



FOSSIL GROUP

Investor Presentation | June 2021

FINANCIAL DISCLOSURE ADVISORY

Certain statements that are not historical facts, including NWF 2.0 operating expense reductions, the success of our connected accessories, planned capital expenditures, future financial guidance as well as estimated impacts of COVID-19, tariffs, the Tax Cuts and Jobs Act, foreign currency translation, amortization expense, foreign tax credits, non-cash impairments and restructuring charges, 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; significant changes in consumer spending patterns or preferences; interruptions or delays in the supply of key components; 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; our ability to maintain proper inventory levels; 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 business strategy and 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; levels of traffic to and management of our retail stores; 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/A 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

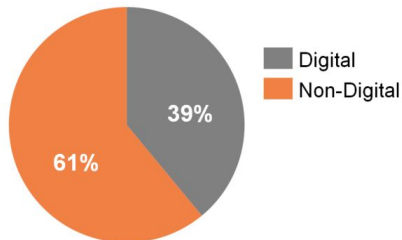


DIGITALLY-LED

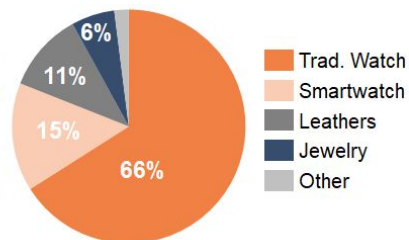


\$1.6B
2020 Revenue

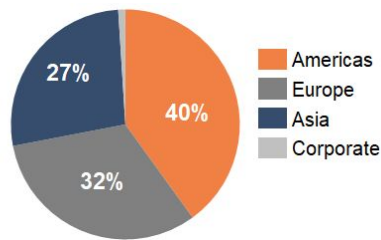
By Channel



By Category

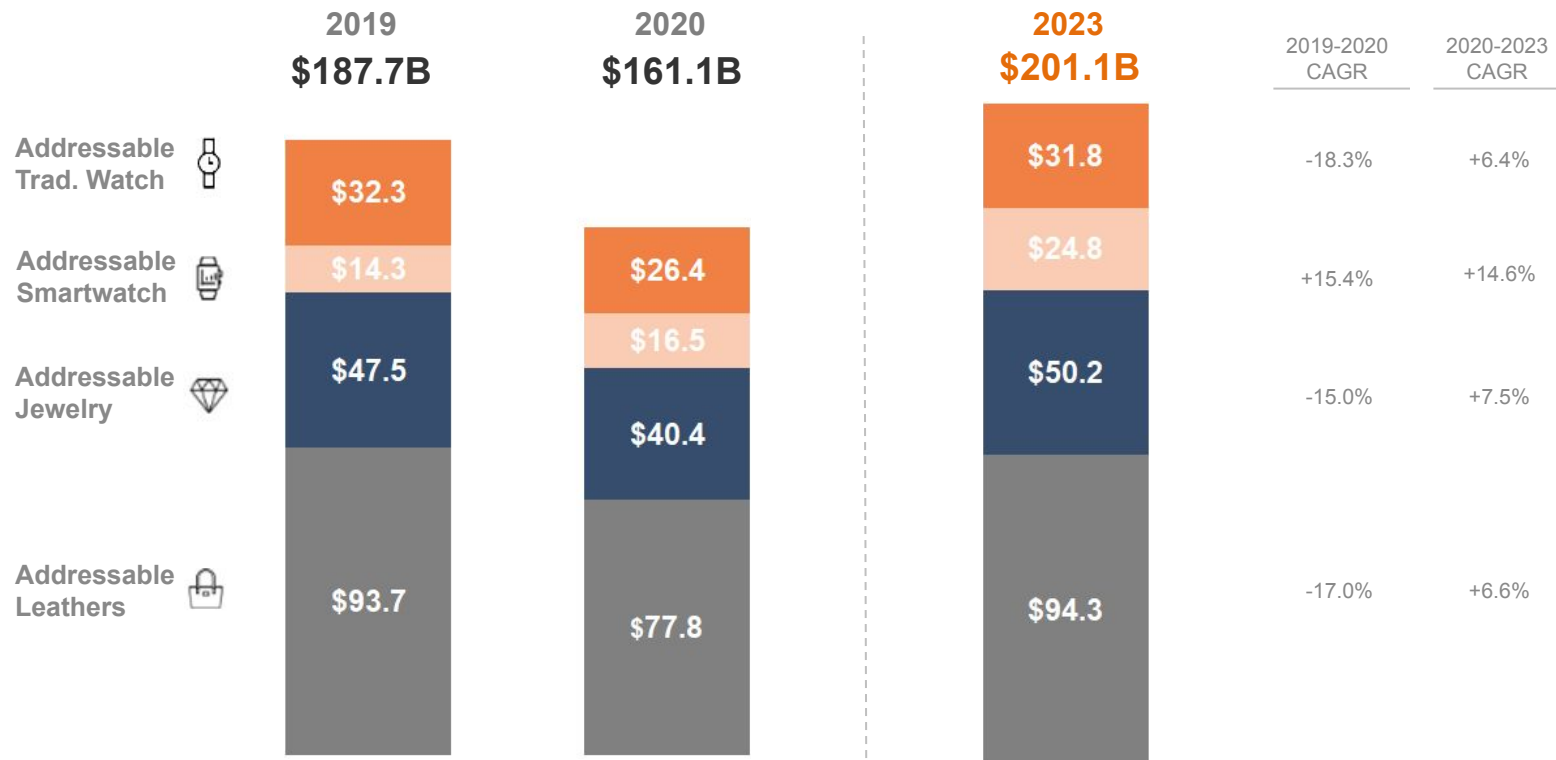


By Region



MARKET OPPORTUNITY

Addressable Category Size



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

FAVORABLE INDUSTRY TRENDS



