
**United States
Securities and Exchange Commission
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 30, 2024

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 001-41118

GARMIN LTD.

(Exact name of Company as specified in its charter)

Switzerland

(State or other jurisdiction
of incorporation or organization)

98-0229227

(I.R.S. Employer
identification no.)

**Mühlentalstrasse 2
8200 Schaffhausen
Switzerland**

(Address of principal executive offices)

N/A

(Zip Code)

Company's telephone number, including area code: **+41 52 630 1600**

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

**Registered Shares, \$0.10 Per
Share Par Value**

(Title of each class)

GRMN

(Trading
Symbol)

New York Stock Exchange

(Name of each exchange on which
registered)

Indicate by check mark whether the Company (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 Company 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.

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. YES ☐ NO ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

Number of shares outstanding of the registrant’s common shares as of April 26, 2024
Registered Shares, \$0.10 par value: 192,077,718 (excluding treasury shares)

Garmin Ltd.
Form 10-Q
Quarter Ended March 30, 2024

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Part I - Financial Information
Item I - Condensed Consolidated Financial Statements

Garmin Ltd. and Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)
(In thousands, except per share information)

| | 13-Weeks Ended | |
|--|---------------------------|--------------------------|
| | March 30, 2024 | April 1, 2023 |
| Net sales | \$ 1,381,649 | \$ 1,147,424 |
| Cost of goods sold | 579,510 | 494,630 |
| Gross profit | 802,139 | 652,794 |
| Research and development expense | 242,535 | 221,485 |
| Selling, general and administrative expenses | 261,194 | 234,327 |
| Total operating expense | 503,729 | 455,812 |
| Operating income | 298,410 | 196,982 |
| Other income (expense): | | |
| Interest income | 25,027 | 15,899 |
| Foreign currency gains | 2,282 | 7,688 |
| Other income | 1,321 | 1,203 |
| Total other income (expense) | 28,630 | 24,790 |
| Income before income taxes | 327,040 | 221,772 |
| Income tax provision | 51,079 | 19,445 |
| Net income | <u>\$ 275,961</u> | <u>\$ 202,327</u> |
| Net income per share: | | |
| Basic | \$ 1.44 | \$ 1.06 |
| Diluted | \$ 1.43 | \$ 1.05 |
| Weighted average common shares outstanding: | | |
| Basic | 191,890 | 191,498 |
| Diluted | 192,698 | 191,886 |

See accompanying notes.

Garmin Ltd. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Unaudited)
(In thousands)

| | 13-Weeks Ended | |
|---|---------------------------|--------------------------|
| | March 30, 2024 | April 1, 2023 |
| Net income | \$ 275,961 | \$ 202,327 |
| Foreign currency translation adjustment | (59,055) | 16,891 |
| Change in fair value of available-for-sale marketable securities, net of deferred taxes | 2,613 | 11,076 |
| Comprehensive income | <u>\$ 219,519</u> | <u>\$ 230,294</u> |

See accompanying notes.

Garmin Ltd. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands)

| | March 30, 2024 | December 30, 2023 |
|--|---------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,921,782 | \$ 1,693,452 |
| Marketable securities | 274,579 | 274,618 |
| Accounts receivable, net | 694,690 | 815,243 |
| Inventories | 1,302,230 | 1,345,955 |
| Deferred costs | 18,329 | 16,316 |
| Prepaid expenses and other current assets | 305,674 | 318,556 |
| Total current assets | 4,517,284 | 4,464,140 |
| Property and equipment, net of accumulated depreciation of \$1,048,936 and \$1,030,588 | 1,206,401 | 1,224,097 |
| Operating lease right-of-use assets | 136,285 | 143,724 |
| Noncurrent marketable securities | 1,133,958 | 1,125,191 |
| Deferred income tax assets | 763,083 | 754,635 |
| Noncurrent deferred costs | 10,480 | 11,057 |
| Goodwill | 601,618 | 608,474 |
| Other intangible assets, net | 176,647 | 186,601 |
| Other noncurrent assets | 88,124 | 85,650 |
| Total assets | <u>\$ 8,633,880</u> | <u>\$ 8,603,569</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 243,087 | \$ 253,790 |
| Salaries and benefits payable | 192,832 | 190,014 |
| Accrued warranty costs | 55,219 | 55,738 |
| Accrued sales program costs | 77,592 | 98,610 |
| Other accrued expenses | 191,474 | 245,874 |
| Deferred revenue | 100,740 | 101,189 |
| Income taxes payable | 256,442 | 225,475 |
| Dividend payable | — | 139,997 |
| Total current liabilities | 1,117,386 | 1,310,687 |
| Deferred income tax liabilities | 113,932 | 114,682 |
| Noncurrent income taxes payable | 16,128 | 16,521 |
| Noncurrent deferred revenue | 33,928 | 36,148 |
| Noncurrent operating lease liabilities | 105,859 | 113,035 |
| Other noncurrent liabilities | 550 | 436 |
| Stockholders' equity: | | |
| Common shares (194,901 and 195,880 shares authorized and issued; 192,079 and 191,777 shares outstanding) | 19,490 | 19,588 |
| Additional paid-in capital | 2,135,384 | 2,125,467 |
| Treasury shares (2,822 and 4,103 shares) | (226,921) | (330,909) |
| Retained earnings | 5,440,200 | 5,263,528 |
| Accumulated other comprehensive income (loss) | (122,056) | (65,614) |
| Total stockholders' equity | <u>7,246,097</u> | <u>7,012,060</u> |

| | | |
|--|--------------|--------------|
| Total liabilities and stockholders' equity | \$ 8,633,880 | \$ 8,603,569 |
|--|--------------|--------------|

See accompanying notes.

