



FOSSIL
GROUP

Investor Presentation | June 2022

FINANCIAL DISCLOSURE ADVISORY

Certain statements contained herein that are not historical facts, 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 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 and the Ukraine crisis, the effect of worldwide economic conditions; the effect of the COVID-19 pandemic; the impact of inflation; 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 obligation; 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, as well as the risks and uncertainties set forth in the Company’s most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (the “SEC”). These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. Readers of this release should consider these factors in evaluating, and are cautioned not to place undue reliance on, the forward-looking statements contained herein. The Company assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

FOSSIL GROUP: AT A GLANCE

MULTI-CATEGORY

Watches | Leather | Jewelry



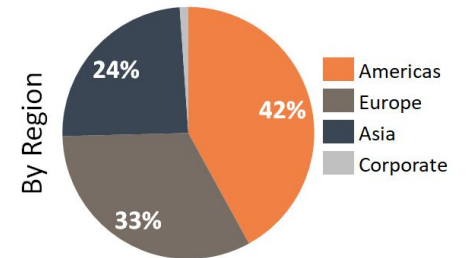
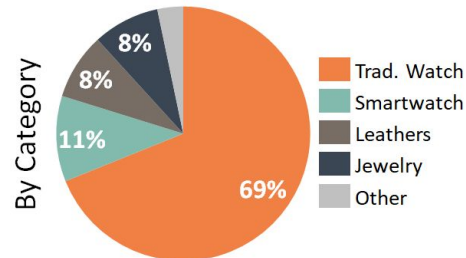
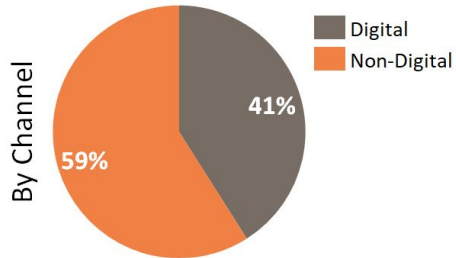
MULTI-BRAND