- Strong global growth in addressable categories
- Channel shift to digital with favorable economics
- Heightened consumer focus on health and wellness driving strength in Connected Watches
- Increasing desire for fashion watches in key Asia markets

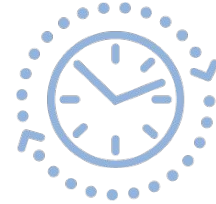
FROM 2019-2021, WE ADAPTED OUR BUSINESS MODEL



Multi-year investment
to pivot to a **digital-first**
strategy

+\$250M

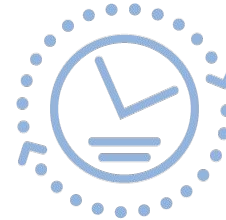
Exceeded **\$250M** cost savings
target under NWF 2.0



Strengthened
Traditional Watch
distribution



Returning to
top-line **growth**



Reset **Connected**
Watch strategy

GROWTH AGENDA

1

Deliver exceptional **storytelling** and **innovation**

2

Accelerate our **digital** capabilities

3

Expand on our **opportunity** in China and India

4

Streamline our **operations**

1. Storytelling and Innovation



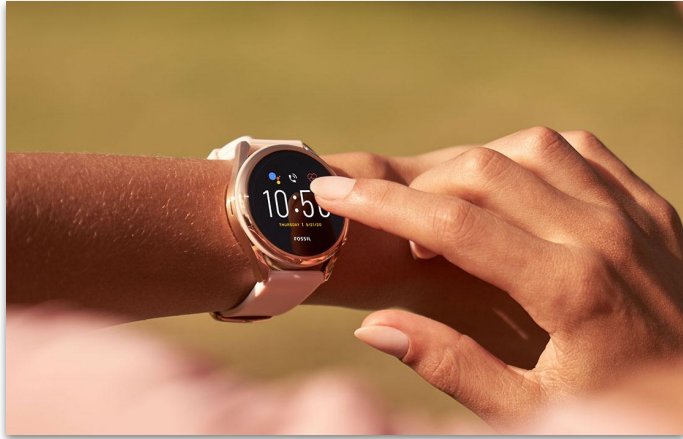
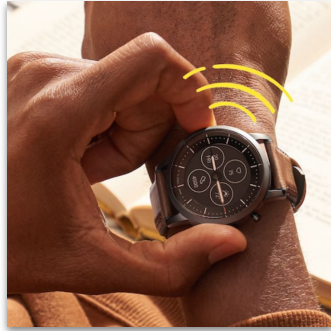
- Bring great brands, stories, and style to the marketplace
- Build on current iconic design trends and collaborations
- Create exceptional content at scale
- Lead with Digital First approach
- Maximize key events & holidays

TRADITIONAL WATCHES



- Design-led culture
- Leading fashion watch brands: Fossil, Michael Kors, Armani, Diesel
- Long term growth supported by emerging markets
- Near term growth driven by pandemic rebound
- Strong unit-level economics in all channels, including digital