Garmin Ltd. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

| | 13-Weeks Ended | |
|---|---------------------------|--------------------------|
| | March 30, 2024 | April 1, 2023 |
| Operating Activities: | | |
| Net income | \$ 275,961 | \$ 202,327 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 33,892 | 31,952 |
| Amortization | 10,933 | 11,463 |
| Gain on sale or disposal of property and equipment | (12) | (129) |
| Unrealized foreign currency losses (gains) | 2,974 | (867) |
| Deferred income taxes | (9,611) | (15,713) |
| Stock compensation expense | 30,719 | 20,732 |
| Realized loss on marketable securities | — | 20 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable, net of allowance for doubtful accounts | 108,453 | 46,873 |
| Inventories | 16,545 | 43,712 |
| Other current and noncurrent assets | 2,117 | 4,780 |
| Accounts payable | (1,281) | (4,202) |
| Other current and noncurrent liabilities | (64,699) | (67,405) |
| Deferred revenue | (2,549) | (1,876) |
| Deferred costs | (1,451) | 622 |
| Income taxes | 33,314 | 6,921 |
| Net cash provided by operating activities | 435,305 | 279,210 |
| Investing activities: | | |
| Purchases of property and equipment | (33,168) | (46,814) |
| Purchase of marketable securities | (85,626) | (18,684) |
| Redemption of marketable securities | 77,131 | 57,789 |
| Net cash from (payments for) acquisitions | 5,011 | — |
| Other investing activities, net | (223) | (190) |
| Net cash used in investing activities | (36,875) | (7,899) |
| Financing activities: | | |
| Dividends | (140,212) | (139,847) |
| Purchase of treasury shares related to equity awards | (15,987) | (9,169) |
| Purchase of treasury shares under share repurchase plan | — | (43,273) |
| Net cash used in financing activities | (156,199) | (192,289) |
| Effect of exchange rate changes on cash and cash equivalents | (13,913) | 3,387 |
| Net increase in cash, cash equivalents, and restricted cash | 228,318 | 82,409 |
| Cash, cash equivalents, and restricted cash at beginning of period | 1,694,156 | 1,279,912 |
| Cash, cash equivalents, and restricted cash at end of period | <u>\$ 1,922,474</u> | <u>\$ 1,362,321</u> |

See accompanying notes.



Garmin Ltd. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
For the 13-Weeks Ended March 30, 2024 and April 1, 2023
(In thousands)

| | Common Shares | Additional Paid-In Capital | Treasury Shares | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|------------------|----------------------------------|--------------------|----------------------|---|--------------|
| Balance at December 31, 2022 | \$ 17,979 | \$ 2,042,472 | \$ (475,095) | \$ 4,733,517 | \$ (114,533) | \$ 6,204,340 |
| Net income | — | — | — | 202,327 | — | 202,327 |
| Translation adjustment | — | — | — | — | 16,891 | 16,891 |
| Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of \$2,613 | — | — | — | — | 11,076 | 11,076 |
| Comprehensive income | | | | | | 230,294 |
| Dividends | — | — | — | (114) | — | (114) |
| Issuance of treasury shares related to equity awards | — | (14,865) | 14,865 | — | — | — |
| Stock compensation | — | 20,732 | — | — | — | 20,732 |
| Purchase of treasury shares related to equity awards | — | — | (9,169) | — | — | (9,169) |
| Purchase of treasury shares under share repurchase plan, including any associated excise tax | — | — | (41,079) | — | — | (41,079) |
| Balance at April 1, 2023 | \$ 17,979 | \$ 2,048,339 | \$ (510,478) | \$ 4,935,730 | \$ (86,566) | \$ 6,405,004 |

| | Common Shares | Additional Paid-In Capital | Treasury Shares | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|------------------|----------------------------------|--------------------|----------------------|---|--------------|
| Balance at December 30, 2023 | \$ 19,588 | \$ 2,125,467 | \$ (330,909) | \$ 5,263,528 | \$ (65,614) | \$ 7,012,060 |
| Net income | — | — | — | 275,961 | — | 275,961 |
| Translation adjustment | — | — | — | — | (59,055) | (59,055) |
| Adjustment related to unrealized gains (losses) on available-for-sale securities net of income tax effects of \$812 | — | — | — | — | 2,613 | 2,613 |
| Comprehensive income | | | | | | 219,519 |
| Dividends | — | — | — | (214) | — | (214) |
| Issuance of treasury shares related to equity awards | — | (20,802) | 20,802 | — | — | — |
| Stock compensation | — | 30,719 | — | — | — | 30,719 |
| Purchase of treasury shares related to equity awards | — | — | (15,987) | — | — | (15,987) |
| Purchase of treasury shares under share repurchase plan, including any associated excise tax | — | — | — | — | — | — |
| Cancellation of treasury shares | (98) | — | 99,173 | (99,075) | — | — |
| Balance at March 30, 2024 | \$ 19,490 | \$ 2,135,384 | \$ (226,921) | \$ 5,440,200 | \$ (122,056) | \$ 7,246,097 |

See accompanying notes.

Garmin Ltd. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
March 30, 2024
(In thousands, except per share information)

1. Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of Garmin Ltd. and its wholly-owned subsidiaries (collectively, we, our, us, the Company or Garmin). Intercompany balances and transactions have been eliminated.

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The condensed consolidated balance sheet at December 30, 2023 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Additionally, the condensed consolidated financial statements should be read in conjunction with Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q, and the Company's Annual Report on Form 10-K for the year ended December 30, 2023.

The Company's operating results are subject to fluctuations associated with seasonal demand for consumer products, the timing of new product introductions, and original equipment manufacturer (OEM) customer production schedules. Therefore, operating results for the 13-week period ended March 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 28, 2024.

The Company's fiscal year is based on a 52- or 53-week period ending on the last Saturday of the calendar year. Therefore, the financial results of certain 53-week fiscal years, and the associated 14-week quarters, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated 13-week quarters. The quarters ended March 30, 2024 and April 1, 2023 both contain operating results for 13 weeks.

Changes in Classification and Allocation

Certain prior period amounts have been reclassified or presented to conform to the current period presentation.

In the first quarter of fiscal 2024, the Company changed the presentation of operating expense to include advertising expense within selling, general and administrative expenses on the Company's condensed consolidated statements of income, which management believes to be a more meaningful presentation. As a result, the Company's condensed consolidated statements of income have been recast for the 13-week period ended April 1, 2023 to conform with the current period presentation. This change had no effect on the Company's consolidated operating or net income.

Significant Accounting Policies

For a description of the significant accounting policies and methods used in the preparation of the Company's condensed consolidated financial statements, refer to Note 1, "Summary of Significant Accounting Policies" in the Notes to the Consolidated Financial

Statements in Part II, Item 8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023. There were no material changes to the Company's significant accounting policies during the 13-week period ended March 30, 2024.

Recently Adopted Accounting Standards

There are no recently adopted accounting standards that have a material impact on the Company's consolidated financial statements, accounting policies, processes, or systems.

Recently Issued Accounting Pronouncements Not Yet Adopted

Income Taxes

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (“ASU 2023-09”) to enhance the transparency and decision usefulness of income tax disclosures, primarily related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that the updated standard will have on its financial statement disclosures.

