

FOSSIL GROUP

INVESTOR PRESENTATION

September 2020

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: the effect of worldwide economic conditions; the impact of COVID-19; the length and severity of COVID-19; the pace of recovery following COVID-19; the failure to negotiate and enter into an amendment to the Term Credit Agreement; significant changes in consumer spending patterns or preferences; interruptions or delays in the supply of key components; acts of war or acts of terrorism; 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; risks related to excess inventory, including older generation connected products; customer acceptance of both new designs and newly-introduced product lines, including risks related to new generation connected products; financial difficulties encountered by customers; the effects of vigorous competition in the markets in which we operate; compliance with debt covenants and other contractual provisions; risks related to the success of our restructuring programs; the termination or non-renewal of material licenses, risks related to foreign operations and manufacturing; changes in the costs of materials, labor and advertising; government regulation and tariffs; our ability to secure and protect trademarks and other intellectual property rights; 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 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.

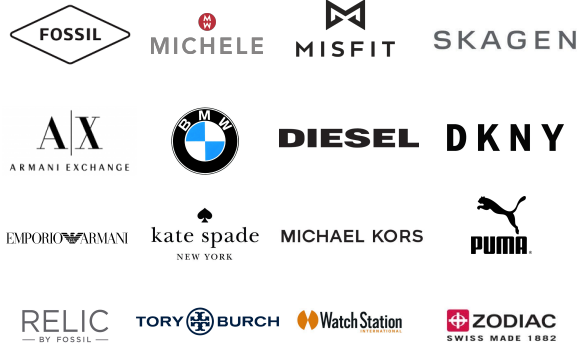
FOSSIL GROUP: AT A GLANCE

MULTI-CATEGORY

Watches | Leather | Jewelry



MULTI-BRAND

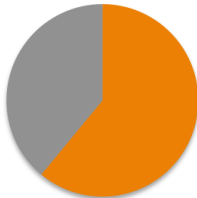


DIGITALLY-LED



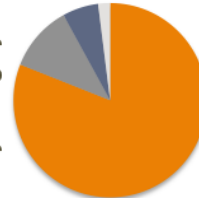
\$2.2B
2019 Revenue

By Channel



- Wholesale: 61%
- DTC (Owned Ecomm, 3rd Party Ecomm, Fossil Retail Stores): 39%

By Category



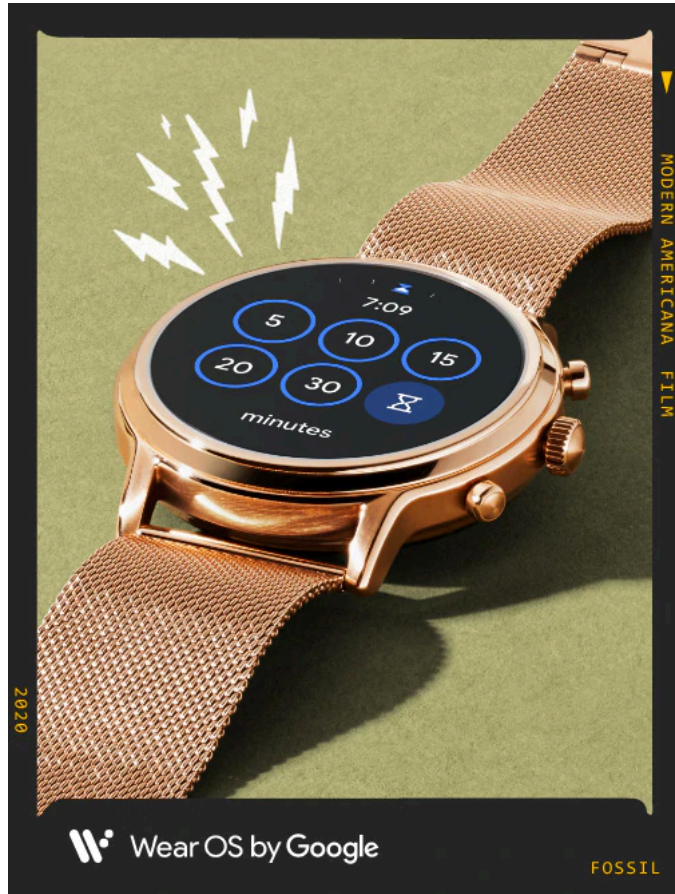
- Watches: 81%
- Leathers: 11%
- Jewelry: 6%
- Other: 2%

