PUBLIC

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF THE ADMINISTRATIVE LAW JUDGE

In the matter of Tapestry Inc., a corporation, and Capri Holdings Limited, a corporation. Respondents.	**DOCKET NO. 9429**

COMPLAINT COUNSEL'S MOTION *IN LIMINE* TO EXCLUDE TESTIMONY OF KAREN GIBERSON

Complaint Counsel moves to exclude the testimony, opinions, and report of Respondents' purported industry expert, Karen Giberson, the president and CEO of the fashion trade organization Accessories Council. The Court should exclude Ms. Giberson's testimony and opinions because, according to Ms. Giberson herself, she formed her opinions based on her gut, feelings, conversations with Accessories Council board members, and considerations of the interests of members of the Accessories Council—which include Respondent Tapestry, Inc. ("Tapestry")—rather than applying any reliable expertise, methods, or principles. Ms. Giberson's opinions include pronouncements on topics outside of her experience and knowledge, such as the economic methodology of the Complaint Counsel's economic expert. Ms. Giberson also fails to even superficially draw a connection between her purported expertise and many of her opinions,

PUBLIC

which are often lopsided recitations of facts. For these reasons, the Court should exclude Ms. Giberson's testimony and opinions.

I. Background

Karen Giberson has been the President and CEO of the Accessories Council since 2005. Ex. A ("Giberson Rpt.") ¶ 1. The Accessories Council is a trade organization that represents and advocates for fashion companies [redacted] Ex. B ("Giberson Dep.") 7:12-22, 10:2-4, 12:12-19, 17:14-22.[1]

On August 7, 2024, Ms. Giberson submitted an expert report in this case. *See generally* Giberson Rpt. Ms. Giberson cites the 37 years she has been in the fashion industry. Giberson Rpt. ¶¶ 4, 16. Ms. Giberson offers opinions such as how consumers shop for handbags, how competition to sell handbags occurs, and supposed flaws in the economic methodology of the Complaint Counsel's expert, Dr. Loren Smith. *Id.* ¶ 16.

II. Legal Standard

To be admissible, evidence must be relevant, material, and reliable, pursuant to Commission Rule 3.43(b)(l). The Federal Rules of Evidence related to Daubert motions of experts are also considered to determine whether testimony should be considered. *See* Order on Complaint Counsel's Motion in Limine, *In re Basic Research, LLC*, FTC Dkt. No. 9318 (Jan. 10, 2006). Under Federal Rule of Evidence 702, the party offering expert testimony has the burden of establishing that (1) "the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue," (2) "the

[1] [redacted] Giberson Dep. 23:22-23, 89:7-16, 259:4-18.

PUBLIC

testimony is based on sufficient facts or data," (3) "the testimony is the product of reliable principles and methods," and (4) "the expert's opinion reflects a reliable application of the principles and methods to the facts of the case." Fed. R. Evid. 702.

This Court has the gatekeeping responsibility to bar conjecture by witnesses who may be unqualified to render expert opinions, or whose proposed testimony is not supported by reliable principles or methods. *See, e.g.*, *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 590 (1993); *Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 141 (1999); Order on Complaint Counsel's Motion in Limine, *In re Basic Research, LLC*, FTC Dkt. No. 9318 (Jan. 10, 2006).

III. Argument

A. Ms. Giberson bases her opinions on gut feelings and the interests of the Accessories Council's members, not reliable principles or methods.

The Court should exclude Ms. Giberson's testimony because she bases her opinions on improper considerations that should have no role in guiding the Court's decision. An expert opinion, even drawn on industry experience, must be based on the application of reliable principles and methods to specific data. Fed. R. Evid. 702 (b)-(d); *Klaczak v. Consol. Med. Transp.*, 458 F. Supp. 2d 622, 667 (N.D. Ill. 2006). The expert must also show how their experience led to their conclusions. *Dominion Res. SVC, Inc. v. Alstom Power, Inc.*, No. 3:16-CV-544, 2018 WL 3752878, at *9 (D. Conn. Aug. 8, 2018). Expert testimony is not admissible if it is based on gut intuition or feelings. *E.g.*, *Zenith Elecs. Corp. v. WH-TV Broad. Corp.*, 395 F.3d 416, 418 (7th Cir. 2005).

When asked about her principles or methods, Ms. Giberson testified: [redacted] Giberson Dep. 104:21-25. And when asked about the documents in the "Materials Considered[2]" appendix to her report, Ms. Giberson

[2] For the Federal Court proceeding, it was Materials Relied Upon.

similarly said: [redacted] Giberson Dep. 62:13-20.

Ms. Giberson's basis for her opinions do not satisfy Federal Rule of Evidence 702. An expert must "show their work," to demonstrate how their opinions are grounded in the reliable application of principles to facts. *E.g.*, *Castagna v. Newmar Corp.*, No. 3:15-cv-249 JD, 2020 WL 525936, at *3 (N.D. Ind. Feb. 3, 2020). Ms. Giberson's testimony that she had reached her opinions and conclusions based on her initial reaction to hearing about this lawsuit and a handful of conversations she had before she had access to the record in this case demonstrates that her opinions are untethered to any reliable principles or facts. . *See LinkCo, Inc. v. Fujitsu Ltd.*, No. 00 Civ. 7242 (SAS), v, at *3-4 (S.D.N.Y. July 16, 2002). That Ms. Giberson only spent about 80 hours on this case, inclusive of drafting her 97-page report, reviewing case materials, and preparing for and testifying at her deposition, also reflects the shallow analysis that she has performed. *See* Giberson Dep. 25:10-20, 28:15-30:7.

Ms. Giberson's opinions are undermined by actual bias: Ms. Giberson considered how Complaint Counsel's suit would affect the Accessories Council's members, which include Tapestry. Giberson Dep. 265:21-266:4. Ms. Giberson also asked other Accessories Council board members for their views in forming her opinions. Giberson Dep. 266:4-7. Thinking of how this case might affect an Accessories Council member and taking a straw poll of Accessories Council board members results in an opinion that does not assist the Court, but rather is lopsided advocacy by an industry insider. Rule 702 does not support the admission of conclusions so lacking in foundation and which offer little more than what counsel may offer in argument. *See LinkCo, Inc.*, 2002 WL 1585551, at *2-4.

PUBLIC

B. Ms. Giberson offers sweeping and unhelpful opinions on antitrust economics wholly outside of her expertise.

According to Ms. Giberson's report, her conclusions are based on her [redacted] Giberson Rep. ¶ 16. She is not an [redacted] (*id.* 107:18-20) or [redacted] (*id.* 118:23-24) and has never [redacted] (*id.* 32:7-9). *See also Giberson* Rep. ¶ 76 ([redacted]).

Nonetheless, Ms. Giberson offers broad conclusions about the economic effects of the acquisition: [redacted] Giberson Rpt. ¶ 16(e); *see also id.* ¶¶ 76-80, 104. Ms. Giberson's report makes clear that her opinions on this point do not stem from any relevant expertise. Giberson Rep. ¶ 76.

Ms. Giberson instead reasons that if [redacted] Giberson Rpt. ¶ 80. However, with more market power, companies gain the ability to profitably raise prices even when the higher price results in fewer sales. *E.g.*, Philip Areeda & Herbert Hovenkamp, Antitrust Law: An Analysis of Antitrust Principles and Their Application § 100a (2022); *FTC v. Tronox Ltd.*, 332 F. Supp. 3d 187, 208-10 (D.D.C. 2018). Ms. Giberson's conclusion that [redacted]

[redacted] *E.g.*, Ex. C ("Smith Rpt.") ¶¶ 229, 232, 263.

C. Ms. Giberson's remaining opinions do not reflect a helpful reliable application of methods or principles to the facts of the case.

Ms. Giberson also fails to apply reliable principles or methods with respect to each of her opinions, which she summarizes in paragraph 16 of her report.

Paragraph 16(a), (b) & section III. In paragraph 16(a) and (b) of her report, Ms. Giberson writes that consumers "shop for handbags for many different reasons and in many different ways," and asserts that they have an abundance of options of styles and functions across all price points. *See also* Giberson Rpt. § III. But Ms. Giberson did not conduct any consumer surveys or perform any other analysis to support these opinions. Giberson Dep. 104:21-105:5; 107:7-109:13.

Ms. Giberson's opinions as summarized in paragraph 16(a) and (b) and further discussed in section III of her report, such as [redacted] (Giberson Rep. at 34), are not the sort of complex issues which the Court requires an expert's assistance to understand. *Cf. United States v. Wexler*, 522 F.3d 194, 204 (2d Cir. 2008). The information about the availability and variety of handbags that Ms. Giberson provides, "to the extent it is admissible, is properly presented through percipient witnesses and documentary evidence." *In re Rezulin Prod. Liab. Litig.*, 309 F. Supp. 2d at 551.

Paragraph 16(c) & section IV. In paragraph 16(c), Ms. Giberson criticizes Complaint Counsel's use of the term "accessible luxury" in describing the relevant product market, and writes: [redacted]

PUBLIC

[redacted] *See also* Giberson Rpt. § IV.[3] These assertions rest on Ms. Giberson's *ipse dixit*. References to "accessible luxury" within the fashion industry are ubiquitous, including in Tapestry and Capri's own SEC filings. Ex. D PX7104 (Tapestry) at 004 (2022 10-K: "Tapestry, Inc. is a leading New York-based house of accessible luxury accessories and lifestyle brands."); Ex. E PX7098 (Capri) at 009-10 (Capri's 2023 10-K describes the MMK line as an "accessible luxury line" that "addresses the significant demand opportunity in accessible luxury goods."). Ms. Giberson's opinion regarding the term "accessible luxury" is contrary to the record and her own testimony: [redacted] Giberson Dep. 114:10-115:12. Ms. Giberson does not rely on any analysis, surveys, or other application of expertise to support her conclusion that "accessible luxury" is not widely used or capable of definition. Giberson Dep. 115:18-116:1. Ms. Giberson touts her own time in the industry and asks the Court to rely on her unsupported say-so, which is routinely rejected as unreliable and unhelpful under Rule 702. *See, e.g.*, *Bloomberg L.P.*, 2010 WL 3466370, at *15-16 (citing *Kumho Tire Co.*, 526 U.S. at 157).

<u>Paragraph 16(d) & sections V, VI.</u> In Paragraph 16(d) and sections V and VI of her report, Ms. Giberson contends that Dr. Smith has misused Circana/NPD data when evaluating the relevant product markets. However, this opinion is far outside of Ms. Giberson's expertise. In

---

[3] Throughout her report, Ms. Giberson also makes assertions regarding [redacted] *See, e.g.*, Giberson Rpt. ¶¶ 27, 55, 69, 74. Ms. Giberson [redacted] Giberson Dep. 117:2-7, 157:22-158:3, 204:18-20, 211:8-14. The Court should reject these conclusory assertions as inadequately tethered to any expertise or the facts of the case. *See, e.g.*, *LinkCo, Inc.*, 2002 WL 1585551, at *3-4.

PUBLIC

the preliminary injunction hearing, the Court rightly concluded that "to the extent […] Ms. Giberson testif[ies] outside of [her] field of industry expertise, for example, as to economic analyses, that testimony would be outside of [her] scope of expertise and would not be afforded weight by this Court." Ex. F, Hr'g Tr. 65:20-24. [redacted] (Giberson Dep. 118:23-24), [redacted] (*id.* 159:12-15), or [redacted] (*id.* 107:18-20). Ms. Giberson does not explain how her industry background gives her a foundation required for antitrust economic analysis. Instead, Ms. Giberson offers non-expert critiques of NPD reports and unfounded assertions of how NPD should be used.

Ms. Giberson also criticizes NPD's handbag categories cited by Dr. Smith's analysis. Ms. Giberson says that [redacted] Giberson Rpt. ¶ 35. But Ms. Giberson [redacted] Giberson Dep. 154:6-12. Ms. Giberson's critique—that there are [redacted] (Giberson Rpt. ¶ 36)—is inapposite and unhelpful to the Court.

Many of Ms. Giberson's other critiques of Dr. Smith's use of NPD lack any support. For example, Ms. Giberson writes: [redacted] Giberson Rpt. ¶ 34; *see also id.* ¶¶ 32, 45-46, 63. Ms. Giberson—who is not herself an expert in data analysis—cites no documents, no testimony, no studies, and no analysis to support these sweeping assertions. Even were Ms. Giberson an expert on the use of industry data in evaluating market size or shares, she would need to do more to show her analysis and facts that support it. *See, e.g.*, *LinkCo, Inc.*, 2002 WL 1585551, at *3-4.

Ms. Giberson offers a lengthy discourse of the variety of handbags available to consumers, riddled with conclusory assertions. Giberson Rpt. ¶¶ 38-75; *see also, e.g.*, *id*. ¶ 71 (stating without support: [redacted]); Giberson Dep. 210:16-212:4. For the reasons discussed at III.A, supra, expert testimony is an inappropriate vehicle for factual recitations such as this.

IV. Conclusion

The Court should exclude Ms. Giberson's testimony, opinions, and report in this matter.

Dated: September 17, 2024

Respectfully Submitted

By: s/ Blake A. Risenmay
Blake A. Risenmay
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, DC 20580
T: 202-326-2553
E: brisenmay@ftc.gov

Counsel Supporting the Complaint

STATEMENT OF CONFERENCE PURSUANT TO PARAGRAPH 4 OF THE SCHEDULING ORDER

Complaint Counsel met-and-conferred with Respondents' counsel by videoconference on August 23, 2024 and September 9, 2024 in good faith seeking to resolve by agreement the issues raised by the motion and have been unable to reach such agreement.

Dated: September 10, 2024

Respectfully Submitted,

By: s/ Blake A. Risenmay

Blake A. Risenmay
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, DC 20580
T: 202-326-2553
E: brisenmay@ftc.gov

Counsel Supporting the Complaint

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF THE ADMINISTRATIVE LAW JUDGE

In the matter of Tapestry Inc., a corporation, and Capri Holdings Limited, a corporation. Respondents.	**DOCKET NO. 9429**

[PROPOSED] ORDER

Upon Complaint Counsel's Motion *in Limine* to Exclude Testimony of Karen Giberson, it is hereby:

ORDERED that Complaint Counsel's motion is GRANTED; and it is furthered

ORDERED that any statements in Karen Giberson's August 27, 2024 report are hereby stricken and will not be received in evidence.

SO ORDERED THIS ___ DAY OF _____________, 2024

____
Dania L. Ayoubi
Administrative Law Judge

PUBLIC

EXHIBIT A

REDACTED IN ENTIRETY

EXHIBIT B

REDACTED IN ENTIRETY

EXHIBIT C

REDACTED IN ENTIRETY

PUBLIC

EXHIBIT D

PUBLIC

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended July 2, 2022
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 1-16153

Tapestry, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**52-2242751**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10 Hudson Yards, New York, NY 10001

(Address of principal executive offices); (Zip Code)
(212) 946-8400
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Stock, par value $.01 per share	TPR	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Act).Yes ☐ No ☑

The aggregate market value of Tapestry, Inc. common stock held by non-affiliates as of December 31, 2021 (the last business day of the most recently completed second fiscal quarter) was approximately $10.6 billion. For purposes of determining this amount only, the registrant has excluded shares of common stock held by directors and officers. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

On August 5, 2022, the Registrant had 241,218,609 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	Form 10-K Reference
Proxy Statement for the 2022 Annual Meeting of Stockholders	Part III, Items 10 – 14

TAPESTRY, INC.

TABLE OF CONTENTS

SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This document, and the documents incorporated by reference in this document, our press releases and oral statements made from time to time by us or on our behalf, may contain certain "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are based on management's current expectations, that involve risks and uncertainties that could cause our actual results to differ materially from our current expectations. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "may," "can," "continue," "project," "should," "expect," "confidence," "goals," "trends," "anticipate," "intend," "estimate," "on track," "future," "well positioned to," "plan," "potential," "position," "believe," "seek," "see," "will," "would," "target," similar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Such statements involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of Tapestry, Inc. and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Tapestry, Inc. assumes no obligation to revise or update any such forward-looking statements for any reason, except as required by law.

Tapestry, Inc.'s actual results could differ materially from the results contemplated by these forward-looking statements and are subject to a number of risks, uncertainties, estimates and assumptions that may cause actual results to differ materially from current expectations due to a number of factors, including those discussed in the sections of this Form 10-K filing entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These factors include, but are not limited to: (i) the impact of the ongoing coronavirus ("Covid-19") global pandemic on our business and financial results, including impacts on our supply chain due to temporary closures of our manufacturing partners, price increases, temporary store closures, as well as production, shipping and fulfillment constraints; (ii) the impact of economic conditions; (iii) our ability to successfully execute our multi-year growth agenda under our Acceleration Program; (iv) our ability to control costs; (v) our exposure to international risks, including currency fluctuations and changes in economic or political conditions in the markets where we sell or source our products; (vi) the risk of cyber security threats and privacy or data security breaches; (vii) the effect of existing and new competition in the marketplace; (viii) our ability to retain the value of our brands and to respond to changing fashion and retail trends in a timely manner, including our ability to execute on our e-commerce and digital strategies; (ix) the effect of seasonal and quarterly fluctuations on our sales or operating results; (x) our ability to protect against infringement of our trademarks and other proprietary rights; (xi) the impact of tax and other legislation; (xii) our ability to achieve intended benefits, cost savings and synergies from acquisitions; (xiii) the risks associated with potential changes to international trade agreements and the imposition of additional duties on importing our products; (xiv) the impact of pending and potential future legal proceedings; and (xv) the risks associated with climate change and other corporate responsibility issues. These factors are not necessarily all of the factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

In this Form 10-K, references to "we," "our," "us," "Tapestry" and the "Company" refer to Tapestry, Inc., including consolidated subsidiaries as of July 2, 2022 ("fiscal 2022"). References to "Coach," "Kate Spade," "kate spade new york" or "Stuart Weitzman" refer only to the referenced brand. Fiscal 2022 was a 52-week period, July 3, 2021 ("fiscal 2021") was a 53-week period, and June 27, 2020 ("fiscal 2020") was a 52-week period.

PART I

ITEM 1. BUSINESS

Founded in 1941, Coach, Inc., the predecessor to Tapestry, Inc. (the "Company"), was incorporated in the state of Maryland in 2000. During fiscal 2015, the Company acquired Stuart Weitzman Holdings LLC, a luxury women's footwear company. During fiscal 2018, the Company acquired Kate Spade & Company, a lifestyle accessories and ready-to-wear company. Later in fiscal 2018, the Company changed its name to Tapestry, Inc.

Tapestry, Inc. is a leading New York-based house of accessible luxury accessories and lifestyle brands. Our global house of brands unites the magic of Coach, kate spade new york and Stuart Weitzman. Each of our brands are unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. We use our collective strengths to move our customers and empower our communities, to make the fashion industry more sustainable, and to build a company that's equitable, inclusive, and diverse. Individually, our brands are iconic. Together, we can stretch what's possible.

OUR STRATEGY

In fiscal 2020, the Company announced and embarked on a strategic multi-year growth plan (the "Acceleration Program"). The guiding principle under the Acceleration Program is to better meet the needs of each of its brands' unique customers by:

- **Sharpening our Focus on the Consumer:** Operating with a clearly defined purpose and strategy for each brand and an unwavering focus on the consumer at the core of everything we do.
- **Leveraging Data and Leading with a Digital-First Mindset:** Building significant data and analytics capabilities to drive decision-making and increase efficiency; Offering immersive customer experiences across our e-commerce and social channels to meet the needs of consumers who are increasingly utilizing digital platforms to engage with brands; Rethinking the role of stores with an intent to optimize our fleet.
- **Transforming into a Leaner and More Responsive Organization:** Moving with greater agility, simplifying internal processes and empowering teams to act quickly to meet the rapidly changing needs of the consumer. The Company achieved approximately $200 million and $300 million of annual gross run rate expense savings in fiscal 2021 and fiscal 2022, respectively.

The Company does not expect to incur expenses related to the Acceleration Program in the fiscal year ending July 1, 2023 ("fiscal 2023").

Covid-19 Impact

The outbreak of Covid-19 has continued to impact a significant majority of the regions in which we operate, resulting in significant global business disruptions. In response, the Company took strategic actions to reinforce its liquidity and financial flexibility, as well as to comply with local regulations to protect employees and customers. While the ongoing pandemic continues to present challenges, such as the supply chain related pressures facing the industry, increased freight costs, temporary closures and other additional necessary actions to protect our stakeholders, the Company has been adapting to the current environment by remaining flexible in the short-term while continuing to focus on its long-term strategy and multi-year growth agenda.

OUR BRANDS

The Company has three reportable segments:

- Coach includes global sales of Coach products to customers through Coach operated stores, including e-commerce sites and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors. This segment represented 73.6% of total net sales in fiscal 2022.
- Kate Spade includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including e-commerce sites and concession shop-in-shops, sales to wholesale customers and through independent third party distributors. This segment represented 21.6% of total net sales in fiscal 2022.
- Stuart Weitzman includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, sales to wholesale customers, through e-commerce sites and through independent third party distributors. This segment represented 4.8% of total net sales in fiscal 2022.

PUBLIC

Corporate, which is not a reportable segment, represents certain costs that are not directly attributable to a brand. These costs primarily include administrative and information systems expense.

Coach

Founded in 1941, Coach is a leading design house of accessible luxury accessories and lifestyle collections, with a long-standing reputation built on quality craftsmanship. Defined by a free-spirited, all-American attitude, the brand approaches design with a modern vision, reimagining luxury for today with an authenticity and innovation that is uniquely Coach. All over the world, the Coach name is synonymous with effortless New York style.

Stores — Coach operates freestanding retail stores, including flagships, and outlet stores as well as concession shop-in-shop locations. These stores are located in regional shopping centers, metropolitan areas throughout the world and established outlet centers.

Retail stores carry an assortment of products depending on their size, location and customer preferences. Coach operates a limited number of flagship stores that offer the fullest expression of the Coach brand and are located in tourist-heavy, densely populated cities globally. Coach outlet stores serve as an efficient means to sell manufactured-for-outlet product and discontinued retail inventory outside the retail channel. The outlet store design, visual presentations and customer service levels support and reinforce the brand's image. Through these outlet stores, we target value-oriented customers in established outlet centers that are close to major markets.

PUBLIC

The following table shows the number of Coach directly-operated locations and their total and average square footage:

	Coach		
	North America	International	Total
Store Count			
Fiscal 2022	**343**	**602**	**945**
Net change vs. prior year	**(11)**	**17**	**6**
% change vs. prior year	**(3.1)%**	**2.9 %**	**0.6 %**
Fiscal 2021	354	585	939
Net change vs. prior year	(21)	2	(19)
% change vs. prior year	(5.6) %	0.3 %	(2.0) %
Fiscal 2020	375	583	958
Net change vs. prior year	(16)	(12)	(28)
% change vs. prior year	(4.1) %	(2.0) %	(2.8) %
Square Footage			
Fiscal 2022	**1,659,813**	**1,358,981**	**3,018,794**
Net change vs. prior year	**(34,903)**	**62,978**	**28,075**
% change vs. prior year	**(2.1)%**	**4.9 %**	**0.9 %**
Fiscal 2021	1,694,716	1,296,003	2,990,719
Net change vs. prior year	(63,952)	10,674	(53,278)
% change vs. prior year	(3.6) %	0.8 %	(1.8) %
Fiscal 2020	1,758,668	1,285,329	3,043,997
Net change vs. prior year	(43,742)	(19,289)	(63,031)
% change vs. prior year	(2.4) %	(1.5) %	(2.0) %
Average Square Footage			
Fiscal 2022	**4,839**	**2,257**	**3,194**
Fiscal 2021	4,787	2,215	3,185
Fiscal 2020	4,690	2,205	3,177

In fiscal 2023, we expect minimal change in overall store count with a reduction in store count primarily in North America and Japan, partially offset by increases in store locations and square footage in Greater China.

Digital — We view our digital platforms as instruments to deliver Coach products to customers directly, with the benefit of added accessibility, so that consumers can purchase Coach products wherever they choose. For Coach, we have e-commerce sites in the U.S., Canada, Japan, mainland China, several throughout Europe, Australia and several throughout the rest of Asia. Additionally, we continue to leverage various third-party digital platforms to sell our products to customers.

Wholesale — We work closely with our wholesale partners to ensure a clear and consistent product presentation. We enhance our presentation of proprietary Coach brand fixtures within the department store environment in select locations. We custom tailor our assortments through wholesale product planning and allocation processes to match the attributes of our department store consumers in each local market. We continue to closely monitor inventories held by our wholesale customers in an effort to optimize inventory levels across wholesale doors. The wholesale business for Coach comprised approximately 10% of total segment net sales for fiscal 2022. As of July 2, 2022, Coach's products are sold in over approximately 1,700 wholesale and distributor locations globally. Coach has developed relationships with a select group of distributors who sell Coach products through travel retail locations and in certain international countries where Coach does not have directly operated retail locations. As of July 2, 2022 and July 3, 2021, Coach did not have any customers who individually accounted for more than 10% of the segment's total net sales.

Kate Spade

Since its launch in 1993 with a collection of six essential handbags, kate spade new york has always stood for color, wit, optimism and femininity. Today, it is a global lifestyle brand synonymous with joy, delivering seasonal collections of handbags, ready-to-wear, jewelry, footwear, gifts, home décor and more. Known for its rich heritage and unique brand DNA, kate spade new york offers a distinctive point of view, and celebrates communities of women around the globe who live their perfectly imperfect lifestyles.

Stores — Kate Spade operates freestanding retail stores, including flagships, and outlet stores as well as concession shop-in-shops. These stores are located in regional shopping centers and metropolitan areas throughout the world as well as established outlet centers.

Kate Spade retail stores carry an assortment of products depending on their size, location and customer preferences. Kate Spade operates a limited number of flagship locations which offer the fullest expression of the Kate Spade brand and are located in key strategic markets including tourist-heavy, densely populated cities globally. Kate Spade outlet stores serve as an efficient means to sell manufactured-for-outlet product and discontinued retail inventory outside the retail channel. Through these outlet stores, we target value-oriented customers in established outlet centers that are close to major markets.

The following table shows the number of Kate Spade directly-operated locations and their total and average square footage:

	Kate Spade		
	North America	**International**	**Total**
Store Count			
Fiscal 2022	**207**	**191**	**398**
Net change vs. prior year	**(3)**	**(6)**	**(9)**
% change vs. prior year	**(1.4)%**	**(3.0)%**	**(2.2)%**
Fiscal 2021	210	197	407
Net change vs. prior year	(3)	(10)	(13)
% change vs. prior year	(1.4)%	(4.8)%	(3.1)%
Fiscal 2020	213	207	420
Net change vs. prior year	—	13	13
% change vs. prior year	— %	6.7 %	3.2 %
Square Footage			
Fiscal 2022	**592,649**	**275,287**	**867,936**
Net change vs. prior year	**(4,537)**	**(6,692)**	**(11,229)**
% change vs. prior year	**(0.8)%**	**(2.4)%**	**(1.3)%**
Fiscal 2021	597,186	281,979	879,165
Net change vs. prior year	(6,301)	(9,343)	(15,644)
% change vs. prior year	(1.0)%	(3.2)%	(1.7)%
Fiscal 2020	603,487	291,322	894,809
Net change vs. prior year	24,838	23,973	48,811
% change vs. prior year	4.3 %	9.0 %	5.8 %
Average Square Footage			
Fiscal 2022	**2,863**	**1,441**	**2,181**
Fiscal 2021	2,844	1,431	2,160
Fiscal 2020	2,833	1,407	2,130

We expect to modestly reduce our store count in North America and Japan in fiscal 2023 as the Company looks to drive increased profitability and shift our focus with greater emphasis on digital channels.

PX7104-007

PUBLIC

Digital — We view our digital platforms as instruments to deliver Kate Spade products to customers directly with the benefit of added accessibility as consumers can purchase Kate Spade products wherever they choose. For Kate Spade, we have e-commerce sites in the U.S., Canada, mainland China, Japan and several throughout Europe. Additionally, we continue to leverage various third-party digital platforms to sell our products to customers.

Wholesale — As of July 2, 2022, Kate Spade's products are sold in approximately 1,000 wholesale and distributor locations, primarily in the U.S, Canada and Europe. We continue to closely monitor inventories held by our wholesale customers in an effort to optimize inventory levels across wholesale doors. The wholesale business for Kate Spade comprised approximately 11% of total segment net sales for fiscal 2022. Kate Spade has developed relationships with a select group of distributors who sell Kate Spade products through travel retail locations and in certain international countries where Kate Spade does not have directly operated retail locations. As of July 2, 2022 and July 3, 2021, Kate Spade did not have any customers who individually accounted for more than 10% of the segment's total net sales.

Stuart Weitzman

Founded in 1986, Stuart Weitzman is a leading accessories brand that is synonymous with strength in femininity. Defined by an energetic, bold and purpose-driven attitude, Stuart Weitzman is known for its unique approach to melding fashion, function and fit in every silhouette. The brand's focus on creating effortless shoes - each engineered to empower women with both confidence and comfort - has resonated around the world and continues to inspire women to conquer every day, one step at a time.

Stores — Stuart Weitzman products are primarily sold in retail and outlet stores. Retail stores carry an assortment of products depending on their size, location and customer preferences. Through outlet stores, we target value-oriented customers in established outlet centers that are close to major markets.

The following table shows the number of Stuart Weitzman directly-operated locations and their total and average square footage:

	Stuart Weitzman		
	North America	International	Total
Store Count			
Fiscal 2022	39	61	100
Net change vs. prior year	(9)	5	(4)
% change vs. prior year	(18.8)%	8.9 %	(3.8)%
Fiscal 2021[1]	48	56	104
Net change vs. prior year	(10)	(17)	(27)
% change vs. prior year	(17.2)%	(23.3)%	(20.6)%
Fiscal 2020	58	73	131
Net change vs. prior year	(13)	(3)	(16)
% change vs. prior year	(18.3)%	(3.9)%	(10.9)%
Square Footage			
Fiscal 2022	74,836	84,070	158,906
Net change vs. prior year	(13,558)	3,620	(9,938)
% change vs. prior year	(15.3)%	4.5 %	(5.9)%
Fiscal 2021[1]	88,394	80,450	168,844
Net change vs. prior year	(14,390)	(8,732)	(23,122)
% change vs. prior year	(14.0)%	(9.8)%	(12.0)%
Fiscal 2020	102,784	89,182	191,966
Net change vs. prior year	(22,552)	(1,118)	(23,670)
% change vs. prior year	(18.0)%	(1.2)%	(11.0)%
Average Square Footage			
Fiscal 2022	1,919	1,378	1,589
Fiscal 2021[1]	1,842	1,437	1,624
Fiscal 2020	1,772	1,222	1,465

(1) During fiscal 2021, we exited certain regions previously operated in to optimize our fleet under the Acceleration Program.

In fiscal 2023, we expect a modest increase in store count and square footage in mainland China and a slight reduction in store count and square footage in North America.

Digital — We view our digital platform as an instrument to deliver Stuart Weitzman products to customers directly with the benefit of added accessibility as consumers can purchase Stuart Weitzman brand products wherever they choose. For Stuart Weitzman, we have e-commerce sites in the U.S, Canada and mainland China. Additionally, we continue to leverage a third-party digital platform to sell our products to customers.

Wholesale — Stuart Weitzman products are primarily sold through approximately 900 wholesale and distributor locations globally, which include multi-brand boutiques. The wholesale business for Stuart Weitzman comprised approximately 34% of total segment net sales for fiscal 2022. We continue to closely monitor inventories held by our wholesale customers in an effort to optimize inventory levels across wholesale doors. Stuart Weitzman has developed relationships with a select group of distributors who sell Stuart Weitzman products through travel retail locations and in certain international countries where Stuart Weitzman does not have directly operated retail locations. As of July 2, 2022 and July 3, 2021, Stuart Weitzman did not have any customers who individually accounted for more than 10% of the segment's total net sales.

PUBLIC

Refer to Note 17, "Segment Information," for further information about the Company's segments.

LICENSING

Our brands take an active role in the design process and control the marketing and distribution of products in our worldwide licensing relationships. Our key licensing relationships and their calendar year expirations as of July 2, 2022 are as follows:

Brand	Category	Partner	Calendar Year Expiration
Coach	Tech Accessories	Vinci	2023
Coach	Jewelry and Soft Accessories	Centric	2024

Products made under license are, in most cases, sold through stores and wholesale channels and, with the Company's approval, the licensees have the right to distribute products selectively through other venues, which provide additional, yet controlled, exposure of our brands. Our licensing partners generally pay royalties on their net sales of our branded products. Such royalties currently comprise approximately 1% of Tapestry's total net sales. The licensing agreements generally give our brands the right to terminate the license if specified sales targets are not achieved.

PRODUCTS

The following table shows net sales for each of our product categories by segment:

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021		June 27, 2020	
	(millions)					
	Amount	**% of total net sales**	Amount	% of total net sales	Amount	% of total net sales
	2,574.8	**38 %**	$ 2,302.3	40 %	$ 1,852.0	37 %
Women's Accessories	**942.5**	**14**	776.7	14	645.4	13
Men's	**904.8**	**14**	769.3	13	688.0	
Other Products	**499.2**	**7**	404.8	7	340.3	7
Total Coach	**$ 4,921.3**	**73 %**	$ 4,253.1	74 %	$ 3,525.7	71 %
Other Products	**319.0**	**5**	269.3	5	260.0	5
Women's Accessories	**307.0**					
	1,445.5	**22 %**	$ 1,210.0	21 %	$ 1,149.5	23 %
	317.7		$ 283.2		$ 286.2	
	6,684.5	**100 %**	5,746.3	100 %	4,961.4	100 %

(1) The significant majority of sales for Stuart Weitzman is attributable to women's footwear.

Women's Handbags — Women's handbag collections feature classically inspired as well as fashion designs. These collections are designed to meet the fashion and functional requirements of our broad and diverse consumer base.

Women's Accessories — Women's accessories include small leather goods which complement our handbags, including wallets, money pieces, wristlets and cosmetic cases. Also included in this category are novelty accessories (including address books, time management accessories, travel accessories, sketchbooks and portfolios), key rings and charms.

Men's — Men's includes bag collections (including business cases, computer bags, messenger-style bags, backpacks and totes), small leather goods (including wallets, card cases, travel organizers and belts), footwear, watches, fragrances, sunglasses, novelty accessories and ready-to-wear items.

Other Products — These products primarily include women's footwear, eyewear (such as sunglasses), jewelry (including bracelets, necklaces, rings and earrings), women's fragrances, watches, certain women's seasonal lifestyle apparel collections, including outerwear, ready-to-wear and cold weather accessories, such as gloves, scarves and hats. In addition, Kate Spade brand kids footwear items, housewares and home accessories, such as fashion bedding and tableware, and stationery and gifts are included in this category.

DESIGN AND MERCHANDISING

Our creative leaders are responsible for conceptualizing and implementing the design direction for our brands across the consumer touchpoints of product, stores and marketing. At Tapestry, each brand has a dedicated design and merchandising team; this ensures that Coach, Kate Spade and Stuart Weitzman speak to their customers with a voice and positioning unique to their brand. Designers have access to the brands' extensive archives of product designs, which are a valuable resource for new product concepts. Our designers collaborate with strong merchandising teams that analyze sales, market trends and consumer preferences to identify market opportunities that help guide each season's design process and create a globally relevant product assortment. Leveraging our strategic investments in data and analytics tools across Tapestry's platform, merchandisers are able to gain a deeper understanding of customer behavior that empowers our teams to respond to changes in consumer preferences and demand as well as scale opportunities across brands with greater speed and efficiency. Our merchandising teams are committed to managing the product life cycle to maximize sales and profitability across all channels. The product category teams, each comprised of design, merchandising, product development and sourcing specialists help each brand execute design concepts that are consistent with the brand's strategic direction.

Our design and merchandising teams also work in close collaboration with all of our licensing partners to ensure that the licensed products are conceptualized and designed to address the intended market opportunity and convey the distinctive perspective and lifestyle associated with our brands.

MARKETING

We use a 360-degree approach to marketing for each of our brands, synchronizing our efforts across all channels to ensure consistency at every touchpoint. Our global marketing strategy is to deliver a consistent, relevant and multi-layered message every time the consumer comes in contact with our brands through our communications and visual merchandising. Each brand's distinctive positioning is communicated by our creative marketing, visual merchandising and public relations teams, as well as outside creative agencies. We also have a sophisticated consumer and market research capability, which helps us assess consumer attitudes and trends.

We engage in several consumer communication initiatives globally, including direct marketing activities at a national, regional and local level. Total expenses attributable to the Company's marketing-related activities in fiscal 2022 were $551.6 million, or approximately 8% of net sales, compared to $395.2 million in fiscal 2021, or approximately 7% of net sales.

Our wide range of marketing activities utilize a variety of media, including digital, social, print and out-of-home. Our respective brand websites serve as effective communication vehicles by providing an immersive brand experience, showcasing the fullest expression across all product categories.

As part of our direct marketing strategy, we use databases of consumers to generate personalized communications in direct channels such as email and text messages to drive engagement and build awareness. Email contacts are an important part of our communication and are sent to selected consumers to stimulate consumer purchases and build brand awareness. Visitors to our e-commerce sites provide an opportunity to increase the size of these consumer databases, in addition to serving as a point of transactions globally, except where restricted.

The Company has several regional informational websites for locations where we have not established an e-commerce presence. The Company utilizes and continues to explore digital technologies such as social media websites as a cost effective consumer communication opportunity to increase on-line and store sales, acquire new customers and build brand awareness.

MANUFACTURING

Tapestry carefully balances its commitments to a limited number of “better brand” partners that have demonstrated integrity, quality and reliable delivery. The Company continues to evaluate new manufacturing sources and geographies to deliver the finest quality products at the best cost and to mitigate the impact of manufacturing in inflationary markets.

Our raw material suppliers, independent manufacturers and licensing partners must achieve and maintain high quality standards, which are an integral part of our brands' identity. Before partnering with a new manufacturing vendor for finished goods, the Company evaluates each facility by conducting a quality and business practice standards review. In addition, for manufacturers of finished goods we request a social compliance report that was conducted within six months of the date of submission. Suppliers that fail to meet our standards are not approved until an acceptable report is provided. Periodic evaluations of existing, previously approved facilities are conducted on a recurring basis. We believe that our manufacturing partners are in material compliance with the Company’s integrity standards.

These independent manufacturers each or in aggregate support a broad mix of product types, materials and a seasonal influx of new, fashion-oriented styles, which allows us to meet shifts in marketplace demand and changes in consumer preferences.

We have longstanding relationships with purveyors of fine leathers and hardware. Although our products are manufactured by independent manufacturers, we maintain a strong level of oversight in the selection of the raw materials and compliance with quality control standards is monitored through on-site quality inspections at independent manufacturing facilities.

We maintain strong oversight of the supply chain process for each of our brands from design through manufacturing. We are able to do this by maintaining sourcing management offices in Vietnam, mainland China, the Philippines, Cambodia and Spain that work closely with our independent manufacturers. This broad-based, global manufacturing strategy is designed to optimize the mix of cost, lead times and construction capabilities. We have and may continue to experience disruptions at third-party manufacturing facilities across certain geographies due to Covid-19. Refer to "Executive Overview" in Item 7. "Management’s Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

During fiscal 2022, manufacturers of Coach products were primarily located in Vietnam, Cambodia, the Philippines and Indonesia and no individual vendor provided 10% or more of the brand's total purchases. During fiscal 2022, Kate Spade products were manufactured primarily in Vietnam, Cambodia, Indonesia and China. Kate Spade had one vendor, located in Indonesia, who individually provided over 10% of the brand's total purchases (or approximately 11%). Stuart Weitzman products were primarily manufactured in Spain. During fiscal 2022, Stuart Weitzman had four vendors, all located in Spain, who individually provided over 10% of the brand's total units (or approximately 44% in the aggregate).

FULFILLMENT

The Company’s fulfillment network is designed to ship each brand's products from our manufacturers to fulfillment centers around the world for inspection, storage, order processing and delivery. These fulfillment centers are either directly operated by the Company or operated by independent third parties, and the Company leverages multi-brand fulfillment centers where appropriate. Our facilities use bar code scanning warehouse management systems, where our fulfillment center employees use handheld scanners to read product bar codes. This allows for accurate storage and order processing, and allows us to provide excellent service to our customers. Our products are primarily shipped to retail stores, wholesale customers and e-commerce customers.

Product fulfillment occurs at facilities throughout the world that are either company run or managed by third parties. In North America we maintain fulfillment centers in Jacksonville, Florida, and West Chester, Ohio, operated by Tapestry. Globally we utilize fulfillment centers in mainland China, the Netherlands, the United Kingdom, and Spain, owned and operated by third-parties. We also utilize local fulfillment centers, through third-parties in Japan, parts of Greater China (mainland China, Hong Kong SAR, Macao SAR, and Taiwan), South Korea, Singapore, Malaysia, Spain, the U.K., Canada, Australia, and starting in fiscal 2023 in Mexico which will support the market in the United States. These facilities utilize automated warehouse management systems that interface to our Enterprise Resource Planning ("ERP") system.

In fiscal 2022, the Company entered into a lease agreement for a facility to be located in Las Vegas, Nevada. This facility is expected to become a multi-brand fulfillment center that is intended to increase capacity and continue to enhance fulfillment capabilities.

INFORMATION SYSTEMS

The Company’s information systems are integral in supporting the Company’s long-term strategies. Our information technology platform is a key capability used to support digital growth and drive consumer centricity and data-driven decision making. We are continually working on enhancing our digital technology platforms and elevating our e-commerce capabilities through new functionalities to our direct-to-consumer channels, including enhancements to our omni-channel, utilizing cloud based technology infrastructure.

The Company began implementing a point-of-sale system in fiscal 2021 which supports all in-store transactions, distributes management reporting for each store, and collects sales and payroll information on a daily basis. This daily collection of store sales and inventory information results in early identification of business trends and provides a detailed baseline for store inventory replenishment. The implementation is complete for Coach, Stuart Weitzman and Kate Spade Europe stores. The Kate Spade North America rollout is in-progress, and expected to be completed in the first quarter of fiscal 2023.

The Company maintains global information security and privacy compliance programs, comprised of risk management policies and procedures surrounding the Company's information systems, cybersecurity practices and protection of consumer and employee personal data and confidential information. The Board of Directors has ultimate oversight of the Company's risk management policies and procedures, and has delegated primary responsibility for monitoring the risks and programs in this area to the Audit Committee, which receives quarterly updates on information security and privacy risk and compliance. The Board of Directors receives periodic updates on these topics as well. As part of the Company's compliance programs, all global employees are required to take annual training on information security, including cybersecurity, and global data privacy requirements and compliance measures. We also conduct periodic internal and third party assessments to test our cybersecurity controls, perform cyber simulations and annual tabletop exercises, and continually evaluate our privacy notices, policies and procedures surrounding our handling and control of personal data and the systems we have in place to help protect us from cybersecurity or personal data breaches. Additionally, we maintain network security and cyber liability insurance in order to provide a level of financial protection in the event of certain covered cyber losses and data breaches.

TRADEMARKS AND PATENTS

Tapestry owns all of the material trademark rights around the world used in connection with the production, marketing, distribution and sale of all branded products for Coach, Stuart Weitzman and Kate Spade. In addition, it licenses trademarks and copyrights used in connection with the production, marketing and distribution of certain categories of goods and limited edition collaborative special projects. Tapestry also owns and maintains registrations in countries around the world for trademarks in relevant classes of products. Major trademarks include TAPESTRY, COACH, STUART WEITZMAN, KATE SPADE and kate spade new york. It also owns brand-specific trademarks such as COACH and Horse & Carriage Design, COACH and Story Patch Design, COACH and Lozenge Design, COACH and Tag Design, Signature C Design for the COACH brand; kate spade new york and Spade Design, and spade flower monogram for the kate spade new york brand; and the stacked Stuart Weitzman Logo for the Stuart Weitzman brand. Tapestry is not dependent on any one particular trademark or design patent although Tapestry believes that the Coach, Stuart Weitzman and Kate Spade names are important for its business. In addition, Tapestry owns a number of design patents and utility patents for its brands' product designs. Tapestry aggressively polices its trademarks, and pursues infringers both domestically and internationally. It pursues counterfeiters through leads generated internally, as well as through its network of investigators, the respective online reporting form for each brand, the Tapestry hotline and business partners around the world.

The Company expects that its material trademarks will remain in full force and effect for as long as it continues to use and renew them.

SEASONALITY

The Company's results are typically affected by seasonal trends. During the first fiscal quarter, we typically build inventory for the winter and holiday season. In the second fiscal quarter, working capital requirements are reduced substantially as we generate higher net sales and operating income, especially during the holiday season. In fiscal 2022, due to the increased in-transit times, the Company started to build inventory in the fourth fiscal quarter for the fiscal 2023 winter and holiday season.

Fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including macroeconomic events, such as Covid-19, or adverse weather conditions.

GOVERNMENT REGULATION

Most of the Company's imported products are subject to duties, indirect taxes, quotas and non-tariff trade barriers that may limit the quantity of products that we may import into the U.S. and other countries or may impact the cost of such products. The Company is not materially restricted by quotas or other government restrictions in the operation of its business, however customs duties do represent a component of total product cost. To maximize opportunities, the Company operates complex supply chains through foreign trade zones, bonded logistic parks and other strategic initiatives such as free trade agreements. For example, we have historically received benefits from duty-free imports on certain products from certain countries pursuant to the U.S. General System of Preferences ("GSP") program. The GSP program expired in the third quarter of fiscal 2021, resulting in additional duties that have negatively impacted gross margin. Additionally, the Company operates a direct import business in many countries worldwide. As a result, the Company is subject to stringent government regulations and restrictions with respect to its cross-border activity either by the various customs and border protection agencies or by other government agencies which control the quality and safety of the Company's products. The Company maintains an internal global trade, customs and product compliance organization to help manage its import/export and regulatory affairs activity.

COMPETITION

The product categories in which we operate are highly competitive. The Company competes primarily with European and American luxury and accessible luxury brands as well as private label retailers. In varying degrees, depending on the product category involved, we compete on the basis of style, price, customer service, quality, brand prestige and recognition, among others. Over the last decade, these luxury and accessible luxury brands have grown and are expected to continue to grow, encouraging the entry of new competitors as well as increasing the competition from existing competitors. This increased competition drives interest in these brand loyal categories. We believe, however, that we have significant competitive advantages because of the recognition of our brands and the acceptance of our brands by consumers.

CORPORATE RESPONSIBILITY

As a people-centered and purpose led Company, Tapestry's corporate responsibility framework, Our Social Fabric, unites teams across the Company's business to work to meet our 2025 Corporate Responsibility Goals ("2025 Goals") and a shared objective: to create the accessible luxury company of the future that balances true fashion authority with meaningful, positive change. Our Social Fabric focuses on three pillars: Our People, Our Planet and Our Communities.

- Our People:
    - We aim to bolster Tapestry's purpose and culture by embedding equity, inclusion and diversity throughout our organization, holding our leaders accountable for our equity, inclusion and diversity ("EI&D") goals and attracting and retaining talent with a compelling and fulfilling employee experience.
    - We have set 2025 goals focused on building diversity in our leadership team, reducing differences in our employee survey results based on gender and ethnicity, focusing on progression and establishing core wellness standards to enable our employees to manage their work and personal lives.
    - We tie 10% of leadership annual incentive compensation to EI&D goals on a global level.
- Our Planet:
    - We aim to sustain and restore our planet through continuous innovation in solutions that improve biodiversity and reduce our impact on climate change with a focus on renewable energy, increased use of environmentally preferred materials and production methods, and circular business models that design out waste and pollution, keep products in use, and restore natural systems.
    - We have set 2025 goals focused on utilizing 100% renewable energy in our own operations; tracing and mapping our raw materials, environmentally responsible sourcing of leather, increasing the recycled content of our packaging, reducing waste in our corporate and distribution centers and water across our company and supply chain. We have also committed to setting science-based emissions reduction targets in line with Science Based Targets initiative (SBTi's) criteria and 1.5^{o}C.
- Our Communities:
    - We aim to support and empower the communities where our employees live and work, and provide the resources and investment needed to strengthen the regions where we operate, through volunteer efforts, philanthropic initiatives, product donations, and social impact programming.
    - We have set 2025 goals focused on volunteerism programs, philanthropic initiatives and supply chain empowerment programs.

The Company's corporate responsibility strategy, including oversight, management and identification of risks, is ultimately governed by Board of Directors and overseen by an Environmental, Social and Corporate Governance ("ESG") Steering Committee, which is comprised of members of our executive leadership team, and driven by an ESG Task Force, which is comprised of senior leaders and cross-functional members from major business functions. The Board approves long-term sustainability goals, strategic moves or major plans of action and receives updates at least annually. Tapestry's Governance and Nominations Committee of the Board receives quarterly updates on sustainability strategy, including climate-related topics, progress towards the 2025 goals and other ESG related initiatives.

The Company is a signatory to the United Nations ("UN") Global Compact, and as such, our corporate responsibility strategy is aligned with the UN Sustainable Development Goals. Additional information on Our Social Fabric and 2025 Corporate Responsibility Goals can be found at www.tapestry.com/responsibility. The content on this website and the content in our Corporate Responsibility Reports are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

HUMAN CAPITAL

At Tapestry, being true to yourself is core to who we are. When each of us brings our individuality to our collective ambition, our creativity is unleashed. This global house of brands was built by unconventional entrepreneurs and unexpected solutions, so when we say we believe in dreams, we mean we believe in making them happen.

Where differences intersect, new thinking emerges. So we cultivate a place for people who are both warm and rigorous, work that is both challenging and fun, a culture led by both head and heart. Most of all, we bring together the unique spirits of our people and our brands and give them a place to move their work and our industry forward. We believe that difference sparks brilliance, so we welcome people and ideas from everywhere to join us in stretching what's possible.

Governance and Oversight

Our Board of Directors and its committees provide governance and oversight of the Company's strategy, including over issues of human capital management. The Board has designated the Human Resources Committee of the Board of Directors (the "HR Committee") as the primary committee responsible for the Company's human capital strategy, overseeing executive compensation programs, performance and talent development, succession planning, engagement and regular review of employee benefits and well-being strategies. Together with the Board, the HR Committee also provides oversight of the Company's EI&D strategies. The full Board of Directors and the HR Committee receive at least quarterly updates on the Company's talent development strategies and other applicable areas of human capital management.

Unlocking the power of our people is a key strategic focus area for the Company, supported by significant engagement from the Company's senior leadership on talent development and human capital management, as reflected in the key programs and focus areas described below.

Employees

As of July 2, 2022, the Company employed approximately 18,100 employees globally. Of these employees, approximately 14,400 employees worked in retail locations, of which 5,500 were part-time employees. This total excludes seasonal and temporary employees that the Company employs, particularly during the second quarter due to the holiday season. The Company believes that its relations with its employees are good, and has never encountered a strike or work stoppage.

Equity, Inclusion and Diversity

Our company name Tapestry, represents the diversity of our brands and the diversity of our people. We know that having a diverse range of perspectives, backgrounds and experiences makes us more innovative and successful and it brings us closer to our consumer. Our goal is to create a culture that is equitable, inclusive and diverse - where all of our employees, customers and stakeholders thrive.

Our EI&D strategy is grounded in our purpose and values and will be a core element to unlocking the power of our people. There are four pillars under this strategy:

- ***Talent.*** Attracting, retaining and developing top talent with a compelling and fulfilling employee experience.
- ***Culture.*** Empower people to express their distinctive strengths and power our engine of growth through leadership development, education and engagement programs.
- ***Community.*** Serve the communities in which we live and work through strategic partnerships that advance EI&D priorities.
- ***Marketplace.*** Develop solutions that set the standard for excellence through our platform of brands – for employees, customers, vendors, suppliers and our investors.

The Company has established an Inclusion Council, led by a diverse team of passionate employees, as well as several employee resource groups ("ERGs") and task forces, connecting our employees to communities with the support of their colleagues and encouraging cultural awareness. In fiscal 2022 the Company appointed a Chief Inclusion and Social Impact Officer, a newly created position to continue to shape and deliver the Company's EI&D strategy and oversee the Company's social impact efforts through advocacy, philanthropy and volunteerism.

Additionally, we believe educating our employees is crucial in achieving our EI&D goals. We have established a global multi-year EI&D learning road map, including bespoke inclusion and unconscious bias training programs to accommodate our dynamic employee population. In fiscal 2022 the Company launched Inclusion Works, a peer learning online platform with a group-centered experience, bite-size content, and actionable learning. Furthermore, the Company has focused on providing employees with resources to foster continuing education and conversation on EI&D through 'Tapestry UNSCRIPTED', which is an internal speaker series for our employees designed to bring our values to life. We feel hosting bold conversations about our values provides an opportunity for us to be inspired, discover ideas, and ignite personal passions.

Tapestry is committed to the support of underrepresented groups through our corporate efforts. We are a member of the CEO Action for Diversity and Inclusion, the largest business coalition committed to advancing Diversity and Inclusion. Our focus on fostering an equitable work environment has led to continued recognition from Forbes on the list of "Best Employers for Diversity" and Human Rights Campaign's list of "Best Place to Work for LGBTQ Equality". Additionally, we have been certified as a "Great Place to Work" for 2022. The Company is dedicated to building a workforce with leadership teams better reflecting our general corporate population in North America. The Company monitors the representation of women and ethnic minorities at different levels throughout the company, and discloses this information in our website at www.tapestry.com/responsibility/our-people.

Total Rewards

Tapestry is dedicated to being a place where our employees love to work, where they feel recognized and rewarded for all that they do. Maintaining a competitive program helps us attract, motivate and retain the key talent we need to achieve outstanding business and financial results. To accomplish this goal, we strive to appropriately align our total compensation with the pay, benefits and rewards offered by companies that compete with us for talent in the marketplace.

Our Total Compensation Program includes cash pay, annual and long term incentives, benefits and other special programs that our employees value. We strive to pay each employee fairly and competitively across our brands. Tapestry's primary compensation principle is to "pay for performance." Tapestry's practice is to pay a competitive base salary and to provide employees with the opportunity to earn an annual bonus tied to Tapestry's and its brands' financial performance. Approximately 2,000 of our employees, including nearly all of our store managers, received an annual long term equity award in 2022, which align employee interests with those of our stockholders, rewards employees for enhancing stock holder value and supports retention of key employees. In the first quarter of fiscal 2022, Tapestry announced that it is committing to a $15 U.S. minimum wage for hourly employees.

Our benefits package is designed to be competitive and comprehensive, which varies by location and jurisdiction. Our benefits, along with competitive pay, includes medical benefits and paid wellness days and parental leave, in accordance with local policies and regulations, for directly hired full-time and part-time employees. In fiscal 2022 we transitioned from sick days to wellness days to better reflect the purpose of this paid time off. The Company also offers retirement benefits for its employees, which are managed in accordance with local jurisdictions. To support employees in achieving their career and financial goals, the Company also provides access to learning opportunities on personal finances as well as physical and mental wellness through various platforms as available based on location.

Talent Acquisition and Development

Hiring talented employees is critically important to us, as we consider our employees around the world to be our greatest asset. Our recruitment and sourcing strategy focuses on tapping diverse sources to attract the best talent to our organization and then retaining them through our continued investments in resources that provide our employees with the tools for career advancement. Our internal opportunity program encourages employees to stretch themselves in their career development, aligning their capabilities with career interests and goals. We strive to provide a working environment where our people can grow and progress their careers within the Company.

We are committed to helping our employees develop the knowledge, skills and abilities needed for continued success, and encourage employee development at all levels and every career stage. Our development programs enable individual and team success through targeted initiatives and resources, offering a wide-ranging curriculum focused on professional and leadership development for leaders, managers, and individual contributors, including through our Common Thread people management program, Emerging Leaders High-Potential Program, Leader Transition Acceleration Program, and third-party learning platforms in addition to other trainings and education facilitated through the Company for all employees.

As a company, performance management is critical to our ability to reach our goals and foster a culture of success. By having a dynamic, performance-driven culture, we can achieve greater results, maximize employee, manager and team performance and offer exciting development and career opportunities. As our focus extends beyond the performance of our employees to the performance of our Company as a whole, we have mechanisms in place to facilitate comprehensive upward feedback through robust cross-functional feedback tools and a cadence of regular pulse surveys that inform on how we can continue to strive for excellence in our work culture.

Well-being and Safety

At Tapestry, we are committed to providing a safe working environment for our people, as well as supporting our people in achieving and maintaining their health and well-being goals. Work-life integration is top of mind, and we provide resources and benefits to help achieve this balance. We provide our employees with supplemental resources to achieve wellness such as access to our Employee Assistance Program, regular employee programming and subscriptions to Headspace, a smartphone application dedicated to meditation and mindfulness.

At Tapestry, we believe in encouraging and empowering our employees to take part in building a welcoming and inclusive community. We provide all employees with supplemental time-off to perform community service through nonprofits of their personal choice and through team and Company sponsored volunteering events. In our commitment to supporting our communities, we have three foundations which provide monetary support to nonprofit organizations across communities that we are a part of. Additionally, on an annual basis, our foundations match up to $10,000 in donations to eligible non-profits per employee in North America.

Beginning in fiscal 2020, we had to make changes to our operations in order to continue to prioritize the health and safety of our people in response to the Covid-19 pandemic. To do so, we engaged medical professionals to consult on our health and safety protocols and provide Covid-19 education webinars for our employees on topics ranging from pandemic safety, vaccine education and mental wellness. We have also provided our employees with additional paid time off to receive their Covid-19 vaccine, booster and to recover from any resulting side effects. As the landscape of this pandemic evolves, we continue to adapt and enforce safety protocols at our retail stores, distribution centers and corporate offices. Our corporate offices have transitioned to a hybrid model, with flexible work options for most of our corporate employees. However, we continue to monitor and comply with all local and federal Covid-19 guidance and adjust our operations accordingly. Refer to the "Executive Overview" in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information about the Company's response to the Covid-19 pandemic.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

Refer to Note 4, "Revenue," and Note 17, "Segment Information," presented in the Notes to the Consolidated Financial Statements for geographic information.

AVAILABLE INFORMATION

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on our investor website, located at www.tapestry.com/investors under the caption “SEC Filings,” as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission. These reports are also available on the Securities and Exchange Commission’s website at www.sec.gov. No information contained on any of our websites is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K.

The Company has included the Chief Executive Officer (“CEO”) and Chief Financial Officer certifications regarding its public disclosure required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibit 31.1 to this Form 10-K.

ITEM 1A. RISK FACTORS

You should consider carefully all of the information set forth or incorporated by reference in this document and, in particular, the following risk factors associated with the business of the Company and forward-looking information in this document. Please also see "Special Note on Forward-Looking Information" at the beginning of this report. The risks described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also have an adverse effect on us. If any of the risks below actually occur, our business, results of operations, cash flows or financial condition could suffer.

Risks Related to Macroeconomic Conditions

The Covid-19 pandemic and resulting adverse economic conditions may continue to have a material adverse impact on our business, financial condition, results of operations and cash flows.

The ongoing Covid-19 pandemic continues to impact a significant majority of the regions in which we operate, resulting in significant global business disruptions. The impacts of Covid-19 continue to materially adversely impact our operations, cash flow and liquidity. The virus has impacted all regions around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. These requirements resulted in temporary closures of the majority of the Company's directly operated stores globally for some period of time to help reduce the spread of Covid-19 during fiscal 2020. Throughout fiscal years 2021 and 2022, the vast majority of the Company's stores were opened and have continued to operate. However, some store locations have experienced temporary re-closures or operated under tighter restrictions in compliance with local government regulations. Many of the Company's wholesale partners also experienced closure of their stores or operating restrictions during the fiscal year, as required by government orders. The Company's performance in fiscal 2022 was adversely impacted as a result of infections due to variants of Covid-19 in certain regions, most notably in Greater China, which resulted in disruption in business performance including a decline in demand in the region. While the trends for Greater China started to improve at the end of fiscal 2022, the situation continues to be very volatile and infection rates and government restrictions may continue to persist. Covid-19 has also resulted in ongoing supply chain challenges, such as logistic constraints, the closure of certain third-party manufacturers and increased freight cost.

The impact of the ongoing Covid-19 pandemic on our business will depend on future developments, which are highly uncertain and cannot be predicted, including the ultimate duration, severity and sustained geographic resurgence of the virus, including the emergence of new variants and strains of the virus, and the success of actions to contain the virus and its variants, or treat its impact, such as the availability and acceptance of vaccines, among others. While the full magnitude of the effects on our business continues to be difficult to predict, the Covid-19 pandemic has and may continue to have a material adverse impact on our business, financial condition, and results of operations. Our business may continue to be adversely impacted by several factors, including, but not limited to:

- We source and manufacture our products on a global scale and we have and may continue to experience material temporary or long-term disruption in our supply chain, given the global reach of the Covid-19 pandemic.
- Travel restrictions, closures or disruptions of business and facilities, including manufacturing facilities and raw material providers, unavailability of vaccines for our international employees or workers in our supply chain, or social, economic, political or labor instability in the affected areas may impact the operations of our raw material suppliers or manufacturing partners. This disruption to our supply chain has resulted and may continue to result in inventory not being available in a timely manner and/or during the appropriate season, and freight and other logistics costs, including increased carrier rates for ocean and air shipments, as the supply chain disruptions have caused us to increase our use of air freight with greater frequency than in the past, all of which could have a material adverse impact on our financial results.
- The potential economic effects of the pandemic, including a possible recession or inflationary pressures, increased unemployment and decreased consumer credit availability, may result in lower consumer confidence and decreased disposable income and discretionary spending levels, which may lead to reduced sales of our products. Unfavorable economic conditions, fears of becoming ill and sustained travel restrictions may also reduce consumers' willingness and ability to travel to major cities and vacation destinations in which the Company's stores are located. Furthermore, reduced discretionary spending may result in an excess of inventory throughout the industry, which could lead to increased pressure on our gross margin in the near term if the Company has to increase promotional activity above its normal levels to sell through its existing product.
- Social distancing measures and general consumer behaviors due to the Covid-19 pandemic may continue to impact mall and store traffic even as stores return to normal operations, which may have a further negative impact on our business. Furthermore, declines in traffic beyond our current expectations could result in additional impairment charges if expected future cash flows of the related asset group do not exceed the carrying value.

- We continue to sell products through our stores and through our e-commerce sites. The majority of our fulfillment centers remain open and operational through the date of this report; however, such fulfillment centers may be forced to close or limit operations due to governmental mandates, health and safety concerns, or illness or absence of a substantial number of distribution center employees. We may not be able to keep up with demand for our products because we have and may continue to experience delays in or increased costs for the shipment or delivery of our products due to capacity constraints, shipping delays or port congestion.

Economic conditions, such as an economic recession, downturn, periods of inflation or uncertainty, could materially adversely affect our financial condition, results of operations and consumer purchases of luxury items.

Our results can be impacted by a number of macroeconomic factors, including but not limited to: consumer confidence and spending levels, tax rates, levels of unemployment, consumer credit availability, raw materials costs, pandemics (such as the ongoing Covid-19 pandemic) and natural disasters, fuel and energy costs (including oil prices), global factory production, supply chain operations, commercial real estate market conditions, credit market conditions and the level of customer traffic in malls and shopping centers. The Covid-19 pandemic has severely impacted and will likely continue to impact many of these factors.

Many of our products may be considered discretionary items for consumers. Demand for our products, and consumer spending in the premium handbag, footwear and accessories categories generally, is significantly impacted by trends in consumer confidence, general economic and business conditions, high levels of unemployment, periods of inflation, health pandemics (such as the ongoing Covid-19 pandemic), interest rates, foreign currency exchange rates, the availability of consumer credit, and taxation. Consumer purchases of discretionary luxury items, such as the Company's products, tend to decline during recessionary periods or periods of sustained high unemployment, when disposable income is lower.