Segment Reporting

In November 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (“ASU 2023-07”) to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that the updated standard will have on its financial statement disclosures.

2. Revenue

In order to further depict how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors, we disaggregate revenue (“net sales”) by geographic region, major product category, and pattern of recognition.

Disaggregated revenue by geographic region (Americas, APAC, and EMEA) is presented in Note 11 – Segment Information and Geographic Data. Note 11 also contains disaggregated revenue information of the five major product categories identified by the Company – fitness, outdoor, aviation, marine, and auto OEM.

A large majority of the Company's sales are recognized on a point in time basis, usually once the product is shipped and title and risk of loss have transferred to the customer. Sales recognized over a period of time are primarily within the outdoor, aviation, and auto OEM segments and relate to performance obligations that are satisfied over the estimated life of the product or contractual service period. Revenue disaggregated by the timing of transfer of the goods or services is presented in the table below:

| | 13-Weeks Ended | |
|---------------|---------------------------|--------------------------|
| | March 30, 2024 | April 1, 2023 |
| Point in time | \$ 1,306,447 | \$ 1,081,068 |
| Over time | 75,202 | 66,356 |
| Net sales | <u>\$ 1,381,649</u> | <u>\$ 1,147,424</u> |

Transaction price and costs associated with the Company's unsatisfied performance obligations are reflected as deferred revenue and deferred costs, respectively, on the Company's condensed consolidated balance sheets. Such amounts are recognized ratably over the applicable service period or estimated useful life. Changes in deferred revenue and costs during the 13-week period ended March 30, 2024 are presented below:

| 13-Weeks Ended March 30, 2024 |
|--|
|--|

| | Deferred Revenue ⁽¹⁾ | Deferred Costs ⁽²⁾ |
|------------------------------------|--|--|
| Balance, beginning of period | \$ 137,337 | \$ 27,373 |
| Deferrals in period | 72,533 | 13,474 |
| Recognition of deferrals in period | (75,202) | (12,038) |
| Balance, end of period | <u>\$ 134,668</u> | <u>\$ 28,809</u> |

- (1) Deferred revenue is comprised of both deferred revenue and noncurrent deferred revenue per the condensed consolidated balance sheets.
- (2) Deferred costs are comprised of both deferred costs and noncurrent deferred costs per the condensed consolidated balance sheets.

Of the \$75,202 of deferred revenue recognized in the 13-week period ended March 30, 2024, approximately \$39,000 was deferred as of the beginning of the period. Of the \$134,668 of deferred revenue as of March 30, 2024, the Company expects to recognize approximately 85% percent ratably over a total period of three years or less.

3. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share. Stock options, stock appreciation rights, and restricted stock units are collectively referred to as “equity awards”.

| | 13-Weeks Ended | |
|--|---------------------------|--------------------------|
| | March 30, 2024 | April 1, 2023 |
| Numerator: | | |
| Numerator for basic and diluted net income per share – net income | \$ 275,961 | \$ 202,327 |
| Denominator: | | |
| Denominator for basic net income per share – weighted-average common shares | 191,890 | 191,498 |
| Effect of dilutive equity awards | 808 | 388 |
| Denominator for diluted net income per share – adjusted weighted-average common shares | 192,698 | 191,886 |
| Basic net income per share | \$ 1.44 | \$ 1.06 |
| Diluted net income per share | \$ 1.43 | \$ 1.05 |
| Shares excluded from diluted net income per share calculation: | | |
| Anti-dilutive equity awards | — | 218 |

4. Marketable Securities

Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The accounting guidance classifies the inputs used to measure fair value into the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for the identical asset or liability

Level 2 Observable inputs for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability

Level 3 Unobservable inputs for the asset or liability

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Valuation is based on prices obtained from an independent pricing vendor using both market and income approaches.

The primary inputs to the valuation include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Marketable securities classified as available-for-sale securities are summarized below:

| Available-For-Sale Securities as of March 30, 2024 | | | | | |
|---|------------------------|--------------------|------------------------------|-------------------------------|--------------------|
| | Fair Value Level | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| U.S. Treasury securities | Level 2 | \$ 3,446 | \$ — | \$ — | \$ 3,446 |
| Agency securities | Level 2 | 20,695 | 21 | (598) | 20,118 |
| Mortgage-backed securities | Level 2 | 37,510 | — | (4,516) | 32,994 |
| Corporate debt securities | Level 2 | 1,111,977 | 732 | (43,402) | 1,069,307 |
| Municipal securities | Level 2 | 296,722 | 49 | (17,069) | 279,702 |
| Other | Level 2 | 3,193 | — | (223) | 2,970 |
| Total | | \$1,473,543 | \$ 802 | \$ (65,808) | \$1,408,537 |

| Available-For-Sale Securities as of December 30, 2023 | | | | | |
|--|------------------------|--------------------|------------------------------|-------------------------------|--------------------|
| | Fair Value Level | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| U.S. Treasury securities | Level 2 | \$ 2,971 | \$ 1 | \$ — | \$ 2,972 |
| Agency securities | Level 2 | 23,692 | 32 | (585) | 23,139 |
| Mortgage-backed securities | Level 2 | 38,743 | — | (4,731) | 34,012 |
| Corporate debt securities | Level 2 | 1,104,834 | 1,680 | (46,073) | 1,060,441 |
| Municipal securities | Level 2 | 294,240 | 98 | (18,430) | 275,908 |
| Other | Level 2 | 3,760 | — | (423) | 3,337 |
| Total | | \$1,468,240 | \$ 1,811 | \$ (70,242) | \$1,399,809 |

The primary objectives of the Company's investment policy are to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of low credit risk. The fair value of securities varies from period to period due to changes in interest rates, the performance of the underlying collateral, and the credit performance of the underlying issuer, among other factors.

Accrued interest receivable, which totaled \$11,852 as of March 30, 2024, is excluded from both the fair value and amortized cost basis of available-for-sale securities and is included within prepaid expenses and other current assets on the Company's condensed consolidated balance sheets. The Company writes off impaired accrued interest on a timely basis, generally within 30 days of the due date, by reversing interest income. No accrued interest was written off during the 13-week period ended March 30, 2024.

The Company recognizes impairments relating to credit losses of available-for-sale securities through an allowance for credit losses and other income (expense) on the Company's condensed consolidated statements of income. Impairment not relating to credit losses is recorded in accumulated other comprehensive income (loss) on the Company's condensed consolidated balance sheets. The cost of securities sold is based on the specific identification method. Approximately 95% of securities in the Company's portfolio were at an unrealized loss position as of March 30, 2024.