By Region



- Americas: 43%
- Europe: 32%
- Asia: 24%
- Corporate: 1%

CURRENT INDUSTRY DYNAMICS



The pandemic has accelerated market trends

Fashion cycle driving strength in connected watches



Heightened consumer focus on health and wellness

Channel shift from traditional wholesale to direct-to-consumer globally



Reduced brick-and-mortar presence among retailers

Increasing desire for fashion watches in key Asia Pacific markets



Quicker recovery in China

Heightened promotional environment

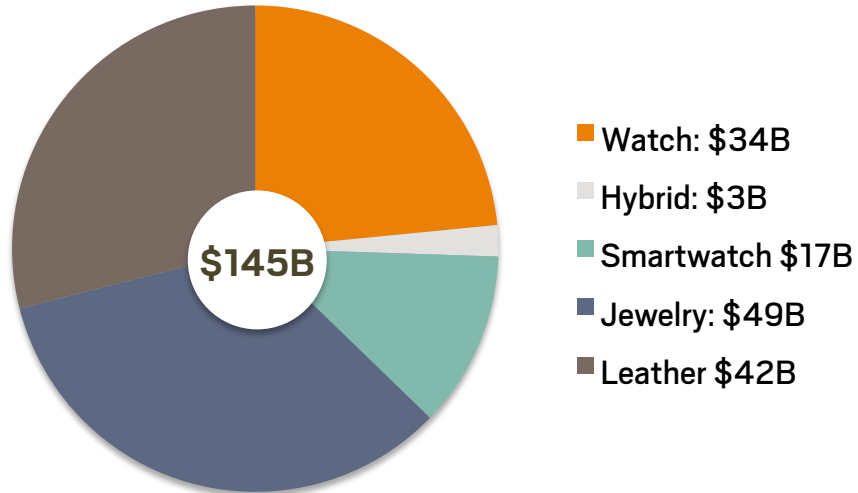


Macro environment has increased consumer desire for sharper pricing/promos

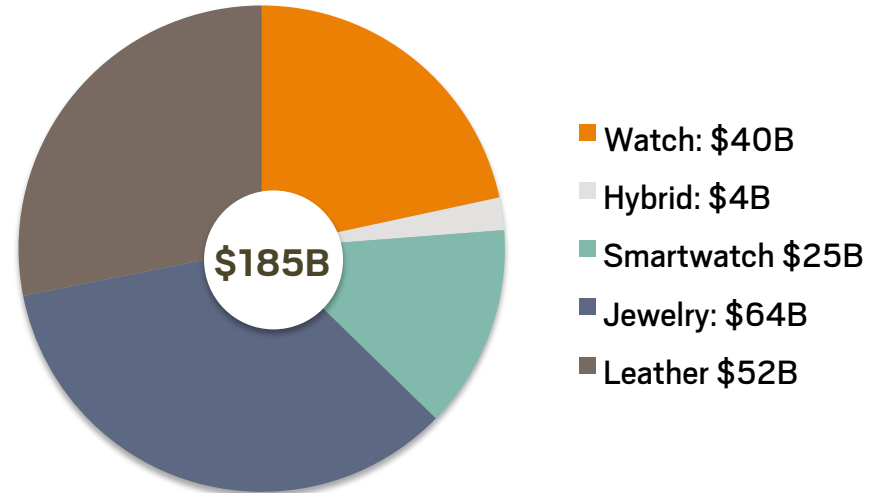
MARKET OPPORTUNITY

ADDRESSABLE CATEGORY SIZE

2019



2023



Addressable Leather – Includes: Small leather goods (wallets, and coin purses meant to carry notes and coins) and non-luxury handbags (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

