prior Year YTD Period under the Revolving Facility.

Material Cash Requirements. We have various payment obligations as part of our ordinary course of business. Our material cash requirements include: (1) operating lease obligations (see Note—14 Leases within the Condensed Consolidated Financial Statements); (2) debt repayments (see Note 15—Debt Activity within the Condensed Consolidated Financial Statements); (3) non-cancellable purchase obligations; (4) minimum royalty payments; and (5) employee wages, benefits, and incentives. The expected timing of payments of our obligations is estimated based on current information. Timing of payments and actual amounts paid may be different, depending on the timing of receipt of goods or services, or changes to agreed-upon amounts for some obligations. In addition, some of our purchasing requirements are not current obligations and are therefore not included above. For example, some of these requirements are not handled through binding contracts or are fulfilled by vendors on a purchase order basis within short time horizons. Moreover, we may be subject to additional material cash requirements that are contingent upon the occurrence of certain events, e.g., legal contingencies, uncertain tax positions (see Note 5—Income Taxes within the Condensed Consolidated Financial Statements) and other matters.

For fiscal year 2023, we expect total capital expenditures to be approximately \$15 million.

Sources of Liquidity. We believe cash flows from operations, combined with existing cash on hand and amounts available under our credit facilities will be sufficient to fund our cash needs for the foreseeable future, not including the maturities of long term debt. Although we believe we have adequate sources of liquidity in the short-term and long-term, the success of our operations, in light of the market volatility and uncertainty, among other factors, could impact our business and liquidity. In the event our liquidity is insufficient, we may be required to limit our spending or sell assets or equity or debt securities.

The following table shows our sources of liquidity (in millions):

	September 30, 2023	October 1, 2022
Cash and cash equivalents	\$ 116.1	\$ 162.6
Revolver availability	23.4	50.4
Total liquidity	\$ 139.5	\$ 213.0

Notes: In November 2021, we sold \$150.0 million aggregate principal amount of our 7.00% senior notes due 2026 (the "Notes"), generating net proceeds of approximately \$141.7 million. The Notes are our general unsecured obligations. The Notes bear interest at the rate of 7.00% per annum. Interest on the Notes is payable quarterly in arrears on February 28, May 31, August 31 and November 30 of each year. The Notes mature on November 30, 2026. We may redeem the Notes for cash in whole or in part at any time at our option. Prior to November 30, 2023, the redemption price will be \$25.00 per \$25.00 principal amount of Notes, plus a "make-whole" premium plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. On and after November 30, 2023, we may redeem the Notes (i) on or after November 30, 2023 and prior to November 30, 2024, at a price equal to \$25.50 per \$25.00 principal amount of Notes, (ii) on or after November 30, 2024 and prior to November 30, 2025, at a price equal to \$25.25 per \$25.00 principal amount of Notes and (iii) on or after November 30, 2025, at a price equal to \$25.00 per \$25.00 principal amount of Notes, plus (in each case noted above) accrued and unpaid interest, if any, to, but excluding, the date of redemption.

Revolving Facility: On September 26, 2019, we 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 of our subsidiaries from time to time party thereto designated as borrowers, and certain of our subsidiaries from time to time party thereto as guarantors, entered into a secured asset-based revolving credit agreement (as amended from time to time, the "Revolving Facility") with JPMorgan Chase Bank, N.A. as administrative agent (the "ABL 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 (the "ABL Lenders"). On November 8, 2022, we entered into Amendment No. 4 (the "Amendment") to the Revolving Facility. The Amendment, among other things, (i) extended the maturity date of the credit facility to November 8, 2027 (provided, that if we have 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) changed the calculation methodology of the borrowing base to include the value of certain of our intellectual property in such methodology and to provide for seasonal increases to certain advance rates.

The Revolving Facility provides that the ABL Lenders may extend revolving loans in an aggregate principal amount not to exceed \$225.0 million at any time outstanding (the "Revolving Credit Commitment"), of which up to \$125.0 million is available under a U.S. facility, an aggregate of \$80.0 million is available under a European facility, \$10.0 million is available under a Hong Kong facility, \$5.0 million is available under a French facility, and \$5.0 million is available under a Canadian facility, in each case, subject to the borrowing base availability limitations described below. The Revolving Facility also includes an up to \$45.0 million subfacility for the issuance of letters of credit (the "Letters of Credit"). The French facility includes a \$1.0 million subfacility for swingline loans, and the European facility includes a \$7.0 million subfacility for swingline loans. The Revolving Facility is subject to a line cap (the "Line Cap") equal to the lesser of the total Revolving Credit Commitment and the aggregate borrowing bases under the U.S. facility, the European facility, the Hong Kong facility, the French facility and the Canadian facility. Loans under the Revolving Facility may be made in U.S. dollars, Canadian dollars, euros, Hong Kong dollars or pounds sterling.

The Revolving Facility is an asset-based facility, in which borrowing availability is subject to a borrowing base equal to: (a) with respect to us, the sum of (i) the lesser of (x) 90% of the appraised net orderly liquidation value of eligible U.S. finished goods inventory and (y) 65% of the lower of cost or market value of eligible U.S. finished goods inventory, plus (ii) 85% of the eligible U.S. accounts receivable, plus (iii) 90% of eligible U.S. credit card accounts receivable, plus (iv) the lesser of (x) 40% of the appraised net orderly liquidation value of eligible U.S. intellectual property and (y) \$20.0 million, minus (v) the aggregate amount of reserves, if any, established by the ABL Agent; (b) with respect to each non-U.S. borrower (except for the French Borrower), the sum of (i) the lesser of (x) 90% of the appraised net orderly liquidation value of eligible foreign finished goods inventory of such non-U.S. borrower and (y) 65% of the lower of cost or market value of eligible foreign finished goods inventory of such non-U.S. borrower, plus (ii) 85% of the eligible foreign accounts receivable of such non-U.S. borrower, minus (iii) the aggregate amount of reserves, if any, established by the ABL Agent; and (c) with respect to the French Borrower, (i) 85% of eligible French accounts receivable minus (ii) the aggregate amount of reserves, if any, established by the ABL Agent. Not more than 60% of the aggregate borrowing base under the Revolving Facility may consist of the non-U.S. borrowing bases.

The above advance rates (other than the advance rate with respect to intellectual property) are seasonally increased by 5% (e.g. from 90% to 95%) during the period commencing on the date of delivery of the borrowing base certificate with respect to the second fiscal month of the Company and ending on the last day of the period covered by the borrowing base certificate delivered with respect to the fifth fiscal month of the Company.

Year To Date 2023 Activity: We had net borrowings of \$38.5 million under the Revolving Facility during the Year To Date Period at an average interest rate of 6.5%. As of September 30, 2023, we had \$150.0 million outstanding under the Notes and \$111.5 million outstanding under the Revolving Facility. We also had unamortized debt issuance costs of \$5.5 million recorded in long-term debt and \$2.6 million recorded in intangible and other assets-net on the condensed consolidated balance sheets. In addition, we had \$4.5 million of outstanding standby letters of credit at September 30, 2023. Amounts available under the Revolving Facility are reduced by any amounts outstanding under standby letters of credit. As of September 30, 2023, we had available borrowing capacity of \$23.4 million under the Revolving Facility. At September 30, 2023, we were in compliance with all debt covenants related to our credit facilities.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the periods reported. On an on-going basis, we evaluate our estimates and judgments, including those related to product returns, inventories, long-lived asset impairment, impairment of trade names, income taxes and warranty costs. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances. Our estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no changes to the critical accounting policies and estimates disclosed in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Forward-Looking Statements

The statements contained in this Quarterly Report on Form 10-Q that are not historical facts, including, but not limited to, statements regarding our expected financial position, results of operations, business and financing plans found in this "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 3. Quantitative and Qualitative Disclosures About Market Risk," constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve a number of risks and uncertainties. The words "may," "believes," "will," "should," "seek," "forecast," "outlook," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "predict," "potential," "plan," "expect" or the negative or plural of these words or similar expressions identify forward-looking statements. The actual results of the future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are: increased political uncertainty; the effect of worldwide economic conditions; the effect of a pandemic; risks related to the success of our TAG Plan; significant changes in consumer spending patterns or preferences; interruptions or delays in the supply of key components or products; acts of war or acts of terrorism; loss of key facilities; data breach or information systems disruptions; changes in foreign currency valuations in relation to the U.S. dollar; lower levels of consumer spending resulting from a general economic downturn or generally reduced shopping activity caused by public safety or consumer confidence concerns; the performance of our products within the prevailing retail environment; customer acceptance of both new designs and newly-introduced product lines; changes in the mix of product sales; the effects of vigorous competition in the markets in which we operate; compliance with debt covenants and other contractual provisions and meeting debt service obligations; risks related to the success of our business strategy; the termination or non-renewal of material licenses; risks related to foreign operations and manufacturing; changes in the costs of materials and labor; government regulation and tariffs; our ability to secure and protect trademarks and other intellectual property rights; levels of traffic to and management of our retail stores; loss of key personnel; and the outcome of current and possible future litigation.

In addition to the factors listed above, our actual results may differ materially due to the other risks and uncertainties discussed in our Quarterly Reports on Form 10-Q and the risks and uncertainties set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Accordingly, readers of this Quarterly Report on Form 10-Q should consider these facts in evaluating the information and are cautioned not to place undue reliance on the forward-looking statements contained herein. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Rate Risk

As a multinational enterprise, we are exposed to changes in foreign currency exchange rates. Our most significant foreign currency risk relates to the euro and, to a lesser extent, the Canadian dollar, British pound, Japanese yen, Mexican peso and Australian dollar as compared to the U.S. dollar. Due to our vertical nature whereby a significant portion of goods are sourced from our owned entities, we face foreign currency risks related to the necessary current settlement of intercompany inventory transactions. We employ a variety of operating practices to manage these market risks relative to foreign currency exchange rate changes and, where deemed appropriate, utilize forward contracts. These operating practices include, among others, our ability to convert foreign currency into U.S. dollars at spot rates and to maintain U.S. dollar pricing relative to sales of our products to certain distributors located outside the U.S. Additionally, we enter into forward contracts to manage fluctuations in Japanese yen exchange rates that will be used to settle future third-party inventory component purchases by a U.S. dollar functional currency subsidiary. The use of forward contracts allows us to offset exposure to rate fluctuations because the gains or losses incurred on the derivative instruments will offset, in whole or in part, losses or gains on the underlying foreign currency exposure. We use derivative instruments only for risk management purposes and do not use them for speculation or for trading. There were no significant changes in how we managed foreign currency transactional exposure in the Third Quarter, and management does not anticipate any significant changes in such exposures or in the strategies we employ to manage such exposure in the near future.

The following table shows our outstanding forward contracts designated as cash flow hedges for inventory transactions (in millions) at September 30, 2023 and their expiration dates.

Functional Currency		Contract Currency		Expiring Through
Type	Amount	Type	Amount	
Euro	91.3	U.S. dollar	100.2	March 2025
Canadian dollar	41.2	U.S. dollar	31.0	March 2025
Mexican peso	220.3	U.S. dollar	12.5	June 2024
British pound	8.1	U.S. dollar	10.2	March 2025
Australian dollar	7.8	U.S. dollar	5.2	September 2024
Japanese yen	602.6	U.S. dollar	4.6	March 2025
U.S. dollar	7.7	Japanese yen	1,040.0	July 2024

If we were to settle our forward contracts listed in the table above as of September 30, 2023, there would have been a \$3.8 million gain. As of September 30, 2023, a 10% unfavorable change in the U.S. dollar strengthening against foreign currencies to which we have balance sheet transactional exposures would have decreased net pre-tax income by \$9.0 million. The translation of the balance sheets of our foreign-based operations from their local currencies into U.S. dollars is also sensitive to changes in foreign currency exchange rates. As of September 30, 2023, a 10% unfavorable change in the exchange rate of the U.S. dollar strengthening against the foreign currencies to which we have exposure would have reduced consolidated stockholders' equity by approximately \$26.2 million.

Interest Rate Risk

We are subject to interest rate volatility with regard to debt borrowings. Based on our variable-rate debt outstanding as of September 30, 2023, a 100 basis point increase in interest rates would increase annual interest expense by \$1.0 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of our "disclosure controls and procedures" ("Disclosure Controls"), as defined by Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this Quarterly Report on Form 10-Q. The Disclosure Controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon this evaluation, our CEO and CFO have concluded that our Disclosure Controls were effective as of September 30, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the Third Quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

There are no legal proceedings to which we are a party or to which our properties are subject, other than routine matters incidental to our business that is not material to our consolidated financial condition, results of operations or cash flows.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors contained in Item 1A. "Risk Factors" in Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and in other documents we file with the Securities and Exchange Commission, in evaluating the Company and its business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no shares of common stock repurchased under our repurchase program during the Third Quarter.

Item 5. Other Information

Rule 10b5-1 Trading Plans. None of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's quarter ended September 30, 2023.

Sixth Amended and Restated Bylaws. On November 6, 2023, the Board of Directors (the "Board") of the Company approved and adopted the Company's Sixth Amended and Restated Bylaws (the "Amended and Restated Bylaws"), which became effective the same day. Among other things, the amendments effected by the Amended and Restated Bylaws:

- address the universal proxy rules adopted by the U.S. Securities and Exchange Commission (the "SEC"), by clarifying that no person may solicit proxies in support of a director nominee other than the Board's nominees unless such person has complied with Rule 14a-19 under the Securities Exchange Act of 1934, as amended, including applicable notice and solicitation requirements;
- require that a stockholder delivering a notice of nomination must include a representation that it intends to solicit proxies from stockholders representing at least 67% of the voting power of shares entitled to vote on the election of directors;
- require that a stockholder directly or indirectly soliciting proxies from other stockholders use a proxy card color other than white, which shall be reserved for exclusive use by the Board; and
- enhance procedural mechanics and disclosure requirements in connection with stockholder nominations of directors and submissions of proposals regarding other business at stockholder meetings, including requiring additional background information and disclosures regarding proposing stockholders, proposed nominees and business, and other persons related to a stockholder's solicitation of proxies, such as additional information about the ownership of securities and material litigation, relationships and interests in material agreements with or involving the Company.

