

# BUXTON HELMSLEY

New York Headquarters  
1185 Avenue of the Americas, Floor 3  
New York, N.Y. 10036

Mr. Alexander E. Parker  
*Senior Managing Director*  
E. alexander.parker@buxtonhelmsley.com  
T. +1 (212) 951-1530  
F. +1 (212) 641-4349

VIA U.S. REGISTERED MAIL & ELECTRONIC MAIL

October 18, 2023

Board of Directors – All Members  
Fossil Group, Inc.  
901 South Central Expressway  
Dallas, TX 75080

Mr. Randy Hyne  
Vice President, General Counsel and Secretary  
Fossil Group, Inc.  
901 South Central Expressway  
Dallas, TX 75080  
randyh@fossil.com

Re: October 16, 2023, Letter to Buxton Helmsley – Fossil Group Inc. (the “Company” or “Fossil”)

Dear Fossil Board of Directors (the “Board”):

The Buxton Helmsley Group, Inc. (“BHG” or “we”) addresses the Board, given our receipt of the Company’s October 16, 2023, letter (the “October 16 Letter”).

Very simply, BHG needs to be done wasting time here. Mr. Doshi, and the Board, apparently is:

- Not even willing to minimally affirm his understanding that accrual of observed asset value losses may not be delayed (very “triggering events” requiring disclosure of such losses under GAAP, and Regulation S-X), while revenue is being booked in real-time (particularly, that “fresh-start accounting” guidance under GAAP ASC 852 is *not* a mechanism for belated admissions of supposedly believed asset value losses) (*See* Item No. 6 from the October 16 Letter and compare to what the Company was asked to respond to);
- Not even willing to minimally pledge he will stick by the Company’s financial statements which he signs off on (*See* Item No. 4 from the October 16 Letter and compare to what the Company was asked to respond to);
- Not even willing to rule out the possibility that he also may later entirely abandon and undermine the Company’s financial statements with a possible future claim that he believes open market valuations have more validity than the Company’s financial statements that bear his signatures, which were already supposed to represent his utmost believed financial figures (again, if he knew of more accurate figures, then he should have been disclosing them) (*See* Item No. 4 from the October 16 Letter and compare to what the Company was asked to respond to); and

- The list just goes on.

In our view, the Company would have been better off not responding at all, rather than sending the October 16 Letter. You were on a better track with the second response, and then sent yourselves right back to square one; it is mind-boggling. Unless Mr. Doshi wants to admit to purposely evading questions all over again (with the October 16 Letter), it would appear that his ineptitude includes his apparent inability to identify a question on a sheet of paper. Mr. Doshi stated that items 8-14 did not contain questions. Mr. Doshi is then apparently unable to merely identify a question mark at the end of a sentence (multiple questions throughout items 8-14), yet this Board somehow believes he is competent enough to prepare this Company's technical financial statements? Perhaps, those sheets of paper (the Company's financial statements) are then missing or unwittingly including not question marks, but zeros. You must be joking.

The existence of such flim-flam accounting philosophies/beliefs will undoubtedly negatively (and very materially, as the knowledge of its existence spreads throughout public market participants) affect the confidence of this Company's investors (and all prospective investors), and therefore the market valuation of this Company. The very possible devastating undermining of financial statements that we have endlessly tried to rule out here is exactly what we have seen in other cases of accounting and securities fraud (Mallinckrodt is certainly one example) we have actively investigated and exposed. Mr. Doshi and, by extension, this Board (due to what appears to be a lack of disciplined oversight) did not rule out the possibilities of shifty and improper accounting practices we are proactively inquiring about (to ensure they do not have the potential of repeating at this Company, after having seen them before, even at other Deloitte-audited entities), and instead entirely affirmed those grave dangers exist to possibly harm this Company's investors under this present leadership.

Very simply, if this leadership sees validity in materially differential accounting philosophy/beliefs (as was made clear in the October 16 Letter, the Company wishes to keep the door open to possibly suddenly abandon and undermine its Commission-filed financial statements with entirely different accounting philosophies and statements of financials at a later date, never disclosed before), then *why in the world* are you operating on your current accounting philosophy/beliefs? Given the Company's responses so far, we believe this Company is on a track that could absolutely lead to shareholders being left with an empty bag due to these unstable accounting beliefs and philosophies, and the only way to avoid such disaster is to materially refresh this Board with individuals who are able to actually demonstrate the integrity expected by public investors. The beginning of this story has been told, and shareholders will get to choose whether they wish to rule out the possibility of being devastated as a result of the present – again – flim-flam accounting philosophy/beliefs; that will be an easy choice. This Company's public investors need a leadership that they confidently know will stand by the Company's financial disclosures.

Given the October 16 Letter and how abundantly clear the risk and danger is that this Company's investors face with this present Board (the capital allocation issues are the least of our worries now), the need for a refreshed Board no longer hinges on the Company's upcoming earnings results; that need is now very clearly absolute. Even if the Company should soon release positive results (with a drastically improved tone that actually begins to instill a level of confidence in investors) and/or has possibly begun to take certain positive actions that BHG may have already suggested, this Company's investors still face the now-evidenced risk of this leadership's provably unstable accounting beliefs/philosophies and demonstrated propensity to possibly hoodwink the Company's public investors into holding

an empty bag (just as we have seen before). We have more than sufficient experience with apparent accounting and securities fraud at public companies (and enough examples to give), such that shareholders will easily understand they have everything to lose if they do not approve our recommended Board replacements.

We are going to assume the need to proceed on the basis that this Board is unwilling to voluntarily reconstitute itself to include those director nominees to shortly be set forth by BHG. If this Board is willing to voluntarily reconstitute, then please do advise BHG immediately (we would expect such a simple notice by October 23<sup>rd</sup>, 2023). A shareholder solicitation or similar action by BHG for the forceful replacement of certain Board members will only be required if this Board wants to go down that route (which would further this Board and management's pattern of unnecessary and avoidable destruction of shareholder value).

If the Board should wish to meet (on the front of voluntarily reconstituting the Board), then BHG would be willing to meet to discuss this. We would expect such a meeting to take place by October 31<sup>st</sup>, 2023, and for such negotiations to be complete promptly thereafter. Until we have agreed on a path forward, BHG will not cease its preparations to proceed adversarially; the present danger is far too great. Mr. Doshi may certainly attend this possible meeting if he wishes to make any statements, but – if such statements are simply an attempt to respond to BHG's questions which he has proven his intent to evade thus far (now, him claiming he cannot even see them on the paper) – where any such further explanations are not in writing, we will then appropriately credit them with *zero* weight and/or belief. We, of course, will listen as much as he is willing to speak, however. Absent that meeting with BHG (for purposes of voluntarily reconstituting this Board), this will all shortly spill out into the public eye, and that will not bode well for the reputations of this Board and management.

We look forward to hearing from the Board, so that all parties can avoid BHG's need to take action to implement change at this Company that we have no doubt shareholders will approve of.

Very Truly Yours,

A handwritten signature in black ink, appearing to read 'AEP', followed by a long horizontal flourish.

Alexander E. Parker  
Senior Managing Director  
The Buxton Helmsley Group, Inc.

Cc: Mr. Eleazer Klein  
Schulte Roth + Zabel LLP  
919 Third Avenue  
New York, NY 10022