Unfavorable economic conditions, as well as travel restrictions and potential changes in consumer behavior resulting from the Covid-19 pandemic, may also reduce consumers’ willingness and ability to travel to major cities and vacation destinations in which our stores are located. Our sensitivity to economic cycles and any related fluctuation in consumer demand may have a material adverse effect on our financial condition.

Risks Related to our Business and our Industry

We face risks associated with operating in international markets.

We operate on a global basis, with approximately 37.6% of our net sales coming from operations outside of United States as of the end of fiscal year 2022. While geographic diversity helps to reduce the Company’s exposure to risks in any one country, we are subject to risks associated with international operations, including, but not limited to:

- political or economic instability or changing macroeconomic conditions in our major markets, including the potential impact of (1) new policies that may be implemented by the U.S. or other jurisdictions, particularly with respect to tax and trade policies or (2) sanctions and related activities by the United States, European Union (“E.U.”) and others;
- public health crises, such as pandemics and epidemic diseases (including the ongoing Covid-19 pandemic);
- changes to the U.S.'s participation in, withdrawal out of, renegotiation of certain international trade agreements or other major trade related issues including the non-renewal of expiring favorable tariffs granted to developing countries, tariff quotas, and retaliatory tariffs, trade sanctions, new or onerous trade restrictions, embargoes and other stringent government controls;
- changes in exchange rates for foreign currencies, which may adversely affect the retail prices of our products, result in decreased international consumer demand, or increase our supply costs in those markets, with a corresponding negative impact on our gross margin rates;
- compliance with laws relating to foreign operations, including the Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act, and other global anti-corruption laws, which in general concern the bribery of foreign public officials, and other regulations and requirements;
- changes in tourist shopping patterns, particularly that of the Chinese consumer and as a result of the Covid-19 pandemic;
- natural and other disasters;
- political, civil and social unrest, such as the ongoing crisis in Ukraine; and
- changes in legal and regulatory requirements, including, but not limited to safeguard measures, anti-dumping duties, cargo restrictions to prevent terrorism, restrictions on the transfer of currency, climate change and other environmental legislation, product safety regulations or other charges or restrictions.

Our business is subject to the risks inherent in global sourcing activities.

As a Company engaged in sourcing on a global scale, we are subject to the risks inherent in such activities, including, but not limited to:

- continued disruptions or delays in shipments whether due to port congestion, logistics carrier disruption, other shipping capacity constraints or other factors, which has and may continue to result in significantly increased inbound freight costs and increased in-transit times;
- loss or disruption of key manufacturing or fulfillment sites or extended closure of such sites due to the Covid-19 pandemic or other unexpected factors;
- imposition of additional duties, taxes and other charges or restrictions on imports or exports;
- unavailability, or significant fluctuations in the cost, of raw materials;
- compliance by us and our independent manufacturers and suppliers with labor laws and other foreign governmental regulations;
- increases in the cost of labor, fuel (including volatility in the price of oil), travel and transportation;
- compliance with our Global Business Integrity Program;
- compliance by our independent manufacturers and suppliers with our Supplier Code of Conduct, social auditing procedures and requirements and other applicable compliance policies;
- compliance with applicable laws and regulations, including U.S. laws regarding the identification and reporting on the use of "conflict minerals" sourced from the Democratic Republic of the Congo in the Company's products, other laws and regulations regarding the sourcing of materials in the Company's products, the FCPA, U.K. Bribery Act and other global anti-corruption laws, as applicable, and other U.S. and international regulations and requirements;
- regulation or prohibition of the transaction of business with specific individuals or entities and their affiliates or goods manufactured in certain regions by any government or regulatory authority in the jurisdictions where we conduct business, such as the listing of a person or entity as a Specially Designated National or Blocked Person by the U.S. Department of the Treasury's Office of Foreign Assets Control and the issuance of Withhold Release Orders by the U.S. Customs and Border Patrol;
- inability to engage new independent manufacturers that meet the Company's cost-effective sourcing model;
- product quality issues;
- political unrest, including the ongoing crisis in Ukraine, protests and other civil disruption;
- public health crises, such as pandemic and epidemic diseases, and other unforeseen outbreaks;
- natural disasters or other extreme weather events, whether as a result of climate change or otherwise;
- acts of war or terrorism and other external factors over which we have no control.

We are subject to labor laws governing relationships with employees, including minimum wage requirements, overtime, working conditions, and citizenship requirements. Compliance with these laws may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation.

In addition, we require our independent manufacturers and suppliers to operate in compliance with applicable laws and regulations, as well as our Supplier Code of Conduct and other compliance policies under our Global Business Integrity Program; however, we do not control these manufacturers or suppliers or their labor, environmental or other business practices. Copies of our Global Business Integrity Program documents, including our Global Operating Principles, Anti-Corruption Policy and Supplier Code of Conduct are available through our website, www.tapestry.com. The violation of labor, environmental or other laws by an independent manufacturer or supplier, or divergence of an independent manufacturer's or supplier's labor practices from those generally accepted as ethical or appropriate in the U.S., could interrupt or otherwise disrupt the shipment of our products, harm our trademarks or damage our reputation. In addition, if there is negative publicity regarding the production methods of any of our suppliers or manufacturers, even if unfounded or not specific to our supply chain, our reputation and sales could be adversely affected, we could be subject to legal liability, or could cause us to contract with alternative suppliers or manufacturing sources. The occurrence of any of these events could materially adversely affect our business, financial condition and results of operations.

Our business may be materially impacted if our distribution and fulfillment centers face significant interruptions and operations.

We are dependent on a limited number of fulfillment and sourcing centers. Our ability to meet the needs of our customers and our retail stores and e-commerce sites depends on the proper operation of these centers. If any of these centers were to shut down or otherwise become inoperable or inaccessible for any reason, including as a result of the ongoing Covid-19 pandemic, we could suffer a substantial loss of inventory and/or disruptions of deliveries to our retail and wholesale customers. Depending on the duration of these closures, our results may be materially impacted. While we have business continuity and contingency plans for our sourcing and fulfillment center sites, significant disruption of manufacturing or fulfillment for any of the above reasons could interrupt product supply, result in a substantial loss of inventory, increase our costs, disrupt deliveries to our customers and our retail stores, and, if not remedied in a timely manner, could have a material adverse impact on our business.

Because our fulfillment centers include automated and computer controlled equipment, they are susceptible to risks including power interruptions, hardware and system failures, software viruses, and security breaches. In North America we maintain fulfillment centers in Jacksonville, Florida, and Westchester, Ohio, operated by Tapestry. Globally we utilize fulfillment centers in mainland China, the Netherlands, the U.K. and Spain, owned and operated by third-parties, allowing us to better manage the logistics in these regions while reducing costs. We also utilize local fulfillment centers, through third-parties, in Japan, parts of Greater China (mainland China, Hong Kong SAR, Macao SAR and Taiwan), South Korea, Singapore, Malaysia, Spain, the U.K., Canada, Australia, and starting in fiscal 2023 in Mexico. The warehousing of the Company's merchandise, store replenishment and processing direct-to-customer orders is handled by these centers and a prolonged disruption in any center’s operation could materially adversely affect our business and operations. In addition, increases in the Company’s e-commerce sales has required additional fulfillment and fulfillment capacity. Additionally in fiscal year 2022, the Company entered into a lease agreement for a multi-brand fulfillment facility to be built in Las Vegas, Nevada in order to increase capacity and improve fulfillment capabilities as the Company continues to focus on expanding its digital and e-commerce business. Any delay in the construction or our failure to execute our operational plans for this fulfillment center could result in the Company not being able to meet customer demand for its products and could materially adversely affect our business and operations.

A decline in the volume of traffic to our stores could have a negative impact on our net sales.

The success of our retail stores located within malls and shopping centers may be impacted by (1) closures, operating restrictions, store capacity restrictions and changes in consumer shopping behavior as a result of the Covid-19 pandemic; (2) the location of the store within the mall or shopping center; (3) surrounding tenants or vacancies; (4) increased competition in areas where malls or shopping centers are located; (5) the amount spent on advertising and promotion to attract consumers to the mall; and (6) a shift towards online shopping resulting in a decrease in mall traffic. Declines in consumer traffic could have a negative impact on our net sales and could materially adversely affect our financial condition and results of operations. Furthermore, declines in traffic could result in store impairment charges if expected future cash flows of the related asset group do not exceed the carrying value.

The growth of our business depends on the successful execution of our growth strategies, including our global omni-channel expansion efforts and our ability to execute our digital and e-commerce priorities.

Our growth depends on the continued success of existing products, as well as the successful design, introduction of new products and maintaining an appropriate rationalization of our assortment. Our ability to create new products and to sustain existing products is affected by whether we can successfully anticipate and respond to consumer preferences and fashion trends. See “*The success of our business depends on our ability to retain the value of our brands and to respond to changing fashion and retail trends in a timely manner.”* The failure to develop and launch successful new products or to rationalize our assortment appropriately could hinder the growth of our business. Also, any delay in the development or launch of a new product could result in our company not being the first to bring product to market, which could compromise our competitive position.

Our success and growth also depends on the continued development of our omni-channel presence for each of our brands globally, leaning into global digital opportunities for each brand, along with continued bricks and mortar expansion in select international regions, notably mainland China. With respect to international expansion, our brands may not be well-established or widely sold in some of these markets, and we may have limited experience operating directly or working with our partners there. In addition, some of these markets, either through bricks and mortar stores or digital channels, have different operational characteristics, including but not limited to employment and labor, privacy, transportation, logistics, real estate, environmental regulations and local reporting or legal requirements.

Furthermore, consumer demand and behavior, as well as tastes and purchasing trends may differ in these countries, and as a result, sales of our product may not be successful, or the margins on those sales may not be in line with those we currently anticipate. Further, expanding in certain markets may have upfront investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance and therefore may be dilutive to our brands in the short-term. We may also have to compete for talent in international regions as we expand our omni-channel presence.

Consequently, if our global omni-channel expansion plans are unsuccessful, or we are unable to retain and/or attract key personnel, our business, financial condition and results of operation could be materially adversely affected.

We have incorporated key strategies of our Acceleration Program, one of which is to Leverage Data and Lead with a Digital-First Mindset, including offering satisfying customer experiences across our e-commerce and social channels and meeting the needs of our customers who are engaging with our brands digitally. We aim to provide a seamless omni-channel experience to our customers regardless of whether they are shopping in stores or engaging with our brands through digital technology, such as computers, mobile phones, tablets or other devices. This requires investment in new technologies and reliance on third party digital partners, over which we may have limited control. Additionally, our digital business is subject to numerous risks that could adversely impact our results, including (i) a diversion of sales from our brand stores or wholesale customers, (ii) difficulty in recreating the in-store experience through digital channels, (iii) liability for online content, (iv) changing dynamics within the digital marketing environment and our ability to effectively market to consumers, (v) intense competition from online retailers, and (vi) the ability to provide timely delivery of e-commerce purchases, which is dependent on the capacity and operations of our owned and third party operated fulfillment facilities. See "*Our business is subject to the risks inherent in global sourcing activities"* for additional risks related to our distribution and fulfillment networks. If we are unable to effectively execute our e-commerce and digital strategies and provide reliable experiences for our customers across all channels, our reputation and ability to compete with other brands could suffer, which could adversely impact our business, results of operations and financial condition.

Our success depends, in part, on attracting, developing and retaining qualified employees, including key personnel.

Our business and future success depends heavily on attracting, developing and retaining qualified employees, including our senior management team. Competition in our industry to attract and retain these employees is intense and is influenced by our ability to offer competitive compensation and benefits, employee morale, our reputation, recruitment by other employers, perceived internal opportunities, non-competition and non-solicitation agreements and macro unemployment rates.

We depend on the guidance of our senior management team and other key employees who have significant experience and expertise in our industry and our operations. In recent years, we have experienced numerous changes to our senior leadership team. There can be no assurance that these individuals will remain with us or that we will be able to identify and attract suitable successors for these individuals. The loss of one or more of our key personnel or the direct or indirect consequences of results thereof, or any negative public perception with respect to these individuals or the loss of these individuals, could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-person or similar life insurance policies on any of senior management team or other key personnel.

We must also attract, motivate and retain a sufficient number of qualified retail and fulfillment center employees. Historically, competition for talent in these positions has been intense and turnover is generally high, both of which have been exacerbated by the ongoing Covid-19 pandemic. If we are unable to attract and retain such employees with the necessary skills and experience, we may not achieve our objectives and our results of operations could be adversely impacted.

Additionally, changes to our office environments, the adoption of new work models, and our requirements and/or expectations about when or how often certain employees work on-site or remotely may not meet the expectations of our employees. As businesses increasingly operate remotely, traditional geographic competition for talent may change in ways that we cannot presently predict. If our employment proposition is not perceived as favorable compared to other companies, it could negatively impact our ability to attract and retain our employees.

The successful incorporation of our Acceleration Program is key to the long-term success of our business.

The Company's Acceleration Program focused on how to better meet the needs of each of its brands' unique customers by (i) Sharpening our Focus on the Customer (ii) Leveraging Data and Leading with a Digital-First Mindset and (iii) Transforming into a Leaner and More Responsive Organization. The Company does not expect to incur further expenses related to the Acceleration Program in Fiscal 2023. The Company believes the successful incorporation of these priorities will fuel desire for the Coach, Kate Spade and Stuart Weitzman brands, driving accelerated revenue growth, higher gross margins and substantial operating leverage across Tapestry's portfolio.

The Acceleration Program reflects: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability.

The Company believes that long-term growth and increased profitability can be realized through its strategic growth efforts over time. However, there is no assurance that we will be able to sustain such efforts in accordance with our plans, that such efforts will result in the intended or otherwise desirable outcomes or that such efforts, even if successfully sustained, will be effective in achieving long-term growth or increased profitability. Refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 5, "Restructuring Activities," for further information regarding the Acceleration Program. Further, potential changes in our executive leadership team may have an adverse effect on our ability to implement or to achieve favorable results under the Acceleration Program and/or result in further changes to our strategy.

If our incorporation of the initiatives under our Acceleration Program falls short, our business, financial condition and results of operation could be materially adversely affected.

Significant competition in our industry could adversely affect our business.

We face intense competition in the product lines and markets in which we operate. Our competitors are European and American luxury brands, as well as private label retailers, including some of the Company's wholesale customers. Competition is based on a number of factors, including, without limitation, the following:

- our competitors may develop new products or product categories that are more popular with our customers;
- anticipating and responding in a timely fashion to changing consumer demands and shopping preferences, including the ever-increasing shift to digital brand engagement, social media communications, and online and cross-channel shopping;
- maintaining strong brand recognition, loyalty, and a reputation for quality, including through digital brand engagement and online and social media presence;
- recruiting and retaining key talent;
- developing and producing innovative, high-quality products in sizes, colors, and styles that appeal to consumers of varying age group;
- competitively pricing our products and creating an acceptable value proposition for consumers, including price increases to mitigate inflationary pressures while simultaneously balancing the risk of lower consumer demand in response to any such price increases;
- providing strong and effective marketing support in several diverse demographic markets, including through digital and social media platforms in order to stay better connected to consumers;
- providing attractive, reliable, secure, and user-friendly digital commerce sites;
- sourcing sustainable raw materials at cost-effective prices;
- ensuring product availability and optimizing supply chain efficiencies with third party suppliers and retailers;
- protecting our trademarks and design patents; and
- the ability to withstand prolonged periods of adverse economic conditions or business disruptions.

A failure to compete effectively or to keep pace with rapidly changing consumer preferences and technology and product trends could adversely affect our growth and profitability.

Our business may be subject to increased costs due to excess inventories and a decline in profitability as a result of increasing pressure on margins if we misjudge the demand for our products.

Our industry is subject to significant pricing pressure caused by many factors, including intense competition and a highly promotional environment, fragmentation in the retail industry, pressure from retailers to reduce the costs of products, and changes in consumer spending patterns. If we misjudge the market for our products or demand for our products are impacted by other factors, such as inflationary pressures, political instability or the ongoing Covid-19 pandemic, we may be faced with significant excess inventories for some products and missed opportunities for other products. We have in the past been, and may in the future be, forced to rely on donation, markdowns, promotional sales or other write-offs, to dispose of excess, slow-moving inventory, which may negatively impact our gross margin, overall profitability and efficacy of our brands.

Increases in our costs, such as raw materials, labor or freight could negatively impact our gross margin. Our costs for raw materials are affected by, among other things, weather, customer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus customer countries and other factors that are generally unpredictable and beyond our control. Any of these factors may be exacerbated by global climate change. In addition, ongoing impacts of the pandemic, political instability, trade relations, sanctions, price inflationary pressure, or other geopolitical or economic conditions could cause raw material costs to increase and have an adverse effect on our future margins. Labor costs at many of our manufacturers have been increasing significantly and, as the middle class in developing countries continues to grow, it is unlikely that such cost pressure will abate. Furthermore, the cost of transportation has fluctuated and may continue to fluctuate significantly if oil prices continue to rise. We have also experienced increased freight and other logistics costs, including increased carrier rates for ocean and air shipments, in addition, the supply chain disruptions have caused us to increase our use of air freight with greater frequency than in the past. We may not be able to offset such increases in raw materials, labor or transportation costs through pricing measures or other means.

The success of our business depends on our ability to retain the value of our brands and to respond to changing fashion and retail trends in a timely manner.

Tapestry, Inc. is a New York-based house of accessible luxury lifestyle brands. Our global house of brands unites the magic of Coach, kate spade new york and Stuart Weitzman. Each of our brands are unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. Any misstep in product quality or design, executive leadership, customer service, marketing, unfavorable publicity or excessive product discounting could negatively affect the image of our brands with our customers. Furthermore, the product lines we have historically marketed and those that we plan to market in the future are becoming increasingly subject to rapidly changing fashion trends and consumer preferences, including the increasing shift to digital brand engagement and social media communication. If we do not anticipate and respond promptly to changing customer preferences and fashion trends in the design, production, and styling of our products, as well as create compelling marketing campaigns that appeal to our customers, our sales and results of operations may be negatively impacted.

The shift towards digital engagement has become increasingly important, with increased use of social media platforms by our brand representatives, influencers and our employees. Actions taken by our partners on social media that do not show our brands in a manner consistent with our desired image or that are damaging to such partner’s reputation, whether or not through our brand social media platforms, could harm our brand reputation and materially impact our business.

Our success also depends in part on our and our executive leadership team's ability to execute on our plans and strategies. Even if our products, marketing campaigns and retail environments do meet changing customer preferences and/or stay ahead of changing fashion trends, our brand image could become tarnished or undesirable in the minds of our customers or target markets, which could materially adversely impact our business, financial condition, and results of operations.

As we outsource functions, we will become more dependent on the third parties performing these functions.

As part of our long-term strategy, we look for opportunities to cost effectively enhance capability of business services. While we believe we conduct appropriate due diligence before entering into agreements with these third parties, the failure of any of these third parties to provide the expected services, provide them on a timely basis or to provide them at the prices we expect could disrupt or harm our business. Any significant interruption in the operations of these service providers, including as a result of changes in social, political, and economic conditions, including those resulting from military conflicts or other hostilities, that could result in the disruption of trade from the countries in which our manufacturers or suppliers are located, over which we have no control, could also have an adverse effect on our business. Furthermore, we may be unable to provide these services or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us.

Our wholesale business could suffer as a result of consolidations, liquidations, restructurings and other ownership changes in the wholesale industry.

Our wholesale business comprised approximately 11% of total net sales for fiscal 2022. The retail industry, including wholesale customers, has experienced financial difficulty leading to consolidations, reorganizations, restructuring, bankruptcies and ownership changes. In addition, the Covid-19 pandemic has resulted in reduced operations or the closure, temporarily or permanently, of many of our wholesale partners. This may continue and could further decrease the number of, or concentrate the ownership of, wholesale stores that carry our licensees’ products. Furthermore, a decision by the controlling owner of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease or eliminate the amount of merchandise purchased from us or our licensing partners could result in an adverse effect on the sales and profitability within this channel.

Additionally, certain of our wholesale customers, particularly those located in the U.S., have in the past been highly promotional and have aggressively marked down their merchandise and may do so again in the future, which could negatively impact our brands or could affect our business, results of operations, and financial condition.

Acquisitions may not be successful in achieving intended benefits, cost savings and synergies and may disrupt current operations.

One component of our growth strategy historically has been acquisitions. Acquisitions are not currently contemplated in the Company's capital allocation priorities, however, our management team may in the future evaluate and consider other strategic investments or acquisitions. These involve various inherent risks and the benefits, cost savings and synergies sought may not be realized.

The integration process of any newly acquired company may be complex, costly and time-consuming. The potential difficulties of integrating the operations of an acquired business and realizing our expectations for an acquisition, including the benefits that may be realized, include, among other things:

- failure of the business to perform as planned following the acquisition or achieve anticipated revenue or profitability targets;
- delays, unexpected costs or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings or synergies and/or a need to allocate resources to manage unexpected operating difficulties;
- difficulties assimilating the operations and personnel of acquired companies into our operations;
- diversion of the attention and resources of management or other disruptions to current operations;
- the impact on our or an acquired business' internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002;
- unanticipated changes in applicable laws and regulations;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- retaining key customers, suppliers and employees;
- retaining and obtaining required regulatory approvals, licenses and permits;
- operating risks inherent in the acquired business and our business;
- lower than anticipated demand for product offerings by us or our licensees;
- assumption of liabilities not identified in due diligence; and
- other unanticipated issues, expenses and liabilities.

Our failure to successfully complete the integration of any acquired business and any adverse consequences associated with future acquisition activities, could have an adverse effect on our business, financial condition and operating results.

Completed acquisitions may result in additional goodwill and/or an increase in other intangible assets on our Balance Sheet. We are required annually, or as facts and circumstances exist, to assess goodwill and other intangible assets to determine if impairment has occurred. If the testing performed indicates that impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or other intangible assets and the implied fair value of the goodwill or the fair value of other intangible assets in the period the determination is made. We cannot accurately predict the amount and timing of any potential future impairment of assets. Should the value of goodwill or other intangible assets become impaired, there could be a material adverse effect on our financial condition and results of operations.

Our operating results are subject to seasonal and quarterly fluctuations, which could adversely affect the market price of the Company's common stock.

The Company's results are typically affected by seasonal trends. We have historically realized, and expect to continue to realize, higher sales and operating income in the second quarter of our fiscal year. Business underperformance in the Company's second fiscal quarter would have a material adverse effect on its full year operating results and result in higher inventories. In addition, fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including adverse weather conditions or other macroeconomic events, including the impact of the Covid-19 pandemic.

We rely on our licensing partners to preserve the value of our licenses and the failure to maintain such partners could harm our business.

Our brands currently have multi-year agreements with licensing partners for certain products. In the future, we may enter into additional licensing arrangements. The risks associated with our own products also apply to our licensed products, as do unique risks stemming from problems that our licensing partners may experience, including risks associated with each licensing partner's ability to obtain capital, manage its labor relations, maintain relationships with its suppliers, manage its credit and bankruptcy risks, and maintain customer relationships. While we maintain significant control over the products produced for us by our licensing partners, any of the foregoing risks, or the inability of any of our licensing partners to execute on the expected design and quality of the licensed products or otherwise exercise operational and financial control over its business, may result in loss of revenue and competitive harm to our operations in the licensed product categories. Further, while we believe that we could replace our existing licensing partners if required, any delay in doing so could adversely affect our revenues and harm our business.

We also may decide not to renew our agreements with our licensing partners and bring certain categories in-house. We may face unexpected difficulties or costs in connection with any action to bring currently licensed categories in-house.

We are subject to risks associated with leasing retail space subject to long-term and non-cancelable leases. We may be unable to renew leases at the end of their terms. If we close a leased retail space, we remain obligated under the applicable lease.

We do not own any of our retail store locations. We lease the majority of our stores under non-cancelable leases, many of which have historically had initial terms ranging from five and ten years, often with renewal options. We believe that the majority of the leases we enter into in the future will likely be non-cancelable. Generally, our leases are "net" leases, which require us to pay our proportionate share of the cost of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases at our option. In certain cases, as we have done in the past, we may determine that it is no longer economical to operate a retail store subject to a lease or we may seek to generally downsize, consolidate, reposition, relocate or close some of our real estate locations. In such cases, we may be required to negotiate a lease exit with the applicable landlord or remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. In some instances, we may be unable to close an underperforming retail store due to continuous operation clauses in our lease agreements. In addition, as each of our leases expire, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close retail stores in desirable locations. Our inability to secure desirable retail space or favorable lease terms could impact our ability to grow. Likewise, our obligation to continue making lease payments in respect of leases for closed retail spaces could have a material adverse effect on our business, financial condition and results of operations.

Additionally, due to the volatile economic environment, it may be difficult to determine the fair market value of real estate properties when we are deciding whether to enter into leases or renew expiring leases. This may impact our ability to manage the profitability of our store locations, or cause impairments of our lease right of use assets if market values decline, any of which could have a material adverse effect on our financial condition or results of operations.

Risks Related to Information Security and Technology

A delay, disruption in, failure of, or inability to upgrade our information technology systems precisely and efficiently could materially adversely affect our business, financial condition or results of operations and cash flow.

We rely heavily on various information and other business systems to manage our operations, including management of our supply chain, point-of-sale processing in our brands' stores, our online businesses associated with each brand and various other processes. We are continually evaluating and implementing upgrades and changes to our systems. In addition, from time to time, we implement new systems.

Implementing new systems carries substantial risk, including failure to operate as designed, failure to properly integrate with other systems, potential loss of confidential and personal information, cost overruns, implementation delays and disruption of operations. Furthermore, failure of our computer systems due to inadequate system capacity, computer viruses, human error, changes in programming, security and personal data breaches, system upgrades or migration of these services, as well as employee and consumer privacy concerns and new global government regulations, individually or in accumulation, could have a material effect on our business, financial condition or results of operations and cash flow.

Computer system disruption and cyber security threats, including a personal data or security breach, could damage our relationships with our customers, harm our reputation, expose us to litigation and adversely affect our business.

We depend on digital technologies for the successful operation of our business, including corporate email communications to and from employees, customers, stores and vendors, the design, manufacture and distribution of our finished goods, digital and local marketing efforts, data analytics, collection, use and retention of customer data, employee, vendor and partner information, the processing of credit card transactions, online e-commerce activities and our interaction with the public in the social media space. Due to persistent Covid-19 risks, our company decided to implement a hybrid working model. Recently many of our corporate employees and independent contractors returned to offices several days a week but continued to work remotely the other days. Continued remote working due to the Covid-19 pandemic has increased our dependence on digital technology during this period. The possibility of a successful cyber-attack on any one or all of these systems is a serious threat. The retail industry, in particular, has been the target of many cyber-attacks. As part of our business model, we collect, retain, and transmit confidential information and personal data over public networks. In addition to our own databases, we use third party service providers to store, process and transmit this information on our behalf. Although we contractually require these service providers to implement and use reasonable and adequate security measures and data protection, we cannot control third parties and cannot guarantee that a personal data or security breach will not occur in the future either at their location or within their systems. We also store all designs, goods specifications, projected sales and distribution plans for our finished products digitally. We have enterprise class and industry comparable security measures in place to protect both our physical facilities and digital systems from attacks. Despite these efforts, however, we may be vulnerable to targeted or random cyber-attacks, personal data or security breaches, acts of vandalism, computer malware, misplaced or lost data, programming and/or human errors, or other similar events. Further, like other companies in the retail industry, during the ordinary course of business, we and our vendors have in the past experienced, and we expect to continue to experience, cyber-attacks of varying degrees and types, including phishing, and other attempts to breach, or gain unauthorized access to, our systems. To date, these attacks have not had a material impact on our operations, but we cannot provide assurance that cyber-attacks will not have a material impact in the future.

Awareness and sensitivity to personal data breaches and cyber security threats by consumers, employees and lawmakers is at an all-time high. Any misappropriation of confidential or personal information gathered, stored or used by us, be it intentional or accidental, could have a material impact on the operation of our business, including severely damaging our reputation and our relationships with our customers, employees, vendors and investors. We have been incurring and expect that we will continue to incur significant costs implementing additional security measures to protect against new or enhanced data security or privacy threats, or to comply with current and new international, federal and state laws governing the unauthorized disclosure or exfiltration of confidential and personal information which are continuously being enacted and proposed such as the General Data Protection Regulation (GDPR) in the E.U. the UK GDPR, the American Data Privacy and Protection Act, the California Consumer Privacy Act (CCPA), the California Privacy Rights Act (CPRA), the Virginia Consumer Data Protection Act (VCDPA), the Colorado Privacy Act (CPA) and the Utah Consumer Privacy Act, and the Connecticut Data Privacy Act (CTDPA) in the U.S.A., as well as increased cyber security and privacy protection costs such as organizational changes, Covid-19 employee and visitor health checks, copies of vaccination cards, deploying additional personnel and protection technologies, training employees, engaging outside counsel, third party experts and consultants. We may also experience loss of revenues resulting from unauthorized use of proprietary information including our intellectual property. Lastly, we could face sizable fines, significant breach containment and notification costs to supervisory authorities and the affected data subjects, and increased litigation and customer claims, as a result of cyber security or personal data breaches. While we carry cyber liability insurance, such insurance may not cover us with respect to any or all claims or costs associated with such a breach.

In addition, we have e-commerce sites in certain countries throughout the world, including the U.S., Canada, Japan, mainland China, several throughout Europe, Australia and South Korea and have plans for additional e-commerce sites in other parts of the world. Additionally, Tapestry has informational websites in various countries. Given the robust nature of our e-commerce presence and digital strategy, it is imperative that we and our e-commerce partners maintain uninterrupted operation of our: (i) computer hardware, (ii) software systems, (iii) customer databases, and (iv) ability to email or otherwise keep in contact with our current and potential customers. Despite our preventative efforts, our systems are vulnerable from time-to-time to damage, disruption or interruption from, among other things, physical damage, natural disasters, inadequate system capacity, system issues, security and personal data breaches, email blocking lists, computer malware or power outages. Any material disruptions in our e-commerce presence or information technology systems and applications could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Environmental, Social, and Governance Issues

The risks associated with climate change and other environmental impacts and increased focus by stakeholders on climate change, could negatively affect our business and operations.

Our business is susceptible to risks associated with climate change, including through disruption to our supply chain, potentially impacting the production and distribution of our products including availability and pricing of raw materials, as well as shipping disruptions and/or higher freight costs. Climate change can lead to physical and transition risks impacting our business. The physical risks result from climatic events, such as wildfires, storms, and floods, whereas transition risks result from policy action taken to transition the economy off of fossil fuels. Increased frequency and/or intensity of extreme weather events (such as storms and floods) due to climate change could also lead to more frequent store and fulfillment center closures, adversely impacting retail traffic and/or consumer's disposable income levels or spending habits on discretionary items, or otherwise disrupt business operations in the communities in which we operate, any of which could result in lost sales or higher costs.

There is also increased focus from our stakeholders, including consumers, employees and investors, on climate change issues. Many countries in which we and our suppliers operate have begun to enact new legislation and regulations in an attempt to mitigate the potential impacts of climate change, which could result in higher sourcing, operational, and compliance-related costs for the Company. Such proposed measures include expanded disclosure requirements regarding greenhouse gas emissions and other climate-related information, as well as independent auditors providing some level of attestation to the accuracy of such disclosures. Inconsistency of legislation and regulations among jurisdictions may also affect our compliance costs with such laws and regulations. An assessment of the potential impact of future climate change legislation, regulations or industry standards, as well as any international treaties and accords, will be fraught with uncertainty given the wide scope of potential regulatory change in the countries in which we operate. Any failure on our part to comply with such climate change-related regulations could lead to adverse consumer actions and/or investment decisions by investors, as well as expose us to legal risk.

Increased scrutiny from investors and others regarding our corporate social responsibility initiatives, including environmental, social, governance and other matters of significance relating to sustainability, could result in additional costs or risks and adversely impact our reputation.

Stakeholders, including consumers, employees and investors, have increasingly focused on corporate responsibility practices of companies. Although we have announced our corporate responsibility strategy and 2025 Corporate Responsibility Goals, there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. Failure to implement our strategy or achieve our goals on a timely basis, or at all, could damage our reputation, causing our investors or consumers to lose confidence in our Company and brands, and negatively impact our operations. In addition, our brand is susceptible to risks associated with changing consumer attitudes regarding social and political issues and consumer perceptions of our position on these issues.

Any corporate responsibility report that we publish or other sustainability disclosure we make may include our policies and practices on a variety of social and ethical matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, product quality, supply chain management and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG practices or the speed of our adoption of these practices. We could also incur additional costs and require additional resources to monitor, report and comply with various ESG practices and various legal, legislative and regulatory requirements. Also, our failure, or perceived failure, to meet the standards included in any sustainability disclosure could negatively impact our reputation, employee retention and the willingness of our customers and suppliers to do business with us.

Risks Related to Global Economic Conditions and Legal and Regulatory Matters

We face risks associated with potential changes to international trade agreements and the imposition of additional duties on importing our products.

Most of our imported products are subject to duties, indirect taxes, quotas and non-tariff trade barriers that may limit the quantity of products that we may import into the U.S. and other countries or may impact the cost of such products. To maximize opportunities, we rely on free trade agreements and other supply chain initiatives and, as a result, we are subject to government regulations and restrictions with respect to our cross-border activity. For example, we have historically received benefits from duty-free imports on certain products from certain countries pursuant to the U.S. Generalized System of Preferences ("GSP") program. The GSP program expired on December 31, 2020, resulting in additional duties that have negatively impacting gross margin. Additionally, we are subject to government regulations relating to importation activities, including related to U.S. Customs and Border Protection ("CBP") enforcement actions. The imposition of taxes, duties and quotas, the withdrawal from or material modification to trade agreements, and/or if CBP detains shipments of our goods pursuant to a withhold release order could have a material adverse effect on our business, results of operations and financial condition. Since fiscal 2019, the U.S. and China have both imposed tariffs on the importation of certain product categories into the respective country, with limited progress in negotiations to reduce or remove the tariffs. However, while the U.S. has participated in multi-national negotiations on trade agreements and duty rates, there continues to be a possibility of increases in tariffs on goods imported into the U.S. from other countries, which could in turn adversely affect the profitability for these products and have an adverse effect on our business, financial conditions and results of operations as a result.

Fluctuations in our tax obligations and effective tax rate may result in volatility of our financial results and stock price.

We are subject to income taxes in many jurisdictions. We record tax expense based on our estimates of taxable income and required reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may result in a settlement which differs from our original estimate. As a result, we expect that throughout the year there could be ongoing variability in our quarterly effective tax rates as events occur and exposures are evaluated. In addition, our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of earnings. Further, proposed tax changes that may be enacted in the future could impact our current or future tax structure and effective tax rates.

Over the past year there has been significant discussion with regards to tax legislation by both the Biden Administration and the Organization for Economic Cooperation and Development (“OECD”). On August 16, 2022, the Inflation Reduction Act of 2022 was signed into law, with tax provisions primarily focused on implementing a 15% minimum tax on global adjusted financial statement income and a 1% excise tax on share repurchases. The Inflation Reduction Act of 2022 will become effective beginning in fiscal 2024. Given its recent pronouncement, it is unclear at this time what, if any, impact the Inflation Reduction Act of 2022 will have on the Company's tax rate and financial results. We will continue to evaluate its impact as further information becomes available.

Our business is exposed to foreign currency exchange rate fluctuations.

We monitor our global foreign currency exposure. In order to minimize the impact on earnings related to foreign currency rate movements, we hedge certain cross currency intercompany inventory transactions and foreign currency balance sheet exposures, as well as the Company's cross currency intercompany loan portfolio. We cannot ensure, however, that these hedges will fully offset the impact of foreign currency rate movements. Additionally, our international subsidiaries primarily use local currencies as the functional currency and translate their financial results from the local currency to U.S. dollars. If the U.S. dollar strengthens against these subsidiaries' foreign currencies, the translation of their foreign currency denominated transactions may decrease consolidated net sales and profitability. Our continued international expansion will increase our exposure to foreign currency fluctuations. The majority of the Company's purchases and sales involving international parties, excluding international consumer sales, are denominated in U.S. dollars.

Failure to adequately protect our intellectual property and curb the sale of counterfeit merchandise could injure our brands and negatively affect sales.

We believe our trademarks, copyrights, patents, and other intellectual property rights are extremely important to our success and our competitive position. We devote significant resources to the registration and protection of our trademarks and to anti-counterfeiting efforts worldwide. Despite our efforts, counterfeiting still occurs and if we are unsuccessful in challenging a third-party's rights related to trademark, copyright, or patent this could adversely affect our future sales, financial condition, and results of operations. We pursue entities involved in the trafficking and sale of counterfeit merchandise through legal action or other appropriate measures. We cannot guarantee that the actions we have taken to curb counterfeiting and protect our intellectual property will be adequate to protect the brand and prevent counterfeiting in the future. Our trademark applications may fail to result in registered trademarks or provide the scope of coverage sought. Furthermore, our efforts to enforce our intellectual property rights are often met with defenses and counterclaims attacking the validity and enforceability of our intellectual property rights. Unplanned increases in legal and investigative fees and other costs associated with defending our intellectual property rights could result in higher operating expenses. Finally, many countries' laws do not protect intellectual property rights to the same degree as U.S. laws.

Risks Related to our Indebtedness

We have incurred a substantial amount of indebtedness, which could restrict our ability to engage in additional transactions or incur additional indebtedness.

As of July 2, 2022, our consolidated indebtedness was approximately $1.70 billion. In fiscal year 2022, the Company issued $500.0 million aggregate principal amount of 3.050% senior unsecured notes due March 15, 2032 at 99.705% of par (the "2032 Senior Notes") and completed a partial cash tender offer of the outstanding aggregate of its $600.0 million aggregate principal amount of 4.250% senior unsecured notes due April 1, 2025 at 99.445% of par (the "2025 Senior Notes") and its $600.0 million aggregate principal amount of 4.125% senior unsecured notes due July 15, 2027 at 99.858% of par (the "2027 Senior Notes", together with the 2032 Senior Notes and 2025 Senior Notes, the "Senior Notes"). In addition, the Company financed and replaced the $900.0 Million Revolving Credit Facility by entering into a new credit facility that (i) includes an increased revolving credit facility (the "$1.25 Billion Revolving Credit Facility") from $900.0 million to $1.25 billion, (ii) includes an unsecured $500.0 million Term Loan (the "Term Loan") and (iii) redefines certain terms within the existing Revolving Credit Facility. The unsecured $500 million Term Loan was utilized to satisfy the Company's remaining obligation under its $400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the "2022 Senior Notes"). Additionally, the borrowings may be used to finance our working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes. This substantial level of indebtedness could have important consequences to our business including making it more difficult to satisfy our debt obligations, increasing our vulnerability to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and restricting us from pursuing certain business opportunities. In addition, the terms of our $1.25 Billion Revolving Credit Facility contain affirmative and negative covenants, including a maximum net leverage ratio of 4.0 to 1.0, as well as limitations on our ability to incur debt, grant liens, engage in mergers and dispose of assets. Refer to Note 12, "Debt", for a summary of these terms and additional information on the terms of our $1.25 Billion Revolving Credit Facility, Term Loan and outstanding Senior Notes.

The consequences and limitations under our $1.25 Billion Revolving Credit Facility and our other outstanding indebtedness could impede our ability to engage in future business opportunities or strategic acquisitions. In addition, a prolonged disruption in our business may impact our ability to satisfy the leverage ratio covenant under our $1.25 Billion Revolving Credit Facility. Non-compliance with these terms would constitute an event of default under our $1.25 Billion Revolving Credit Facility, which may result in acceleration of payment to the lenders. In the event of an acceleration of payment to the lenders, this would result in a cross default of the Company's Senior Notes, causing the Company's outstanding borrowings to also become due and payable on demand.

Our ability to make payments on and to refinance our debt obligations and to fund planned capital expenditures depends on our ability to generate cash from our operations. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control, including the financial impact of the Covid-19 pandemic on our business. We cannot guarantee that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to make payments of our debt, fund other liquidity needs and make planned capital expenditures. In addition, our ability to access the credit and capital markets in the future as a source of funding, and the borrowing costs associated with such financing, is dependent upon market conditions and our credit rating and outlook.

As a result of having operations outside of the U.S., we are also exposed to market risk from fluctuations in foreign currency exchange rates. Substantial changes in foreign currency exchange rates could cause our sales and profitability to be negatively impacted.

Risks Related to Ownership of our Common Stock

Our stock price may periodically fluctuate based on the accuracy of our earnings guidance or other forward-looking statements regarding our financial performance, including our ability to return value to investors.

Our business and long-range planning process is designed to maximize our long-term strength, growth, and profitability, and not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of the Company and our stockholders. At the same time, however, we recognize that, when possible, it is helpful to provide investors with guidance as to our forecast of net sales, operating income, net interest expense, earnings per diluted share and other financial metrics or projections. We did not provide detailed guidance in our earnings reports for the second half of fiscal year 2020 and fiscal year 2021 due to uncertainty surrounding the financial impact of Covid-19 on our business. We resumed providing guidance for fiscal year 2022 and while we generally expect to provide updates to our financial guidance when we report our results each fiscal quarter, we do not have any responsibility to provide guidance going forward or to update any of our forward-looking statements at such times or otherwise. In addition, any longer-term guidance that we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable for growth and performance over a number of years. However, such long-range targets are more difficult to predict than our current quarter and fiscal year expectations. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts, or others, our stock price could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in our stock price.

We periodically return value to investors through payment of quarterly dividends and common stock repurchases. On March 26, 2020, we announced we were suspending our quarterly dividend payment, effective beginning the fourth quarter of fiscal 2020, and stock repurchase program due to the impact of Covid-19 pandemic. Starting in the first quarter of fiscal 2022, the Company's Board of Directors approved the reinstatement of the Company's shareholder return program declaring a quarterly cash dividend of $0.25 per common share for an annual dividend rate of $1.00 per share, or approximately $260 million returned to shareholders in fiscal 2022 (the "Shareholder Return Program"). Additionally, during fiscal 2022 the Company repurchased 42.0 million shares of common stock for $1.60 billion. The Company also intends to repurchase approximately $700.0 million worth of stock in fiscal 2023, all of which is remaining under its current authorization. Investors may have an expectation that we will continue to pay our quarterly dividend at a certain time and at certain levels and / or repurchase shares available under our common stock repurchase program. The market price of our securities could be adversely affected if our cash dividend rate or common stock repurchase activity differs from investors' expectations. Refer to "*If we are unable to pay quarterly dividends or conduct stock repurchases at intended levels, our reputation and stock price may be negatively impacted.*" for additional discussion of our quarterly dividend.

If we are unable to pay quarterly dividends or conduct stock repurchases at intended levels, our reputation and stock price may be negatively impacted.

On March 26, 2020, the Company announced that, due to the impact of the Covid-19 pandemic, Tapestry's quarterly dividend, beginning in the fourth quarter of fiscal year 2020, along with the stock repurchase program would be suspended. In the first quarter of fiscal 2022, the Company's Board of Directors approved the reinstatement of the Company's Shareholder Return Program. The dividend program and the stock repurchase program each require the use of a portion of our cash flow. Our ability to pay dividends and conduct stock repurchases will depend on our ability to generate sufficient cash flows from operations in the future. This ability may be subject to certain economic, financial, competitive and other factors that are beyond our control. Our Board of Directors ("Board") may, at its discretion, decrease or entirely discontinue these programs at any time. Any failure to pay dividends or conduct stock repurchases, or conduct either program at expected levels, after we have announced our intention to do so may negatively impact our reputation, investor confidence in us and negatively impact our stock price.

Provisions in the Company's charter, bylaws and Maryland law may delay or prevent an acquisition of the Company by a third party.

The Company's charter, bylaws and Maryland law contain provisions that could make it more difficult for a third party to acquire the Company without the consent of our Board. The Company's charter permits a majority of its entire Board, without stockholder approval, to amend the charter to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that the Company has the authority to issue. In addition, the Company's Board may classify or reclassify any unissued shares of common stock or preferred stock and may set the preferences, rights and other terms of the classified or reclassified shares without stockholder approval. Although the Company's Board has no intention to do so at the present time, it could establish a class or series of preferred stock that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for the Company's common stock or otherwise be in the best interest of the Company's stockholders.

The Company's bylaws provide that nominations of persons for election to the Company's Board and the proposal of business to be considered at an annual meeting of stockholders may be made only in the notice of the meeting, by the Company's Board or by a stockholder who is a stockholder of record as of the record date set by the Company's Board for purposes of determining stockholders entitled to vote at the meeting, at the time of the giving of the notice by the stockholder pursuant to the Company's bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and has complied with the advance notice procedures of the Company's bylaws. Also, under Maryland law, business combinations, including mergers, consolidations, share exchanges, or, in circumstances specified in the statute, asset transfers or issuances or reclassifications of equity securities, between the Company and any interested stockholder, generally defined as any person who beneficially owns, directly or indirectly, 10% or more of the Company's common stock, or any affiliate of an interested stockholder are prohibited for a five-year period, beginning on the most recent date such person became an interested stockholder. After this period, a combination of this type must be approved by two super-majority stockholder votes, unless common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares. The statute permits various exemptions from its provisions, including business combinations that are exempted by our Board prior to the time that the interested stockholder becomes an interested stockholder.

The Company's charter provides that, except as may be provided by our Board in setting the terms of any class or series of preferred stock, any vacancy on our Board may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum. The Company's charter further provides that a director may be removed only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors. This provision, when coupled with the exclusive power of our Board to fill vacant directorships, may preclude stockholders from removing incumbent directors except by a substantial affirmative vote and filling the vacancies created by such removal with their own nominees.

Our bylaws designate the Circuit Court for Baltimore City, Maryland as the sole and exclusive forum for certain actions, including derivative actions, which could limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company and its directors, officers, other employees, or the Company's stockholders and may discourage lawsuits with respect to such claims.

Unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of any duty owed by any director or officer or other employee of the Company to the Company or to the stockholders of the Company, (c) any action asserting a claim against the Company or any director or officer or other employee of the Company arising pursuant to any provision of the Maryland General Corporation Law, the charter or the bylaws of the Company, or (d) any action asserting a claim against the Company or any director or officer or other employee of the Company that is governed by the internal affairs doctrine, shall, to the fullest extent permitted by law, be the Circuit Court for Baltimore City, Maryland (or, if that Court does not have jurisdiction, the United States District court for the District of Maryland, Baltimore Division). This exclusive forum provision is intended to apply to claims arising under Maryland state law and would not apply to claims brought pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

Although we believe the exclusive forum provision benefits us by providing increased consistency in the application of Maryland law for the specified types of actions and proceedings, this provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company and its directors, officers, or other employees and may discourage lawsuits with respect to such claims.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table sets forth the location, use and size of the Company's key fulfillment, corporate and product development facilities as of July 2, 2022. The majority of the properties are leased, with the leases expiring at various times through fiscal 2037, subject to renewal options.

Location	Use	Approximate Square Footage
Jacksonville, Florida	Coach North America fulfillment and customer service	1,050,000
Westchester, Ohio	Kate Spade North America fulfillment	601,000
New York, New York	Corporate, design, sourcing and product development	546,000
Chiba, Japan	Japan regional fulfillment	278,000
Shanghai, China	Asia regional fulfillment	179,000
New York, New York	Kate Spade corporate management	135,000
North Bergen, New Jersey	Corporate office and customer service	106,000
Tokyo, Japan	Corporate and regional management	24,900
Shanghai, China	Coach Greater China regional management	23,000
Elda, Spain	Stuart Weitzman regional management, sourcing and quality control	19,000
Seoul, South Korea	Corporate regional management	18,000
Dongguan, China	Corporate sourcing, quality control and product development	17,000
London, England	International regional management	16,500
Ho Chi Minh City, Vietnam	Coach sourcing and quality control	12,600
Shanghai, China	Asia regional management	10,200
Singapore	Coach Singapore regional management, sourcing and quality control	8,700
Hong Kong SAR, China	Coach sourcing and quality control	8,500

In addition to the above properties, the Company occupies leased retail and outlet store locations located in North America and internationally for each of our brands. These leases expire at various times through fiscal 2034. The Company considers these properties to be in generally good condition, and believes that its facilities are adequate for its operations and provide sufficient capacity to meet its anticipated requirements. Refer to Item 1. "Business," for further information.

ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings is set forth in Note 13, Commitments and Contingencies, of the "Notes to Consolidated Financial Statements" and is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market and Dividend Information

Tapestry, Inc.'s common stock is listed on the New York Stock Exchange and is traded under the symbol "TPR."

As of August 5, 2022, there were 1,971 holders of record of Tapestry's common stock.

Any future determination to pay cash dividends will be at the discretion of Tapestry's Board and will be dependent upon Tapestry's financial condition, operating results, capital requirements and such other factors as the Board deems relevant.

The information under the principal heading "Securities Authorized For Issuance Under Equity Compensation Plans" in the Company's definitive Proxy Statement for the Annual Meeting of Stockholders to be held on November 15, 2022, to be filed with the Securities and Exchange Commission (the "Proxy Statement"), is incorporated herein by reference.

Performance Graph

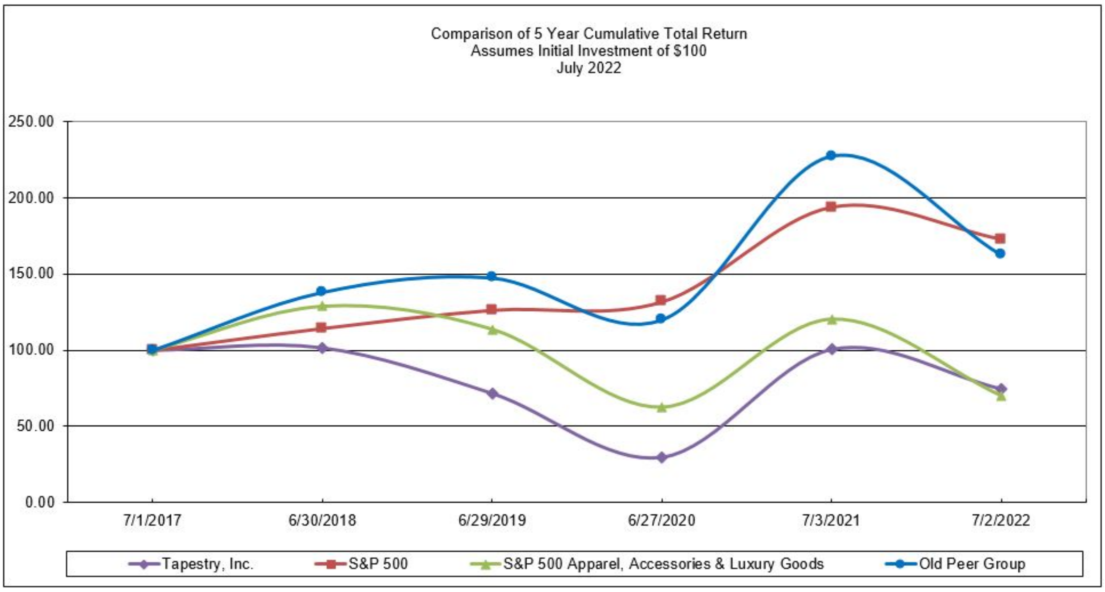
The following graph compares the cumulative total stockholder return (assuming reinvestment of dividends) of the Company's common stock with the cumulative total return of the Standard & Poor's ("S&P") 500 Stock Index and the S&P 500 Apparel, Accessories & Luxury Goods Index over the five-fiscal-year period ending July 2, 2022, the last day of Tapestry's most recent fiscal year. The graph assumes that $100 was invested on July 1, 2017 at the per share closing price in each of Tapestry's common stock, the S&P 500 Stock Index and the S&P 500 Apparel, Accessories & Luxury Goods Index, and that all dividends were reinvested. The stock performance shown in the graph is not intended to forecast or be indicative of future performance.

During fiscal 2022, the Company moved to using the S&P 500 Apparel, Accessories & Luxury Goods Index.

The Company's old peer group consisted of:

- L Brands, Inc. (subsequent to August 2, 2021, Bath and Body Works, Inc.)
- PVH Corp.
- Ralph Lauren Corporation
- V.F. Corporation
- Estee Lauder, Inc.
- Capri Holdings Limited

Tapestry management selected the S&P 500 Apparel, Accessories & Luxury Goods Index on an industry/line-of-business basis and believes this updated index represents good faith comparables based on their history, size, and business models in relation to Tapestry, Inc.



	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
TPR	$100.00	$101.68	$71.66	$29.59	$100.57	$74.54
S&P 500 Apparel, Accessories & Luxury Goods	$100.00	$128.77	$113.77	$62.77	$120.39	$70.14
Former Set	$100.00	$138.05	$147.52	$120.08	$227.37	$162.44
S&P 500	$100.00	$114.37	$126.29	$131.74	$193.63	$172.67

Stock Repurchase Program

The Company's share repurchases during the fourth quarter of fiscal 2022 were as follows:

Fiscal Period	Total Number of Shares Repurchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(1)]	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs[(1)]
		(in millions, except share data and per share data)		
April 3, 2022 - May 7, 2022	—	$ —	—	$ —
May 8, 2022 - June 4, 2022	6,429,521	32.69	6,429,521	1,640.0
June 5, 2022 - July 2, 2022	4,254,968	32.90	4,254,968	1,500.0
Total	10,684,489		10,684,489	

(1) On November 11, 2021, the Company announced the Board of Directors authorized a common stock repurchase program to repurchase up to $1.00 billion of its outstanding common stock (the "2021 Share Repurchase Program"). On May 12, 2022, the Company announced that its Board of Directors authorized the additional repurchase of up to $1.50 billion of its outstanding common stock (the "2022 Share Repurchase Program"). This authorization is incremental to the Company's existing authorization. Purchases of the Company's common stock were executed through open market purchases, including through purchase agreements under Rule 10b5-1.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read together with the Company’s consolidated financial statements and notes to those financial statements included elsewhere in this document. When used herein, the terms “the Company,” "Tapestry," “we,” “us” and “our” refer to Tapestry, Inc., including consolidated subsidiaries. References to "Coach," "Stuart Weitzman," "Kate Spade" or "kate spade new york" refer only to the referenced brand.

EXECUTIVE OVERVIEW

The fiscal year ended July 2, 2022 was a 52-week period, July 3, 2021 was a 53-week period, and June 27, 2020 was a 52-week period.

Tapestry, Inc. is a leading New York-based house of accessible luxury accessories and lifestyle brands. Our global house of brands unites the magic of Coach, kate spade new york and Stuart Weitzman. Each of our brands are unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. We use our collective strengths to move our customers and empower our communities, to make the fashion industry more sustainable, and to build a company that’s equitable, inclusive, and diverse. Individually, our brands are iconic. Together, we can stretch what’s possible.

The Company has three reportable segments:

- *Coach* - Includes global sales of Coach products to customers through Coach operated stores, including e-commerce sites and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.
- *Kate Spade* - Includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including e-commerce sites and concession shop-in-shops, sales to wholesale customers and through independent third party distributors.
- *Stuart Weitzman* - Includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including e-commerce sites, sales to wholesale customers and through numerous independent third party distributors.

Each of our brands is unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. Our success does not depend solely on the performance of a single channel, geographic area or brand.

Acceleration Program

Starting in fiscal 2020, the Company embarked on a strategic growth plan after undergoing a review of its business under the Acceleration Program, resulting in certain costs to date reflecting: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. The guiding principle under the Acceleration Program is to better meet the needs of each of its brands' unique customers by:

- **Sharpening our Focus on the Consumer:** Operating with a clearly defined purpose and strategy for each brand and an unwavering focus on the consumer at the core of everything we do.
- **Leveraging Data and Leading with a Digital-First Mindset:** Building significant data and analytics capabilities to drive decision-making and increase efficiency; Offering immersive customer experiences across our e-commerce and social channels to meet the needs of consumers who are increasingly utilizing digital platforms to engage with brands; Rethinking the role of stores with an intent to optimize our fleet.
- **Transforming into a Leaner and More Responsive Organization:** Moving with greater agility, simplifying internal processes and empowering teams to act quickly to meet the rapidly changing needs of the consumer.

Throughout fiscal 2022, the Company made meaningful progress under its Acceleration Program by sharpening the Company's focus on the consumer, leveraging data to lead with a digital-first mindset and transforming into a leaner and more responsive organization:

- **Recruited approximately 7.7 million new customers across channels in North America,** representing a 10% increase versus prior year, with growth in both stores and online.

- Maintained a consumer-centric lens and fostered emotional connections with customers, resulting in **higher average spend per customer, increased retention rates and the continued reactivation of lapsed customers across brands.**
- **Delivered global average unit retail ("AUR") gains at Coach, Kate Spade, and Stuart Weitzman**, reflecting brand heat and pricing power, the increasing traction of their product offerings, and select price increases, as well as continued benefits from structural changes to lessen promotional activity.
- **Advanced Digital capabilities** through significant investments in the channel, including in talent, to improve the customer experience and drive conversion; **achieved $2 billion in Digital revenue** in the fiscal year, representing 30% of total sales.
- **Realized gross run-rate savings of approximately $300 million in fiscal 2022**, which continues to fund investments in brand-building activities.

The Company does not expect to incur further expenses related to the Acceleration Program in fiscal 2023. Refer to Note 5, "Restructuring Activities," and the "GAAP to Non-GAAP Reconciliation," herein, for further information.

Recent Developments

Covid-19 Pandemic

The disruptions related to Covid-19 have materially adversely impacted our operations, cash flow, and liquidity. The virus has impacted all regions around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. These requirements resulted in closures of our directly operated stores globally, as well as our wholesale and licensing partners, causing a significant reduction in sales starting in the third quarter of fiscal 2020. While the vast majority of the Company's stores and locations of our wholesale and licensing partners have reopened, certain have experienced temporary re-closures or are operating under tighter restrictions in compliance with local government regulations. The Company's performance in fiscal 2022 was adversely impacted as a result of infections due to variants of Covid-19 in certain regions, most notably in Greater China, which resulted in disruptions in business performance including a decline in demand in the region. While the trends in Greater China started to improve at the end of fiscal 2022, the situation continues to be very volatile and infection rates and government restrictions may continue to persist.

Furthermore, Covid-19 has and may continue to cause disruptions in the Company’s supply chain within our third-party manufacturers and logistics providers. During the first quarter of fiscal 2022, certain of the Company’s third-party manufacturers, primarily located in Vietnam, experienced ongoing and longer-than-expected government mandated restrictions, which resulted in a significant decrease in production capacity for these third-party manufacturers. In response, the Company took deliberate actions such as shifting production to other countries, adjusting its merchandising strategies, where possible, and increasing the use of air freight to expedite delivery. Based on these actions, and the improved production levels since the first quarter, the Company has been able to meet anticipated levels of demand.

The Company has been experiencing other global logistics challenges, such as delays as a result of port congestion, vessel availability, container shortages for imported products and rising freight costs. To mitigate delays, the Company strategically used air freight with greater frequency than in the past, primarily in the second and third fiscal quarter of 2022. Due to these logistical challenges, during fiscal 2022, the Company recognized within Cost of sales $178.5 million of incremental freight costs compared to fiscal 2021, in order to maintain product flow to meet consumer demand.

There is still uncertainty associated with the Covid-19 pandemic, and challenges are expected to persist into fiscal 2023, including the possibility of other effects on the business. We will continue to monitor the rapidly evolving situation pertaining to the Covid-19 outbreak, including guidance from international and domestic authorities and adjust our operating plan as needed. Refer to Part I, Item 1A. "Risk Factors" herein.

The Company continues to take strategic actions in response to the current environment. The Company remains committed to driving SG&A savings, including actions taken under the Acceleration Program. The Company will continue to consider near-term exigencies and the long-term financial health of the business as clear steps are taken to mitigate the consequences of the Covid-19 pandemic.

Covid-19 Related Impairments

There were no Covid-19 related impairments recorded in fiscal 2022. During fiscal 2021, the Company recorded $45.8 million of impairment charges related to lease right-of-use assets, which were primarily driven by the continued impacts of Covid-19. Refer to Note 11, "Fair Value Measurements" for further information. In addition, in fiscal 2021, the Company recognized a reversal of raw material reserves of $8.1 million, which was established in fiscal 2020 as a result of the projected impact of Covid-19.

Crisis in Ukraine

In the second half of fiscal 2022, a humanitarian crisis unfolded in Ukraine, which has created significant economic uncertainty in the region. The Company does not have directly operated stores in Russia or Ukraine and has a minimal distributor and wholesale business which was less than 0.1% of the Company's total Net sales for fiscal 2022 and fiscal 2021. Starting in the third quarter of fiscal 2022 the Company paused all wholesale shipments to Russia and Ukraine. The Company's total business in Europe represented less than 5% of fiscal 2022 and fiscal 2021 total Net sales.

Current Trends and Outlook

The environment in which we operate is subject to a number of different factors driving global consumer spending. Consumer preferences, macroeconomic conditions, foreign currency fluctuations and geopolitical events continue to impact overall levels of consumer travel and spending on discretionary items, with inconsistent patterns across channels and geographies.

The outbreak of a novel strain of Covid-19 continues to impact a significant majority of the regions in which we operate, resulting in significant global business disruptions. The widespread impact of Covid-19 resulted in temporary closures of directly operated stores globally, as well as at our wholesale and licensing partners starting in fiscal 2020. Since then, certain directly operated stores and the stores of our wholesale and licensing partners have experienced temporary re-closures or are operating under tighter restrictions in compliance with local government regulation. The Company's performance in fiscal 2022 was adversely impacted as a result of infections due to variants of Covid-19 in certain regions, most notably in Greater China, which resulted in disruptions in business performance including a decline in demand in the region. Furthermore, as discussed in "Recent Developments", Covid-19 has also resulted in ongoing supply chain challenges, such as logistic constraints, the closure of certain third-party manufacturers and increased freight costs.

We continue to monitor the latest developments regarding the pandemic and have made certain assumptions about the pandemic for purposes of our business and operating results, including assumptions regarding the duration, severity and global macroeconomic impacts of the pandemic. However, the full extent of the impact of Covid-19 on our business and operating results will depend largely on future events outside of our control including the ultimate duration, severity and geographic resurgence of the virus and the success of actions to contain the virus, including variants of the novel strain, or treat its impact, among others.

Several organizations that monitor the world's economy, including the International Monetary Fund, continue to forecast growth in the global economy. However, some of these organizations have recently revised the forecast downward since the third quarter of fiscal 2022 primarily to reflect a higher-than-anticipated slowdown in Greater China, reflective of Covid-19 outbreaks and lockdown, and further negative economic impacts due to the crisis in Ukraine. Inflation is expected to remain elevated for longer than in previous forecasts and concerns regarding an oncoming recession have increased in recent months.

Certain markets around the world have been faced with labor shortages, which have not impacted the Company's operations to date. If these trends continue or worsen, it could potentially affect the Company's ability to attract and retain employees for its retail and fulfillment locations in the future.

Furthermore, currency volatility, political instability and potential changes to trade agreements or duty rates may contribute to a worsening of the macroeconomic environment or adversely impact our business. Since fiscal 2019, the U.S. and China have both imposed tariffs on the importation of certain product categories into the respective country, with limited progress in negotiations to reduce or remove the tariffs. Additionally, the Company has historically benefited from duty-free imports on certain products from certain countries pursuant to the U.S. Generalized System of Preferences ("GSP") program. The GSP program expired in the third quarter of fiscal 2021, resulting in additional duties that have negatively impacting gross profit.