DIGITALLY-LED

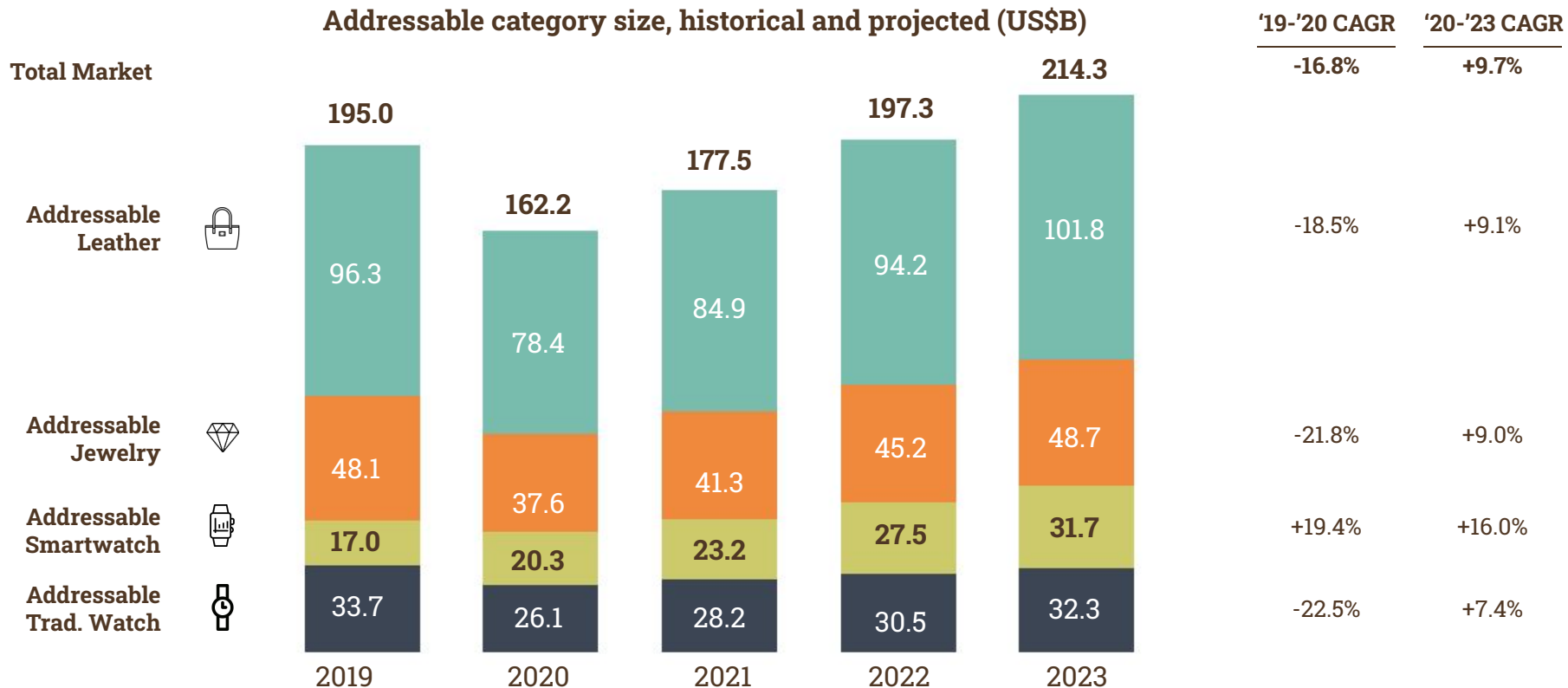


\$1.9B
2021 Revenue



MARKET OPPORTUNITY

Addressable Category Size



Addressable Leather – Includes: Backpacks, crossbody bags, wallets and coin pouches, business bags, other small bags, and non-luxury handbags. (Non-luxury handbags are defined as brands of handbags which serve common everyday purposes. This category includes brands that are located at the mid and lower end of the price range). ; **Addressable Jewelry** – Includes all jewelry items manufactured with non-precious metals and their alloys, silver (other than sterling silver), semi-precious gemstones, glass, plastic, leather or other synthetic materials. Excludes sterling silver. ; **Smartwatch** includes all price points. ; **Traditional Watches** are watches \$0 - \$1000; **Data Source:** Euromonitor (Last update: June 2021)

FROM 2019-2021, WE ADAPTED OUR BUSINESS MODEL



Returned to
top-line **growth**

+\$250M

Exceeded **\$250M** cost savings
target under NWF 2.0 program

6.6%

**FY21 Adj. Operating
Income Margin**

Improved **Profitability**



Multi-year investment;
pivoted to a **digital-first**
strategy

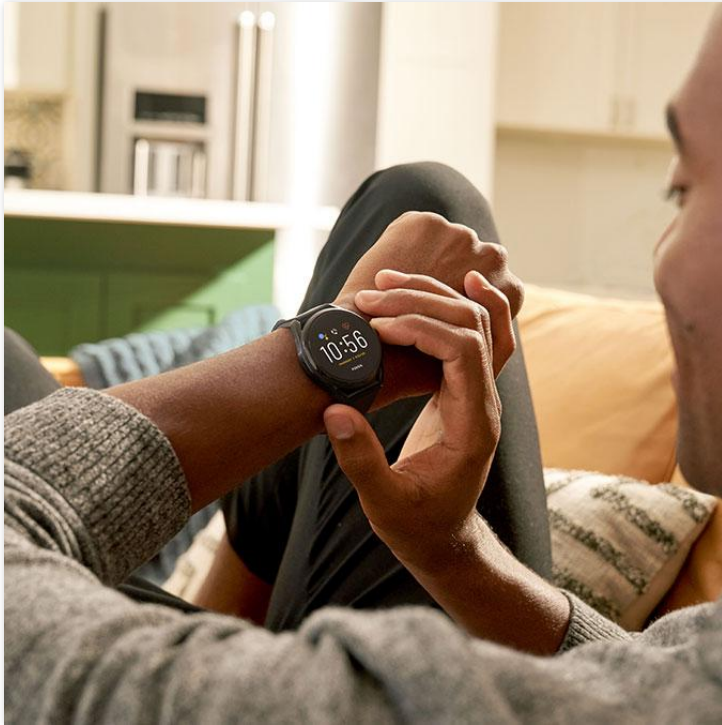


Strengthened
Traditional Watch
distribution



Reset **Connected
Watch** strategy

CURRENT MARKET DYNAMICS



- Traditional Watch category is healthy and growing
- Ongoing strength in Jewelry
- Macro headwinds and FX impacting top line growth in 2022
 - China's Covid restrictions, inflation and geopolitical turmoil
- Healthy U.S. consumer demand signals in Q1 2022
- Return to brick-and-mortar shopping