CONNECTED WATCHES



- Refined brand & distribution strategies
- In-house software and engineering expertise
- Long-standing partnership with Google Wear OS
- Strong consumer response to Gen 5 offerings and robust innovation roadmap
- Expanded into consumer electronics and telecom channels; Introduced LTE Q1 2021

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

Deploy CRM capabilities; implement high ROI marketing programs

WELL-POSITIONED ACROSS DIGITAL CHANNELS



INFRASTRUCTURE IN PLACE TO DRIVE SCALE + FAVORABLE ECONOMICS

3. Expand on our Opportunity in China and India

3 OPPORTUNITY IN CHINA AND INDIA

- 
- A light gray world map serves as a background. China is highlighted in orange, and India is highlighted in green.
- Emerging middle class is driving category growth
 - Proven strategy focused on localized marketing and segmented assortments
 - Strong brand awareness and digital strategy driving consistent growth in Mainland China
 - India positioned to return to growth post-pandemic

4. Streamline Operations

STREAMLINE OUR OPERATIONS



- Driving expense leverage
Achieved \$250M cost savings target earlier than planned (Q1 2021)
- Optimizing the store portfolio through natural lease expirations
15%-20% reduction planned in 2021
Majority of leases coming due 2021-2024 creates flexibility
- Re-engineering the supply chain and key processes including inventory management and assortment optimization

More About Us...

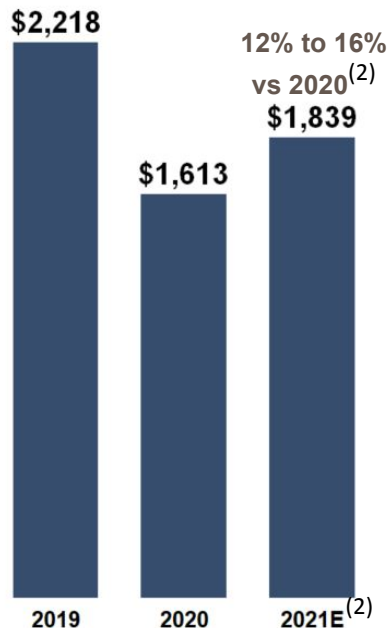
FOSSIL LEADERSHIP

Kosta Kartsotis	Chairman and CEO				
Jeff Boyer	EVP, Chief Operating Officer				 
Greg McKelvey	EVP, Chief Commercial Officer				
Sunil Doshi	Chief Financial Officer & Treasurer				
Darren Hart	EVP, Human Resources				
Steven Evans	EVP, Chief Brand Officer				
Randy Belcher	EVP, Asia Pacific				
Antonio Nigro	SVP, EMEA				

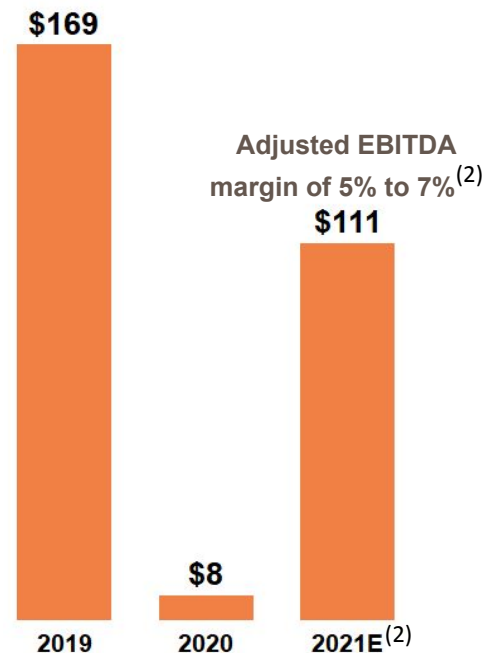
POSITIONED FOR GROWTH

\$ millions

Net Sales



Adjusted EBITDA⁽¹⁾



⁽¹⁾ A reconciliation of Adjusted EBITDA to income for the 2019 and 2020 periods is included in the Appendix. A reconciliation of Adjusted EBITDA, a non-GAAP financial measure, to a corresponding GAAP measure is not available on a forward-looking basis without unreasonable efforts due to the high variability and low visibility of certain income and expenses that are excluded in calculating Adjusted EBITDA.

⁽²⁾ Our estimated guidance for fiscal year 2021 provided on May 12, 2021. 2021E represents the midpoint of the guidance for reference only. See our Current Report on Form 8-K filed with the SEC on May 12, 2021.