Over the past year there has been significant discussion with regards to tax legislation by both the Biden Administration and the Organization for Economic Cooperation and Development ("OECD"). On August 16, 2022, the Inflation Reduction Act of 2022 was signed into law, with tax provisions primarily focused on implementing a 15% minimum tax on global adjusted financial statement income and a 1% excise tax on share repurchases. The Inflation Reduction Act of 2022 will become effective beginning in fiscal 2024. Given its recent pronouncement, it is unclear at this time what, if any, impact the Inflation Reduction Act of 2022 will have on the Company's tax rate and financial results. We will continue to evaluate its impact as further information becomes available.

We will continue to monitor these trends and evaluate and adjust our operating strategies and cost management opportunities to mitigate the related impact on our results of operations, while remaining focused on the long-term growth of our business and protecting the value of our brands.

Furthermore, refer to Part I, Item 1 - "Business" for additional discussion on our expected store openings and closures within each of our segments. For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, refer to Part I, Item 1A - "Risk Factors".

FISCAL 2022 COMPARED TO FISCAL 2021

The following table summarizes results of operations for fiscal 2022 compared to fiscal 2021. All percentages shown in the tables below and the related discussion that follows have been calculated using unrounded numbers.

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021		Variance	
	(millions, except per share data)					
	Amount	**% of net sales**	Amount	% of net sales	Amount	%
Net sales	**$ 6,684.5**	**100.0 %**	$ 5,746.3	100.0 %	$ 938.2	16.3 %
Gross profit	**4,650.4**	**69.6**	4,081.9	71.0	568.5	13.9
SG&A expenses	**3,474.6**	**52.0**	3,113.9	54.2	360.7	11.6
Operating income (loss)	**1,175.8**	**17.6**	968.0	16.8	207.8	21.5
Loss on extinguishment of debt	**53.7**	**0.8**	—	—	53.7	NM
Interest expense, net	**58.7**	**0.9**	71.4	1.2	(12.7)	(17.7)
Other expense (income)	**16.4**	**0.2**	(0.7)	—	17.1	NM
Income (Loss) before provision for income taxes	**1,047.0**	**15.7**	897.3	15.6	149.7	16.7
Provision for income taxes	**190.7**	**2.9**	63.1	1.1	127.6	NM
Net income (loss)	**856.3**	**12.8**	834.2	14.5	22.1	2.7
Net income (loss) per share:						
Basic	**$ 3.24**		$ 3.00		$ 0.24	8.0
Diluted	**$ 3.17**		$ 2.95		$ 0.22	7.5

NM - Not meaningful

GAAP to Non-GAAP Reconciliation

The Company's reported results are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The reported results during fiscal 2022 and fiscal 2021 reflect certain items which affect the comparability of our results, as noted in the following tables. Refer to "Non-GAAP Measures" herein for further discussion on the Non-GAAP measures.

Fiscal 2022 Items

	Fiscal Year Ended July 2, 2022			
		Items affecting comparability		
	GAAP Basis (As Reported)	Acceleration Program	Debt Extinguishment	Non-GAAP Basis (Excluding Items)
	(millions, except per share data)			
Coach	3,553.8	—	—	3,553.8
Kate Spade	912.0	—	—	912.0
Stuart Weitzman	184.6	—	—	184.6
Gross profit[(1)]	$ 4,650.4	$ —	$ —	$ 4,650.4
Coach	2,079.9	6.7	—	2,073.2
Kate Spade	754.6	5.9	—	748.7
Stuart Weitzman	182.8	3.6	—	179.2
Corporate	457.3	26.6	—	430.7
SG&A expenses	$ 3,474.6	$ 42.8	$ —	$ 3,431.8
Coach	1,473.9	(6.7)	—	1,480.6
Kate Spade	157.4	(5.9)	—	163.3
Stuart Weitzman	1.8	(3.6)	—	5.4
Corporate	(457.3)	(26.6)	—	(430.7)
Operating income (loss)	$ 1,175.8	$ (42.8)	$ —	$ 1,218.6
Loss on extinguishment of debt	53.7	—	53.7	—
Provision for income taxes	190.7	(3.4)	(12.9)	207.0
Net income (loss)	$ 856.3	$ (39.4)	$ (40.8)	$ 936.5
Net income (loss) per diluted common share	$ 3.17	$ (0.15)	$ (0.15)	$ 3.47

(1) Adjustments within Gross profit are recorded within Cost of sales.

In fiscal 2022 the Company incurred charges as follows:

- *Debt Extinguishment* - Debt extinguishment charges relate to the premiums, amortization and fees associated with the $500 million cash tender of the Company's 2027 Senior Notes and 2025 Senior Notes in the second quarter of fiscal 2022. Refer to Note 12, "Debt," for further information.
- *Acceleration Program* - Total charges incurred under the Acceleration Program are primarily share-based compensation and professional fees incurred as a result of the development and execution of the Company's comprehensive strategic initiative. Refer to the "Executive Overview" herein and Note 5, "Restructuring Activities," for further information.

These actions taken together increased the Company's SG&A expenses by $42.8 million, increased Loss on extinguishment of debt by $53.7 million and decreased Provision for income taxes by $16.3 million, negatively impacting net income by $80.2 million, or $0.30 per diluted share.

Fiscal 2021 Items

	Fiscal Year Ended July 3, 2021				
		Items affecting comparability			
	GAAP Basis (As Reported)	CARES Act Tax Impact	Impairment	Acceleration Program	Non-GAAP Basis (Excluding Items)
	(millions, except per share data)				
Coach	3,149.0	—	8.1	—	3,140.9
Kate Spade	768.4	—	—	—	768.4
Stuart Weitzman	164.5	—	—	—	164.5
Gross profit[1]	$ 4,081.9	$ —	$ 8.1	$ —	$ 4,073.8
Coach	1,836.9	—	20.4	21.9	1,794.6
Kate Spade	659.9	—	19.3	4.4	636.2
Stuart Weitzman	173.1	—	6.1	(2.5)	169.5
Corporate	444.0	—	—	65.8	378.2
SG&A expenses	$ 3,113.9	$ —	$ 45.8	$ 89.6	$ 2,978.5
Coach	1,312.1	—	(12.3)	(21.9)	1,346.3
Kate Spade	108.5	—	(19.3)	(4.4)	132.2
Stuart Weitzman	(8.6)	—	(6.1)	2.5	(5.0)
Corporate	(444.0)	—	—	(65.8)	(378.2)
Operating income (loss)	$ 968.0	$ —	$ (37.7)	$ (89.6)	$ 1,095.3
Provision for income taxes	63.1	(95.0)	(7.8)	(17.6)	183.5
Net income (loss)	$ 834.2	$ 95.0	$ (29.9)	$ (72.0)	$ 841.1
Net income (loss) per diluted common share	$ 2.95	$ 0.31	$ (0.10)	$ (0.23)	$ 2.97

[1] Adjustments within Gross profit are recorded within Cost of sales.

In fiscal 2021 the Company incurred adjustments as follows:

- *CARES Act Tax Impact* - Total amount primarily relates to tax benefits, most notably as a result of the NOL carryback claim.
- *Acceleration Program* - Total charges incurred under the Acceleration Program are primarily professional fees incurred as a result of the development and execution of the Company's comprehensive strategic initiatives, share-based compensation, as well as actions to streamline the Company's organization, which include severance. Refer to the "Executive Overview" herein and Note 5, "Restructuring Activities," for further information.
- *Impairment* - Total adjustments are primarily due to impairment charges on lease right-of use ("ROU") assets, as well as a reversal of raw material reserves which was established in fiscal 2020 as a result of the projected impact of Covid-19. Refer to the "Executive Overview" herein and Note 11, "Fair Value Measurements," for further information.

These actions taken together increased the Company's SG&A expenses by $135.4 million, decreased Cost of sales by $8.1 million and Provision for income taxes by $120.4 million, negatively impacting net income by $6.9 million, or $0.02 per diluted share.

Tapestry, Inc. Summary - Fiscal 2022

Currency Fluctuation Effects

The change in net sales and gross margin in fiscal 2022 compared to fiscal 2021 has been presented both including and excluding currency fluctuation effects.

Net Sales

The Company has provided comparisons to certain fiscal year 2019 results, which the Company believes is useful to investors and others in evaluating the Company's results, due to the significant impact of the Covid-19 pandemic on the Company's operations and financial results, starting in fiscal year 2020.

	Fiscal Year Ended		Variance			
	July 2, 2022	July 3, 2021	**Amount**	**%**	**Constant Currency Change**	**% Change versus FY19**
		(millions)				
Coach	**$ 4,921.3**	$ 4,253.1	$ 668.2	15.7 %	16.2 %	15.2 %
Kate Spade	**1,445.5**	1,210.0	235.5	19.5	20.1	5.8
Stuart Weitzman	**317.7**	283.2	34.5	12.2	10.8	(18.4)
Total Tapestry	**$ 6,684.5**	$ 5,746.3	$ 938.2	16.3	16.8	10.9

Net sales in fiscal 2022 increased 16.3% or $938.2 million to $6.68 billion. Excluding the impact of foreign currency, net sales increased by 16.8% or $964.5 million. Included in net sales of $5.75 billion in fiscal 2021 is the favorable impact of the 53rd week, which resulted in incremental net revenues of $92.7 million.

- *Coach Net Sales* increased 15.7% or $668.2 million to $4.92 billion in fiscal 2022. Excluding the impact of foreign currency, net sales increased 16.2% or $691.0 million. The following discussion is presented excluding the favorable impact of the 53rd week to fiscal 2021 net sales of $67.7 million and the impact of foreign currency. The increase is primarily attributed to a net increase of $656.1 million in net retail sales driven by higher e-commerce in North America and global store sales with the exception of a decrease in store sales in Greater China due to Covid-19 related disruptions. This increase in net sales was also partially attributed to a $101.5 million increase in wholesale sales.
- *Kate Spade Net Sales* increased 19.5% or $235.5 million to $1.45 billion in fiscal 2022. Excluding the impact of foreign currency, net sales increased 20.1% or $242.9 million. The following discussion is presented excluding the favorable impact of the 53rd week to fiscal 2021 net sales of $21.7 million and the impact of foreign currency. The increase is primarily due to a net increase of $221.3 million in net retail sales driven by higher store and e-commerce sales in North America and store sales in Europe partially offset by a decrease in store sales in Greater China due to Covid-19 related disruptions. This increase in net sales was also partially attributed to a $47.9 million increase in wholesale sales.
- *Stuart Weitzman Net Sales* increased by 12.2% or $34.5 million to $317.7 million in fiscal 2022. Excluding the impact of foreign currency, net sales increased 10.8% or $30.7 million. The following discussion is presented excluding the favorable impact of the 53rd week to fiscal 2021 net sales of $3.3 million and the impact of foreign currency. The increase in net sales was primarily attributed to a $27.6 million increase in wholesale sales. This increase in net sales was also attributed to a $6.4 million increase in retail sales, primarily driven by higher e-commerce and store sales in North America, partially offset by a decrease in store sales in Greater China due to Covid-19 related disruptions.

Gross Profit

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021 (millions)		**Variance**	
	Amount	**% of Net Sales**	Amount	% of Net Sales	Amount	%
Coach	**$ 3,553.8**	**72.2 %**	$ 3,149.0	74.0 %	$ 404.8	12.9 %
Kate Spade	**912.0**	**63.1**	768.4	63.5	143.6	18.7
Stuart Weitzman	**184.6**	**58.1**	164.5	58.1	20.1	12.2
Tapestry	**$ 4,650.4**	**69.6**	$ 4,081.9	71.0	$ 568.5	13.9

Gross profit increased 13.9% or $568.5 million to $4.65 billion in fiscal 2022 from $4.08 billion in fiscal 2021. Gross margin for fiscal 2022 was 69.6% as compared to 71.0% in fiscal 2021. Excluding items affecting comparability of a reduction of expense of $8.1 million in fiscal 2021 as discussed in the "GAAP to Non-GAAP Reconciliation" herein, gross profit increased 14.2% or $576.6 million to $4.65 billion from $4.07 billion in fiscal 2021. Excluding items affecting comparability, gross margin decreased 130 basis points to 69.6% compared to 70.9% in fiscal 2021 and was not materially impacted by foreign currency.

The Company includes inbound product-related transportation costs from our service providers within Cost of sales. The Company includes certain transportation-related costs due to our distribution network in SG&A expenses rather than in Cost of sales; for this reason, our gross margins may not be comparable to that of entities that include all costs related to their distribution network in Cost of sales. The Company incurred incremental freight costs in fiscal 2022 compared to fiscal 2021 in order to maintain product flow to meet consumer demand. Refer to "Recent Developments," herein, for further information.

- *Coach Gross Profit* increased 12.9% or $404.8 million to $3.55 billion in fiscal 2022 from $3.15 billion in fiscal 2021. Gross margin decreased 180 basis points to 72.2% in fiscal 2022 as compared to 74.0% in fiscal 2021. Excluding items affecting comparability of a reduction of expense of $8.1 million in fiscal 2021, Coach gross profit increased 13.1% or $412.9 million to $3.55 billion from $3.14 billion in fiscal 2021. Excluding items affecting comparability, gross margin decreased 170 basis points to 72.2% from 73.9% in fiscal 2021 and was not materially impacted by foreign currency. This decrease in gross margin was primarily attributed to higher inbound freight costs. Unfavorable geography and product mix were more than offset by reduced promotional activity and stronger-than-anticipated sell-throughs.
- *Kate Spade Gross Profit* increased 18.7% or $143.6 million to $912.0 million in fiscal 2022 from $768.4 million in fiscal 2021. Gross margin decreased 40 basis points to 63.1% in fiscal 2022 from 63.5% in fiscal 2021. Kate Spade gross margin was not materially impacted by foreign currency. This decrease in gross margin was primarily attributed to higher inbound freight costs. Unfavorable channel and geography mix and higher duties were more than offset by reduced promotional activity, favorable product mix and pricing actions, as well as stronger-than-anticipated sell-throughs.
- *Stuart Weitzman Gross Profit* increased 12.2% or $20.1 million to $184.6 million in fiscal 2022 from $164.5 million in fiscal 2021. Gross margin remained flat at 58.1% in fiscal 2022 and fiscal 2021. On a constant currency basis, gross margin increased 120 basis points. This increase in gross margin is primarily due to reduced promotional activity and favorable product mix and pricing actions offset by unfavorable geography and channel mix.

Selling, General and Administrative Expenses

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021 (millions)		**Variance**	
	Amount	**% of Net Sales**	Amount	% of Net Sales	Amount	%
Coach	**$ 2,079.9**	**42.3 %**	$ 1,836.9	43.2 %	$ 243.0	13.2 %
Kate Spade	**754.6**	**52.2**	659.9	54.5	94.7	14.3
Stuart Weitzman	**182.8**	**57.5**	173.1	61.1	9.7	5.6
Corporate	**457.3**	**NA**	444.0	NA	13.3	3.0
Tapestry	**$ 3,474.6**	**52.0**	$ 3,113.9	54.2	$ 360.7	11.6

SG&A expenses increased 11.6% or $360.7 million to $3.47 billion in fiscal 2022 as compared to $3.11 billion in fiscal 2021. As a percentage of net sales, SG&A expenses decreased to 52.0% during fiscal 2022 as compared to 54.2% during fiscal 2021. Excluding items affecting comparability of $42.8 million in fiscal 2022 and $135.4 million in fiscal 2021, SG&A expenses increased 15.2% or $453.3 million to $3.43 billion from $2.98 billion in fiscal 2021; and SG&A expenses as a percentage of net sales decreased to 51.3% in fiscal 2022 from 51.8% in fiscal 2021.

- *Coach SG&A Expenses* increased 13.2% or $243.0 million to $2.08 billion in fiscal 2022 as compared to $1.84 billion in fiscal 2021. As a percentage of net sales, SG&A expenses decreased to 42.3% in fiscal 2022 as compared to 43.2% in fiscal 2021. Excluding items affecting comparability of $6.7 million and $42.3 million in fiscal 2022 and fiscal 2021, respectively, SG&A expenses increased 15.5% or $278.6 million to $2.07 billion in fiscal 2022 from $1.79 billion in fiscal 2021. SG&A expenses as a percentage of sales decreased to 42.1% in fiscal 2022 from 42.2% in fiscal 2021. This increase in SG&A expenses is primarily due to higher marketing spend, most notably in digital, increased compensations costs, increased variable distribution and selling costs and a decrease in Covid-19 related wage subsidies and rent concessions.
- *Kate Spade SG&A Expenses* increased 14.3% or $94.7 million to $754.6 million in fiscal 2022 as compared to $659.9 million in fiscal 2021. As a percentage of net sales, SG&A expenses decreased to 52.2% during fiscal 2022 as compared to 54.5% in fiscal 2021. Excluding items affecting comparability of $5.9 million and $23.7 million in fiscal 2022 and fiscal 2021, respectively, SG&A expenses increased 17.7% or $112.5 million to $748.7 million in fiscal 2022 compared to $636.2 million in fiscal 2021; and SG&A expenses as a percentage of sales decreased to 51.8% in fiscal 2022 from 52.6% in fiscal 2021. This increase is due to higher marketing spend, most notably in digital, increased compensation costs and an increase in variable distribution and selling costs.
- *Stuart Weitzman SG&A Expenses* increased 5.6% or $9.7 million to $182.8 million in fiscal 2022 as compared to $173.1 million in fiscal 2021. As a percentage of net sales, SG&A expenses decreased to 57.5% during fiscal 2022 as compared to 61.1% in fiscal 2021. Excluding items affecting comparability of $3.6 million in fiscal 2022 and $3.6 million in fiscal 2021, SG&A expenses increased 5.7% or $9.7 million to $179.2 million in fiscal 2022 from $169.5 million in fiscal 2021; and SG&A expenses as a percentage of net sales decreased to 56.4% in fiscal 2022 from 59.9% in fiscal 2021. This increase is primarily due to a decrease in Covid-19 related rent concessions and higher selling costs.
- Corporate expenses, which are included within SG&A expenses discussed above but are not directly attributable to a reportable segment, increased 3.0% or $13.3 million to $457.3 million in fiscal 2022 as compared to $444.0 million in fiscal 2021. Excluding items affecting comparability of $26.6 million and $65.8 million in fiscal 2022 and fiscal 2021, respectively, SG&A expenses increased 13.9% or $52.5 million to $430.7 million in fiscal 2022 as compared to $378.2 million in fiscal 2021. This increase in SG&A expenses is primarily due to higher compensation costs. Additionally in fiscal 2021, the Company recognized one-time gains as a result of the sale of our corporate office in Hong Kong SAR, China and on the deferred purchase price of the Kate Spade joint venture. The Company also made an endowment of the Tapestry foundation in fiscal 2021.

Operating Income (Loss)

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021 (millions)		**Variance**	
	Amount	**% of Net Sales**	Amount	% of Net Sales	Amount	%
Coach	**$ 1,473.9**	**29.9 %**	$ 1,312.1	30.9 %	$ 161.8	12.3 %
Kate Spade	**157.4**	**10.9**	108.5	9.0	48.9	45.1
Stuart Weitzman	**1.8**	**0.6**	(8.6)	(3.1)	10.4	NM
Corporate	**(457.3)**	**NA**	(444.0)	NA	(13.3)	(3.0)
Tapestry	**1,175.8**	**17.6**	$ 968.0	16.8	$ 207.8	21.5

Operating income increased $207.8 million to $1.18 billion during fiscal 2022 as compared to $968.0 million in fiscal 2021. Operating margin was 17.6% in fiscal 2022 as compared to 16.8% in fiscal 2021. Excluding items affecting comparability of $42.8 million in fiscal 2022 and $127.3 million in fiscal 2021, operating income increased $123.3 million to $1.22 billion from $1.10 billion in fiscal 2021; and operating margin was 18.2% in fiscal 2022 as compared to 19.1% in fiscal 2021. Within operating income in fiscal 2021 of $1.10 billion, which excludes items affecting comparability, is $30.0 million from the favorable impact of the 53rd week.

- *Coach Operating Income* increased $161.8 million to $1.47 billion in fiscal 2022, resulting in an operating margin of 29.9%, as compared to $1.31 billion and 30.9%, respectively in fiscal 2021. Excluding items affecting comparability, Coach operating income increased $134.3 million to $1.48 billion from $1.35 billion in fiscal 2021; and operating margin was 30.1% in fiscal 2022 as compared to 31.7% in fiscal 2021. This increase in operating income is due to an increase in gross profit, partially offset by higher SG&A expenses and the favorable impact of the 53rd week in fiscal 2021 of $28.6 million.
- *Kate Spade Operating Income* increased $48.9 million to $157.4 million in fiscal 2022, resulting in an operating margin of 10.9%, as compared to 108.5 million and 9.0%, respectively in fiscal 2021. Excluding items affecting comparability, Kate Spade operating income increased $31.1 million to $163.3 million from $132.2 million in fiscal 2021; and operating margin was 11.3% in fiscal 2022 as compared to 10.9% in fiscal 2021. This increase in operating income is due to an increase in gross profit, partially offset by higher SG&A expenses and the favorable impact of the 53rd week in fiscal 2021 of $4.7 million.
- *Stuart Weitzman Operating Income* increased $10.4 million to $1.8 million in fiscal 2022, resulting in an operating margin of 0.6%, as compared to an operating loss of $8.6 million in fiscal 2021 and operating margin of (3.1)%. Excluding items affecting comparability, Stuart Weitzman operating loss decreased $10.4 million to an operating income of $5.4 million from an operating loss of $5.0 million in fiscal 2021; and operating margin was 1.7% in fiscal 2022 as compared to (1.8)% in fiscal 2021. This decrease in operating loss is due to an increase in gross profit, partially offset by higher SG&A expenses and the favorable impact of the 53rd week in fiscal 2021 of $0.2 million.

Loss on Extinguishment of Debt

In the second quarter of fiscal 2022, the Company early tendered $500 million in aggregate of the Company's 2027 Senior Notes and 2025 Senior Notes. As a result, the Company incurred a loss on extinguishment of debt of $53.7 million in fiscal 2022, primarily related to the premiums, amortization and fees associated with the partial tender.

Interest Expense, net

Net interest expense decreased 17.7% or $12.7 million to $58.7 million in fiscal 2022 as compared to $71.4 million in fiscal 2021. This decrease in Interest expense, net is due to higher interest income and lower bond interest expense on senior notes.

Other Expense (Income)

Other expense increased $17.1 million to $16.4 million in fiscal 2022 as compared to an income of $0.7 million in fiscal 2021. This increase in other expense is related to an increase in foreign exchange losses.

Provision for Income Taxes

The effective tax rate was 18.2% in fiscal 2022 as compared to 7.0% in fiscal 2021. Excluding items affecting comparability, the effective tax rate was 18.1% in fiscal 2022 as compared to 17.9% in fiscal 2021. The increase in our effective tax rate was primarily attributable to geographic mix of earnings.

Net Income (Loss)

Net income increased $22.1 million to a net income of $856.3 million in fiscal 2022 as compared to a net income of $834.2 million in fiscal 2021. Excluding items affecting comparability, net income increased $95.4 million to $936.5 million in fiscal 2022 from $841.1 million in fiscal 2021. This increase was primarily due to higher operating income, partially offset by an increase in the provision for income taxes.

Net Income (Loss) per Share

Net income per diluted share was $3.17 in fiscal 2022 as compared to net income per diluted share of $2.95 in fiscal 2021. Excluding items affecting comparability, net income per diluted share increased $0.50 to $3.47 in fiscal 2022 from $2.97 in fiscal 2021, primarily due to higher net income and a decrease in shares outstanding. The impact of the 53rd week in fiscal 2021 contributed approximately $0.09 to net income per diluted share.

FISCAL 2021 COMPARED TO FISCAL 2020

The comparison of fiscal 2021 to 2020 has been omitted from this Form 10-K, but can be referenced in our Form 10-K for the fiscal year ended July 3, 2021, filed on August 19, 2021.

NON-GAAP MEASURES

The Company’s reported results are presented in accordance with GAAP. The reported Gross profit, SG&A expenses, Operating income, Provision for income taxes, Net income and Earnings per diluted share in fiscal 2022 and fiscal 2021 and the reported Loss on extinguishment of debt in fiscal 2022 reflect certain items, including the impact of Debt Extinguishment costs in fiscal 2022, Acceleration Program costs in fiscal 2022 and 2021, and the CARES Act Tax Impact and Impairment costs in fiscal 2021. As a supplement to the Company's reported results, these metrics are also reported on a non-GAAP basis to exclude the impact of these items, along with a reconciliation to the most directly comparable GAAP measures.

Furthermore, the Company has disclosed the impact of the 53rd week in fiscal 2021 on net sales, operating income and earnings per diluted share results.

The Company has historically reported comparable store sales, which reflects sales performance at stores that have been open for at least 12 months, and includes sales from e-commerce sites. The Company excludes new stores, including newly acquired locations, from the comparable store base for the first twelve months of operation. The Company excludes closed stores from the calculation. Comparable store sales are not adjusted for store expansions. Due to extensive full and partial store closures resulting from the Covid-19 pandemic, comparable store sales are not reported for fiscal year ended July 2, 2022 as the Company does not believe this metric is currently meaningful to the readers of its financial statements for this period.

These non-GAAP performance measures were used by management to conduct and evaluate its business during its regular review of operating results for the periods affected. Management and the Company’s Board utilized these non-GAAP measures to make decisions about the uses of Company resources, analyze performance between periods, develop internal projections and measure management performance. The Company’s internal management reporting excluded these items. In addition, the Human Resources Committee of the Company’s Board uses these non-GAAP measures when setting and assessing achievement of incentive compensation goals.

The Company operates on a global basis and reports financial results in U.S. dollars in accordance with GAAP. Fluctuations in foreign currency exchange rates can affect the amounts reported by the Company in U.S. dollars with respect to its foreign revenues and profit. Accordingly, certain material increases and decreases in operating results for the Company and its segments have been presented both including and excluding currency fluctuation effects. These effects occur from translating foreign-denominated amounts into U.S. dollars and comparing to the same period in the prior fiscal year. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. The Company calculates constant currency revenue results by translating current period revenue in local currency using the prior year period's currency conversion rate.

We believe these non-GAAP measures are useful to investors and others in evaluating the Company’s ongoing operating and financial results in a manner that is consistent with management’s evaluation of business performance and understanding how such results compare with the Company’s historical performance. Additionally, we believe presenting certain increases and decreases in constant currency provides a framework for assessing the performance of the Company’s business outside the United States and helps investors and analysts understand the effect of significant year-over-year currency fluctuations. We believe excluding these items assists investors and others in developing expectations of future performance.

By providing the non-GAAP measures, as a supplement to GAAP information, we believe we are enhancing investors' understanding of our business and our results of operations. The non-GAAP financial measures are limited in their usefulness and should be considered in addition to, and not in lieu of, GAAP financial measures. Further, these non-GAAP measures may be unique to the Company, as they may be different from non-GAAP measures used by other companies.

For a detailed discussion on these non-GAAP measures, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

FINANCIAL CONDITION

Cash Flows - Fiscal 2022 Compared to Fiscal 2021

	Fiscal Year Ended		
	July 2, 2022	July 3, 2021	Change
		(millions)	
Net cash provided by (used in) operating activities	**$ 853.2**	$ 1,323.7	$ (470.5)
Net cash provided by (used in) investing activities	**(253.6)**	(91.0)	(162.6)
Net cash provided by (used in) financing activities	**(1,778.1)**	(666.0)	(1,112.1)
Effect of exchange rate changes on cash and cash equivalents	**(39.4)**	14.7	(54.1)
Net increase (decrease) in cash and cash equivalents	**$ (1,217.9)**	$ 581.4	$ (1,799.3)

The Company's cash and cash equivalents decreased by $1.22 billion in fiscal 2022 compared to an increase of $581.4 million in fiscal 2021, as discussed below.

Net cash provided by (used in) operating activities

Net cash provided by operating activities decreased $470.5 million primarily due to changes in operating assets and liabilities of $597.1 million, partially offset by the loss on extinguishment of debt of $53.7 million, the impact of non-cash charges of $50.8 million and higher net income of $22.1 million.

The $597.1 million change in our operating asset and liability balances was primarily driven by:

- Inventories were a use of cash of $311.7 million in fiscal 2022 as compared to a source of cash of $32.2 million in fiscal 2021, primarily driven by higher receipts, increased in-transit levels due to longer lead times and increased inbound freight costs compared to prior year.
- Accounts payable were a source of cash of $86.4 million in fiscal 2022 as compared to a source of cash of $307.3 million in fiscal 2021, primarily due to the extension of payment terms with certain vendors in fiscal 2021 and higher inventory in-transit in fiscal 2022.
- Other assets were a use of cash of $20.2 million in fiscal 2022 as compared to a use of cash of $223.1 million in fiscal 2021, primarily attributed to income tax receivables including the NOL carryback claim under the CARES Act filed in fiscal 2021 and the timing of payments and other refunds in the U.S.
- Accrued liabilities were a use of cash of $16.1 million in fiscal 2022 as compared to a source of cash of $140.3 million in fiscal 2021, primarily attributed to the Annual Incentive Plan payment as the Company did not pay out during fiscal 2021 (for performance during fiscal year 2020) offset by increased distribution costs driven by higher sales and inbound freight.

Net cash provided by (used in) investing activities

Net cash used in investing activities was $253.6 million in fiscal 2022 compared to a use of cash of $91.0 million in fiscal 2021, resulting in a $162.6 million increase in net cash used in investing activities.

The $253.6 million use of cash in fiscal 2022 is primarily due to purchases of investments of $540.4 million and capital expenditures of $93.9 million, partially offset by proceeds from maturities and sales of investments of $380.7 million.

The $91.0 million use of cash in fiscal 2021 is primarily due to capital expenditures of $116.0 million. This use of cash was partially offset by net cash proceeds from the sales of building of $23.9 million.

Net cash provided by (used in) financing activities

Net cash used in financing activities was $1.78 billion in fiscal 2022 as compared to a use of cash of $666.0 million in fiscal 2021, resulting in a $1.11 billion increase in net cash used in financing activities.

The $1.78 billion use of cash in fiscal 2022 was primarily due to repurchase of common stock of $1.60 billion, repayment of debt of $900.0 million, payment of dividends of $264.4 million and the payment of debt extinguishment costs of $50.7 million, partially offset by proceeds from debt, net of discount of $998.5 million.

The $666.0 million use of cash in fiscal 2021 was primarily due to repayments on the Revolving Credit Facility of $700.0 million, partially offset by proceeds from share based awards of $61.2 million.

Cash Flows - Fiscal 2021 Compared to Fiscal 2020

The comparison of fiscal 2021 to 2020 has been omitted from this Form 10-K, but can be referenced in our Form 10-K for the fiscal year ended July 3, 2021, filed on August 19, 2021.

Working Capital and Capital Expenditures

As of July 2, 2022, in addition to our cash flows from operations, our sources of liquidity and capital resources were comprised of the following:

	Sources of Liquidity	Outstanding Indebtedness (millions)	Total Available Liquidity[1]
Cash and cash equivalents[1]	**$ 789.8**	**$ —**	**$ 789.8**
Short-term investments[1]	**163.4**	**—**	**163.4**
Term Loans[2]	**500.0**	**500.0**	**—**
Revolving Credit Facility[2]	**1,250.0**	**—**	**1,250.0**
3.050% Senior Notes due 2032[3]	**500.0**	**500.0**	**—**
4.125% Senior Notes due 2027[3]	**396.6**	**396.6**	**—**
4.250% Senior Notes due 2025[3]	**303.4**	**303.4**	**—**
Total	**$ 3,903.2**	**$ 1,700.0**	**$ 2,203.2**

(1) As of July 2, 2022, approximately 34.7% of our Cash and cash equivalents and Short-term investments were held outside the United States. We have analyzed our global working capital and cash requirements, and the potential tax liabilities associated with repatriation, and have determined that we will likely repatriate some portion of available foreign cash in the foreseeable future. The Company has recorded deferred taxes on certain earnings of non-US subsidiaries that are deemed likely to be repatriated. See Note 15, "Income Taxes" for more information.

(2) On May 11, 2022, the Company financed and replaced the $900.0 Million Revolving Credit Facility by entering into a new credit facility that (i) includes an increased revolving credit facility (the “$1.25 Billion Revolving Credit Facility”) from $900.0 million to $1.25 billion, (ii) includes an unsecured $500.0 Million Term Loan (the “Term Loan”) and (iii) redefines certain terms within the replaced Revolving Credit Facility. Both the $1.25 Billion Revolving Credit Facility and Term Loan (collectively, the “Credit Facilities”) will mature on May 11, 2027. The Company and its subsidiaries must comply on a quarterly basis with a maximum 4.0 to 1.0 ratio of (a) consolidated debt minus unrestricted cash and cash equivalents in excess of $300 million to (b) consolidated EBITDAR.

Borrowings under the $1.25 Billion Revolving Credit Facility bear interest at a rate per annum equal to, at the Company’s option, (i) for borrowings in U.S. Dollars, either (a) an alternate base rate or (b) a term secured overnight financing rate, (ii) for borrowings in Euros, the Euro Interbank Offered Rate, (iii) for borrowings in Pounds Sterling, the Sterling Overnight Index Average Reference Rate and (iv) for borrowings in Japanese Yen, the Tokyo Interbank Offer Rate, plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a grid (the “Pricing Grid”) based on the ratio of (a) consolidated debt to (b) consolidated EBITDAR (the “Gross Leverage Ratio”). Additionally, the Company will pay facility fees, calculated at a rate per annum determined in accordance with the Pricing Grid, on the full amount of the $1.25 Billion Revolving Credit Facility, payable quarterly in arrears, and certain fees with respect to letters of credit that are issued. The $1.25 Billion Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of the Company and its subsidiaries (which may include commercial paper backup). There were no outstanding borrowings on the $1.25 Billion Revolving Credit Facility as of July 2, 2022.

The Term Loan includes a two-month delayed draw period from the closing date. On June 14, 2022 the Company drew down on the Term Loan to satisfy the Company’s remaining obligations under the 3.000% senior unsecured notes due 2022 and for general corporate purposes. The Term Loan amortizes in an amount equal to 5.00% per annum, with payments made quarterly. As of July 2, 2022, $31.2 million of the Term Loan is included in Current debt on the Consolidated Balance Sheet. Borrowings under the Term Loan bear interest at a rate per annum equal to, at the Company’s option, either (i) an alternate base rate or (ii) a term secured overnight financing rate plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a pricing grid based on the Gross Leverage Ratio. Additionally, the Company will pay a ticking fee on the undrawn amount of the Term Loan. Refer to Note 12, "Debt," for further information on our existing debt instruments.

(3) In December 2021, the Company issued $500.0 million aggregate principal amount of 3.050% senior unsecured notes due March 15, 2032 at 99.705% of par (the "2032 Senior Notes") and completed cash tender offers for $203.4 million and

$296.6 million of the outstanding aggregate principal amount under its 2027 Senior Notes and 2025 Senior Notes, respectively. In June 2017, the Company issued $600.0 million aggregate principal amount of 2027 Senior Notes, and $400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the "2022 Senior Notes"). The 2022 Senior Notes were fully redeemed as of July 2, 2022. In March 2015, the Company issued $600.0 million aggregate principal amount of 2025 Senior Notes. Furthermore, the indentures for the 2032 Senior Notes, 2027 Senior Notes, and 2025 Senior Notes contain certain covenants limiting the Company's ability to: (i) create certain liens, (ii) enter into certain sale and leaseback transactions and (iii) merge, or consolidate or transfer, sell or lease all or substantially all of the Company's assets. As of July 2, 2022, no known events of default have occurred. Refer to Note 12, "Debt," for further information on our existing debt instruments.

We believe that our Revolving Credit Facility is adequately diversified with no undue concentrations in any one financial institution. As of July 2, 2022, there were 14 financial institutions participating in the Revolving Credit Facility and Term Loans, with no one participant maintaining a combined maximum commitment percentage in excess of 14%. We have no reason to believe at this time that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the facility in the event we elect to draw funds in the foreseeable future.

We have the ability to draw on our credit facilities or access other sources of financing options available to us in the credit and capital markets for, among other things, acquisition or integration-related costs, our restructuring initiatives, settlement of a material contingency, or a material adverse business or macroeconomic development, as well as for other general corporate business purposes.

Management believes that cash flows from operations, access to the credit and capital markets and our credit lines, on-hand cash and cash equivalents and our investments will provide adequate funds to support our operating, capital, and debt service requirements for fiscal 2023 and beyond. There can be no assurance that any such capital will be available to the Company on acceptable terms or at all. Our ability to fund working capital needs, planned capital expenditures, and scheduled debt payments, as well as to comply with all of the financial covenants under our debt agreements, depends on future operating performance and cash flow. This future operating performance and cash flow are subject to prevailing economic conditions, which is uncertain as a result of Covid-19, and to financial, business and other factors, some of which are beyond the Company's control.

To improve our working capital efficiency, starting in fiscal 2021 we made available to certain suppliers a voluntary supply chain finance ("SCF") program that enables our suppliers to sell their receivables from the Company to a global financial institution on a non-recourse basis at a rate that leverages our credit rating. We do not have the ability to refinance or modify payment terms to the global financial institution through the SCF program. No guarantees are provided by the Company or any of our subsidiaries under the SCF program.

Total capital expenditures and cloud computing implementation costs were $161.6 million in fiscal 2022 as the Company continues to prioritize investing in digital capabilities. Certain cloud computing implementation costs are recognized within Prepaid expenses and Other assets on the Consolidated Balance Sheets.

Seasonality

The Company's results are typically affected by seasonal trends. During the first fiscal quarter, we typically build inventory for the winter and holiday season. In the second fiscal quarter, working capital requirements are reduced substantially as we generate higher net sales and operating income, especially during the holiday season. In fiscal 2022, due to the increased in-transit times, the Company started to build inventory in the fourth fiscal quarter for the fiscal 2023 winter and holiday season.

Fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including macroeconomic events, such as Covid-19, or adverse weather conditions.

Stock Repurchase Plan

On November 11, 2021, the Company announced the Board of Directors authorized a common stock repurchase program to repurchase up to $1.00 billion of its outstanding common stock (the "2021 Share Repurchase Program"). On May 12, 2022, the Company announced the Board of Directors authorized the additional repurchase of up to $1.50 billion of its common stock (the "2022 Share Repurchase Program"). Pursuant to this program, purchases of the Company's common stock will be made subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares of common stock will become authorized but unissued shares. These shares may be issued in the future for general corporate and other purposes. In addition, the Company may terminate or limit the stock repurchase program at any time. As of July 2, 2022, the Company had $1.50 billion of additional shares available to be repurchased as authorized under the 2021 Share Repurchase Program and 2022 Share Repurchase Program. Refer to Part II, Item 5. "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities," for further information. The Company intends to repurchase approximately $700.0 million worth of stock in fiscal 2023, all of which is remaining under its current authorization.

Contractual and Other Obligations

Firm Commitments

As of July 2, 2022, the Company's contractual obligations are as follows:

	Total	Fiscal 2023	Fiscal 2024 – 2025 (millions)	Fiscal 2026 – 2027	Fiscal 2028 and Beyond
Capital expenditure & cloud computing implementation commitments	$ 49.7	$ 41.0	$ 8.7	$ —	$ —
Inventory purchase obligations	460.7	460.7	—	—	—
Operating lease obligations	2,064.8	365.2	556.3	373.6	769.7
Finance lease obligations	4.1	1.4	2.7	—	—
Debt repayment	1,700.0	$ 31.2	353.4	418.8	896.6
Interest on outstanding debt	347.5	60.1	114.6	88.8	84.0
Mandatory transition tax payments[1]	127.1	31.8	95.3	—	—
Other	323.5	177.1	141.6	4.8	—
Total	$ 5,077.4	$ 1,168.5	$ 1,272.6	$ 886.0	$ 1,750.3

[1] Mandatory transition tax payments represent our tax obligation incurred in connection with the deemed repatriation of previously deferred foreign earnings pursuant to the Tax Legislation. Refer to Note 15, "Income Taxes," for further information. Interest on outstanding debt includes fixed interest expenses for unsecured notes and variable interest expenses for the term loan. The estimated interest expenses associated with our term loan is based on the current interest rate as of July 2, 2022. Refer to Note 12, "Debt," for further information.

We expect to fund these firm commitments with operating cash flows generated in the normal course of business and, if necessary, through availability under our credit facilities or other accessible sources of financing. Excluded from the above contractual obligations table is the non-current liability for unrecognized tax benefits of $101.1 million as of July 2, 2022, as we cannot make a reliable estimate of the period in which the liability will be settled, if ever. Besides the firm commitments noted above, the above table excludes other amounts included in current liabilities in the Consolidated Balance Sheet at July 2, 2022 as these items will be paid within one year and certain long-term liabilities not requiring cash payments.

Off-Balance Sheet Arrangements

In addition to the commitments included in the table above, we have outstanding letters of credit, surety bonds and bank guarantees of $37.8 million as of July 2, 2022, primarily serving to collateralize our obligation to third parties for duty, leases, insurance claims and materials used in product manufacturing. These letters of credit expire at various dates through calendar 2028.

We do not maintain any other off-balance sheet arrangements, transactions, obligations, or other relationships with unconsolidated entities that would be expected to have a material current or future effect on our consolidated financial statements. Refer to Note 13, "Commitments and Contingencies," for further information.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect our results of operations, financial condition and cash flows as well as the disclosure of contingent assets and liabilities as of the date of the Company's financial statements. Actual results could differ from estimates in amounts that may be material to the financial statements. Predicting future events is inherently an imprecise activity and, as such, requires the use of judgment. Actual results could differ from estimates in amounts that may be material to the financial statements. The development and selection of the Company's critical accounting policies and estimates are periodically reviewed with the Audit Committee of the Board.

The accounting policies discussed below are considered critical because changes to certain judgments and assumptions inherent in these policies could affect the financial statements. For more information on the Company's accounting policies, please refer to the Notes to Consolidated Financial Statements.

Revenue Recognition

Revenue is recognized when the Company satisfies its performance obligations by transferring control of promised products or services to its customers, which may be at a point of time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Retail store and concession shop-in-shop revenues are recognized at the point-of-sale, when the customer obtains physical possession of the products. Digital revenue from sales of products ordered through the Company's e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and digital revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved.

At July 2, 2022, a 10% change in the allowances for estimated uncollectible accounts, markdowns and returns would not have resulted in a material change in the Company's reserves and net sales.

Inventories

The Company holds inventory that is sold through retail and wholesale distribution channels, including e-commerce sites. Substantially all of the Company's inventories are comprised of finished goods, and are reported at the lower of cost or net realizable value. Inventory costs include material, conversion costs, freight and duties and are primarily determined on a weighted-average cost basis. The Company reserves for inventory, including slow-moving and aged inventory, based on current product demand, expected future demand and historical experience. A decrease in product demand due to changing customer tastes, buying patterns or increased competition could impact the Company's evaluation of its inventory and additional reserves might be required. Estimates may differ from actual results due to the quantity, quality and mix of products in inventory, consumer and retailer preferences and market conditions. At July 2, 2022, a 10% change in the inventory reserve, would not have resulted in material change in inventory and cost of sales.

Goodwill and Other Intangible Assets

Upon acquisition, the Company estimates and records the fair value of purchased intangible assets, which primarily consists of brands, customer relationships, right-of-use assets and order backlog. Goodwill and certain other intangible assets deemed to have indefinite useful lives, including brand intangible assets, are not amortized, but are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets as noted above, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. Estimates of fair value for finite-lived and indefinite-lived intangible assets are primarily determined using discounted cash flows and the multi-period excess earnings method, respectively, with consideration of market comparisons as appropriate. This approach uses significant estimates and assumptions, including projected future cash flows, discount rates and growth rates.

The Company generally performs its annual goodwill and indefinite-lived intangible assets impairment analysis using a quantitative approach. The quantitative goodwill impairment test identifies the existence of potential impairment by comparing the fair value of each reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, the reporting unit's goodwill is considered not to be impaired. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recognized in an amount equal to that excess. The impairment charge recognized is limited to the amount of goodwill allocated to that reporting unit.

Determination of the fair value of a reporting unit and intangible asset is based on management's assessment, considering independent third-party appraisals when necessary. Furthermore, this determination is judgmental in nature and often involves the use of significant estimates and assumptions, which may include projected future cash flows, discount rates, growth rates, and determination of appropriate market comparables and recent transactions. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the amount of any such charge.

The Company performs its annual impairment assessment of goodwill as well as brand intangibles at the beginning of the fourth quarter of each fiscal year. The Company determined that there was no impairment in fiscal 2022 or fiscal 2021. During the third quarter of fiscal 2020, profitability trends continued to decline from those that were expected for the Stuart Weitzman brand. The reduction in both cash from operations and future expected cash flows were exacerbated by the Covid-19 pandemic, which resulted in a decline in sales driven by full and partial closures of a significant portion of our stores globally. As a result of these macroeconomic conditions, the Company concluded that a triggering event had occurred during the third quarter of fiscal 2020, resulting in the need to perform a quantitative interim impairment assessment over the Company's Stuart Weitzman reporting unit and indefinite-lived brand intangible assets. The assessment concluded that the fair values of the Stuart Weitzman reporting unit and indefinite-lived brand intangible asset as of the third quarter of fiscal 2020 did not exceed their respective carrying values. Accordingly, in the third quarter of fiscal 2020, the Company recorded a goodwill impairment charge of $210.7 million related to the Stuart Weitzman reporting unit, resulting in a full impairment. During the third quarter of fiscal 2020, the Company also recorded an impairment charge of $267.0 million related to the Stuart Weitzman indefinite-lived brand, resulting in a full impairment. In considering the excess of the fair value over its carrying value for all Coach and Kate Spade reporting unit and indefinite-lived brand intangibles, management did not perform an interim assessment for these reporting units in fiscal 2020. Further, the Company determined there was no impairment during the fiscal 2020 annual impairment assessment.

Based on the annual assessment in fiscal 2022, the fair values of our Coach brand reporting units significantly exceeded their respective carrying values. The fair values of the Kate Spade brand reporting unit and indefinite-lived brand as of the fiscal 2022 testing date exceeded their carrying values by approximately 50% and 90%, respectively. Several factors could impact the Kate Spade brand's ability to achieve expected future cash flows, including the optimization of the store fleet productivity, the success of international expansion strategies, the impact of promotional activity, continued economic volatility and potential operational challenges related to the macroeconomic factors, the reception of new collections in all channels, and other initiatives aimed at increasing profitability of the business. Given the relatively small excess of fair value over carrying value as noted above, if profitability trends decline during fiscal 2023 from those that are expected, it is possible that an interim test, or our annual impairment test, could result in an impairment of these assets.

Valuation of Long-Lived Assets

Long-lived assets, such as property and equipment, are evaluated for impairment whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. In evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the related asset group and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions.

In determining future cash flows, the Company takes various factors into account, including the effects of macroeconomic trends such as consumer spending, in-store capital investments, promotional cadence, the level of advertising and changes in merchandising strategy. Since the determination of future cash flows is an estimate of future performance, there may be future impairments in the event that future cash flows do not meet expectations.

Share-Based Compensation

The Company recognizes the cost of equity awards to employees and the non-employee Directors based on the grant-date fair value of those awards. The grant-date fair values of share unit awards are based on the fair value of the Company's common stock on the date of grant. The grant-date fair value of stock option awards is determined using the Black-Scholes option pricing model and involves several assumptions, including the expected term of the option, expected volatility and dividend yield. The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company’s stock as well as the implied volatility from publicly traded options on the Company's stock. Dividend yield is based on the current expected annual dividend per share and the Company’s stock price. Changes in the assumptions used to determine the Black-Scholes value could result in significant changes in the Black-Scholes value.

For stock options and share unit awards, the Company recognizes share-based compensation net of estimated forfeitures and revises the estimates in subsequent periods if actual forfeitures differ from the estimates. The Company estimates the forfeiture rate based on historical experience as well as expected future behavior.

The Company grants performance-based share awards to key executives, the vesting of which is subject to the executive’s continuing employment and the Company's or individual's achievement of certain performance goals. On a quarterly basis, the Company assesses actual performance versus the predetermined performance goals, and adjusts the share-based compensation expense to reflect the relative performance achievement. Actual distributed shares are calculated upon conclusion of the service and performance periods, and include dividend equivalent shares. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a pricing model, such as a Monte Carlo Simulation.

A hypothetical 10% change in our stock-based compensation expense would not have a material impact to our fiscal 2022 net income.

Income Taxes

The Company’s effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations, and tax planning strategies available in the various jurisdictions in which the Company operates. The Company classifies interest and penalties on uncertain tax positions in the Provision for income taxes. The Company records net deferred tax assets to the extent it believes that it is more likely than not that these assets will be realized. In making such determination, the Company considers all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operation. The Company reduces deferred tax assets by a valuation allowance if, based upon the weight of available evidence, it is more likely than not that some amount of deferred tax assets is not expected to be realized. The Company is not permanently reinvested with respect to earnings of a limited number of foreign entities and has recorded the tax consequences of remitting earnings from these entities. The Company is permanently reinvested with respect to all other earnings.

The Company recognizes the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. Although the Company believes that the estimates and assumptions used are reasonable and legally supportable, the final determination of tax audits could be different than that which is reflected in historical tax provisions and recorded assets and liabilities. Tax authorities periodically audit the Company’s income tax returns and the tax authorities may take a contrary position that could result in a significant impact on the Company's results of operations. Significant management judgment is required in determining the effective tax rate, in evaluating tax positions and in determining the net realizable value of deferred tax assets.

Refer to Note 15, “Income Taxes,” for further information.

Recent Accounting Pronouncements

Refer to Note 3, "Significant Accounting Policies," to the accompanying audited consolidated financial statements for a description of certain recently adopted, issued or proposed accounting standards which may impact our consolidated financial statements in future reporting periods.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows, arising from adverse changes in foreign currency exchange rates or interest rates. The Company manages these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments. The use of derivative financial instruments is in accordance with the Company's risk management policies, and we do not enter into derivative transactions for speculative or trading purposes.

The quantitative disclosures in the following discussion are based on quoted market prices obtained through independent pricing sources for the same or similar types of financial instruments, taking into consideration the underlying terms and maturities and theoretical pricing models. These quantitative disclosures do not represent the maximum possible loss or any expected loss that may occur, since actual results may differ from those estimates.

Foreign Currency Exchange Rate Risk

Foreign currency exposures arise from transactions, including firm commitments and anticipated contracts, denominated in a currency other than the entity’s functional currency, and from foreign-denominated revenues and expenses translated into U.S. dollars. The majority of the Company's purchases and sales involving international parties, excluding international consumer sales, are denominated in U.S. dollars and, therefore, our foreign currency exchange risk is limited. The Company is exposed to risk from foreign currency exchange rate fluctuations resulting from its operating subsidiaries’ transactions denominated in foreign currencies. To mitigate such risk, certain subsidiaries enter into forward currency contracts. As of July 2, 2022 and July 3, 2021, forward currency contracts designated as cash flow hedges with a notional amount of $41.5 million and $61.4 million, respectively, were outstanding. As a result of the use of derivative instruments, we are exposed to the risk that counterparties to the derivative instruments will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into derivative contracts with carefully selected financial institutions. The Company also reviews the creditworthiness of our counterparties on a regular basis. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty credit risk associated with our derivative contracts as of July 2, 2022.

The Company is also exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross-currency intercompany loans, payables and receivables. This primarily includes exposure to exchange rate fluctuations in the Chinese Renminbi, the Japanese Yen and the Euro. To manage the exchange rate risk related to these balances, the Company enters into forward currency contracts. As of July 2, 2022 and July 3, 2021, the total notional values of outstanding forward foreign currency contracts related to these loans, payables and receivables were $274.1 million and $248.2 million, respectively.

The fair value of outstanding forward currency contracts included in current assets at July 2, 2022 and July 3, 2021 was $0.4 million and $0.3 million, respectively. The fair value of outstanding foreign currency contracts included in current liabilities at July 2, 2022 and July 3, 2021 was $3.2 million and $1.2 million, respectively. The fair value of these contracts is sensitive to changes in foreign currency exchange rates. A sensitivity analysis of the effects of foreign exchange rate fluctuations on the fair values of our derivative contracts was performed to assess the risk of loss. As of July 2, 2022, a 10% change in the value of the U.S. Dollar against the exchange rates for foreign currencies under contract would result in an immaterial impact on derivative contract fair values.

The Company is also exposed to foreign currency exchange rate fluctuations with respects to net investment hedges. As of July 2, 2022, we have multiple fixed to fixed cross currency swap agreements with aggregate notional amounts of $1.20 billion to hedge our net investment in Euro-denominated subsidiaries and Japanese Yen-denominated subsidiaries against future volatility in the exchange rates between the United States dollar and their local currencies. The fair values of outstanding derivative contracts related to net investment hedges included in long-term assets and long-term liabilities at July 2, 2022 are $47.8 million and $44.0 million, respectively. Under the term of these contracts, we will exchange the semi-annual fixed rate payments on United States denominated debt for fixed rate payments of 2.4% to 2.7% in Euros and 0.6% to 1.3% in Japanese Yen. A 10% change in the value of the U.S. dollar against the exchange rates for currencies under contract as of July 2, 2022, would result in an immaterial impact on the net investment hedge derivative contract fair values. Refer to Note 10, "Derivative Investments and Hedging Activities," for additional information.

Interest Rate Risk

The Company is exposed to interest rate risk in relation to its $1.25 Billion Revolving Credit Facility and $500.0 Million Term Loan entered into under the credit agreement dated May 11, 2022, the Term Loan, the 2032 Senior Notes, 2027 Senior Notes, and 2025 Senior Notes (collectively the "Senior Notes") and investments.

Our exposure to changes in interest rates is primarily attributable to debt outstanding under the $1.25 Billion Revolving Credit Facility and $500.0 Million Term Loan (collectively, the "Credit Facilities"). Borrowings under the $1.25 Billion

Revolving Credit Facility bear interest at a rate per annum equal to, at the Company's option, (i) for borrowings in U.S. Dollars, either (a) an alternate base rate or (b) a term secured overnight financing rate, (ii) for borrowings in Euros, the Euro Interbank Offered Rate, (iii) for borrowings in Pounds Sterling, the Sterling Overnight Index Average Reference Rate and (iv) for borrowings in Japanese Yen, the Tokyo Interbank Offer Rate, plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a grid (the "Pricing Grid") based on the ratio of (a) consolidated debt to (b) consolidated EBITDAR (the "Gross Leverage Ratio"). Borrowings under the Term Loan bear interest at a rate per annum equal to, at the Company's option, either (i) an alternate base rate or (ii) a term secured overnight financing rate plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a pricing grid based on the Gross Leverage Ratio. A hypothetical 10% change in the Credit Facilities interest rate would have resulted in an immaterial change in interest expense in fiscal 2022. Furthermore, a prolonged disruption on our business resulting from the Covid-19 pandemic may impact our ability to satisfy the terms of our Credit Facilities, including our liquidity covenant.

The Company is exposed to changes in interest rates related to the fair value of the Senior Notes. At July 2, 2022, the fair value of the 2032 Senior Notes, 2027 Senior Notes and 2025 Senior Notes was approximately $409 million, $383 million and $304 million, respectively. The fair value of the 2027 Senior Notes and 2025 Senior Notes at July 2, 2022 reflects the impact of the $500 million cash tender offer completed during the second quarter of fiscal 2022. At July 3, 2021, the fair value of the 2027 Senior Notes, 2022 Senior Notes and 2025 Senior Notes was approximately $659 million, $407 million and $652 million, respectively. The 2022 Senior Notes were fully redeemed as of July 2, 2022. These fair values are based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and are classified as Level 2 measurements within the fair value hierarchy. The interest rate payable on the 2027 Senior Notes will be subject to adjustments from time to time if either Moody's or S&P or a substitute rating agency (as defined in the Prospectus Supplement furnished with the SEC on June 7, 2017) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the respective Senior Notes of such series.

The Company's investment portfolio is maintained in accordance with the Company's investment policy, which defines our investment principles including credit quality standards and limits the credit exposure of any single issuer. The primary objective of our investment activities is the preservation of principal while maximizing interest income and minimizing risk. We do not hold any investments for trading purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to "Index to Financial Statements," appearing at the end of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Based on the evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, have concluded that the Company's disclosure controls and procedures are effective as of July 2, 2022.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting as defined in Rule 13a-15(f). The Company's internal control system was designed to provide reasonable assurance to the Company's management and Board regarding the preparation and fair presentation of published financial statements. Management evaluated the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control — Integrated Framework in 2013. Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of July 2, 2022 and concluded that it is effective.

The Company's independent auditors have issued an audit report on the Company's internal control over financial reporting as of July 2, 2022 as included elsewhere herein.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting that occurred during the fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

We have not experienced any material impact to our internal controls over financial reporting, despite the fact that most of our Corporate employees have worked remotely during the fiscal year due to the Covid-19 pandemic. We will continue to evaluate and monitor the impact of Covid-19 on our internal controls. Refer to item 1A. "Risk Factors," for further information regarding the risks to our business associated with Covid-19.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required to be included by Item 10 of Form 10-K will be included in the Proxy Statement for the 2022 Annual Meeting of Stockholders and such information is incorporated by reference herein. The Proxy Statement will be filed with the Commission within 120 days after the end of the fiscal year covered by this Form 10-K pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive and director compensation set forth in the Proxy Statement for the 2022 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the headings “Securities Authorized for Issuance Under Equity Compensation Plans” and “Tapestry Stock Ownership by Certain Beneficial Owners and Management” in the Company’s Proxy Statement for the 2022 Annual Meeting of Stockholders is incorporated herein by reference.

There are no arrangements known to the registrant that may at a subsequent date result in a change in control of the registrant.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required to be included by Item 13 of Form 10-K will be included in the Proxy Statement for the 2022 Annual Meeting of Stockholders and such information is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated herein by reference to the sections entitled “Fees For Audit and Other Services” and “Audit Committee Pre-Approval Policy” in the Proxy Statement for the 2022 Annual Meeting of Stockholders.

PUBLIC

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules. Refer to "Index to Financial Statements" appearing herein.

(b) Exhibits. Refer to the exhibit index which is included herein.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAPESTRY, INC.

Date: August 18, 2022

By: /s/ Joanne C. Crevoiserat
Name: Joanne C. Crevoiserat
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated below on August 18, 2022.

Signature	Title
/s/ Joanne C. Crevoiserat Joanne C. Crevoiserat	Chief Executive Officer (Principal Executive Officer)
/s/ Scott A. Roe Scott A. Roe	Chief Financial Officer (Principal Financial Officer)
/s/ Manesh B. Dadlani Manesh B. Dadlani	Corporate Controller (Principal Accounting Officer)
/s/ Anne Gates Anne Gates	Independent Chair, Board of Directors
/s/ John P. Bilbrey John P. Bilbrey	Director
/s/ Darrell Cavens Darrell Cavens	Director
/s/ David Denton David Denton	Director
/s/ Johanna W. Faber Johanna W. Faber	Director
/s/ Thomas R. Greco Thomas R. Greco	Director
/s/ Pam Lifford Pam Lifford	Director
/s/ Annabelle Yu Long Annabelle Yu Long	Director
/s/ Ivan Menezes Ivan Menezes	Director

PUBLIC

TAPESTRY, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Tapestry, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tapestry, Inc. and subsidiaries (the "Company") as of July 2, 2022 and July 3, 2021, the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended July 2, 2022, and the related notes and the financial statement Schedule II listed in the Index to the Consolidated Financial Statements (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of July 2, 2022 and July 3, 2021, and the results of its operations and its cash flows for each of the three years in the period ended July 2, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of July 2, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 18, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Other Intangible Assets - Kate Spade - Refer to Notes 3 and 14 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill and indefinite-lived brand intangible assets for impairment involves the comparison of carrying value to their respective fair values. The determination of the fair values requires management to make significant estimates and assumptions related to forecasts of future cash flows and growth rates, as well as discount rates. Changes in these assumptions could have a significant impact on either the fair values, the amount of any impairment charge, or both.

The fair values of the Kate Spade brand reporting unit and indefinite-lived brand as of the fiscal 2022 testing date exceeded their respective carrying values by approximately 50% and 90%, respectively. Several factors could impact the Kate Spade brand's ability to achieve expected future cash flows, including the optimization of the store fleet productivity, the success of international expansion strategies, the impact of promotional activity, continued economic volatility and potential operational challenges related to the macroeconomic factors, the reception of new collections in all channels, and other initiatives aimed at increasing profitability of the business.

Given the significant judgments made by management to estimate the fair value of the Kate Spade operations used in both the goodwill and Kate Spade indefinite-lived brand intangible fair value analyses and the difference between their fair values and carrying values, performing auditing procedures to evaluate the reasonableness of management's judgments regarding the business and valuation assumptions utilized in the valuation model, particularly the forecasts of future cash flows and growth rates and the selection of the discount rate, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the projected future cash flows and growth rates and discount rates included the following:

- We tested the effectiveness of management's controls over its goodwill and indefinite-lived brand intangible asset impairment evaluations, including controls over the forecasts of future revenue and profit margin, and the selection of the discount rate.
- We evaluated management's ability to accurately forecast by comparing actual revenue and profit margin results to historical projections.
- We evaluated management's revenue and profit margin projections over the projection period by comparing them with (1) internal communications to management and the Board of Directors, (2) peer companies, and (3) industry and market conditions.
- With the assistance of our fair value specialists, we evaluated the market approach, including evaluating the reasonableness of the selected guideline public companies and the resulting market multiples calculations, as well as benchmarking the selected multiples against these guideline public companies.
- We used the assistance of our fair value specialists to assess the acceptability of the weighting applied to value indications from different valuation techniques.
- We used the assistance of our fair value specialists to assess the acceptability of the implied equity premium. With respect to the market value of equity, we tested the calculations used in developing the respective market value of equity.
- We used the assistance of our fair value specialists in evaluating the fair value methodology and the discount rate, including testing the underlying source information and the mathematical accuracy of the calculations. Specific to the discount rate, we considered the inputs and calculations, and we developed a range of independent estimates and compared those to the respective discount rates selected by management.