The following tables display additional information regarding gross unrealized losses and fair value by major security type for available-for-sale securities in an unrealized loss position as of March 30, 2024 and December 30, 2023.

As of March 30, 2024

| | Less than 12 Consecutive Months | | 12 Consecutive Months or Longer | | Total | |
|----------------------------|---------------------------------|-------------------|---------------------------------|---------------------|-------------------------|---------------------|
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Agency securities | (38) | 7,919 | (560) | 6,440 | (598) | 14,359 |
| Mortgage-backed securities | — | — | (4,516) | 32,994 | (4,516) | 32,994 |
| Corporate debt securities | (1,634) | 153,897 | (41,768) | 835,475 | (43,402) | 989,372 |
| Municipal securities | (47) | 10,640 | (17,022) | 260,669 | (17,069) | 271,309 |
| Other | — | — | (223) | 2,970 | (223) | 2,970 |
| Total | \$ (1,719) | \$ 172,456 | \$ (64,089) | \$ 1,138,548 | \$ (65,808) | \$ 1,311,004 |

| | As of December 30, 2023 | | | | | |
|----------------------------|---------------------------------|------------------|---------------------------------|---------------------|-------------------------|---------------------|
| | Less than 12 Consecutive Months | | 12 Consecutive Months or Longer | | Total | |
| | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value |
| Agency securities | (31) | 10,923 | (554) | 6,446 | (585) | 17,369 |
| Mortgage-backed securities | — | — | (4,731) | 34,012 | (4,731) | 34,012 |
| Corporate debt securities | (702) | 64,637 | (45,371) | 889,785 | (46,073) | 954,422 |
| Municipal securities | (32) | 2,654 | (18,398) | 261,651 | (18,430) | 264,305 |
| Other | — | — | (423) | 3,337 | (423) | 3,337 |
| Total | \$ (765) | \$ 78,214 | \$ (69,477) | \$ 1,195,231 | \$ (70,242) | \$ 1,273,445 |

As of March 30, 2024 and December 30, 2023, the Company had not recognized an allowance for credit losses on any securities in an unrealized loss position.

The Company has not recorded an allowance for credit losses and charge to other income (expense) for the unrealized losses on agency, mortgage-backed, corporate debt, municipal, and other securities presented above because the Company does not consider the declines in fair value to have resulted from credit losses. The Company has not observed a significant deterioration in credit quality of these securities, which are highly rated with moderate to low credit risk. Declines in value are largely attributable to current global economic conditions. The securities continue to make timely principal and interest payments, and the fair values are expected to recover as they approach maturity. Management does not intend to sell the securities, and it is not more likely than not that the Company will be required to sell the securities, before the respective recoveries of their amortized cost bases, which may be maturity.

The amortized cost and fair value of marketable securities at March 30, 2024, by maturity, are shown below.

| | Amortized Cost | Fair Value |
|--|---------------------|---------------------|
| Due in one year or less | \$ 279,010 | \$ 274,579 |
| Due after one year through five years | 1,173,293 | 1,115,240 |
| Due after five years through ten years | 13,661 | 12,512 |
| Due after ten years | 7,579 | 6,206 |
| Total | \$ 1,473,543 | \$ 1,408,537 |

5. Income Taxes

The Company recorded income tax expense of \$51,079 in the 13-week period ended March 30, 2024, compared to income tax expense of \$19,445 in the 13-week period ended April 1, 2023. The effective tax rate was 15.6% in the first quarter of 2024, compared to 8.8% in the first quarter of 2023. The increase in effective tax rate between comparative periods was primarily due to the increase in the combined federal and cantonal Switzerland statutory tax rate in response to the implementation of global minimum tax requirements.

6. Inventories

The components of inventories consist of the following:

| March 30, 2024 | December 30, 2023 |
|-------------------|----------------------|
|-------------------|----------------------|

| | | |
|-----------------|---------------------|---------------------|
| Raw materials | \$ 488,357 | \$ 493,493 |
| Work-in-process | 174,085 | 160,919 |
| Finished goods | 639,788 | 691,543 |
| Inventories | <u>\$ 1,302,230</u> | <u>\$ 1,345,955</u> |

7. Warranty Reserves

The Company accrues for estimated future warranty costs at the time products are sold. The Company's standard warranty obligation to retail partners generally provides for a right of return of any product for a full refund in the event that such product is not merchantable, is damaged, or is defective. The Company's standard warranty obligation to its end-users provides for a period of one to two years from the date of shipment, while certain aviation, marine, and auto OEM products have a warranty period of two years or more from the date of installation. The Company's estimates of costs to service its warranty obligations are based on historical experience and management's expectations and judgments of future conditions, with most claims resolved within a year of the sale. The following reconciliation presents details of the changes in the Company's accrued warranty costs:

| | 13-Weeks Ended | |
|--|------------------|------------------|
| | March 30, 2024 | April 1, 2023 |
| Balance - beginning of period | \$ 55,738 | \$ 50,952 |
| Accrual for products sold ⁽¹⁾ | 18,362 | 22,381 |
| Expenditures | (18,881) | (20,658) |
| Balance - end of period | <u>\$ 55,219</u> | <u>\$ 52,675</u> |

- (1) Changes in cost estimates related to pre-existing warranties were not material and aggregated with accruals for new warranty contracts in the 'accrual for products sold' line.

8. Commitments and Contingencies

Commitments

The Company is party to certain commitments that require the future purchase of goods or services ("unconditional purchase obligations"). The Company's unconditional purchase obligations primarily consist of payments for inventory, capital expenditures, and other indirect purchases in connection with conducting its business. The aggregate amount of purchase orders and other commitments open as of March 30, 2024 that may represent noncancelable unconditional purchase obligations having a remaining term in excess of one year was approximately \$301,000.

Certain cash balances are held as collateral in relation to bank guarantees. This restricted cash is reported within other assets on the condensed consolidated balance sheets and totaled \$692 and \$704 on March 30, 2024 and December 30, 2023, respectively. The total of the cash and cash equivalents balance and the restricted cash reported within other assets in the condensed consolidated balance sheets equals the total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows.

