

# Fossil Group and CITIZEN Partner to Grow the Global Hybrid Smartwatch Market

*CITIZEN Signs Exclusive Multi-Year Agreement to  
License Fossil Group Hybrid Smartwatch Technology*

**TOKYO – October 2, 2018** – Fossil Group (NASDAQ: FOSL) and CITIZEN Watch Company, Ltd. today announced that the companies have entered into a global strategic technology licensing partnership designed to expand the worldwide reach and scale of hybrid smartwatches. The partnership leverages CITIZEN's globally-respected watch movement expertise while providing CITIZEN access to Fossil Group's hybrid smartwatch technology.

Specifically, as part of the agreement:

- CITIZEN will manufacture hybrid smartwatch movements incorporating Fossil Group's technology.
- CITIZEN will sell hybrid smartwatch movements and complete watches to the broader watch industry.
- CITIZEN and Fossil Group will collaborate in bringing future innovation to the smartwatch category.

Since 2016, the growing hybrid smartwatch category has been defined by Fossil Group and its portfolio of watch brands as timepieces that retain the classic aesthetic of analog watches, but also offer discreet notification and tracking capabilities without the need for charging. Hybrid smartwatches are projected to make up a significant percentage of smartwatch shipments by 2022, according to [Juniper Research](#).

CITIZEN has worked in the technology category for many years and, in 2006, it introduced the world's first Bluetooth-enabled watch. In 2012, it revealed the first Bluetooth-enabled, solar-powered watch, the Eco-Drive, which does not require the battery to be replaced. In 2016, Citizen globally expanded its distribution and added new SKUs to its portfolio. CITIZEN will launch the world's smallest and thinnest Eco-Drive Bluetooth watch in 2018. Citizen also has a dedicated analog watch which uses solar-powered hands.

“Given the size and growth of the smartwatch market, CITIZEN is going seriously into the smartwatch market,” said Mr. Tokura, president and chief executive officer of CITIZEN. “It is with strong determination that we trigger this partnership and enter this category. We, CITIZEN and Fossil Group, will maximize our combined strengths to become leading companies in the smartwatch category.”

“Our partnership with CITIZEN, the world’s largest watch and movement manufacturer, will enable us to broaden and accelerate the awareness and adoption of hybrid smartwatches,” said Kosta Kartsotis, chief executive officer at Fossil Group. “This transaction is the result of our technology investments and demonstrates the capabilities we’ve developed in the wearables category and the larger watch industry. Together with CITIZEN, we’ll leverage the technology to drive scale in the hybrid smartwatch market that will bring innovative and compelling new products to the watch market and improve our product costs.”

**About CITIZEN Watch Co., Ltd.**

CITIZEN WATCH, marking its 100<sup>th</sup> anniversary in 2018, is a true manufacture d’horlogerie with a comprehensive manufacturing process that extends from creating a watch’s individual components to its final assembly. The company operates in more than 130 countries around the world. Since its founding in 1918, CITIZEN has held the belief of “Better Starts Now” — that is, no matter who you are and what you do, it is always possible to make something better, and now is the time to start doing it. Sharing this belief, we have made watches, invented and improved technologies and explored the future of watches, such as our proprietary light-powered Eco-Drive technology and state-of-the-art satellite-synchronised timekeeping.

**About Fossil Group, Inc.**

Fossil Group, Inc. is a global design, marketing, distribution and innovation company specializing in lifestyle accessories. Under a diverse portfolio of owned and licensed brands, our offerings include fashion watches, jewelry, handbags, small leather goods and wearables. We are committed to delivering the best in design and innovation across our owned brands, Fossil, Michele, Misfit, Relic, Skagen and Zodiac, and licensed brands, Armani Exchange, BMW, Chaps, Diesel, DKNY, Emporio Armani, kate spade new york, Marc Jacobs, Michael Kors, PUMA and Tory Burch. We bring each brand story to life through an extensive wholesale distribution network across approximately 150 countries and 500 retail locations. Certain press release and SEC filing information concerning the Company is also available at [www.fossilgroup.com](http://www.fossilgroup.com).

**Safe Harbor**

Certain statements contained herein that are not historical facts, including gross margin improvements, 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: changes in economic trends and financial performance, changes in consumer demands, tastes and

fashion trends, lower levels of consumer spending resulting from a general economic downturn, shifts in market demand resulting in inventory risks, changes in foreign currency exchange rates, risks related to the success of the multi-year profit improvement initiative, risks related to our connected accessories and the outcome of current and possible future litigation, as well as the risks and uncertainties set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2017 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.

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