/s/ DELOITTE & TOUCHE LLP

New York, New York
August 18, 2022

We have served as the Company's auditor since 2002.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Tapestry, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Tapestry, Inc. and subsidiaries (the "Company") as of July 2, 2022 based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 2, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements and financial statement schedule as of and for the year ended July 2, 2022, of the Company and our report dated August 18, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

New York, New York
August 18, 2022

TAPESTRY, INC.
CONSOLIDATED BALANCE SHEETS

	July 2, 2022	July 3, 2021
	(millions)	
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 789.8**	$ 2,007.7
Short-term investments	**163.4**	8.1
Trade accounts receivable, less allowances for credit losses of $3.7 and $4.2, respectively	**252.3**	200.2
Inventories	**994.2**	734.8
Income tax receivable	**217.2**	254.6
Prepaid expenses	**105.2**	93.8
Other current assets	**51.7**	76.1
Total current assets	**2,573.8**	3,375.3
Property and equipment, net	**544.4**	678.1
Operating lease right-of-use assets	**1,281.6**	1,496.6
Goodwill	**1,241.5**	1,297.3
Intangible assets	**1,366.6**	1,373.4
Deferred income taxes	**47.9**	65.6
Other assets	**209.5**	96.1
Total assets	**$ 7,265.3**	$ 8,382.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 520.7**	$ 445.2
Accrued liabilities	**628.2**	661.2
Current portion of operating lease liabilities	**288.7**	319.4
Current debt	**31.2**	—
Total current liabilities	**1,468.8**	1,425.8
Long-term debt	**1,659.2**	1,590.7
Long-term operating lease liabilities	**1,282.3**	1,525.9
Deferred income taxes	**221.7**	203.9
Long-term income taxes payable	**95.3**	127.1
Other liabilities	**252.5**	249.7
Total liabilities	**4,979.8**	5,123.1
See Note 13 on commitments and contingencies		
Stockholders' Equity:		
Preferred stock: (authorized 25.0 million shares; $0.01 par value) none issued	—	—
Common stock: (authorized 1.0 billion shares; $0.01 par value) issued and outstanding – 241.2 million and 279.5 million shares, respectively	2.4	2.8
Additional paid-in-capital	3,620.2	3,487.0
Retained earnings (accumulated deficit)	(1,166.2)	(158.5)
Accumulated other comprehensive income (loss)	(170.9)	(72.0)
Total stockholders' equity	**2,285.5**	3,259.3
Total liabilities and stockholders' equity	**$ 7,265.3**	$ 8,382.4

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended		
	July 2, 2022	July 3, 2021	June 27, 2020
	(millions, except per share data)		
Net sales	**$ 6,684.5**	$ 5,746.3	$ 4,961.4
Cost of sales	**2,034.1**	1,664.4	1,722.1
Gross profit	**4,650.4**	4,081.9	3,239.3
Other selling, general and administrative expenses	**3,474.6**	3,113.9	3,312.4
Impairment of goodwill and intangible assets	**—**	—	477.7
Operating income (loss)	**1,175.8**	968.0	(550.8)
Loss on extinguishment of debt	**53.7**	—	—
Interest expense, net	**58.7**	71.4	60.1
Other expense (income)	**16.4**	(0.7)	13.3
Income (loss) before provision for income taxes	**1,047.0**	897.3	(624.2)
Provision for income taxes	**190.7**	63.1	27.9
Net income (loss)	**$ 856.3**	$ 834.2	$ (652.1)
Net income (loss) per share:			
Basic	**$ 3.24**	$ 3.00	$ (2.34)
Diluted	**$ 3.17**	$ 2.95	$ (2.34)
Shares used in computing net income (loss) per share:			
Basic	**264.3**	277.9	278.6
Diluted	**270.1**	283.0	278.6

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Fiscal Year Ended		
	July 2, 2022	July 3, 2021	June 27, 2020
		(millions)	
Net income (loss)	**$ 856.3**	$ 834.2	$ (652.1)
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on cash flow hedging derivatives, net	**(1.6)**	(1.8)	5.6
Unrealized gains (losses) on available-for-sale investments, net	**(0.5)**	—	0.5
Change in pension liability, net	**—**	—	(1.7)
Foreign currency translation adjustments	**(96.8)**	22.0	(13.4)
Other comprehensive income (loss), net of tax	**(98.9)**	20.2	(9.0)
Comprehensive income (loss)	**$ 757.4**	$ 854.4	$ (661.1)

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Shares of Common Stock	Common Stock	Additional Paid-in-Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
			(millions, except per share data)			
Balance at June 29, 2019	286.8	$ 2.9	$ 3,302.1	$ 291.6	$ (83.2)	$ 3,513.4
Net income (loss)	—	—	—	(652.1)	—	(652.1)
Other comprehensive income (loss)	—	—	—	—	(9.0)	(9.0)
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	1.3	—	(10.5)	—	—	(10.5)
Share-based compensation	—	—	66.9	—	—	66.9
Repurchase and retirement of common stock	(11.9)	(0.1)	—	(299.9)	—	(300.0)
Dividends declared ($1.013 per share)	—	—	—	(283.5)	—	(283.5)
Cumulative adjustment from adoption of new accounting standards	—	—	—	(48.8)	—	(48.8)
Balance at June 27, 2020	276.2	2.8	3,358.5	(992.7)	(92.2)	2,276.4
Net income (loss)	—	—	—	834.2	—	834.2
Other comprehensive income (loss)	—	—	—	—	20.2	20.2
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	3.3	—	53.6	—	—	53.6
Share-based compensation	—	—	74.9	—	—	74.9
Balance at July 3, 2021	**279.5**	**2.8**	**3,487.0**	**(158.5)**	**(72.0)**	**3,259.3**
Net income (loss)	—	—	—	**856.3**	—	**856.3**
Other comprehensive income (loss)	—	—	—	—	**(98.9)**	**(98.9)**
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	**3.7**	**—**	**43.8**	—	—	**43.8**
Share-based compensation	—	—	**89.4**	—	—	**89.4**
Repurchase of common stock	**(42.0)**	**(0.4)**	—	**(1,599.6)**	—	**(1,600.0)**
Dividends declared ($1.000 per share)	—	—	**—**	**(264.4)**	—	**(264.4)**
Balance at July 2, 2022	**241.2**	**$ 2.4**	**$ 3,620.2**	**$ (1,166.2)**	**$ (170.9)**	**$ 2,285.5**

See accompanying Notes.

TAPESTRY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
	July 2, 2022	July 3, 2021	June 27, 2020
	(millions)		
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES			
Net income (loss)	**$ 856.3**	$ 834.2	$ (652.1)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**195.3**	218.7	248.3
Covid-19 related impairment charges	**—**	45.8	813.5
Provision for bad debt	**19.9**	2.8	26.0
Loss on extinguishment of debt	**53.7**	—	—
Share-based compensation	**72.2**	64.1	53.1
Acceleration program charges	**14.8**	5.1	24.8
Integration and restructuring activities	**—**	—	14.0
Deferred income taxes	**29.9**	52.6	(115.7)
Changes to lease related balances, net	**(53.4)**	(125.6)	73.1
Gain on sale of building	**—**	(13.2)	—
Gain on deferred purchase price	**—**	(12.5)	—
Other non-cash charges, net	**31.3**	21.4	2.3
Changes in operating assets and liabilities:			
Trade accounts receivable	**(96.0)**	(9.6)	61.9
Inventories	**(311.7)**	32.2	(58.6)
Other liabilities	**(9.2)**	(16.8)	(37.8)
Accounts payable	**86.4**	307.3	(91.7)
Accrued liabilities	**(16.1)**	140.3	7.6
Other assets	**(20.2)**	(223.1)	38.3
Net cash provided by operating activities	**853.2**	1,323.7	407.0
CASH FLOWS (USED IN) PROVIDED BY INVESTING ACTIVITIES			
Purchases of property and equipment	**(93.9)**	(116.0)	(205.4)
Purchases of investments	**(540.4)**	(0.7)	(212.4)
Proceeds from maturities and sales of investments	**380.7**	1.8	462.1
Proceeds from sale of building	**—**	23.9	—
Net cash (used in) provided by investing activities	**(253.6)**	(91.0)	44.3
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES			
Payment of dividends	**(264.4)**	—	(380.3)
Repurchase of common stock	**(1,600.0)**	—	(300.0)
Proceeds from revolver	**—**	—	700.0
Proceeds from debt, net of discount	**998.5**	—	—
Payment of initial debt costs	**(4.6)**	—	—
Payment of debt extinguishment costs	**(50.7)**	—	—
Repayment of debt	**(900.0)**	(11.5)	—
Proceeds from share-based awards	**74.7**	61.2	4.3
Repayment of revolving credit facility	**—**	(700.0)	—
Taxes paid to net settle share-based awards	**(30.6)**	(7.5)	(14.9)
Other financing activity	**(1.0)**	(8.2)	(3.2)
Net cash (used in) provided by financing activities	**(1,778.1)**	(666.0)	5.9
Effect of exchange rate changes on cash and cash equivalents	**(39.4)**	14.7	(0.1)
(Decrease) increase in cash and cash equivalents	**(1,217.9)**	581.4	457.1
Cash and cash equivalents at beginning of year	**2,007.7**	1,426.3	969.2
Cash and cash equivalents at end of year	**$ 789.8**	$ 2,007.7	$ 1,426.3
Supplemental information:			
Cash paid for income taxes, net	**$ 179.7**	$ 251.8	$ 87.2
Cash paid for interest	**$ 67.8**	$ 69.7	$ 68.1
Non-cash investing activity – property and equipment obligations	**$ 6.7**	$ 14.4	$ 21.1

See accompanying Notes.

TAPESTRY, INC.

Notes to Consolidated Financial Statements

1. NATURE OF OPERATIONS

Tapestry, Inc. (the "Company") is a leading New York-based house of accessible luxury accessories and lifestyle brands. Our global house of brands unites the magic of Coach, kate spade new york and Stuart Weitzman. Each of our brands are unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. We use our collective strengths to move our customers and empower our communities, to make the fashion industry more sustainable, and to build a company that's equitable, inclusive, and diverse. Individually, our brands are iconic. Together, we can stretch what's possible.

The Coach segment includes global sales of Coach products to customers through Coach operated stores, including e-commerce sites and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.

The Kate Spade segment includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including e-commerce sites, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.

The Stuart Weitzman segment includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including e-commerce sites, sales to wholesale customers and through numerous independent third party distributors.

2. BASIS OF PRESENTATION AND ORGANIZATION

Fiscal Year

The Company's fiscal year ends on the Saturday closest to June 30. Unless otherwise stated, references to years in the financial statements relate to fiscal years. The fiscal year ended July 2, 2022 ("fiscal 2022") was a 52-week period. The fiscal year ended July 3, 2021 ("fiscal 2021") was a 53-week period and the fiscal year ended June 27, 2020 ("fiscal 2020") was a 52-week period. The fiscal year ending July 1, 2023 ("fiscal 2023") will be a 52-week period.

Covid-19 Pandemic

The outbreak of a novel strain of coronavirus ("Covid-19") continues to impact a significant majority of the regions in which we operate, resulting in significant global business disruptions. The widespread impact of Covid-19 resulted in temporary closures of directly operated stores globally, as well as at our wholesale and licensing partners starting in fiscal 2020. Since then, certain directly operated stores and the stores of our wholesale and licensing partners have experienced temporary re-closures or are operating under tighter restrictions in compliance with local government regulation. Covid-19 has also resulted in ongoing supply chain challenges, such as logistic constraints, the temporary closure of certain third-party manufacturers and increased freight costs.

The global Covid-19 pandemic is continuously evolving and the extent to which this impacts the Company - including unforeseen increased costs to the Company's business - will depend on future developments, which cannot be predicted, including the ultimate duration, severity and geographic resurgence of the virus and the success of actions to contain the virus, including variants of the novel strain, or treat its impact, among others. As the full magnitude of the effects on the Company's business is difficult to predict, the Covid-19 pandemic has and may continue to have a material adverse impact on the Company's business, financial condition, results of operations and cash flows for the foreseeable future. The Company believes that cash flows from operations, access to the credit and capital markets and our credit lines, on-hand cash and cash equivalents and our investments provide adequate funds to support our operating, capital, and debt service requirements. There can be no assurance, however, that any such capital will be available to the Company on acceptable terms or at all. The Company could experience other potential adverse impacts as a result of the Covid-19 pandemic, including, but not limited to, further charges from adjustments to the carrying amount of goodwill and other intangible assets, long-lived asset impairment charges, reserves for uncollectible accounts receivable and reserves for the realizability of inventory.

Starting in fiscal 2020, in response to the Covid-19 pandemic, the Company took actions to reinforce its liquidity and financial flexibility. If stores are required to close again for an extended period of time due to a resurgence of increased infections, the Company's liquidity may be negatively impacted. Refer to Part I, Item 1A. "Risk Factors" herein.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and footnotes thereto. Actual results could differ from estimates in amounts that may be material to the financial statements.

Significant estimates inherent in the preparation of the consolidated financial statements include reserves for the realizability of inventory; asset retirement obligations; customer returns, end-of-season markdowns and operational chargebacks; useful lives and impairments of long-lived tangible and intangible assets; accounting for income taxes and related uncertain tax positions; accounting for business combinations; the valuation of stock-based compensation awards and related expected forfeiture rates; reserves for restructuring; and reserves for litigation and other contingencies, amongst others.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all 100% owned and controlled subsidiaries. All intercompany transactions and balances are eliminated in consolidation.

Share Repurchases

The Company accounts for stock repurchases by allocating the repurchase price to common stock and retained earnings. Under Maryland law, the Company's state of incorporation, there are no treasury shares. All repurchased shares are authorized but unissued shares and these shares may be issued in the future for general corporate and other purposes. The Company may terminate or limit the stock repurchase program at any time. The Company accrues for the shares purchased under the share repurchase plan based on the trade date. Purchases of the Company's common stock are executed through open market purchases, including through purchase agreements under Rule 10b5-1.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with a maturity of three months or less at the date of purchase.

Investments

Short-term investments consist primarily of high-credit quality U.S. and non-U.S. issued corporate debt securities, and U.S. Treasuries and government agency securities with original maturities greater than three months and with maturities within one year of balance sheet date, classified as available-for-sale. Long-term investments typically consist of high-credit quality U.S. and non-U.S. issued corporate debt securities, U.S. Treasuries and government agency securities, classified as available-for-sale, and recorded at fair value, with unrealized gains and losses recorded in other comprehensive income. Dividend and interest income are recognized when earned.

Additionally, GAAP requires the consolidation of all entities for which a Company has a controlling voting interest and all variable interest entities (“VIEs”) for which a Company is deemed to be the primary beneficiary. An entity is generally a VIE if it meets any of the following criteria: (i) the entity has insufficient equity to finance its activities without additional subordinated financial support from other parties, (ii) the equity investors cannot make significant decisions about the entity’s operations or (iii) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity or receive the expected returns of the entity and substantially all of the entity’s activities involve or are conducted on behalf of the investor with disproportionately few voting rights.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of Cash and cash equivalents, investments and accounts receivable. The Company places its cash investments with high-credit quality financial institutions and generally invests primarily in corporate debt securities, money market instruments, U.S. government and agency debt securities, commercial paper and bank deposits placed with major banks and financial institutions. Accounts receivable is generally diversified due to the number of entities comprising the Company's customer base and their dispersion across many geographical regions. The Company believes no significant concentration of credit risk exists with respect to these investments and accounts receivable.

Inventories

The Company holds inventory that is sold through retail, including e-commerce, and wholesale distribution channels. Substantially all of the Company's Inventories are comprised of finished goods, and are reported at the lower of cost or net realizable value. Inventory costs include material, conversion costs, freight and duties and are primarily determined on a weighted-average cost basis. The Company reserves for inventory, including slow-moving and aged inventory, based on current product demand, expected future demand and historical experience. A decrease in product demand due to changing customer tastes, buying patterns or increased competition could impact the Company's evaluation of its inventory and additional reserves might be required.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation including the impact of long-lived asset impairment and disposals. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Buildings are depreciated over 40 years and building improvements are depreciated over ten to 40 years. Machinery and equipment are depreciated over lives of five to seven years, furniture and fixtures are depreciated over lives of three to ten years, and software and computer equipment is generally depreciated over lives of three to seven years. Implementation costs eligible for capitalization related to cloud computing arrangements that are a service contract are recorded within Prepaid expenses and Other non-current assets in the Consolidated Balance Sheets and amortized as Selling, general and administrative ("SG&A") expense in the Consolidated Statement of Operations over the term of the associated hosting arrangement. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease terms. Maintenance and repair costs are charged to earnings as incurred while expenditures for major renewals and improvements are capitalized.

Valuation of Long-Lived Assets

Long-lived assets, such as Property and equipment and Operating lease right-of-use ("ROU") assets are evaluated for impairment whenever events or circumstances indicate that the carrying value of the assets may not be recoverable. In evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the related asset group and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. The Company recorded $4.0 million and $60.9 million of impairment charges in fiscal 2022 and fiscal 2021, respectively.

In determining future cash flows, the Company takes various factors into account, including the effects of macroeconomic trends such as consumer spending, in-store capital investments, promotional cadence, the level of advertising and changes in merchandising strategy. Since the determination of future cash flows is an estimate of future performance, there may be future impairments in the event that future cash flows do not meet expectations.

Goodwill and Other Intangible Assets

Upon acquisition, the Company estimates and records the fair value of purchased intangible assets, which primarily consists of brands, customer relationships, right-of-use assets and order backlog. Goodwill and certain other intangible assets deemed to have indefinite useful lives, including brand intangible assets, are not amortized, but are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets as noted above, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. Estimates of fair value for finite-lived and indefinite-lived intangible assets are primarily determined using discounted cash flows and the multi-period excess earnings method, respectively, with consideration of market comparisons when appropriate. This approach uses significant estimates and assumptions, including projected future cash flows, discount rates and growth rates.

The Company generally performs its annual goodwill and indefinite-lived intangible assets impairment analysis using a quantitative approach. The quantitative goodwill impairment test identifies the existence of potential impairment by comparing the fair value of each reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, the reporting unit's goodwill is considered not to be impaired. If the carrying value of a reporting unit exceeds its fair value, an impairment charge is recognized in an amount equal to that excess. The impairment charge recognized is limited to the amount of goodwill allocated to that reporting unit.

Determination of the fair value of a reporting unit and intangible asset is based on management's assessment, considering independent third-party appraisals when necessary. Furthermore, this determination is judgmental in nature and often involves the use of significant estimates and assumptions, which may include projected future cash flows, discount rates, growth rates, and determination of appropriate market comparables and recent transactions. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the amount of any such charge.

The Company performs its annual impairment assessment of goodwill as well as brand intangibles during the fourth quarter of each fiscal year or if an event occurs that would more likely than not reduce the fair value below its carrying amount. The Company determined that there was no impairment in fiscal 2022 or fiscal 2021. In fiscal 2020, the Company recorded a goodwill impairment charge of $210.7 million related to the Stuart Weitzman reporting unit and an impairment charge of $267.0 million related to the Stuart Weitzman indefinite-lived brand.

Operating Leases

The Company leases retail space, office space, warehouse facilities, fulfillment centers, storage space, machinery, equipment and certain other items under operating leases. These leases may also include rent escalation clauses or lease incentives in the form of construction allowances and rent reduction. In determining the lease term used in the lease right-of-use ("ROU") asset and lease liability calculations, the Company considers various factors such as market conditions and the terms of any renewal or termination options that may exist. When deemed reasonably certain, the renewal and termination options are included in the determination of the lease term and calculation of the lease ROU asset and lease liability. The Company is typically required to make fixed minimum rent payments, variable rent payments primarily based on performance (i.e., percentage-of-sales-based payments), or a combination thereof, directly related to its ROU asset. The Company is also often required, by the lease, to pay for certain other costs including real estate taxes, insurance, common area maintenance fees, and/or certain other costs, which may be fixed or variable, depending upon the terms of the respective lease agreement. To the extent these payments are fixed, the Company has included them in calculating the lease ROU assets and lease liabilities.

The Company calculates lease ROU assets and lease liabilities as the present value of fixed lease payments over the reasonably certain lease term beginning at the commencement date. Per the guidance, the use of the implicit rate to determine the present value of lease payments is required. As the rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date, including the Company's credit rating, credit spread and adjustments for the impact of collateral, lease tenors, economic environment and currency.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For finance leases and impaired operating leases, the ROU asset is depreciated on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability. For leases with a lease term of 12 months or less ("short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred.

Asset retirement obligations represent legal obligations associated with the retirement of a tangible long-lived asset. The Company’s asset retirement obligations are primarily associated with leasehold improvements in which the Company is contractually obligated to remove at the end of a lease to comply with the lease agreement. When such an obligation exists, the Company recognizes an asset retirement obligation at the inception of a lease at its estimated fair value. The asset retirement obligation is recorded in current liabilities or non-current liabilities (based on the expected timing of payment of the related costs) and is subsequently adjusted for any changes in estimates. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over its useful life. As of the end of fiscal 2022 and fiscal 2021, the Company had asset retirement obligations of $48.8 million and $45.1 million, respectively, primarily classified within Other non-current liabilities in the Company's Consolidated Balance Sheets.

Revenue Recognition

Revenue is recognized when the Company satisfies its performance obligations by transferring control of promised products or services to its customers, which may be at a point of time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Retail store and concession shop-in-shop revenues are recognized at the point-of-sale, when the customer obtains physical possession of the products. Digital revenue from sales of products ordered through the Company’s e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and digital revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved.

Gift cards issued by the Company are recorded as a liability until they are redeemed, at which point revenue is recognized. The Company also uses historical information to estimate the amount of gift card balances that will never be redeemed and recognizes that amount as revenue over time in proportion to actual customer redemptions if the Company does not have a legal obligation to remit unredeemed gift cards to any jurisdiction as unclaimed property.

The Company accounts for sales taxes and other related taxes on a net basis, excluding such taxes from revenue.

Refer to Note 4, "Revenue," for additional information.

Cost of Sales

Cost of sales consists of inventory costs and other related costs such as reserves for inventory realizability and shrinkage, damages and replacements.

Selling, General and Administrative ("SG&A") Expenses

Selling expenses include store employee compensation, occupancy costs, depreciation, supply costs, wholesale and retail account administration compensation globally. These expenses are affected by the number of stores open during any fiscal period and store performance, as compensation and rent expenses can vary with sales. Advertising, marketing and design expenses include employee compensation, media space and production, advertising agency fees, new product design costs, public relations and market research expenses. Distribution and customer service expenses include warehousing, order fulfillment, shipping and handling, customer service, employee compensation and bag repair costs. SG&A expenses also include compensation costs for corporate functions including: executive, finance, human resources, legal and information systems departments, as well as corporate headquarters occupancy costs, consulting fees and software expenses.

Shipping and Handling

Shipping and handling costs incurred were $230.8 million, $178.6 million and $128.1 million in fiscal 2022, fiscal 2021 and fiscal 2020, respectively, and are included in SG&A expenses. The Company includes inbound product-related transportation costs from manufacturers within Cost of sales. The balance of the Company's transportation-related costs related to its distribution network is included in SG&A expenses rather than in Cost of sales.

Advertising

Advertising costs include expenses related to direct marketing activities, such as digital and other media and production costs. In fiscal 2022, fiscal 2021 and fiscal 2020, advertising expenses for the Company totaled $551.6 million, $395.2 million and $238.0 million, respectively, and are included in SG&A expenses. Advertising costs are generally expensed when the advertising first appears.

Share-Based Compensation

The Company recognizes the cost of equity awards to employees and the non-employee Directors based on the grant-date fair value of those awards. The grant-date fair values of share unit awards are based on the fair value of the Company's common stock on the date of grant. The grant-date fair value of stock option awards is determined using the Black-Scholes option pricing model and involves several assumptions, including the expected term of the option, expected volatility and dividend yield. The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on the Company's stock. Dividend yield is based on the current expected annual dividend per share and the Company's stock price. Changes in the assumptions used to determine the Black-Scholes value could result in significant changes in the Black-Scholes value.

The Company recognizes share-based compensation net of estimated forfeitures and revises the estimates in subsequent periods if actual forfeitures differ from the estimates. The Company estimates the forfeiture rate based on historical experience as well as expected future behavior.

The Company grants performance-based share awards to key executives, the vesting of which is subject to the executive's continuing employment and the Company's or individual's achievement of certain performance goals. On a quarterly basis, the Company assesses actual performance versus the predetermined performance goals, and adjusts the share-based compensation expense to reflect the relative performance achievement. Actual distributed shares are calculated upon conclusion of the service and performance periods, and include dividend equivalent shares. If the performance-based award incorporates a market condition, the grant-date fair value of such award is determined using a pricing model, such as a Monte Carlo Simulation.

Income Taxes

The Company's effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations, and tax planning strategies available in the various jurisdictions in which the Company operates. The Company classifies interest and penalties on uncertain tax positions in the Provision for income taxes. The Company records net deferred tax assets to the extent it believes that it is more likely than not that these assets will be realized. In making such determination, the Company considers all available evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent and expected future results of operation. The Company reduces deferred tax assets by a valuation allowance if, based upon the weight of available evidence, it is more likely than not that some amount of deferred tax assets is not expected to be realized. The Company is not permanently reinvested with respect to earnings of a limited number of foreign entities and has recorded the tax consequences of remitting earnings from these entities. The Company is permanently reinvested with respect to all other earnings.

The Company recognizes the impact of tax positions in the financial statements if those positions will more likely than not be sustained on audit, based on the technical merits of the position. Although the Company believes that the estimates and assumptions used are reasonable and legally supportable, the final determination of tax audits could be different than that which is reflected in historical tax provisions and recorded assets and liabilities. Tax authorities periodically audit the Company's income tax returns and the tax authorities may take a contrary position that could result in a significant impact on the Company's results of operations. Significant management judgment is required in determining the effective tax rate, in evaluating tax positions and in determining the net realizable value of deferred tax assets.

Refer to Note 15, "Income Taxes," herein for further discussion on the Company's income taxes.

Derivative Instruments

The majority of the Company's purchases of finished goods are denominated in U.S. dollars, which limits the Company's exposure to the transactional effects of foreign currency exchange rate fluctuations. However, the Company is exposed to foreign currency exchange risk related to its sale of U.S. dollar inventory to foreign operating subsidiaries in local currency, as well as risk related to various cross-currency intercompany loans and payables, and translation risk. The Company is also exposed to foreign currency risk related to changes in the U.S. dollar value of its net investment in foreign subsidiaries. The Company uses derivative financial instruments to manage these risks. These derivative transactions are in accordance with the Company's risk management policies. The Company does not enter into derivative transactions for speculative or trading purposes.

The Company records all derivative contracts at fair value on the Consolidated Balance Sheets. The fair values of foreign currency derivatives are based on the forward curves of the specific indices upon which settlement is based and include an adjustment for the Company's credit risk. Judgment is required of management in developing estimates of fair value. The use of different market assumptions or methodologies could affect the estimated fair value.

For derivative instruments that qualify for hedge accounting, the changes in the fair value of these instruments are either (i) offset against the changes in fair value of the hedged assets or liabilities through earnings or (ii) recognized as a component of Accumulated other comprehensive income (loss) ("AOCI") until the hedged item is recognized in earnings, depending on whether the derivative is being used to hedge changes in fair value or cash flows. For derivative instruments that are designated as a net investment hedge, the changes in the fair value of the instruments are recognized as a component of AOCI, and upon discontinuation of the hedge remain in AOCI until the net investment is sold or liquidated.

Each derivative instrument entered into by the Company that qualifies for hedge accounting is expected to be highly effective at reducing the risk associated with the exposure being hedged. For each derivative that is designated as a hedge, the Company documents the related risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, as well as how hedge effectiveness will be assessed over the term of the instrument. The extent to which a hedging instrument has been and is expected to remain highly effective in achieving offsetting changes in fair value or cash flows is assessed and documented by the Company on at least a quarterly basis.

If it is determined that a derivative instrument has not been highly effective, and will continue not to be highly effective in hedging the designated exposure, hedge accounting is discontinued and further gains (losses) are recognized in earnings within foreign currency gains (losses). Upon discontinuance of hedge accounting, the cumulative change in fair value of cash flow derivatives previously recorded in AOCI is recognized in earnings when the related hedged item affects earnings, consistent with the original hedging strategy, unless the forecasted transaction is no longer probable of occurring, in which case the accumulated amount is immediately recognized in earnings within foreign currency gains (losses).

As a result of the use of derivative instruments, the Company may be exposed to the risk that the counterparties to such contacts will fail to meet their contractual obligations. To mitigate this counterparty credit risk, the Company has a policy of only entering into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings, among other factors.

The fair values of the Company's derivative instruments are recorded on its Consolidated Balance Sheets on a gross basis. For cash flow reporting purposes, the Company classifies proceeds received or amounts paid upon the settlement of a derivative instrument in the same manner as the related item being hedged, primarily within cash from operating activities.

Hedging Portfolio

The Company enters into forward currency contracts primarily to reduce its risks related to exchange rate fluctuations on foreign currency denominated inventory transactions, as well as various cross-currency intercompany loans and payables. To the extent its derivative contracts designated as cash flow hedges are highly effective in offsetting changes in the value of the hedged items, the related gains (losses) are initially deferred in AOCI and subsequently recognized in the Consolidated Statements of Operations as part of the cost of the inventory purchases being hedged within Cost of sales, when the related inventory is sold to a third party. Current maturity dates range from July 2022 to June 2023. Forward foreign currency exchange contracts designated as fair value hedges and associated with intercompany and other contractual obligations are recognized within foreign currency gains (losses) generally in the period in which the related balances being hedged are revalued. The maturity date of most instruments held as of July 2, 2022 are in August 2022, and such contracts are typically renewed upon maturity if the related balance has not been settled. The Company also enters into cross-currency swaps to reduce its risks related to exchange rate fluctuations on net investments in foreign subsidiaries. The related gains (losses) are deferred in AOCI until the net investment is sold or liquidated, and current maturity dates range from April 2025 to March 2032.

Foreign Currency

The functional currency of the Company's foreign operations is generally the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the weighted-average exchange rates for the period. The resulting translation adjustments are included in the Consolidated Statements of Comprehensive Income as a component of Other comprehensive income (loss) ("OCI") and in the Consolidated Statements of Equity within AOCI.

The Company recognizes gains and losses on transactions that are denominated in a currency other than the respective entity's functional currency in earnings. Foreign currency transaction gains and losses also include amounts realized on the settlement of certain intercompany loans with foreign subsidiaries.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes". The ASU simplifies the accounting for income taxes by, among other things, eliminating certain existing exceptions related to the general approach in Topic 740 relating to franchise taxes, reducing complexity in the interim-period accounting for year-to-date loss limitations and changes in tax laws, and clarifying the accounting for the step-up in the tax basis of goodwill. The Company adopted ASU 2019-12 as of the beginning of fiscal 2022. The adoption of ASU 2019-12 did not have a material impact on the Company's consolidated financial statements and notes thereto.

Recently Issued Accounting Pronouncements Not Yet Adopted

The Company has considered all new accounting pronouncements and has concluded that there are no new pronouncements that may have a material impact on our results of operations, financial condition or cash flows based on current information.

4. REVENUE

The Company recognizes revenue primarily from sales of the products of its brands through retail and wholesale channels, including e-commerce sites. The Company also generates revenue from royalties related to licensing its trademarks, as well as sales in ancillary channels. In all cases, revenue is recognized upon the transfer of control of the promised products or services to the customer, which may be at a point in time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

The Company recognizes revenue in its retail stores, including concession shop-in-shops, at the point-of-sale when the customer obtains physical possession of the products. Digital revenue from sales of products ordered through the Company's e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and digital revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

Gift cards issued by the Company are recorded as a liability until redeemed by the customer, at which point revenue is recognized. The Company also uses historical information to estimate the amount of gift card balances that will never be redeemed and recognizes that amount as revenue over time in proportion to actual customer redemptions if the Company does not have a legal obligation to remit unredeemed gift cards to any jurisdiction as unclaimed property.

Certain of the Company's retail operations use sales incentive programs, such as customer loyalty programs and the issuance of coupons. Loyalty programs provide the customer a material right to acquire additional products and give rise to the Company having a separate performance obligation. Additionally, certain products sold by the Company include an assurance warranty that is not considered a separate performance obligation. These programs are immaterial individually and in the aggregate.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Payment is generally due 30 to 90 days after shipment. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. Discounts are based on contract terms with the customer, while cooperative advertising allowances and other consideration may be based on contract terms or negotiated on a case by case basis. Returns and markdowns generally require approval from the Company and are estimated based on historical trends, current season results and inventory positions at the wholesale locations, current market and economic conditions as well as, in select cases, contractual terms. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved. Payments from the customer are generally due quarterly in an amount based on the licensee's sales of goods bearing the licensed trademarks during the period, which may differ from the amount of revenue recorded during the period thereby generating a contract asset or liability. Contract assets and liabilities and contract costs related to the licensing arrangements are immaterial as the licensing business represents approximately 1% of total net sales in the fiscal year ended July 2, 2022.

The Company has elected a practical expedient not to disclose the remaining performance obligations that are unsatisfied as of the end of the period related to contracts with an original duration of one year or less or variable consideration related to sales-based royalty arrangements. There are no other contracts with transaction price allocated to remaining performance obligations other than future minimum royalties as discussed above, which are not material.

Other practical expedients elected by the Company include (i) assuming no significant financing component exists for any contract with a duration of one year or less, (ii) accounting for shipping and handling as a fulfillment activity within SG&A expense regardless of the timing of the shipment in relation to the transfer of control and (iii) excluding sales and value added tax from the transaction price.

Disaggregated Net Sales

The following table disaggregates the Company's net sales into geographies that depict how economic factors may impact the revenues and cash flows for the periods presented. Each geography presented includes net sales related to the Company's directly operated channels, global travel retail business and to wholesale customers, including distributors, in locations within the specified geographic area.

	North America	Greater China[(1)]	Other Asia[(2)] (millions)	Other[(3)]	Total
Fiscal 2022					
Coach	**$ 3,102.8**	**$ 892.2**	**$ 691.3**	**$ 235.0**	**$ 4,921.3**
Kate Spade	**1,156.7**	**41.7**	**139.0**	**108.1**	**1,445.5**
Stuart Weitzman	**189.9**	**92.7**	**0.4**	**34.7**	**317.7**
Total	**$ 4,449.4**	**$ 1,026.6**	**$ 830.7**	**$ 377.8**	**$ 6,684.5**
Fiscal 2021					
Coach	$ 2,466.3	$ 930.6	$ 666.3	$ 189.9	$ 4,253.1
Kate Spade	936.7	55.2	134.7	83.4	1,210.0
Stuart Weitzman	139.4	108.3	4.0	31.5	283.2
Total	$ 3,542.4	$ 1,094.1	$ 805.0	$ 304.8	$ 5,746.3
Fiscal 2020					
Coach	$ 2,015.5	$ 600.8	$ 691.0	$ 218.4	$ 3,525.7
Kate Spade	889.4	48.3	141.6	70.2	1,149.5
Stuart Weitzman	146.2	81.2	18.3	40.5	286.2
Total	$ 3,051.1	$ 730.3	$ 850.9	$ 329.1	$ 4,961.4

(1) Greater China includes mainland China, Taiwan, Hong Kong SAR and Macao SAR.

(2) Other Asia includes Japan, Malaysia, Australia, New Zealand, South Korea, Singapore and other countries within Asia.

(3) Other sales primarily represents sales in Europe, the Middle East and royalties earned from the Company's licensing partners.

Deferred Revenue

Deferred revenue results from cash payments received or receivable from customers prior to the transfer of the promised goods or services, and is primarily related to unredeemed gift cards, net of breakage which has been recognized. Additional deferred revenue may result from sales-based royalty payments received or receivable which exceed the revenue recognized during the contractual period. The balance of such amounts as of July 2, 2022 and July 3, 2021 was $41.5 million and $32.4 million, respectively, which were primarily recorded within Accrued liabilities on the Company's Consolidated Balance Sheets and are generally expected to be recognized as revenue within a year. For the fiscal year ended July 2, 2022, net sales of $16.8 million were recognized from amounts recorded as deferred revenue as of July 3, 2021. For the fiscal year ended July 3, 2021, net sales of $12.5 million were recognized from amounts recorded as deferred revenue as of June 27, 2020.

5. RESTRUCTURING ACTIVITIES

Acceleration Program

Starting in fiscal 2020, the Company embarked on a strategic growth plan after undergoing a review of its business under its multi-year growth agenda. This multi-faceted, multi-year strategic growth plan (the "Acceleration Program") reflects: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and share-based compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. Since inception in fiscal 2020, the Company incurred total pre-tax charges of $219.4 million. The Company does not expect to incur further expenses related to the Acceleration Program in fiscal 2023.

Under the Acceleration Program, the Company incurred charges of $42.8 million during the fiscal year ended July 2, 2022, all of which was recorded within SG&A expenses. Of the $42.8 million recorded within SG&A expenses, $26.6 million was recorded within Corporate, $6.7 million was recorded within the Coach segment, $5.9 million was recorded within the Kate Spade segment and $3.6 million was recorded within the Stuart Weitzman segment.

During the fiscal year ended July 3, 2021, the Company incurred charges of $89.6 million, all of which was recorded within SG&A expenses. Of the $89.6 million recorded within SG&A, $65.8 million was recorded within Corporate, $21.9 million was recorded within the Coach segment, $4.4 million was recorded within the Kate Spade segment and a reduction of expense of $2.5 million was recorded within the Stuart Weitzman segment.

During the fiscal year ended June 27, 2020, the Company incurred charges of $87.0 million, of which $8.4 million was recorded within Cost of sales and $78.6 million was recorded within SG&A expenses. Of the $8.4 million recorded within Cost of sales, $8.4 million was recorded within the Stuart Weitzman segment. Of the $78.6 million recorded within SG&A expenses, $28.9 million was recorded within Corporate, $18.5 million was recorded within the Coach segment, $17.6 million was recorded within the Stuart Weitzman segment and $13.6 million was recorded within the Kate Spade segment.

A summary of charges and related liabilities under the Acceleration Program is as follows:

	Organization-Related(1)	Store Closure(2)	Other(3)	Total
		(millions)		
Fiscal 2020 charges	$ 44.7	$ 32.3	$ 10.0	$ 87.0
Cash payments	(15.8)	(11.0)	(7.1)	(33.9)
Non-cash charges	(4.0)	(20.8)	—	(24.8)
Liability balance as of June 27, 2020	$ 24.9	$ 0.5	$ 2.9	$ 28.3
Fiscal 2021 charges	$ 16.6	$ 5.9	$ 67.1	$ 89.6
Cash payments	(38.2)	(11.9)	(36.6)	(86.7)
Non-cash charges	—	5.8	(10.9)	(5.1)
Liability balance as of July 3, 2021	$ 3.3	$ 0.3	$ 22.5	$ 26.1
Fiscal 2022 charges	**$ 0.5**	**$ 3.9**	**$ 38.4**	**$ 42.8**
Cash payments	**(2.7)**	**(6.4)**	**(38.2)**	**(47.3)**
Non-cash charges	**—**	**2.4**	**(17.2)**	**(14.8)**
Liability balance as of July 2, 2022	**$ 1.1**	**$ 0.2**	**$ 5.5**	**$ 6.8**

(1) Organization-related charges, recorded within SG&A expenses, primarily relates to severance and other related costs.

(2) Store closure charges represent lease termination penalties, removal or modification of lease assets and liabilities, establishing inventory reserves, accelerated depreciation and severance.

(3) Other charges, recorded within SG&A, primarily relates to share-based compensation and professional fees.

6. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of Accumulated other comprehensive income (loss), as of the dates indicated, are as follows:

	Unrealized Gains (Losses) on Cash Flow Hedging Derivatives(1)	Unrealized Gains (Losses) on Available-for-Sale Investments	Cumulative Translation Adjustment(2)	Total
		(millions)		
Balances at June 27, 2020	$ 1.1	$ —	$ (93.3)	$ (92.2)
Other comprehensive income (loss) before reclassifications	(6.6)	—	22.0	15.4
Less: amounts reclassified from accumulated other comprehensive income (loss)	(4.8)	—	—	(4.8)
Net current-period other comprehensive income (loss)	(1.8)	—	22.0	20.2
Balances at July 3, 2021	$ (0.7)	$ —	$ (71.3)	$ (72.0)
Other comprehensive income (loss) before reclassifications	**(4.2)**	**(0.5)**	**(96.8)**	**(101.5)**
Less: amounts reclassified from accumulated other comprehensive income (loss)	**(2.6)**	**—**	**—**	**(2.6)**
Net current-period other comprehensive income (loss)	**(1.6)**	**(0.5)**	**(96.8)**	**(98.9)**
Balances at July 2, 2022	**$ (2.3)**	**$ (0.5)**	**$ (168.1)**	**$ (170.9)**

(1) The ending balances of AOCI related to cash flow hedges are net of tax of $0.9 million and $0.3 million as of July 2, 2022 and July 3, 2021, respectively. The amounts reclassified from AOCI are net of tax of $0.8 million and $0.1 million as of July 2, 2022 and July 3, 2021, respectively.

(2) As of July 2, 2022, OCI before reclassifications includes a net loss of $7.6 million related to changes in the fair values of instruments designated as hedges of the Company's net investment in certain foreign operations. The ending balances of AOCI related to net investment hedges are net of tax of $(11.4) million as of July 2, 2022 and as the Company began entering into net investment hedges in Fiscal 2022, there was no balance as of July 3, 2021.

7. SHARE-BASED COMPENSATION

The Company maintains several share-based compensation plans which are more fully described below. The following table shows the total compensation cost charged against income for these plans and the related tax benefits recognized in the Consolidated Statements of Operations:

	July 2, 2022	July 3, 2021	June 27, 2020
		(millions)	
Share-based compensation expense(1)	**$ 89.4**	$ 74.9	$ 66.9
Income tax benefit related to share-based compensation expense	**15.2**	12.9	13.8

(1) During the fiscal year ended July 2, 2022, the Company incurred $17.2 million of share-based compensation expense related to its Acceleration Program. During the fiscal year ended July 3, 2021, the Company incurred $10.8 million of share-based compensation expense related to Acceleration Program. During the fiscal year ended June 27, 2020, the Company incurred $9.8 million of share-based compensation expense related to its organization-related and integration activities and $4.0 million of share-based compensation expense related to its Acceleration Program. Refer to Note 5, "Restructuring Activities," for further information.

Stock-Based Plans

The Company maintains the Amended and Restated Tapestry, Inc. 2018 Stock Incentive Plan to award stock options and shares to certain members of management and the outside members of its Board of Directors ("Board"). The Company maintains the 2010 Stock Incentive Plan for awards granted prior to the establishment of the 2018 Stock Incentive Plan. These plans were approved by the Company's stockholders. The exercise price of each stock option equals 100% of the market price of the Company's stock on the date of grant and generally has a maximum term of 10 years. Stock options and service based share awards that are granted as part of the annual compensation process generally vest ratably over four years. Stock option and share awards are subject to forfeiture until completion of the vesting period, which ranges from one to four years. The Company issues new shares upon the exercise of stock options or vesting of share awards.

Stock Options

A summary of stock option activity during the fiscal year ended July 2, 2022 is as follows:

	Number of Options Outstanding (millions)	Weighted-Average Exercise Price per Option	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (millions)
Outstanding at July 3, 2021	13.3	$ 35.99		
Granted	**0.7**	**42.27**		
Exercised	**(2.2)**	**33.70**		
Forfeited or expired	**(1.8)**	**48.94**		
Outstanding at July 2, 2022	**10.0**	**34.52**	**5.4**	**$ 49.9**
Vested and expected to vest at July 2, 2022	**10.0**	**34.61**	**5.3**	**49.0**
Exercisable at July 2, 2022	**6.5**	**39.32**	**4.0**	**15.7**

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model and the following weighted-average assumptions:

	July 2, 2022	July 3, 2021	June 27, 2020
Expected term (years)	**5.0**	5.1	5.1
Expected volatility	**46.9 %**	48.8 %	37.6 %
Risk-free interest rate	**0.8 %**	0.3 %	1.5 %
Dividend yield	**2.4 %**	— %	6.3 %

The expected term of options represents the period of time that the options granted are expected to be outstanding and is based on historical experience. Expected volatility is based on historical volatility of the Company's stock as well as the implied volatility from publicly traded options on the Company's stock. The risk free interest rate is based on the zero-coupon U.S. Treasury issue as of the date of the grant. Dividend yield is based on the expected annual dividend per share and the Company's stock price as of the grant date.

The weighted-average grant-date fair value of options granted during fiscal 2022, fiscal 2021 and fiscal 2020 was $13.94, $7.54 and $3.83, respectively. The total intrinsic value of options exercised during fiscal 2022, fiscal 2021 and fiscal 2020 was $17.5 million, $17.0 million and $0.0 million, respectively. The total cash received from option exercises was $71.3 million, $58.1 million and $0.1 million in fiscal 2022, fiscal 2021 and fiscal 2020, respectively, and the cash tax benefit realized for the tax deductions from these option exercises was $3.7 million, $3.7 million and $0.0 million, respectively.

At July 2, 2022, $16.7 million of total unrecognized compensation cost related to non-vested stock option awards is expected to be recognized over a weighted-average period of 1.3 years.

Service-based Restricted Stock Unit Awards ("RSUs")

A summary of service-based RSU activity during the year ended July 2, 2022 is as follows:

	Number of Non-vested RSUs (millions)	Weighted-Average Grant- Date Fair Value per RSU
Non-vested at July 3, 2021	7.3	$ 21.11
Granted	**1.9**	**41.70**
Vested	**(2.2)**	**25.00**
Forfeited	**(0.6)**	**24.62**
Non-vested at July 2, 2022	**6.4**	**25.15**

At July 2, 2022, $94.1 million of total unrecognized compensation cost related to non-vested share awards is expected to be recognized over a weighted-average period of 1.3 years.

The weighted-average grant-date fair value of share awards granted during fiscal 2022, fiscal 2021 and fiscal 2020 was $41.70, $16.40 and $21.31, respectively. The total fair value of shares vested during fiscal 2022, fiscal 2021 and fiscal 2020 was $92.5 million, $26.3 million and $33.5 million, respectively.

Performance-based Restricted Stock Unit Awards ("PRSU")

The Company grants PRSUs to key executives, the vesting of which is subject to the executive's continuing employment and the Company's achievement of certain performance goals. A summary of PRSU activity during the fiscal year ended July 2, 2022 is as follows:

	Number of Non-vested PRSUs (millions)	Weighted-Average Grant- Date Fair Value per PRSU
Non-vested at July 3, 2021	1.0	$ 20.82
Granted	**0.3**	**41.86**
Change due to performance condition achievement	**(0.1)**	**48.38**
Vested	—	—
Forfeited	—	—
Non-vested at July 2, 2022	**1.2**	**23.52**

At July 2, 2022, $17.6 million of total unrecognized compensation cost related to non-vested share awards is expected to be recognized over a weighted-average period of 1.1 years.

The weighted-average grant-date fair value per share of PRSU awards granted during fiscal 2022, fiscal 2021 and fiscal 2020 was $41.86, $16.83 and $21.43, respectively. The total fair value of awards that vested during fiscal 2022, fiscal 2021 and fiscal 2020 was $0.0 million, $3.7 million and $8.3 million, respectively.

PRSUs are subject to a two-year and three-year cliff vesting contingent on the employee's continuing employment and the Company's achievement of the performance goals established at the beginning of the performance period. The fair value of the PRSU's is based on the price of the Company's common stock on the date of grant.

In fiscal 2022, fiscal 2021 and fiscal 2020, the cash tax benefit realized for the tax deductions from all RSUs (service and performance-based) was $17.4 million, $6.2 million and $8.8 million, respectively.

Employee Stock Purchase Plan

Under the 2001 Employee Stock Purchase Plan, eligible employees are permitted to purchase a limited number of Company common shares at 85% of market value. Under this plan, the Company sold 0.1 million, 0.2 million and 0.2 million shares to employees in fiscal 2022, fiscal 2021 and fiscal 2020, respectively. Compensation expense is calculated for the fair value of employees' purchase rights using the Black-Scholes model and the following weighted-average assumptions:

	Fiscal Year Ended		
	July 2, 2022	July 3, 2021	June 27, 2020
Expected term (years)	**0.5**	0.5	0.5
Expected volatility	**38.2 %**	81.6 %	50.2 %
Risk-free interest rate	**0.1 %**	0.1 %	1.9 %
Dividend yield	**1.5 %**	— %	4.9 %

The weighted-average fair value of the purchase rights granted during fiscal 2022, fiscal 2021 and fiscal 2020 was $10.71, $7.39 and $7.75, respectively. The Company issues new shares for employee stock purchases.

8. INVESTMENTS

The following table summarizes the Company's primarily U.S. dollar-denominated investments, recorded within the Consolidated Balance Sheets as of July 2, 2022 and July 3, 2021:

	July 2, 2022			July 3, 2021		
	Short-term	**Long-term**[3]	**Total**	Short-term	Long-term[3]	Total
			(millions)			
Available-for-sale investments:						
Commercial paper[1]	**$ 59.6**	**$ —**	**$ 59.6**	$ —	$ —	$ —
Government securities – U.S.[2]	**39.4**	**—**	**39.4**	—	—	—
Corporate debt securities – U.S.[2]	**55.2**	**—**	**55.2**	—	—	—
Available-for-sale investments, total	**$ 154.2**	**$ —**	**$ 154.2**	$ —	$ —	$ —
Other:						
Time deposits[1]	**0.6**	**—**	**0.6**	0.7	—	0.7
Other	**8.6**	**0.1**	**8.7**	7.4	0.1	7.5
Total Investments	**$ 163.4**	**$ 0.1**	**$ 163.5**	$ 8.1	$ 0.1	$ 8.2

(1) These securities have original maturities greater than three months and are recorded at fair value.

(2) These securities as of July 2, 2022 have maturity dates during fiscal 2023 and are recorded at fair value.

(3) Long-term investments are presented within Other assets on the Consolidated Balance Sheets.

There were no material gross unrealized gains or losses on available-for-sale investments as of the periods ended July 2, 2022 and July 3, 2021.

9. LEASES

The Company leases retail space, office space, warehouse facilities, fulfillment centers, storage space, machinery, equipment and certain other items under operating leases. The Company's leases have initial terms ranging from 1 to 20 years and may have renewal or early termination options ranging from 1 to 10 years. These leases may also include rent escalation clauses or lease incentives. In determining the lease term used in the lease ROU asset and lease liability calculations, the Company considers various factors such as market conditions and the terms of any renewal or termination options that may exist. When deemed reasonably certain, the renewal and termination options are included in the determination of the lease term and calculation of the lease ROU asset and lease liability. The Company is typically required to make fixed minimum rent payments, variable rent payments primarily based on performance (i.e., percentage-of-sales-based payments), or a combination thereof, directly related to its ROU asset. The Company is also often required, by the lease, to pay for certain other costs including real estate taxes, insurance, common area maintenance fees, and/or certain other costs, which may be fixed or variable, depending upon the terms of the respective lease agreement. To the extent these payments are fixed, the Company has included them in calculating the lease ROU assets and lease liabilities.

The Company calculates lease ROU assets and lease liabilities as the present value of fixed lease payments over the reasonably certain lease term beginning at the commencement date. The Company is required to use the implicit rate to determine the present value of lease payments. As the rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate based on the information available at the lease commencement date, including the Company's credit rating, credit spread and adjustments for the impact of collateral, lease tenors, economic environment and currency.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For finance leases and impaired operating leases, the ROU asset is depreciated on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability. For leases with a lease term of 12 months or less ("short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred.

The Company acts as sublessor in certain leasing arrangements, primarily related to a sublease of a portion of the Company's leased headquarters space as well as certain retail locations. Fixed sublease payments received are recognized on a straight-line basis over the sublease term.

ROU assets, along with any other related long-lived assets, are periodically evaluated for impairment.

The following table summarizes the ROU assets and lease liabilities recorded on the Company's Consolidated Balance Sheet as of July 2, 2022 and July 3, 2021:

	July 2, 2022	July 3, 2021	Location Recorded on Balance Sheet
	(millions)		
Assets:			
Operating leases	**$ 1,281.6**	$ 1,496.6	Operating lease right-of-use assets
Finance leases	**1.9**	2.6	Property and equipment, net
Total lease assets	**$ 1,283.5**	$ 1,499.2	
Liabilities:			
Operating leases:			
Current lease liabilities	**$ 288.7**	$ 319.4	Current lease liabilities
Long-term lease liabilities	**1,282.3**	1,525.9	Long-term lease liabilities
Total operating lease liabilities	**$ 1,571.0**	$ 1,845.3	
Finance leases:			
Current lease liabilities	**$ 1.1**	$ 1.0	Accrued liabilities
Long-term lease liabilities	**2.4**	3.4	Other liabilities
Total finance lease liabilities	**$ 3.5**	$ 4.4	
Total lease liabilities	**$ 1,574.5**	$ 1,849.7	

The following table summarizes the composition of net lease costs, primarily recorded within SG&A expenses on the Company's Consolidated Statement of Operations for the fiscal year ended July 2, 2022 and July 3, 2021:

	Fiscal Year Ended	
	July 2, 2022	July 3, 2021
	(millions)	
Finance lease cost:		
Amortization of right-of-use assets	**$ 0.9**	$ 0.8
Interest on lease liabilities[(1)]	**0.5**	0.6
Total finance lease cost	**1.4**	1.4
Operating lease cost	**331.9**	348.7
Short-term lease cost	**23.5**	23.0
Variable lease cost[(2)]	**203.0**	115.7
Operating lease right-of-use impairment[(3)]	**0.9**	48.3
Less: sublease income	**(19.7)**	(20.2)
Total net lease cost	**$ 541.0**	$ 516.9

(1) Interest on lease liabilities is recorded within Interest expense, net on the Company's Consolidated Statement of Operations.

(2) Rent concessions negotiated related to Covid-19 are recorded in variable lease cost.

(3) Operating lease right-of-use impairment includes charges under the Acceleration Program for the year ended July 3, 2021.

The following table summarizes certain cash flow information related to the Company's leases for the fiscal year ended July 2, 2022 and July 3, 2021:

	Fiscal Year Ended	
	July 2, 2022	July 3, 2021
	(millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 418.3**	$ 487.6
Operating cash flows from finance leases	**0.5**	0.6
Financing cash flows from finance leases	**0.9**	0.8
Non-cash transactions:		
Right-of-use assets obtained in exchange for operating lease liabilities	**111.7**	62.3
Right-of-use assets obtained in exchange for finance lease liabilities	**—**	—

The following table provides a maturity analysis of the Company's lease liabilities recorded on the Consolidated Balance Sheet as of July 2, 2022:

	July 2, 2022		
	Operating Leases	Finance Leases	Total
	(millions)		
Fiscal 2023	$ 358.8	$ 1.4	$ 360.2
Fiscal 2024	298.5	1.4	299.9
Fiscal 2025	236.7	1.3	238.0
Fiscal 2026	192.4	—	192.4
Fiscal 2027	159.4	—	159.4
Fiscal 2028 and thereafter	637.6	—	637.6
Total lease payments	1,883.4	4.1	1,887.5
Less: imputed interest	(312.4)	(0.6)	(313.0)
Total lease liabilities	$ 1,571.0	$ 3.5	$ 1,574.5

The future minimum fixed sublease receipts under non-cancelable operating lease agreements as of July 2, 2022 are as follows:

	July 2, 2022
	(millions)
Fiscal 2023	$ 16.3
Fiscal 2024	16.7
Fiscal 2025	16.6
Fiscal 2026	14.8
Fiscal 2027	14.8
Fiscal 2028 and thereafter	142.3
Total sublease income	$ 221.5

The following table summarizes the weighted-average remaining lease terms and weighted-average discount rates related to the Company's operating leases and finance leases recorded on the Consolidated Balance Sheet as of July 2, 2022 and July 3, 2021:

	July 2, 2022	July 3, 2021
Weighted average remaining lease term (years):		
Operating leases	**8.0**	8.3
Finance leases	**2.9**	3.9
Weighted average discount rate:		
Operating leases	**3.9 %**	3.8 %
Finance leases	**11.3 %**	11.3 %

Additionally, the Company had approximately $181.4 million of future payment obligations related to executed lease agreements for which the related lease had not yet commenced as of July 2, 2022. This obligation primarily relates to a lease agreement for a fulfillment center to be located in Las Vegas, Nevada.

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following tables provide information related to the Company's derivative instruments recorded on the Company's Consolidated Balance Sheets as of July 2, 2022 and July 3, 2021:

	Notional Value		**Derivative Assets**			**Derivative Liabilities**		
				Fair Value			**Fair Value**	
Designated Derivative Hedging Instruments	**July 2, 2022**	July 3, 2021	Balance Sheet Classification	**July 2, 2022**	July 3, 2021	Balance Sheet Classification	**July 2, 2022**	July 3, 2021
				(millions)				
FC - Inventory purchases[(1)]	**$ 41.5**	$ 61.4	Other Current Assets	**$ —**	**$** —	Accrued Liabilities	**$ 2.7**	$ 1.2
FC - Intercompany liabilities and loans[(2)]	**274.1**	248.2	Other Current Assets	**0.4**	0.3	Accrued Liabilities	**0.5**	—
CCS - Net investment hedges[(3)]	**1,200.0**	—	Other Assets	**47.8**	—	Other Liabilities	**44.0**	—
Total Hedges	**$ 1,515.6**	$ 309.6		**$ 48.2**	$ 0.3		**$ 47.2**	$ 1.2

(1) Represents forward foreign currency exchange contracts ("FC") designated as derivative instruments in cash flow hedging relationships.

(2) Represents forward foreign currency exchange contracts ("FC") designated as derivative instruments in fair value hedging relationships.

(3) Represents cross currency swap contracts ("CCS") designated as derivative instruments in net investment hedging relationships.

The following tables provides the pretax impact of gains and losses from the Company's designated derivative instruments on its Consolidated Financial Statements for the fiscal years ended July 2, 2022, July 3, 2021 and June 27, 2020:

	Amount of Gain (Loss) Recognized in OCI on Derivatives		
	Fiscal Year Ended (millions)		
	July 2, 2022	July 3, 2021	June 27, 2020
Cash flow hedges:			
Inventory purchases[1]	**$ (5.6)**	$ (7.2)	$ (7.9)
Cash flow hedges, total	**$ (5.6)**	$ (7.2)	$ (7.9)
Fair value hedges:			
Intercompany liabilities & loans[2]	**—**	—	—
Fair value hedges, total	**$ —**	$ —	$ —
Other:			
Net investment hedges	**3.8**	—	—
Other, total	**$ 3.8**	$ —	$ —
Total hedges	**$ (1.8)**	$ (7.2)	$ (7.9)

		Amount of Gain (Loss) Reclassified from Accumulated OCI into Income		
	Statement of Operations Classification	Fiscal Year Ended (millions)		
		July 2, 2022	July 3, 2021	June 27, 2020
Cash flow hedges:				
Inventory purchases[1]	Cost of Sales	**$ (3.4)**	$ (4.9)	$ (12.4)
Total hedges		**$ (3.4)**	$ (4.9)	$ (12.4)

For forward foreign currency exchange contracts that are designated as fair value hedges, both the gain (loss) on the derivative as well as the offsetting gain (loss) on the hedged item attributable to the hedged risk are recorded within Other expense (income) on the Company's Consolidated Statement of Operations.

The Company expects that $3.6 million of net derivative gains included in Accumulated other comprehensive income at July 2, 2022 will be reclassified into earnings within the next 12 months. This amount will vary due to fluctuations in foreign currency exchange rates.

The Company assesses the cross-currency swaps used as a net investment hedges under the spot method. This results in the cross-currency basis spread being excluded from the assessment of hedge effectiveness, and recorded as incurred as a reduction in interest expense in the Company's consolidated statements of operations. Accordingly, the Company recorded net interest income of $2.2 million during Fiscal 2022.

11. FAIR VALUE MEASUREMENTS

The Company categorizes its assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. The three levels of the hierarchy are defined as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for substantially the full term of the asset or liability.

Level 3 — Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability. The Company does not have any Level 3 investments.

The following table shows the fair value measurements of the Company's financial assets and liabilities at July 2, 2022 and July 3, 2021:

	Level 1		Level 2	
	July 2, 2022	July 3, 2021	**July 2, 2022**	July 3, 2021
	(millions)			
Assets:				
Cash equivalents[1]	**$ 99.1**	$ 662.0	**$ 10.9**	$ 0.4
Short-term investments:				
Time deposits[2]	**—**	—	**0.6**	0.7
Commercial paper[2]	**—**	—	**59.6**	—
Government securities - U.S.[2]	**39.4**	—	**—**	—
Corporate debt securities - U.S.[2]	**—**	—	**55.2**	—
Other	**—**	—	**8.6**	7.4
Long-term investments:				
Other	**—**	—	**0.1**	0.1
Derivative Assets:				
Inventory-related instruments[3]	**—**	—	**—**	—
Net investment hedges[3]	**—**	—	**47.8**	—
Intercompany loans and payables[3]	**—**	—	**0.4**	0.3
Liabilities:				
Derivative liabilities:				
Inventory-related instruments[3]	**$ —**	$ —	**$ 2.7**	$ 1.2
Net investment hedges[3]	**—**	—	**44.0**	—
Intercompany loans and payables[3]	**—**	—	**0.5**	—

(1) Cash equivalents consist of money market funds and time deposits with maturities of three months or less at the date of purchase. Due to their short term maturity, management believes that their carrying value approximates fair value.

(2) Short-term investments are recorded at fair value, which approximates their carrying value, and are primarily based upon quoted vendor or broker priced securities in active markets.

(3) The fair value of these hedges is primarily based on the forward curves of the specific indices upon which settlement is based and includes an adjustment for the counterparty's or Company's credit risk.

Refer to Note 12, "Debt," for the fair value of the Company's outstanding debt instruments.

Non-Financial Assets and Liabilities

The Company's non-financial instruments, which primarily consist of goodwill, intangible assets, right-of-use assets and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial instruments are assessed for impairment and, if applicable, written-down to and recorded at fair value, considering market participant assumptions.

During the fiscal year ended July 2, 2022, the Company recorded $3.1 million of impairment charges to reduce the carrying amount of certain store assets within property and equipment, net to their estimated fair values. During the fiscal year ended July 3, 2021, the Company recorded $12.6 million of impairment charges to reduce the carrying amount of certain store assets within property and equipment, net to their estimated fair values.

During the fiscal year ended July 2, 2022, the Company recorded $0.9 million of impairment charges to reduce the carrying amount of certain operating lease right-of-use assets to their estimated fair values. During the fiscal year ended July 3, 2021, the Company recorded $48.3 million of impairment charges to reduce the carrying amount of certain operating lease right-of-use assets to their estimated fair values.

The fair value of store assets were determined based on Level 3 measurements. Inputs to these fair value measurements included estimates of the amounts and the timing of the stores' net future discounted cash flows based on historical experience, current trends and market conditions.

During the fiscal year ended June 27, 2020, the Company recorded a full impairment of $267.0 million to the Stuart Weitzman indefinite-lived brand intangibles, and a full impairment of $210.7 million to goodwill pertaining to the Stuart Weitzman reporting unit. Refer to Note 14, "Goodwill and Other Intangible Assets" for further information.

12. DEBT

The following table summarizes the components of the Company's outstanding debt:

		July 2, 2022		July 3, 2021
		(millions)		
Current Debt:				
Term Loan	$	31.2	$	—
Total Current Debt	$	31.2	$	—
Long-Term Debt:				
Term Loan	$	468.8	$	—
3.050% Senior Notes due 2032		500.0		—
4.125% Senior Notes due 2027		396.6		600.0
3.000% Senior Notes due 2022		—		400.0
4.250% Senior Notes due 2025		303.4		600.0
Total Long-Term Debt		1,668.8		1,600.0
Less: Unamortized Discount and Debt Issuance Costs on Senior Notes		(9.6)		(9.3)
Total Long-Term Debt, net	$	1,659.2	$	1,590.7

During fiscal 2022, 2021 and 2020 the Company recognized interest expense related to the outstanding debt of $68.8 million, $73.5 million and $71.5 million, respectively.

$1.25 Billion Revolving Credit Facility and $500.0 Million Term Loan

On May 11, 2022, the Company financed and replaced the $900.0 Million Revolving Credit Facility by entering into a new credit facility that (i) includes an increased revolving credit facility (the "$1.25 Billion Revolving Credit Facility") from $900.0 million to $1.25 billion, (ii) includes an unsecured $500.0 million Term Loan (the "Term Loan") and (iii) redefines certain terms within the replaced Revolving Credit Facility (see "$900.0 Million Revolving Credit Facility" below). Both the $1.25 Billion Revolving Credit Facility and Term Loan (collectively, the "Credit Facilities") will mature on May 11, 2027. The Company and its subsidiaries must comply on a quarterly basis with a maximum 4.0 to 1.0 ratio of (a) consolidated debt minus unrestricted cash and cash equivalents in excess of $300 million to (b) consolidated EBITDAR.

Borrowings under the $1.25 Billion Revolving Credit Facility bear interest at a rate per annum equal to, at the Company's option, (i) for borrowings in U.S. Dollars, either (a) an alternate base rate or (b) a term secured overnight financing rate, (ii) for borrowings in Euros, the Euro Interbank Offered Rate, (iii) for borrowings in Pounds Sterling, the Sterling Overnight Index Average Reference Rate and (iv) for borrowings in Japanese Yen, the Tokyo Interbank Offer Rate, plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a grid (the "Pricing Grid") based on the ratio of (a) consolidated debt to (b) consolidated EBITDAR (the "Gross Leverage Ratio"). Additionally, the Company will pay facility fees, calculated at a rate per annum determined in accordance with the Pricing Grid, on the full amount of the $1.25 Billion Revolving Credit Facility, payable quarterly in arrears, and certain fees with respect to letters of credit that are issued. The $1.25 Billion Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of the Company and its subsidiaries (which may include commercial paper backup). There were no outstanding borrowings on the $1.25 Billion Revolving Credit Facility as of July 2, 2022.