Contingencies

Management of the Company currently does not believe it is reasonably possible that the Company may have incurred a material loss, or a material loss in excess of recorded accruals, with respect to loss contingencies in the aggregate, for the fiscal quarter ended March 30, 2024. The results of legal proceedings, investigations and claims, however, cannot be predicted with certainty. An adverse resolution of one or more of such matters in excess of management's expectations could have a material adverse effect in the particular quarter or fiscal year in which a loss is recorded, but based on information currently known, the Company does not believe it is likely that losses from such matters would have a material adverse effect on the Company's business or its consolidated financial position, results of operations or cash flows.

The Company settled or resolved certain matters during the 13-week period ended March 30, 2024 that did not individually or in the aggregate have a material impact on the Company's business or its consolidated financial position, results of operations or cash flows.

9. Stockholders' Equity

Dividends

Under Swiss corporate law, dividends must be approved by shareholders at the annual general meeting of the Company's shareholders. Approved dividends are payable in four equal installments on dates to be determined by the Board of Directors. A reduction of retained earnings and a corresponding liability are recorded at the time of shareholders' approval and are periodically adjusted based on the number of applicable shares outstanding.

The Company's shareholders approved the following dividends:

| Approval Date | Dividend Payment Date | Record Date | Dividend Per Share |
|----------------------|------------------------------|--------------------|---------------------------|
| Fiscal 2023 | | | |
| June 9, 2023 | June 30, 2023 | June 20, 2023 | \$ 0.73 |
| June 9, 2023 | September 29, 2023 | September 15, 2023 | \$ 0.73 |
| June 9, 2023 | December 29, 2023 | December 15, 2023 | \$ 0.73 |
| June 9, 2023 | March 29, 2024 | March 15, 2024 | \$ 0.73 |
| Total | | | \$ 2.92 |
| Fiscal 2022 | | | |
| June 10, 2022 | June 30, 2022 | June 20, 2022 | \$ 0.73 |
| June 10, 2022 | September 30, 2022 | September 15, 2022 | \$ 0.73 |
| June 10, 2022 | December 30, 2022 | December 15, 2022 | \$ 0.73 |
| June 10, 2022 | March 31, 2023 | March 15, 2023 | \$ 0.73 |
| Total | | | \$ 2.92 |

Share Repurchase Programs

On April 22, 2022, the Board of Directors approved a share repurchase program (the "2022 Program") authorizing the Company to repurchase up to \$300,000 of the common shares of Garmin Ltd., exclusive of the cost of any associated excise tax. As of December 30, 2023, the Company had repurchased 3,176 shares for \$300,000, leaving \$0 available to repurchase additional shares under the 2022 Program when the share repurchase authorization expired on December 29, 2023.

On February 16, 2024, the Board of Directors approved a new share repurchase program (the "2024 Program") authorizing the Company to repurchase up to \$300,000 of the common shares of Garmin Ltd., exclusive of the cost of any associated excise tax. The timing and volume of share repurchases are subject to market conditions, business conditions and applicable laws, and are at management's discretion. Share repurchases may be made from time to time in the open market or in privately negotiated transactions, including under plans complying with the provisions of Rule 10b5-1 and Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The 2024 Program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time. The share repurchase authorization expires on December 26, 2026. As of March 30, 2024, the Company had repurchased no shares, leaving \$300,000 available to repurchase shares under the 2024 Program.

Treasury Shares

In March 2024, the Board of Directors authorized the cancellation of 979 shares previously purchased under our share repurchase program. The capital reduction by cancellation of these shares became effective in March 2024. Total stockholders' equity reported for the Company was not affected.

10. Accumulated Other Comprehensive Income (Loss)

The following provides required disclosure of changes in accumulated other comprehensive income (loss) balances by component for the 13-week period ended March 30, 2024:

13-Weeks Ended March 30, 2024

| | Foreign currency translation adjustment | Net gains (losses) on available- for-sale securities | Total |
|--|--|---|----------------------|
| Balance - beginning of period | \$ (11,508) | \$ (54,106) | \$ (65,614) |
| Other comprehensive income (loss) before reclassification, net of income tax expense of \$812 | (59,055) | 2,613 | (56,442) |
| Amounts reclassified from accumulated other comprehensive income (loss) to other income | — | — | — |
| Net current-period other comprehensive income (loss) | (59,055) | 2,613 | (56,442) |
| Balance - end of period | <u>\$ (70,563)</u> | <u>\$ (51,493)</u> | <u>\$ (122,056)</u> |

11. Segment Information and Geographic Data

Garmin is organized in the five operating segments of fitness, outdoor, aviation, marine, and auto OEM. These operating segments represent the Company's reportable segments.

The Company's Chief Executive Officer, who has been identified as the Company's Chief Operating Decision Maker (CODM), primarily uses operating income as the measure of profit or loss to assess segment performance and allocate resources. Operating income represents net sales less costs of goods sold and operating expenses. Net sales are directly attributed to each segment. Most costs of goods sold and the majority of operating expenses are also directly attributed to each segment, while certain other costs of goods sold and operating expenses are allocated to the segments in a reasonable manner considering the specific facts and circumstances of the expenses being allocated.

Net sales ("revenue"), gross profit, and operating income for each of the Company's five reportable segments are presented below.

| | Fitness | Outdoor | Aviation | Marine | Auto OEM | Total |
|--------------------------------------|----------------|----------------|-----------------|---------------|-----------------|--------------|
| 13-Weeks Ended March 30, 2024 | | | | | | |
| Net sales | \$ 342,892 | \$ 366,193 | \$ 216,855 | \$ 326,736 | \$ 128,973 | \$ 1,381,649 |
| Gross profit | 194,802 | 242,739 | 162,626 | 179,252 | 22,720 | 802,139 |
| Operating income (loss) | 68,133 | 106,950 | 52,134 | 87,692 | (16,499) | 298,410 |
| 13-Weeks Ended April 1, 2023 | | | | | | |
| Net sales | \$ 244,721 | \$ 328,662 | \$ 213,582 | \$ 278,975 | \$ 81,484 | \$ 1,147,424 |
| Gross profit | 120,910 | 204,948 | 154,454 | 149,631 | 22,851 | 652,794 |
| Operating income (loss) | 10,578 | 76,743 | 57,695 | 71,908 | (19,942) | 196,982 |

Net sales to external customers by geographic region were as follows for the 13-week period ended March 30, 2024 and April 1, 2023. Note that APAC includes Asia Pacific and Australian Continent and EMEA includes Europe, the Middle East and Africa:

| | 13-Weeks Ended | |
|---------------------------------|-----------------------|----------------------|
| | March 30, 2024 | April 1, 2023 |
| Americas | \$ 716,116 | \$ 611,704 |
| EMEA | 463,384 | 355,853 |
| APAC | 202,149 | 179,867 |
| Net sales to external customers | <u>\$ 1,381,649</u> | <u>\$ 1,147,424</u> |

