

FOSSIL GROUP

October 6, 2023

Buxton Helmsley Group, Inc.
1185 Avenue of the Americas, Floor 3
New York, N.Y. 10036
Attention: Alexander E. Parker

Dear Mr. Parker,

Thank you for your letters dated September 15, 2023, September 27, 2023 and September 29, 2023, each of which have been provided to Fossil's Board of Directors (the "Board"). While we are confused by the allegations and inferences contained in those letters, we take feedback from all of our shareholders and other stakeholders seriously.

As you know, we have now responded to you on multiple occasions at the direction of the Board in an effort to schedule a call at a mutually convenient time to discuss your questions, including emails on September 19, 2023 and September 22, 2023 and a letter on September 28, 2023. To date, you have demonstrated your unwillingness to speak or meet with us to discuss your questions.

As you are aware, we are prohibited by applicable law (including Reg. FD) from providing selective disclosure of material nonpublic information to any shareholder, except under a confidentiality agreement.

In our most recent letter, we confirmed that our financial statements are prepared in accordance with U.S. GAAP, are audited by a nationally recognized accounting firm, and are in compliance with the Company's stated accounting policies. We have directed you to various sections of our public filings that are responsive to the accounting questions you raised. We have provided this information to you in good faith and in a genuine attempt to answer your questions.

In our continuing effort to answer your questions in a Reg. FD compliant manner, please find below additional responses to the questions from your September 15, 2023 letter. For ease of reference, we have included your question before each corresponding answer.

1. Has this accounting policy been complied with in all periodic filings of the Company with the Commission?

Response: The policy referred to in your question is the Company's accounting policy for Property, Plant and Equipment and Lease Impairment, which is set forth in "Note 1. Significant Accounting Policies - Property, Plant and Equipment" in the

Company's Form 10-K for the year ended December 31, 2022 (the "Form 10-K"). Yes, the Company has complied with this policy in the Form 10-K and subsequent quarterly reports on Form 10-Q.

2. Has the Company disclosed all material accumulated depreciation of such assets within its historical periodic filings with the Commission?

Response: Yes, the Company has disclosed all material accumulated depreciation of property, plant and equipment in the Form 10-K and subsequent quarterly reports on Form 10-Q. As a reminder, the Company reports its property, plant and equipment net of accumulated depreciation on its balance sheets.

3. Does the Company agree that it has charged off any material excess carrying values of assets (any carrying values exceeding the true, fair value of assets)?

Response: Yes, the Company has charged off any material excess carrying value of assets in the Form 10-K and subsequent quarterly reports on Form 10-Q in compliance with U.S. GAAP, including ASC 350/360, and also Regulation S-X. With regard to property, plant and equipment, see the answer to question 1 above. With regard to intangible assets, see "Note 1. Significant Accounting Policies - Other Intangible Assets" and "Note 9 - Fair Value Measurements" in the Form 10-K and "Note 11 - Fair Value Measurements" in our most recent quarterly report on Form 10-Q.

4. Does the Company, under any circumstances, believe that the open market's valuation of the Company's issued securities gives way to a more reliable measure of the fair value of asset value securing those capital structure interests than what the Company's leadership has already disclosed and certified within its Commission-filed balance sheets?

Response: The open market valuation of the Company's issued securities is subject to numerous factors, which the Company is not privy to, does not control, nor attempts to value. Therefore, the Company is not in a position to comment on those factors being more "reliable." Instead, the Company applies the appropriate accounting guidance on how and when to measure assets and liabilities at fair value, which includes ASC 820, ASC 815, ASC 350 and ASC 360, as well as others. See "Note 1 - Significant Accounting Policies" and "Note - 9 Fair Value Measurements" in the Form 10-K and "Note 11 - Fair Value Measurements" in our most recent quarterly report on Form 10-Q.

5. Does the Company believe it has any material contingent liability risk?

Response: The Company has disclosed its material contingent liabilities in the Form 10-K and subsequent quarterly reports on Form 10-Q. Considerations of our material contingent liabilities have been appropriately disclosed in “Item 1A. Risk Factors” and in the following notes to our consolidated financial statements in the Form 10-K:

Note 4 - Warranty Liabilities

Note 9 - Fair Value Measurements

Note 14 - Commitments and Contingencies

6. Does the Company disagree, under any circumstances, that the fair value of an asset is what a potential acquirer is willing to give for financial consideration for the acquisition of that asset (even in the event of a reorganization, where the reorganization value is based on the same fair value of assets in an orderly (post-reorganization) market, as set forth under GAAP ASC 852-10-05-10)? More specifically, does the Company agree that the value of its assets carried on the books of the Company now (outside of a reorganization setting) represents what the value of those assets would be in the event of a reorganization?

Response: In Form 10-K, the Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Also, please note that reorganizational value in a bankruptcy, as defined in ASC 852-10-05-10, differs from many other sections of U.S. GAAP, hence why separate valuation guidance is provided by ASC 852. As the Company has not been, and is not now, in a reorganization or bankruptcy process, the Company has not performed an analysis of the potential value of any assets in a reorganization under ASC 852.

7. Does the Company believe the fair value of any material property, plant and equipment assets to be materially higher than the carrying value of those assets on the books of the Company (those carrying values reported in periodic filings with the Commission)?