The Term Loan includes up to a two-month delayed draw period from the closing date. On June 14, 2022 the Company drew down on the Term Loan to satisfy the Company's remaining obligations under the 3.000% senior unsecured notes due 2022 and for general corporate purposes. The Term Loan amortizes in an amount equal to 5.00% per annum, with payments made quarterly. Borrowings under the Term Loan bear interest at a rate per annum equal to, at the Company's option, either (i) an alternate base rate or (ii) a term secured overnight financing rate plus, in each case, an applicable margin. The applicable margin will be adjusted by reference to a pricing grid based on the Gross Leverage Ratio. Additionally, the Company will pay a ticking fee on the undrawn amount of the Term Loan.

3.050% Senior Notes due 2032

On December 1, 2021, the Company issued $500.0 million aggregate principal amount of 3.050% senior unsecured notes due March 15, 2032 at 99.705% of par (the "2032 Senior Notes"). Interest is payable semi-annually on March 15 and September 15 beginning March 15, 2022. Prior to December 15, 2031 (the date that is three months prior to the scheduled maturity date), the Company may redeem the 2032 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2032 Senior Notes to be redeemed or (2) as determined by a Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2032 Senior Notes calculated as if the maturity date of the 2032 Senior Notes was December 15, 2031 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Prospectus Supplement) plus 25 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date.

Cash Tender Offer

On December 1, 2021, the proceeds from the 2032 Senior Notes were utilized to complete a cash tender offer of $203.4 million and $296.6 million of the outstanding aggregate principal amount of the Company's 2027 Senior Notes (defined below under "4.125% Senior Notes due 2027") and 2025 Senior Notes (defined below under "4.250% Senior Notes due 2025"), respectively. As a result of these cash tender offers completed prior to their scheduled maturities, the transactions were subject to a premium of $22.4 million and $26.8 million for the 2027 Senior Notes and 2025 Senior Notes, respectively. Additionally, the Company recognized $4.5 million of debt issuance costs, tender fees, and unamortized original discount in connection with the transaction. These premiums and costs, which totaled $53.7 million, were recorded as a pre-tax debt extinguishment charge during the second quarter of fiscal 2022. Refer to the fiscal 2022, "GAAP to Non-GAAP Reconciliation," in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

4.125% Senior Notes due 2027

On June 20, 2017, the Company issued $600.0 million aggregate principal amount of 4.125% senior unsecured notes due July 15, 2027 at 99.858% of par (the "2027 Senior Notes"). Interest is payable semi-annually on January 15 and July 15 beginning January 15, 2018. Prior to April 15, 2027 (the date that is three month prior to the scheduled maturity date), the Company may redeem the 2027 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2027 Senior Notes to be redeemed or (2) as determined by a Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2027 Senior Notes calculated as if the maturity date of the 2027 Senior Notes was April 15, 2027 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Prospectus Supplement) plus 30 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date. On December 1, 2021, the Company completed a cash tender offer for $203.4 million of the outstanding aggregate principal amount of its 2027 Senior Notes.

3.000% Senior Notes due 2022

On June 20, 2017, the Company issued $400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the "2022 Senior Notes"). Interest is payable semi-annually on January 15 and July 15 beginning January 15, 2018. On June 15, 2022 (the "Redemption Date"), the Company utilized the proceeds from the Term Loan to complete the full redemption of $400.0 million in aggregate principal amount of the 2022 Senior Notes at a redemption price equal to 100.00% of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the Redemption Date of $5.0 million.

4.250% Senior Notes due 2025

On March 2, 2015, the Company issued $600.0 million aggregate principal amount of 4.250% senior unsecured notes due April 1, 2025 at 99.445% of par (the "2025 Senior Notes"). Interest is payable semi-annually on April 1 and October 1 beginning October 1, 2015. Prior to January 1, 2025 (90 days prior to the scheduled maturity date), the Company may redeem the 2025 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2025 Senior Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2025 Senior Notes calculated as if the maturity date of the 2025 Senior Notes was January 1, 2025 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined in the indenture for the 2025 Senior Notes) plus 35 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date. On and after January 1, 2025 (90 days prior to the scheduled maturity date), the Company may redeem the 2025 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to 100% of the principal amount of the 2025 Senior Notes to be redeemed, plus accrued and unpaid interest to the redemption date. On December 1, 2021, the Company completed a cash tender offer for $296.6 million of the outstanding aggregate principal amount of its 2025 Senior Notes.

At July 2, 2022, the fair value of the 2032, 2027, and 2025 Senior Notes was approximately $409.0 million, $383.0 million, and $304.1 million, respectively, based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and is classified as Level 2 measurements within the fair value hierarchy. At July 3, 2021, the fair value of the 2027, 2022 and 2025 Senior Notes was approximately $659.3 million, $407.4 million and $651.9 million, respectively.

$900.0 Million Revolving Credit Facility

On October 24, 2019, the Company entered into a definitive credit agreement whereby Bank of America, N.A., as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions have made available to the Company a $900.0 million revolving credit facility ("900.0 Million Revolving Credit Facility"), including sub-facilities for letters of credit, with a maturity date of October 24, 2024. The $900 Million Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of the Company and its subsidiaries (which may include commercial paper back-up). Letters of credit and swing line loans may be issued under the $900.0 Million Revolving Credit Facility as described below.

Borrowings under the $900.0 Million Revolving Credit Facility bear interest at a rate per annum equal to, at the Borrowers' option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, as defined in the Credit Agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. Additionally, the Company pays a commitment fee at a rate determined by the reference to the aforementioned pricing grid.

On May 19, 2020, the Company entered into Amendment No. 1 (the "Amendment") to the $900.0 Million Revolving Credit Facility under the terms of the Amendment, during the period from the Effective Date until October 2, 2021, the Company must maintain available liquidity of $700 million (with available liquidity defined as the sum of unrestricted cash and cash equivalents and available commitments under credit facilities, including the $900.0 Million Revolving Credit Facility). This requirement, among others that the Company was subject to during the period from the Effective Date until the compliance certificate was delivered for the fiscal quarter ending July 3, 2021 (the "Covenant Relief Period"), has been fulfilled. Going forward, the Company must comply on a quarterly basis with a maximum net leverage ratio of 4.0 to 1.0. The $900 million aggregate commitment amount under the Revolving Credit Facility remained unchanged under the amendment. However, on

May 11, 2022, the $900 Million Revolving Credit Facility was replaced by the $1.25 Billion Revolving Credit Facility described above under, "$1.25 Billion Revolving Credit Facility and $500.0 Million Term Loan".

Debt Maturities

As of July 2, 2022 the debt maturities for the next five fiscal years and thereafter are as follows:

		Principal (millions)
2023	$	31
2024		25
2025		328
2026		25
2027		393
Thereafter		896
Total	$	1,700

13. COMMITMENTS AND CONTINGENCIES

Letters of Credit

The Company had standby letters of credit, surety bonds and bank guarantees totaling $37.8 million and $40.5 million outstanding at July 2, 2022 and July 3, 2021, respectively. The agreements, which expire at various dates through calendar 2028, primarily collateralize the Company’s obligation to third parties for duty, leases, insurance claims and materials used in product manufacturing. The Company pays certain fees with respect to letters of credit that are issued.

Tax Legislation

The Tax Legislation requires the Company to pay a one-time tax, or Transition Tax, on previously unremitted earnings of certain non-U.S. subsidiaries. The Company expects to pay approximately $127.1 million related to the remaining obligation on the Transition Tax. Refer to Note 15, "Income Taxes," for more information related to the impact of the Tax Legislation.

Other

The Company had other contractual cash obligations as of July 2, 2022, including $460.7 million related to inventory purchase obligations, $49.7 million related to capital expenditure and cloud computing implementation commitments, $323.5 million of other purchase obligations, $1.70 billion of debt repayments, $4.1 million of finance lease obligations and $347.5 million of interest payments on the outstanding debt. Refer to Note 9, "Leases," for a summary of the Company's future minimum rental payments under non-cancelable leases.

The Company is involved in various legal proceedings as both plaintiff and defendant, including proceedings to protect Tapestry, Inc.'s intellectual property rights, litigation instituted by persons alleged to have been injured by advertising claims or upon premises within the Company's control, contract disputes, insurance claims and litigation with present or former employees.

As part of Tapestry’s policing program for its intellectual property rights, from time to time, the Company files lawsuits in the U.S. and abroad alleging acts of trademark counterfeiting, trademark infringement, patent infringement, trade dress infringement, copyright infringement, unfair competition, trademark dilution and/or state or foreign law claims. At any given point in time, Tapestry may have a number of such actions pending. These actions often result in seizure of counterfeit merchandise and/or out of court settlements with defendants. From time to time, defendants will raise, either as affirmative defenses or as counterclaims, the invalidity or unenforceability of certain of Tapestry’s intellectual properties.

Although the Company's litigation as described above is incidental to the conduct of Tapestry’s business, such litigation can result in large monetary awards, such as when a civil jury is allowed to determine compensatory and/or punitive damages.

The Company believes that the outcome of all pending legal proceedings in the aggregate will not have a material effect on the Company's business or consolidated financial statements.

14. GOODWILL AND OTHER INTANGIBLE ASSETS

The Company performs its annual impairment assessment of goodwill as well as brand intangibles at the beginning of the fourth quarter of each fiscal year or if an event occurs that would more likely than not reduce the fair value below its carrying amount.

The Company determined there was no impairment in fiscal 2022 and fiscal 2021 based on the annual assessment and no events occurring that would more likely than not reduce the fair value below its carrying amount.

During the third quarter of fiscal 2020, profitability trends continued to decline from those that were expected for the Stuart Weitzman brand. This reduction in both current and future expected cash flows was exacerbated by the Covid-19 pandemic, which resulted in a decline in sales driven by full and partial closures of a significant portion of the Company's stores and the Company's wholesale partners globally. As a result of these macroeconomic conditions, the Company concluded that a triggering event had occurred during the third quarter of fiscal year 2020, resulting in the need to perform a quantitative interim impairment assessment over the Company’s Stuart Weitzman reporting unit and indefinite-lived brand intangible assets. The assessment concluded that the fair values of the Stuart Weitzman reporting unit and indefinite-lived brand intangible asset as of March 28, 2020 did not exceed their respective carrying values.

Accordingly, during the three months ended March 28, 2020, the Company recorded a goodwill impairment charge of $210.7 million related to the Stuart Weitzman reporting unit, resulting in a full impairment. The Company also recorded an impairment charge of $267.0 million related to the Stuart Weitzman indefinite-lived brand, resulting in a full impairment. The goodwill and brand intangible impairment charges were recorded within total SG&A expenses on the Company's Consolidated Statement of Operations for fiscal 2020.

The estimated fair value of the Stuart Weitzman reporting unit was based on a weighted average of the income and market approaches. The income approach is based on estimated discounted future cash flows, while the market approach is based on earnings multiples of selected guideline companies. The approach, which qualifies as level 3 in the fair value hierarchy, incorporated a number of significant assumptions and judgments, including, but not limited to, estimated future cash flows, discount rates, income tax rates, terminal growth rates and valuation multiples derived from comparable publicly traded companies. In considering the excess of the fair value over its carrying value for the Coach and Kate Spade reporting units and indefinite-lived brand intangibles, management did not perform an interim assessment for these reporting units during the three months ended March 28, 2020. The Company determined there was no impairment during the fiscal 2020 annual impairment assessment.

Goodwill

The change in the carrying amount of the Company’s Goodwill by segment is as follows:

	Coach	Kate Spade	Stuart Weitzman [1]	Total
		(millions)		
Balance at June 27, 2020	$ 661.7	$ 639.4	$ —	$ 1,301.1
Foreign exchange impact	(5.4)	1.6	—	(3.8)
Balance at July 3, 2021	656.3	641.0	—	1,297.3
Foreign exchange impact	**(47.2)**	**(8.6)**	**—**	**(55.8)**
Balance at July 2, 2022	**$ 609.1**	**$ 632.4**	**$ —**	**$ 1,241.5**

(1) Amount is net of accumulated goodwill impairment charges of $210.7 million as of July 2, 2022, July 3, 2021 and June 27, 2020.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

Intangible Assets

Intangible assets consist of the following:

	Fiscal Year Ended					
	July 2, 2022			July 3, 2021		
	Gross Carrying Amount	**Accum. Amort.**	**Net**	**Gross Carrying Amount**	**Accum. Amort.**	**Net**
			(millions)			
Intangible assets subject to amortization:						
Customer relationships	**$ 100.3**	**$ (43.5)**	**$ 56.8**	$ 100.5	$ (36.9)	$ 63.6
Total intangible assets subject to amortization	**100.3**	**(43.5)**	**56.8**	100.5	(36.9)	63.6
Intangible assets not subject to amortization:						
Trademarks and trade names	**1,309.8**	—	**1,309.8**	1,309.8	—	1,309.8
Total intangible assets	**$ 1,410.1**	**$ (43.5)**	**$ 1,366.6**	$ 1,410.3	$ (36.9)	$ 1,373.4

As of July 2, 2022, the expected amortization expense for intangible assets is as follows:

	Amortization Expense
	(millions)
Fiscal 2023	$ 6.5
Fiscal 2024	6.5
Fiscal 2025	6.5
Fiscal 2026	6.5
Fiscal 2027	6.5
Thereafter	24.3
Total	**$ 56.8**

The expected future amortization expense above reflects remaining useful lives ranging from approximately 7.8 years to 10.0 years for customer relationships.

15. INCOME TAXES

The provisions for income taxes, computed by applying the U.S. statutory rate to income before taxes, as reconciled to the actual provisions were:

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021		June 27, 2020	
	Amount	**Percentage**	Amount	Percentage	Amount	Percentage
	(millions)					
Income before provision for income taxes:						
United States[1]	**$ 392.0**	**37.4 %**	$ 341.0	38.0 %	$ (496.4)	79.5 %
Foreign	**655.0**	**62.6**	556.3	62.0	(127.8)	20.5
Total income before provision for income taxes	**$ 1,047.0**	**100.0 %**	$ 897.3	100.0 %	$ (624.2)	100.0 %
Tax expense at U.S. statutory rate	**$ 219.9**	**21.0 %**	$ 188.4	21.0 %	$ (131.1)	21.0 %
State taxes, net of federal benefit	**15.8**	**1.5**	18.0	2.0	3.9	(0.6)
Effects of foreign operations[2]	**(3.5)**	**(0.3)**	6.5	0.7	89.8	(14.4)
Effects of tax credits and reorganization[3]	**(49.8)**	**(4.8)**	(94.5)	(10.5)	(28.6)	4.6
Effects of Impairment[4]	—	—	—	—	91.7	(14.7)
Change in state valuation allowance	—	—	11.5	1.3	1.6	(0.3)
Impact of net operating loss carryback		—	(65.4)	(7.3)	(8.3)	1.3
Other, net	**8.3**	**0.8**	(1.4)	(0.2)	8.9	(1.4)
Taxes at effective worldwide rates	**$ 190.7**	**18.2 %**	$ 63.1	7.0 %	$ 27.9	(4.5)%

(1) The United States jurisdiction includes foreign pre-tax earnings allocated to the Company from its interest in a foreign partnership.

(2) This includes the tax related to the Global Intangible Low-Taxed Income ("GILTI"). The Company has elected to account for the tax associated with GILTI as a period cost, and accordingly, the Company has not recorded deferred taxes associated with GILTI.

(3) Fiscal 2021 is comprised primarily of $60.9 million of U.S. federal foreign tax credits generated in fiscal 2021.

(4) This item represents the effective tax rate impact of the Stuart Weitzman Goodwill and indefinite-lived brand intangible impairment activity recorded in fiscal 2020.

Current and deferred tax provision (benefit) was:

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021		June 27, 2020	
	Current	**Deferred**	Current	Deferred	Current	Deferred
	(millions)					
Federal	**$ 104.0**	**$ 13.9**	$ (80.0)	$ 57.3	$ 74.1	$ (88.7)
Foreign	**46.6**	**11.2**	63.8	(9.4)	68.8	(30.9)
State	**10.7**	**4.3**	26.7	4.7	0.7	3.9
Total current and deferred tax provision (benefit)	**$ 161.3**	**$ 29.4**	$ 10.5	$ 52.6	$ 143.6	$ (115.7)

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The components of deferred tax assets and liabilities were:

	July 2, 2022	July 3, 2021
	(millions)	
Share-based compensation	**$ 26.1**	$ 28.6
Reserves not deductible until paid	**51.1**	46.4
Employee benefits	**36.7**	43.6
Net operating loss	**74.7**	88.6
Other	**19.6**	19.6
Inventory	**28.8**	33.0
Lease liability	**335.3**	418.1
Gross deferred tax assets	**572.3**	677.9
Valuation allowance	**51.6**	65.9
Deferred tax assets after valuation allowance	**$ 520.7**	$ 612.0
Goodwill	**69.1**	85.4
Other intangibles	**309.6**	303.7
Property and equipment	**11.3**	20.3
Foreign investments	**23.5**	14.4
Right-of-use	**280.4**	324.6
Prepaid expenses	**0.6**	1.9
Gross deferred tax liabilities	**694.5**	750.3
Net deferred tax (liabilities) assets	**$ (173.8)**	$ (138.3)
Consolidated Balance Sheets Classification		
Deferred income taxes – noncurrent asset	**47.9**	65.6
Deferred income taxes – noncurrent liability	**(221.7)**	(203.9)
Net deferred tax (liabilities) assets	**$ (173.8)**	$ (138.3)

Significant judgment is required in determining the worldwide provision for income taxes, and there are many transactions for which the ultimate tax outcome is uncertain. It is the Company's policy to establish provisions for taxes that may become payable in future years, including those due to an examination by tax authorities. The Company establishes the provisions based upon management's assessment of exposure associated with uncertain tax positions. The provisions are analyzed at least quarterly and adjusted as appropriate based on new information or circumstances in accordance with the requirements of ASC 740.

A reconciliation of the beginning and ending gross amount of unrecognized tax benefits is as follows:

	July 2, 2022	July 3, 2021	June 27, 2020
		(millions)	
Balance at beginning of fiscal year	**$ 111.4**	$ 88.5	$ 85.8
Gross increase due to tax positions related to prior periods	**1.6**	38.3	11.2
Gross decrease due to tax positions related to prior periods	**(11.7)**	(9.4)	(1.6)
Gross increase due to tax positions related to current period	**7.4**	6.8	6.8
Decrease due to lapse of statutes of limitations	**(10.9)**	(12.0)	(8.6)
Decrease due to settlements with taxing authorities	**(1.7)**	(0.8)	(5.1)
Balance at end of fiscal year	**$ 96.1**	$ 111.4	$ 88.5

Of the $96.1 million ending gross unrecognized tax benefit balance as of July 2, 2022, $88.3 million relates to items which, if recognized, would impact the effective tax rate. Of the $111.4 million ending gross unrecognized tax benefit balance as of July 3, 2021, $98.1 million relates to items which, if recognized, would impact the effective tax rate. As of July 2, 2022 and July 3, 2021, gross interest and penalties payable was $8.2 million and $10.1 million, respectively, which are included in Other liabilities. During fiscal 2022, fiscal 2021 and fiscal 2020, the Company recognized gross interest and penalty income of $1.5 million, gross interest and penalty expense of $0.8 million and gross interest and penalty income of $1.2 million, respectively.

The Company files income tax returns in the U.S. federal jurisdiction, as well as various state and foreign jurisdictions. Tax examinations are currently in progress in select foreign and state jurisdictions that are extending the years open under the statutes of limitation. Fiscal years 2018 to present are open to examination in the U.S. federal jurisdiction, fiscal 2016 to present in select state jurisdictions and fiscal 2015 to present in select foreign jurisdictions. The Company is currently under U.S. federal audit for fiscal 2018. The Company anticipates that one or more of these audits may be finalized and certain statutes of limitation may expire in the foreseeable future. However, based on the status of these examinations, and the average time typically incurred in finalizing audits with the relevant tax authorities, the Company cannot reasonably estimate the impact these audits may have in the next 12 months, if any, to previously recorded uncertain tax positions. The Company accrues for certain known and reasonably anticipated income tax obligations after assessing the likely outcome based on the weight of available evidence. Although the Company believes that the estimates and assumptions used are reasonable and legally supportable, the final determination of tax audits could be different than that which is reflected in historical income tax provisions and recorded assets and liabilities. With respect to all jurisdictions, the Company has made adequate provision for all income tax uncertainties.

As of July 2, 2022, the Company had the following tax loss carryforwards available: U.S. state tax loss carryforwards of $706.0 million and tax loss carryforwards of various foreign jurisdictions of $123.9 million. As of July 3, 2021, the Company had the following tax loss carryforwards available: U.S. state tax loss carryforwards of $705.6 million and tax loss carryforwards of various foreign jurisdictions of $211.7 million. The state net operating loss carryforwards generally start to expire in fiscal 2023, respectively. The majority of the foreign net operating loss can be carried forward indefinitely. Deferred tax assets, including the deferred tax assets recognized on these net operating losses, have been reduced by a valuation allowance of $51.6 million as of July 2, 2022 and $65.9 million as of July 3, 2021.

The Company is not permanently reinvested with respect to the earnings of a limited number of foreign entities and has recorded the tax consequences of remitting earnings from these entities. The Company is permanently reinvested with respect to all other earnings. The total estimated amount of unremitted earnings of foreign subsidiaries as of July 2, 2022 and July 3, 2021 was $747.6 million and $1.01 billion, respectively. The Company intends to distribute $525.5 million of earnings that were previously subject to U.S. Federal Tax and has recorded a deferred tax liability of $1.9 million during fiscal 2022 for U.S. state taxes and foreign withholding taxes related to the future distribution. Based on the Company's current analysis, there is further unrecognized deferred tax liability of approximately $2 to $4 million on the remaining unremitted earnings.

Transition Tax

The Company is required to pay a one-time Transition Tax on previously unremitted earnings of certain non-U.S. subsidiaries. The Company has elected to pay the Transition Tax in installments. As shown in the table below, the remaining Transition Tax payable is $127.1 million and is payable between fiscal 2023 and fiscal 2025.

	Transition Tax Payments (millions)
Fiscal 2023	$ 31.8
Fiscal 2024	42.4
Fiscal 2025	52.9
Total	**$ 127.1**

16. DEFINED CONTRIBUTION PLAN

The Company maintains the Tapestry, Inc. 401(k) Savings Plan, which is a defined contribution plan. Employees who meet certain eligibility requirements and are not part of a collective bargaining agreement may participate in this program. The annual expense incurred by the Company for this defined contribution plan was $11.8 million, $10.6 million and $12.3 million in fiscal 2022, fiscal 2021 and fiscal 2020, respectively.

17. SEGMENT INFORMATION

The Company has three reportable segments:

- *Coach* - Includes global sales of Coach products to customers through Coach operated stores, including e-commerce sites and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.
- *Kate Spade* - Includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including e-commerce sites, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.
- *Stuart Weitzman* - Includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including e-commerce sites, sales to wholesale customers and through numerous independent third party distributors.

In deciding how to allocate resources and assess performance, the Company's chief operating decision maker regularly evaluates the sales and operating income of these segments. Operating income is the gross margin of the segment less direct expenses of the segment.

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

The following table summarizes segment performance for fiscal 2022, fiscal 2021 and fiscal 2020:

	Coach	Kate Spade	Stuart Weitzman (millions)	Corporate[1]	Total
Fiscal 2022					
Net sales	**$ 4,921.3**	**$ 1,445.5**	**$ 317.7**	$ —	**$ 6,684.5**
Gross profit[2]	**3,553.8**	**912.0**	**184.6**	**—**	**4,650.4**
Operating income (loss)	**1,473.9**	**157.4**	**1.8**	**(457.3)**	**1,175.8**
Income (loss) before provision for income taxes	**1,473.9**	**157.4**	**1.8**	**(586.1)**	**1,047.0**
Depreciation and amortization expense[3]	**110.1**	**48.5**	**10.3**	**26.4**	**195.3**
Total assets	**2,392.2**	**2,641.3**	**269.3**	**1,962.5**	**7,265.3**
Additions to long-lived assets[4]	**52.3**	**14.2**	**2.6**	**92.5**	**161.6**
Fiscal 2021					
Net sales	$ 4,253.1	$ 1,210.0	$ 283.2	$ —	$ 5,746.3
Gross profit[2]	3,149.0	768.4	164.5	—	4,081.9
Operating income (loss)	1,312.1	108.5	(8.6)	(444.0)	968.0
Income (loss) before provision for income taxes	1,312.1	108.5	(8.6)	(514.7)	897.3
Depreciation and amortization expense[3]	102.2	46.8	13.3	58.2	220.5
Total assets	2,513.5	2,707.3	298.6	2,863.0	8,382.4
Additions to long-lived assets[4]	37.3	13.5	3.4	61.8	116.0
Fiscal 2020					
Net sales	$ 3,525.7	$ 1,149.5	$ 286.2	$ —	$ 4,961.4
Gross profit[2]	2,411.6	682.9	144.8	—	3,239.3
Operating income (loss)	589.4	(99.3)	(621.4)	(419.5)	(550.8)
Income (loss) before provision for income taxes	589.4	(99.3)	(621.4)	(492.9)	(624.2)
Depreciation and amortization expense[3]	159.1	97.8	518.8	53.5	829.2
Total assets	2,616.6	2,769.2	305.1	2,233.3	7,924.2
Additions to long-lived assets[4]	75.7	62.0	14.3	54.4	206.4

(1) Corporate, which is not a reportable segment, represents certain costs that are not directly attributable to a brand. These costs primarily represent administrative and information systems expense.

(2) For the fiscal year ended July 3, 2021, gross profit reflects a reduction of expense recorded within Cost of sales of $8.1 million within the Coach segment due to the reversal of raw material reserves, which were established in fiscal 2020 as a result of the projected impact of Covid-19. For the fiscal year ended June 27, 2020, gross profit reflects charges recorded within Cost of sales of $61.9 million within the Coach segment, $32.3 million within the Kate Spade segment and $9.8 million within the Stuart Weitzman segment as a result of establishing inventory reserves directly related to the expected impact of Covid-19 on the Company's future sales projections. The non-cash portion of these charges are presented within Impairment charges on the Consolidated Statement of Cash Flows.

(3) For the fiscal year ended July 3, 2021, depreciation and amortization expense includes $1.8 million of Acceleration Program costs, respectively. For the fiscal year ended June 27, 2020, depreciation and amortization expense included $0.4 million of Integration & Acquisition costs as well as impairment charges of $44.6 million for Coach, $36.0 million for Kate Spade and $499.9 million for Stuart Weitzman. Refer to Note 11, "Fair Value Measurements," and Note 14, "Goodwill and

TAPESTRY, INC.

Notes to Consolidated Financial Statements (Continued)

Other Intangible Assets" for further information. Depreciation and amortization expense for the segments includes an allocation of expense related to assets which support multiple segments.

(4) Additions to long-lived assets for the reportable segments primarily include costs for assets that will be capitalized within Property and equipment, net, and costs relating to cloud computing implementation costs. Cloud computing implementation costs are recognized within Prepaid expenses and Other assets on the Consolidated Balance Sheets. Brand additions include costs that are specific for the brand and corporate additions include all other assets which includes a combination of Corporate assets, as well as assets that may support all segments. As such, depreciation expense for these assets may be subsequently allocated to a reportable segment.

The following table shows net sales for each product category represented:

	Fiscal Year Ended					
	July 2, 2022		July 3, 2021		June 27, 2020	
	Amount	**% of total net sales**	Amount	% of total net sales	Amount	% of total net sales
			(millions)			
Coach						
Women's Handbags	**$ 2,574.8**	**38 %**	$ 2,302.3	40 %	$ 1,852.0	37 %
Women's Accessories	**942.5**	**14**	776.7	14	645.4	13
Men's	**904.8**	**14**	769.3	13	688.0	14
Other Products	**499.2**	**7**	404.8	7	340.3	7
Total Coach	**$ 4,921.3**	**73 %**	$ 4,253.1	74 %	$ 3,525.7	71 %
Kate Spade						
Women's Handbags	**$ 819.5**	**12 %**	$ 681.5	12 %	$ 648.9	13 %
Other Products	**319.0**	**5**	269.3	5	260.0	5
Women's Accessories	**307.0**	**5**	259.2	4	240.6	5
Total Kate Spade	**$ 1,445.5**	**22 %**	$ 1,210.0	21 %	$ 1,149.5	23 %
Stuart Weitzman(1)	**$ 317.7**	**5 %**	$ 283.2	5 %	$ 286.2	6 %
Total Net sales	**$ 6,684.5**	**100 %**	$ 5,746.3	100 %	$ 4,961.4	100 %

(1) The significant majority of sales for the Stuart Weitzman brand is attributable to women's footwear.

Geographic Area Information

Geographic revenue information is based on the location of our customer sale. Geographic long-lived asset information is based on the physical location of the assets at the end of each fiscal year and includes property and equipment, net, right of use assets and other assets.

	United States	Japan	Greater China[2] (millions)	Other[3]	Total
Fiscal 2022					
Net sales[1]	**$ 4,174.3**	**$ 578.8**	**$ 1,026.6**	**$ 904.8**	**$ 6,684.5**
Long-lived assets	**1,578.9**	**94.0**	**131.0**	**231.6**	**2,035.5**
Fiscal 2021					
Net sales[1]	$ 3,365.9	$ 598.9	$ 1,094.1	$ 687.4	$ 5,746.3
Long-lived assets	1,722.2	132.0	125.7	290.8	2,270.7
Fiscal 2020					
Net sales[1]	$ 2,839.7	$ 602.9	$ 730.3	$ 788.5	$ 4,961.4
Long-lived assets	1,933.6	166.0	156.0	379.0	2,634.6

(1) Includes net sales from our global travel retail business in locations within the specified geographic area.

(2) Greater China includes mainland China, Taiwan, Hong Kong SAR and Macao SAR.

(3) Other includes sales in Europe, Canada, Malaysia, Australia and New Zealand, South Korea, Singapore, and royalties earned from the Company's licensing partners.

18. EARNINGS PER SHARE

Basic net income per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted net income per share is calculated similarly but includes potential dilution from the exercise of stock options and restricted stock units and any other potentially dilutive instruments, only in the periods in which such effects are dilutive under the treasury stock method.

The following is a reconciliation of the weighted-average shares outstanding and calculation of basic and diluted earnings per share:

	Fiscal Year Ended		
	July 2, 2022	July 3, 2021	June 27, 2020
	(millions, except per share data)		
Net income (loss)	**$ 856.3**	$ 834.2	$ (652.1)
Weighted-average basic shares	**264.3**	277.9	278.6
Dilutive securities:			
Effect of dilutive securities[1]	**5.8**	5.1	—
Weighted-average diluted shares	**270.1**	283.0	278.6
Net income (loss) per share:			
Basic	**$ 3.24**	$ 3.00	$ (2.34)
Diluted	**$ 3.17**	$ 2.95	$ (2.34)

[1] There was no dilutive effect for fiscal year 2020 as the impact of these items would be anti-dilutive as a result of the net loss incurred during the period.

At July 2, 2022, options to purchase 5.4 million shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $33.46 to $58.54, were greater than the average market price of the common shares.

At July 3, 2021, options to purchase 3.7 million shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $44.97 to $78.46, were greater than the average market price of the common shares.

At June 27, 2020, options to purchase 15.0 million shares of common stock were outstanding but not included in the computation of diluted earnings per share, as these options' exercise prices, ranging from $15.38 to $78.46, were greater than the average market price of the common shares.

Earnings per share amounts have been calculated based on unrounded numbers. Options to purchase shares of the Company's common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income (loss) per common share. In addition, the Company has outstanding restricted stock unit awards that are issuable only upon the achievement of certain performance goals. Performance-based restricted stock unit awards are included in the computation of diluted shares only to the extent that the underlying performance conditions (and any applicable market condition modifiers) (i) are satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of July 2, 2022, July 3, 2021 and June 27, 2020, there were approximately 6.9 million, 5.0 million, and 16.2 million, respectively, of shares issuable upon exercise of anti-dilutive options and contingent vesting of performance-based restricted stock unit awards, which were excluded from the diluted share calculations.

19. RELATED PARTIES

The Stuart Weitzman brand owns approximately 50% of a factory located in Spain, which is involved in the production of Stuart Weitzman inventory. Payments to this factory represented $15.6 million and $17.9 million in fiscal 2022 and fiscal 2021, respectively. Amounts payable to this factory were not material at July 2, 2022 or July 3, 2021.

20. SUPPLEMENTAL BALANCE SHEET INFORMATION

The components of certain balance sheet accounts are as follows:

	July 2, 2022	July 3, 2021
	(millions)	
Property and equipment		
Land and building	**$ 8.0**	$ 8.0
Machinery and equipment	**50.1**	46.9
Software and computer equipment	**584.7**	601.6
Furniture and fixtures	**310.7**	320.9
Leasehold improvements	**738.2**	799.2
Construction in progress	**40.4**	45.6
Less: accumulated depreciation	**(1,187.7)**	(1,144.1)
Total property and equipment, net	**$ 544.4**	$ 678.1
Accrued liabilities		
Payroll and employee benefits	**$ 212.4**	$ 216.1
Accrued rent	**18.9**	20.0
Accrued income taxes	**35.8**	52.0
Accrued freight	**80.4**	48.9
Operating expenses	**280.7**	324.2
Total accrued liabilities	**$ 628.2**	$ 661.2
Other liabilities		
Deferred lease obligation	**$ 46.0**	$ 62.2
Gross unrecognized tax benefit	**96.1**	111.4
Other	**110.4**	76.1
Total other liabilities	**$ 252.5**	$ 249.7

TAPESTRY, INC.

Schedule II — Valuation and Qualifying Accounts
For the Fiscal Years Ended July 2, 2022, July 3, 2021 and June 27, 2020

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Write-offs/ Allowances Taken	Balance at End of Year
		(millions)		
Fiscal 2022				
Allowance for credit losses	**$ 4.2**	**$ 19.9**	**$ (20.4)**	**$ 3.7**
Allowance for returns	**18.7**	**8.8**	**(16.3)**	**11.2**
Allowance for markdowns	**11.4**	**13.6**	**(13.4)**	**11.6**
Valuation allowance	**65.9**	**—**	**(14.3)**	**51.6**
Total	**$ 100.2**	**$ 42.3**	**$ (64.4)**	**$ 78.1**
Fiscal 2021				
Allowance for credit losses	$ 15.9	$ 2.8	$ (14.5)	$ 4.2
Allowance for returns	19.3	18.6	(19.2)	18.7
Allowance for markdowns	9.7	16.6	(14.9)	11.4
Valuation allowance	39.6	27.7	(1.4)	65.9
Total	$ 84.5	$ 65.7	$ (50.0)	$ 100.2
Fiscal 2020				
Allowance for credit losses	$ 4.4	$ 26.0	$ (14.5)	$ 15.9
Allowance for returns	10.6	29.1	(20.4)	19.3
Allowance for markdowns	17.8	39.9	(48.0)	9.7
Valuation allowance	32.9	9.3	(2.6)	39.6
Total	$ 65.7	$ 104.3	$ (85.5)	$ 84.5

EXHIBITS TO FORM 10-K

(a) Exhibit Table (numbered in accordance with Item 601 of Regulation S-K)

Exhibit	Description
1.1	Underwriting Agreement, dated as of November 16, 2021, among the Company and BofA Securities, Inc., HSBC Securities (USA) Inc. and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein, which is incorporated herein by reference from Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on November 17, 2021
3.1	Amended and Restated Bylaws of Tapestry, Inc., effective as of October 31, 2017, which is incorporated herein by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on October 31, 2017
3.2	Articles of Incorporation, dated June 1, 2000, which is incorporated herein by reference from Exhibit 3.1 of to the Registrant's Registration Statement on Form S-1 filed on June 16, 2000
3.3	Articles Supplementary of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on May 9, 2001
3.4	Articles of Amendment of Coach, Inc., dated May 3, 2001, which is incorporated herein by reference from Exhibit 3.3 to the Registrant's Current Report on Form 8-K filed on May 9, 2001
3.5	Articles of Amendment of Coach, Inc., dated May 3, 2002, which is incorporated by reference from Exhibit 3.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2002
3.6	Articles of Amendment of Coach, Inc., dated February 1, 2005, which is incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed on February 2, 2005
3.7	Articles of Amendment to Charter of Tapestry, Inc., effective as of October 31, 2017, which is incorporated by reference from Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on October 31, 2017
4.1	Specimen Certificate for Common Stock of Tapestry, Inc. which is incorporated by reference from Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2018, filed on August 16, 2018
4.2	Indenture, dated as of March 2, 2015, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated herein by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on March 2, 2015
4.3	First Supplemental Indenture, dated as of March 2, 2015, relating to the 4.250% senior unsecured notes due 2025, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated herein by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on March 2, 2015
4.4	Form of 4.250% senior unsecured notes due 2025 (included in the First Supplemental Indenture), which is incorporated herein by reference from Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on March 2, 2015
4.5	Second Supplemental Indenture, dated as of June 20, 2017, relating to the 3.000% senior unsecured notes due 2022, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017
4.6	Third Supplemental Indenture, dated as of June 20, 2017, relating to the 4.125% senior unsecured notes due 2027, between Coach, Inc. and U.S. Bank National Association, as trustee, which is incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017
4.7	Form of 3.000% senior unsecured notes due 2022 (included in the Second Supplemental Indenture), which is incorporated by reference from Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017
4.8	Form of 4.125% senior unsecured notes due 2027 (included in the Third Supplemental Indenture), which is incorporated by reference from Exhibit 4.4 to the Registrant's Current Report on Form 8-K, filed on June 20, 2017
4.9	Indenture, dated as of December 1, 2021, between the Company and U.S. Bank National Association, as trustee, which is incorporated herein by reference from Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on December 1, 2021
4.10	First Supplemental Indenture, dated as of December 1, 2021, relating to the 3.050% senior unsecured notes due 2032, between the Company and U.S. Bank National Association, as trustee, which is incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed on December 1, 2021
4.11	Form of 3.050% senior unsecured notes due 2032 (included in the First Supplemental Indenture), which is incorporated by reference from Exhibit 4.3 to the Registrant's Current Report on Form 8-K, filed on December 1, 2021
4.12	Description of Securities, which is incorporated by reference from Exhibit 4.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 27, 2020

Exhibit	Description
10.1†	Coach, Inc. Non-Qualified Deferred Compensation Plan for Outside Directors, which is incorporated by reference from Exhibit 10.14 to The Registrant's Annual Report on Form 10-K for the fiscal year ended June 28, 2003
10.2†	Amended and Restated Tapestry, Inc. 2001 Employee Stock Purchase Plan, which is incorporated by reference to Appendix C to the Registrant's Definitive Proxy Statement for the 2016 Annual Meeting of Stockholders filed on September 30, 2016
10.3†	Coach, Inc. 2004 Stock Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2004 Annual Meeting of Stockholders, filed on September 29, 2004
10.4†	Coach, Inc. 2010 Stock Incentive Plan, which is incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement for the 2010 Annual Meeting of Stockholders, filed on September 24, 2010
10.5†	Amendment to the Coach, Inc. 2010 Stock Incentive Plan, which is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 22, 2014
10.6†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan, which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders, filed on September 26, 2014
10.7†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan (Amended and Restated as of September 18, 2015), which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders, filed on September 25, 2015
10.8†	Coach Inc. Executive Deferred Compensation Plan, effective as of January 1, 2016, which is incorporated herein by reference from Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.9†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan (Amended and Restated as of September 23, 2016), which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2016 Annual Meeting of the Stockholders, filed on September 30, 2016
10.10†	Coach, Inc. Amended and Restated 2010 Stock Incentive Plan (Amended and Restated as of September 20, 2017), which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2017 Annual Meeting of the Stockholders, filed on September 29, 2017
10.11†	Tapestry Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2018 Annual Meeting of Stockholders, filed on September 28, 2018
10.12†	Form of Stock Option Grant Notice and Agreement under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.13†	Form of Restricted Stock Unit Award Grant Notice and Agreement under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.14†	Form of Performance Restricted Stock Unit Agreement Grant Notice and Agreement under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.15†	Form of Stock Option Grant Notice and Agreement for Outside Directors under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated by reference from Exhibit 10.3 to the Registrant's Quarterly Report on Form-Q for the period ended December 29, 2018
10.16†	Form of Restricted Stock Unit Grant Notice and Agreement for Outside Directors under the Tapestry, Inc. 2018 Stock Incentive Plan, which is incorporated by reference from Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the period ended December 29, 2018
10.17†	Tapestry, Inc. 2018 Performance-Based Annual Incentive Plan, which is incorporated herein by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 10, 2018
10.18†	Letter Agreement, dated June 22, 2015, between Coach, Inc. and Todd Kahn, which is incorporated by reference from Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on June 22, 2015
10.19†	Letter Agreement, dated August 11, 2016, between Coach Inc. and Todd Kahn, which is incorporated herein by reference from Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 27, 2020
10.20	Redemption Agreement and Amendment to Limited Liability Company Agreement, dated as of August 1, 2016, by and between Legacy Yards LLC, Coach Legacy Yards LLC and Podium Fund Tower C SPV LLC, which is incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016

Exhibit	Description
10.21	Lease Agreement, dated as of August 1, 2016, by and between Coach, Inc. and Legacy Yards Tenant LP, which is incorporated by reference from Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.22	Amended and Restated Development Agreement, dated as of August 1, 2016, by and between ERY Developer LLC and Coach Legacy Yards LLC, which is incorporated by reference from Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.23	Termination and Release of the Coach Guaranty, dated as of August 1, 2016, by and between Podium Fund Tower C SPV LLC and ERY Developer LLC, which is incorporated by reference from Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the period ended October 1, 2016
10.24	Sublease, dated as of September 13, 2017 between Coach, Inc. and The Guardian Life Insurance Company of America, a New York mutual insurance company, which is incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on September 14, 2017.
10.25†	Letter Agreement, dated May 8, 2019 between the Registrant and Thomas Glaser, which is incorporated herein by reference from Exhibit 10.37 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.26†	Tapestry, Inc. Severance Pay Plan for Vice Presidents and Above, Amended and Restated effective May 9, 2019, which is incorporated herein by reference from Exhibit 10.38 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.27†	Tapestry, Inc. Special Severance Plan, effective August 12, 2019, which is incorporated herein by reference from Exhibit 10.40 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 29, 2019
10.28†	Amended & Restated Tapestry Inc. 2018 Stock Incentive Plan, which is incorporated herein by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2019 Annual Meeting of Stockholders, filed on September 27, 2019
10.29	Credit Agreement, dated as of October 24, 2019, by and among Tapestry, Inc., Bank of America, N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A., as Co-Syndication Agents, and the other lenders party thereto, incorporated by reference from Exhibit 10.4 to Tapestry’s Quarterly Report on Form 10-Q filed on November 7, 2019
10.30†	Letter Agreement, dated January 28, 2020, between the Registrant and Liz Fraser, which is incorporated herein by reference from Exhibit 10.33 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended July 3, 2021.
10.31	Amendment No. 1, dated May 19, 2020, to the Credit Agreement, dated as of October 24, 2019 by and among Tapestry, Inc., Bank of America, N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A., as Co-Syndication Agents, and the other lenders party thereto, which is incorporated herein by reference from Exhibit 10.37 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 27, 2020
10.32†	Letter Agreement, dated July 20, 2020 between the Registrant and Todd Kahn, which is incorporated herein by reference from Exhibit 10.40 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended June 27, 2020
10.33†	Second Amended and Restated Tapestry Inc. 2018 Stock Incentive Plan, which is incorporated by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders, filed on September 25, 2020
10.34†	Letter Agreement, dated October 24, 2020 between the Registrant and Joanne Crevoiserat, incorporated by reference from Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended September 26, 2020
10.35	First Amendment to Lease, dated as of March 12, 2021, between Legacy Yards Tenant LP, a Delaware limited partnership and Tapestry, Inc., incorporated by reference from Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q

Exhibit	Description
10.36†	Letter Agreement, dated April 12, 2021, between the Registrant and Todd Kahn, incorporated by reference from Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q
10.37†	Letter Agreement, dated April 26, 2021, between the Registrant and Scott Roe, incorporated by reference from Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q
10.38	Waiver, dated August 11, 2021, to the Credit Agreement, dated as of October 24, 2019 by and among Tapestry, Inc., Bank of America, N.A. as Administrative Agent, JPMorgan Chase Bank, N.A. and HSBC Bank USA, N.A., as Co-Syndication Agents, and the other lenders party thereto, which is incorporated herein by reference from Exhibit 10.44 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 3, 2021
10.39	Credit Agreement dated as of May 11, 2022, among Tapestry, Inc., the foreign subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto, and Bank of America, N.A. as administrative agent, incorporated by reference from Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on May 12, 2022
10.40†	Letter Agreement, dated August 4, 2022, between the Registrant and Scott Roe, incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on August 4, 2022
21.1*	List of Subsidiaries of Tapestry, Inc.
23.1*	Consent of Deloitte & Touche LLP
31.1*	Rule 13(a)-14(a)/15(d)-14(a) Certifications
32.1*	Section 1350 Certifications
101.INS*	XBRL Instance Document
	Note: the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

† Management contract or compensatory plan or arrangement.

EXHIBIT 21.1

LIST OF SUBSIDIARIES OF TAPESTRY, INC.

Entity Name	Jurisdiction of Formation
17052011 Limited	Hong Kong
504-514 West 34th Street Corp.	United States
Coach (US) Partnership, LLC	United States
Coach Brasil Participações Ltda	Brazil
Coach Consulting Dongguan Co. Ltd.	China
Coach Holdings Partnership (UK) LP	United Kingdom
Coach Hong Kong Limited	Hong Kong
Coach International Limited	Hong Kong
Coach International UK Holdings Limited	United Kingdom
Coach IP Holdings LLC	United States
Coach Italy S.r.l.	Italy
Coach Japan Investments, LLC	United States
Coach Korea Limited	Korea, Republic Of
Coach Leatherware (Thailand) Ltd.	Thailand
Coach Leatherware India Private Limited	India
Coach Legacy Yards Lender LLC	United States
Coach Legacy Yards LLC	United States
Coach Malaysia SDN. BHD.	Malaysia
Coach Management (Shanghai) Co., Ltd.	China
Coach Manufacturing Limited	Hong Kong
Coach Netherlands B.V.	Netherlands
Coach New Zealand	New Zealand
Coach Operations Singapore Pte. Ltd.	Singapore
Coach Services, Inc.	United States
Coach Shanghai Limited	China
Coach Singapore Pte. Ltd.	Singapore
Coach Spain, S.L.	Spain
Coach Stores Australia PTY LTD	Australia
Coach Stores Austria GmbH	Austria
Coach Stores Belgium BV	Belgium
Coach Stores Canada Corporation	Canada
Coach Stores France SARL	France
Coach Stores Germany GmbH	Germany
Coach Stores Ireland Limited	Ireland
Coach Stores Limited	United Kingdom
Coach Stores Puerto Rico, Inc.	United States
Coach Stores Switzerland GmbH	Switzerland
Coach Stores, Unipessoal LDA	Portugal
Coach Thailand Holdings, LLC	United States
Coach Vietnam Company Limited	Vietnam
Creaciones S.W., S.A.	Spain
Fifth & Pacific Companies Cosmetics, Inc.	United States
Fifth & Pacific Companies Foreign Holdings, LLC	United States

Fifth & Pacific Companies Canada Inc.	Canada
FNP Holdings, LLC	United States
Hope Diamon, S.L.	Spain
IP Holdings 2017 LLC	United States
Karucci LLC	United States
Kate Spade Holdings LLC	United States
Kate Spade LLC	United States
Kate Spade Macau Limited	Macau
Kate Spade Puerto Rico, LLC	United States
Kate Spade Retail Hong Kong Limited	Hong Kong
KS China Co., Ltd.	Hong Kong
KS HMT Co., Limited	Hong Kong
Liz Foreign B.V.	Netherlands
Lizzy Mae LLC	United States
Mocaroni, S.L.	Spain
Preparaciones y Moldeados, SL	Spain
Shanghai Kate Spade Trading Co., Ltd.	China
Shoes By Stuart, S.L.U.	Spain
Stuart Weitzman International UK Holdings Limited	United Kingdom
Stuart Weitzman IP, LLC	United States
Stuart Weitzman UK Holdings Limited	United Kingdom
Sunburst, S.L.	Spain
SW-Italy, LLC	United States
Tapestry (Cambodia) Company Limited	Cambodia
Tapestry (Hainan) Group Co., Ltd.	China
Tapestry International UK Holdings Limited	United Kingdom
Tapestry International US Holdings LLC	United States
Tapestry Japan, LLC	Japan
Tapestry Myanmar Limited	Myanmar
Tapestry Switzerland GmbH	Switzerland
Tapestry UK Holdings Limited	United Kingdom
Tapestry Ventures International, LLC	United States
WCFL Holdings LLC	United States
Westcoast Contempo Fashions Limited	Canada

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-253071, 333-162502, and 333-162454 on Form S-3 and Registration Statement Nos. 333-228281, 333-222915, 333-209393, 333-214562, 333-219241, 333-205331, 333-172699, 333-51706, 333-234576 and 333-250200 on Form S-8 of our reports dated August 18, 2022, relating to the financial statements of Tapestry, Inc. and subsidiaries ("the Company"), and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of Tapestry, Inc. for the year ended July 2, 2022.

/s/ DELOITTE & TOUCHE LLP

New York, New York

August 18, 2022

EXHIBIT 31.1

I, Joanne C. Crevoiserat, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tapestry, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 18, 2022

By: /s/ Joanne C. Crevoiserat

Name: Joanne C. Crevoiserat
Title: Chief Executive Officer

I, Scott A. Roe, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tapestry, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 18, 2022

By: /s/ Scott A. Roe
Name: Scott A. Roe
Title: Chief Financial Officer

EXHIBIT 32.1

Pursuant to 18 U.S.C. §1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tapestry, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended July 2, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 18, 2022

By: /s/ Joanne C. Crevoiserat

Name: Joanne C. Crevoiserat
Title: Chief Executive Officer

Pursuant to 18 U.S.C. §1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tapestry, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended July 2, 2022 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

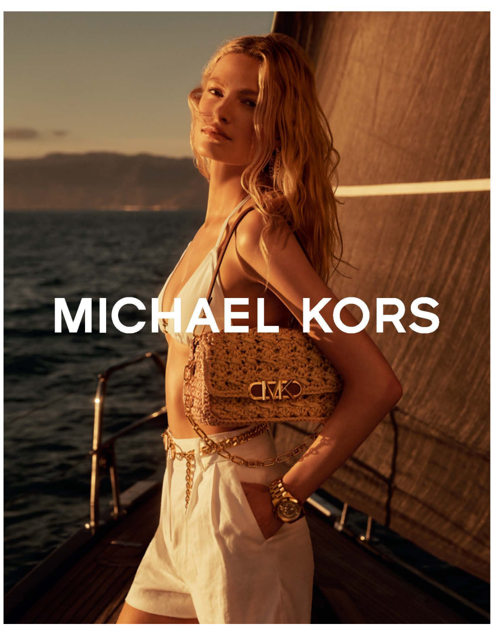
Date: August 18, 2022

By: /s/ Scott A. Roe
Name: Scott A. Roe
Title: Chief Financial Officer

PUBLIC

EXHIBIT E

PUBLIC



CAPRI

HOLDINGS LIMITED

PUBLIC

PX7098-002

PUBLIC

UNITED STATES
SECURITIES AND EXCHANGE COM ISSION
Washington, D.C. 20549

FORM -K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended April 1, 2023
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number -35368

CAPRI
HOLDINGS LIMITED

(Exact Name of Registrant as Specified in Its Charter)

British Virgin Islands	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

90 Whitfield Street
nd Floor
London, United Kingdom
W1T 4EZ
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: 44 207 632 8600

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on which Registered
Ordinary Shares, no par value	**CPRI**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.	☒ Yes	☐ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.	☐ Yes	☒ No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☒ Yes	☐ No
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☒ Yes	☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

PX7098-003

The aggregate market value of the registrant's voting and non-voting ordinary shares held by non-affiliates of the registrant was $4,869,769,555 as of September 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter based on the closing price of the ordinary shares on the New York Stock Exchange.

As of May 24, 2023, Capri Holdings Limited had 117,377,367 ordinary shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this report, to the extent not set forth herein, is incorporated by reference from the Registrant's definitive Proxy Statement, which will be filed in June 2023, for the 2023 Annual Meeting of the Shareholders.

TABLE OF CONTENTS

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including documents incorporated herein by reference, contains statements which are, or may be deemed to be, "forward-looking statements." Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Capri Holdings Limited (the "Company") about future events. All statements other than statements of historical facts included in this Annual Report on Form 10-K, including documents incorporated herein by reference, may be forward-looking statements. Forward-looking statements include information concerning the Company's goals, future plans and strategies, including with respect to environmental, social and governance ("ESG") goals, initiatives and ambitions as well as the Company's possible or assumed future results of operations, including descriptions of its business strategy. Without limitation, any statements preceded or followed by or that include the words "plans", "believes", "expects", "intends", "will", "should", "could", "would", "may", "anticipates", "might" or similar words or phrases, are forward-looking statements. These forward-looking statements are not guarantees of future financial performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions, which could cause actual results to differ materially from those projected or implied in any forward-looking statements. These risks, uncertainties and other factors include changes in consumer traffic and retail trends; high consumer debt levels, recession and inflationary pressures; loss of market share and industry competition; the impact of the COVID-19 pandemic, levels of cash flow and future availability of credit, compliance with restrictive covenants under the Company's credit agreement, the Company's ability to integrate successfully and to achieve anticipated benefits of any acquisition and to successfully execute our growth strategies; the risk of disruptions to the Company's businesses; risks associated with operating in international markets and our global sourcing activities, including disruptions or delays in manufacturing or shipments; the risk of cybersecurity threats and data security breaches; the negative effects of events on the market price of the Company's ordinary shares and its operating results; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the Company's businesses; fluctuations in demand for the Company's products; levels of indebtedness (including the indebtedness incurred in connection with acquisitions); the timing and scope of future share buybacks, which may be made in open market or privately negotiated transactions, and are subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors, and which share repurchases may be suspended or discontinued at any time, the level of other investing activities and uses of cash; fluctuations in the capital markets; fluctuations in interest and exchange rates; the occurrence of unforeseen epidemics and pandemics, disasters or catastrophes; extreme weather conditions and natural disasters; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions including acts of war and other geopolitical conflicts; as well as those risks set forth in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including in this Annual Report on Form 10-K, particularly under "Item 1A. Risk Factors" and in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company disclaims any obligation to update or revise any forward-looking statements contained herein other than in accordance with legal and regulatory obligations.

SUM ARY OF RISKS AFFECTING OUR BUSINESS

Our business is subject to numerous risks. The following summary highlights some of the risks you should consider with respect to our business and prospects. This summary is not complete and the risks summarized below are not the only risks we face. You should review and consider carefully the risks and uncertainties described in more detail in this "Risk Factors" section of this Annual Report on Form 10-K which includes a more complete discussion of the risks summarized below as well as a discussion of other risks related to our business and an investment in our ordinary shares. Risks are listed in the categories where they primarily apply, but other categories may also apply

Risks Related to Macroeconomic Conditions

- the accessories, footwear and apparel industries are heavily influenced by general macroeconomic cycles that affect consumer spending and a prolonged period of depressed consumer spending could have a material adverse effect on our business, results of operations and financial condition; and
- the COVID-19 pandemic may continue to adversely affect our business and results of operations.

Risks Related to Our Business

- we may not be able to respond to changing fashion and retail trends in a timely manner, which could have a material adverse effect on our brands, business, results of operations and financial condition;
- the markets in which we operate are highly competitive, both within North America and internationally, and increased competition based on a number of factors could cause our profitability and/or gross margins to decline;
- our business could suffer as a result of reductions in our wholesale channel and/or consolidations, liquidations, restructurings and other ownership changes of our wholesale partners;
- we face risks associated with operating globally;

PUBLIC

- our retail stores are heavily dependent on the ability and desire of consumers to travel and shop, and a decline in consumer traffic could have a negative effect on our comparable store sales and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition;
- if we are unable to effectively execute our e-commerce business and provide a reliable digital experience for our customers, our reputation and operating results may be harmed;
- the departure of key employees or our failure to attract and retain qualified personnel could have a material adverse effect on our business;
- our business is subject to risks inherent in global sourcing activities, including disruptions or delays in manufacturing or shipments;
- our business may be subject to increased costs and a decline in profitability as a result of increasing pressure on margins if we misjudge the demand for our products;
- the long-term growth of our business depends on the successful execution of our strategic initiatives;
- our current and future licensing and joint venture arrangements may not be successful and may make us susceptible to the actions of third-parties over whom we have limited control;
- acquisitions may not achieve intended benefits and may not be successfully integrated;
- we are subject to risks associated with leasing retail space subject to long-term and non-cancelable leases. We may be unable to renew leases at the end of their terms. If we close a leased retail space, we remain obligated under the applicable lease;
- we are dependent on a limited number of distribution facilities. If one or more of our distribution facilities experiences operational difficulties or becomes inoperable, it could have a material adverse effect on our business, results of operations and financial condition;
- we are dependent on third-parties to perform certain outsourced functions;
- increases in the cost of raw materials could increase our production costs and cause our operating results and financial condition to suffer;
- we primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods; and
- our business is exposed to foreign currency exchange rate fluctuations.

<u>Risks Related to Information Technology and Data Security</u>

- privacy breaches and other cyber security risks related to our business could negatively affect our reputation, credibility and business; and
- a material delay or disruption in our information technology systems or e-commerce websites or our failure or inability to upgrade our information technology systems precisely and efficiently could have a material adverse effect on our business, results of operations and financial condition.

<u>Risks Related to Environmental, Social and Governance Issues</u>

- increased scrutiny from investors and others regarding our corporate social responsibility initiatives, including environmental, social and other matters of significance relating to sustainability, and changing regulatory requirements around ESG could result in additional costs or risks and adversely impact our reputation; and
- our business is susceptible to the risks associated with climate change and other environmental impacts which could negatively affect our business and operations.

<u>Risks Related to Tax, Legal and Regulatory Matters</u>

- our business is subject to risks associated with importing products, and the imposition of additional duties, tariffs or trade restrictions could have a material adverse effect on our business, results of operations and financial condition;
- fluctuations in our tax obligations and changes in tax laws, treaties and regulations may have a material adverse impact on our future effective tax rates and results of operations;
- if we fail to comply with labor laws or collective bargaining agreements, or if our independent manufacturing contractors fail to use acceptable, ethical business practices, our business and reputation could suffer;
- we may be unable to protect our trademarks, copyrights and other intellectual property rights, and others may allege that we infringe upon their intellectual property rights;
- we self-insure certain risks and may be impacted by unfavorable claims experience; and
- we are subject to various proceedings, lawsuits, disputes, and claims in the ordinary course of business which could have an adverse impact on our business, financial condition, and results of operations;

Risks Related to Our Debt

- we have incurred a substantial amount of indebtedness, which could adversely affect our financial condition and restrict our ability to incur additional indebtedness or engage in additional transactions;
- we may be unable to meet financial covenants in our indebtedness agreements which could result in an event of default and restrictive covenants in such agreements may restrict our ability to pursue our business strategies; and
- if one or more of our counterparty financial institutions default on their obligations to us, we may incur significant losses or our financial liquidity could be adversely impacted.

Risks Related to Our Ordinary Shares

- our share price may periodically fluctuate based on the accuracy of our earnings guidance or other forward-looking statements regarding our financial performance;
- if we are unable to conduct share repurchases at expected levels, our share price could be adversely affected;
- failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting, which could harm our business and cause a decline in the price of our ordinary shares;
- provisions in our organizational documents may delay or prevent our acquisition by a third-party;
- rights of shareholders under British Virgin Islands law differ from those under United States law, and, accordingly, our shareholders may have fewer protections;
- the laws of the British Virgin Islands provide limited protection for minority shareholders, so minority shareholders will have limited or no recourse if they are dissatisfied with the conduct of our affairs;
- it may be difficult to enforce judgments against us or our executive officers and directors in jurisdictions outside the United States; and
- British Virgin Islands companies may not be able to initiate shareholder derivative actions, thereby depriving shareholders of one avenue to protect their interests.

PUBLIC

PART I

Unless the context requires otherwise, references in this Annual Report on Form 10-K to "Capri", "we", "us", "our", "the Company", "our Company" and "our business" refer to Capri Holdings Limited and its consolidated subsidiaries. References to our stores, retail stores and retail segment include all of our full-price retail stores (including concessions), our e-commerce websites and outlet stores. The Company utilizes a 52 to 53 week fiscal year and the term "Fiscal Year" or "Fiscal" refers to that 52-week or 53-week period. The fiscal years ending on April , 2023 and March 7, 2021 ("Fiscal 2023" and "Fiscal 2021", respectively) contain weeks and the fiscal year ending on April , 2022 ("Fiscal 2022") contains 53 weeks. The Company's Fiscal 2024 is a 52-week period ending March 0, 2024. Some differences in the numbers in the tables and text throughout this annual report may exist due to rounding.

Item 1. Business

Our Company

Capri Holdings Limited ("Capri") is a global fashion luxury group consisting of iconic, founder-led brands Versace, Jimmy Choo and Michael Kors. Our commitment to glamorous style and craftsmanship is at the heart of each of our luxury brands. We have built our reputation on designing exceptional, innovative products that cover the full spectrum of fashion luxury categories. Our strength lies in the unique DNA and heritage of each of our brands, the diversity and passion of our people and our dedication to the clients and communities we serve.

Our Brands

Versace

Our Versace brand has long been recognized as one of the world's leading international fashion design houses and is synonymous with Italian glamour and style. Founded in 1978 in Milan, Versace is known for its iconic and unmistakable style and unparalleled craftsmanship. Over the past several decades, the House of Versace has grown globally from its roots in haute couture, expanding into the design, manufacturing, distribution and retailing of accessories, ready-to-wear, footwear, eyewear watches, jewelry, fragrance and home furnishings businesses. Versace's design team is led by Donatella Versace, who has been the brand's Artistic Director for over 20 years. Versace distributes its products through a worldwide distribution network, which includes boutiques in some of the world's most glamorous cities, its e-commerce sites, as well as through the most prestigious department and specialty stores worldwide.

Jimmy Choo

Our Jimmy Choo brand offers a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury accessories brand, whose core product offering is women's luxury shoes, complemented by accessories, including handbags, small leather goods, jewelry, scarves and belts, as well as men's luxury shoes and accessories business. In addition, certain categories, such as fragrance and eyewear, are produced under licensing agreements. Jimmy Choo's design team is led by Sandra Choi, who has been the Creative Director for the brand since its inception in 1996. Jimmy Choo products are unique, instinctively seductive and chic. The brand offers classic and timeless luxury products, as well as innovative products that are intended to set and lead fashion trends. Jimmy Choo is represented through its global store network, its e commerce sites, as well as through the most prestigious department and specialty stores worldwide.