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

The discussion set forth below, as well as other portions of this Quarterly Report, contain statements concerning potential future events. Such forward-looking statements are based upon assumptions by management, as of the date of this Quarterly Report, including assumptions about risks and uncertainties faced by the Company. Readers can identify these forward-looking statements by their use of such words as "future", "expects", "anticipates", "believes", "estimates", "would", "could", "can", "may," or other similar words or other comparable terms. If any of the Company's assumptions prove incorrect or should unanticipated circumstances arise, actual results could materially differ from those anticipated by such forward-looking statements. The differences could be caused by a number of factors or combination of factors including, but not limited to, those factors identified in Part II, Item 1A of this Quarterly Report on Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended December 30, 2023. Readers are strongly encouraged to consider those factors when evaluating any forward-looking statement concerning the Company. These forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any forward-looking statements in this Quarterly Report to reflect future events or developments, except as required by law.

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto included in this Form 10-Q and the audited financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 30, 2023. Unless the context otherwise requires, references in this document to "we", "us", "our", the "Company" and similar terms refer to Garmin Ltd. and its subsidiaries.

Unless otherwise indicated, amounts set forth in the discussion below are in thousands.

Company Overview

The Company is a leading worldwide provider of wireless devices, many of which feature Global Positioning System (GPS) navigation, and applications that are designed for people who live an active lifestyle. We are organized in the five operating segments of fitness, outdoor, aviation, marine, and auto OEM. Our products are sold through a variety of indirect distribution channels, including a large worldwide network of independent retailers, dealers, distributors, installation and repair shops, and original equipment manufacturers (OEMs). We also sell our products and services directly through our online webshop (garmin.com), subscriptions for connected services, and our own retail stores.

Results of Operations

As indicated in Note 1 to the Condensed Consolidated Financial Statements, in the first quarter of fiscal 2024, the Company changed the presentation of operating expense to include advertising expense within selling, general and administrative expenses on the Company's condensed consolidated statements of income, which management believes to be a more meaningful presentation.

This change in presentation had no effect on the Company's consolidated operating or net income. The amounts presented below for selling, general and administrative expenses for the 13-week period ended April 1, 2023 have been recast to conform with the current period presentation.

Comparison of 13-Weeks Ended March 30, 2024 and April 1, 2023

Net Sales

| Net Sales | 13-Weeks Ended March 30, 2024 | Year-over- Year Change | 13-Weeks Ended April 1, 2023 |
|-------------------------------|--|---------------------------------------|---|
| Fitness | \$ 342,892 | 40 % | \$ 244,721 |
| Percentage of Total Net Sales | 25 % | | 21 % |
| Outdoor | 366,193 | 11 % | 328,662 |
| Percentage of Total Net Sales | 26 % | | 29 % |
| Aviation | 216,855 | 2 % | 213,582 |
| Percentage of Total Net Sales | 16 % | | 19 % |
| Marine | 326,736 | 17 % | 278,975 |
| Percentage of Total Net Sales | 24 % | | 24 % |
| Auto OEM | 128,973 | 58 % | 81,484 |
| Percentage of Total Net Sales | 9 % | | 7 % |
| Total | \$ 1,381,649 | 20 % | \$ 1,147,424 |

Net sales increased 20% for the 13-week period ended March 30, 2024 when compared to the year-ago quarter. Total unit sales in the first quarter of 2024 increased to 3,890 when compared to total unit sales of 3,210 in the first quarter of 2023, which differs from the percent increase in revenue primarily due to shifts in segment and product mix. Outdoor was the largest portion of our revenue mix at 26% in the first quarter of 2024 compared to 29% in the first quarter of 2023.

The increase in fitness revenue was driven by sales growth across all categories, led by strong demand for advanced wearables. Outdoor revenue increased primarily due to growth in wearable products. Aviation revenue increased due to growth in OEM product categories. The increase in marine revenue was primarily driven by contributions from the Company's acquisition of JL Audio. Auto OEM revenue increased primarily due to increased shipments of domain controllers.

Gross Profit

| | 13-Weeks Ended March 30, 2024 | Year-over- Year Change | 13-Weeks Ended April 1, 2023 |
|--------------------------------------|----------------------------------|------------------------------|---------------------------------|
| Gross Profit | | | |
| Fitness | \$ 194,802 | 61 % | \$ 120,910 |
| Percentage of Segment Net Sales | 57 % | | 49 % |
| Outdoor | 242,739 | 18 % | 204,948 |
| Percentage of Segment Net Sales | 66 % | | 62 % |
| Aviation | 162,626 | 5 % | 154,454 |
| Percentage of Segment Net Sales | 75 % | | 72 % |
| Marine | 179,252 | 20 % | 149,631 |
| Percentage of Segment Net Sales | 55 % | | 54 % |
| Auto OEM | 22,720 | (1 %) | 22,851 |
| Percentage of Segment Net Sales | 18 % | | 28 % |
| Total | \$ 802,139 | 23 % | \$ 652,794 |
| Percentage of Total Net Sales | 58 % | | 57 % |

Gross profit dollars in the first quarter of 2024 increased 23%, primarily due to the increase in net sales when compared to the year-ago quarter, as described above. Consolidated gross margin increased 120 basis points when compared to the year-ago quarter primarily due to favorable product mix within certain segments, partially offset by unfavorable segment mix.

The fitness, outdoor, and marine gross margin increases of 740 basis points, 390 basis points, and 120 basis points respectively, were primarily attributable to favorable product mix within those segments. The aviation gross margin increase of 270 basis points was primarily attributable to lower warranty costs. The auto OEM gross margin decrease of 1,040 basis points was primarily attributable to unfavorable product mix.

Operating Expense

| | 13-Weeks Ended March 30, 2024 | Year-over- Year Change | 13-Weeks Ended April 1, 2023 |
|---|----------------------------------|------------------------------|---------------------------------|
| Operating Expense | | | |
| Research and development expense | 242,535 | 10 % | 221,485 |
| Percentage of Total Net Sales | 18 % | | 19 % |
| Selling, general and administrative expenses | 261,194 | 11 % | 234,327 |
| Percentage of Total Net Sales | 19 % | | 20 % |
| Total | \$ 503,729 | 11 % | \$ 455,812 |
| Percentage of Total Net Sales | 36 % | | 40 % |

Total operating expense in the first quarter of 2024 increased 11% in absolute dollars and decreased 330 basis points as a percent of revenue when compared to the year-ago quarter.