GROWTH AGENDA

1

Drive brand heat through exceptional **storytelling** and **innovation**

2

Accelerate our **digital** capabilities

3

Leverage our **opportunity** in China and India

4

Streamline our **operations**

1. Storytelling and Innovation



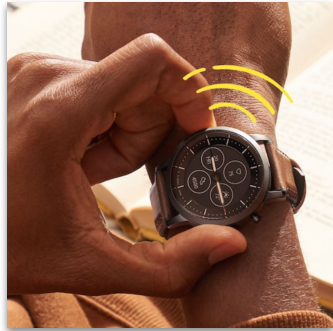
- Bring great brands, stories, and style to the marketplace
- Build on current iconic design trends with limited editions and collaborations
- Create exceptional content at scale
- Lead with Digital First approach
- Maximize key events & holidays

TRADITIONAL WATCHES



- Design-led culture
- Leading fashion watch brands: Fossil, Michael Kors, Armani, Diesel
- Affordable luxury, fashion and innovation driving category excitement
- Strong unit-level economics in all channels, including digital

CONNECTED WATCHES



- Refined brand & distribution strategies
- In-house software and engineering expertise
- Robust innovation roadmap
- Gen 6 relaunch with Wear OS 3.0 Holiday 2022
- Fossil Smart Watch App coming 2H 2022

2. Digital Acceleration

- Leverage and extend our DTC foundation
 - Scale our owned e-commerce platforms globally - Fossil.com, WSI.com, Skagen.com, Michele.com, Zodiac.com*
- Broaden our third party e-commerce relationships
 - Expand our third party e-commerce and wholesale.com partnerships and add new platforms*
- Strengthen digital marketing and increase utilization of data analytics
 - Invest behind advanced marketing and e-commerce analytics*
 - Drive increased conversion and average order value through AI-driven personalization and post-purchase customer engagement*
 - Grow our customer file*

WELL-POSITIONED ACROSS DIGITAL CHANNELS



INFRASTRUCTURE IN PLACE TO DRIVE SCALE + FAVORABLE ECONOMICS

3. Leverage our Opportunity in China and India

- 
- A world map with a light gray background. China is highlighted in orange, and India is highlighted in green. The rest of the world is in a very light gray.
- Emerging middle class is driving category growth
 - Proven strategy focused on localized marketing and segmented assortments
 - Robust long-term opportunity in Mainland China; rolling lockdowns temporarily impacting the consumer
 - India has returned to growth post-pandemic

4. Streamline Operations

STREAMLINE OUR OPERATIONS



- Driving expense leverage
- Optimizing the store portfolio through natural lease expirations
 - Reduced the portfolio by 14% in 2021*
 - Significant percentage of leases coming due 2022-2024 creates flexibility*
- Re-engineering the supply chain and key processes, including inventory management and assortment optimization

More About Us...