Michael Kors

Our Michael Kors brand was launched over 40 years ago by Michael Kors, a world-renowned designer, whose vision has taken the Company from its beginnings as an American luxury sportswear house to a global accessories, footwear and ready-to-wear company with a global distribution network that has presence in over 100 countries through Company-operated retail stores and e-commerce sites, leading department stores, specialty stores and select licensing partners. Michael Kors is a highly recognized luxury fashion brand in the Americas and Europe with growing brand awareness in other international markets. Michael Kors features distinctive designs, materials and craftsmanship with a jet-set aesthetic that combines stylish elegance and a sporty attitude. Michael Kors offers three primary collections: the Michael Kors Collection luxury line, the MICHAEL Michael Kors accessible luxury line and the Michael Kors Mens line. The Michael Kors Collection establishes the aesthetic authority of the entire brand and is carried by select retail stores, our e-commerce sites, as well as in the finest luxury department stores in the world. MICHAEL Michael Kors has a strong focus on accessories, in addition to offering footwear and ready-to-wear, and addresses the significant demand opportunity in accessible luxury goods. We have also been developing our men's business in recognition of the significant opportunity afforded by the Michael Kors brand's established fashion authority and the expanding men's market. Taken together, our Michael Kors collections target a broad customer base while retaining our premium luxury image.

Our Segments

We operate in three reportable segments as follows:

- Versace — accounted for approximately 20% of our total revenue in Fiscal 2023 and includes worldwide sales of Versace products through 223 retail stores (including concessions) and e-commerce sites, through 744 wholesale doors (including multi-brand stores), as well as through product and geographic licensing arrangements.
- Jimmy Choo — accounted for approximately 11% of our total revenue in Fiscal 2023 and includes worldwide sales of Jimmy Choo products through 237 retail stores (including concessions) and e-commerce sites, through 527 wholesale doors (including multi-brand stores), as well as through product and geographic licensing arrangements.
- Michael Kors — accounted for approximately 69% of our total revenue in Fiscal 2023 and includes worldwide sales of Michael Kors products through 812 retail stores (including concessions) and e-commerce sites, through 2,843 wholesale doors, as well as through product and geographic licensing arrangements.

In addition to these reportable segments, we have certain corporate costs that are not directly attributable to our brands and, therefore, are not allocated to segments. Such costs primarily include certain administrative, corporate occupancy, shared service and information systems expenses, including Enterprise Resource Planning ("ERP") system implementation costs and Capri transformation program costs. In addition, certain other costs are not allocated to segments, including restructuring and other charges and COVID-19 related charges. The segment structure is consistent with how our chief operating decision maker plans and allocates resources, manages the business and assesses performance. All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance. For additional financial information regarding our segments and corporate unallocated expenses, see Note 19 to the accompanying consolidated financial statements for additional information.

Industry

We operate in the global personal luxury goods industry. Through 2019, the personal luxury goods market grew at a mid-single digit rate over the past 20 years, with more recent growth driven by stronger Chinese demand from both international and local consumers and demographic and socioeconomic shifts resulting in younger consumers purchasing more luxury goods. Then, in 2020, due to the impact of the COVID-19 crisis, the personal luxury goods market declined 22%. According to *Bain** the personal luxury goods market returned to 2019 levels in 2021, and grew 15% in constant exchange rates in 2022. The market is predicted to increase at a 5-7% compound annual growth rate between 2022 and 2030. Future growth will be driven by e-commerce, Chinese consumers and younger generations. By 2030, Bain studies estimate that over 30% of personal luxury goods sales will occur online, Chinese consumers will represent approximately 40% of total global personal luxury goods sales and Gen Z and Alpha combined will make up at least one-third of the market. As the personal luxury goods market continues to evolve, Capri is committed to designing exceptional, innovative products that cover the full spectrum of fashion luxury categories. In our view, increased customer engagement and tailoring merchandise to customer shopping and communication preferences are key to growing market share. We believe that our innovative and luxurious product offerings and customer engagement initiatives across all three brands position us to capitalize on the continued growth of the global personal luxury goods industry.

* Bain – Altagamma Luxury Goods Worldwide Market Study, Fall 2022 (November 15, 2022). These studies were prepared by Bain & Company and Altagamma and can be obtained free of charge or at a nominal cost by contacting Bain & Company's media contacts. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources.

Geographic Information

We generate revenue globally through our three reportable segments, as described above. We sell our Versace, Jimmy Choo and Michael Kors products through retail and wholesale channels in three principal geographic markets: the Americas (United States, Canada and Latin America), EMEA (Europe, Middle East and Africa) and Asia (Asia and Oceania). We also have wholesale arrangements pursuant to which we sell products to geographic licensees. In addition, we have licensing agreements through which we license to third-parties the use of our Versace, Jimmy Choo and Michael Kors brand names and trademarks, certain production rights and sales and/or distribution rights with respect to our brands.

The following table details our revenue by segment and geographic location (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Versace revenue - the Americas	$ 408	$ 408	$ 201
Versace revenue - EMEA	468	425	276
Versace revenue - Asia	230	255	241
Total Versace revenue	**,106**	**,088**	**718**
Jimmy Choo revenue - the Americas	196	175	102
Jimmy Choo revenue - EMEA	255	229	146
Jimmy Choo revenue - Asia	182	209	170
Total Jimmy Choo revenue	**633**	**613**	**8**
Michael Kors revenue - the Americas	2,616	2,627	1,869
Michael Kors revenue - EMEA	819	835	607
Michael Kors revenue - Asia	445	491	448
Total Michael Kors revenue	**,880**	**,953**	**,924**
Total revenue - the Americas	3,220	3,210	2,172
Total revenue - EMEA	1,542	1,489	1,029
Total revenue - Asia	857	955	859
Total revenue	**$ 5,619**	**$ 5,654**	**$,060**

Competitive Strengths

We believe that the following strengths differentiate us from our competitors:

Global Fashion Luxury Group Led by a World-Class anagement Team and Renowned Designers. We are a global fashion luxury group, consisting of three iconic brands defined by fashion luxury products with a reputation for world-class design and innovation. The design leadership of our founder-designers Donatella Versace, Sandra Choi and Michael Kors is a unique advantage that we possess. Our founder-led design teams are supported by our senior management team with extensive experience across a broad range of disciplines in the retail industry, including design, sales, marketing, public relations, merchandising, real estate, supply chain and finance. With an average of 26 years of experience in the retail industry, including at a number of public companies, and an average of 19 years of experience with our brands, our senior management team has strong creative and operational experience and a successful track record.

For over 20 years, Donatella Versace has been the Artistic Director, molding Versace's iconic style. A true visionary with an intuition for how to blend fashion, design and culture, Donatella continues to honor the rich and storied Versace heritage founded in 1978, while constantly evolving and adapting the luxury house to ensure the brand's continued relevance. Donatella's most recent collections for Versace are a testament to her bold and fearless design vision that celebrate Versace's Italian heritage and unapologetic glamour. Versace designs have been worn by the world's most famous celebrities and most sought-after super models.

Jimmy Choo's design team is led by Sandra Choi, who has been the Creative Director for the Jimmy Choo brand since its inception in 1996. Jimmy Choo products are glamourous and daring. The Jimmy Choo brand offers classic and timeless luxury products, as well as innovative products that are intended to set and lead fashion trends. Jimmy Choo's products have a strong red carpet presence and are often worn by global celebrities.

The Michael Kors brand was launched over 40 years ago by Michael Kors, a world-renowned designer, who is responsible for conceptualizing and directing the design of our Michael Kors brand products. We believe that the Michael Kors brand name has become synonymous with luxurious fashion that is timeless and elegant, expressed through the brand's sophisticated accessories and ready-to-wear collections. Each of our Michael Kors brand collections exemplifies the jet-set lifestyle and features high quality designs, materials and craftsmanship. Michael Kors has received a number of awards, which recognize the contribution he and his team have made to the fashion industry and our Company. Some of the most widely recognized global trendsetters and celebrities wear our Michael Kors brand collections.

Expertise in the Accessories Category. We have strong group expertise in accessories. The strength of our Michael Kors luxury collection and our accessible luxury MICHAEL Michael Kors line have allowed us to expand our brand awareness and position Michael Kors as one of the leading global luxury brands in the accessories product categories. Capitalizing on the success of our accessories product category, we continue to further develop the accessories businesses for Jimmy Choo and Versace, bringing our accessories expertise, including our product category knowledge, our merchandising best practices and our substantial group buying power to these brands. Our goal is to increase Versace's women's and men's accessories penetration from 20% of revenues in Fiscal 2023 to 50% of Versace's revenues over time and to increase Jimmy Choo's women's accessories penetration from approximately 20% of revenues in Fiscal 2023 to 30% of Jimmy Choo's revenues over the next few years and to 50% over time.

Exceptional Retail Store Footprint. Versace operates in three primary retail formats: boutiques, outlet and e-commerce. We operated 223 Versace retail stores as of April 1, 2023 in some of the most fashionable cities and the most sought-after shopping destinations around the world. During Fiscal 2022, we completed renovations at approximately 50% of our Versace retail stores to incorporate our new store design and have continued with these renovations in Fiscal 2023. Versace's products are distributed worldwide through a global network of highly specialized stores, which average approximately 2,900 gross square feet. In addition, we operate Versace e-commerce sites in the United States, Europe and China (covering 90 countries worldwide).

We operated 237 Jimmy Choo retail stores as of April 1, 2023, in some of the most premier locations worldwide. Jimmy Choo retail stores, comprised of full-price stores and outlets, average approximately 1,400 gross square feet. In addition, we operate Jimmy Choo e-commerce sites in the United States, certain parts of Europe, Japan, China, Australia and Korea.

We operated 812 Michael Kors stores as of April 1, 2023 with four primary retail store formats: collection stores, lifestyle stores, outlet stores and e-commerce sites. Michael Kors collection stores are located in some of the world's most prestigious shopping areas and average approximately 2,900 gross square feet in size. The Michael Kors lifestyle stores are located in some of the world's most frequented metropolitan shopping locations and leading regional shopping centers, and average approximately 2,800 gross square feet in size. We also extend our reach to additional consumer groups through our outlet stores, which average approximately 4,500 gross square feet in size. In addition, we also operate Michael Kors e commerce sites in North America, China, Japan, South Korea, certain parts of Europe, the Middle East, Africa, Asia Pacific and Oceania.

World-class Omni and CRM Capabilities. We have omni-channel capabilities from best-in-class digital platforms to state-of-the-art distribution facilities globally, which we leverage across businesses. As part of our plan to continue to implement omni-channel capabilities throughout our businesses, we have begun leveraging our distribution centers globally to serve multiple brands.

Strong Relationships with Premier Department Stores. We partner with leading wholesale customers, such as Macy's, Saks Fifth Avenue, Bloomingdale's and Holt Renfrew in North America, as well as Harrods, Harvey Nichols, Printemps, Selfridges and Galeries Lafayette in Europe. These relationships enable us to access large numbers of our key consumers in a targeted manner. Our "shop-in-shops" have specially trained staff, as well as customized fixtures, wall casings decorative items, flooring and provide department store consumers with a more personalized shopping experience than traditional retail department store configurations. We have engaged with our wholesale customers on various initiatives and have continued to enter into supply chain partnerships designed to increase the speed at which our luxury fashion products reach the ultimate consumer. We plan to increase Versace's and Jimmy Choo's presence in certain luxury department stores, and for Michael Kors, we continue to optimize deliveries with the intent to drive more full-price sell-through in the wholesale channel.

Business Strategy

Our goal is to continue to create long-term shareholder value by increasing our revenue and profits and strengthening our global brands. We also believe that sound environmental and social policies are both ethically correct and fiscally responsible. To that end, we are committed to improving the way we work in order to better the world in which we live. We plan to achieve our business strategy by focusing on the following strategic initiatives:

Leverage group expertise and capabilities. We will continue to leverage our group expertise in accessories and footwear to fuel growth across our portfolio of brands, implementing the best practices from our Michael Kors core accessories business to our Versace and Jimmy Choo brands. We will also continue to prioritize the development of our e-commerce platforms and omni-channel capabilities for our brands, leveraging our broad expertise and capabilities in this area. We see a number of opportunities to create long-term operational synergies as we combine our global competencies and footprint. These synergies will be primarily focused on opportunities in our supply chain, information systems, back office support and manufacturing.

Continue to increase our presence in Asia. We plan to continue to diversify our group's global footprint with an emphasis on the Asia market, where we believe each of our three brands continue to have the potential to significantly grow market share in the region.

Continue to execute our strategies to grow Versace. We plan to grow the Versace business to at least $2 billion in revenues over time. To achieve this goal, we plan to build on Versace's iconic brand codes - Virtus, La Medusa and La Greca. Additionally, we will capitalize on Versace's high brand awareness through bold and engaging consumer communication. We also plan to expand and elevate Versace's distribution by accelerating e-commerce and omni-channel capabilities, increasing our global retail footprint to 300 retail stores and continuing to renovate the remainder of the store fleet. Finally, we plan to leverage our group's expertise to expand Versace's women's and men's accessories to 50% of the brand's revenues over time, while maintaining Versace's authoritative presence in women's and men's ready-to-wear.

Continue to execute on our strategies to grow Jimmy Choo. We plan to continue to implement our growth strategies for Jimmy Choo with a goal of reaching $1 billion in revenues over time. Our overarching strategy is rooted in reinforcing the brand's glamorous DNA through consumer experience and communications, as well as through product – from formal to casual, across accessories and footwear. Additionally, we plan to expand Jimmy Choo's distribution by accelerating e-commerce and omni-channel developments and increasing our global retail footprint to 300 retail stores in the most fashionable shopping destinations around the world. We also have a significant opportunity to increase women's accessories to approximately 50% of Jimmy Choo's revenue over time by expanding the breadth of new collections. At the same time, we plan to continue to grow footwear sales by capitalizing on the success of glamour while expanding our fashion active and casual offerings.

Continue to leverage the strength of Michael Kors, which remains the foundation for our fashion luxury group. Our goal is to continue to elevate Michael Kors to become a stronger and more profitable brand. We are capitalizing on high brand awareness and consumer engagement by embracing Michael Kors jet set heritage through a modern lens. Reinforcing our highly recognizable brand codes including the MK Signature pattern and MK hardware across all product categories remains a core growth strategy. In accessories, we continue to refresh and celebrate brand icons while evolving styles with newness. Additionally, we plan to grow our men's business by leading with accessories and maximizing our brand codes. Our strategy to enhance customer experience by expanding our omni-channel capabilities also remains a key priority. Finally, we plan to double Michael Kors revenue in Asia over time.

Execute on our corporate social responsibility strategy. We strive to foster a future where both people and the planet are cared for, and we believe that ethical business practices and giving back are critical to our success. Our corporate social responsibility (CSR) strategy focuses on four foundational pillars – Our Governance, Our World, Our Community and Our Philanthropy. We continue to take steps to advance our CSR strategy and to support the United Nations Sustainable Development Goals. Our key sustainability goals, our plans for getting there, and an update on the progress we have made can be found in our annual CSR report located at www.capriholdings.com/responsibility. The content on this website and the content in our CSR reports are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

PUBLIC

Collections and Products

Our total revenue by major product category is as follows (in millions):

	Fiscal Years Ended					
	April 1, 2023	% of Total	April 2, 2022	% of Total	March 27, 2021	% of Total

Versace

Versace is one of the leading international fashion design houses, representing the brand's creative vision through a wide range of products. From haute-couture to ready-to-wear, footwear, accessories and home decor, Versace delivers a unique lifestyle that welcomes customers in its elegant yet glamorous universe. Generally, Versace's haute couture retails up to $250,000, ready-to-wear retails from $400 to $23,000, accessories retail from $100 to $6,100 and footwear retail from $400 to $3,300.

Certain product categories, such as Versace Jeans Couture, eyewear, fragrances, jewelry, watches and home furnishings, are produced under product licensing agreements. Swinger SA is the exclusive licensee for Versace Jeans Couture, Luxottica is the exclusive licensee for Versace eyewear, EuroItalia is the exclusive licensee for Versace fragrances, Vertime is the exclusive licensee for Versace watches and Poltrona Frau is the exclusive licensee for Versace home furnishings. Generally, Versace Jeans Couture retail from $45 to $1,500, Versace eyewear retails from $110 to $500, Versace fragrances retail from $38 to $400, Versace watches retail from $420 to $4,000 and Versace home furnishings, which include a variety of products, generally retail from $850 to $100,000.

Jimmy Choo

Jimmy Choo is a leading global luxury accessories brand and offers a distinctive, glamorous and fashion-forward product range, whose core product offerings are women's luxury shoes, complemented by accessories, including handbags, small leather goods, jewelry, scarves and belts, as well as a men's luxury shoes and accessories business. Generally, Jimmy Choo women's and men's luxury shoes retail from $500 to $5,000 and accessories retail from $200 to $4,500.

Certain product categories, such as Jimmy Choo fragrance and eyewear, are produced under product licensing agreements. Interparfums SA is the exclusive licensee for Jimmy Choo fragrances and makeup and Safilo SpA is the exclusive licensee for Jimmy Choo eyewear. Generally, Jimmy Choo eyewear retail from $250 to $500 and Jimmy Choo fragrances and beauty retail from $50 to $220.

Michael Kors

Michael Kors has three primary collections that offer accessories, footwear and apparel: Michael Kors Collection, MICHAEL Michael Kors and Michael Kors Mens. The three primary collections and licensed products are offered through our own Michael Kors retail stores and e-commerce businesses, in department stores around the world and by our exclusive licensees to wholesale customers, in addition to select retailers. The Michael Kors Collection is a sophisticated designer collection for women based on a philosophy of essential luxury and pragmatic glamour and includes accessories, primarily handbags and small leather goods, ready-to-wear and footwear. enerally, the Michael Kors Collection women's handbags and small leather goods retail from $300 to $4,000, footwear retails from $300 to $1,500 and ready-to-wear retails from $400 to $9,000. MICHAEL Michael Kors is the accessible luxury collection and offers women's accessories, primarily handbags and small leather goods, as well as footwear and apparel and is carried in all of the Michael Kors lifestyle stores and leading department stores around the world. MICHAEL Michael Kors offers handbags designed to meet the fashion and functional requirements of our broad and diverse consumer base. Generally, MICHAEL Michael Kors handbags retail from $200 to $750, small leather goods retail from $50 to $250, footwear retails from $50 to $300 and apparel retails from $75 to $700. Michael Kors Mens is an innovative collection of men's ready-to-wear, accessories and footwear with a modern American style.

Michael Kors Mens apparel generally retails from $50 to $1,000, men's accessories generally retail from $50 to $800 and men's footwear generally retails from $150 to $400.

Certain product categories, including watches, jewelry, eyewear and fragrance, are produced under product licensing agreements. Fossil is our exclusive licensee for Michael Kors watches and jewelry, including our Michael Kors ACCESS smartwatches and our fine jewelry line. Luxottica is our exclusive licensee for Michael Kors distinctive eyewear inspired by our collections. The Company transitioned its fragrance business to EuroItalia during Fiscal 2023. Generally, Michael Kors fashion watches retail from $200 to $600, Michael Kors ACCESS smartwatches retail from $250 to $450, Michael Kors jewelry retails from $50 to $500, Michael Kors eyewear retails from $100 to $350 and Michael Kors fragrance and related products generally retail from $30 to $150.

Advertising and Marketing

Our marketing and advertising programs are designed to build brand awareness for each of our luxury houses as well as highlight our product offerings. We use a 360-degree marketing strategy for each of our brands to deliver a consistent message across each brand's advertising communications, social media, celebrity dressing, special events and direct marketing activities at a national, regional and local level. Our campaigns are increasingly being executed through digital and social media platforms to drive further engagement with younger consumers.

Our brands introduce their new collections annually with fashion shows and other fashion events. These fashion events, in addition to celebrity red carpet dressing moments, generate extensive domestic and international media and social media coverage. The Versace and Michael Kors semi-annual runway shows and Jimmy Choo celebrity placements generate extensive media coverage. Jimmy Choo is also the leading brand in editorial coverage for women's luxury shoes globally.

We believe our renowned brand founders, as well as our high-profile brand ambassadors and well-known social media influencers across our marketing programs help expand brand awareness and drive cultural relevance.

In Fiscal 2023, we recognized approximately $374 million in advertising and marketing expenses globally. We engage in a wide range of integrated marketing programs across various marketing channels, including but not limited to email marketing, print advertising, outdoor advertising, digital marketing, social media, public relations outreach, visual merchandising and partnership marketing, in an effort to engage our existing and potential customer base and ultimately stimulate sales in a consumer-preferred shopping venue.

Our growing e-commerce businesses provide us with an opportunity to increase the size of our customer database and to communicate with our consumers to increase online and physical store sales, as well as to continue to build global brand awareness for our brands. We are continuously improving the functionalities and features on our e-commerce sites to create innovative ways to keep our brands at the forefront of consumers' minds by offering a broad selection of products, including accessories, apparel and footwear. Since e-commerce growth is critical to our overall growth strategy, we plan to accelerate Versace's and Jimmy Choo's e-commerce and omni-channel development and we are also in the process of re-platforming our brands' e-commerce sites to expand our global capabilities. See Item 1A. "Risk Factors" — "If we are unable to effectively execute our e-commerce business and provide a reliable digital experience for our customers, our reputation and operating results may be harmed."

Manufacturing and Sourcing

We generally contract for the purchase of finished goods principally with independent third-party manufacturing contractors, whereby the manufacturing contractor is generally responsible for the entire manufacturing process, including the purchase of piece goods and trim for our Jimmy Choo and Michael Kors brands. For the Versace brand, some of the piece goods and trim are separately purchased by Versace and provided to the manufacturers, and some are sourced directly by the manufacturers, as further described below.

Versace has a centrally managed production model for the majority of its products, and buys raw materials and components for these products. All raw materials arrive in a central warehouse in Novara, Italy and are distributed to independent third-party manufacturing contractors after the quality control process is complete. The vast majority of Versace's production is located in Italy. The remaining production occurs elsewhere in Europe and a small portion is produced in Asia or North Africa.

Jimmy Choo products are manufactured by independent third-party manufacturing contractors and our Italian atelier and shoe manufacturer. Most of Jimmy Choo's products are produced by specialists in Italy, supported by other factories across

Europe, with a small portion produced in Asia. Jimmy Choo has a product development facility in Florence. In addition to purchasing finished goods, Jimmy Choo also purchases raw materials for both product development and manufacturing purposes.

Michael Kors contracts for the purchase of finished goods principally with independent third-party manufacturing contractors that are generally responsible for the entire manufacturing process, including the purchase of piece goods and trim. Product manufacturing for the Michael Kors brand is allocated among third-party manufacturing contractors based on their capabilities, the availability of production capacity, pricing and delivery. For certain product categories, Michael Kors also has relationships with various agents who source finished goods with numerous manufacturing contractors on its behalf. This multi-supplier strategy provides specialized skills, scalability, flexibility and speed to market, as well as diversifies risk. In Fiscal 2023 and Fiscal 2022, one third-party buying agent sourced approximately 15% and 14%, respectively, of Michael Kors finished goods purchases, based on dollar volume. Michael Kors' largest manufacturing contractor, who produces its products in Asia and who Michael Kors has worked with for approximately 20 years, accounted for the production of approximately 15% of its finished products, based on dollar volume in Fiscal 2023. Nearly all of our Michael Kors products were produced in Asia in Fiscal 2023.

The manufacturing contractors for our brands operate under the close supervision of our global manufacturing divisions and buying agents located in North America, Europe and Asia. All products are produced according to our specifications. Production staff monitors manufacturing at supplier facilities in order to correct problems prior to shipment of the final product. Quality assurance is focused on as early as possible in the production process, allowing merchandise to be received at the distribution facilities and shipped to customers with minimal interruption. See "Import Restrictions and Other Governmental Regulations" and Item 1A. "Risk Factors" — "We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods, which poses legal, regulatory, political and economic risks to our business operations."

Our future manufacturing and sourcing strategy includes purchasing luxury manufacturing facilities in Italy to support all of our brands, pursuing manufacturing synergies across brands and securing capacity and improving our expertise in development and delivery. While the fashion design process will remain independently managed by each of our brands, we believe that in-sourcing luxury manufacturing capacity will create synergies and support expansion for our global fashion luxury group.

Distribution

Versace owns a central warehouse in Novara, Italy, managed by a third-party, which acts as a global hub for Versace's primary operations. Versace also has a leased warehouse near Novara operated by the same third-party, which serves as a distribution point for other Versace lines. From these warehouses, products are shipped to regional warehouses that are operated by third-parties in New Jersey, Hong Kong, Mainland China and Japan, and supports the Versace retail and e-commerce businesses. E-commerce distribution for the United States market is conducted through third-party providers in New Jersey. Versace's wholesale business is mainly serviced from three central warehouses located in Italy, the United States and Japan.

Jimmy Choo's primary distribution facility is our Company-owned and operated distribution facility in the Netherlands. From there, products are shipped to regional warehouses in the United States, Canada, Mainland China, Hong Kong, South Korea, Japan and United Arab Emirates, largely supporting the Jimmy Choo retail and e-commerce businesses. Shipments to wholesale customers globally are made from the Netherlands and the United States, with some further local fulfillment. All of the distribution facilities utilized by Jimmy Choo are operated by third-parties and are shared with other unaffiliated businesses with the exception of our distribution facility in the Netherlands. This flexible method reinforces the speed and efficiency of the supply chain and allows the business to deliver Jimmy Choo product and collections to market rapidly and in line with the industry's fashion calendar.

Michael Kors' primary distribution facility in the United States is a leased facility in Whittier, California, which is directly operated and services our Michael Kors retail stores, e-commerce site and wholesale operations in the United States. We also engage in omni-channel order fulfillment by filling online orders through our Michael Kors retail stores and through our click-and-collect service offerings. Our primary Michael Kors distribution facility in Europe is our Company-owned and operated distribution facility in the Netherlands, which supports our European operations for our Michael Kors brand, including our European e-commerce sites. We also have a regional Michael Kors distribution center in Canada, which is leased, as well as regional Michael Kors distribution centers in New Jersey, Mainland China, Hong Kong, Japan, South Korea and Taiwan, which are operated by third-parties.

Intellectual Property

We own VERSACE, JIMMY CHOO and MICHAEL KORS trademarks, as well as other material trademarks, copyrights, design and patent rights related to the production, marketing and distribution of our products, both in the United States and in other countries in which our products are principally sold. We also have applications pending for a variety of related trademarks, copyrights, designs and patents in various countries throughout the world. As the worldwide usage of our material trademarks, copyrights, designs and patents continue to expand, we continue to strategically apply to register them in key countries where they are used. We expect that our material intellectual property will remain in full force and effect for as long as we continue to use and renew them.

We aggressively police our intellectual property and pursue infringers both domestically and internationally. In addition, we pursue counterfeiters in the United States, Europe, the Middle East, Asia and elsewhere in the world in both online and offline channels, working with our network of customs authorities, law enforcement, legal representatives and brand specialists around the world as well as involvement with industry associations and anti-counterfeiting organizations.

Information Systems

Each of our three brands currently operate using certain legacy systems for finance and accounting, supply chain, inventory control, point-of-sale transactions, store replenishment and other functions. Our long-term strategy includes consolidating certain systems across our brands over time to create operational efficiencies. During Fiscal 2020, we embarked on a multi-year ERP implementation to conform various processes onto one global system that would support certain finance, accounting and operational functions. The implementation of the ERP requires a significant investment in human and financial resources. As a result of COVID-19 and our need to significantly reduce our capital expenditures, we temporarily suspended our ERP project. Certain phases of the project have resumed as of the fourth quarter of Fiscal 2021 and portions of our global ERP system are live in Fiscal 2023. See Item 1A. "Risk Factors" — "A material delay or disruption in our information technology systems or e-commerce websites or our failure or inability to upgrade our information technology systems precisely and efficiently could have a material adverse effect on our business, results of operations and financial condition."

Human Capital Management

At Capri Holdings, we strive to create workplaces where our employees and the workers across our supply chain thrive. Through our benefits and compensation packages, learning and development programs, focus on diversity and inclusion, employee engagement, wellness and safety programs and supply chain empowerment initiatives, we continue to make significant investments in our Capri community.

Governance and Oversight. Our Board of Directors has delegated oversight of matters relating to human capital management, including compensation, learning and development and diversity and inclusion to our Compensation and Talent Committee. Our Compensation and Talent Committee receives regular updates on our talent development strategies and other applicable areas of human capital management.

Employee Profile. At the end of Fiscal 2023, 2022 and 2021, we had approximately 15,500, 14,600 and 13,800 total employees, respectively. As of April 1, 2023, we had approximately 10,400 full-time employees and approximately 5,100 part-time employees. Approximately 11,500 of our employees were engaged in retail selling and administrative positions and our remaining employees were engaged in other aspects of our business as of April 1, 2023. As of April 1, 2023, we have approximately 2,900 employees covered by collective bargaining agreements in certain European countries. We consider our relations with both our union and non-union employees to be good.

Benefits and Compensation. We maintain comprehensive benefits and compensation packages to attract, retain and recognize our employees. Our health and welfare benefit program is designed to provide a wide range of benefits to meet the health care, financial, work/life and mental wellbeing needs of eligible employees. Benefits include, among others, medical, dental and vision plans, life insurance, short and long-term disability coverage, retirement plans (with matching contributions where applicable), paid parental leave for all parents, gender reassignment coverage and fertility support benefits in the United States, and a wellness program focused on mental wellbeing, including several digital therapeutic programs to assist with therapy, anxiety and worry and sleep. We also offer employees paid time off, including to volunteer with select charitable organization. Employees are also entitled to discounts on our merchandise.

Learning and Development. We honor our employees through our dedication to development and believe that enabling opportunity means ensuring our teams have the skills they need to build fulfilling careers with us. We promote employee performance with personalized development plans and by providing individualized feedback at regular intervals throughout the year, and all employees participant in a formal performance review process annually. We continue to refresh our learning and development programming by offering targeted skill-building for employees at all stages of their career. During Fiscal 2023, we launched our first learning management system, Capri FLEX, and we continue to offer quality training touchpoints to employees throughout our global organization, including programs around compliance, ethics and integrity, promoting respect in the workplace, global cybersecurity practices, and supply chain transparency as well as a mandatory three-party diversity and inclusion ("D&I") curriculum. We also deployed a new leadership development program focused on building and understanding emotional intelligence in our leaders.

Diversity and Inclusion. Diversity and inclusion are embedded in our DNA. We foster an inclusive environment where employees, vendors and customers of diverse backgrounds are respected, valued and celebrated. We are proud of our commitment to diversity, equality and inclusion, and will continue to advance these principles through meaningful short and long term actions across the globe.

Our commitment to diversity and inclusion is supported by three pillars:

Capri Culture - Our commitment to diversity extends beyond representation. We aim to build an inclusive space where all employees have the opportunity to realize their full potential and excel, while contributing to our success in a meaningful way.

Capri Talent - Differences in ideas and experiences allow our Company to thrive. We are attracting, advancing and advocating for a workforce that reflects the diversity of the world around us.

Capri Community Through diversity and inclusion comes understanding and strength. Our responsibility to promote equality is not just to those who work with us, but to our industry, the customers we serve and the communities around us.

We have a Global Diversity & Inclusion Council comprised of diverse leaders across all brands and regions. The Global D&I Council works closely with senior leadership to ensure alignment of short-and long-term diversity and inclusion goals with Capri's overall business strategy, provides governance and oversight on diversity and inclusion efforts across our brands, and promotes company-wide communication on progress. We have a number of employee resource groups ("ERGs") to provide support for those employees who self-identify with a particular group, including Pride@Capri, BOLD@Capri", Black Organizers, Leaders and Doers, an Asian and Pacific Islander ERG and a women's network ERG, and we utilize global D&I listening sessions, regular D&I newsletters and communications and keynote speakers to further embed inclusion in our workplace. We are committed to recruiting, developing and retaining passionate, skilled and diverse talent. We launched a new mentorship program during the fiscal year and we educate recruiters and hiring managers to mitigate the impact of unconscious bias during the interview process. We are also a proud partner with a wide array of organizations and pledges in furtherance of driving equality and have a received a number of awards and accolades in the area of D&I.

Through The Capri Holdings Foundation for the Advancement in Diversity in Fashion, we are also driving diversity, inclusion and equality throughout the fashion industry by working collaboratively with colleges and high schools to create meaningful opportunities in fashion for underrepresented communities through scholarship programs in partnership with the Fashion Institute of Technology (FIT), Howard University, PENSOLE Academy and Central Saint Martins – University of the Arts London. Over the next few years, the Foundation will fund scholarships for nearly 100 students from historically underrepresented communities pursuing degrees in fashion and merchandising across these four educational institutions.

Employee Engagement, Well-being and Safety. Enhancing our employee experience has always been an integral part of our strategy and checking in with one another is a key part of our employee engagement program. We believe two-way communication, feedback and continuous improvement drive progress within our group and our brands. In Fiscal 2023, we expanded our employee listening approach and surveyed all global employees to better understand our company's strengths and opportunities, and to ensure that the Capri employee experience is both highly engaging and inclusive. We are proud to have been certified in the U.S. as a Great Place to Work® in 2022 – an accolade that we believe is a testament to our culture of empowerment, inclusion and growth. Michael Kors was also recently certified as a Great Place to Work® in the U.K.

Everyone working on behalf of our Company is entitled to work in a safe environment while maintaining their health and well-being. Capri's global safe workplace program, which includes employee traveler and emergency response alerts, raises awareness and provides safety resources tailored for workers in different work environments – from our distribution centers to our retail stores. Throughout the fiscal year, we continued to assess evolving health and safety guidance related to COVID-19 and tailored our practices and protocols for different workplaces. We also provided a range of resources and benefits to our employees throughout the pandemic, from remote and flexible workplace arrangements to grocery deliveries during lock-down and expanded mental health benefits through our *Thrive* global wellness program, designed to inspire employees to improve their physical, emotional and financial well-being. While we have welcomed employees back to work, we continue to explore flexible work options and have implemented a hybrid working environment.

Supply Chain Empowerment. Our community extends beyond our direct employees and our corporate social responsibility program drives us toward greater engagement with our suppliers. We are dedicated to conducting our operations throughout the world on principles of ethical business practice and recognition of the dignity of workers. Through our Code of Conduct for Business Partners and Factory Social Compliance Program, we partner with our suppliers on important human rights, health and safety, environmental and compliance issues. Our goal is to establish and implement supply chain empowerment programs for key supply chain partners in line with the UN Framework for Corporate Action on Workplace Women's Health and Empowerment by 2025. We are also signatory to the UN Women's Empowerment Principles, we partnered with the Fashion Makes Change campaign to support the empowerment and education of women in the fashion supply chain, and we recently joined Empower@Work, a platform that serves to catalyze collective action at scale for the benefit of the women workers and gender equality in global supply chains. Beginning in 2023, we are committed to implementing workplace trainings at strategic partner facilities and leveraging the organization's industry-wide and data-driven solutions to positively impact a greater number of women workers within our value chain.

Competition

We face intense competition in the product lines and markets in which we operate from both existing and new competitors. Our products compete with other branded products within their product category. In varying degrees, depending on the product category involved, we compete on the basis of style, price, customer service, quality, brand prestige and recognition, among others. In our wholesale business, we compete with numerous manufacturers, importers and distributors of products like ours for the limited space available for product display. Moreover, the general availability of manufacturing contractors allows new entrants easy access to the markets in which we compete, which may increase the number of our competitors and adversely affect our competitive position and our business. We believe, however, that we have significant competitive advantages because of the recognition of our brands and the acceptance of our brands by consumers. See Item 1A. "Risk Factors" — "The markets in which we operate are highly competitive, both within North America and internationally, and increased competition based on a number of factors could cause our profitability and/or gross margins to decline."

Seasonality

We experience certain effects of seasonality with respect to our business. We generally experience greater sales during our third fiscal quarter, primarily driven by holiday season sales, and the lowest sales during our first fiscal quarter.

Import Restrictions and Other Governmental Regulations

Virtually all of our imported products are subject to duties which may impact the costs of such products. In addition, countries to which we ship our products may impose safeguard quotas to limit the quantity of products that may be imported. We utilize free trade agreements and other supply chain initiatives in order to maximize efficiencies and cost savings relating to product importation. For example, we have historically received benefits from duty-free imports on certain products from certain countries pursuant to the United States. Generalized System of Preferences ("GSP") program. The GSP program expired on December 31, 2020. If the GSP program is not renewed or otherwise made retroactive, we will continue to experience significant additional duties and our gross margin will continue to be negatively impacted. Additionally, we are subject to government regulations relating to importation activities, including the United States. Customs and Border Protection ("CBP") withhold release orders. The imposition of taxes, duties and quotas, the withdrawal from or material modification to trade agreements and/or if CBP detains shipments of our goods pursuant to a withhold release order could have a material adverse effect on our business, results of operations and financial condition. If additional tariffs or trade restrictions are implemented by the United States or other countries, the cost of our products could increase which could adversely affect our results of operations and financial condition. Additionally, we are subject to government regulations relating to product labeling, testing and safety. We maintain a global customs and product compliance organization to help manage our import and related regulatory activity.

Corporate Social Responsibility ("CSR")

Our CSR strategy focuses on four foundational pillars:

- **Our Governance –** We believe responsible business practices start from the top, and we recognize the increasing importance of ESG matters to our business and our stakeholders. Our sustainability governance model ensures our

Board of Directors, executive team and brands are aligned on the most important sustainability risks and opportunities for Capri.

- **Our World** – We believe that the success of our Company is directly linked to the sustainability of the world around us. Our brands strive to create the highest quality luxury products with longevity and sustainability in mind. We endeavor to operate responsibly in order to lower our impact on the planet and to promote industry-wide environmental change.

- **Our Community** – We believe we have a responsibility to those who work with us. Our Company strives to create inclusive workplaces where all of our employees are empowered and respected. We are committed to creating meaningful opportunities for our diverse Capri community to grow.

- **Our Philanthropy** – Giving back is embedded in Capri's culture. We remain steadfast in our commitment to support our philanthropic partners and to drive positive change in the communities where we live and work.

Within each of our four foundational pillars are key CSR focus areas that guide our work in support of the United Nations Sustainable Development Goals (SDGs).

We believe responsible business practices start from the top. Our sustainability governance model includes a multi-level structure to ensure our Board of Directors, executive management team and business leaders across our brands are aligned on the most important environmental, social and governance ("ESG") risks and opportunities for Capri. The Board has delegated oversight of ESG activities to the Governance, Nominating and CSR Committee (the "Governance Committee"). On at least an annual basis, our sustainability goals and action plans are presented to the Governance Committee for review and approval, along with CSR progress updates which are generally presented quarterly. The full Board of Directors regularly receives ESG updates from the Governance Committee and reviews our annual CSR reporting. The Board's Audit Committee also assesses ESG risks as part of its overall enterprise risk management review, and the Board's Compensation and Talent Committee considers performance against individualized ESG goals in making executive compensation decisions.

In fiscal 2023, we conducted our latest materiality assessment with the goal of identifying and prioritizing the most relevant ESG topics to our business and our stakeholders. The results of this materiality assessment helped to reinforce our CSR strategy and inform our reporting. We are committed to regular public reporting of our ESG risks and opportunities and the progress we are making toward our CSR goals.

Additional information can be found at www.capriholdings.com/responsibility. The content on this website and the content in our CSR reports are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

Available Information

Our investor website can be accessed at www.capriholdings.com. The content of our website is not incorporated by reference into this Annual Report on Form 10-K. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with or furnished to the SEC pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website under the caption "Financials" and then "SEC Filings" promptly after we electronically file such materials with, or furnish such materials to, the SEC. No information contained on our website is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K. Information relating to corporate governance at our Company, including our Corporate Governance Guidelines, our Code of Business Conduct and Ethics for all directors, officers, and employees, and information concerning our directors, Committees of the Board, including Committee charters, and transactions in Company securities by directors and executive officers, is available at our website under the captions "Governance" and "Financials" and then "SEC Filings." Paper copies of these filings and corporate governance documents are available to shareholders free of charge by written request to Investor Relations, Capri Holdings Limited, 90 Whitfield Street, 2nd Floor, London, United Kingdom, W1T 4EZ. Documents filed with the SEC are also available on the SEC's website at www.sec.gov

PUBLIC

Item 1A. Risk Factors

You should carefully read this entire report, including, without limitation, the following risk factors and the section of this annual report entitled "Note Regarding Forward-Looking Statements." Any of the following factors could materially adversely affect our business, results of operations and financial condition. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially adversely affect our business, results of operations and financial condition. Risks are listed in the categories where they primarily apply, but other categories may also apply.

Risks Related to Macroeconomic Conditions

The accessories, footwear and apparel industries are heavily influenced by general macroeconomic cycles that affect consumer spending and a prolonged period of depressed consumer spending could have a material adverse effect on our business, results of operations and financial condition.

Global economic conditions and the related impact on levels of consumer spending worldwide have impacted, and are likely to continue to impact, our business and the accessories, footwear and apparel industry overall. Inflation, rising interest rates, higher fuel and energy costs and commodity prices, reductions in net worth based on market declines and uncertainty, home prices, credit availability and consumer debt levels, concerns of a global banking crisis, political instability due to war or other geopolitical factors and other macroeconomic pressures and general uncertainty regarding the overall future economic environment have led to recession fears and are creating a challenging retail environment. Purchases of discretionary luxury items, such as the accessories, footwear and apparel that we produce, tend to decline when disposable income is lower or when there are recessions, inflationary pressures or other economic uncertainty. Other factors that could depress consumer spending include extreme weather conditions and natural disasters, pandemics (like COVID-19), high levels of unemployment, fluctuating foreign currency rates and increased taxation. Reduced consumer confidence and adversely impacted consumer spending patterns in any of the regions in which we operate could adversely affect our business, results of operations and financial condition.

The COVID-19 pandemic may continue to adversely affect our business and results of operations.

The COVID-19 pandemic caused significant disruption to the global economy, consumer spending and behavior, tourism and to financial markets and negatively impacted our business. While the overall COVID-19 situation appears to be improving, our business and operating results may be negatively impacted by COVID-19 again in the future if the virus worsens or if regions or countries where we operate reinstate extended lock-downs and/or implement travel restrictions. Long term store closure requirements and/or other operational restrictions placed on our business or the business of our wholesale customers or supply chain partners as a result of COVID-19 could materially impact or disrupt our business and limit our ability to fully operate in the ordinary course, which could materially impact our financial results.

Risks Related to Our Business

We may not be able to respond to changing fashion and retail trends in a timely manner, which could have a material adverse effect on our brands, business, results of operations and financial condition.

The accessories, footwear and apparel industries have historically been subject to rapidly changing fashion trends and consumer preferences. We believe that our success is largely dependent on the images of our brands and ability to anticipate and respond promptly to changing consumer demands and fashion trends in the design, styling, sustainability production, merchandising and pricing of products. Any misstep in product quality or design, executive leadership, customer services, unfavorable publicity or excessive product discounting could negatively affect the image or our brands with our customers. If we do not correctly gauge consumer needs and fashion trends and respond appropriately, consumers may not purchase our products and our brand names and the images of our brands may be impaired. Even if we react appropriately to changes in fashion trends and consumer preferences, consumers may consider our brands to be outdated or associate our brands with styles that are no longer popular or trend-setting. We have also increased the price of our products. There can be no guarantee that consumers will accept these price increases. Any of these outcomes could have a material adverse effect on our brands, business, results of operations and financial condition.

The markets in which we operate are highly competitive, both within North America and internationally, and increased competition based on a number of factors could cause our profitability and/or gross margins to decline.

Our brands face intense competition from other accessories, footwear and apparel producers and retailers, including, primarily European and American international luxury brands. In addition, we face competition through third-party distribution channels that sell our merchandise, such as e-commerce, department stores and specialty stores. Competition is based on a number of factors, including, without limitation, the following:

- anticipating and responding to changing consumer demands in a timely manner;
- establishing and maintaining favorable brand name recognition;
- determining and maintaining product quality;
- retaining key employees;
- maintaining and growing market share;
- developing quality and differentiated products that appeal to consumers;
- establishing and maintaining acceptable relationships with retail customers;
- pricing products appropriately;
- providing appropriate service and support to retailers;
- optimizing retail and supply chain capabilities;
- determining size and location of retail and department store selling space; and
- protecting intellectual property.

In addition, some of our competitors may be significantly larger and more diversified than us and may have significantly greater financial, technological, manufacturing, sales, marketing and distribution resources than we do. Their capabilities in these areas may enable them to better withstand periodic downturns in the accessories, footwear and apparel industries (including as a result of recent inflationary pressures and other macroeconomic factors), compete more effectively on the basis of price and production and more quickly develop new products. The general availability of manufacturing contractors and agents also allows new entrants easy access to the markets in which we compete, which may increase the number of our competitors and adversely affect our competitive position and our business. Any increased competition, or our failure to adequately address any of these competitive factors, could result in reduced revenues, which could adversely affect our business, results of operations and financial condition.

Competition, along with other factors such as consolidation, changes in consumer spending patterns and a highly promotional retail selling environment, could also result in significant pricing pressure. These factors may cause us to reduce our sales prices to our wholesale customers and retail consumers, which could cause our gross margins to decline if we are unable to appropriately manage inventory levels and/or otherwise offset price reductions with comparable reductions in our operating costs. If our sales prices decline and we fail to sufficiently reduce our product costs or operating expenses, our profitability may decline, which could have a material adverse effect on our business, results of operations and financial condition.

Our business could suffer as a result of reductions in our wholesale channel and/or consolidations, liquidations, restructurings and other ownership changes by our wholesale partners.

We have experienced and may continue to experience a decline in sales in our wholesale channel. Reductions in the amount of merchandise purchased from us by our wholesale partners or an increase in order cancellations by our wholesale partners could further reduce our revenues and have a material adverse effect on our profitability. In addition, many of our wholesale customers have experienced, and may continue to experience, liquidity constraints or other financial difficulties. These challenges could lead to the need to extend payment terms, larger outstanding accounts receivable balances, delays in collection of accounts receivable, increased expenses associated with collection efforts, increases in excess inventory, increases in credit losses and reduced cash flows.

The retail industry has also experienced a great deal of consolidation and other ownership changes over the past several years and a number of wholesale accounts were forced to file bankruptcy or undergo restructurings. We expect that the risk of consolidation, bankruptcy, restructurings or reorganizations by department stores and other retailers will continue to exist for the foreseeable future. This could result in store closings by our wholesale customers, which would decrease the number of stores carrying our products, while the remaining stores may purchase a smaller amount of our products and/or may reduce the retail floor space designated for our brands. In addition, such consolidation, bankruptcy or other changes with respect to our wholesale customers could decrease our opportunities in the market, increase our reliance on a smaller number of large wholesale customers and decrease our negotiating strength with our wholesale customers, which could have a material adverse effect on our business, results of operations and financial condition.

Additionally, certain of our wholesale customers, particularly those located in the United States, have become highly promotional and have aggressively marked down their merchandise. We expect that such markdowns may continue to be exacerbated because of the current macroeconomic environment. Such promotional activity could negatively impact our business.

We face risks associated with operating globally.

We operate on a global basis, with approximately 47% of our total revenue from operations outside of the United States during Fiscal 2023. As a result, we are subject to the risks of doing business internationally, including:

- political or civil unrest, including protests and other civil disruption;
- unforeseen public health crises, such as pandemic and epidemic diseases, including COVID-19 and any variants thereof;
- economic instability and unsettled regional and global conflicts (such as the current war in Ukraine), which may negatively affect consumer spending by foreign tourists and local consumers in the various regions where we operate;
- laws, regulations and policies of foreign governments (including sanctions and retaliatory actions by the United States, European Union and others);
- potential negative consequences from changes in taxation policies;
- natural disasters or other extreme weather events, including those attributed to climate change; and
- acts of terrorism, military actions or other conditions over which we have no control.

In addition, we pursue selective international expansion in a number of countries around the world and through a number of channels. If our international expansion plans are unsuccessful, it could have a material adverse effect on our business, results of operations and financial condition. There are also some countries where we do not yet have significant operating experience, and in most of these countries we face established competitors with significantly more operating experience in those locations.

We also sell our products at varying retail price points based on geographic location that yield different gross profit margins and we achieve different operating profit margins, depending on geographic region, due to a variety of factors including product mix, store size, occupancy costs, labor costs and retail pricing. Changes in any one or more of these factors could result in lower revenues, increased costs, and negatively impact our business, results of operations and financial condition. Furthermore, consumer demand and behavior, as well as tastes and purchasing trends may differ in these countries and, as a result, sales of our product may not be successful, or the gross margins on those sales may not be in line with those we currently anticipate.

There can be no assurance that any or all of these events will not have a material adverse effect on our business, results of operations and financial condition.

Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumer traffic could have a negative effect on our comparable store sales and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition.

Reduced travel resulting from economic conditions (including a recession or inflationary pressures), fuel shortages, increased fuel prices, travel restrictions, travel concerns and other circumstances, including adverse weather conditions, disease pandemics (including COVID-19), epidemics and other health-related concerns, war, terrorist attacks or the perceived threat of war or terrorist attacks, or unsettled regional and global conflicts (such as the current war in Ukraine) could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores.

In addition, other factors that could impact consumer traffic at our retail stores include: (i) the location of the mall or the location of a particular store within the mall; (ii) the other tenants occupying space at the mall; (iii) vacancies or extended store closures within the mall; (iv) increased competition in areas where the malls are located; (v) the amount of advertising and promotional dollars spent on attracting consumers to the malls; and (vi) a shift toward online shopping. A decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability. If our retail stores underperform due to declining consumer traffic or otherwise and our expected future cash flows of the related underlying retail store asset do not exceed such asset's carrying value, we may incur store impairment charges. A decline in future comparable store sales and/or store profitability or failure to meet market expectations or the occurrence of impairment charges relating to our retail store fleet could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to effectively execute our e-commerce business strategy and provide a reliable digital experience for our customers, our reputation and operating results may be harmed.

E-commerce represents approximately 18% of our net revenues and has been our fastest growing business over the last several years. The success of our e-commerce business depends, in part, on third-parties and factors over which we have limited control, including changing consumer preferences and buying trends relating to e-commerce usage, both domestically and abroad, and promotional or other advertising initiatives employed by our wholesale customers or other third-parties on their e commerce sites. Any failure on our part, or on the part of our third-party digital partners, to provide attractive, reliable, secure, efficient and user-friendly e-commerce platforms could negatively impact our consumers' shopping experience, resulting in reduced website traffic, reduced conversion, diminished loyalty to our brands and lost sales. In addition, if there is a change in consumer behavior such that customers shift to utilizing e-commerce more than, or even instead, of traditional brick-and-mortar stores, and we or our wholesale partners are unable to attract consumers who previously made in-store purchases to our digital commerce channels, our financial and operating results may be negatively affected.

The success of our business also depends on our ability to continue to develop and maintain a reliable digital experience for our customers. We strive to give our customers a seamless omni-channel experience both in stores and through digital technologies, such as computers, mobile phones, tablets and other devices. We also use social media to interact with our customers and enhance their shopping experience. Our inability to develop and continuously improve our digital brand engagement could negatively affect our ability to compete with other brands, which could adversely impact our business, results of operations and financial condition.

In addition, we must keep current with competitive technology trends, including the use of new or improved technology and services, creative user interfaces and other e-commerce marketing tools such as paid search and mobile applications, among others. Since e-commerce growth is critical to our overall growth strategy, we plan to accelerate our e-commerce and omni-channel development and we are also in the process of re-platforming our brands' e-commerce sites to expand our global capabilities. Implementing new or improved digital systems, services or technologies, such as new or improved e-commerce platforms, may increase our costs, cause delays in or hinder our ability to continually deliver a reliable or seamless digital experience for our customers, or cause us not to succeed in increasing sales or attracting consumers. Our failure to successfully respond to these risks and uncertainties might adversely affect the sales in our e-commerce business, as well as damage our reputation and brands.

Additionally, the success of our e-commerce business and the satisfaction of our consumers depend on their timely receipt of our products. The efficient flow of our products requires that our company-operated and third-party operated distribution facilities have adequate capacity to support the current level of e-commerce operations as well as any anticipated increased levels that may follow from the growth of our e-commerce business. Transportation shortages, labor shortages and port congestion as well as disruptions in factory production in certain countries where we source our products may delay inventory orders and impact product availability in our channels, including our e-commerce sites, which could result in customer dissatisfaction, and have an adverse effect on our business and harm our reputation.

The departure of key employees or our failure to attract and retain qualified personnel could have a material adverse effect on our business.

We depend on the services and management experience of executive officers who have substantial experience and expertise in our business as well as key employees involved in our design and marketing operations, including our creative officers for each of our brands, Ms. Donatella Versace, Ms. Sandra Choi and Mr. Michael Kors. Although we have entered into employment agreements with our executive officers and other key employees, we may not be able to retain the services of such individuals in the future, which may be disruptive to, or cause uncertainty in, our business and future strategic direction, particularly if we fail to ensure a smooth transition and effective transfer of knowledge. Any such disruption or uncertainty could generate a negative public perception and/or have a material adverse impact on our results of operations, financial condition, and the market price of our ordinary shares.

PUBLIC

Competition for qualified personnel in the fashion industry is intense and turnover in the industry for retail associates is generally high. Competitors may use aggressive tactics to recruit our employees. Our ability to attract, develop, motivate and retain employees is influenced by our ability to offer competitive compensation and benefits, employee morale, our reputation, recruitment by other employers, perceived internal opportunities, non-competition and non-solicitation agreements and macro unemployment rates. Additionally, our ability to meet our labor needs while also controlling costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and overtime regulations. If we are unable to attract, develop, motivate and retain talented employees with the necessary skills and experience, or if changes to our organizational structure, operating results or business model adversely affect morale, hiring and/or retention, we may not achieve our objectives and our results of operations could be adversely impacted.

Our business is subject to risks inherent in global sourcing activities, including disruptions or delays in manufacturing or shipments.

As a company engaged in sourcing on a global scale, we are subject to the risks inherent in such activities, including, but not limited to:

- disease pandemics, epidemics and health-related concerns, including related to COVID-19 or variants thereof;
- political or labor instability, labor shortages (stemming from labor disputes or otherwise), or increases in costs of labor or production in countries where manufacturing contractors and suppliers are located;
- labor disputes or strikes at the location of the source of our goods and/or at ports of entry;
- disruptions, delays or reductions in shipments, including port delays and congestion, and/or capacity constraints on transportation of goods or at our factories due to COVID-19 or otherwise;
- significant increase in freight, shipping and other logistics costs, including as a result of disruptions at ports of entry;
- political or military conflict (such as the current war in Ukraine);
- heightened terrorism security concerns;
- a significant decrease in availability or an increase in the cost of raw materials, including sustainable materials, or other limitations on our ability to use raw materials or goods produced in a country that is a major provider due to political, human rights, labor, environmental or other concerns;
- the migration and development of manufacturing contractors;
- product quality issues;
- imposition of regulations, quotas and safeguards relating to imports and our ability to adjust in a timely manner to changes in trade regulations;
- increases in the costs of fuel (including volatility in the price of oil), travel and transportation (including vessel and freight);
- imposition of duties, taxes and other charges on imports;
- significant fluctuation of the value of the United States dollar against foreign currencies;
- restrictions on transfers of funds out of countries where our foreign licensees are located;
- compliance by our independent manufacturers and suppliers with our Supplier Code of Conduct and other applicable compliance policies;
- compliance with United States laws regarding the identification and reporting on the use of "conflict minerals" sourced from the Democratic Republic of the Congo in the Company's products and the United States Foreign Corrupt Practices Act, U.K. Bribery Act and other global anti-corruption laws, as applicable; and
- regulation or prohibition of the transaction of business with specific individuals or entities and their affiliates or goods manufactured in certain regions, such as the listing of a person or entity as a SDN (Specially Designated Nationals and Blocked Persons) by the United States Department of the Treasury's Office of Foreign Assets Control and the issuance of withhold release orders by CBP

Any of the foregoing could materially and adversely affect our ability to produce or deliver our products and, as a result, have a material adverse effect on our business, financial condition and results of operations.

PUBLIC

Our business may be subject to increased costs and a decline in profitability as a result of increasing pressure on margins if we misjudge the demand for our products.

Our industry is subject to significant pricing pressure caused by many factors, including intense competition and a highly promotional environment, fragmentation in the retail industry, pressure from retailers to reduce the costs of products, and changes in consumer spending patterns. If we misjudge the market for our products or demand for our products is impacted by other factors, such as inflationary pressures, political instability or COVID-19, we may be faced with significant excess inventories for some products and missed opportunities for other products. We have in the past been, and may in the future be, forced to rely on donation, markdowns, promotional sales or other write-offs, to dispose of excess, slow-moving inventory, which may negatively impact our gross margin, overall profitability and efficacy of our brands. In addition, increases in our costs, such as raw materials, labor or freight, could negatively impact our gross margin, and we may not be able to offset such cost increases through pricing measures or other means.

The long-term growth of our business depends on the successful execution of our strategic initiatives.

As part of our long-term strategy, we intend to grow our market share and revenue through the following initiatives:

- trendsetting and innovative product offerings;
- increased brand engagement;
- optimizing customer experience;
- investing in technology; and
- expanding our global presence.

We also intend to support the growth of Versace and Jimmy Choo sales through retail store openings and further developing each brand’s e-commerce and omni-channel presence, as well as expanding into the luxury accessories market. We cannot guarantee that we will be able to successfully execute on these strategic initiatives.

If we are unable to execute on our strategic initiatives, our business, results of operations and financial condition could be materially adversely affected.

Our current and future licensing and joint venture arrangements may not be successful and may make us susceptible to the actions of third-parties over whom we have limited control.

We have entered into a select number of product licensing agreements with companies that produce and sell, under our trademarks, products requiring specialized expertise. We have also entered into a number of select licensing agreements pursuant to which we have granted third-parties certain rights to distribute and sell our products in certain geographical areas and have a number of joint ventures. In the future, we may enter into additional licensing and/or joint venture arrangements. Although we take steps to carefully select our partners, such arrangements may not be successful. Our partners may fail to fulfill their obligations under these agreements or have interests that differ from or conflict with our own, such as the timing of new store openings, the pricing of our products and the offering of competitive products. In addition, the risks applicable to the business of our partners may be different than the risks applicable to our business, including risks associated with each such partner’s ability to:

- obtain capital;
- exercise operational and financial control over its business;
- manage its labor relations;
- maintain relationships with suppliers;
- manage its credit and bankruptcy risks; and
- maintain customer relationships.

In addition, the geographic areas subject to our licensing agreements could be impacted by geopolitical risks. Any of the foregoing risks, or the inability of any of our partners to successfully market our products or otherwise conduct its business may result in loss of revenue and competitive harm to our operations in regions or product categories where we have entered into such licensing arrangements.

PUBLIC

We rely on our partners to preserve the value of our brands. Although we attempt to protect our brands through, among other things, approval rights over store location and design, product design, production quality, packaging, merchandising, distribution, advertising and promotion of our stores and products, we may not be able to control the use by our partners of our brand. The misuse of our brand by a licensing or joint venture partner could have a material adverse effect on our business, results of operations and financial condition.

Acquisitions may not achieve intended benefits and may not be successfully integrated.

One component of our growth strategy has historically been acquisitions. Acquisitions are not currently contemplated in the Company's capital allocation priorities, however, we may in the future evaluate and consider other strategic investments or acquisitions. Acquisitions involve various inherent risks and the benefits, cost savings and synergies sought may not be realized. The potential difficulties that we may face that could cause the results of our acquisitions to not be in line with our expectations include, among others:

- failure to implement our business plan for the combined business or to achieve anticipated revenue or profitability targets;
- delays or difficulties in completing the integration of acquired companies or assets;
- higher than expected costs, lower than expected cost savings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating logistics, information and other systems;
- unanticipated changes in applicable laws and regulations;
- retaining key customers, suppliers and employees;
- operating risks inherent in the acquired business and our business;
- diversion of the attention and resources of management and resource constraints;
- retaining and obtaining required regulatory approvals, licenses and permits;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- assumption of liabilities not identified in due diligence or other unanticipated issues, expenses and liabilities; and
- the impact on our internal controls and compliance with the requirements under the Sarbanes-Oxley Act of 2002.

We are required to test goodwill and indefinite-lived intangible assets acquired as a result of acquisitions for impairment at least annually. For Fiscal 2023, the carrying value of certain Jimmy Choo reporting units and brand indefinite-lived intangible assets exceeded its respective fair values requiring us to record impairment charges of $106 million. Please refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information.

We are subject to risks associated with leasing retail space subject to long-term and non-cancelable leases. We may be unable to renew leases at the end of their terms. If we close a leased retail space, we remain obligated under the applicable lease.

We do not own any of our retail store facilities, but instead lease all of our stores under operating leases. Our leases generally have terms of up to 10 years, generally require a fixed annual base rent and some require the payment of additional percentage rent if store sales exceed a negotiated amount. Certain of our European stores also require initial investments in the form of key money to secure prime locations, which may be paid to landlords or existing lessees. Generally, our leases are "net" leases, which require us to pay all of the costs of insurance, taxes, maintenance and utilities. We generally cannot cancel these leases or withhold payments at our option, and payments under these operating leases account for a significant portion of our operating costs. For example, as of April 1, 2023, we were party to operating leases associated with our retail stores that we operate directly throughout the globe, as well as other global corporate facilities, requiring future minimum lease payments aggregating to $1.5 billion through Fiscal 2028 and approximately $427 million thereafter through Fiscal 2044. Our substantial operating lease obligations could have a material adverse effect on our business, results of operations and financial condition.

In certain cases, as we have done in the past, we may determine that it is no longer economical to operate a retail store subject to a lease or we may seek to generally downsize, consolidate, reposition, relocate or close some of our real estate locations. In such cases, we may be required to negotiate a lease exit with the applicable landlord or remain obligated under the applicable lease for, among other things, payment of the base rent for the balance of the lease term. In some instances, we may be unable to close an underperforming retail store due to continuous operation clauses in our lease agreements. In addition, as

PUBLIC
each of our leases expire, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close retail stores in desirable locations. Our inability to secure desirable retail space or favorable lease terms could impact our ability to grow. Likewise, our obligation to continue making lease payments with respect to leases for closed retail spaces could have a material adverse effect on our business, financial condition and results of operations.

Additionally, due to the volatile economic environment, it may be difficult to determine the fair market value of real estate properties when we are deciding whether to enter into leases or renew expiring leases. This may impact our ability to manage the profitability of our store locations, or cause impairments of our lease right-of-use assets if market values decline, any of which could have a material adverse effect on our financial condition or results of operations.

We are dependent on a limited number of distribution facilities. If one or more of our distribution facilities experience operational difficulties or becomes inoperable, it could have a material adverse effect on our business, results of operations and financial condition.

We operate a limited number of distribution facilities. Our ability to meet the needs of our own retail stores and e-commerce sites, as well as our wholesale customers, depends on the proper and uninterrupted operation of these distribution facilities. If any of these distribution facilities were to shut down or otherwise become inoperable or inaccessible for any reason (including due to COVID-19), we could suffer a substantial loss of inventory and/or disruptions of deliveries to our customers In addition, we could incur significantly higher costs and longer lead times associated with the distribution of our products during the time it takes to reopen or replace the damaged, inoperable or otherwise inaccessible facility. Any of the foregoing factors could result in decreased sales and have a material adverse effect on our business, results of operations and financial condition.

To support the growth of our business, we also use third-party logistics centers that are responsible for distribution, warehousing and fulfillment services on our behalf. Significant disruptions at these facilities could have a material adverse impact on our business. Because our direct and third-party fulfillment centers include automated and computer-controlled equipment, they are susceptible to risks including power interruptions, hardware and system failures, software viruses, security breaches and other technological and operational disruptions and of which could cause shipping delays or otherwise adversely affect our business.

We are dependent on third-parties to perform certain outsourced functions.