CAPITAL STRUCTURE

Ample Liquidity

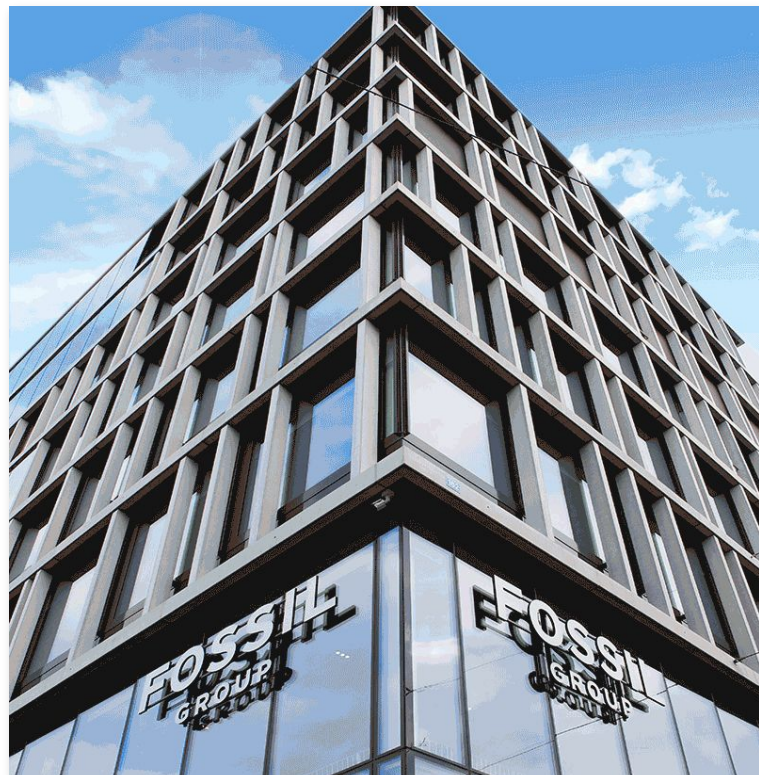
\$247M of cash and cash equivalents⁽¹⁾

Total Debt \$215M⁽¹⁾

\$138M in Term Loan Debt
\$77M outstanding on Revolver Facility

Cap-Ex Light Model

\$20M planned for 2021⁽¹⁾



⁽¹⁾See our Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2021 filed with the SEC on May 13, 2021. Debt is shown gross of unamortized debt issuance costs of \$15.8M and an unamortized original issue discount of \$6.5M. Revolver facility size is \$275M with \$3M available.

KEY CONSIDERATIONS



- Sizeable addressable categories with strong global growth
- Culture and track record of innovation
- Rapidly growing digital business with compelling economics
- Right-sized cost structure
- Positioned to deliver revenue and profit growth in 2021 and beyond

Appendix

Adjusted EBITDA (1) Reconciliation

\$ millions

	FY19	FY20	Q220	Q320	Q420	Q121	Total Q220-Q121
Income (loss) before income taxes	-\$34	-\$172	-\$43	\$9	\$11	-\$22	-\$45
Plus:							
Interest Expense	30	32	8	8	8	7	32
Amortization & depreciation	54	43	11	10	10	9	39
Impairment expense	28	34	3	5	7	5	19
Other non-cash charges	50	24	2	2	2	0	6
Stock-based compensation	18	11	3	3	2	2	10
Restructuring expense	25	37	11	6	11	8	35
Less:							
Interest Income	2	1	0	0	1	0	1
Adjusted EBITDA	\$169	\$8	-\$6	\$43	\$50	\$8	\$94

- (1) Adjusted EBITDA is a non-GAAP financial measure. We define Adjusted EBITDA as our net income (loss) before the impact of income tax expense (benefit), plus interest expense, amortization and depreciation, impairment expense, other noncash charges, stock-based compensation expense, and restructuring expense minus interest income. We have included Adjusted EBITDA herein because it is widely used by investors for valuation and for comparing our financial performance with the performance of our competitors. We also use Adjusted EBITDA to monitor and compare the financial performance of our operations. Our presentation of Adjusted EBITDA may not be comparable to similarly titled measures other companies report. Adjusted EBITDA is not intended to be used as an alternative to any measure of our performance in accordance with GAAP. The following table reconciles Adjusted EBITDA to the most directly comparable GAAP financial measure, which is income(loss) before income taxes. Certain line items presented in the tables below, when aggregated, may not foot due to rounding. Certain prior period amounts have been reclassified to conform to the current period presentation.