FOSSIL LEADERSHIP

Kosta Kartsotis

Chairman and CEO

FOSSIL
GROUP

Jeff Boyer

EVP, Chief Operating Officer



Greg McKelvey

EVP, Chief Commercial Officer



Holly Breidis

EVP, Chief Digital Officer

McKinsey
& Company

Sunil Doshi

Chief Financial Officer & Treasurer



Melissa Lowenkron



Darren Hart

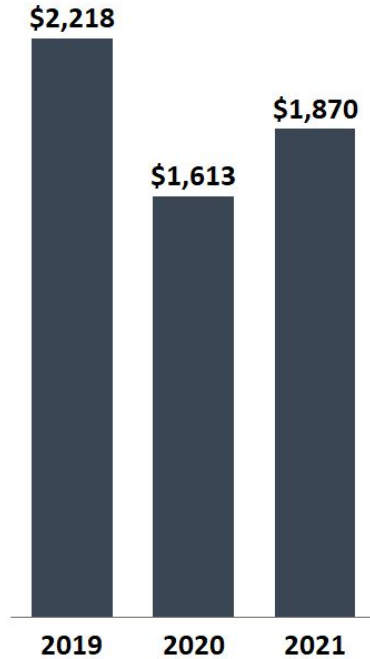
EVP, Human Resources



FINANCIAL SNAPSHOT

\$ millions

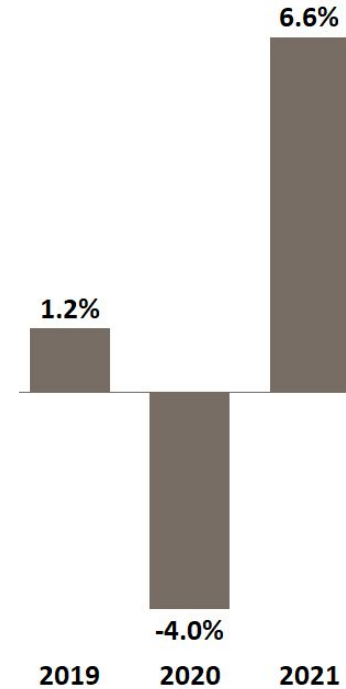
Net Sales



Gross Margin



Adjusted Operating Margin



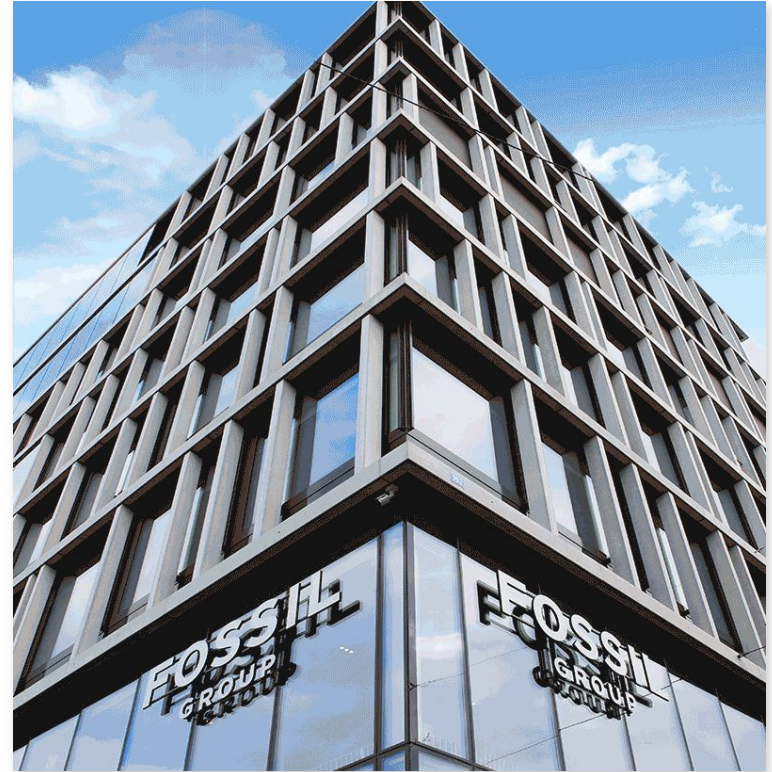
BALANCE SHEET HIGHLIGHTS

4/2/22

\$261M of liquidity

\$163M of cash and cash
equivalents⁽¹⁾

\$193M total debt



⁽¹⁾See our Quarterly Report on Form 10-Q for the quarterly period ended April 2, 2022 filed with the SEC on May 12, 2022. Debt is shown gross of unamortized debt issuance costs of \$12.4M. Revolver facility size is \$225M with \$99M available.

KEY CONSIDERATIONS



- Large and growing categories
- Successful transition to digitally-led organization
- Right-sized cost structure
- Culture and track record of innovation
- Positioned to deliver revenue and profit growth in 2022 and beyond

Appendix

Operating Income Reconciliation

	Actuals (\$m)		
	FY19	FY20	FY21
Operating Income	-28.4	-135.3	92.6
Restructuring	29.6	36.5	21.9
Impairments	25.3	34.0	9.2
Adj. Operating Income	26.5	-64.8	123.7