We are increasingly looking for opportunities to cost effectively enhance capability of business services, which includes outsourcing certain functions. While we believe we conduct appropriate due diligence before entering into agreements with these third-party service providers, the failure of any of these third-parties to provide the expected services, provide them on a timely basis or to provide them at the prices we expect could disrupt or harm our business. Any significant interruption in the operations of these outsource service providers, including as a result of changes in social, political, and economic conditions, and those resulting from military conflicts or other hostilities, that result in the disruptions of business where these outsource providers are located, could also have an adverse effect on our business. Furthermore, we may be unable to provide these services ourselves in the future or implement substitute arrangements on a timely and cost-effective basis on terms favorable to us.

Increases in the cost of raw materials could increase our production costs and cause our operating results and financial condition to suffer.

Our business is subject to volatility of costs related to certain raw materials used in the manufacturing of our products, including inflationary pressure. The costs of raw materials used in our products are affected by, among other things, weather, consumer demand, speculation on the commodities market, the relative valuations and fluctuations of the currencies of producer versus consumer countries and other factors that are generally unpredictable and beyond our control. We are not always successful in our efforts to protect our business from the volatility of the market price of raw materials and our business can be materially affected by dramatic movements in prices of raw materials which have resulted, and are expected to continue to result, in increased pricing pressures and pressure on our margins. We may not be able to implement price increases that fully mitigate the impact of these higher costs and/or any such price increases could have an adverse impact on consumer demand for our products. In addition, our costs may be impacted by sanction tariffs and customs trade orders which could also impact sourcing and availability of raw materials used by our suppliers in the manufacturing of certain of our products. Manufacturing labor costs are also subject to volatility based on local and global economic conditions. Increases in commodity prices, tariffs, sanctions, customs trade orders and/or manufacturing labor costs could increase our production costs and negatively impact our revenues, results of operations and financial condition.

We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods.

Our products are primarily produced by, and purchased or procured from, independent manufacturing contractors, and in some cases third-party sourcing agents, located mainly in Asia and Europe. A manufacturing contractor's failure to ship products to us in a timely manner or to meet the required quality standards could cause us to miss the delivery date requirements of our customers for those items. The failure to make timely deliveries may cause customers to cancel orders, refuse to accept deliveries or demand reduced prices, any of which could have a material adverse effect on us.

We do not have long-term agreements with any of our third-party manufacturing contractors or third-party sourcing agents. As a result, any single manufacturing contractor or sourcing agent could unilaterally terminate its relationship with us at any time. Our inability to promptly replace manufacturing contractors or third-party sourcing agents that terminate their relationships with us or cease to provide high quality products in a timely and cost-efficient manner could have a material adverse effect on our business, results of operations and financial condition and impact the cost and availability of our goods.

Our business is exposed to foreign currency exchange rate fluctuations.

Our results of operations for our international subsidiaries are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into United States dollar during financial statement consolidation. If the United States dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions could impact our consolidated results of operations. In addition, we have intercompany notes amongst certain of our non-United States subsidiaries, which may be denominated in a currency other than the functional currency of a particular reporting entity. As a result of using a currency other than the functional currency of the related subsidiary, results of these operations may be adversely affected during times of significant fluctuation between the functional currency of that subsidiary and the denomination currency of the note. We continuously monitor our foreign currency exposure and hedge a portion of our foreign subsidiaries' foreign currency-denominated inventory purchases to minimize the impact of changes in foreign currency exchange rates. However, we cannot fully anticipate all of our foreign currency exposures and cannot ensure that these hedges will fully offset the impact of foreign currency exchange rate fluctuations. We use forward foreign exchange contracts and cross-currency swap contracts to hedge material exposure to adverse changes in foreign currency exchange rates. However, no hedging strategy can completely insulate us from foreign exchange risk.

In addition, because we operate retail stores and concessions in various countries outside of the United States, we are also exposed to market risk from fluctuations in foreign currency exchange rates, primarily the Euro, the British Pound, the Chinese Renminbi, the Japanese Yen, the Korean Won and the Canadian dollar, among others. A substantial weakening of foreign currencies against the United States dollar could require us to raise our retail prices or reduce our profit margins in various locations outside of the United States. In addition, our sales and profitability could be negatively impacted if consumers in those markets were unwilling to purchase our products at increased prices.

Risks Related to Information Technology and Data Security

Privacy breaches and other cyber security risks related to our business could negatively affect our reputation, credibility and business.

We are dependent on information technology ("IT") systems and networks for a significant portion of our direct-to-consumer sales, including our e-commerce sites and retail business credit card transaction authorization and processing. We are responsible for storing data relating to our customers and employees and also rely on third-party vendors for the storage, processing and transmission of personal and Company information. Consumers, lawmakers and consumer advocates alike are increasingly concerned over the security of personal information transmitted over the Internet, consumer identity theft and privacy and the retail industry, in particular, has been the target of many recent cyber-attacks. In addition to taking the necessary precautions ourselves, we generally require that third-party service providers implement reasonable security measures to protect our employees' and customers' identity and privacy. We do not, however, control these third-party service providers and cannot guarantee the elimination of electronic or physical computer break-ins or security breaches in the future. Cyber security breaches, including physical or electronic break-ins, security breaches due to employee error or misconduct, attacks by "hackers," phishing scams, malicious software programs such as viruses and malware, and other breaches outside of our control, could result in unauthorized access or damage to our IT systems and the IT systems of our third-party service providers. Despite our efforts and the efforts of our third-party service providers to secure our and their IT systems, attacks on these systems do occur from time to time. As the techniques used to obtain unauthorized access to IT systems become more varied and sophisticated (as cybercriminals are finding new ways to launch their attacks) and if the occurrence of such security breaches becomes more frequent, we and our third-party service providers may be unable to adequately anticipate these techniques and implement appropriate preventative measures. While we maintain cyber risk insurance to provide some coverage for certain risks associated with cyber security incidents, there is no assurance that such insurance would cover all or a significant portion of the costs or consequences associated with a cyber security incident. A significant breach of customer, employee or Company data could damage our reputation, our relationship with customers and our brands, and could result in lost sales, sizable fines, significant breach-notifications and other costs and lawsuits, as well as adversely affect our results of operations.

Additionally, we may incur increased costs and experience a significant strain on our resources to account for implementation of additional required security measures and technologies to protect personal data and confidential information or to comply with current and new state, federal and international laws governing the unauthorized disclosure of confidential information which are continuously being enacted and proposed, such as the General Data Protection Regulation in the EU, various consumer privacy and data privacy and protection acts in the United States, including, but not limited to, the American Data Privacy and Protection Act, the California Consumer Privacy Act and the California Privacy Rights Act, the Virginia Consumer Data Protection Act, the Colorado Privacy Act, the Utah Consumer Privacy Act, the Connecticut Data Privacy Act and the Iowa Consumer Data Protection Act, and the Personal Information Protection Law in China.

Lastly, increased scrutiny by federal regulators (such as the FTC) and state attorney generals focused on the retail industry may lead to increased privacy and cyber security costs such as organizational changes, deploying additional personnel acquiring and implementing enhanced privacy and security technologies on e-commerce sites, mandatory employee training for those handling customer and employee personal data, and engaging third-party experts and consultants, and the unauthorized use of proprietary information may lead to lost revenues.

A material delay or disruption in our information technology systems or e-commerce websites or our failure or inability to upgrade our information technology systems precisely and efficiently could have a material adverse effect on our business, results of operations and financial condition.

We rely extensively on our IT systems to track inventory, manage our supply chain, record and process transactions, manage customer communications, summarize results and manage our business. The failure of our IT systems to operate properly or effectively, problems with transitioning to upgraded or replacement systems, or difficulty in or failure to implement new systems, could adversely affect our business. We also operate a number of e-commerce websites throughout the world. Our IT systems and e-commerce websites may be subject to damage and/or interruption from power outages, computer, network and telecommunications failures, malicious software, such as viruses and malware, attacks by "hackers", security breaches, usage errors or misconduct by our employees and bad acts by our customers and website visitors which could materially adversely affect our business.

We are undergoing a multi-year Enterprise Resource Planning ("ERP") implementation. The implementation of the ERP will require a significant investment in human and financial resources. Implementing new systems also carries substantial risk including failure to operate as designed, failure to properly integrate with other systems, potential loss of data or information, cost overruns, implementation delays and disruption of operations. Third-party vendors are also relied upon to design, program maintain and service our ERP implementation program. Any failures of these vendors to properly deliver their services could similarly have a material adverse effect on our business. In addition, any disruptions or malfunctions affecting our ERP implementation plan could cause critical information upon which we rely to be delayed, defective, corrupted, inadequate, inaccessible or lost or otherwise cause delays or disruptions to our operations, and we may have to make significant investments to fix or replace impacted systems.

Risks Related to Environmental, Social and Governance Issues

Increased scrutiny from investors and others regarding our corporate social responsibility initiatives, including environmental, social and other matters of significance relating to sustainability, and changing regulatory requirements around ESG could result in additional costs or risks and adversely impact our reputation.

Investor advocacy groups, certain institutional investors, investment funds, other market participants, shareholders, customers, employees and regulators have increasingly focused on ESG or "sustainability" practices of companies. We have a publicly announced global strategy to achieve significant, measurable goals across a range of important environmental and social sustainability issues, including, renewable energy, responsible material sourcing, water use and chemical management and waste reduction. We have also set science-based targets around greenhouse gas emissions (GHG) reductions. We rely on our supply chain partners to meet certain of our targets, including our GHG emissions reduction goals; however, our supply chain is complex and comprised of parties not within our control. It is possible that stakeholders may not be satisfied with our

ESG targets, practices or the speed of adoption or that we may not be successful in achieving our goals on the timelines set or at all, which could negatively impact our brands, our reputation, and customer and employee retention.

In addition, many countries in which we and our suppliers operate have begun enacting new ESG and climate legislation and regulations. Such proposed regulations include expanded disclosure requirements regarding GHG emissions and other climate-related information, including independent auditors providing some level of attestation to the accuracy of such disclosures. Our ability to comply with any such new ESG and/or climate laws and regulations may lead to increased costs and operational complexity and/or we may be required to divert costs and resources in order to comply with ESG frameworks, and legal, legislative and regulatory requirements. Any failure on our part to comply with such ESG-related regulations could lead to adverse consumer actions and/or investment decisions by investors, as well as expose us to government enforcement action and/or private litigation.

Our business is susceptible to the risks associated with climate change and other environmental impacts which could negatively affect our business and operations.

Our business, including our retail, distribution and manufacturing operations, is susceptible to the risks associated with climate change and other environmental impacts. For example, the physical effects of climate change, such as severe weather events, natural disasters and/or significant changes in climate patterns may (i) cause potential disruptions to our retail stores, distribution centers and corporate facilities or those facilities of our wholesale customers, licensees or suppliers, (ii) adversely impact global supply chains, including the availability and cost of raw materials, (iii) negatively affect the ability of our manufacturers to fulfill our orders timely and/or to our specifications, (iv) cause shipping disruptions and/or (v) lead to higher freight costs. An increase in extreme weather conditions could also result in more frequent damage and/or closures of our stores and distribution centers (or facilities of our wholesale customers, licensees or suppliers), adversely impact retail traffic, consumer's disposable income levels or spending habits on discretionary items, or otherwise disrupt business operations in the communities in which we or our partners operate, any of which could result in lost sales or higher costs. In addition, concern over climate change may result in transitional risks such as new or additional legal, legislative and regulatory requirements to reduce or mitigate the effects of climate change on the environment which may result in increased operational and administrative compliance costs. These physical and transitional risks relating to climate could negatively affect our business and operations.

Risks Related to Tax, Legal and Regulatory Matters

Our business is subject to risks associated with importing products, and the imposition of additional duties, tariffs or trade restrictions could have a material adverse effect on our business, results of operations and financial condition.

There are risks inherent to importing our products. Virtually all of our imported products are subject to duties which may impact the cost of such products. In addition, countries to which we ship our products may impose safeguard quotas to limit the quantity of products that may be imported. We rely on free trade agreements and other supply chain initiatives in order to maximize efficiencies relating to product importation. Additionally, we are subject to government regulations relating to importation activities, including related to CBP withhold release orders. The imposition of taxes, duties and quotas, the withdrawal from or material modification to trade agreements, and/or if CBP detains shipments of our goods pursuant to a withhold release order could have a material adverse effect on our business, results of operations and financial condition. If additional tariffs or trade restrictions are implemented by the United States or other countries, the cost of our products could increase which could adversely affect our business.

Fluctuations in our tax obligations and changes in tax laws, treaties and regulations may have a material adverse impact on our future effective tax rates and results of operations.

The Company and our subsidiaries are subject to taxation in the United States and various foreign jurisdictions, with the applicable tax rates varying by jurisdiction. As a result, our overall effective tax rate is affected by the proportion of earnings from the various tax jurisdictions. We record tax expense based on our estimates of taxable income and required reserves for uncertain tax positions in multiple tax jurisdictions. At any time, there are multiple tax years that are subject to examinations by various taxing authorities. The ultimate resolution of these audits and negotiations with taxing authorities may result in a settlement amount that differs from our original estimate. Any proposed or future changes in tax laws, treaties and regulations or interpretations where we operate could have a material adverse effect on our effective tax rates, results of operations and financial condition.

We and our subsidiaries are also engaged in a number of intercompany transactions. Although we believe that these transactions reflect arm's-length terms and that proper transfer pricing documentation is in place, the transfer prices and conditions may be scrutinized by local tax authorities which could result in additional tax liabilities.

On October 5, 2015, the Organization for Economic Co-operation and Development ("OECD"), an international association of 34 countries, including the United States and United Kingdom, released the final reports from its Base Erosion and Profit Shifting ("BEPS") Action Plans. The BEPS recommendations covered a number of issues, including country-by-country reporting, permanent establishment rules, transfer pricing rules and tax treaties. Future tax reform resulting from this development may result in changes to long-standing tax principles, which could adversely affect our effective tax rate and/or result in higher cash tax liabilities. The Organization for Economic Cooperation and Development, the European Union and other countries (including countries in which we operate) have committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed in an effort to limit perceived base erosion and profit shifting incentives. In particular, the OECD's Pillar Two initiative introduces a 15% global minimum tax applied on a country-by-country basis, for which many jurisdictions have now committed to an effective enactment date starting January 1, 2024. If these proposals are implemented in any jurisdictions in which we operate, they could negatively impact our effective tax rate as well as increase the tax compliance and reporting costs related to such requirements.

If we fail to comply with labor laws or collective bargaining agreements, or if our independent manufacturing contractors fail to use acceptable, ethical business practices, our business and reputation could suffer.

We are subject to labor laws governing relationships with employees, including minimum wage requirements, overtime, working conditions and citizenship requirements. We are also subject to collective bargaining agreements with respect to employees in certain European countries. Compliance with these laws and regulations, as well as collective bargaining agreements, may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation.

We require our independent manufacturing contractors to operate in compliance with applicable laws, rules and regulations regarding working conditions, employment practices and environmental compliance, as well as our Supplier Code of Conduct and other compliance policies under our Factory Social and Environmental Compliance Program. Our staff and third-parties we retain for such purposes periodically visit and monitor the operations of our independent manufacturing contractors to determine compliance. However, we generally do not control these manufacturing contractors or suppliers or their labor, environmental or other business practices. The violation of labor, environmental or other laws by an independent manufacturer or supplier, or divergence of an independent manufacturer's or supplier's labor practices from those generally accepted as ethical or appropriate or that violate our Supplier Code of Conduct, could interrupt or otherwise disrupt the shipment of our products, harm our trademarks or damage our reputation. Further, we could be prohibited from importing goods by governmental authorities. The occurrence of any of these events could materially adversely affect our business, financial condition and results of operations.

We may be unable to protect our trademarks, copyrights and other intellectual property rights, and others may allege that we infringe upon their intellectual property rights.

Our VERSACE, JIMMY CHOO and MICHAEL KORS trademarks, as well as other material trademarks, copyrights and design and patent rights related to the production, marketing and distribution of our products, are important to our success and our competitive position. We are susceptible to others imitating our products and infringing on our intellectual property rights in the Americas, EMEA, Asia and elsewhere in the world in both online and offline channels. Our brands enjoy significant worldwide consumer recognition and the generally higher pricing of our products creates additional incentive for counterfeiters to infringe on our brands. We work with customs authorities, law enforcement, legal representatives and brand specialists globally in an effort to prevent the sale of counterfeit products, but we cannot guarantee the extent to which our efforts to prevent counterfeiting of our brands and other intellectual property infringement will be successful. Such counterfeiting and other intellectual property infringement could dilute our brands and otherwise harm our reputation and business.

Our trademark and other intellectual property applications may fail to result in registered trademarks or other intellectual property or to provide the scope of coverage sought, and others may seek to invalidate our trademarks, copyrights or other intellectual property or block sales of our products as an alleged violation of their trademarks and/or intellectual property rights. In addition, others may assert rights in, or ownership of, trademarks, copyrights and/or other intellectual property rights of ours or in trademarks, copyrights or other intellectual property that are similar to ours or that we license, and we may not be able to successfully resolve these types of conflicts to our satisfaction. In some cases, other intellectual property owners may have prior rights to our trademarks or similar trademarks or intellectual property. Furthermore, the laws of certain foreign countries may not protect trademarks, copyrights and/or other intellectual property rights to the same extent as the laws of the United States or the European Union.

From time to time, in the ordinary course of our business, we become involved in opposition and cancellation proceedings with respect to trademarks or other intellectual property similar to some of our brands. Any litigation or dispute involving the scope or enforceability of our intellectual property rights or any allegation that we infringe upon the intellectual property rights of others could be costly and time-consuming and, if determined adversely to us, could result in harm to our competitive position.

We self-insure certain risks and may be impacted by unfavorable claims experience.

We use a combination of insurance and self-insurance programs, including a wholly-owned captive insurance entity, to provide for the potential liabilities for certain risks including, employee health-care benefits, workers' compensation, employer liability, general liability, marine transport and inventory, property damage, cyber risk and business interruption. Claims are difficult to predict and may be volatile. Any adverse claims experience could have a material adverse effect on our results of operations, financial condition and cash flows.

We are subject to various proceedings, lawsuits, disputes and claims in the ordinary course of business which could have an adverse impact on our business, financial condition and results of operations.

We are a global company and are subject to various proceedings, lawsuits, disputes and claims throughout the world in the ordinary course of business. These claims could include commercial, intellectual property, employment, customer and data privacy claims, as well as class action lawsuits. Typically, these claims raise complex factual and legal issues and are subject to uncertainties. Plaintiffs may seek unspecified damages and/or injunctive or other equitable relief. Our potential liability may be covered in part by our insurance policies, but we may not always have adequate insurance to defend all claims. An unfavorable outcome in any proceeding, lawsuit, dispute or claim may have an adverse impact on our business, financial condition and results of operations.

Risks Related to Our Debt

We have incurred a substantial amount of indebtedness, which could adversely affect our financial condition and restrict our ability to incur additional indebtedness or engage in additional transactions.

As of April 1, 2023, our consolidated indebtedness was approximately $1.8 billion. Our total borrowings as of April 1, 2023 primarily relate to our revolving credit facility of $874 million, Versace term loan of $488 million and senior notes of $450 million. Our ability to make payments on and refinance our debt obligations and to fund planned capital expenditures depends on our ability to generate cash from our operations. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Our substantial level of indebtedness could have negative consequences to our business and we cannot guarantee that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to make payments of our debt, fund other liquidity needs, make necessary capital expenditures or pursue certain business opportunities. Our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing and negatively impact our ability to enter into new financing arrangements in the future.

In addition, our ability to access credit and capital markets in the future as a source of funding, and the borrowing costs associated with such financing, is dependent upon market conditions and our credit rating and outlook. We are currently rated investment grade by two of the Company's three credit rating agencies. If our investment rating is downgraded in the future, it could result in reduced access to the credit and capital markets, more restrictive covenants in future financial documents and higher interest costs and potentially increased lease or hedging costs.

We may be unable to meet financial covenants in our indebtedness agreements which could result in an event of default and restrictive covenants in such agreements may restrict our ability to pursue our business strategies.

The terms of our indebtedness contain affirmative and negative covenants that impose operating and financial restrictions on us and may restrict our ability to engage in future business opportunities or pursue our strategies. The Company's 2022 Credit Facility and the 2022 Versace Credit Facility (of which the Company provides a parent guarantee) requires us to maintain a quarterly maximum permitted net leverage ratio of no greater than 4.0 to 1.0. The 2022 Credit Facility, the 2022

PUBLIC

Versace Credit Facility and the Indenture governing our senior notes also contain certain restrictive covenants, including restrictions on our and certain of our subsidiaries ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- make loans and investments, including acquisitions;
- sell assets;
- incur liens;
- enter into transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets

which collectively may limit our ability to engage in acts that may be in our long-term best interest.

A breach of the covenants or restrictions under the documents that govern our indebtedness could result in an event of default under the applicable indebtedness. Such a default may allow creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the credit agreement governing our 2022 Credit Facility or the Versace 2022 Credit Facility would permit the lenders under our those credit facilities to terminate all commitments to extend further credit under such facility. In the event our lenders or noteholders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns, including during a recessions or other times of economic uncertainty; or
- unable to compete effectively or to take advantage of new business opportunities.

If one or more of our counterparty financial institutions default on their obligations to us, we may incur significant losses or our financial liquidity could be adversely impacted.

As part of our hedging activities, we enter into transactions involving derivative financial instruments, including fixed-to-fixed cross-currency swaps to hedge our net investments in foreign operations against future volatility in the exchange rates between the United States dollar and foreign currencies, with various financial institutions. In addition, we have significant amounts of cash, cash equivalents and other investments on deposit or in accounts with banks or other financial institutions in the United States and abroad. We also rely on borrowings under our revolving credit facilities, under which we had $694 million of borrowing capacity as of April 1, 2023. We rely on that borrowing capacity to fund our operations. As a result, we are exposed to the risk of default by, or failure of, counterparty financial institutions to meet their contractual obligations to us. This risk may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of our counterparties were to become insolvent or file for bankruptcy, our ability to borrow funds or recover losses incurred as a result of a default or our assets that are deposited or held in accounts with such counterparty may be limited by the counterparty's liquidity or the applicable laws governing the insolvency or bankruptcy proceedings. In the event of default or failure of one or more of our counterparties, we could incur significant losses or our financial liquidity could be adversely impacted, which could negatively impact our results of operations and financial condition.

<u>Risks Related to Our Ordinary Shares</u>

Our share price may periodically fluctuate based on the accuracy of our earnings guidance or other forward-looking statements regarding our financial performance.

Our business and long-range planning process is designed to maximize our long-term growth and profitability and not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of our Company and our shareholders. At the same time, however, we recognize that it is helpful to provide investors with guidance as to our forecast of total revenue, earnings per share and other financial metrics or projections. While we generally expect to provide updates to our financial guidance when we report our results each fiscal quarter, we do not have any responsibility to update any of our forward-looking statements at such times or otherwise. In addition, any longer-term guidance that we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable for growth and performance over a number of years. However, such long-range targets are more difficult to predict than our current quarter and fiscal year expectations. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts, or others, our share price could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in our share price.

If we are unable to conduct share repurchases at expected levels, our share price could be adversely affected.

We periodically return value to shareholders through our share repurchase program. On November 9, 2022, the Company announced that its Board of Directors approved the Existing Share Repurchase Plan which permits the Company to repurchase up to $1 billion of its outstanding ordinary shares over two years in open market or privately negotiated transactions and/or pursuant to Rule 10b5-1 trading plans, subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors. The program may be suspended or discontinued at any time. Our ability to conduct share repurchases depends on our ability to generate sufficient cash flows from operations in the future which may be limited by economic, financial, competitive and other factors that are beyond our control. The Existing Share Repurchase Plan may also be suspended or discontinued at any time. Investors may have an expectation that we will repurchase all shares available under our Existing Share Repurchase Plan. The market price of our ordinary shares could be adversely affected if our share repurchase activity differs from investors' expectations or if our share repurchase activity were to terminate.

Failure to maintain adequate financial and management processes and controls could lead to errors in our financial reporting, which could harm our business and cause a decline in the price of our ordinary shares.

As an SEC registrant, we are required to document and test our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. If our management is unable to certify the effectiveness of our internal controls or if our independent registered public accounting firm cannot render an opinion on the effectiveness of our internal control over financial reporting, or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could have an adverse effect on our business and cause a decline in the price of our ordinary shares.

Provisions in our organizational documents may delay or prevent our acquisition by a third-party.

Our Memorandum and Articles of Association (together, as amended from time to time, our "Memorandum and Articles") contain several provisions that may make it more difficult or expensive for a third-party to acquire control of us without the approval of our board of directors. These provisions may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that might otherwise result in our shareholders receiving a premium over the market price for their ordinary shares. These provisions include, among others:

- our board of directors' ability to amend the Memorandum and Articles to create and issue, from time to time, one or more classes of preference shares and, with respect to each such class, to fix the terms thereof by resolution;
- provisions relating to the multiple classes and three-year terms of directors, the manner of election of directors, removal of directors and the appointment of directors upon an increase in the number of directors or vacancy on our board of directors;
- restrictions on the ability of shareholders to call meetings and bring proposals before meetings;
- elimination of the ability of shareholders to act by written consent; and
- the requirement of the affirmative vote of 75% of the shares entitled to vote to amend certain provisions of our Memorandum and Articles.

These provisions of our Memorandum and Articles could discourage potential takeover attempts and reduce the price that investors might be willing to pay for our ordinary shares in the future, which could reduce the market price of our ordinary shares.

Rights of shareholders under British Virgin Islands law differ from those under United States law, and, accordingly, our shareholders may have fewer protections.

Our corporate affairs are governed by our Memorandum and Articles, the BVI Business Companies Act (Revised Edition 2020) (as amended) (the "BVI Act") and the common law of the British Virgin Islands. The rights of shareholders to take legal action against our directors, actions by minority shareholders and the fiduciary responsibilities of our directors under British

Virgin Islands law are to a large extent governed by the common law of the British Virgin Islands and by the BVI Act. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are not as clearly established as they would be under statutes or judicial precedents in some jurisdictions in the United States. In particular, the British Virgin Islands has a less developed body of securities laws as compared to the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law. As a result of the foregoing, holders of our ordinary shares may have more difficulty in protecting their interests through actions against our management, directors or major shareholders than they would as shareholders of a United States company.

The laws of the British Virgin Islands provide limited protection for minority shareholders, so minority shareholders will have limited or no recourse if they are dissatisfied with the conduct of our affairs.

Under the laws of the British Virgin Islands, there is limited statutory law for the protection of minority shareholders other than the provisions of the BVI Act dealing with shareholder remedies. The principal protection under statutory law is that shareholders may bring an action to enforce the constituent documents of a British Virgin Islands company and are entitled to have the affairs of the Company conducted in accordance with the BVI Act and the memorandum and articles of association of the Company. As such, if those who control the Company have persistently disregarded the requirements of the BVI Act or the provisions of the Company's memorandum and articles of association, then the courts will likely grant relief. Generally, the areas in which the courts will intervene are the following: (i) an act complained of which is outside the scope of the authorized business or is illegal or not capable of ratification by the majority; (ii) acts that constitute fraud on the minority where the wrongdoers control the Company; (iii) acts that infringe on the personal rights of the shareholders, such as the right to vote; and (iv) acts where the Company has not complied with provisions requiring approval of a special or extraordinary majority of shareholders, which are more limited than the rights afforded to minority shareholders under the laws of many states in the United States.

It may be difficult to enforce judgments against us or our executive officers and directors in jurisdictions outside the United States.

Under our Memorandum and Articles, we may indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. Furthermore, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder will be governed exclusively by the laws of the British Virgin Islands and subject to the jurisdiction of the British Virgin Islands courts, unless those rights or obligations do not relate to or arise out of their capacities as such. Although there is doubt as to whether United States' courts would enforce these provisions in an action brought in the United States under United States securities laws, these provisions could make judgments obtained outside of the British Virgin Islands more difficult to enforce against our assets in the British Virgin Islands or jurisdictions that would apply British Virgin Islands law.

British Virgin Islands companies may not be able to initiate shareholder derivative actions, thereby depriving shareholders of one avenue to protect their interests.

British Virgin Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States. The circumstances in which any such action may be brought, and the procedures and defenses that may be available in respect of any such action, may result in the rights of shareholders of a British Virgin Islands' company being more limited than those of shareholders of a company organized in the United States. Accordingly, shareholders may have fewer alternatives available to them if they believe that corporate wrongdoing has occurred. The British Virgin Islands courts are also unlikely to recognize or enforce judgments of courts in the United States based on certain liability provisions of United States securities law or to impose liabilities, in original actions brought in the British Virgin Islands, based on certain liability provisions of the United States securities laws that are penal in nature. There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will generally recognize and enforce the non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. This means that even if shareholders were to sue us successfully, they may not be able to recover anything to make up for the losses suffered.

Item 1B. Unresolved Staff Comments

None.

PUBLIC

Item 2. Properties

The following table sets forth the location, use and size of our significant distribution and corporate facilities as of April 1, 2023, all of which are leased with the exception of our distribution center in the Netherlands, our central warehouse in Italy and luxury shoe factory in Italy, which are owned. The leases expire at various times through Fiscal 2044, subject to renewal options.

Location	Use	Approximate Square Footage
Whittier, CA	Michael Kors United States Distribution Center	1,181,000
Venlo, Netherlands	Michael Kors and Jimmy Choo European Distribution Center	1,096,000
New York, NY	Michael Kors, Versace and Jimmy Choo United States Corporate Offices	211,000
Montreal, Quebec	Michael Kors and Jimmy Choo Canada Corporate Offices and Distribution Center	150,000
Novara, Italy	Versace European Distribution Center	109,000
Milan, Italy	Versace Corporate Offices	90,000
Milan, Italy	Versace Showroom	54,000
Novara, Italy	Versace Manufacturing and Distribution Center	46,00
Pistoia, Italy	Capri Luxury Shoe Factory	41,000
East Rutherford, NJ	Michael Kors United States Corporate Offices	31,000
Milan, Italy	Michael Kors Regional Corporate Office and Showroom	25,000
Shanghai, China	Michael Kors, Versace and Jimmy Choo Regional Corporate Offices	25,000
London, England	Jimmy Choo Corporate Offices	24,000
London, England	Capri Corporate Headquarters and Michael Kors Regional Corporate Office	19,000
Manno, Switzerland	Michael Kors European Corporate Offices	18,000

As of April 1, 2023, we also occupied 1,272 leased retail stores worldwide (including concessions). We consider our properties to be in good condition and believe that our facilities are adequate for our operations and provide sufficient capacity to meet our anticipated requirements.

Other than the land and building for our Michael Kors and Jimmy Choo European distribution center in the Netherlands, our Versace central warehouse in Italy and our Capri luxury shoe factory in Italy, property and equipment related to our stores (e.g. leasehold improvements, fixtures, etc.) and computer equipment, we did not own any material property as of April 1, 2023.

Item 3. Legal Proceedings

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on our business, results of operations and financial condition.

Item 4. Mine Safety Disclosures

None.

PUBLIC

PART II

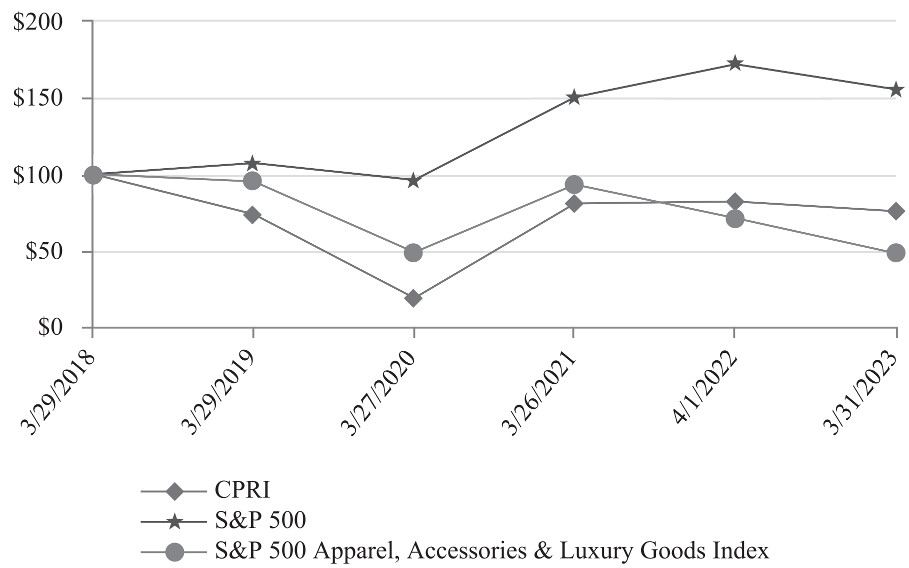
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our ordinary shares trade on the NYSE under the symbol "CPRI". At April 1, 2023, there were 117,347,045 ordinary shares outstanding, and the closing price of our ordinary shares was $47.00. Also as of that date, we had approximately 133 ordinary shareholders of record.

Share Performance Graph

The line graph below compares the cumulative total shareholder return on our ordinary shares with the Standard & Poor's ("S&P") 500 Stock Index and the S&P 500 Apparel, Accessories & Luxury Goods Index for the five-year period from March 29, 2018 through March 31, 2023, the last business day of our fiscal year. The graph below assumes an investment of $100 made at the close of trading on March 29, 2018, in our ordinary shares and each of the indices presented. All values assume reinvestment of the full amount of all dividends, if any, into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable time period.



Issuer Purchases of Equity Securities

On June 1, 2022, the Board of Directors terminated our Fiscal 2022 Plan, with $500 million of availability remaining, and authorized a new share repurchase program pursuant to which we may, from time to time, repurchase up to $1.0 billion of our outstanding ordinary shares within period of two years from the effective date of the program.

On November 9, 2022, the Company announced that its Board of Directors approved a new share repurchase program of up to $1 billion of its outstanding ordinary shares, providing additional capacity to return cash to shareholders over the longer term. This new two-year program replaced the Company's existing $1 billion share repurchase program which had $250 million of availability remaining.

Share repurchases may be made in open market or privately negotiated transactions and/or pursuant to Rule 10b5-1 trading plans, subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors. The program may be suspended or discontinued at any time.

PUBLIC

The following table provides information regarding our ordinary share repurchases during the three months ended April 1, 2023:

	Total Number of Shares	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Remaining Dollar Value of Shares That May Be Purchased Under the Programs (in millions)
January 1, 2023 – January 28, 2023	604	$ 64.64	—	$ 800
January 29, 2023 – February 25, 2023	3,288,564	$ 50.17	3,288,564	$ 635
February 26, 2023 – April 1, 2023	5,146,526	$ 45.66	5,146,526	$ 400
	8,435,694		8,435,090	

Item 6. [Reserved]

PUBLIC

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Our Business

Capri Holdings Limited is a global fashion luxury group consisting of iconic, founder-led brands Versace, Jimmy Choo and Michael Kors. Our commitment to glamorous style and craftsmanship is at the heart of each of our luxury brands. We have built our reputation on designing exceptional, innovative products that cover the full spectrum of fashion luxury categories. Our strength lies in the unique DNA and heritage of each of our brands, the diversity and passion of our people and our dedication to the clients and communities we serve.

Our Versace brand has long been recognized as one of the world's leading international fashion design houses and is synonymous with Italian glamour and style. Founded in 1978 in Milan, Versace is known for its iconic and unmistakable style and unparalleled craftsmanship. Over the past several decades, the House of Versace has grown globally from its roots in haute couture, expanding into the design, manufacturing, distribution and retailing of accessories, ready-to-wear, footwear, eyewear watches, jewelry, fragrance and home furnishings. Versace's design team is led by Donatella Versace, who has been the brand's Artistic Director for over 20 years. Versace distributes its products through a worldwide distribution network, which includes boutiques in some of the world's most glamorous cities, its e-commerce sites, as well as through the most prestigious department and specialty stores worldwide.

Our Jimmy Choo brand offers a distinctive, glamorous and fashion-forward product range, enabling it to develop into a leading global luxury accessory brand, whose core product offering is women's luxury shoes, complemented by accessories, including handbags, small leather goods, jewelry, scarves and belts, as well as a growing men's luxury shoe and accessory business. In addition, certain categories, such as fragrances and eyewear are produced under licensing agreements. Jimmy Choo's design team is led by Sandra Choi, who has been the Creative Director for the brand since its inception in 1996. Jimmy Choo products are unique, instinctively seductive and chic. The brand offers classic and timeless luxury products, as well as innovative products that are intended to set and lead fashion trends. Jimmy Choo is represented through its global store network, its e-commerce sites, as well as through the most prestigious department and specialty stores worldwide.

Our Michael Kors brand was launched over 40 years ago by Michael Kors, a world-renowned designer, whose vision has taken the Company from its beginnings as an American luxury sportswear house to a global accessories, footwear and ready-to-wear company with a global distribution network that has presence in over 100 countries through Company-operated retail stores and e-commerce sites, leading department stores, specialty stores and select licensing partners. Michael Kors is a highly recognized luxury fashion brand in the Americas and Europe with growing brand awareness in other international markets. Michael Kors features distinctive designs, materials and craftsmanship with a jet-set aesthetic that combines stylish elegance and a sporty attitude. Michael Kors offers three primary collections: the Michael Kors Collection luxury line, the MICHAEL Michael Kors accessible luxury line and the Michael Kors Mens line. The Michael Kors Collection establishes the aesthetic authority of the entire brand and is carried by select retail stores, our e-commerce sites, as well as in the finest luxury department stores in the world. MICHAEL Michael Kors has a strong focus on accessories, in addition to offering footwear and ready-to-wear, and addresses the significant demand opportunity in accessible luxury goods. We have also been developing our men's business in recognition of the significant opportunity afforded by the Michael Kors brand's established fashion authority and the expanding men's market. Taken together, our Michael Kors collections target a broad customer base while retaining our premium luxury image.

PUBLIC

Certain Factors Affecting Financial Condition and Results of Operations

Macroeconomic conditions and inflationary pressures. Global economic conditions and the related impact on levels of consumer spending worldwide impacted our business in Fiscal 2023, and are likely to continue to impact our business and the accessories, footwear and apparel industry overall for the foreseeable future. Inflation, rising interest rates, higher fuel and energy costs and commodity prices, reductions in net worth based on market declines and uncertainty, home prices, credit availability and consumer debt levels, concerns of a global banking crisis, political instability due to war or other geopolitical factors and other macroeconomic pressures and general uncertainty regarding the overall future economic environment have led to recession fears and created a challenging retail environment, particularly in the second half of Fiscal 2023, which is expected to continue in the near term. Purchases of discretionary luxury items, such as the accessories, footwear and apparel that we produce, tend to decline when disposable income is lower or when there are recessions, inflationary pressures or other economic uncertainty which could negatively affect our financial condition and results of operations.

COVID-19 pandemic. The Company's performance during Fiscal 2023 was adversely impacted due to lockdowns in certain regions, most notably in Greater China, as a result of an increase in infections due to variants of COVID-19. These lockdowns resulted in store closures and an overall decline in demand in the region. While the situation seems to be improving infection rates and government restrictions may continue to persist in Greater China or elsewhere

Luxury goods trends and demand for our accessories and related merchandise. Our performance is affected by trends in the luxury goods industry, global consumer spending, macroeconomic factors, overall levels of consumer travel and spending on discretionary items as well as shifts in demographics and changes in lifestyle preferences. Through 2019, the personal luxury goods market grew at a mid-single digit rate over the past 20 years, with more recent growth driven by stronger Chinese demand from both international and local consumers and demographic and socioeconomic shifts resulting in younger consumers purchasing more luxury goods. However, in 2020, due to the impact of the COVID-19 crisis, the personal luxury goods market declined 23%. Market studies indicate that the personal luxury goods market returned to 2019 levels in 2021, and the market is predicted to increase at a 10% compound annual growth rate between 2020 and 2025. Future growth is expected to be driven by e-commerce, Chinese consumers and younger generations; however, growth may be limited by concerns over inflation, the possibility of a global recession, foreign currency volatility or worsening economic conditions.

Foreign currency fluctuation. Our consolidated operations are impacted by the relationships between our reporting currency, the United States dollar, and those of our non-United States subsidiaries whose functional/local currency is other than the United States dollar, primarily the Euro, the British Pound, the Chinese Renminbi, the Japanese Yen, the Korean Won and the Canadian dollar, among others. We continue to expect volatility in the global foreign currency exchange rates, which may have a negative impact on the reported results of certain of our non-United States subsidiaries in the future, when translated to the United States dollar.

Disruptions or delays in shipping and distribution and other supply chain constraints. Any disruptions in our shipping and distribution network, including port congestion, vessel availability, container shortages and temporary factory closures, could have a negative impact on our results of operations. See Item 1A. “Risk Factors” — “We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods” and “Our business is subject to risks inherent in global sourcing activities, including disruptions or delays in manufacturing or shipments” for additional discussion.

Costs of manufacturing, tariffs and import regulations. Our industry is subject to volatility in costs related to certain raw materials used in the manufacturing of our products. This volatility applies primarily to costs driven by commodity prices, which can increase or decrease dramatically over a short period of time. In addition, our costs may be impacted by sanction tariffs imposed on our products due to changes in trade terms. We rely on free trade agreements and other supply chain initiatives in order to maximize efficiencies relating to product importation. We are also subject to government import regulations, including CBP withhold release orders. The imposition of taxes, duties and quotas, the withdrawal from or material modification to trade agreements and/or if CBP detains shipments of our goods pursuant to a withhold release order could have a material adverse effect on our business, results of operations and financial condition. If additional tariffs or trade restrictions are implemented by the United States or other countries, the cost of our products could increase which could adversely affect our business. In addition, commodity prices and tariffs may have an impact on our revenues, results of operations and cash flows. We use commercially reasonable efforts to mitigate these effects by sourcing our products as efficiently as possible and diversifying the countries where we produce. In addition, manufacturing labor costs are also subject to degrees of volatility based on local and global economic conditions. We use commercially reasonable efforts to source from localities that suit our manufacturing standards and result in more favorable labor driven costs of our product.

Segment Information

We operate in three reportable segments, which are as follows:

Versace

We generate revenue through the sale of Versace luxury accessories, ready-to-wear and footwear through directly operated Versace boutiques throughout North America (United States and Canada), certain parts of EMEA (Europe, Middle East and Africa) and certain parts of Asia (Asia and Oceania), as well as through Versace outlet stores and e-commerce sites. In addition, revenue is generated through wholesale sales to distribution partners (including geographic licensing arrangements), multi-brand department stores and specialty stores worldwide, as well as through product license agreements in connection with the manufacturing and sale of products, including jeans, fragrances, watches, jewelry, eyewear and home furnishings.

Jimmy Choo

We generate revenue through the sale of Jimmy Choo luxury goods through directly operated Jimmy Choo retail and outlet stores throughout the Americas (United States, Canada and Latin America), certain parts of EMEA and certain parts of Asia, through our e-commerce sites, as well as through wholesale sales of luxury goods to distribution partners (including geographic licensing arrangements that allow third-parties to use the Jimmy Choo tradename in connection with retail and/or wholesale sales of Jimmy Choo branded products in specific geographic regions), multi-brand department stores and specialty stores worldwide. In addition, revenue is generated through product licensing agreements, which allow third-parties to use the Jimmy Choo brand name and trademarks in connection with the manufacturing and sale of products, including fragrances and eyewear.

Michael Kors

We generate revenue through the sale of Michael Kors products through four primary Michael Kors retail store formats: “Collection” stores, “Lifestyle” stores (including concessions), outlet stores and e-commerce, through which we sell our products, as well as licensed products bearing our name, directly to consumers throughout the Americas, certain parts of EMEA and certain parts of Asia. Our Michael Kors e-commerce business includes e-commerce sites in the United States, Canada, EMEA and Asia. We also sell Michael Kors products directly to department stores, primarily located across the Americas and EMEA, to specialty stores and travel retail shops in the Americas, Europe and Asia, and to our geographic licensees in certain parts of EMEA, Asia and Brazil. In addition, revenue is generated through product and geographic licensing arrangements, which allow third-parties to use the Michael Kors brand name and trademarks in connection with the manufacturing and sale of products, including watches, jewelry, fragrances and eyewear, as well as through geographic licensing arrangements, which allow third-parties to use the Michael Kors tradename in connection with the retail and/or wholesale sales of our Michael Kors branded products in specific geographic regions.

Unallocated Corporate Expenses

In addition to the reportable segments discussed above, we have certain corporate costs that are not directly attributable to our brands and, therefore, are not allocated to segments. Such costs primarily include certain administrative, corporate occupancy, shared service and information systems expenses, including system implementation costs and Capri transformation program costs. In addition, certain other costs are not allocated to segments, including restructuring and other charges, impairment costs, COVID-19 related charges and the war in Ukraine. The segment structure is consistent with how our chief operating decision maker plans and allocates resources, manages the business and assesses performance. The following table presents our total revenue and income (loss) from operations by segment for Fiscal 2023, Fiscal 2022 and Fiscal 2021 (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Michael Kors	868	1,005	595
Total segment income from operations	1,058	1,203	561
Less: Corporate expenses	(233)	(190)	(152)
Impairment of assets [1]	(142)	(73)	(316)
COVID-19 related charges [2]	9	14	(42)
Impact of war in Ukraine [3]	3	(9)	—
Restructuring and other charges	(16)	(42)	(32)
Total income from operations	$ 679	$ 903	$ 19

(1) Impairment of assets during Fiscal 2023 includes $110 million, $30 million, and $2 million of impairment charges related to the Jimmy Choo, Michael Kors and Versace reportable segments, respectively. Impairment of assets during Fiscal 2022 includes $50 million, $19 million and $4 million of impairment charges related to the Michael Kors, Versace and Jimmy Choo reportable segments, respectively. Impairment of assets during Fiscal 2021 includes $191 million, $91 million and $34 million of impairment charges related to the Jimmy Choo, Michael Kors and Versace reportable segments, respectively.

(2) COVID-19 related charges during Fiscal 2023, primarily include net inventory credits of $9 million. COVID-19 related charges during Fiscal 2022, primarily include net inventory credits and severance expense of $16 million and $2 million, respectively. COVID-19 related charges during Fiscal 2021, primarily include net inventory reserves and severance expense of $10 million and $24 million, respectively. Inventory related costs are recorded within costs of goods sold and severance expense and credit losses are recorded within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss).

(3) These charges primarily relate to incremental credit losses and inventory reserves which are a direct impact of the war in Ukraine. Credit losses are recorded within selling, general and administrative expenses and inventory related costs are recorded within costs of goods sold in the consolidated statements of operations and comprehensive income (loss).

PUBLIC

The following table presents our global network of retail stores and wholesale doors:

	As of		
	April 1, 2023	April 2, 2022	March 27, 2021

The following table presents our retail stores by geographic location:

	As of April 1, 2023			As of April 2, 2022		
	Versace	Jimmy Choo	Michael Kors	Versace	Jimmy Choo	Michael Kors

PUBLIC

Key Performance Indicators and Statistics

We use a number of key indicators of operating results to evaluate our performance, including the following (dollars in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Total revenue	$ 5,619	$ 5,654	$ 4,060
Gross profit as a percent of total revenue	66.3 %	66.2 %	64.0 %
Income from operations	$ 679	$ 903	$ 19
Income from operations as a percent of total revenue	12.1 %	16.0 %	0.5 %

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Critical accounting policies are those that are the most important to the portrayal of our results of operations and financial condition and that require our most difficult, subjective and complex judgments to make estimates about the effect of matters that are inherently uncertain. In applying such policies, we must use certain assumptions that are based on our informed judgments, assessments of probability and best estimates. Estimates, by their nature, are subjective and are based on analysis of available information, including current and historical factors and the experience and judgment of management. We evaluate our assumptions and estimates on an ongoing basis. While our significant accounting policies are detailed in Note 2 to the accompanying financial statements, our critical accounting policies are discussed below and include revenue recognition, inventories, long-lived assets, goodwill and other indefinite-lived intangible assets, share-based compensation, derivatives and income taxes.

Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for goods or services. We recognize retail store revenue when control of the product is transferred at the point of sale at our owned stores, including concessions. Revenue from sales through our e-commerce sites is recognized at the time of delivery to the customer, reduced by an estimate of returns. Wholesale revenue is recognized net of estimates for sales returns, discounts, markdowns and allowances, after merchandise is shipped and control of the underlying product is transferred to our wholesale customers. To arrive at net sales for retail, gross sales are reduced by actual customer returns, as well as by a provision for estimated future customer returns, which is based on management's review of historical and current customer returns. The amounts reserved for retail sales returns were $22 million $22 million and $20 million at April 1, 2023, April 2, 2022 and March 27, 2021, respectively. Net sales for wholesale equals gross sales, reduced by provisions for estimated future returns based on current expectations, as well as trade discounts, markdowns, allowances, operational chargebacks, and certain cooperative selling expenses. Total sales reserves for wholesale were $73 million, $70 million and $78 million at April 1, 2023, April 2, 2022 and March 27, 2021, respectively. These estimates are based on such factors as historical trends, actual and forecasted performance and market conditions, which are reviewed by management on a quarterly basis. Our historical estimates of these costs were not materially different from actual results.

Royalty revenue generated from product licenses, which includes contributions for advertising, is based on reported sales of licensed products bearing our tradenames at rates specified in the license agreements. These agreements are also subject to contractual minimum levels. Royalty revenue generated by geographic licensing agreements is recognized as it is earned under the licensing agreements based on reported sales of licensees applicable to specified periods, as outlined in the agreements. These agreements allow for the use of our tradenames to sell our branded products in specific geographic regions.

Inventories

Our inventory costs include amounts paid to independent manufacturers, plus duties and freight to bring the goods to the Company's warehouses, as well as shipments to stores. The combined total of raw materials and work in process recorded on our consolidated balance sheets as of April 1, 2023 and April 2, 2022 were $47 million and $31 million, respectively. We continuously evaluate the composition of our inventory and make adjustments when the cost of inventory is not expected to be fully recoverable. The net realizable value of our inventory is estimated based on historical experience, current and forecasted demand and market conditions. In addition, reserves for inventory losses are estimated based on historical experience and inventory counts. Our inventory reserves are estimates, which could vary significantly from actual results if future economic conditions, customer demand or competition differ from expectations. Our historical estimates of these adjustments have not differed materially from actual results.

Long-lived Assets

We evaluate all long-lived assets, including operating lease right-of-use assets, property and equipment and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. For the purposes of impairment testing, we group long-lived assets at the lowest level of identifiable cash flow. Our leasehold improvements are typically amortized over the life of the store lease, including reasonably assured renewals and our shop-in-shops are amortized over a useful life of three to five years. Our impairment testing is based on our best estimate of the future operating cash flows. If the sum of our estimated undiscounted future cash flows associated with the asset is less than the asset's carrying value, we would recognize an impairment charge, which is measured as the amount by which the carrying value exceeds the fair value of the asset. The fair values determined by management require significant judgment and include certain assumptions regarding future sales and expense growth rates, discount rates and estimates of real estate market fair values. As such, these estimates may differ from actual results and are affected by future market and economic conditions.

During Fiscal 2023, Fiscal 2022 and Fiscal 2021, we recorded impairment charges of $36 million, $83 million and $158 million, respectively, which were primarily related to operating lease right-of-use assets and fixed assets of our retail store locations. Please refer to Note 7 and Note 13 of the accompanying consolidated financial statements for additional information

Goodwill and Other Indefinite-lived Intangible Assets

We record intangible assets based on their fair value on the date of acquisition. Goodwill is recorded as the difference between the fair value of the purchase consideration and the fair value of the net identifiable tangible and intangible assets acquired. The brand intangible assets recorded in connection with the acquisitions of Versace and Jimmy Choo were determined to be indefinite-lived intangible assets, which are not subject to amortization. We perform an impairment assessment of goodwill, as well as the Versace brand and Jimmy Choo brand intangible assets on an annual basis, or whenever impairment indicators exist. In the absence of any impairment indicators, goodwill, the Versace brand and the Jimmy Choo brand are assessed for impairment during the fourth quarter of each fiscal year. Judgments regarding the existence of impairment indicators are based on market conditions and operational performance of the business.

We may assess our goodwill and our brand indefinite-lived intangible assets for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of these assets is greater than their carrying value. When performing a qualitative test, we assess various factors including industry and market conditions, macroeconomic conditions and performance of our businesses. If the results of the qualitative assessment indicate that it is more likely than not that our goodwill and other indefinite-lived intangible assets are impaired, a quantitative impairment analysis is performed to determine if impairment is required. We may also elect to perform a quantitative analysis of goodwill and our indefinite-lived intangible assets initially rather than using a qualitative approach.

The impairment testing for goodwill is performed at the reporting unit level. We use industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, we engage independent third-party valuation specialists for assistance. To determine the fair value of a reporting unit, we use a combination of the income and market approaches, when applicable. We believe the blended use of both models, when applicable, compensates for the inherent risk associated with either model if used on a stand-alone basis, and this combination is indicative of the factors a market participant would consider when performing a similar valuation. If the fair value of a reporting unit exceeds the related carrying value, the reporting unit's goodwill is considered not to be impaired and no further testing is performed. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recorded for the difference These valuations are affected by certain estimates, including future revenue growth rates, future operating expense growth rates, gross margins and discount rates. Future events could cause us to conclude that impairment indicators exist and goodwill may be impaired.

When performing a quantitative impairment assessment of our brand intangible assets, the fair value of the Versace and the Jimmy Choo brands is estimated using a discounted cash flow analysis based on the "relief from royalty" method, assuming that a third-party would be willing to pay a royalty in lieu of ownership for this intangible asset. This approach is dependent on many factors, including estimates of future revenue growth rates, royalty rates and discount rates. Actual future results may differ from these estimates. An impairment loss is recognized when the estimated fair value of the brand intangible assets is less than its carrying amount.

During the fourth quarter of Fiscal 2023, we performed our annual goodwill and indefinite-lived intangible assets impairment analysis. Based on a qualitative impairment assessment of the Michael Kors reporting units, we concluded that it is more likely than not that the fair value of the Michael Kors reporting units exceeded its carrying value and, therefore, was not impaired. We elected to perform quantitative impairment analyses for the Versace and Jimmy Choo reporting units, using a combination of income and market approaches to estimate the fair values of reporting units. We also elected to perform a quantitative impairment analysis for the Versace and Jimmy Choo brand intangible assets using an income approach to estimate the fair values.

Based on the results of these assessments, the Company determined there was no impairment for the Jimmy Choo Licensing reporting unit goodwill as its fair value is significantly higher than its carrying value and no impairment for the Wholesale brand intangible asset as its approximate fair value was equal to its carrying value. Further, the Company determined that there was no impairment for the Versace reporting units goodwill as their fair values significantly exceeded the carrying values and its Retail and Wholesale brand intangible assets fair value exceeded its carrying value by approximately 10% and 5%, respectively.

The Company further concluded that the fair value of the Jimmy Choo Retail and Wholesale reporting units goodwill, along with the Jimmy Choo Retail brand indefinite-lived intangible assets, did not exceed their related carrying amounts. The resulting impairment charges were primarily related to a higher discount rate in the current year driven by higher risk-free rates. Accordingly, the Company recorded impairment charges of $82 million related to the Jimmy Choo Retail and Wholesale reporting units goodwill and $24 million related to the Jimmy Choo Retail brand intangible assets during Fiscal 2023. The impairment charges were recorded within impairment of assets on our consolidated statement of operations and comprehensive income (loss) for the fiscal year ended April 1, 2023.

In Fiscal 2022, the Company did not incur any impairment charges. In Fiscal 2021, we recorded a goodwill impairment charge of $94 million related to the Jimmy Choo wholesale and Jimmy Choo licensing reporting units and $69 million impairment charge related to the Jimmy Choo brand intangible assets during Fiscal 2021. The impairment charges were recorded within impairment of assets on our consolidated statement of operations and comprehensive income (loss) for the fiscal year ended March 27, 2021. See Note 8 to the accompanying financial statements for information relating to the annual impairment analysis performed during the fourth quarters of Fiscal 2023, Fiscal 2022 and Fiscal 2021.

It is possible that our conclusions regarding impairment or recoverability of goodwill or other indefinite intangible assets could change in future periods if, for example, (i) our businesses do not perform as projected, (ii) overall economic conditions in future years vary from current assumptions, (iii) business conditions or strategies change from our current assumptions, (iv) discount rates change, (v) market multiples change or (vi) the identification of our reporting units change, among other factors. Such changes could result in a future impairment charge of goodwill or other indefinite intangible assets.

Share-based Compensation

We grant share-based awards to certain of our employees and directors. The grant date fair value of share options is calculated using the Black-Scholes option pricing model, which requires us to use subjective assumptions. The closing market price at the grant date is used to determine the grant date fair value of restricted stock units ("RSUs") and performance-based RSUs. These values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for performance grants, or the passage of time for those grants which have only time-based vesting requirements. Compensation expense for performance-based RSUs is recognized over the employees' requisite service period when attainment of the performance goals is deemed probable, which involves judgment as to achievement of certain performance metrics.

We use our own historical experience in determining the expected holding period and volatility of our time-based share option awards. Determining the grant date fair value of share-based awards requires considerable judgment, including estimating expected volatility, expected term, risk-free rate and forfeitures. If factors change and we employ different assumptions, the fair value of future awards and resulting share-based compensation expense may differ significantly from what we have estimated in the past.

Derivative Financial Instruments

Forward Foreign Currency Exchange Contracts

We use forward foreign currency exchange contracts to manage our exposure to fluctuations in foreign currency for certain transactions. We, in our normal course of business, enter into transactions with foreign suppliers and seek to minimize risks related to these transactions. We employ these contracts to hedge our cash flows, as they relate to foreign currency transactions. Certain of these contracts are designated as hedges for accounting purposes, while others remain undesignated. All of our derivative instruments are recorded in our consolidated balance sheets at fair value on a gross basis, regardless of their hedge designation.

We designate certain contracts related to the purchase of inventory that qualify for hedge accounting as cash flow hedges. Formal hedge documentation is prepared for all derivative instruments designated as hedges, including a description of the hedged item and the hedging instrument and the risk being hedged. The changes in the fair value for contracts designated as cash flow hedges is recorded in equity as a component of accumulated other comprehensive income until the hedged item affects earnings. When the inventory related to forecasted inventory purchases that are being hedged is sold to a third-party, the gains or losses deferred in accumulated other comprehensive income are recognized within cost of goods sold. The Company uses regression analysis to assess effectiveness of derivative instruments that are designated as hedges, which compares the change in the fair value of the derivative instrument to the change in the related hedged item. If the hedge is no longer expected to be highly effective in the future, future changes in the fair value are recognized in earnings. For those contracts that are not designated as hedges, changes in the fair value are recorded to foreign currency loss (gain) in our consolidated statements of operations and comprehensive income (loss). We classify cash flows relating to our forward foreign currency exchange contracts related to purchases of inventory consistently with the classification of the hedged item within cash flows from operating activities.

We are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, we only enter into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure. The aforementioned forward contracts generally have a term of no more than 12 months. The period of these contracts is directly related to the foreign transaction they are intended to hedge.

Net Investment Hedges

We also use fixed-to-fixed cross currency swap agreements to hedge our net investments in foreign operations against future volatility in the exchange rates between different currencies. We have elected the spot method of designating these contracts under ASU 2017-12, *"Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities",* and have designated these contracts as net investment hedges. The net gain or loss on the net investment hedge is reported within foreign currency translation gains and losses ("CTA"), as a component of accumulated other comprehensive income on our consolidated balance sheets. Interest accruals and coupon payments are recognized directly in interest expense (income), net, in our consolidated statements of operations and comprehensive income (loss). Upon discontinuation of a hedge, all previously recognized amounts remain in CTA until the net investment is sold, diluted or liquidated.

We are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, we only enter into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure.

During Fiscal 2021, the Company resumed its normal hedging program and entered into multiple fixed-to-fixed cross-currency swap agreements to hedge its net investment in Euro-denominated and Japanese Yen-denominated subsidiaries against future volatility in the exchange rate between the United States dollar and these currencies. During Fiscal 2021, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $4 billion to hedge its net investment in Euro-denominated subsidiaries and $194 million to hedge its net investment in Japanese Yen-denominated subsidiaries against future volatility in the exchange rates between the United States dollar and these currencies.

During the first quarter of Fiscal 2022, we modified multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $2.875 billion to hedge its net investment in Euro denominated subsidiaries. Due to an other-than-insignificant financing element for certain of the first quarter modifications, net interest cash inflows of $31 million during Fiscal 2022 related to these contracts are classified as financing activities in our consolidated statements of cash flows.

PUBLIC

During the third and fourth quarter of Fiscal 2022, we modified multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $1.5 billion and $2.475 billion, respectively. The modification of these hedges resulted in the receipt of $59 million and $130 million in cash during the third and fourth quarter of Fiscal 2022, respectively. These amounts are classified within investing activities in our consolidated statements of cash flows.

During the first quarter of Fiscal 2023, the Company modified multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $1.094 billion to hedge its net investment, of which $900 million was in Euro denominated subsidiaries and $194 million was in Japanese Yen denominated subsidiaries. The modification of these swaps resulted in the Company receiving $66 million in cash during the first quarter of Fiscal 2023. These contracts have been designated as net investment hedges.

As of July 2, 2022, the Company had multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $4 billion to hedge its net investment in Euro denominated subsidiaries (the "Euro Net Investment Hedges") and $194 million to hedge its net investment in Japanese Yen denominated subsidiaries (the "Japanese Yen Net Investment Hedges"). During the month of July 2022, the Euro Net Investment Hedges with aggregate notional amounts of $4 billion outstanding as of July 2, 2022 were terminated resulting in the Company receiving $237 million in cash.

During the second quarter of Fiscal 2023, the Company also entered into, and subsequently terminated, additional Euro Net Investment Hedges with aggregate notional amounts of $4 billion. The termination of these contracts resulted in the Company receiving an additional $100 million in cash.

During the second quarter of Fiscal 2023, the Company also modified certain Japanese Yen Net Investment Hedges with notional amounts of $100 million. The modification of these hedges resulted in the Company receiving $6 million in cash during the second quarter of Fiscal 2023. The Company entered into additional Japanese Yen Net Investment Hedges with notional amount of $100 million. These contracts have been designated as net investment hedges.

During the second quarter of Fiscal 2023, the Company received a total of $343 million from the termination of its Euro Net Investment Hedges and the modification of its Japanese Yen Net Investment Hedges.

During the third quarter of Fiscal 2023, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of €1 billion (approximately $1.07 billion) to hedge its net investment in GBP denominated subsidiaries (the "GBP/EUR Net Investment Hedges"). Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on GBP denominated debt for fixed rate payments of 0% in Euro. These contracts have maturity dates between November 2024 and November 2027 and are designated as net investment hedges.

As of April 1, 2023, the Company had Japanese Yen Net Investment Hedges with aggregate notional amounts of $294 million. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on United States denominated debt for fixed rate payments of 0% to 2.665% in Japanese Yen. These contracts have maturity dates between May 2027 and February 2051 and are designated as net investment hedges.

Certain of these contracts are supported by a credit support annex ("CSA") which provides for collateral exchange with the earliest effective date being September 2027. If the outstanding position of a contract exceeds a certain threshold governed by the aforementioned CSA's, either party is required to post cash collateral.

When a cross-currency swap is used as a hedging instrument in a net investment hedge assessed under the spot method, the cross-currency basis spread is excluded from the assessment of hedge effectiveness and is recognized as a reduction in interest expense (income) in the Company's consolidated statements of operations and comprehensive income (loss). Accordingly, the Company recorded interest income of $38 million, $63 million and $16 million, respectively, during Fiscal 2023, Fiscal 2022 and Fiscal 2021.