Response: The Company reports its property, plant and equipment assets in accordance with U.S. GAAP. As the Company’s property, plant and equipment assets are properly recorded at historical cost under U.S. GAAP, which does not require disclosure regarding whether the value of such assets is materially higher than the carrying amount, the Company has not made such disclosure in the Form 10-K or

subsequent quarterly reports on Form 10-Q and is unable to comment further under Reg. FD.

As to Questions 8 through 14, we note that the Board in fulfilling its fiduciary duties to shareholders considers all options to maximize shareholder value. As noted previously, we are happy to discuss these questions with you, as well as any other questions you may have relating to capital structure, capital deployment and strategic initiatives and we have set forth below additional responses to your questions 8 through 14, all subject to Reg. FD.

8. Is there any reason the Company has not entered into a secured revolving credit facility tied to the overall debt-to-capitalization ratio of the Company (whether in addition to the existing credit facility or to replace the existing credit facility and unlock further liquidity)?

Response: The Company is open to discussing your views on this matter, including, but not limited to, your experience with non-investment grade issuers using debt-to-capitalization ratios to unlock additional liquidity.

9. Under what circumstances does the Company see itself as unable/unwilling to repurchase those securities (preferred equity securities maturing 11/30/2026), to strategically deleverage for the benefit of common stockholders? Is there any reason that the Company would not be willing to enter into a trading arrangement under Rule 10(b)5-12 for the purpose of continuously repurchasing those preferred equity securities (that is, while those securities continue to trade materially enough below par value)?

Response: The Company considers a wide range of factors in assessing its near term and long-term capital allocation priorities. More specifically, as disclosed in the Form 10-K and subsequent quarterly reports on Form 10-Q, our business is seasonal, and starting in the third quarter, our cash needs begin to increase, typically reaching a peak in the September – November time frame as we increase inventory levels in advance of the holiday season. If you would like to discuss this topic in more depth, we invite you to enter into a customary confidentiality agreement with us.

10. Along with repurchases of the Company's preferred equity securities, would the Board be opposed to the engagement of a simultaneous repurchase (material, but sensible, and not to the extent of the proposed preferred equity repurchases) of the Company's common equity securities (holding those repurchased securities in treasury reserve, for later possible at-the-market re-sale, if seen as prudent and advantageous based on later possible overvaluations in the open market for those securities)? If opposed, why?

Response: The Company considers a wide range of factors in assessing its near term and long-term capital allocation priorities and has from time-to-time repurchased shares of common stock. As disclosed in the Form 10-K and subsequent quarterly reports on Form 10-Q, the Company's current capital allocation priorities include funding its seasonal working capital needs and executing its Transform and Grow program. If you would like to discuss this topic in more depth, we invite you to enter into a customary confidentiality agreement with us.

11. Why should public investors be confident enough to purchase the Company's stock at such a discount, if the Company itself is unwilling to - on any level - purchase its shares at such a discount to the certified value of equity?

Response: We are not able to comment on investment decisions of any shareholders or potential investors. The Company and its Board are committed to maximizing shareholder value. We would be willing to learn more about your views on this matter.

12. Why should public investors be confident enough to purchase the Company's stock, if its own insiders do not have the confidence to invest even a nickel of their personal funds in the Company's stock? (The stock of insiders retained as a result of grants does not illustrate the same level of confidence in the integrity of the Company's Commission-filed balance sheets as those stock holdings resulting from an insider's open market purchases with their own funds?)

Response: We are not able to comment on investment decisions of any shareholders or potential investors. The Company and its Board are committed to maximizing shareholder value. We would be willing to learn more about your views on this matter.

13. As a result of that restructuring, what percentage of Fossil retail locations (locations open as of the last quarter) have produced a net profit over the trailing twelve-month period preceding this letter? Are those stores unprofitable enough to be shuttered as part of the recently-announced "Transform and Grow" initiative?

Response: We have not previously disclosed the net profit of our retail locations that were open as of the most recent Form 10-Q filing. We have noted that as part of the Company's Transform and Grow program, our net store count is expected to decline from the store count as of the most recent Form 10-Q filing as store leases expire.

14. Is the Board open to (and willing to publicly commit to, as a firm indication of dedication to shareholder interests) proactively fielding interest in a possible acquisition of the Company by entities with clear possible synergies?

Response: The Board regularly considers all options to maximize value for shareholders and we welcome input from our shareholders. We would be happy to have a discussion with you and hear your ideas which we will of course consider.

As mentioned in our last letter, our Board and management team are committed to acting in the best interests of all of Fossil's shareholders, and we welcome constructive input and dialogue with our shareholders. Our management team remains available if you would like to meet or schedule a call. We believe we have in good faith answered your questions in writing as you requested.

To enable us to more fully respond to your questions, we are willing to enter into a customary confidentiality agreement with you.

On behalf of Fossil and our board of directors, we thank you for your interest in Fossil Group, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sunil M. Doshi', written over a horizontal line.

Sunil M. Doshi
Chief Financial Officer
Fossil Group, Inc.

cc: Kosta N. Kartsotis, Chairman of the Board of Directors and Chief Executive Officer
Kevin Mansell, Lead Independent Director
Mark R. Belgya, Chairman of the Audit Committee