The Amended and Restated Bylaws also include certain technical, modernizing and clarifying changes.

The foregoing description of the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws attached hereto as Exhibit 3.4, which is incorporated herein by reference.

Indemnification Agreements. On November 7, 2023, the Company entered into indemnification agreement (the "Indemnification Agreement") with each of its directors and each of its executive officers (each, an "indemnitee"). Pursuant to the Indemnification Agreements, the Company agreed to provide each indemnitee contractual indemnification meant to supplement the Company's indemnification obligations contained in the Third Amended and Restated Certificate of Incorporation of Fossil Group, Inc., as amended to date, and as required by Delaware law. The Indemnification Agreement with each indemnitee provides that the Company will indemnify and hold harmless the indemnitee to the fullest extent permitted by law, as may be amended from time to time, against any and all expenses actually and reasonably incurred by indemnitee or on indemnitee's behalf in connection with any proceeding or claim that indemnitee is a party or is threatened to be made a party by reason of the indemnitee's corporate status if indemnitee acted in good faith and in a manner indemnitee reasonably believe to be in or not opposed to the best interests of the Company. In addition, the indemnification agreement provides that, where the Company and the indemnitee are jointly liable, the Company shall be obligated to contribute to the liability of indemnitee, as well as provides for the advancement of fees and expenses, including fees and expenses in serving as a witness in any proceeding relating to indemnitee's corporate status, subject to certain exceptions. The duration of each indemnification

agreement shall continue after the indemnitee has ceased to serve as a director or officer of the Company and shall be binding upon and inure to the benefit of indemnitee's successors and assigns.

The foregoing description of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Indemnification Agreement attached hereto as Exhibit 10.2, which is incorporated herein by reference.

Severance Agreements. On November 7, 2023, Fossil Group, Inc. (the "Company") entered into an Executive Severance Agreement (the "Agreement") with the Company's Executive Vice President and Chief Financial Officer, Sunil M. Doshi (the "Executive"). Pursuant to the Agreement, the Executive will be entitled to certain benefits ("Severance Benefits") upon the Executive's "separation from service" as defined in Section 409A of the Internal Revenue Code (the "Termination of Service") by the Company without Cause (as defined in the Agreement) or the Executive's resignation for Good Reason (as defined in the Agreement), provided that the Executive (i) is in compliance with all restrictive covenants in any written agreement between an Executive and the Company, and (ii) has executed and delivered a release of claims prepared by the Company within 50 days following the date of the Termination of Service (the "Termination Date").

Pursuant to the Agreement, upon Executive's Termination of Service by the Company without Cause or Executive's resignation for Good Reason, Executive will be entitled to the following Severance Benefits under the Agreement: (i) 18 months of Executive's then current base salary in effect as of the Termination Date, payable in a lump sum; (ii) the following cash bonuses under any cash bonus plan for which Executive was eligible on the Termination Date: (x) a pro-rata amount of the target bonus Executive would have received if such Termination of Service had not occurred for the fiscal year under such cash bonus plan, payable in a lump sum, and (y) 1.0 times the full target bonus for which Executive was eligible if such Termination of Service had not occurred for the fiscal year under such bonus plan, payable in a lump sum; (iii) any outstanding non-performance-based restricted stock unit and stock appreciation right awards granted pursuant to the Fossil Group, Inc. 2016 Long-Term Incentive Plan (the "Incentive Plan"), will become fully vested as of the Termination Date; (iv) any outstanding performance-based restricted stock unit awards granted pursuant to the Incentive Plan, will vest pro-rata, as set forth in the Agreement; and (v) all vested stock appreciation rights will be exercisable until the earlier of (x) the expiration date of such award or (y) 24 months from the Termination Date.

In addition, the Agreement provides that the Company will pay Executive on a monthly basis, an amount equal to the Company-paid portion of the health insurance premiums that were paid by the Company on behalf of the Executive immediately prior to the Termination Date to be used by Executive to purchase health coverage for a period of 18 months from the Termination Date or until Executive becomes eligible to participate in another employer's health care plan, whichever date is earlier.

The Agreement contains non-competition and non-solicitation provisions pursuant to which Executive will be prohibited from competing with, or soliciting clients, manufacturers or suppliers of, the Company and its affiliates and from soliciting any of the Company's or its affiliates' employees or independent contractors for 18 months following Executive's Termination Date.

The foregoing description of the Severance Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Severance Agreement attached hereto as Exhibit 10.3, which is incorporated herein by reference.

The Company previously entered into executive severance agreements with certain other executives, including Messrs. Jeffrey N. Boyer and Darren E. Hart, as more fully described in the Company's Proxy Statement filed with the SEC on April 12, 2023.

Item 6. Exhibits

(a) Exhibits

Exhibit Number	Document Description
3.1	Third Amended and Restated Certificate of Incorporation of Fossil, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on May 25, 2010).
3.2	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation of Fossil, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 28, 2013).
3.3	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation of Fossil Group, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 26, 2023).
3.4(1)	Sixth Amended and Restated Bylaws of Fossil Group, Inc.
10.1(1)(3)	Amendment Number Two to the Fossil Group, Inc. 2020 Cash Incentive Plan
10.2(1)(3)	Form of Indemnification Agreement signed by directors and executive officers.
10.3(1)(3)	Severance Agreement, dated as of November 6, 2023, by and between the Company and Sunil M. Doshi.
31.1(1)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
31.2(1)	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1(2)	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2(2)	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

(1) Filed herewith.

(2) Furnished herewith.

(3) Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FOSSIL GROUP, INC.

November 9, 2023

/S/ SUNIL M. DOSHI

Sunil M. Doshi

**Executive Vice President, Chief Financial Officer and Treasurer (Principal
financial and accounting officer duly authorized to sign on behalf of the
Registrant)**

SIXTH AMENDED AND RESTATED BYLAWS
OF
FOSSIL GROUP, INC.
Adopted and Effective
November 6, 2023

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SIXTH AMENDED AND RESTATED BYLAWS
OF
FOSSIL GROUP, INC.

ARTICLE I

OFFICES

Section 1.1. *Registered Office.* The registered office of Fossil Group, Inc. (the "Corporation") in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The registered agent at such address is The Corporation Trust Company.

Section 1.2. *Other Offices.* The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 2.1. *Place of Meetings.* Meetings of the stockholders for the election of directors or for any other purpose, including the annual meeting of stockholders, shall be held on such date and at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2.2. *Annual Meetings.* The annual meeting of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of meeting, at which meeting the stockholders shall elect a Board of Directors, and transact such other business as may properly be brought before the meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than 60 days before the date of the meeting.

Section 2.3. *Special Meetings.* Unless otherwise prescribed by law or by the Certificate of Incorporation of the Corporation, as amended from time to time (the "Certificate of

Incorporation"), special meetings of stockholders, for any purpose or purposes, may be called by the Chairman of the Board, if any, or the President and shall be called by any officer at the request in writing of a majority of the Board of Directors or on the written request of holders of at least 50% of the total number of shares of capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the specific purpose or purposes of the proposed meeting, and shall disclose any derivatives, hedged positions, synthetic and temporary ownership techniques, swaps, securities loans, timed purchases and other economic and voting interests or similar positions, securities or interests held by the requesting holders or their affiliates or to which any of the requesting holders or their affiliates are a party. Written notice of the special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than 60 days before the date of such meeting. Notwithstanding anything set forth in these Bylaws, at a special meeting called by the stockholders of the Corporation, only the Corporation and the stockholders who participated in the written meeting request may propose any item for consideration or nominate directors for election at such meeting.

Section 2.4. *Quorum*. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of stockholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of stockholders, then a majority of the stockholders entitled to vote thereat who are present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 2.5. *Voting*. Unless otherwise required by law, the Certificate of Incorporation or these Bylaws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock present in person or represented by proxy and entitled to vote thereon. Each stockholder present in person or represented by proxy at a meeting of stockholders shall be entitled to cast one vote for each share entitled to vote thereat held by such stockholder. Votes may be cast in person or by proxy but no proxy shall be voted or acted

on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 2.6. *List of Stockholders Entitled to Vote.* The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder of the Corporation who is present.

Section 2.7. *Stock Ledger.* The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled (i) to examine the stock ledger, the list required by Section 2.6 of this Article II or the books of the Corporation and (ii) to vote in person or by proxy at any meeting of stockholders.

Section 2.8. *Record Date.* In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which in the case of a meeting, shall not be less than the minimum nor more than the maximum number of days prior to the scheduled date of such meeting permitted under the laws of the State of Delaware and which, in the case of any other action, shall be not less than the minimum nor more than the maximum number of days prior to any such action permitted by the laws of the State of Delaware. If no such record date is fixed by the Board of Directors, the record date shall be that prescribed by the laws of the State of Delaware. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.9. *Conduct of Meetings by Presiding Person.* All determinations of the presiding person at each meeting of stockholders shall be conclusive unless a matter is

determined otherwise upon motion duly adopted by the affirmative vote of the holders of at least 80% of the voting power of the shares of capital stock of the Corporation entitled to vote thereat held by stockholders present in person or represented by proxy at such meeting. Accordingly, subject to the previous sentence, in any meeting of stockholders or part thereof, the presiding person shall have the sole power to determine appropriate rules or to dispense with theretofore prevailing rules. Without limiting the foregoing, the following rules shall apply:

(a) The presiding person may ask or require that anyone not a bona fide stockholder or proxy leave the meeting.

(b) A resolution or motion shall be considered for vote only if proposed by a stockholder or duly authorized proxy, and seconded by an individual who is a stockholder or a duly authorized proxy, other than the individual who proposed the resolution or motion, subject to compliance with any other requirements concerning such a proposed resolution or motion contained in these Bylaws. The presiding person may propose any motion for vote. The order of business at all meetings of stockholders shall be determined by the presiding person.

(c) The presiding person may impose any reasonable limits with respect to participation in the meeting by stockholders, including, but not limited to, limits on the amount of time at the meeting taken up by the remarks or questions of any stockholder, limits on the numbers of questions per stockholder, and limits as to the subject matter and timing of questions and remarks by stockholders.

(d) Before any meeting of stockholders, the Board of Directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the presiding person may, and on the request of any stockholder or a stockholder's proxy shall appoint inspector(s) of election at the meeting of stockholders. If any person appointed as inspector fails to appear or fails or refuses to act, the presiding person may, and upon the request of any stockholder or a stockholder's proxy shall appoint a person to fill such vacancy.

The duties of these inspectors shall be as follows:

(i) Determine, as of the record date, the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies;

(ii) Receive votes or ballots;

(iii) Hear and determine all challenges and questions in any way arising in connection with the right to vote;

(iv) Count and tabulate all votes;

(v) Report to the Board of Directors the results based on the information assembled by the inspectors; and

(vi) Do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

Notwithstanding the foregoing, the final certification of the results of any election or other matter acted upon at a meeting of stockholders shall be made by the Board of Directors.

Section 2.10. Advance Notice for Business.

(a) No business may be transacted at any annual or special meeting of stockholders, other than business that is either (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by, or at the direction of, the Board of Directors, (ii) otherwise properly brought before such meeting by, or at the direction of, the Board of Directors or (iii) otherwise properly brought before such meeting by any stockholder of the Corporation (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.10(a) and who is entitled to vote at such meeting and (B) who complies with the notice procedures set forth in this Section 2.10(a). Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the notice of meeting given by, or at the direction of, the Board of Directors, the foregoing clause (iii) shall be the exclusive means for a stockholder to propose business to be brought before an annual or special meeting of stockholders (other than nominations or removals). Stockholders seeking to nominate persons for election to, or to propose the removal of persons from, the Board of Directors must comply with Section 2.11, and this Section 2.10 shall not be applicable to any such nominations or removals; nominations of persons for election to, or for removal from, the Board of Directors may be made at an annual or special meeting of stockholders at which directors are to be elected or removed pursuant to the Corporation's notice of meeting only pursuant to Section 2.11.

(i) In addition to any other applicable requirements, for business (other than nominations or removals) to be properly brought before an annual or special meeting by a stockholder, such stockholder must have given timely notice thereof, in proper written form, to the Secretary of the Corporation and such business must otherwise be a proper matter for stockholder action. Subject to Section 2.10(a)(iv), a stockholder's notice to the Secretary with respect to such business, to be timely, must (A) comply with the provisions of this Section 2.10(a)(i) and

(B) be timely updated by the times and in the manner required by the provisions of Section 2.10(a)(iii). A stockholder's notice must be received by the Secretary at the principal executive offices of the Corporation (A) in the case of an annual meeting of the stockholders, not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that if the annual meeting is called for a date that is more than 30 days earlier or more than 60 days later than such anniversary date, notice by the stockholder to be timely must be so received not earlier than the opening of business on the 120th day before the meeting and not later than the later of (I) the close of business on the 90th day before the meeting or (II) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by the Corporation and (B) in the case of a special meeting of stockholders, not earlier than the opening of business on the 120th day before the meeting and not later than the later of (I) the close of business on the 90th day before the meeting or (II) the close of business on the 10th day following the day on which public announcement of the date of the special meeting is first made by the Corporation. The public announcement of an adjournment or postponement of an annual or special meeting shall not commence a new time period for the giving of a stockholder's notice as described in this Section 2.10(a).

