

FOSSIL
GROUP



Dear Stockholders,

Over the past several years, we have been challenged in an unprecedented manner - first with a global pandemic and now with a geopolitical and humanitarian crisis in Eastern Europe. Our hearts and prayers go out to the Ukrainian people during these devastating times. Despite these challenges, disruptions and hardships, our teams have adapted and supported each other, our communities, and our company. We are incredibly proud of our global team's agility and commitment, truly a testament to the "All for One" spirit that drives our Fossil culture.

Amid the pandemic disruptions of the past two years, we transformed and reshaped our business to a digitally-led organization through the "New World Fossil 2.0 – Transform to Grow Program". By reorganizing ways of working, reducing our reliance on physical brick and mortar distribution and accelerating our investments in digital and brand building, we are on a path to sustained, profitable growth. In 2021, we grew worldwide net sales by 16% and significantly improved our profitability, delivering earnings per share of \$0.48. Additionally, global sales generated by our digital channels exceeded 40%.

During the year, we successfully completed our multi-year work under the New World Fossil program, which exceeded our \$250 million cost savings target. With a leaner cost base, we also improved our balance sheet with a \$150 million notes offering, ending the year with over \$400 million in liquidity and a more flexible capital structure.

Brand building through product innovation and marketing remains at the heart of everything we do and 2021 was no exception. From our Limited Edition Space Jam collection and celebration of existing iconic watch designs to our latest generation smartwatch, Gen 6, we saw strong consumer response to our brands. With product newness and storytelling, we drove a 22% growth in traditional watches. We also saw jewelry emerge as a category that is contributing more meaningfully to our growth. While this is still a relatively small category for Fossil Group, jewelry is a large addressable market, where our design and distribution capabilities create a natural growth adjacency.

STRATEGIC PRIORITIES

We are executing against a large and growing watch market, with favorable trends in both the traditional and smartwatch segments and in even larger addressable markets in jewelry and leathers. Our 2021 results reinforce that our strategic initiatives are working. You can expect to see us continue to sharpen our focus on these areas that are contributing to our business performance and driving value for our shareholders.

Our strategic priorities remain at the center of our growth plans for 2022 and include accelerating our digital footprint, building brand heat through product innovation and marketing, capturing operating efficiencies and driving growth in China and India.

Our ESG program, Make Time for Good, reflects our strategy to be a more purpose-driven organization and enhance the communities in which we operate. In 2022, we look forward to sharing our first sustainability report.

LOOKING AHEAD

In these extraordinary times, I am extremely proud of what our organization has accomplished. As we look ahead, while the macro environment remains dynamic, we are clear about our path forward. We enter 2022 with confidence in our positioning and our ability to deliver sustainable, profitable growth. We are grateful to our shareholders and remain committed to driving performance that creates consistent value.

Sincerely,



KOSTA N. KARTSOTIS

Chairman and CEO

Financial Highlights

FISCAL YEAR	2021	2020	2019	2018	2017
<i>(in thousands, except per share data)</i>					
Net sales (\$)	1,870,036	1,613,343	2,217,712	2,541,488	2,788,163
Gross profit (\$)	966,374	770,356	1,099,438	1,340,137	1,358,839
Operating income (loss) (\$)	92,637	<135,319>	<28,383>	62,711	<424,276>
Net income (loss) attributable to Fossil Group, Inc. (\$)	25,434	<96,095>	<52,365>	<3,478>	<478,172>
Earnings per share:					
Basic (\$)	0.49	<1.88>	<1.04>	<0.07>	<9.87>
Diluted (\$)	0.48	<1.88>	<1.04>	<0.07>	<9.87>
Weighted average common shares and common equivalent shares outstanding:					
Basic (#)	51,961	51,116	50,230	49,196	48,468
Diluted (#)	52,777	51,116	50,230	49,196	48,468
Working capital (\$)	487,108	431,949	500,278	652,766	781,900
Total assets (\$)	1,368,719	1,478,505	1,604,732	1,575,198	1,658,372
Total long-term liabilities (\$)	367,714	479,947	541,711	380,764	568,337
Stockholders' equity attributable to Fossil Group, Inc. (\$)	463,226	439,090	503,054	585,543	576,133

Corporate Information

EXECUTIVE OFFICERS & DIRECTORS

OFFICE OF THE CHAIRMAN

Kosta N. Kartsotis

Chairman of the Board
and Chief Executive Officer

Jeffrey N. Boyer

Chief Operating Officer

Greg A. McKelvey

Executive Vice President,
Chief Commercial Officer

Randy C. Belcher

Executive Vice President, Asia Pacific

Holly L. Briedis

Executive Vice President,
Chief Digital Officer

Sunil M. Doshi

Senior Vice President,
Chief Financial Officer and
Treasurer

Steven A. Evans

Executive Vice President,
Chief Brand Officer

Darren E. Hart

Executive Vice President,
Human Resources

Melissa B. Lowenkron

Senior Vice President and
General Manager, Fossil Brand

Mark R. Belgya

Director

William B. Chiasson

Director

Kim Harris Jones

Director

Kevin Mansell

Lead Director

Diane L. Neal

Director

Marc R. Y. Rey

Director

Gail B. Tifford

Director

OUR WEBSITE

The company maintains a website at www.fossilgroup.com.

Certain event and investor relations information concerning the company are available at the site.

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on **Wednesday, May 18, 2022, at 9:00 a.m.** local time in a virtual meeting format via webcast.

COMPANY INFORMATION

A copy of the company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, and the Annual Report to Stockholders, in addition to other company information, is available to stockholders without charge upon written request to Fossil Group, Investor Relations, 901 S. Central Expressway, Richardson, Texas 75080-7302, or online at www.fossilgroup.com.

CORPORATE INFORMATION

Transfer Agent & Registrar

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Principal Independent Auditors

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Corporate Counsel

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2300 N. Field Street, Suite 1800
Dallas, Texas 75201



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NEW YORK

MICHAEL KORS