Research and development expense increased 10% in absolute dollars and decreased 180 basis points as a percent of revenue when compared to the year-ago quarter. The absolute dollar expense increase was primarily due to higher engineering personnel costs.

Selling, general and administrative expenses increased 11% in absolute dollars and decreased 150 basis points as a percent of revenue when compared to the year-ago quarter. The absolute dollar expense increase was primarily attributable to increased personnel-related expenses, including the impact of the Company's acquisition of JL Audio.

Operating Income

| Operating Income (Loss) | 13-Weeks Ended March 30, 2024 | Year-over- Year Change | 13-Weeks Ended April 1, 2023 |
|--------------------------------------|----------------------------------|------------------------------|---------------------------------|
| Fitness | \$ 68,133 | 544 % | \$ 10,578 |
| Percentage of Segment Net Sales | 20 % | | 4 % |
| Outdoor | 106,950 | 39 % | 76,743 |
| Percentage of Segment Net Sales | 29 % | | 23 % |
| Aviation | 52,134 | (10 %) | 57,695 |
| Percentage of Segment Net Sales | 24 % | | 27 % |
| Marine | 87,692 | 22 % | 71,908 |
| Percentage of Segment Net Sales | 27 % | | 26 % |
| Auto OEM | (16,499) | (17 %) | (19,942) |
| Percentage of Segment Net Sales | (13 %) | | (24 %) |
| Total | \$ 298,410 | 51 % | \$ 196,982 |
| Percentage of Total Net Sales | 22 % | | 17 % |

Total operating income in the first quarter of 2024 increased 51% in absolute dollars and increased 440 basis points as a percent of revenue when compared to the year-ago quarter. The increase in operating income was driven by the increase in sales, increase in gross margin, and lower operating expenses as a percent of revenue, as described above. The improved performance in fitness, outdoor, marine, and auto OEM was partially offset by a decrease in aviation.

Other Income (Expense)

| Other Income (Expense) | 13-Weeks Ended March 30, 2024 | 13-Weeks Ended April 1, 2023 |
|------------------------|----------------------------------|---------------------------------|
| Interest income | \$ 25,027 | \$ 15,899 |
| Foreign currency gains | 2,282 | 7,688 |
| Other income | 1,321 | 1,203 |
| Total | \$ 28,630 | \$ 24,790 |

The average interest rate return on cash and investments during the first quarter of 2024 was 3.1%, compared to 2.4% during the same quarter of 2023.

Foreign currency gains and losses for the Company are driven by movements of a number of currencies in relation to the U.S. Dollar. The Taiwan Dollar is the functional currency of Garmin Corporation, the Euro is the functional currency of several subsidiaries, and the U.S. Dollar is the functional currency of Garmin (Europe) Ltd., although some transactions and balances are denominated in British Pounds. Other notable currency exposures include the Australian Dollar, Chinese Yuan, Japanese Yen, and Polish Zloty. The majority of the Company's consolidated foreign currency gain or loss is typically driven by the significant cash and marketable securities, receivables and payables held in a currency other than the functional currency at a given legal entity.

The \$2.3 million currency gain recognized in the first quarter of 2024 was primarily due to the U.S. Dollar strengthening against the Taiwan Dollar, partially offset by the U.S. Dollar strengthening against the Polish Zloty, Australian Dollar, and Euro within the 13-week period ended March 30, 2024. During this period, the U.S. Dollar strengthened 3.9% against the Taiwan Dollar, resulting in a gain of \$21.6 million, while the U.S. Dollar strengthened 1.8% against the Polish Zloty, 4.6% against the Australian Dollar, and 2.2% against the Euro, resulting in losses of \$6.8 million, \$3.3 million, and \$3.0 million, respectively. The remaining net currency loss of \$6.2 million was related to the impacts of other currencies, each of which was individually immaterial.

The \$7.7 million currency gain recognized in the first quarter of 2023 was primarily due to the U.S. Dollar weakening against the Polish Zloty, British Pound Sterling, Chinese Yuan, and Euro, partially offset by the U.S. Dollar weakening against the Taiwan Dollar, within the

13-week period ended April 1, 2023. During this period, the U.S. Dollar weakened 2.7% against the Polish Zloty, 2.0% against the British Pound Sterling, 1.3% against the Chinese Yuan, and 1.3% against the Euro, resulting in gains of \$4.5 million, \$1.3 million, \$0.7 million, and \$0.5 million respectively, while the U.S. Dollar weakened 0.4% against the Taiwan Dollar, resulting in a loss of \$1.1 million. The remaining net currency gain of \$1.8 million was related to the impacts of other currencies, each of which was individually immaterial.

Income Tax Provision

The Company recorded income tax expense of \$51.1 million in the 13-week period ended March 30, 2024, compared to income tax expense of \$19.4 million in the 13-week period ended April 1, 2023. The effective tax rate was 15.6% in the first quarter of 2024, compared to 8.8% in the first quarter of 2023. The increase in effective tax rate between comparative periods was primarily due to the increase in the combined federal and cantonal Switzerland statutory tax rate in response to the implementation of global minimum tax requirements.

Net Income

As a result of the above, net income for the 13-week period ended March 30, 2024 was \$276.0 million compared to \$202.3 million for the 13-week period ended April 1, 2023, an increase of \$73.7 million.

Liquidity and Capital Resources

We primarily use cash flow from operations, and expect that future cash requirements may be used, to fund our capital expenditures, support our working capital requirements, pay dividends, fund share repurchases, and fund strategic acquisitions. We believe that our existing cash balances and cash flow from operations will be sufficient to meet our short- and long-term projected working capital needs, capital expenditures, and other cash requirements.

Cash, Cash Equivalents, and Marketable Securities

As of March 30, 2024, we had approximately \$3.3 billion of cash, cash equivalents and marketable securities. Management invests idle or surplus cash in accordance with the Company's investment policy, which has been approved by the Company's Board of Directors. The investment policy's primary objectives are to preserve capital, maintain an acceptable degree of liquidity, and maximize yield within the constraint of low credit risk. Garmin's average interest rate returns on cash and investments during the first quarter of 2024 and 2023 were 3.1% and 2.4%, respectively. The fair value of our securities varies from period to period due to changes in interest rates, the performance of the underlying collateral, and the credit performance of the underlying issuer, among other factors. See Note 4 for additional information regarding marketable securities.