(ii) To be in proper written form, a stockholder's notice to the Secretary with respect to any business (other than nominations or removals) must set forth (A) as to each such matter such stockholder proposes to bring before an annual or special meeting, as applicable, (I) a brief description of the business desired to be brought before such meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, (II) the text of the proposal or business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these Bylaws or the Certificate of Incorporation of the Corporation, the text of the proposed amendment) and (III) the reasons for conducting such business at such meeting, (B) the name and address of the stockholder proposing such business, as they appear on the Corporation's books,

and the name and address of any Stockholder Associated Person, (C) the class or series and number of shares of capital stock of the Corporation that are owned of record or are directly or indirectly beneficially owned by such stockholder and by any Stockholder Associated Person (the disclosures to be made pursuant to the foregoing clauses (B) and (C) are referred to as "Stockholder Information"), (D) any option, warrant, convertible security, stock appreciation right, swap or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived, in whole or in part, from the value of any class or series of shares of the Corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument or right is subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right (any of the foregoing, a "Derivative Instrument") directly or indirectly beneficially owned by such stockholder or by any Stockholder Associated Person and any other direct or indirect opportunity of such stockholder or any Stockholder Associated Person to profit, or share in any profit derived, from any increase or decrease in the value of shares of the Corporation, (E) any proxy (other than a revocable proxy given in response to a solicitation made pursuant to Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), contract, arrangement, understanding or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote any shares of the Corporation, (F) any short interest in any security of the Corporation held by such stockholder or any Stockholder Associated Person (for purposes of this Section 2.10, a person

shall be deemed to have a short interest in a security if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit, or share in any profit derived, from any decrease in the value of the subject security) (a "Short Interest"), (G) any rights owned beneficially by such stockholder or Stockholder Associated Person to dividends on the shares of the Corporation that are separated or separable from the underlying shares of the Corporation, (H) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, (I) any performance-related fees (other than an asset-based fee) to which such stockholder or any Stockholder Associated Person is entitled based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including any such interests held by members of such stockholder's or any Stockholder Associated Person's immediate family sharing the same household, (J) a description of all agreements, arrangements or understandings (written or oral) between or among such stockholder, any Stockholder Associated Person or any other person or persons (including their names) in connection with the proposal of such business by such stockholder, (K) except as otherwise provided in (J) above, a description, with respect to such stockholder and any Stockholder Associated Person, of any interest that such person has in the proposal, any benefits that such person may derive from the outcome of the proposal and any agreements such person has with any other person in connection with the proposal, (L) any significant equity interests or any Derivative Interests or Short Interests in any principal competitor of the Corporation held by such stockholder and any Stockholder Associated Person, (M) any other information relating to such stockholder and any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of directors (even if an election contest is not involved), or otherwise would be required, in each case pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (N) a statement of whether such stockholder or any Stockholder Associated Person intends, or is part of a group that intends, to solicit proxies in connection with such proposal (the disclosures to

be made pursuant to the foregoing clauses (D) through (N) are referred to as Disclosable Interests") (O) a representation that such stockholder is a holder of shares of the Corporation entitled to vote at the relevant meeting and that such stockholder intends to appear in person or by proxy at the relevant meeting to bring such business before the meeting and that such stockholder will notify the Corporation in writing of the class or series and number of shares of capital stock of the Corporation that are owned of record or are directly or indirectly beneficially owned by such stockholder and by any Stockholder Associated Person as of the record date for the meeting, and (P) solely with respect to any proposed amendments to these Bylaws or the Certificate of Incorporation of the Corporation, a written opinion of outside legal counsel, which legal counsel and the form and substance of which opinion shall be reasonably satisfactory to the Board of Directors, to the effect that these Bylaws or the Certificate of Incorporation of the Corporation, as proposed to be so amended, would not be in conflict with the laws of the State of Delaware.

(iii) A stockholder providing notice of business proposed to be brought before an annual or special meeting shall further update and supplement such notice, if necessary, so that the information provided, or required to be provided in, such notice pursuant to this Section 2.10(a) shall be true and correct as of the record date for the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation (A) in the case of the update and supplement required to be made as of the record date for the meeting, not later than five business days after such record date and (B) in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment or postponement thereof, as applicable, not later than eight business days prior to the date for the meeting or any adjournment or postponement thereof, if practicable (or, if not practicable, on the first practicable date prior to the date for the meeting or such adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement the required information set forth in this Section 2.10(a)(iii) or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable

deadlines under these Bylaws or enable or be deemed to permit a stockholder who has previously submitted a notice under these Bylaws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of stockholders.

(iv) The foregoing notice requirements of this Section 2.10(a) shall be deemed satisfied by a stockholder as to any proposal (other than nominations or removals) if the stockholder has notified the Corporation of such stockholder's intention to present such proposal at an annual or special meeting in compliance with Rule 14a-8 (or any successor thereof) of the Exchange Act, and such stockholder's proposal has been included in a proxy statement prepared by the Corporation to solicit proxies for such meeting. No business shall be conducted at an annual or special meeting of stockholders except business brought before such meeting in accordance with the procedures set forth in this Section 2.10(a); provided, however, that once business has been properly brought before such meeting in accordance with such procedures, nothing in this Section 2.10(a) shall be deemed to preclude discussion by any stockholder of any such business. If the Board of Directors or the chairman of the relevant meeting determines that any stockholder proposal was not made in accordance with the provisions of this Section 2.10(a) or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2.10(a) (including if any such information is misleading in any material respect), such proposal shall not be presented for action at the relevant meeting. Notwithstanding the foregoing provisions of this Section 2.10(a), if the stockholder (or a qualified representative of the stockholder) does not appear at the relevant meeting of stockholders of the Corporation to present the proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such matter may have been received by the Corporation.

(v) In addition to the provisions of this Section 2.10(a), a stockholder also shall comply with all applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth herein.

Nothing in this Section 2.10(a) shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to, and in compliance with, Rule 14a-8 under the Exchange Act. The requirements of this Section 2.10 are included to provide the Corporation notice of a stockholder's intention to bring business or nominations before a stockholder meeting and shall in no event be construed as imposing upon any stockholder the requirement to seek approval from the Corporation as a condition precedent to bringing any such business or proposal before a stockholder meeting. Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

(b) For purposes of these Bylaws, "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close; "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act; and "Stockholder Associated Person" shall mean, with respect to any stockholder, (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder, or (iii) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (i) and (ii).

Section 2.11. Advance Notice for Nomination or Removal of Directors

(a) Only persons who are nominated for election or proposed to be removed in accordance with the following procedures shall be eligible for election or removal, as applicable, as directors by the stockholders of the Corporation. Nominations of persons for election to, or proposals to remove persons from, the Board of Directors at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing or removing directors as set forth in the Corporation's notice of such special meeting, may be made (i) by, or at the direction of, the Board of Directors or (ii) by any stockholder of the Corporation (A) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.11 and who is entitled to vote in the election or removal, as applicable, of directors at such meeting, (B) who complies with

the notice procedures set forth in this Section 2.11 and (C) who complies in all respects with the requirements of Regulation 14A under the Exchange Act, including, without limitation, the requirements of Rule 14a-19 under the Exchange Act (as such rule and regulations may be amended from time to time by the Securities and Exchange Commission, including any corresponding provision, or successor rule and Securities and Exchange Commission Staff interpretations relating thereto) ("Rule 14a-19"). Except as set forth in Section 2.11(i), the immediately preceding sentence shall be the exclusive means for a stockholder to make nominations of persons for election to the Board of Directors at any annual or special meeting of stockholders.

(b) In addition to any other applicable requirements, for a nomination or removal proposal to be made by a stockholder, such stockholder must have given timely notice thereof, in proper written form, to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary of the Corporation must (i) comply with the provisions of this Section 2.11(b) and (ii) be timely updated by the times and in the manner required by the provisions of Section 2.11(e). A stockholder's notice must be received by the Secretary of the Corporation at the principal executive offices of the Corporation (i) in the case of an annual meeting, not later than the close of business on the 90th day nor earlier than the opening of business on the 120th day before the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that if the annual meeting is called for a date that is more than 30 days earlier or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so received not earlier than the opening of business on the 120th day before the meeting and not later than the later of (A) the close of business on the 90th day before the meeting or (B) the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by the Corporation; and (ii) in the case of a special meeting of stockholders called for the purpose of electing or removing one or more directors, not earlier than the opening of business on the 120th day before the meeting and not later than the later of (A) the close of business on the 90th day before the meeting or (B) the close of business on the 10th day following the day on which public announcement of the date of the special meeting is first made by the Corporation. The public announcement of an adjournment or postponement of an annual meeting or special meeting shall not commence a new time period for the giving of a stockholder's notice as described in this Section 2.11.

(c) With respect to nominations of persons for election to the Board of Directors, notwithstanding anything in Section 2.11(b) to the contrary, if the number of directors to be elected to the Board of Directors at an annual meeting is greater than the number of directors whose terms expire on the date of the annual meeting and there is no public announcement by the Corporation naming all of the nominees for the additional directors to be elected or specifying the size of the increased Board before the close of business on the 90th day prior to the anniversary date of the immediately preceding annual meeting of stockholders, a stockholder's notice required by this Section 2.11 also shall be considered timely, but only with respect to nominees for the additional directorships created by such increase that are to be filled by election at such annual meeting, if it shall be received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the date on which such public announcement was first made by the Corporation. Notwithstanding anything else contained in these Bylaws, any notice sent to the Corporation by a stockholder that nominates a greater number of persons for election to the Board of Directors than are eligible for election at the applicable annual meeting shall be deemed not to comply with the requirements set forth in these Bylaws and any nominations set forth therein shall be deemed not to have been made.

(d) To be in proper written form, a stockholder's notice to the Secretary of the Corporation must set forth (i) as to each person whom the stockholder proposes to nominate for election as a director, (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person for the previous five years, (C) the class or series and number of shares of capital stock of the Corporation that are owned of record or are directly or indirectly beneficially owned by such person, (D) any Derivative Instrument beneficially owned, directly or indirectly, by such person and any other direct or indirect opportunity to profit, or share in any profit derived, from any increase or decrease in the value of shares of the Corporation, (E) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, including, without limitation Rule 14a-19 and (F) the questionnaire and written representation and agreement required to be delivered pursuant to Section 2.12 below; (ii) as to each person whom the stockholder proposes to remove as a director, (A) notice of the proposed removal and any material interest in such

proposal of such stockholder and any Stockholder Associated Person, individually or in the aggregate and (B) a statement of the grounds, if any, on which such director is proposed to be removed; and (iii) as to the stockholder giving the notice, (A) the Stockholder Information and a representation that such stockholder will notify the Corporation in writing of the class or series and number of shares of capital stock of the Corporation that are owned of record or are directly or indirectly beneficially owned by such stockholder and by any Stockholder Associated Person as of the record date for the meeting, (B) any Derivative Instrument directly or indirectly beneficially owned by such stockholder or Stockholder Associated Person and any other direct or indirect opportunity of such stockholder or any Stockholder Associated Person to profit, or share in any profit derived, from any increase or decrease in the value of shares of the Corporation, (C) any proxy (other than a revocable proxy given in response to a solicitation made pursuant to Section 14(a) of the Exchange Act by way of a solicitation statement filed on Schedule 14A), contract, arrangement, understanding or relationship pursuant to which such stockholder or any Stockholder Associated Person has a right to vote any shares of the Corporation, (D) any short interest in any security of the Corporation held by such stockholder or any Stockholder Associated Person (for purposes of this Section 2.11, a person shall be deemed to have a short interest in a security if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit, or share in any profit derived, from any decrease in the value of the subject security), (E) any rights beneficially owned, directly or indirectly, by such stockholder or Stockholder Associated Person to dividends on the shares of the Corporation that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder or any Stockholder Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, (G) any performance-related fees (other than an asset-based fee) to which such stockholder or any Stockholder Associated Person is entitled based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including any such interests held by members of such stockholder's or any Stockholder Associated Person's immediate family sharing the same household, (H) a description of all agreements, arrangements or understandings (written or oral) between or among such stockholder, any Stockholder Associated Person, any proposed nominee (if applicable) or any other person or persons

(including their names) pursuant to which the nomination or nominations or proposed removal or removals, as applicable, are to be made by such stockholder, (I) a representation that such stockholder is a holder of shares of the Corporation entitled to vote at the relevant meeting and that such stockholder intends to appear in person or by proxy at the meeting to nominate or to propose to remove, as applicable, the persons named in its notice, (J) any significant equity interests or any Derivative Interests or Short Interests in any principal competitor of the Corporation held by such stockholder and any Stockholder Associated Person, (K) any other information relating to such stockholder and any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (L) with respect to nominations only, a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder or any Stockholder Associated Person, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, (M) except as otherwise provided in (L) above, a description, with respect to such stockholder and any Stockholder Associated Person, of any interest that such person has in the proposal, any benefits that such person may derive from the outcome of the proposal and any agreements such person has with any other person in connection with the proposal, and (N) a written statement by such stockholder that such stockholder will solicit holders of shares representing at least 67% of the voting power of the stock entitled to vote in the election of directors in accordance with Rule 14a-19 or a statement that such stockholder or any Stockholder Associated Person does not intend, nor is part of a group that intends, to solicit proxies for the election of the proposed nominee or removal of the relevant director, as applicable. With respect to nominations only, such notice must be accompanied by a written, notarized consent of each proposed nominee to being named as a nominee, to being eligible for election as a member of the Board of Directors and, if elected, to serving as a director. With respect to proposed removals only, such notice must be accompanied by a written opinion of outside legal counsel, which counsel and the form and substance of which opinion shall be reasonably satisfactory to the Board of Directors of the Corporation (excluding the director proposed to be removed), to the effect that, if adopted at a duly called special or annual meeting of the

stockholders of the Corporation by the requisite vote, such removal would not be in conflict with the laws of the State of Delaware, these Bylaws or the Certificate of Incorporation.

(e) A stockholder providing notice of a director nomination or removal proposal shall further update and supplement such notice, if necessary, so that the information provided, or required to be provided, in such notice pursuant to this Section 2.11 shall be true and correct as of the record date for the meeting and as of the date that is 10 business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation (i) in the case of the update and supplement required to be made as of the record date for the meeting, not later than five business days after such record date and (ii) in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment or postponement thereof, as applicable, not later than eight business days prior to the date for the meeting or any adjournment or postponement thereof, if practicable (or, if not practicable, on the first practicable date prior to the date for the meeting or such adjournment or postponement thereof). For the avoidance of doubt, the obligation to update and supplement the required information set forth in this Section 2.11(e) or any other Section of these Bylaws shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines under these Bylaws or enable or be deemed to permit a stockholder who has previously submitted a notice under these Bylaws to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of stockholders.

(f) If the Board of Directors, or the chairman of the meeting of stockholders, determines that any nomination or removal proposal, as applicable, was not made in accordance with the provisions of this Section 2.11 or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 2.11 (including if any such information is misleading in any material respect), then such nomination or removal proposal, as applicable, shall not be considered at the relevant meeting.