Smartwatch and Hybrid exclude display watches that are over \$700 and Hybrid is a basic connected watch with no touchscreen capability. Traditional Watches are watches \$0 - \$1000

SOURCE: IDC for Smartwatch and Hybrid; Euromonitor for Traditional, Jewelry and Leather

STRATEGIC PRIORITIES

- 1 Deliver exceptional storytelling and innovation
- 2 Drive commercial transformation
- 3 Expand on our opportunity in China and India
- 4 Continue to implement our New World Fossil 2.0 program

1. Storytelling and Innovation

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STORYTELLING AND INNOVATION



- Drive brand heat and consumer interest
- Deepen engagement with consumers
- Sharpen our product focus
- Bring great style, brands, stories and value to the marketplace

CONNECTED WATCHES



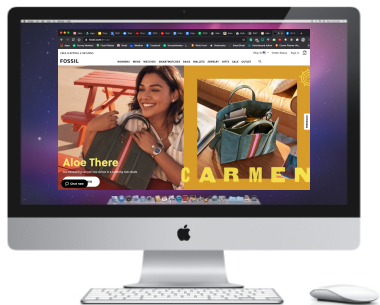
- Significant Total Addressable Market and category growth
- Product roadmap built around a core set of brands, SKUs and channels
- Expanding into consumer electronics and telecom channels
- Introducing LTE 2H 2020

TRADITIONAL WATCHES



- Tailor assortments for key growth markets
- Accelerate DTC sales
- Drive consumer-based product development
- Exit sub scale distribution and markets

2. Commercial Transformation



Expand digital commerce and marketing capabilities;
increase digital sales penetration

- Implemented new e-commerce platform in Q1 2020
- Enhancing our multi-brand omni-channel capabilities
- Leveraging marketing and analytics

Strengthen mix of digital and physical touch points

- Opportunity to right-size store portfolio through natural lease expirations
- 60% of leases coming due between 2020 and 2023

STRONG GROWTH ACROSS DIGITAL CHANNELS



INFRASTRUCTURE IN PLACE TO DRIVE SCALE + POWERFUL ECONOMICS

3. Driving Growth 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 lighter gray.

Emerging middle class is driving category growth

- Double-digit gains in 2019
- 1H 2020 sales +33% in Mainland China

Proven strategy focused on localized marketing and segmented assortments

Success with online marketplaces

4. New World Fossil 2.0



Drive efficiency in processes and workstreams

Re-engineer the supply chain

Reduce costs

- Total program \$250M 2019-2021
- Targeted savings of \$100M in 2020

More About Us...

THE LEADERSHIP TEAM

Kosta Kartsothis

Chairman and CEO

FOSSIL
GROUP

Jeff Boyer

EVP, COO & CFO



Greg McKelvey

EVP, Chief Commercial Officer



Steven Evans

EVP, Chief Brand Officer



Darren Hart

EVP, Human Resources



Randy Belcher

EVP, Asia Pacific



Antonio Nigro

SVP, EMEA



NAVIGATING 2020



Acted quickly to manage for liquidity and increase financial flexibility

- Lowered costs across payroll, marketing, travel, professional fees, and contract labor
- Cut capital expenditures
- Reduced incoming inventory
- Amended credit facility
- Managing timing of cash outflows through partner and vendor negotiations

Accelerating our long-term strategic agenda

- Sharpening our product focus
- Leading with a digital-first mindset
- Transforming into a leaner organization

BALANCE SHEET AND LIQUIDITY

	<u>7/4/20</u>	<u>12/28/19</u>	<u>12/28/18</u>
Cash and cash equivalents	\$278M	\$200M	\$403M
Total debt	\$269M	\$205M	\$396M
Revolver availability	\$32.5M	\$120M	\$322M
Cash flow from operations	\$12M	\$(14M)	\$248M

KEY CONSIDERATIONS



- Diversified business model
- Culture and track record of innovation
- Rapidly growing digital business with powerful economics
- New World Fossil programs are rightsizing and refocusing the business