Cash Flows

Cash provided by operating activities totaled \$435.3 million for the first quarter of 2024, compared to \$279.2 million for the first quarter of 2023. The increase was primarily due to an increase in cash received from customers primarily driven by higher net sales, partially offset by increases in cash paid for cost of goods sold and operating expenses in the first quarter of 2024 compared to the first quarter of 2023.

Cash used in investing activities totaled \$36.9 million for the first quarter of 2024, compared to \$7.9 million for the first quarter of 2023. The increase was primarily due to net purchases of marketable securities in the first quarter of 2024, compared to the net redemptions of marketable securities in the first quarter of 2023, partially offset by a decrease in purchases of property and equipment.

Cash used in financing activities totaled \$156.2 million for the first quarter of 2024, compared to \$192.3 million for the first quarter of 2023. This decrease was primarily due to lower purchases of treasury shares under the share repurchase plan and partially offset by an increase in the purchase of treasury shares related to equity awards in the first quarter of 2024 compared to the first quarter of 2023.



Use of Cash

Operating Leases

The Company has lease arrangements for certain real estate properties, vehicles, and equipment. Leased properties are typically used for office space, distribution, and retail. As of March 30, 2024, the Company had fixed lease payment obligations of \$155.7 million, with \$34.5 million payable within 12 months.

Inventory Purchase Obligations

The Company obtains various raw materials and components for its products from a variety of third party suppliers. The Company's inventory purchase obligations are primarily noncancelable. As of March 30, 2024, the Company had inventory purchase obligations of \$773.5 million, with \$623.1 million payable within 12 months.

Other Purchase Obligations

The Company's other purchase obligations primarily consist of noncancelable commitments for capital expenditures and other indirect purchases in connection with conducting our business. As of March 30, 2024, the Company had other purchase obligations of \$396.8 million, with \$210.2 million payable within 12 months.

Critical Accounting Policies and Estimates

General

Our discussion and analysis of financial condition and results of operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The presentation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to customer sales programs and incentives, product returns, bad debts, inventories, investments, intangible assets, income taxes, warranty obligations, and contingencies and litigation. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

For a description of the significant accounting policies and methods used in the preparation of the Company's condensed consolidated financial statements, refer to Note 1, "Summary of Significant Accounting Policies" in the Notes to the Consolidated Financial Statements in Part II, Item 8 and "Critical Accounting Policies and Estimates" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023. There were no significant changes to the Company's critical accounting policies and estimates in the 13-week period ended March 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There are numerous market risks that can affect our future business, financial condition and results of operations. In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended December 30, 2023. There have been no material changes during the 13-week period ended March 30, 2024 in the risks described in our Annual Report on Form 10-K related to market sensitivity, inflation, foreign currency exchange rate risk and interest rate risk.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information, which is required to be timely disclosed, is accumulated and communicated to management in a timely fashion. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. As of March 30, 2024, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of March 30, 2024 that our disclosure controls and procedures were effective such that the information relating to the Company, required to be disclosed in our Securities and Exchange Commission (SEC) reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting. There has been no change in the Company's internal controls over financial reporting that occurred during the Company's fiscal quarter ended March 30, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints, including matters involving patent infringement, other intellectual property, product liability, customer claims and various other risks. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results in any of these legal proceedings will have a material adverse effect on the Company's business, results of operations, financial position or cash flows. For additional information, see Note 8 - Commitments and Contingencies in the above Condensed Consolidated Financial Statements and Part I, Item 3, "Legal Proceedings" in the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023.

Item 1A. Risk Factors

There are many risks and uncertainties that can affect our future business, financial performance or share price. In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 30, 2023. There have been no material changes during the 13-week period ended March 30, 2024 in the risks described in our Annual Report on Form 10-K. These risks, however, are not the only risks facing our Company. Additional risks and uncertainties, including those not currently known to us or that we currently deem to be immaterial, also may materially adversely affect our business, financial condition and/or operating results.

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

Issuer Purchases of Equity Securities

There were no repurchases of our common shares during the three months ended March 30, 2024.

On February 16, 2024, the Board of Directors approved a share repurchase program (the "2024 Program"), authorizing the Company to purchase up to \$300 million of its common shares, exclusive of the cost of any associated excise tax. The share repurchase authorization expires on December 26, 2026. As of March 30, 2024 the Company had repurchased no shares, leaving \$300 million available to repurchase shares under the 2024 Program. Refer to Note 9 of the Condensed Consolidated Financial Statements for additional information related to share repurchases.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) Trading Plans

During the 13-week period ended March 30, 2024, no directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) of the Company adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K, except as follows:

On March 1, 2024, Clifton Pemble, President and Chief Executive Officer, adopted a new written trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act for the potential sale of up to (i) 15,931 shares of our common shares, and (ii) 100% of the net shares (net of tax withholding) resulting from the vesting of 31,206 gross shares of our common shares relating to equity awards during the plan period, subject to certain conditions. The first trade date will not occur until June 17, 2024 at the earliest, and the plan's maximum duration is until March 1, 2025.

On March 5, 2024, Patrick Desbois, Executive Vice President, Operations, adopted a new written trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act for the potential sale of up to 4,126 shares of our common shares, subject to certain conditions. The first trade date will not occur until June 4, 2024 at the earliest, and the plan's maximum duration is until July 31, 2024.

Item 6. Exhibits

- Exhibit 3.1 [Articles of Association of Garmin Ltd., as amended and restated on June 9, 2023 \(incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K filed on June 12, 2023\).](#)
- Exhibit 3.2 [Organizational Regulations of Garmin Ltd., as amended on October 25, 2019 \(incorporated by reference to Exhibit 3.2 of the Registrant's Amendment No.1 to Current Report on Form 8-K/A filed on November 21, 2019\).](#)
- Exhibit 31.1‡ [Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14\(a\) or 15d-14\(a\).](#)
- Exhibit 31.2‡ [Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14\(a\) or 15d-14\(a\).](#)
- Exhibit 32.1‡ [Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- Exhibit 32.2‡ [Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- Exhibit 101.INS‡ Inline 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.
- Exhibit 101.SCH‡ Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
- Exhibit 104‡ Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

‡ Filed herewith.

† Furnished herewith.

SIGNATURES

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

GARMIN LTD.

By /s/ Douglas G. Boessen

Douglas G. Boessen
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Dated: May 1, 2024