(g) In addition to the provisions of this Section 2.11, a stockholder also shall comply with all of the applicable requirements of the Exchange Act and the rules and regulations promulgated thereunder with respect to the matters set forth herein.

Notwithstanding the foregoing provisions of this Section 2.11, unless otherwise required by law, (i) no such stockholder shall solicit proxies in support of director nominees other than the Corporation's nominees unless such stockholder has complied with Rule 14a-19 in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner and (ii) if such stockholder (1)(A) provides notice pursuant to Rule 14a-19(b) and (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(a)(3), including the provision to the Corporation of notices required thereunder in a timely manner, or (2) notifies the Corporation that such stockholder no longer intends to solicit proxies in accordance with Rule 14a-19, then the Corporation shall disregard any proxies or votes solicited for such stockholder's director nominees. Upon request by the Corporation, if any such stockholder provides notice pursuant to Rule 14a-19(b), such stockholder shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3). Nothing in this Section 2.11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to, and in compliance with, Rule 14a-8 under the Exchange Act. The requirements of this Section 2.11 are included to provide the Corporation notice of a stockholder's intention to bring a nomination or removal proposal before a stockholder meeting and shall in no event be construed as imposing upon any stockholder the requirement to seek approval from the Corporation as a condition precedent to bringing any such nomination or removal proposal before a stockholder meeting.

(h) Notwithstanding the foregoing provisions of this Section 2.11, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting of stockholders of the Corporation to present the nomination or removal proposal, as applicable, such nomination or removal proposal, as applicable, shall be disregarded, notwithstanding that proxies in respect of such nomination or removal proposal, as applicable, may have been received by the Corporation.

(i) Nothing in this Section 2.11 shall be deemed to affect any rights of the holders of Preferred Stock, if any, to nominate and elect, or remove, directors pursuant to the Certificate of Incorporation or the right of the Board of Directors to fill newly created directorships and vacancies on the Board pursuant to the Certificate of Incorporation.

Section 2.12. *Submission of Questionnaire, Representation and Agreement.* To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver

(in accordance with the time periods prescribed for delivery of notice under Section 2.11 of these Bylaws or, in the case of a nomination made by, or at the direction of, the Board of Directors, in accordance with such time periods as the Board of Directors may from time to time prescribe) to the Secretary of the Corporation at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary of the Corporation upon written request), and a written representation and agreement (in the form provided by the Secretary of the Corporation upon written request) that such person (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (c) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, if elected as a director of the Corporation, will be and remain in compliance with all applicable policies and guidelines of the Corporation publicly disclosed from time to time, including, without limitation, those relating to confidentiality, corporate governance, conflicts of interest, stock ownership and securities trading, and (d) will abide by the requirements of any resignation policy in connection with majority voting.

Section 2.13. Stockholder Action by Written Consent

(a) Any action required or permitted to be taken at an annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, (i) shall be signed by holders of record on the record date (established as provided below) of outstanding shares of the Corporation having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and (ii) shall be delivered to the Corporation at its registered office in the State of Delaware, at its principal place of business or to an officer or agent of the Corporation having custody of the minute books in which proceedings of

meetings of stockholders are recorded. Delivery shall be made by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of the signature of each stockholder who signs the consent, and no written consent shall be effective to take corporate action unless, within sixty (60) days of the earliest dated valid consent delivered in the manner described in this Section 2.13, written consents signed by a sufficient number of holders to take such action are delivered to the Corporation in the manner described in this Section 2.13. Only stockholders of record on the record date shall be entitled to consent to corporate action in writing without a meeting.

(b) Without qualification, any stockholder of record seeking to have the stockholders authorize or take any action by written consent shall first request in writing that the Board of Directors fix a record date for the purpose of determining the stockholders entitled to take such action, which request shall be in proper form and delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation. Within ten (10) days after receipt of a request in proper form and otherwise in compliance with this Section 2.13(b) from any such stockholder, the Board of Directors may adopt a resolution fixing a record date for the purpose of determining the stockholders entitled to take such action, which date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no resolution fixing a record date has been adopted by the Board of Directors within such ten (10) day period after the date on which such a request is received, (i) the record date for determining stockholders entitled to consent to such action, when no prior action of the Board of Directors is required by applicable law, shall be the first date on which a valid signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner described in this Section 2.13, and (ii) the record date for determining stockholders entitled to consent to such action, when prior action by the Board of Directors is required by applicable law, shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

(c) To be in proper form for purposes of this Section 2.13, a request by a stockholder for the Board of Directors to fix a record date shall set forth:

(i) As to each Soliciting Person (as defined below), the Stockholder Information (as defined in Section 2.10(a)(ii);

(ii) As to each Soliciting Person, any Disclosable Interests (as defined in Section 2.10(a)(ii), except the disclosure in clause (L) of Section 2.10(a)(ii) shall be made with respect to the action or actions proposed to be taken by written consent); and

(iii) As to the action or actions proposed to be taken by written consent, (A) a reasonably brief description of the action or actions, the reasons for taking such action or actions and any material interest in such action or actions of each

Soliciting Person and (B) the text of the resolutions or consent proposed to be acted upon by written consent of the stockholders.

For purposes of this Section 2.13, the term "Soliciting Person" shall mean (i) the stockholder making a request for the Board of Directors to fix a record date and proposing the action or actions to be taken by written consent, (ii) the beneficial owner or beneficial owners, if different, on whose behalf such request is made, and (iii) any Stockholder Associated Person.

(d) In connection with an action or actions proposed to be taken by written consent in accordance with this Section 2.13, the stockholder or stockholders seeking such action or actions shall further update and supplement the information previously provided to the Corporation in connection therewith, if necessary, so that the information provided or required to be provided pursuant to this Section 2.13 shall be true and correct as of the record date for determining the stockholders eligible to take such action and as of the date that is five (5) business days prior to the date the consent solicitation is commenced, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders eligible to take such action (in the case of the update and supplement required to be made as of the record date), and not later than three (3) business days prior to the date that the consent solicitation is commenced (in the case of the update and supplement required to be made as of five (5) business days prior to the commencement of the consent solicitation).

(e) Notwithstanding anything in these Bylaws to the contrary, no action may be taken by the stockholders by written consent except in accordance with this Section 2.13. If the Board of Directors shall determine that any request to fix a record date or to take stockholder action by written consent was not properly made in accordance with this Section 2.13, or the stockholder or stockholders seeking to take such action otherwise do not comply with this Section 2.13, then the Board of Directors shall not be required to fix

a record date and any such purported action by written consent shall be null and void *ab initio* to the fullest extent permitted by applicable law. In addition to the requirements of this Section 2.13 with respect to stockholders seeking to take an action by written consent, each Soliciting Person shall comply with all requirements of applicable law, including all requirements of the Exchange Act, with respect to such action.

ARTICLE III

DIRECTORS

Section 3.1. *Number and Election of Directors.* The number of directors that shall constitute the whole Board of Directors shall be fixed and determined from time to time by resolution adopted by the Board of Directors, *provided, however*, no decrease in the number shall have the effect of shortening the term of any incumbent director.

Except as provided in Section 3.2 of this Article III, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present, provided that if as of a date that is fourteen (14) days in advance of the date the corporation files its definitive proxy statement (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this section, a “majority of the votes cast” means that the number of shares voted “for” a director must exceed the number of votes cast “against” that director. Votes cast shall exclude abstentions with respect to that director’s election.

Each director so elected shall hold office until the next annual meeting and until his successor is duly elected and qualified or until his earlier resignation or removal. Any director may resign at any time upon notice to the Corporation. Directors need not be stockholders, citizens of the United States or residents of Delaware.

Section 3.2. *Vacancies.* Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and qualified or until their earlier resignation or removal. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3.3. *Duties and Powers.* The business of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 3.4. *Meetings.* The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by or at the direction of the Chairman of the Board, if any, the President or a majority of the directors then in office. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by facsimile, telephone, telegram, electronic mail or other electronic means at least twenty-four hours before the meeting. Notice need not be given to any director or to any member of a committee of directors who submits a written waiver of notice signed by him or her. Attendance of any such person at a meeting shall constitute a waiver of notice of such meeting, except when he or she attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice.

Section 3.5. *Quorum.* Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors a majority of the entire Board of Directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum is not present at a meeting of the Board of Directors, the directors present may adjourn the meeting from time to time, without notice other than by an announcement at the meeting, until a quorum is present.

Section 3.6. *Actions of Board.* Unless otherwise provided by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any Meeting of the Board of Directors or any committee thereof may be taken without a meeting, if all the members of the Board of Directors or committee consent thereto in writing, in one document or in counterparts, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 3.7. *Meetings by Means of Conference Telephone.* Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors or any

committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.7 shall constitute presence in person at such meeting.

Section 3.8. *Compensation.* The Board of Directors may from time to time by resolution authorize the payment of fees, the grant of options to acquire stock in the Corporation or other compensation to the Directors for services as such to the Corporation including, but not limited to, a fixed sum and expenses for attendance at each regular or special meeting of the Board of Directors or any committee thereof, provided that nothing contained herein shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 3.9. *Interested Directors.* No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction or solely because his, her or their votes are counted for such purpose if (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of the stockholders or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee that authorizes the contract or transaction.

ARTICLE IV

COMMITTEES

Section 4.1. *Committees.* The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any committee, to the extent provided in the resolution of the Board of Directors establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation; *provided, however*, no committee shall have the power or authority to approve an amendment to the Certificate of Incorporation of the Corporation, adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amend these Bylaws; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Each committee shall keep regular minutes and report to the Board of Directors when required to do so.

Section 4.2. *Committee Rules.* Unless the Board of Directors otherwise provides, each Committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rule, each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Sections 3.4, 3.5, 3.6 and 3.7 of these Bylaws.

ARTICLE V

OFFICERS

Section 5.1. *General.* The Board of Directors, in its discretion, may elect a Chairman of the Board (who must be a director), President, Secretary, Treasurer, Controller, and one or more Divisional Presidents, Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be

stockholders of the Corporation or, except in the case of the Chairman of the Board of Directors, directors of the Corporation.

Section 5.2. *Election.* The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect the officers of the Corporation, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified or until their earlier resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors and may be altered from time to time except as otherwise provided by contract.

Section 5.3. *Chairman of the Board of Directors.* There shall be a Chairman of the Board of Directors who, under the direction and subject to the control of the Board of Directors, in general shall supervise and control all of the business and affairs of the Corporation. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors and shall perform such other duties as the Board of Directors may assign him from time to time. The Chairman of the Board of Directors shall possess the power to sign all contracts, certificates and other Instruments of the Corporation as the Board of Directors from time to time may prescribe.

Section 5.4. *Chief Executive Officer.* The Chief Executive Officer of the Corporation will serve under the direction and subject to the control of the Board of Directors and the Chairman of the Board of Directors. The Chief Executive Officer in general shall supervise and control all of the business, affairs and property of the Corporation and shall be its chief policy making officer, shall have control over its officers, agents and employees; and shall see that all orders and resolutions of the Board of Directors and Chairman of the Board are carried into effect. In the absence of the Chairman of the Board of Directors the Chief Executive Officer shall perform such other duties as the Board of Directors may assign him from time to time. The Chief Executive Officer shall possess the same power as the Chairman of the Board to sign all contracts, certificates and other Instruments of the Corporation.

Section 5.5. *President.* The President shall be the chief operating officer of the Corporation and shall report to the Chairman of the Board of Directors. The President shall, subject to the Powers of the Board of Directors and the Chairman of the Board of Directors, have

general charge of the business, affairs and property of the Corporation, and control over its officers, agents, and employees; and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President may execute and deliver certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors has authorized to be executed and delivered, except in cases where the execution and delivery thereof shall be expressly delegated to another officer and deliver thereof shall be otherwise required by law to be executed and delivered by another person. The President shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him or her by these Bylaws or by the Board of Directors.

Section 5.6. *Vice President.* Each Vice President shall perform such duties and have such other powers as the Board of Directors from time to time may prescribe. Certain Vice Presidents may from time to time be designated by the Board of Directors or the Chairman of the Board of Directors as Executive Vice Presidents or Senior Vice Presidents which positions shall have such varying degrees of authority as the Board of Directors shall prescribe.

Section 5.7. *Divisional Presidents.* The Divisional Presidents shall perform such duties and have such other powers as the Board of Directors from time to time may prescribe. The Divisional Presidents shall, subject to the powers of the Board of Directors, the Chairman of the Board, the Chief Executive Officer and the President, have general charge of the business, affairs and property of that division over which he is Divisional President, and control over its officers, agents, and employees; and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Divisional Presidents may execute and deliver such documents, certificates and such other instruments that the Board of Directors has authorized to be executed and deliver, except in cases where the execution and delivery thereof shall be expressly delegated to another officer or as otherwise required by law to be executed and delivered by another person.

Section 5.8. *Absence of Officers.* In the absence or disability of the Chairman of the Board of Directors and the Chief Executive Officer, or if there be none, the President shall preside at all meetings of the stockholders and (if the President is a director) the Board of Directors. In the absence or disability of both the Chairman of the Board of Directors and the President, or at the request of the Chairman of the Board of Directors, the Vice President or the Vice Presidents, if there be more than one, shall perform the duties of the Chairman of the Board of Directors, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board of Directors. If there be no Chairman of the Board of Directors, Chief Executive Officer, President or Vice President, the Board of Directors shall designate the

officer of the Corporation who shall perform the duties of the Chairman of the Board of Directors, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board of Directors.

Section 5.9. *Secretary.* The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chairman of the Board of Directors, under whose supervision he or she shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the Stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the Chairman of the Board of Directors may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or an Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 5.10. *Chief Financial Officer.* The Chief Financial Officer of the Corporation shall have general supervision over the financial operations of the Corporation, subject to the direction of the Board of Directors, the Chairman of the Board, the Chief Executive Officer and the President. The Chief Financial Officer may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors and may execute and deliver such documents, certificates and such other instruments that the Board of Directors has authorized to be executed and delivered, except in cases where the execution and delivery thereof shall be expressly delegated to another officer or as otherwise required by law to be executed and delivered by another person.

Section 5.11. *Treasurer.* The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the

Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board of Directors and the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 5.12. *Controller*. The Controller, if there be one, shall have charge of the Corporation's books of account, records and auditing, and shall be subject in all matters to the control of the Chairman of the Board of Directors and the Board of Directors.

Section 5.13. *Assistant Secretaries*. Except as may be otherwise provided in these Bylaws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, if there be one, or the Secretary, and in the absence of the Secretary or in the event of his or her disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 5.14. *Assistant Treasurers*. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President, any Vice President, if there be one, or the Treasurer, and in the absence of the Treasurer or in the event of his or her disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

Section 5.15. *Other Officers*. Such other officers as the Board of Directors may appoint shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the

Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE VI

STOCK

Section 6.1. *Certificates; Signatures on Certificates.* The shares of the Corporation shall be evidenced by certificates in such form as the appropriate officers of the Corporation may from time to time prescribe; provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of stock of the Corporation shall be uncertificated shares. Notwithstanding the foregoing, each holder of uncertificated shares shall be entitled, upon request, to a certificate representing such shares. Shares represented by certificates shall be numbered and registered in a share register as they are issued. Share certificates shall exhibit the name of the registered holder and the number and class of shares and the series, if any, represented thereby and the par value of each share or a statement that such shares are without par value as the case may be. Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificated shares of the same class and series shall be identical.

Every share certificate shall be signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President; and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer; and shall be sealed with the Corporation's seal which may be facsimile, engraved or printed.

Section 6.2. *Transfer Agent.* The Corporation may appoint a transfer agent to act on behalf of the Corporation in keeping certain records on each registered stockholder and to make legal transfers of the Corporation's shares.

Section 6.3. *Signatures.* Where a certificate is countersigned by (a) a transfer agent other than the Corporation or its designated employees or (b) a registrar other than the Corporation or its designated employees, any other signature on the Certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such Officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 6.4. *Lost Certificates.* The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the

certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his or her legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond or other indemnity deemed satisfactory by the Board of Directors in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 6.5. *Transfer of Shares*. Upon surrender to the Corporation, or a transfer agent of the Corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation may issue a new certificate, or, upon request, evidence of the equivalent uncertificated shares, to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the holder of uncertificated shares, the Corporation shall cancel such uncertificated shares and issue new equivalent uncertificated shares, or, upon such holder's request, certificated shares, to the person entitled thereto, and record the transaction upon its books.

Section 6.6. *Registered Stockholders*. The Corporation and its transfer agents shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and shall not be bound to recognize any equitable or other claims to, or interest in, such shares on the part of any other person and shall not be liable for any registration or transfer of shares which are registered, or to be registered, in the name of a fiduciary or the nominee of a fiduciary unless made with actual knowledge that a fiduciary, or nominee of a fiduciary, is committing a breach of trust in requesting such registration or transfer, or with knowledge of such facts that its participation therein amounts to bad faith

ARTICLE VII

NOTICES

Section 7.1. *Notices*. Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Written notice may also be given personally or by

facsimile, electronic mail or other electronic means, telegram, telecopy, telex or cable and such notice shall be deemed given at the time when the same is sent.

Section 7.2. *Waivers of Notice.* Whenever any notice is required by law, the Certificate of Incorporation or these Bylaws to be given to any director, member of a committee or stockholder, a written waiver, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

ARTICLE VIII

INDEMNIFICATION

Section 8.1. *General.* The Corporation shall indemnify, and advance Expenses (as this and all other capitalized words used in this Article VIII and not previously defined in these Bylaws are defined in Section 8.14 of this Article VIII) to, Indemnitee to the fullest extent permitted by applicable law in effect on the date of the effectiveness of these Bylaws, and to such greater extent as applicable law may thereafter permit. The rights of Indemnitee provided under the preceding sentence shall include, but not be limited to, the right to be indemnified to the fullest extent permitted by §145(b) of the DGCL in Proceedings by or in the right of the Corporation and to the fullest extent permitted by §145(a) of the DGCL in all other Proceedings. The provisions set forth below in this Article VIII are provided in furtherance, and not by way of limitation, of the obligations expressed in this Section 8.1.

Section 8.2. *Expenses Related to Proceedings.* If Indemnitee is, by reason of his or her Corporate Status, a witness in or a party to and is successful, on the merits or otherwise, in any Proceeding, he or she, shall be indemnified against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to any Matter in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf relating to such Matter. The termination of any Matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such Matter.

Section 8.3. *Advancement of Expenses.* Indemnitee shall be advanced Expenses within ten days after requesting them to the fullest extent permitted by §145(e) of the DGCL.

Section 8.4. *Request for Indemnification.* To obtain indemnification Indemnitee shall submit to the Corporation a written request with such information as is reasonably available to Indemnitee. The Secretary of the Corporation shall promptly advise the Board of Directors of such request.

Section 8.5. *Determining Entitlement to Indemnification If No Change of Control* If a Change of Control has not occurred prior to or at the time the request for Indemnification is sent, Indemnatee's entitlement to indemnification shall be determined in accordance with §145(d) of the DGCL. If entitlement to indemnification is to be determined by Independent Counsel, the Corporation shall furnish notice to Indemnatee within ten days after receipt of the request for indemnification, specifying the identity and address of Independent Counsel. Indemnatee may, within fourteen days after receipt of such written notice of selection, deliver to the Corporation a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of Independent Counsel and the objection shall set forth with particularity the factual basis of such assertion. If there is an objection to the selection of Independent Counsel either the Corporation or Indemnatee may petition the Court of Chancery of the State of Delaware or any other court of competent jurisdiction for a determination that the objection is without a reasonable basis and/or for the appointment of Independent Counsel selected by the court.

Section 8.6. *Determining Entitlement to Indemnification If Change of Control*. If a Change of Control has occurred prior to or at the time the request for indemnification is sent, Indemnatee's entitlement to indemnification shall be determined in a written opinion by Independent Counsel selected by Indemnatee. Indemnatee shall give the Corporation written notice advising of the identity and address of the Independent Counsel so selected. The Corporation may, within seven days after receipt of such written notice of selection, deliver to Indemnatee a written objection to such selection. Indemnatee may, within five days after the receipt of such objection from the Corporation, submit the name of another Independent Counsel and the Corporation may, within seven days after receipt of such written notice of selection, deliver to Indemnatee a written objection to such selection. Any objection is subject to the limitations in Section 8.5 of this Article VIII. Indemnatee may petition the Court of Chancery of the State of Delaware or any other court of competent jurisdiction for a determination that the Corporation's objection to the first and/or second selection of Independent Counsel is without a reasonable, basis and/or for the appointment as Independent Counsel of a person selected by the court.

Section 8.7. *Procedures of Independent Counsel*. If a Change of Control has occurred prior to or at the time the request for indemnification is sent by Indemnatee, Indemnatee shall be presumed (except as otherwise expressly provided in this Article VIII) to be entitled to indemnification upon submission of a request for indemnification in accordance with Section 8.4 of this Article VIII, and thereafter the Corporation shall have the burden of proof to overcome

the presumption in reaching a determination contrary to the presumption. The presumption shall be used by Independent Counsel as a basis for a determination of entitlement to indemnification unless the Corporation provides information sufficient to overcome such presumption by clear and convincing evidence or the investigation, review and analysis of Independent Counsel convinces him or her by clear and convincing evidence that the presumption should not apply.

Except in the event that the determination of entitlement to indemnification is to be made by Independent Counsel if the person or persons empowered under Section 8.5 or 8.6 of this Article VIII to determine entitlement to indemnification shall not have made and furnished to Indemnitee in writing a determination within 60 days after receipt by the Corporation of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification unless Indemnitee knowingly misrepresented a material fact in connection with the request for Indemnitee. The termination of any Proceeding or of any Matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Article VIII) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that (a) Indemnitee did not act in good faith and in a manner that he or she reasonably believed, in the case of conduct in his or her official capacity as a director of the Corporation, to be in the best interests of the Corporation or in all other cases that at least his or her conduct was not opposed to the Corporation's best interests, or (b) with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

Section 8.8. *Expenses of Independent Counsel.* The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred acting pursuant to this Article VIII and in any proceeding to which it is a party or witness in respect of its investigation and written report and shall pay all reasonable fees and expenses incident to the procedures in which such Independent Counsel was selected or appointed. No Independent Counsel may serve if a timely objection has been made to his or her selection until a court has determined that such objection is without a reasonable basis.

Section 8.9. *Trial De Novo.* In the event that (a) a determination is made pursuant to Section 8.5 or 8.6 of this Article VIII that Indemnitee is not entitled to indemnification under this Article VIII, (b) advancement of Expenses is not timely made Pursuant to Section 8.3 of this Article VIII, (c) Independent Counsel has not made and delivered a written opinion determining the request for indemnification (i) within 90 days after being appointed by a court, (ii) within 90 days after objections to his or her selection have been overruled by a court or (iii) within 90 days

after the time for the Corporation or Indemnatee to object to his or her selection or (d) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 8.5, 8.6 or 8.7 of this Article VIII, Indemnatee shall be entitled to an adjudication in any court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. In the event that a determination shall have been made that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 8.9 shall be conducted in all respects as a *de novo* trial on the merits, and Indemnatee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 8.9, the Corporation shall have the burden of proving that Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be. If a determination shall have been made or deemed to have been made that Indemnatee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 8.9, or otherwise, unless Indemnatee knowingly misrepresented a material fact in connection with the request for indemnification.

The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 8.9 that the procedures and presumptions of this Article VIII are not valid, binding and enforceable and shall stipulate in any such court that the Corporation is bound by all provisions of this Article VIII. In the event that Indemnatee, Pursuant to this Section 8.9, seeks a judicial adjudication to enforce his or her rights under, or to recover damages for breach of this Article VIII, Indemnatee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against any and all Expenses actually and reasonably incurred by him or her in such judicial adjudication, but only if he or she prevails therein. If it shall be determined in such judicial adjudication that Indemnatee, is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnatee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

Section 8.10. *Non-Exclusivity*. The rights of indemnification and to receive advancement of Expenses as provided by this Article VIII shall not be deemed exclusive of any other rights to which Indemnatee may at any time be entitled under applicable law, the Certificate of Incorporation, these Bylaws, any agreement, a vote of stockholders, a resolution of the Board of Directors or otherwise. No amendment, alteration or repeal of this Article VIII or any provision hereof shall be effective, as to any Indemnatee for acts, events and circumstances that occurred in whole or in part, before such amendment, alteration or repeal. The provisions of this Article VIII

shall continue as to an Indemnitee whose Corporate Status has ceased and shall inure to the benefit of his or her heirs, executors and administrators.

Section 8.11. *Insurance and Subrogation.* To the extent the Corporation maintains an insurance policy or policies providing liability insurance for directors or officers of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Corporation. Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of coverage available for any such director or officer under such policy or policies.

In the event of any payment hereunder, the Corporation shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

The Corporation shall not be liable under this Article VIII to make any payment of amounts otherwise indemnifiable hereunder if, and to the extent that, Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 8.12. *Severability.* If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby; and, to the fullest extent possible, the provisions of this Article VIII shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

Section 8.13. *Certain Persons Not Entitled to Indemnification.* Notwithstanding any other provision of Article VIII, no person shall be entitled to indemnification or advancement of Expenses under this Article VIII with respect to any Proceeding, or any Matter therein, brought or made by such person against the Corporation.

Section 8.14. *Definitions.* For purposes of this Article VIII:

"Change of Control" means a change in control of the Corporation after the date of adoption of these Bylaws in any one of the following circumstances: (a) there shall have occurred an event required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Corporation is then subject to such reporting requirement; (b) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 20% or more of the combined voting

power of the Corporation's then outstanding voting securities without prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (c) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization or a proxy contest as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter or (d) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board of Directors.

"Corporate Status" describes the status of a person who is or was a director, Officer, or employee or agent of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise with which such person is or was serving at the request of the Corporation.

"DGCL" means the Delaware General Corporation Law, as currently in effect or as amended from time to time.

"Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating or being or preparing to be a witness in a Proceeding.

"Indemnitee" includes any person who is, or is threatened to be made, a witness in or a party to any Proceeding as described in Section 8.1 or 8.2 of this Section by reason of his or her Corporate Status.

"Independent Counsel" means a law firm, or member of a law firm that is experienced in matters of corporation law and neither presently is, nor in the five years previous to his or her selection or appointment has been, retained to represent: (a) the Corporation or Indemnitee in any matter material to either such party, (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder or (c) the beneficial owner, directly or indirectly, of securities of the Corporation representing 5% or more of the combined voting power of the Corporation's then outstanding voting securities.

"Matter" is a claim, a material issue, or a substantial request for relief.

"Proceeding" includes any action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to Section 8.9 of this Article VIII to enforce his or her rights under this Article VIII.

Section 8.15. *Notices.* Any communication required or permitted to the Corporation shall be addressed to the Secretary of the Corporation and any such communication to Indemnitee shall be given in writing by depositing the same in the United States mail with postage thereon prepaid, addressed to the person to whom such notice is directed at the address of such person on the records of the Corporation, and such notice shall be deemed given at the time when the same shall be so deposited in the United States mail.

Section 8.16. *Contractual Rights.* The right to be indemnified or to the advancement or reimbursement of Expenses (i) is a contract right based upon good and valuable consideration, pursuant to which Indemnitee may sue as if these provisions were set forth in a separate written contract between him or her and the Corporation, (ii) is and is intended to be retroactive and shall be available as to events occurring prior to the adoption of these provisions and (iii) shall continue after any rescission or restrictive modification of such provisions as to events occurring prior thereto.

ARTICLE IX

AMENDMENTS

Section 9.1. *Vote Requirements.* The Board of Directors shall have the power to alter, amend or repeal these Bylaws or adopt new Bylaws by the affirmative vote of at least 80% of all directors then in office at any regular or special meeting of the Board of Directors called for that purpose, subject to repeal or change by the affirmative vote of the holders of at least 80% of the voting power of all the shares of the Corporation entitled to vote in the election of directors, voting together as a single class ("Supermajority"); and a Supermajority shall also have the power to adopt new Bylaws.

ARTICLE X

GENERAL PROVISIONS

Section 10.1. *Dividends.* Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of

Directors at any regular or special meeting and may be paid in cash, in property or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 10.2. *Disbursements*. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 10.3. *Fiscal Year*. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 10.4. *Corporate Seal*. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced.

Section 10.5. *Definition of Beneficial Owner*. "Beneficial owner" as used in these Bylaws means of the following:

1. a person who individually or with any of his affiliates or associates beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act) any capital stock of the Corporation, directly or indirectly;
2. a person who individually or with any of his affiliates or associates has either of the following rights:
 - a. the right to acquire capital stock of the Corporation, whether such right is exercisable immediately or only after the passage of time, pursuant to any agreement arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise;
 - b. the right to vote capital stock of the Corporation pursuant to any agreement; arrangement or understanding; or

3. a person who has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing capital stock of the Corporation with any other person who beneficially owns or whose affiliates beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, such shares of capital stock.

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**AMENDMENT NUMBER TWO TO THE
FOSSIL GROUP, INC. 2020 CASH INCENTIVE PLAN**

This AMENDMENT NUMBER TWO TO THE FOSSIL GROUP, INC. 2020 CASH INCENTIVE PLAN (this “**Amendment**”), effective as of October 2, 2023, is made and entered into by Fossil Group, Inc., a Delaware corporation (the “**Company**”). Terms used in this Amendment with initial capital letters that are not otherwise defined herein shall have the meanings ascribed to such terms in the Fossil Group, Inc. 2020 Cash Incentive Plan, as amended by Amendment Number One (collectively, the “**Plan**”).

RECITALS

WHEREAS, Article VIII of the Plan provides that the Compensation Committee (the “**Committee**”) of the Company's Board of Directors may amend the Plan at any time and from time to time; and

WHEREAS, the Company desires to amend the Plan to clarify that amounts payable pursuant to the Plan are subject to reduction or recoupment in accordance with any clawback or recoupment policy of the Company, including, without limitation, the Compensation Recovery Policy that the Company is adopting to comply with Rule 5608 of the Nasdaq Listing Rules.

NOW, THEREFORE, in accordance with Article VIII of the Plan and effective as of the date hereof, the Plan is hereby amended as follows:

1. Section 6.4 of the Plan (Recoupment for Restatements) is hereby amended by deleting said section in its entirety and replacing it with the following new Section 6.4:

6.4 Recoupment for Restatements. Notwithstanding any other provision in this Plan to the contrary, the Committee may reduce any unpaid Incentive Compensation payable to the Participant and may recoup all or any portion of any Incentive Compensation previously paid to the Participant, in accordance with the terms and conditions of any clawback or recoupment policy of the Company, including, without limitation, if applicable, the Compensation Recovery Policy, as any such policy may be amended from time to time.

1. Except as expressly amended by this Amendment, the Plan shall continue in full force and effect in accordance with the provisions thereof.

*[Remainder of Page Intentionally Left Blank;
Signature Page Follows.]*

IN WITNESS WHEREOF, the Company has caused this Amendment to be duly executed as of the date first written above.

FOSSIL GROUP, INC.

By: /s/ Kosta N. Kartsotis
Name: Kosta N. Kartsotis
Title: Chief Executive Officer

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of November 7, 2023, by and between Fossil Group, Inc., a Delaware corporation (the "**Company**"), and [name]("**Indemnitee**").

WITNESSETH

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. The By-laws of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("**DGCL**"). The By-laws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law; and

WHEREAS, this Agreement is a supplement to and in furtherance of the By-laws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, each party hereto, intending to be legally bound hereby, agrees as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of Indemnitee's Corporate Status (as hereinafter defined), the Indemnitee has been, is, or is threatened to be made, a party to or participant in, or otherwise becomes involved in, any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of Indemnitee's Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Delaware Court (as defined in Section 20) shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by

reason of Indemnitee's Corporate Status, a party to (or participant in) and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. Notwithstanding any limitation in Section 1, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) by reason of Indemnitee's Corporate Status for all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on Indemnitee's behalf. For purposes of this Section 2, the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to: (a) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and (b) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such Proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless (i) such settlement provides for a full and final release of all claims asserted against Indemnitee and (ii) does not impose any Expense, judgment, fine, penalty or limitation on Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such Proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to repay the amounts advanced by the Company pursuant to this Section 5, if and only to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and the public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (1) by a majority vote of the Disinterested Directors, even though less than a quorum, (2) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, (3) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company; provided, however, that if a Change of Control has occurred, the determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). If a Change of Control has not occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. Indemnitee may, within 10 days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and

until such objection is withdrawn or a court has determined that such objection is without merit. If a Change of Control has occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee requests that such selection be made by the Board, in which event the preceding sentence shall apply), and approved by the Board (which approval shall not be unreasonably withheld). If (i) an Independent Counsel is to make the determination of entitlement pursuant to this Section 6 and (ii) within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(d) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, (ii) a prohibition of such indemnification under applicable law or (iii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(c) of this Agreement; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen

(15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnatee shall cooperate with the person, persons or entity making such determination with respect to Indemnatee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnatee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnatee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnatee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnatee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnatee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnatee is a party is resolved in any manner other than by adverse judgment against Indemnatee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnatee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that Indemnatee's conduct was unlawful.

7. Remedies of Indemnatee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnatee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within 90 days after receipt by the Company of the request for indemnification, (iv) if no determination is required to be made by the Company pursuant to Section 1(c) of this Agreement, payment of indemnification is not made pursuant to Section 1(c) of this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnatee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnatee's entitlement to such indemnification, contribution or advancement of Expenses. Alternatively, Indemnatee, at Indemnatee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict-of-law rules) shall apply to any such arbitration. The Company shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnatee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and Indemnatee shall not be prejudiced by reason of the adverse determination under Section 6(b). In any judicial proceeding or arbitration commenced pursuant to this Section 7, Indemnatee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to

Section 6(b) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 7, Indemnitee shall not be required to reimburse the Company for any advancement of Expenses pursuant to Section 5 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of Indemnitee's rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by or on behalf of Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(e) The Company agrees that it shall not assert in any judicial or arbitral proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification or advancement of Expenses as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the By-laws, any agreement, a vote of stockholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company shall obtain and maintain in effect during the entire period for which the Company is obligated to indemnify Indemnitee under this Agreement on or more policies of insurance with reputable insurance companies to provide the directors and officers of the Company with commercially reasonable coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director or officer under such policy or policies. In all such insurance policies, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity or to advance expenses in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any such part of any Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law or (iii) the Proceeding is one to enforce Indemnitee's rights under this Agreement.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall have commenced as of the date hereof and shall continue after the Indemnitee has ceased to serve as a director of the Company or at the request of the Company as a director, officer, partner, trustee, member, employee or agent of another corporation, partnership, joint venture, trust, limited liability company, other enterprise. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve and to continue to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving and continuing to serve as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof. Notwithstanding any provision contained herein to the contrary: (i) without limiting the generality of Paragraph 8(a), the immediately preceding sentence shall neither be deemed a substitute nor diminish or abrogate in any manner any right which the Indemnitee may have or may hereafter acquire under any statute or applicable law, the Certificate of Incorporation of the Company, the By-laws, any agreement, a vote of stockholders, a resolutions of directors of the Company, or otherwise and (ii) to the extent that a change in applicable law, whether by statute or judicial decision, or an amendment to the By-laws, permits greater indemnification, advancement of expenses or contribution than would be afforded currently under this Agreement, it is the intent of the parties that the Indemnitee shall enjoy by this Agreement the greater benefits afforded by such change or amendment.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

(d) The indemnification and advancement of Expenses provided by, or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(e) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(f) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the court, and the Company hereby waives any such requirement of such a bond or undertaking.

13. Definitions. For purposes of this Agreement:

"Change of Control" means any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) (but excluding any employee benefit plan of such person or group or any entity acting in its capacity as trustee, agent or other fiduciary or administrator for such plan), becomes the beneficial owner of more than 50% of the combined voting power of the Company's then outstanding common stock entitled to vote generally for the election of directors

("Voting Stock"). Notwithstanding anything to the contrary in this definition or any provision of Rule 13d-3 of the Exchange Act, (i) a person or group shall not be deemed to beneficially own Voting Stock (x) to be acquired by such person or group pursuant to an equity or asset purchase agreement, merger agreement, option agreement, warrant agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the acquisition of the Voting Stock in connection with the transactions contemplated by such agreement or (y) solely as a result of any veto or approval rights in any joint venture agreement, shareholder agreement, investor rights agreement or other similar agreement and (ii) a person or group will not be deemed to beneficially own Voting Stock of another person as a result of its ownership of capital stock or other securities of such other person's parent entity (or related contractual rights) unless it owns more than 50% of the total voting power of the Voting Stock of such person's parent entity. For the avoidance of doubt, a transaction will not be deemed to involve a Change of Control if the Company is or becomes a direct or indirect wholly owned Subsidiary of a person and the direct or indirect holders of the Voting Stock of such person immediately following that transaction are substantially the same as the holders of the Voting Stock of the Company immediately prior to that transaction.

"Corporate Status" describes the status of a person who is or was a director, officer, partner, trustee, managing member, manager, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, limited liability company, employee benefit plan or other Enterprise that such person is or was serving at the request of the Company.

"Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

"Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the request of the Company as a director, officer, partner, trustee, managing member, manager, employee, agent or fiduciary.

"Exchange Act" means the Securities Exchange of 1934, as amended.

"Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

"Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term **"Independent Counsel"** shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Proceeding" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is

or will be involved as a party or otherwise, by reason of Indemnitee's Corporate Status, by reason of any action taken by Indemnitee or of any inaction on Indemnitee's part while acting in Indemnitee's Corporate Status; in each case whether or not Indemnitee is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce Indemnitee's rights under this Agreement.

14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity or, legality, and enforceability the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the fullest extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

- (a) To Indemnitee at the address set forth below Indemnitee's signature hereto.
- (b) To the Company at:

Fossil Group, Inc.
901 South Central Expressway
Richardson, Texas 75080
Attention: General Counsel
E-mail: legal@fossil.com

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other

transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) generally and unconditionally consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Indemnification Agreement on and as of the day and year first above written.

FOSSIL GROUP, INC.

By: _____
Name: _____
Title: _____

INDEMNITEE

Name:
Address:

EXECUTIVE SEVERANCE AGREEMENT

This Executive Severance Agreement (this “**Agreement**”), made this 6th day of November, 2023 (the “**Effective Date**”), is by and between Fossil Partners, L.P., a Texas limited partnership (the “**Company**”), and Sunil Doshi, a resident of Texas (“**Executive**”) (the signatories to this Agreement will be referred to herein individually as a “**Party**” and jointly as the “**Parties**”).

WHEREAS, the Company desires that Executive receive certain severance benefits in connection with certain terminations of service in exchange for entering into this Agreement; and

WHEREAS, both the Company and Executive have read and understood the terms and provisions set forth in this Agreement, and have been afforded a reasonable opportunity to review this Agreement with their respective advisors.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Executive and the Company agree as follows:

1. **DEFINITIONS.**

- a. “**Affiliate**” shall have the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.
- b. “**Base Salary**” means Executive’s then current annual base salary in effect.
- c. “**Beneficial Owner**” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

d. “**Cause**” shall mean Executive’s Termination of Service by the Company upon the occurrence of any of the following events, as determined by the Company, in its sole discretion: (i) an act or acts of theft, embezzlement, fraud, or dishonesty by Executive, regardless of whether it relates to the Company or its Affiliates; (ii) a willful or material misrepresentation by Executive that relates to the Company or its Affiliates or has an impact on the Company or its Affiliates; (iii) any gross or willful misconduct by Executive with regard to the Company or its Affiliates; (iv) any violation by Executive of any fiduciary duties owed by Executive to the Company or its Affiliates; (v) Executive’s conviction of, or pleading nolo contendere or guilty to, a felony (other than a traffic infraction) or misdemeanor; (vi) a material violation of the Company’s written policies, standards or guidelines, which Executive failed to cure within thirty (30) days after receiving written notice from the Company specifying the alleged violation; (vii) Executive’s failure or refusal to satisfactorily perform the duties and responsibilities required to be performed by Executive or necessary to carry out Executive’s job duties, which Executive failed to cure within thirty (30) days after receiving written notice from the Company specifying the alleged willful failure or refusal; (viii) the failure or refusal of Executive to follow the lawful directives of the Company; (ix) Executive’s illegal use of drugs, use of alcohol or illegal drugs in the workplace, or Executive is under the influence of alcohol or illegal drugs in the workplace or Executive possesses illegal drugs in the workplace (x) a material breach by Executive of any agreement to which Executive and the Company are parties that is not cured by Executive within thirty (30) days after receipt by Executive of a written notice from the Company specifying the

details of such breach; or (xi) Employee's unauthorized use or disclosure of any Proprietary Information of the Company

- e. **"Change in Control"** shall mean a "Change in Control" as defined in the Incentive Plan.
- f. **"Code"** means the Internal Revenue Code of 1986, as amended.
- g. **"Date of Grant"** means, with respect to an equity or equity-based award previously granted to Executive, the applicable date of grant of such award as set forth in the award agreement for such award.
- h. **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.
- i. **"Fossil"** means Fossil Group, Inc., a Delaware corporation.
- j. **"Good Reason"** means Executive's resignation in accordance with the following sentence after the occurrence of one or more of the following without Executive's express written consent: (i) a material diminution by the Company in Executive's Base Salary; provided, however, that, a reduction of Base Salary that (combined with all prior reductions) totals ten percent (10%) or less and also applies to substantially all other similarly situated employees of the Company will not be grounds for "Good Reason"; (ii) a material reduction of Executive's authority, duties, or responsibilities relative to Executive's authority, duties, or responsibilities in effect immediately prior to such reduction, provided, however, that continued employment following a Change in Control with substantially the same responsibility with respect to the Company's business and operations will not constitute "Good Reason" (for example, "Good Reason" does not exist if Executive is employed by the Company with substantially the same responsibilities with respect to the Company's business that Executive had immediately prior to the Change in Control regardless of whether Executive's title is revised to reflect Executive's placement within the overall corporate hierarchy or whether Executive provides services to a subsidiary, affiliate, business unit or otherwise); (iii) the relocation of Executive's principal work location(s) to a facility or a location more than fifty (50) miles from Executive's prior work location; or (iv) the Company's material breach of its employment agreement with Executive. In order for Executive's resignation to be for Good Reason, Executive must not terminate employment with the Company without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within sixty (60) days of Executive's awareness of the initial existence of the grounds for "Good Reason" and a cure period of thirty (30) days following the date of written notice (the **"Cure Period"**), such grounds must not have been cured during such time, and Executive must resign within thirty (30) days following the end of the Cure Period.
- k. **"Incentive Plan"** means the Fossil Group, Inc. 2016 Long-Term Incentive Plan, or any successor plan thereto.
- l. **"Person"** shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) Fossil or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Fossil or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of Fossil in substantially the same proportions as their ownership of stock of Fossil.

m. **"PSU Awards"** means performance-based restricted stock unit awards granted pursuant to the Incentive Plan.

n. **"Restricted Area"** means the geographical area within which Executive performed services for the Company or its Affiliates or for which Executive had any responsibility or about which Executive received Proprietary Information during the term of Executive's employment with the Company.

o. **"Target"** means the Company's or its Affiliates' desired performance metric achievement determined for each fiscal year to calculate Executive pay for benchmarking purposes.

p. **"Target Bonus"** means the annual cash bonus compensation, if any, that may be paid to Executive if Executive and the Company and its Affiliates achieved the Target level performance goals established by the Company and its Affiliates for the applicable performance period under any cash bonus plan.

q. **"Termination Date"** means the effective date of Executive's Termination of Service.

r. **"Termination of Service"** means a "separation from service" within the meaning of Section 409A of the Code and the final treasury regulations issued thereunder.

s. **"Time-Based Awards"** means non-performance-based restricted stock unit and stock appreciation right awards granted pursuant to the Incentive Plan.

2. **TERM.** The initial term (the **"Initial Term"**) of this Agreement shall be for the period commencing on the Effective Date and ending on the third (3rd) anniversary of the Effective Date. On the third (3rd) anniversary of the Effective Date and on each subsequent anniversary thereafter, the term of this Agreement shall automatically renew and extend for a period of twelve (12) months (each such twelve (12)-month period being a **"Renewal Term"**) unless written notice of non-renewal is delivered by either party to the other not less than sixty (60) days prior to the expiration of the then-existing Initial Term or Renewal Term, as applicable. For the purposes herein, the Initial Term and the Renewal Term may also be referred to collectively as the **"Term."**

3. **DUTIES.** The Company has agreed to employ Executive and Executive is currently employed as Executive Vice President, Chief Financial Officer and Treasurer. The specific position and duties assigned to Executive may be changed or modified at any time by the Company, in its sole discretion. Executive will work diligently to perform his or her assigned duties in a reasonable, timely, and professional manner, and will comply with all applicable policies and rules of the Company.

4. **AT WILL EMPLOYMENT.** At all times during his or her employment with the Company, Executive's employment will be considered at-will. Nothing in this Agreement shall be construed as a guarantee of present or future employment with the Company.

5. **COMPENSATION.** During the Term of this Agreement, the Company will provide Executive with compensation and benefits, subject to adjustment at any time at the Company's discretion. Compensation will be paid in accordance with the Company's payroll policies and practices, which may be adjusted at any time at the Company's discretion.

6. SEVERANCE BENEFITS.

a. TERMINATION OF SERVICE WITHOUT CAUSE OR RESIGNATION FOR GOOD REASON. Subject to the terms and conditions of Section 6(c) below and provided Executive has not otherwise forfeited his or her rights under this Agreement, upon Executive's Termination of Service by the Company without Cause or resignation for Good Reason, Executive shall become entitled to the following:

(i) payment of an amount equal to eighteen (18) months of Executive's Base Salary as of the Termination Date (or if such termination of employment is a result of Section 1(j)(i), then Executive's Base Salary immediately prior to such reduction of Base Salary), less all applicable withholdings and taxes, payable in a lump sum on the first payroll date coinciding with or immediately following the sixtieth (60th) day following the Termination Date;

(ii) payment of a cash bonus under any cash bonus plan for which Executive was eligible on the Termination Date as follows:

A. a pro-rata bonus amount for the fiscal year in which Executive's Termination of Service occurs based on the actual performance by Fossil and its Affiliates under the applicable cash bonus plan, payable in a lump sum to Executive at the same time as other active employees under the applicable cash bonus plan, but in no event later than March 15th of the calendar year following the Termination Date, less all applicable withholdings and taxes. The amount to be paid to Executive hereunder shall be the Target Bonus payment amount Executive would have received under the cash bonus plan using Executive's Target level performance (or any subsequent target level performance measurement used under a cash bonus plan for Executive) had Executive not incurred a Termination of Service *times (1)* the number of actual days Executive was employed during the fiscal year through the Termination Date, *divided by (2)* three hundred sixty-five (365); and

B. an amount equal to the full Target Bonus for which Executive was eligible for the fiscal year in which Executive's Termination of Service occurs *times one (1)*, less all applicable withholdings and taxes, payable in a lump sum on the first payroll date coinciding with or immediately following the sixtieth (60th) day following the Termination Date.

(iii) with respect to any outstanding Time-Based Awards, full acceleration of vesting of such awards, as of the Termination Date;

(iv) with respect to any outstanding PSU Awards, unless more favorable vesting is provided under the terms of the applicable award agreement, (A) if the Termination of Service occurs within the first half of the applicable performance period, then full acceleration of vesting at Target performance, and (B) if the Termination of Service occurs within the second half of the applicable performance period, then accelerated vesting of the award, based on actual performance of Fossil and its Affiliates if measurable, or at Target performance if the performance of Fossil and its Affiliates is not measurable; and

(v) notwithstanding anything in an award agreement to the contrary, all vested stock appreciation rights, whether vested pursuant to this Section 6 or the terms of such award, shall be exercisable until the earlier of (1) the expiration date of such stock appreciation right award, and (2) the date that is twenty-four (24) months from the Termination Date.

b. HEALTH BENEFITS. Executive shall receive information about continuation health care coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**") under separate cover. Subject to the terms and conditions of Section 6(c) below and provided Executive has not otherwise forfeited his or her rights under this Agreement, the Company shall pay Executive on a monthly basis, an amount equal to the Company paid portion of the health insurance premiums that were paid by the Company on behalf of Executive immediately prior to the Termination Date, less all applicable taxes and withholdings required and/or authorized by law (the "**Healthcare Allowance**"), to be used by Executive to purchase health coverage after the Termination Date, such as COBRA coverage or coverage on the Health Insurance Marketplace (Exchange). Such Healthcare Allowance will be made available to Executive for a period of eighteen (18) months from the Termination of Service or until Executive becomes eligible to participate in another employer's health care plan, whichever date is earlier. The amount of the Healthcare Allowance will be calculated by the Company's benefits department. However, Executive is not required to use any portion of the Healthcare Allowance for this purpose or provide evidence of such health coverage. It is solely Executive's responsibility to elect or apply for post-termination health coverage and to pay the full amount of any required premium or contribution for such post-termination health coverage. The Company agrees to pay the Healthcare Allowance to Executive in accordance with the Company's normal payroll practices, with the first payment commencing on the first payroll date coinciding with or immediately following the sixtieth (60th) day following the Termination Date; provided, that, the first payment shall include any payment that would have otherwise been paid during the preceding sixty (60) day period.

c. ELIGIBILITY: RELEASE. The right to the payments and benefits described in this Section 6 is conditioned upon: (i) Executive's continued compliance with any restrictive covenants in any written agreement between Executive and the Company, including, without limitation, Sections 7, and 8; and (ii) within fifty (50) days following the Termination Date, the execution and delivery to the General Counsel of the Company by Executive of a release prepared by the Company and providing for Executive's release of any and all claims against the Company and its Affiliates (and those acting on behalf of them) that may have arisen on or before the date of the release, which release shall contain such other reasonable and customary terms as are specified by and acceptable to the Company (the "**Release**"). Notwithstanding any provisions to the contrary, the payments and benefits described in this Section 6 shall not be paid unless and until such binding release is effective. If such executed release is not delivered within fifty (50) days of the Termination Date, then all rights to the payments and benefits described in this Section 6 shall be forfeited.

7. NON-DISCLOSURE AND CONFIDENTIALITY.

a. Executive acknowledges that, by the nature of his or her duties and in order for Executive to perform his or her duties, the Company and its Affiliates shall disclose to Executive, and Executive shall have otherwise prohibited access to, trade secrets and confidential, proprietary, and highly sensitive information of and/or relating to the Company and its Affiliates, which is a competitive asset of the Company and its Affiliates and which Executive did not have prior knowledge of, including, without

limitation, information pertaining to: (i) the identities of existing and prospective customers or clients, including names, addresses, contact persons, and pricing information; (ii) current, pending, and prospective contracts and business relationships; (iii) business information pertaining to existing and prospective customers or clients, including customer or client preferences and non-public personal information; (iv) product and systems specifications, concepts for new or improved products, and other product or systems data; (v) the identities of and special skills possessed by the Company, its Affiliates and/or the Company's or its Affiliates' executives; (vi) customer or client lists and profiles developed and/or purchased by the Company or its Affiliates; (vii) training programs developed by the Company or its Affiliates; (viii) pricing studies, information, and analyses; (ix) current and prospective products, product designs, inventions, services, and or systems; (x) financial models, business projections and market studies; (xi) the Company's and its Affiliates' financial results and business conditions, including, without limitation, marketing and business plans and strategies; (xii) special processes, procedures, and services of the Company and its Affiliates; (xiii) computer programs, technology, and software developed by the Company, its Affiliates and/or their consultants; (xiv) any and all information regarding the salary, pay scale, capabilities, experiences and desires of the Company's and its Affiliates' employees and independent contractors; (xv) vendor or supplier lists, profiles, preferences and non-public personal information; and (xvi) and other proprietary or otherwise sensitive business information disclosed to Executive by the Company or its Affiliates, either directly or indirectly, in writing, orally, or by drawings or observation. The confidential, proprietary, and highly sensitive information described in this Section 7(a) is hereinafter referred to as "**Proprietary Information**."

b. Executive acknowledges and agrees that Proprietary Information is proprietary to and a trade secret of the Company and its Affiliates and, as such, is a special and unique asset of the Company and its Affiliates. Executive recognizes and agrees that the unauthorized disclosure and/or use of Proprietary Information will place the Company and its Affiliates at a competitive disadvantage and cause irreparable harm and loss to the Company and its Affiliates. Executive understands and acknowledges that each and every component of the Proprietary Information (i) has been developed by the Company and its Affiliates at significant effort and expense and is sufficiently secret to derive economic value from not being generally known to other parties, and (ii) constitutes a protectable business interest of the Company and its Affiliates. Executive agrees to preserve and protect the confidentiality of all Proprietary Information. Consequently, during Executive's employment with the Company and at all times after Executive's Termination of Service for any reason, Executive agrees not to: (A) use, directly or indirectly, at any time, any Proprietary Information for his or her own benefit or for the benefit of another; or (B) disclose, directly or indirectly, any Proprietary Information to any person or entity, except as permitted in the proper performance of the duties assigned to Executive in this Agreement or as otherwise required by law. Executive acknowledges and agrees that the Company and its Affiliates own the Proprietary Information. Executive agrees not to dispute, contest, or deny any such ownership rights either during or after the Executive's employment with the Company. Executive further acknowledges and agrees not to make copies of any Proprietary Information, except in the performance of the duties assigned to him or her in this Agreement.

c. Executive's obligations under this Section 7 shall survive Executive's employment with the Company. Executive's obligations under this Section 7 are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which he or she may have to the Company or its Affiliates under general legal or

equitable principles or under other policies of or agreements with the Company or its Affiliates.

d. Notwithstanding any other provision of this Agreement, Executive may disclose Proprietary Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over Executive or the business of the Company or its Affiliates or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose, or make accessible such information. The Parties agree that nothing in this Agreement is intended to interfere with Executive's right to (a) report possible violations of federal, state, or local law or regulation to any governmental agency or entity charged with the enforcement of any laws; (b) make other disclosures that are protected under the whistleblower or other provisions of federal, state, or local law or regulation, including, to the extent applicable, Section 7 of the NLRA; (c) file a claim or charge with any federal, state, or local government agency or entity; or (d) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any federal, state or local government or law enforcement agency, entity, or court. In making or initiating any such reports or disclosures, Executive need not seek the Company's or its Affiliates' prior authorization and is not required to notify the Company or its Affiliates of any such reports or disclosures.

Executive is hereby notified that 18 U.S.C. § 1833(b)(1) states: "An individual shall not be held criminally or civilly liable under any federal or State trade secret law for the disclosure of a trade secret that (a) is made (1) in confidence to a federal, State, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Executive has the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Executive also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

8. NON-COMPETITION; NON-SOLICITATION AND NONDISPARAGEMENT.

a. Executive acknowledges that the Company and its Affiliates have, over a period of time, developed, and will continue, over a period of time, to develop, significant relationships and goodwill between themselves and their current and prospective clients, customers, vendors, and suppliers by, among other actions, providing superior products and services to their current and prospective clients, customers, vendors, and suppliers. Executive further acknowledges that these relationships and goodwill are a valuable asset belonging solely to the Company and its Affiliates. The Company and its Affiliates promise to share their business relationships and goodwill with Executive.

b. Executive agrees that, as part of his or her employment with the Company, he or she will become familiar or otherwise have access to the Proprietary Information of the Company and its Affiliates, including, without limitation, information regarding the salary, pay scale, capabilities, experiences and desires of the Company's and its Affiliates' employees and independent contractors. Executive agrees to maintain the confidentiality of such information.

c. Executive acknowledges that, in exchange for the execution of the non-competition and non-solicitation restrictions set forth below in this Section 8, he or she

has received substantial, valuable consideration, including access to the Proprietary Information and the additional consideration set forth in Sections 5, 6 and 7 above. Executive acknowledges and agrees that this consideration constitutes fair and adequate consideration for the execution of the non-competition and non-solicitation restrictions set forth in this Section 8.

d. In consideration for (i) the Company's promise to provide Proprietary Information to Executive, (ii) the substantial economic investment made by the Company and its Affiliates in the Proprietary Information and goodwill of the Company and its Affiliates, and/or the business opportunities disclosed or entrusted to Executive, (iii) access to the Company's and its Affiliates' customers, clients, vendors and suppliers, and (iv) the Company's employment of Executive pursuant to this Agreement and the compensation and other benefits provided by the Company to Executive, to protect the Proprietary Information and business goodwill of the Company and its Affiliates, Executive agrees to the following restrictive covenants. Executive agrees that while he or she is employed by the Company and for a period of eighteen (18) months following Executive's Termination of Service or as otherwise set forth herein, he or she shall not, without the Company's prior written consent, directly or indirectly, alone or for his or her own account, or as a principal, owner, partner, member, manager, executive, advisor, agent, trustee, officer, director, employee, shareholder, or consultant of any corporation, trust, partnership, joint venture or other business organization or entity, or in any other manner or capacity whatsoever:

(i) Be employed by, work for, perform consulting services for, have business dealings with, control, manage, have an ownership interest in, establish, take steps to establish, engage in or otherwise become involved with, directly or indirectly, any business, operation, corporation, partnership, association, agency, or other person or entity that is in the business of producing, marketing, servicing, and/or retailing, directly or at wholesale, watches in the Restricted Area; or

(ii) call upon, solicit, divert, interfere with, induce, or attempt to call upon, solicit, divert, interfere with, or induce any of the Company's or its Affiliates' clients or customers with whom the Company or its Affiliates did business or were in the process of conducting business during the previous twenty-four (24) months of Executive's employment with the Company, and who or which: (A) Executive contacted, called on, serviced or did business with during Executive's employment with the Company; (B) Executive learned of as a result of Executive's employment with the Company; or (C) about whom Executive received or otherwise had access to Proprietary Information. This restriction applies only to business which is in the scope of services or products provided by the Company or its Affiliates;

(iii) cause, induce, solicit or attempt to cause, induce or solicit clients, manufacturers, suppliers, or others doing business with the Company or its Affiliates to terminate, reduce, or alter such business with the Company or its Affiliates;

(iv) recruit, hire, or attempt to recruit or hire, directly, indirectly or by assisting others, any other employees or independent contractors of the Company or its Affiliates, nor shall he or she contact or communicate with any other employees or independent contractors of the Company or its Affiliates for the purpose of inducing such other employees or independent contractors to terminate their employment or association with the Company or its Affiliates. For purposes of this covenant, "other employees or independent contractors" shall refer to

permanent employees, temporary employees, or independent contractors who were employed by, doing business with, or associated with the Company or its Affiliates within six (6) months of the time of the attempted recruiting or hiring. Executive's obligations under this section shall survive Executive's employment with the Company; or

(v) at any time, directly or indirectly, disclose, communicate, or publish any disparaging, reckless or maliciously untrue information concerning the Company's or its Affiliates' directors, officers, employees, products, services, customers, business policies or practices. Nothing in this Agreement is intended to prevent Executive from testifying truthfully in any legal proceeding, and nothing in this provision is intended to interfere with Executive's right to engage in the conduct set forth in Section 7(d) or (e), nor is it intended to interfere with any rights afforded to Executive under Section 7 of the National Labor Relations Act (the "**NLRA**").

e. Executive understands that the non-competition, non-solicitation, and non-disparagement restrictions shall apply whether he or she acts as an individual or for his or her own account, or as a principal, partner, owner, member, manager, executive, officer, director, employee, advisor, agent, trustee, shareholder, salesman, distributor, consultant, representative or in any other capacity whatsoever, of any person, firm, corporation or other entity.

f. Executive agrees that the non-competition, non-solicitation, and non-disparagement restrictions set forth above are ancillary to an otherwise enforceable agreement and supported by independent valuable consideration. Executive further agrees that the limitations as to time, geographical area, and scope of activity to be restrained by this Section 8 are reasonable and acceptable to him or her, and do not impose any greater restraint than is reasonably necessary to protect the goodwill and other business interests of the Company and Affiliates. Executive agrees that if, at some later date, a court of competent jurisdiction determines that the restrictive covenants, including the non-competition and/or non-solicitation restrictions set forth in this Section 8 are unreasonable or unenforceable as written, this Section 8 may be reformed by the court and enforced to the maximum extent permitted by law.

g. If Executive is found to have violated any of the provisions of this Section 8, Executive agrees that the restrictive period of each covenant so violated shall be extended by a period of time equal to the period of such violation by him or her. It is the intent of this Section 8 that the running of the restrictive period of any covenant shall be tolled during any period of violation of such covenant so that the Company may obtain the full and reasonable protection for which it contracted and so that Executive may not profit from his or her breach.

h. Executive understands that his or her obligations under this Section 8 shall survive his or her employment with the Company and shall not be assignable by him or her.

9. REMEDIES FOR BREACH OF SECTIONS 7 and 8. In the event that Executive violates any of the provisions set forth in Sections 7 or 8 of this Agreement, he or she acknowledges that the Company will suffer immediate and irreparable harm which cannot be accurately calculated in monetary damages and/or for which money damages would not be a sufficient remedy to the Company. Consequently, Executive acknowledges and agrees that the Company shall be entitled to a temporary restraining order and injunctive relief, to prevent such a violation or threatened violation, and to recover from Executive the Company's attorneys' fees,

costs and expenses related to any violation or threatened violation of this Agreement and enforcement of this Agreement. Executive further acknowledges and agrees that this injunctive relief shall be in addition to any other legal or equitable relief to which the Company would be entitled. The existence of any claim or cause of action by Executive against the Company or its Affiliates, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of Sections 7 or 8 of this Agreement or preclude injunctive relief. Executive also acknowledges that violations of the provisions set forth in Sections 7 or 8 will result in the immediate cessation of the payments and benefits described in Section 6 above.

10. CLAWBACK. Executive acknowledges, understands and agrees, with respect to any compensation paid to Executive pursuant to this Agreement or otherwise, that such compensation shall be subject to recovery by the Company, and Executive shall be required to repay such compensation, if either in the year such compensation is paid, or within the three (3) year period thereafter: (i) Fossil (or any successor thereto) is required to prepare an accounting restatement due to material noncompliance of the Company or an Affiliate with any financial reporting requirement under applicable securities laws and Executive is or was during such three (3) year period, either a named executive officer of Fossil or an employee of the Company who is responsible for preparation of the Company's financial statements; or (ii) the Company or Fossil is required by applicable law to require repayment by Executive of such compensation. Notwithstanding the foregoing, the Parties agree that the repayment obligations set forth in the foregoing sentence shall only apply to the extent repayment is required by applicable law.

11. SEVERABILITY. The Parties acknowledge that each covenant and/or provision of this Agreement shall be enforceable independently of every other covenant and/or provision. Furthermore, Executive and the Company acknowledge that, in the event any covenant and/or provision of this Agreement is determined to be unenforceable for any reason, the remaining covenants and/or provisions will remain effective, binding and enforceable.

12. COMPLETE AGREEMENT; MODIFICATION. The Parties acknowledge and agree that this Agreement constitutes the complete and entire agreement between the Parties with respect to the subject matter hereof, and fully supersedes any and all prior negotiations, discussions, agreements, understanding or representations pertaining to or concerning the subject matter of this Agreement. The Parties further acknowledge and agree that each executed this Agreement based upon the express terms and provisions set forth herein; that, in entering into this Agreement, Executive is not relying on, has not relied on, and specifically disclaims any reliance upon any representations, promises, statements, communications, or inducements, oral or written, by the Company or its agents, which are not set forth in this Agreement; that no previous agreements or statements, either oral or written, shall have any effect on the terms or provisions of this Agreement; and that all previous agreements, either oral or written, [including, without limitation, the Retirement Agreement.] are expressly superseded and revoked by this Agreement; except that Executive agrees that he or she continues to be bound by and will comply with all non-disclosure, non-competition, and non-solicitation agreements previously made by Executive. The provisions hereof may not be altered, amended, modified, waived, or discharged in any way whatsoever, except by written agreement executed by Executive and an authorized representative of the Company. Executive represents that Executive relied solely and only on Executive's own judgment in making the decision to enter into this Agreement.

13. GOVERNING LAW AND VENUE. The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties hereunder, shall be governed by, construed under, and in accordance with the laws of the State of Texas. With respect to any disputes, claims and causes of action between the Parties hereto, the Company and Executive agree that the state and federal courts situated in Dallas County, Texas, shall have personal jurisdiction over the Company and Executive to hear all disputes arising under this Agreement. This Agreement is to be at least partially performed in Dallas County, Texas, and, as such, the

Company and Executive agree that venue shall be proper with the state or federal courts in Dallas County, Texas, to hear such disputes.

14. VOLUNTARY AGREEMENT. The Parties acknowledge that each has carefully read this Agreement, that each has had an opportunity to consult with his or her or its attorney concerning the meaning, import and legal significance of this Agreement, that each understands its terms, that all understandings and agreements between Executive and the Company relating to the subjects covered in this Agreement are contained in it, and that each has entered into the Agreement voluntarily and not in reliance on any promises or representations by the other Party, other than those contained in this Agreement.

15. ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors and permitted assigns. Executive may not assign this Agreement to a third party. The Company may assign its rights, together with its obligations hereunder, to any affiliate and/or subsidiary of the Company or any successor thereto or any purchaser of substantially all of the assets of the Company.

16. CODE SECTION 280G.

a. Code Section 280G Treatment. In the event it is determined that any payment, distribution, or benefit of any type by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise in connection with a Change in Control (the "**Change in Control Payments**"), constitute "parachute payments" within the meaning of Code Section 280G(b)(2), the Company will provide Executive with a computation of (i) the maximum amount of the Change in Control Payments that could be made, without the imposition of the excise tax imposed by Code Section 4999 (said maximum amount being referred to as the "**Capped Amount**"); (ii) the value of the Change in Control Payments that could be made pursuant to the terms of this Agreement (all said payments, distributions and benefits being referred to as the "**Uncapped Amount**"); (iii) the dollar amount of the excise tax (if any) including any interest or penalties with respect to such excise tax which Executive would become obligated to pay pursuant to Code Section 4999 as a result of receipt of the Uncapped Payments (the "**Excise Tax Amount**"); and (iv) the net value of the Uncapped Amount after reduction by the Excise Tax Amount and the estimated income taxes payable by Executive on the difference between the Uncapped Amount and the Capped Amount, assuming that Executive is paying the highest marginal tax rate for state, local and federal income taxes (the "**Net Uncapped Amount**"). If the Capped Amount is greater than the Net Uncapped Amount, Executive shall be entitled to receive or commence to receive payments equal to the Capped Amount; or if the Net Uncapped Amount is greater than the Capped Amount, Executive shall be entitled to receive or commence to receive payments equal to the Uncapped Amount. If Executive receives the Uncapped Amount, then Executive shall be solely responsible for the payment of all income and excise taxes due from Executive and attributable to such Uncapped Amount, including, without limitation, the excise tax including any interest or penalties with respect to such excise tax which Executive may become obligated to pay pursuant to Code Section 4999, with no right of additional payment from the Company as reimbursement for any taxes, interest or penalties.

b. Determination By Accountant. All determinations required to be made under this Section 16 shall be made in writing by the independent accounting firm agreed to by the Company and Executive on the date of the Change in Control (the "**Accounting Firm**"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by Section 17, the Accounting Firm may make reasonable assumptions and approximations

concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and Executive shall furnish to the Accounting Firm such information and documents as it reasonably may request in order to make determinations under this Section 16. If the Accounting Firm determines that no Excise Tax Amount is payable by Executive, it shall furnish Executive with an opinion that he has substantial authority not to report any Code Section 4999 excise tax on his federal income tax return. The Company shall bear all costs the Accounting Firm may reasonably incur in connection with any calculations contemplated by this Section 16.

17. CODE SECTION 409A. It is intended that this Agreement be exempt from the provisions of Code Section 409A, or, to the extent it is found to be subject to Code Section 409A, compliant with Code Section 409A. This Agreement shall be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to be exempt from or compliant with Code Section 409A shall have no force or effect. Notwithstanding the foregoing, nothing contained herein shall be construed as a representation or guarantee by the Company of the tax treatment of the payments and benefits described herein. Executive acknowledges and agrees that the Company has advised him or her to consult with his or her own tax advisor regarding the tax consequences of this Agreement, including, without limitation, any possible tax consequences under Code Section 409A.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth below, to be effective as of the date first above written.

COMPANY:

Fossil Partners, L.P.

By: Fossil Group, Inc., general partner

By: /s/ Kosta N. Kartsotis Date: November 6, 2023

Name: Kosta N. Kartsotis

Title: Chairman and CEO

EXECUTIVE

/s/ Sunil M. Doshi Date: November 6, 2023

Signature Page to Executive Severance Agreement

CERTIFICATION

I, Kosta N. Kartsotis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fossil Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2023

/s/ KOSTA N. KARTSOTIS

Kosta N. Kartsotis

Chief Executive Officer

CERTIFICATION

I, Sunil M. Doshi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fossil Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2023

/s/ SUNIL M. DOSHI

Sunil M. Doshi

Executive Vice President, Chief Financial Officer
and Treasurer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kosta N. Kartsotis, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, the Quarterly Report of Fossil Group, Inc. on Form 10-Q for the quarter ended September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Fossil Group, Inc.

Dated: November 9, 2023

By: /s/ KOSTA N. KARTSOTIS
Name: Kosta N. Kartsotis
Title: Chief Executive Officer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

I, Sunil M. Doshi, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, the Quarterly Report of Fossil Group, Inc. on Form 10-Q for the quarter ended September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Fossil Group, Inc.

Dated: November 9, 2023

By: /S/ SUNIL M. DOSHI
Name: Sunil M. Doshi
Title: Executive Vice President, Chief Financial Officer
and Treasurer

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.