PUBLIC

Fair Value Hedges

The Company is exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross-currency intercompany loans. This primarily includes exposure to exchange rate fluctuations in the Euro and British Pound which will impact earnings on a consolidated basis. To manage the exchange rate risk related to these balances, during the fourth quarter of Fiscal 2023 the Company entered into fair value cross-currency swap agreements to hedge its exposure in GBP denominated subsidiaries (the "GBP Fair Value Hedge") on a Euro denominated intercompany loan. As of April 1, 2023, the total notional values of outstanding fair value cross-currency swaps related to these loans were €1 billion (approximately $1.08 billion). Under the term of these contracts, the Company will exchange the semi-annual fixed rate payments on GBP denominated debt for fixed rate payments of 0% in Euro. These contracts have maturity dates between March 2025 and March 2026 and are designated as fair value hedges.

When a cross-currency swap is designated as a fair value hedge and qualifies as highly effective, the fair value hedge will be recorded at fair value each period on the Company's consolidated balance sheets, with the difference resulting from the changes in the spot rate at hedge inception to the current period recognized in foreign currency loss (gain) on the Company's consolidated statements of operations and comprehensive income (loss), which will offset the earnings impact of the original transaction being hedged for. Accordingly, the Company recorded a foreign currency gain of $4 million during Fiscal 2023.

Income Taxes

Deferred income tax assets and liabilities reflect temporary differences between the tax basis and financial reporting basis of our assets and liabilities and are determined using the tax rates and laws in effect for the periods in which the differences are expected to reverse. We periodically assess the realizability of deferred tax assets and the adequacy of deferred tax liabilities, based on the results of local, state, federal or foreign statutory tax audits or our own estimates and judgments.

Realization of deferred tax assets associated with net operating loss and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration in the applicable tax jurisdiction. We periodically review the recoverability of our deferred tax assets and provide valuation allowances as deemed necessary to reduce deferred tax assets to amounts that more-likely-than-not will be realized. This determination involves considerable judgment and our management considers many factors when assessing the likelihood of future realization of deferred tax assets, including recent earnings results within various taxing jurisdictions, expectations of future taxable income, the carryforward periods remaining and other factors. Changes in the required valuation allowance are recorded in income in the period such determination is made. Deferred tax assets could be reduced in the future if our estimates of taxable income during the carryforward period are significantly reduced or alternative tax strategies are no longer viable.

We recognize the impact of an uncertain income tax position taken on our income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. The effect of an uncertain income tax position will not be taken into account if the position has less than a 50% likelihood of being sustained. Our tax positions are analyzed periodically (at least quarterly) and adjustments are made as events occur that warrant adjustments to those positions. We record interest and penalties payable to relevant tax authorities as income tax expense.

New Accounting Pronouncements

Please refer to Note 2 to the accompanying consolidated financial statements for detailed information relating to recently adopted and recently issued accounting pronouncements and the associated impacts.

PUBLIC

Results of Operations

A discussion regarding our results of operations for Fiscal 2023 compared to Fiscal 2022 is presented below. A discussion regarding our results of operations for Fiscal 2022 compared to Fiscal 2021 can be found under Item 7 in our Annual Report on Form 10-K for the year ended April 2, 2022, filed with the SEC on June 1, 2022, which is available on the SEC's website at www.sec.gov and our investor website at www.capriholdings.com

Comparison of Fiscal 2023 with Fiscal 2022

The following table details the results of our operations for Fiscal 2023 and Fiscal 2022 and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Fiscal Years Ended					
	April 1, 2023	April 2, 2022	$ Change	% Change	% of Total Revenue for Fiscal 2023	% of Total Revenue for Fiscal 2022
Statements of Operations Data:						
Total revenue	$ 5,619	$ 5,654	$ (35)	(0.6)%		
Cost of goods sold	1,895	1,910	(15)	(0.8)%	33.7 %	33.8 %
Gross profit	3,724	3,744	(20)	(0.5)%	66.3 %	66.2 %
Selling, general and administrative expenses	2,708	2,533	175	6.9 %	48.2 %	44.8 %
Depreciation and amortization	179	193	(14)	(7.3)%	3.2 %	3.4 %
Impairment of assets	142	73	69	94.5 %	2.5 %	1.3 %
Restructuring and other charges	16	42	(26)	(61.9)%	0.3 %	7 %
Total operating expenses	3,045	2,841	204	7.2 %	54.2 %	50.2 %
Income from operations	679	903	(224)	(24.8)%	12.1 %	16.0 %
Other income, net	(3)	(2)	(1)	(50.0)%	(0.1)%	— %
Interest expense (income), net	24	(18)	42	NM	0.4 %	(0.3)%
Foreign currency loss	10	8	2	25.0 %	0.2 %	0.1 %
Income before provision for income taxes	648	915	(267)	(29.2)%	11.5 %	16.2 %
Provision for income taxes	29	92	(63)	(68.5)%	0.5 %	1.6 %
Net income	619	823	(204)	(24.8)%		
Less: Net income attributable to noncontrolling interests	3	1	2	NM		
Net income attributable to Capri	$ 616	$ 822	$ (206)	(25.1)%		

NM Not meaningful

Total Revenue

Total revenue decreased $35.0 million, or 0.6%, to $5.619 billion for Fiscal 2023, compared to $5.654 billion for Fiscal 2022, which included net unfavorable foreign currency effects of $333 million as a result of the strengthening of the U.S. dollar compared to all major currencies in which we operate in Fiscal 2023, as compared to Fiscal 2022. On a constant currency basis, our total revenue increased $298.0 million, or 5.3%. The increase is attributable to increased retail revenues in the Americas and increased retail and wholesale in EMEA, partially offset by decreased revenues in Greater China due to COVID-19 related disruptions for each of our brands and approximately $70 million of revenue attributable to the 53rd week in Fiscal 2022.

Gross Profit

Gross profit decreased $20.0 million, or 0.5%, to $3.724 billion during Fiscal 2023, compared to $3.744 billion for Fiscal 2022, which included net unfavorable foreign currency effects of $230 million. Gross profit as a percentage of total revenue increased 10 basis points to 66.3% during Fiscal 2023, compared to 66.2% during Fiscal 2022. The increase in gross profit margin was primarily attributable to a higher average unit price, partially offset by unfavorable regional sales mix.

Total Operating Expenses

Total operating expenses increased $204 million, or 7.2%, to $3.045 billion during Fiscal 2023, compared to $2.841 billion for Fiscal 2022. Our operating expenses included a net favorable foreign currency impact of approximately $198 million. Total operating expenses as a percentage of total revenue increased to 54.2% in Fiscal 2023, compared to 50.2% in Fiscal 2022. The components that comprise total operating expenses are detailed below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $175 million, or 6.9%, to $2.708 billion during Fiscal 2023, compared to $2.533 billion for Fiscal 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 48.2% during Fiscal 2023, compared to 44.8% for Fiscal 2022, primarily due to increased marketing and unallocated corporate expenses and deleverage of operating expenses on lower revenue for Fiscal 2023.

Unallocated corporate expenses, which are included within selling, general and administrative expenses discussed above, but are not directly attributable to a reportable segment, increased $43 million, or 22.6%, to $233 million for Fiscal 2023, compared to $190 million for Fiscal 2022, primarily due to an increase in professional fees and information technology costs related to the ongoing ERP system implementation and Capri transformation projects.

Depreciation and Amortization

Depreciation and amortization decreased $14 million, or 7.3%, to $179 million during Fiscal 2023, compared to $193 million for Fiscal 2022. Depreciation and amortization decreased to 3.2% as a percentage of total revenue during Fiscal 2023, compared to 3.4% for Fiscal 2022. The decrease in depreciation and amortization expense was primarily attributable to lower depreciation due to lower capital expenditures in Fiscal 2022 and Fiscal 2021.

Impairment of Assets

During Fiscal 2023, we recognized asset impairment charges of $142 million, primarily related to the impairment of the Jimmy Choo Retail and Wholesale reporting units goodwill and Jimmy Choo brand intangible assets, as well as the impairment of certain operating lease right-of-use assets. During Fiscal 2022, we recognized asset impairment charges of approximately $73 million, primarily related to the impairment of operating lease right-of-use assets (see Note 13 to the accompanying consolidated financial statements for additional information).

Restructuring and Other Charges

During Fiscal 2023, we recognized restructuring and other charges of $16 million, primarily relating to equity awards associated with the acquisition of Versace (see Note 10 to the accompanying consolidated financial statements for additional information).

During Fiscal 2022, we recognized restructuring and other charges of $42 million, which included other costs of $33 million, primarily related to equity awards associated with the acquisition of Versace and severance for an executive officer and $9 million related to our Capri Retail Store Optimization Program.

Income from Operations

As a result of the foregoing, income from operations decreased $224 million to $679 million during Fiscal 2023, compared to $903 million for Fiscal 2022. Income from operations as a percentage of total revenue decreased to 12.1% in Fiscal 2023, compared to 16.0% in Fiscal 2022. See *Segment Information* above for a reconciliation of our segment operating income to total operating income.

Interest Expense (Income), net

During Fiscal 2023, we recognized $24 million of interest expense compared to $18 million of interest income during Fiscal 2022. The $42 million increase in interest expense (income), net, is primarily due to higher effective interest rates on our outstanding debt, higher average borrowings outstanding and lower interest income from our net investment hedges, partially offset by higher interest income earned on our cash and cash equivalents (see Note 11 and Note 14 to the accompanying consolidated financial statements for additional information).

Foreign Currency Loss

During Fiscal 2023 and Fiscal 2022, we recognized a net foreign currency loss of $10 million and $8 million, respectively, primarily attributable to the remeasurement of intercompany loans with certain of our subsidiaries.

Provision for Income Taxes

During Fiscal 2023, we recognized $29 million of income tax expense on pre-tax income of $648 million compared with $92 million of income tax expense on a pre-tax income of $915 million for Fiscal 2022. Our effective tax rate for Fiscal 2023 was lower than our effective tax rate in Fiscal 2022 primarily due to decreases in uncertain tax positions as well as a more favorable effect of our global financing activities during Fiscal 2023 as compared to Fiscal 2022. In addition, in Fiscal 2022 the Company recognized a benefit from the impact of enacted tax legislation in Italy which allowed the Company to reduce its deferred tax liabilities as well as a United States net operating loss ("NOL") benefit realized which was not recurring in Fiscal 2023.

The global financing activities are related to our previously disclosed 2014 move of our principal executive office from Hong Kong to the U.K. and decision to become a U.K. tax resident. In connection with this decision, we funded our international growth strategy through intercompany debt financing arrangements between certain of our United States, United Kingdom and Hungarian subsidiaries. Accordingly, due to the difference in the statutory income tax rates between these jurisdictions, we realized a lower effective tax rate on consolidated pre-tax income.

Our effective tax rate may fluctuate from time to time due to the effects of changes in United States state and local taxes and tax rates in foreign jurisdictions. In addition, factors such as the geographic mix of earnings, enacted tax legislation and the results of various global tax strategies, may also impact our effective tax rate in future periods.

Net Income Attributable to Capri

As a result of the foregoing, during Fiscal 2023 our net income attributable to Capri decreased $206 million to $616 million, compared to net income of $822 million for Fiscal 2022

PUBLIC

Segment Information

Versace

	Fiscal Years Ended			% Change	
	April 1, 2023	April 2, 2022	$ Change	As Reported	Constant Currency

Revenues

Versace revenues increased $18 million, or 1.7%, to $1.106 billion for Fiscal 2023, compared to $1.088 billion for Fiscal 2022, which included unfavorable foreign currency effects of $132 million. On a constant currency basis, revenue increased $150 million, or 13.8%, primarily attributable to increased retail revenue in the Americas and EMEA and wholesale shipments in EMEA, partially offset by decreased revenues in Greater China due to COVID-19 related disruptions.

Income from Operations

During Fiscal 2023, Versace recorded income from operations of $152 million compared to $185 million for Fiscal 2022. Operating margin decreased from 17.0% for Fiscal 2022 to 13.7% for Fiscal 2023, primarily due to increased retail store costs from a higher store count and increased employee costs.

Jimmy Choo

	Fiscal Years Ended			% Change	
	April 1, 2023	April 2, 2022	$ Change	As Reported	Constant Currency
Revenues	$ 633	$ 613	$ 20	3.3 %	11.4 %
Income from operations	$ 38	$ 13	$ 25	NM	
Operating margin	6.0 %	2.1 %			

NM Not meaningful

Revenues

Jimmy Choo revenues increased $20 million, or 3.3%, to $633 million for Fiscal 2023, compared to $613 million for Fiscal 2022, which included unfavorable foreign currency effects of $50 million. On a constant currency basis, revenue increased $70 million, or 11.4%, primarily attributable to increased revenue in the Americas and EMEA and increased licensing revenue, partially offset by decreased revenue in Greater China due to the impact of COVID-19 related disruptions.

Income from Operations

During Fiscal 2023, Jimmy Choo recorded income from operations of $38 million compared to $13 million for Fiscal 2022. Operating margin increased from 2.1% for Fiscal 2022 to 6.0% for Fiscal 2023, primarily due to a higher average unit price and leveraging of operating expenses on higher revenue.

PUBLIC

Michael Kors

	Fiscal Years Ended			% Change	
	April 1, 2023	April 2, 2022	$ Change	As Reported	Constant Currency
Revenues	$ 3,880	$ 3,953	$ (73)	(1.8)%	2.0 %
Income from operations	$ 868	$ 1,005	$ (137)	(13.6)%	
Operating margin	22.4 %	25.4 %			

Revenues

Michael Kors revenues decreased $73 million, or 1.8%, to $3.880 billion for Fiscal 2023, compared to $3.953 billion for Fiscal 2022, which included unfavorable foreign currency effects of $151 million. On a constant currency basis, revenue increased $78 million, or 2.0%, primarily attributable to increased retail revenue in the Americas, partially offset by decreased revenue in Greater China due to the impact of COVID-19 related disruptions.

Income from Operations

During Fiscal 2023, Michael Kors recorded income from operations of $868 million compared to $1.005 billion for Fiscal 2022. Operating margin decreased from 25.4% for Fiscal 2022 to 22.4% for Fiscal 2023, primarily due to increased marketing investments and deleveraging of operating expenses on lower revenue.

PUBLIC

Liquidity and Capital Resources

Our primary sources of liquidity are the cash flows generated from our operations, along with borrowings available under our credit facilities (see below discussion regarding "Revolving Credit Facilities") and available cash and cash equivalents. Our primary use of this liquidity is to fund the ongoing cash requirements, including our working capital needs and capital investments in our business, debt repayments, acquisitions, returns of capital, including share repurchases and other corporate activities. We believe that the cash generated from our operations, together with borrowings available under our revolving credit facilities and available cash and cash equivalents, will be sufficient to meet our working capital needs for the next 12 months and beyond, including investments made and expenses incurred in connection with our store growth plans, investments in corporate and distribution facilities, continued IT system development, e-commerce and marketing initiatives. We spent $226 million on capital expenditures during Fiscal 2023 and expect to spend approximately $260 million during Fiscal 2024. This anticipated increase reflects continued expenditures related to our retail operations (including e-commerce) ERP system implementation and Capri transformation programs. The majority of the Fiscal 2023 expenditures related to our retail operations (including e-commerce), ERP system implementation and Capri transformation programs.

The Capri transformation program represents a multi-year, multi-project initiative extending through Fiscal 2026 intended to improve the operating effectiveness and efficiency of our organization by creating best in class shared platforms across our brands and by expanding our digital capabilities. These initiatives cover multiple aspects of our operations including supply chain, marketing, omni-channel customer experience, e-commerce, data analytics and IT infrastructure. Over the next three fiscal years, we expect expenditures up to $220 million related to these efforts.

The Company is also in progress with a multi-year ERP implementation which includes accounting, finance and wholesale and retail inventory solutions in order to create standardized finance IT applications across our organization. This ERP implementation will continue through Fiscal 2026 and we expect expenditures up to $170 million over the next three fiscal years.

The following table sets forth key indicators of our liquidity and capital resources (in millions):

	As of	
	April 1, 2023	April 2, 2022
Balance Sheet Data:		
Cash and cash equivalents	$ 249	$ 169
Working capital	$ 420	$ 325
Total assets	$ 7,295	$ 7,480
Short-term debt	$ 5	$ 29
Long-term debt	$ 1,822	$ 1,131

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Cash flows provided by (used in):			
Operating activities	$ 771	$ 704	$ 624
Investing activities	183	58	(124)
Financing activities	(776)	(800)	(870)
Effect of exchange rate changes	(94)	(24)	12
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 84	$ (62)	$ (358)

Cash Provided by Operating Activities

Cash provided by operating activities increased $67 million to $771 million during Fiscal 2023, as compared to $704 million for Fiscal 2022, which was as a result of the improvement in our working capital partially offset by a decrease in our net income after non-cash adjustments compared to prior year. The changes in our working capital were primarily due to the stabilization of inventory levels compared to prior year.

PUBLIC

Cash provided by operating activities increased $80 million to $704 million during Fiscal 2022, as compared to $624 million for Fiscal 2021, which was due to an increase in our net income after non-cash adjustments, partially offset by decreases related to changes in our working capital. The decreases related to the changes in our working capital are primarily attributable to an increase in our inventory levels and fluctuations in the timing of payments and receipts when compared to the prior year

Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was $183 million during Fiscal 2023, as compared to $58 million during Fiscal 2022. The $125 million increase in cash provided by investing activities was primarily attributable to higher cash received on the settlement of net investment hedges of $220 million during Fiscal 2023, partially offset by higher capital expenditures of $95 million compared to prior year due to ERP system implementations, increased Corporate investments related to Capri transformation programs and increased investments in our retail stores.

Net cash provided by investing activities was $58 million during Fiscal 2022, as compared to net cash used in investing activities of $124 million during Fiscal 2021. The $182 million increase in cash provided by investing activities was primarily attributable to a $189 million cash received on the settlement of certain net investment hedges during Fiscal 2022.

Cash Used in Financing Activities

Net cash used in financing activities was $776 million during Fiscal 2023, as compared to $800 million during Fiscal 2022. The decrease in cash used by financing activities of $24 million was primarily due to an increase in net debt borrowings of $774 million, partially offset by a $703 million increase in cash payments to repurchase our ordinary shares.

Net cash used in financing activities was $800 million during Fiscal 2022, as compared to $870 million during Fiscal 2021. The decrease in cash used by financing activities of $70 million was primarily due to a decrease in net debt repayments of $681 million, higher cash proceeds from other financing activities and employee option exercises, partially offset by an increase of $660 million in cash payments to repurchase our ordinary shares during Fiscal 2022.

Debt Facilities

The following table presents a summary of the Company's borrowing capacity and amounts outstanding as of April 1, 2023 and April 2, 2022 (dollars in millions):

	Fiscal Years Ended	
	April 1, 2023	April 2, 2022
Revolving Credit Facility (excluding up to a $500 million accordion feature) [1]		
Total Availability	$ 1,500	$ 1,000
Borrowings outstanding [2]	**874**	**75**
Letter of credit outstanding	3	21
Remaining availability	$ 623	$ 804
Versace Term Loan (450 Million Euro)		
Borrowings outstanding, net of debt issuance costs [3]	**$ 87**	**$ —**
Senior Notes due 2024		
Borrowings Outstanding, net of debt issuance costs and discount amortization [2]	**$ 9**	**$ 8**
8 Term Loan ($1.6 billion)		
Borrowings Outstanding, net of debt issuance costs [4]	**$ —**	**$ 95**
Other Borrowings [5]	**$ 7**	**$**
Hong Kong Uncommitted Credit Facility:		
Total availability (70 million and 80 million Hong Kong Dollar) [6]	$ 9	$ 10
Borrowings outstanding	—	—
Remaining availability (70 million and 80 million Hong Kong Dollar)	$ 9	$ 10
China Uncommitted Credit Facility:		
Total availability (75 million and 45 million Chinese Yuan) [6]	$ 11	$ 7
Borrowings outstanding	—	—
Remaining availability (75 million and 45 million Chinese Yuan)	$ 11	$ 7
Japan Credit Facility:		
Total availability (1.0 billion Japanese Yen)	$ 8	$ 8
Borrowings outstanding	—	—
Remaining availability (1.0 billion Japanese Yen)	$ 8	$ 8
Versace Uncommitted Credit Facility:		
Total availability (40 million and 48 million Euro) [6]	$ 43	$ 52
Borrowings outstanding	—	—
Remaining availability (40 million and 48 million Euro)	$ 43	$ 52
Total borrowings outstanding [1]	**$,827**	**$,160**
Total remaining availability	$ 694	$ 881

(1) The financial covenant in our 2022 Credit Facility requires us to comply with the quarterly maximum net leverage ratio test of 4.00 to 1.0. As of April 1, 2023 and April 2, 2022, we were in compliance with all covenants related to our agreements then in effect governing our debt. See Note 11 to the accompanying consolidated financial statements for additional information.

(2) As of April 1, 2023 and April 2, 2022, all amounts are recorded as long-term debt in our consolidated balance sheets.

(3) On December 5, 2022, Gianni Versace S.r.l., our wholly owned subsidiary, entered into a credit facility, which provided a senior unsecured term loan in an aggregate principal amount of €450 million (approximately $488 million). As of April 1, 2023, all amounts are recorded as long-term debt in our consolidated balance sheets.

(4) As of April 1, 2023, we no longer had an outstanding balance under the 2018 Term Loan as it was repaid. As of April 2, 2022, all amounts are recorded as long-term debt in our consolidated balance sheets.

(5) The balance as of April 1, 2023 consists of primarily of $4 million related to our supplier finance program recorded within short-term debt in our consolidated balance sheets and $11 million related to the sale of certain Versace tax receivables, with $1 million and $10 million recorded within short-term debt and long-term debt, respectively, in our consolidated balance sheets. The balance as of April 2, 2022 consists of $21 million related to our supplier finance program recorded within short term debt in our consolidated balance sheets, $18 million related to the sale of certain Versace tax receivables, with $8 million and $10 million recorded within short-term debt and long-term debt, respectively, in our consolidated balance sheets and $3 million of other loans recorded as long-term debt in our consolidated balance sheets.

(6) The balance as of April 1, 2023 represents the total availability of the credit facility, which excludes bank guarantees.

We believe that our 2022 Credit Facility is adequately diversified with no undue concentration in any one financial institution. As of April 1, 2023, there were 17 financial institutions participating in the facility, with none maintaining a maximum commitment percentage in excess of 10%. We have no reason to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the 2022 Credit Facility.

See Note 11 in the accompanying consolidated financial statements for detailed information relating to our credit facilities and debt obligations.

Share Repurchase Program

The following table presents our treasury share repurchases during the fiscal years ended April 1, 2023 and April 2, 2022 (dollars in millions):

	Fiscal Years Ended	
	April 1, 2023	April 2, 2022
Cost of shares repurchased under share repurchase program	$ 1,35	$ 650
Fair value of shares withheld to cover tax obligations for vested restricted share awards	14	11
Total cost of treasury shares repurchased	$ 1,364	$ 661
Shares repurchased under share repurchase program	27,356,549	11,014,541
Shares withheld to cover tax withholding obligations	301,326	2 3,863
	27,657,875	11,218,404

During the first quarter of Fiscal 2022, the Company reinstated its $500 million share-repurchase program, which was previously suspended during the first quarter of Fiscal 2021 in response to the impact of the COVID-19 pandemic and the provisions of the Second Amendment of the 2018 Credit Facility. Subsequently, on November 3, 2021, the Company announced that its Board of Directors had terminated the Company's existing $500 million share repurchase program (the "Prior Plan"), which had $250 million of availability remaining at the time, and authorized a new share repurchase program (the "Fiscal 2022 Plan") pursuant to which the Company was permitted, from time to time, to repurchase up to $1.0 billion of its outstanding ordinary shares within a period of two years from the effective date of the program.

On June 1, 2022, the Board of Directors terminated our Fiscal 2022 Plan, with $400 million of availability remaining, and authorized a new share repurchase program (the "Fiscal 2023 Plan") pursuant to which we may, from time to time, repurchase up to $1.0 billion of our outstanding ordinary shares within period of two years from the effective date of the program.

On November 9, 2022, the Company announced that its Board of Directors approved a new share repurchase program (the "Existing Share Repurchase Plan") of up to $1 billion of its outstanding ordinary shares, providing additional capacity to return cash to shareholders over the longer term. This new two-year program replaced the Fiscal 2023 Plan which had

$250 million of availability remaining. As of April 1, 2023, the remaining availability under the Company's share repurchase program was $400 million.

Share repurchases may be made in open market or privately negotiated transactions and/or pursuant to Rule 10b5-1 trading plans, subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors. The program may be suspended or discontinued at any time.

See Note 15 to the accompanying consolidated financial statements for additional information.

Contractual Obligations and Commercial Commitments

As of April 1, 2023, our contractual obligations and commercial commitments were as follows (in millions):

Fiscal Years	Fiscal 2024	Fiscal 5-2026	Fiscal 7-2028	Fiscal 2029 and thereafter	Total
Operating leases	$ 473	$ 681	$ 381	$ 427	$ 1,962
Interest, net [1]	16	11	—	—	27
Inventory purchase obligations	775	—	—	—	775
Other commitments	89	32	4	—	125
Short-term debt	5	—	—	—	5
Long-term debt	—	450	1,374	—	1,824
Total	**$,358**	**$,174**	**$,759**	**$ 7**	**$,718**

(1) Beginning in Fiscal 2027, we expect to be in an interest income position, therefore we would not expect to have net interest expense obligations through the above periods.

Operating lease obligations represent equipment leases and the minimum lease rental payments due under non-cancelable operating leases for our real estate locations globally. In addition to the above amounts, we are typically required to pay real estate taxes, contingent rent based on sales volume and other occupancy costs relating to leased properties for our retail stores.

Interest, net represents the estimated net interest expense associated with our term loan based on the current interest rate. It also includes the estimated net interest income from our net investment hedges and fair value hedges.

Inventory purchase obligations represent contractual obligations for future purchases of inventory.

Other commitments include non-cancelable contractual obligations related to marketing and advertising agreements, information technology agreements and supply agreements.

The above table excludes current liabilities (other than short-term debt and short-term operating lease liabilities) recorded as of April 1, 2023, as these items will be paid within one year, and non-current liabilities that have no cash outflows associated with them (e.g., deferred taxes).

Off-Balance Sheet Arrangements

We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating our business. In addition to the commitments in the above table, our off-balance sheet commitments relating to our outstanding letters of credit were $35 million at April 1, 2023, including $32 million in letters of credit issued outside of the 2022 Credit Facility. In addition, as of April 1, 2023, bank guarantees of approximately $36 million were supported by our various credit facilities. We do not have any other off-balance sheet arrangements or relationships with entities that are not consolidated into our financial statements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity capital expenditures or capital resources.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks during the normal course of our business, such as risk arising from fluctuations in foreign currency exchange rates, as well as fluctuations in interest rates. In order to manage these risks, we employ certain strategies to mitigate the effect of these fluctuations. We enter into foreign currency forward contracts to manage our foreign currency exposure to the fluctuations of certain foreign currencies. The use of these instruments primarily helps to manage our exposure to our foreign purchase commitments and better control our product costs. We do not use derivatives for trading or speculative purposes.

Foreign Currency Exchange Risk

Forward Foreign Currency Exchange Contracts

We are exposed to risks on certain purchase commitments to foreign suppliers based on the value of our purchasing subsidiaries' local currency relative to the currency requirement of the supplier on the date of the commitment. As such, we enter into forward foreign currency exchange contracts that generally mature in 12 months or less and are consistent with the related purchase commitments, to manage our exposure to the changes in the value of the Euro and the Canadian Dollar. These contracts are recorded at fair value in our consolidated balance sheets as either an asset or liability, and are derivative contracts to hedge cash flow risks. Certain of these contracts are designated as hedges for hedge accounting purposes, while certain of these contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of the majority of these contracts at the balance sheet date are recorded in equity as a component of accumulated other comprehensive income, and upon maturity (settlement) are recorded in, or reclassified into, our cost of goods sold or operating expenses, in our consolidated statements of operations and comprehensive income (loss), as applicable to the transactions for which the forward foreign currency exchange contracts were established.

There were no forward foreign currency exchange contracts outstanding as of April 1, 2023 and as a result we were not required to perform a sensitivity analysis on such contracts.

Net Investment Hedges

We are exposed to adverse foreign currency exchange rate movements related to our net investment hedges. As of April 1, 2023, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of $294 million to hedge our net investments in Japanese Yen-denominated subsidiaries against future volatility in the exchange rates between the United States dollar and the Japanese Yen. Under the term of these contracts, we will exchange the semi-annual fixed rate payments on United States denominated debt for fixed rate payments of 0% to 2.665% in Japanese Yen. Based on the net investment hedges outstanding as of April 1, 2023, a 10% appreciation or devaluation of the U.S. Dollar compared to the level of foreign currency exchange rates for currencies under contract as of April 1, 2023, would result in a net increase or decrease, respectively, of approximately $40 million in the fair value of these contracts. These contracts have maturity dates between November 2024 and February 2051. In addition, certain other contracts are supported by a credit support annex ("CSA") which provides for collateral exchange with the earliest effective date being September 2027. If the outstanding position of a contract exceeds a certain threshold governed by the aforementioned CSA's, either party is required to post cash collateral.

As of April 1, 2023, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of €1 billion (approximately $1.07 billion) to hedge our net investments in Euro denominated subsidiaries against future volatility in exchange rates between the Euro and British pound. Under the term of these contracts, we will exchange the semi-annual fixed rate payments on GBP denominated debt for fixed rate payments of 0% in Euro. Based on the net investment hedges outstanding as of April 1, 2023, a 10% appreciation or devaluation of the British pound compared to the level of foreign currency exchange rates for currencies under contract as of April 1, 2023, would result in a net increase or decrease, respectively, of approximately £80 million (approximately $99 million) in the fair value of these contracts. These contracts have maturity dates between November 2024 and November 2027.

Fair Value Hedges

We are exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross-currency intercompany loans which will impact earnings on a consolidated basis. To manage the exchange rate risk related to these balances, we enter into fair value forward cross-currency swap agreements to hedge its exposure in GBP denominated subsidiaries on a Euro denominated intercompany loan. As of April 1, 2023, the total notional values of outstanding fair value cross-currency swaps related to these loans were €1 billion (approximately $1.08 billion). Based on the fair value hedges outstanding as of April 1, 2023, a 10% appreciation or devaluation of the British pound compared to the level of foreign currency exchange rates for currencies under contract as of April 1, 2023, would result in a net increase or decrease, respectively, of approximately £82 million (approximately $101 million) in the fair value of these contracts. These contracts have maturity dates between March 2025 and March 2026.

Interest Rate Risk

We are exposed to interest rate risk in relation to borrowings outstanding under our 2022 Credit Facility, our Versace Term Loan, our Hong Kong Credit Facility, our Japan Credit Facility, and our Uncommitted Versace Credit Facilities. Our 2022 Credit Facility carries interest rates that are tied to the prime rate and other institutional lending rates (depending on the particular origination of borrowing), as further described in Note 11 to the accompanying consolidated financial statements. Our Versace Term Loan carries interest rates that are tied to EURIBOR. Our Hong Kong Credit Facility carries interest at a rate that is tied to the Hong Kong Interbank Offered Rate. Our China Credit Facility carries interest at a rate that is tied to the People's Bank of China's Benchmark lending rate. Our Japan Credit Facility carries interest at a rate posted by the Mitsubishi UFJ Financial Group. Our Uncommitted Versace Credit Facilities carries interest at a rate set by the bank on the date of borrowing that is tied to the European Central Bank. Therefore, our consolidated statements of operations and comprehensive income (loss) and cash flows are exposed to changes in those interest rates. At April 1, 2023, we had $874 million borrowings outstanding under our 2022 Credit Facility, $487 million, outstanding, net of debt issuance costs, under our Versace Term Loan and no borrowings outstanding under all other Credit Facilities, as further described in Note 11 to the accompanying consolidated financial statements. At April 2, 2022, we had $175 million borrowings outstanding under our Revolving Credit Facility, $495 million, net of debt issuance costs, outstanding under our 2018 Term Loan Facility and no borrowings outstanding under our Versace Credit Facility. These balances are not indicative of future balances that may be outstanding under our revolving credit facilities that may be subject to fluctuations in interest rates. Any increases in the applicable interest rate(s) would cause an increase to the interest expense relative to any outstanding balance at that date.

Credit Risk

As of April 1, 2023, our $450 million Senior Notes, due in 2024, bear interest at a fixed rate equal to 4.250% per year, payable semi-annually. Our Senior Notes interest rate payable may be subject to adjustments from time to time if either Moody's or S&P (or a substitute rating agency), downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the Senior Notes.

Item 8. Financial Statements and Supplementary Data

See "Item 15. Exhibits and Financial Statement Schedules" for a listing of the consolidated financial statements and supplementary data included in this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, our principal executive officer and principal financial officer, respectively, of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a - 15(e) and 15(d) - 15(e) under the Securities and Exchange Act of 1934, as amended, (the "Exchange Act")) as of April 1, 2023. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that disclosure controls and procedures are effective as of April 1, 2023.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined under the Exchange Act Rule 13a-15 (f)) to provide reasonable assurance regarding the reliability of financial reporting and that the consolidated financial statements have been prepared in accordance with U.S. GAAP. Such internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance (A) that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors; and (B) regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of April 1, 2023. In making this assessment, it used the criteria set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the 2013 Framework. Based on this assessment, management has determined that, as of April 1, 2023, our internal control over financial reporting is effective based on those criteria.

The Company's internal control over financial reporting as of April 1, 2023, as well as the consolidated financial statements, have been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

Except as discussed below, there have been no changes in our internal control over financial reporting during the three months ended April 1, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are currently undertaking a major, multi-year ERP implementation to upgrade our information technology platforms and systems worldwide. The implementation is occurring in phases over several years. We have launched the finance functionality of the ERP system in certain regions starting in Fiscal 2023.

As a result of this multi-year implementation, we expect certain changes to our processes and procedures, which in turn, could result in changes to our internal control over financial reporting. While we expect this implementation to strengthen our internal control over financial reporting by automating certain manual processes and standardizing business processes and reporting across our organization, we will continue to evaluate and monitor our internal control over financial reporting as processes and procedures in the affected areas evolve. See Item 1A. "Risk Factors" — "A material delay or disruption in our information technology systems or e-commerce websites or our failure or inability to upgrade our information technology systems precisely and efficiently could have a material adverse effect on our business, results of operations and financial condition."

Item 9B. Other Information

Amendment to Amended and Restated Memorandum and Articles of Association

The Board of Directors of the Company approved an amendment to clauses 2 and 3 of the Company's amended and restated Memorandum and Articles of Association (the "Amendment to the Memorandum"), effective May 24, 2023, reflecting a change of the Company's registered agent and registered office from Vistra Corporate Services Centre to Conyers Trust

PUBLIC

Company (BVI) Limited. A copy of the Amendment to the Memorandum is attached as Exhibit 3.2 to this Annual Report on Form 10-K and incorporated herein by reference.

This disclosure is intended to satisfy the requirements of Item 5.03 of Form 8-K.

Compensatory Arrangements of Certain Officers

On May 30, 2023, the Company and Michael Kors (USA), Inc. (together with the Company, the "Company Parties") entered into an amended and restated employment agreement with each of Thomas J. Edwards, Jr., Jenna A. Hendricks and Krista A. McDonough (the "Employment Agreements"). The material changes to the Employment Agreements from the executive officers' prior employment agreements include: (i) providing that upon a termination of employment by the Company Parties without "cause" (and other than by reason of death or disability) or by the executive officer for "good reason", in addition to the existing severance entitlements under the prior employment agreement, the executive officer would be entitled to a pro rata annual cash incentive award for the year in which the date of termination occurs based on the actual level of performance; (ii) updating the definitions of "cause" and "good reason"; and (iii) updating the restrictive covenants to reflect the most current such covenants used in the equity awards under the Company's Third Amended and Restated Omnibus Incentive Plan.

In addition, on May 30, 2023, each of Mr. Edwards and Msmes. Hendricks and McDonough entered into a Change in Control Continuity Agreement with the Company (the "CIC Agreements"), which provides for an initial two-year term that will renew automatically for additional years commencing on the first anniversary of the effective date and each annual anniversary thereafter, unless notice of nonrenewal is provided. The payments and benefits provided under the CIC Agreements are "double trigger" and are not payable upon a termination of the executive officer's employment for "cause," by a resignation by an executive officer without "good reason" or any termination of an executive officer's employment prior to a "change in control" of the Company. Defined terms referenced in this description of the CIC Agreements have the meaning given to them in such agreements.

The severance protections under the CIC Agreements become effective on a change in control of the Company and remain in effect for a two-year protected period thereafter. During such two-year period, the executive officer would generally be entitled to compensation and benefits consistent with those applicable prior to the change in control, and if the executive officer's employment is terminated by the Company without cause (and other than by reason of death or disability) or by the executive officer for good reason, the executive officer would be entitled to receive the following payments and benefits, subject to an effective release of claims against the Company and its affiliates: (i) an amount equal to two times the sum of the executive officer's annual base salary and target annual cash incentive; (ii) a prorated target bonus for the portion of the Company's fiscal year elapsed prior to the date of termination; (iii) a payment equal to the cost of the monthly COBRA premiums for group health care plan coverage for a period of 24 months; and (iv) outplacement services up to a maximum cost of $25,000. If the executive officer's employment is terminated during the protected period following a change in control due to death or disability, the executive officer would not be entitled to the benefits described above, but would be entitled to receive a prorated bonus based on the executive officer's target annual bonus opportunity and death or disability benefits not less than those provided prior to the change in control. The payments and benefits under the CIC Agreements will be reduced to the extent that they would be subject to an excise tax under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, unless the executive officer would be better off on an after-tax basis receiving all such payments and benefits and paying his or her own excise tax. The CIC Agreements do not provide for an excise tax gross-up and include perpetual confidentiality and non-disparagement covenants, and non-solicitation covenants that apply while the executive officer is employed and for two years thereafter.

The foregoing summary is qualified in its entirety by reference to the Employment Agreements and the CIC Agreements, copies of which are filed herewith as Exhibits 10.11, 10.13, 10.16, 10.21, 10.22 and 10.23 and incorporated herein by reference.

This disclosure is intended to satisfy the requirements of Item 5.02(e) of Form 8-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PUBLIC

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2023, which is incorporated herein by reference.

Item 11. Executive Compensation

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2023, which is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information as of April 1, 2023 regarding compensation plans under which the Company's equity securities are authorized for issuance:

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights [2]	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders [1]	3,576,840	$ 43.98	6,169,920
Equity compensation plans not approved by security holders	—	$ —	—
Total	3,576,840	$ 43.98	6,169,920

(1) Reflects share options and restricted stock units issued under the Company's Third Amended and Restated Omnibus Incentive Plan (or predecessor plan).

(2) Represents the weighted average exercise price of outstanding share awards only.

Item 13. Certain Relationships, Related Transactions and Director Independence

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2023, which is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information with respect to this Item is included in the Company's Proxy Statement to be filed in June 2023, which is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) The following documents are filed as part of this annual report on Form 10-K:

1. The following consolidated financial statements listed below are filed as a separate section of this Annual Report on Form 10-K:

   Report of Independent Registered Public Accounting Firm - Ernst & Young LLP (PCAOB ID No. 42).

   Consolidated Balance Sheets as of April 1, 2023 and April 2, 2022.

   Consolidated Statements of Operations and Comprehensive Income (Loss) for the fiscal years ended April 1, 2023, April 2, 2022 and March 27, 2021.

   Consolidated Statements of Shareholders' Equity for the fiscal years ended April 1, 2023, April 2, 2022 and March 27, 2021.

   Consolidated Statements of Cash Flows for the fiscal years ended April 1, 2023, April 2, 2022 and March 27, 2021.

   Notes to Consolidated Financial Statements for the fiscal years ended April 1, 2023, April 2, 2022 and March 27, 2021.

2. Exhibits:

EXHIBIT INDEX

Exhibit No.	Document Description
2.1	Stock Purchase Agreement, dated as of September 24, 2018, by and among Allegra Donata Versace Beck, Donatella Versace, Santo Versace, Borgo Luxembourg S.À R.L., Blackstone GPV Capital Partners (Mauritius) VI-D FDI Ltd., Blackstone GPV Tactical Partners (Mauritius)-N Ltd. and Capri Holdings Limited (f/k/a Michael Kors Holdings Limited) (included as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on September 25, 2018 and incorporated herein by reference).
3.1	Amended and Restated Memorandum and Articles of Association of Capri Holdings Limited (included as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 31, 2018 and incorporated herein by reference).
3.2	Amendment to Amended and Restated Memorandum and Articles of Association of Capri Holdings, effective May 24, 2023.
4.1	Specimen of Ordinary Share Certificate of Capri Holdings Limited (included as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2019 (File No. 001-35368), filed on May 29, 2019 and incorporated herein by reference).
4.2	Indenture, dated as of October 20, 2017, by and among Michael Kors (USA), Inc., Michael Kors Holdings Limited, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (included as Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on October 20, 2017 and incorporated herein by reference).
10.1	Second Amendment, dated as of June 25, 2020, to the Third Amended and Restated Credit Agreement dated as of November 15, 2018 among Capri Holdings Limited, Michael Kors (USA), Inc., the foreign subsidiary borrowers party thereto, the guarantors party thereto, the financial institutions party thereto as lenders and issuing banks and JPMorgan Chase Bank, N.A., as administrative agent (included as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on July 1, 2020 and incorporated herein by reference).
10.2	Form of Indemnification Agreement between Michael Kors Holdings Limited and its directors and executive officers (included as Exhibit 10.5 to the Company's Registration Statement on Form F-1, as amended (File No. 333-178282), filed on December 2, 2011 and incorporated herein by reference)
10.3	Capri Holdings Limited Third Amended and Restated Omnibus Incentive Plan (included as Annex B to the Company's Definitive Proxy Statement on Schedule 14A (File No. 001-35368), filed on June 16, 2022 and incorporated herein by reference).
10.4	Fifth Amended and Restated Employment Agreement, dated as of March 7, 2022, by and among Michael Kors (USA), Inc., Capri Holdings Limited and John D. Idol (included as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended April 2, 2022 (File No. 001-35368), filed on June 1, 2022 and incorporated herein by reference).
10.5	Executive Bonus Program (included as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2013 filed on August 8, 2013 and incorporated herein by reference).

Exhibit No.	Document Description
10.6	Form of Employee Non-Qualified Option Award Agreement (included as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015 and incorporated herein by reference).
10.7	Form of Employee Restricted Stock Unit Award Agreement (included as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015 and incorporated herein by reference).
10.8	Form of Performance-Based Restricted Stock Unit Award Agreement (included as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015 and incorporated herein by reference).
10.9	Form of Independent Director Restricted Stock Unit Award Agreement (included as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2015, filed on May 27, 2015 and incorporated herein by reference).
10.10	Aircraft Time Sharing Agreement, effective as of December 20, 2022, by and between Michael Kors (USA), Inc. and John Idol (included as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2022, filed on February 8, 2023 and incorporated herein by reference).
10.11	Amended and Restated Employment Agreement by and among Capri Holdings Limited, Michael Kors (USA), Inc. and Thomas J. Edwards, Jr., dated as of May 30, 2023.
10.12	Capri Holdings Limited Deferred Compensation Plan (included as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001.35368), filed on November 14, 2019 and incorporated herein by reference).
10.13	Amended and Restated Employment Agreement by and among Capri Holdings Limited, Michael Kors (USA), Inc. and Krista A. McDonough, dated as of May 30, 2023.
10.14	Employment Agreement, dated as of March 30, 2020, by and among Capri Holdings Limited, Michael Kors (USA), Inc. and Daniel Purefoy (included as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended March 27, 2021, filed on May 26, 2021 and incorporated herein by reference).
10.15	Employment Agreement dated January 23, 2023, by and between Michael Kors (USA), Inc. and Cedric Wilmotte.
10.16	Amended and Restated Employment Agreement by and among Capri Holdings Limited, Michael Kors (USA), Inc. and Jenna Hendricks, dated as of May 30, 2023.
10.17	Suspension of Rights Agreement, dated as of September 23, 2021, to the Third Amended and Restated Credit Agreement, dated as of November 15, 2018 among, Michael Kors (USA), Inc., Capri Holdings Limited, the Foreign Subsidiary Borrowers party to the Credit Agreement, JPMorgan Chase Bank, N.A., as Administrative Agent, the Lenders thereto and the other parties party thereto (included as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 25, 2021 filed on November 3, 2021 and incorporated herein by reference).
10.18	Revolving Credit Agreement, dated as of July 1, 2022 among Capri Holdings Limited, Michael Kors (USA), Inc., the foreign subsidiary borrowers party thereto, the guarantors party thereto, the financial institutions party thereto as lenders and issuing banks and JPMorgan Chase Bank, N.A., as administrative agent (included as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on July 1, 2022 and incorporated herein by reference).
10.19	Term Facility Agreement by and among Gianni Versace S.r.l., as borrower, Intesa Sanpaolo S.p.A., Banca Nazionale Del Lavoro S.p.A. and UniCredit S.p.A., as arrangers and lenders, and Intesa Sanpaolo S.p.A., as agent, dated as of December 5, 2022 (included as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 1-35368), filed on December 6, 2022 and incorporated herein by reference)
10.20	Parent Company Guarantee by and among Capri Holdings Limited, as guarantor, Banca Nazionale del Lavoro S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., dated as of December 5, 2022 (included as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35368), filed on December 6, 2022 and incorporated herein by reference).
10.21	Change in Control Continuity Agreement by and between Capri Holdings Limited and Thomas J. Edwards, Jr., dated as of May 30, 2023.
10.22	Change in Control Continuity Agreement by and between Capri Holdings Limited and Jenna Hendricks, dated as of May 30, 2023.
10.23	Change in Control Continuity Agreement by and between Capri Holdings Limited and Krista A. McDonough, dated as of May 30, 2023.
21.1	List of subsidiaries of Capri Holdings Limited.
23.2	Consent of Ernst & Young LLP.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes Oxley Act of 2002.

PUBLIC

Exhibit No.	Document Description
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	Interactive Data Files.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 31, 2023

CAPRI HOLDINGS LIMITED

By: s/ John D. Idol
Name: John D. Idol
Title: Chairman & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By:	s/ John D. Idol John D. Idol	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	May 31, 2023
By:	s/ Thomas J. Edwards, Jr. Thomas J. Edwards Jr.	Chief Financial Officer and Chief Operating Officer (Principal Financial and Accounting Officer)	May 31, 2023
By:	s/ Marilyn Crouther Marilyn Crouther	Director	May 31, 2023
By:	s/ Robin Freestone Robin Freestone	Director	May 31, 2023
By:	s/ Judy Gibbons Judy Gibbons	Director	May 31, 2023
By:	s/ Mahesh Madhavan Mahesh Madhavan	Director	May 31, 2023
By:	s/ Stephen F. Reitman Stephen F. Reitman	Director	May 31, 2023
By:	s/ Jane Thompson Jane Thompson	Director	May 31, 2023
By:	s/ Jean Tomlin Jean Tomlin	Director	May 31, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Capri Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Capri Holdings Limited and subsidiaries ("the Company") as of April 1, 2023 and April 2, 2022, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended April 1, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 1, 2023 and April 2, 2022, and the results of its operations and its cash flow for each of the three years in the period ended April 1, 2023, in conformity with the U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of April 1, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 31, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of Goodwill and Indefinite-lived Intangible Assets

Description of the Matter

At April 1, 2023, the Company's goodwill and indefinite-lived intangible assets, consisting of brand names, totaled $1.3 billion and $1.2 billion, respectively. As discussed in Note 2 to the consolidated financial statements, goodwill and indefinite-lived intangible assets are assessed for impairment on an annual basis, or whenever impairment indicators exist. As a result of the Company's 2023 annual impairment test, the Company recorded a goodwill impairment charge of $82 million associated with its Jimmy Choo Retail and Wholesale reporting units. The Company also recognized an impairment charge of $24 million associated with the Jimmy Choo indefinite-lived retail brand name intangible asset.

Auditing the Company's annual impairment assessments was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting units for goodwill and the fair value of indefinite-lived brand name intangible assets. In particular, the fair value estimates were sensitive to significant assumptions, such as changes in the discount rate, revenue growth rate, margin and royalty rates, which are affected by expectations about future market or economic conditions.

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill and indefinite-lived intangible assets impairment review process, including controls over management's review of the significant assumptions described above. To test the estimated fair value of the Company's reporting units and indefinite-lived intangible assets, we performed audit procedures that included, among others, assessing the valuation methodologies and testing the significant assumptions discussed above and the completeness and accuracy of the underlying data used by the Company in its analyses. We compared the significant assumptions used by management to current industry and economic trends and evaluated whether changes to the Company's business environment would affect the significant assumptions. For example, we compared the royalty rates used in estimating the fair value of certain indefinite-lived brand name intangible assets to current industry licensing agreements. We assessed the historical accuracy of management's estimates and performed sensitivity analyses of the significant assumptions to evaluate the changes in the fair value of the reporting units and indefinite-lived brand name intangible assets that would result from changes in the assumptions. We also involved our internal valuation specialists to assist in our evaluation of the significant assumptions and methodologies used by the Company in developing the fair value estimates. In addition, we tested management's reconciliation of the fair value of the reporting units to the market capitalization of the Company.
	Impairment of Retail Store Long-Lived assets
Description of the Matter	As discussed in Note 2 to the consolidated financial statements, the Company evaluates its long-lived assets, which primarily include property, plant, and equipment and operating lease right-of-use assets at retail stores, for impairment whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable. During the year ended April 1, 2023, the Company recognized an impairment charge of $36 million related to its long-lived assets. Auditing the Company's impairment assessment of retail store long-lived assets was complex and highly judgmental due to the significant estimation required in determining the future cash flows used to assess recoverability of each retail store long-lived asset group (undiscounted) and determining the fair value (discounted). The significant assumptions used include estimated future cash flows directly related to the future operation of the stores (including sales and expense growth rates) and the discount rate used to determine fair value. Significant assumptions used in determining the fair value of certain operating lease right-of-use assets include the current market rent and discount rate for the remaining lease term of the related stores. These assumptions are subjective in nature and are affected by expectations about future market or economic conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the retail store long-lived assets impairment process, including, determining the undiscounted future cash flows of the stores and the fair value of the long-lived assets (including those related to operating leases) for the stores that were deemed to be impaired. We also tested controls over management's review of the significant assumptions described above. Our testing of the Company's impairment measurement included, among other procedures, evaluating the significant assumptions and operating data used to calculate the estimated future cash flows and to determine the fair value of the store long lived asset groups. For a sample of retail stores, we tested the completeness and accuracy of the data used by the Company in its analyses and we compared the significant assumptions used to determine the forecasted cash flows to historical results of the retail stores, current industry and economic trends and inquired of the Company's executives to understand the business initiatives supporting the assumptions in the future cash flows. We involved our internal valuation specialists to assist in evaluating the fair value of certain operating lease right-of-use assets, which included assessing the estimated market rental rates of these leases by comparing them to rental rates for comparable leases and evaluating the applied discount rate.

s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2014.
New York, New York
May 31, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Capri Holdings Limited

Opinion on Internal Control over Financial Reporting

We have audited Capri Holdings Limited and subsidiaries' internal control over financial reporting as of April 1, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Capri Holdings Limited and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of April 1, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of April 1, 2023 and April 2, 2022, the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended April 1, 2023, and the related notes and our report dated May 31, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

s/ ERNST & YOUNG LLP

New York, New York
May 31, 2023

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	April 1, 2023	April 2, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 249	$ 169
Receivables, net	369	434
Inventories, net	1,057	1,096
Prepaid expenses and other current assets	195	192
Total current assets	1,870	1,891
Property and equipment, net	552	476
Operating lease right-of-use assets	1,330	1,358
Intangible assets, net	1,728	1,847
Goodwill	1,293	1,418
Deferred tax assets	296	240
Other assets	226	250
Total assets	$ 7,295	$ 7,480
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 475	$ 555
Accrued payroll and payroll related expenses	154	165
Accrued income taxes	73	52
Short-term operating lease liabilities	429	414
Short-term debt	5	29
Accrued expenses and other current liabilities	314	351
Total current liabilities	1,450	1,566
Long-term operating lease liabilities	1,348	1,467
Deferred tax liabilities	508	432
Long-term debt	1,822	1,131
Other long-term liabilities	318	326
Total liabilities	5,446	4,922
Commitments and contingencies		
Shareholders' equity		
Ordinary shares, no par value; 650,000,000 shares authorized; 224,166,250 shares issued and 117,347,045 outstanding at April 1, 2023; 221,967,599 shares issued and 142,806,269 outstanding at April 2, 2022	—	—
Treasury shares, at cost (106,819,205 shares at April 1, 2023 and 79,161,330 shares at April 2, 2022)	(5,351)	(3,987)
Additional paid-in capital	1,344	1,260
Accumulated other comprehensive income	147	194
Retained earnings	5,708	5,092
Total shareholders' equity of Capri	1,848	2,559
Noncontrolling interest	1	(1)
Total shareholders' equity	1,849	2,558
Total liabilities and shareholders' equity	$ 7,295	$ 7,480

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In millions, except share and per share data)

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Total revenue	$ 5,619	$ 5,654	$ 4,060
Cost of goods sold	1,895	1,910	1,463
Gross profit	3,724	3,744	2,597
Selling, general and administrative expenses	2,708	2,533	2,018
Depreciation and amortization	179	193	212
Impairment of assets	142	73	316
Restructuring and other charges	16	42	32
Total operating expenses	3,045	2,841	2,578
Income from operations	679	903	19
Other income, net	(3)	(2)	(7)
Interest expense (income), net	24	(18)	43
Foreign currency loss (gain)	10	8	(20)
Income before provision for income taxes	648	915	3
Provision for income taxes	29	92	66
Net income (loss)	619	823	(63)
Less: Net income (loss) attributable to noncontrolling interest	3	1	(1)
Net income (loss) attributable to Capri	$ 616	$ 822	$ (62)
Weighted average ordinary shares outstanding:			
Basic	132,532,009	149,724,675	150,453,568
Diluted	134,002,480	152,497,907	150,453,568
Net income (loss) per ordinary share attributable to Capri:			
Basic	$ 4.65	$ 5.49	$ (0.41)
Diluted	$ 4.60	$ 5.39	$ (0.41)
Statements of Comprehensive Income (Loss):			
Net income (loss)	$ 619	$ 823	$ (63)
Foreign currency translation adjustments	(41)	127	(15)
Net (loss) gain on derivatives	(6)	10	(4)
Comprehensive income (loss)	572	960	(82)
Less: Net income (loss) attributable to noncontrolling interest	3	1	(1)
Less: Foreign currency translation adjustments attributable to noncontrolling interest	—	(1)	—
Comprehensive income (loss) attributable to Capri	$ 569	$ 960	$ (81)

See accompanying notes to consolidated financial statements.

PUBLIC

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions, except share data which is in thousands)

	Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity of Capri	Non-controlling Interests	Total Equity
	Shares	Amounts		Shares	Amounts					
Other comprehensive loss	—	—	—	—	—	(19)	—	(19)	—	(19)
Total comprehensive loss	—	—	—	—	—	—	—	(81)	(1)	(82)
Vesting of restricted awards, net of forfeitures	1,456	—	—	—	—	—	—	—	—	—
Exercise of employee share options	447	—	3	—	—	—	—	3	—	3
Share based compensation expense	—	—	70	—	—	—	—	70	—	70
Repurchase of ordinary shares	—	—	—	(49)	(1)	—	—	(1)	—	(1)
Other	—	—	—	—	—	—	—	—	(1)	(1)
Balance as of March 27, 2021	219,223	—	1,158	(67,943)	(3,326)	56	4,270	2,158	(1)	2,157
Net income	—	—	—	—	—	—	822	822	1	823
Other comprehensive income (loss)	—	—	—	—	—	138	—	138	(1)	137
Total comprehensive income	—	—	—	—	—	—	—	960	—	960
Vesting of restricted awards, net of forfeitures	2,336	—	—	—	—	—	—	—	—	—
Exercise of employee share options	408	—	17	—	—	—	—	17	—	17
Share based compensation expense	—	—	85	—	—	—	—	85	—	85
Repurchase of ordinary shares	—	—	—	(11,218)	(661)	—	—	(661)	—	(661)
Balance at April 2, 2022	221,967	—	1,260	(79,161)	(3,987)	194	5,092	2,559	(1)	2,558
Net income	—	—	—	—	—	—	616	616	3	619
Other comprehensive loss	—	—	—	—	—	(47)	—	(47)	—	(47)
Total comprehensive income	—	—	—	—	—	—	—	569	3	572
Vesting of restricted awards, net of forfeitures	2,078	—	—	—	—	—	—	—	—	—
Exercise of employee share options	121	—	6	—	—	—	—	6	—	6
Share based compensation expense	—	—	78	—	—	—	—	78	—	78
Repurchase of ordinary shares	—	—	—	(27,658)	(1,364)	—	—	(1,364)	—	(1,364)
Other	—	—	—	—	—	—	—	—	(1)	(1)
Balance at April 1, 2023	224,166	—	1,344	(106,819)	$ (5,351)	$ 147	$ 5,708	$ 1,848	$ 1	$ 1,849

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Depreciation and amortization	179	193	212
Share-based compensation expense	78	85	71
Impairment of assets	142	83	316
Deferred income taxes	(101)	(57)	(70)
Changes to lease related balances, net	(99)	(142)	(112)
Foreign currency losses (gains)	28	—	(15)
Other non-cash charges	7	10	7
Change in assets and liabilities:			
Receivables, net	50	(78)	(52)
Inventories, net	13	(386)	145
Prepaid expenses and other current assets	(8)	14	(31)
Accounts payable	(100)	69	50
Accrued expenses and other current liabilities	(9)	30	153
Other long term assets and liabilities	(28)	60	13
Net cash provided by operating activities	771	704	624
Cash flows from investing activities			
Capital expenditures	(226)	(131)	(111)
Cash paid for asset/business acquisitions, net of cash acquired	—	—	(13)
Settlement of net investment hedges	409	189	—
Net cash provided by (used in) investing activities	183	58	(124)
Cash flows from financing activities			
Debt borrowings	4,061	945	2,443
Debt repayments	(3,474)	(1,132)	(3,311)
Debt issuance costs	(5)	—	(4)
Repurchase of ordinary shares	(1,364)	(661)	(1)
Exercise of employee share options	6	17	3
Other financing activities	—	31	—
Net cash used in financing activities	(776)	(800)	(870)
Effect of exchange rate changes on cash and cash equivalents	(94)	(24)	12
Net increase (decrease) in cash, cash equivalents and restricted cash	84	(62)	(358)
Beginning of period	172	234	592
End of period	$ 256	$ 172	$ 234
Supplemental disclosures of cash flow information			
Cash paid for interest	$ 58	$ 37	$ 52
Cash paid for income taxes	$ 133	$ 43	$ 45
Supplemental disclosure of non-cash investing and financing activities			
Accrued capital expenditures	$ 33	$ 39	$ 17

See accompanying notes to consolidated financial statements.

PX7098-076

. Business and Basis of Presentation

The Company was incorporated in the British Virgin Islands on December 13, 2002 as Michael Kors Holdings Limited and changed its name to Capri Holdings Limited ("Capri," and together with its subsidiaries, the "Company") on December 31, 2018. The Company is a holding company that owns brands that are leading designers, marketers, distributors and retailers of branded women's and men's accessories, apparel and footwear bearing the Versace, Jimmy Choo and Michael Kors tradenames and related trademarks and logos. The Company operates in three reportable segments: Versace, Jimmy Choo and Michael Kors. See Note 19 for additional information.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of the Company and its wholly-owned or controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company consolidates the results of its Versace business on a one-month lag, as consistent with prior periods.

The Company utilizes a 52- to 53-week fiscal year, and the term "Fiscal Year" or "Fiscal" refers to that 52-week or 53-week period. The fiscal years ending on April 1, 2023 and March 27, 2021 ("Fiscal 2023" and "Fiscal 2021", respectively) contain 52 weeks, whereas the fiscal year ending April 2, 2022 ("Fiscal 2022") contains 53 weeks. The Company's Fiscal 2024 is a 52-week period ending March 30, 2024.

. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to use judgment and make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The level of uncertainty in estimates and assumptions increases with the length of time until the underlying transactions are completed. The most significant assumptions and estimates involved in preparing the financial statements include allowances for customer deductions, sales returns, sales discounts, credit losses, estimates of inventory net realizable value, the valuation of share based compensation, the valuation of deferred taxes, goodwill, intangible assets, operating lease right-of-use assets and property and equipment, along with the estimated useful lives assigned to these assets. Actual results could differ from those estimates.

Seasonality

The Company experiences certain effects of seasonality with respect to its business. The Company generally experiences greater sales during its third fiscal quarter, primarily driven by holiday season sales, and the lowest sales during its first fiscal quarter.

Revenue Recognition

The Company accounts for contracts with its customers when there is approval and commitment from both parties, the rights of the parties and payment terms have been identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services. The Company recognizes retail store revenues when control of the product is transferred at the point of sale at Company owned stores, including concessions, net of estimated returns. Revenue from sales through the Company's e commerce sites is recognized at the time of delivery to the customer, reduced by an estimate of returns. Wholesale revenue is recognized net of estimates for sales returns, discounts, markdowns and allowances, after merchandise is shipped and control of the underlying product is transferred to the Company's wholesale customers. To arrive at net sales for retail revenue, gross sales are reduced by actual customer returns as well as by a provision for estimated future customer returns, which is based on management's review of historical and future customer return expectations. Sales taxes collected from retail customers are presented on a net basis and, as such, are excluded from revenue. To arrive at net sales for wholesale revenue, gross sales are reduced by provisions for estimated future returns, based on current expectations, as well as trade discounts, markdowns, allowances, operational chargebacks, and certain cooperative selling expenses. These estimates are based on such factors as historical trends, actual and forecasted performance and current market conditions, which are reviewed by management on a quarterly basis.

The following table details the activity and balances of the Company's sales reserves for the fiscal years ended April 1, 2023, April 2, 2022, and March 27, 2021 (in millions):

	Balance Beginning of Year	Amounts Charged to Revenue	Write-offs Against Reserves	Balance at Year End
Total Sales Reserves:				
Fiscal Year Ended April 1, 2023	$ 92	$ 400	$ (397)	$ 95
Fiscal Year Ended April 2, 2022	98	333	(339)	92
Fiscal Year Ended March 27, 2021	166	313	(381)	98

Royalty revenue generated from product licenses, which includes contributions for advertising, is based on reported sales of licensed products bearing the Company's trademarks at rates specified in the license agreements. These agreements are also subject to contractual minimum levels. Royalty revenue generated by geographic licensing agreements is recognized as it is earned under the licensing agreements based on reported sales of licensees applicable to specified periods, as outlined in the agreements. These agreements allow for the use of the Company's tradenames to sell its branded products in specific geographic regions.

Loyalty Program

The Company offers a loyalty program, which allows its Michael Kors United States customers to earn points on qualifying purchases toward monetary and non-monetary rewards, which may be redeemed for purchases at Michael Kors retail stores and e-commerce sites. The Company defers a portion of the initial sales transaction based on the estimated relative fair value of the benefits based on projected timing of future redemptions and historical activity. These amounts include estimated "breakage" for points that are not expected to be redeemed. The contract liability, net of an estimated "breakage," is recorded within accrued expenses and other current liabilities in the Company's consolidated balance sheets and is expected to be recognized within the next 12 months. See Note 3 for additional information.

Advertising and Marketing Costs

Advertising and marketing costs are generally expensed when the advertisement is first exhibited and are recorded in selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss). Advertising and marketing expense was $374 million, $329 million and $137 million in Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively.

Cooperative advertising expense, which represents the Company's participation in advertising expenses of its wholesale customers, is reflected as a reduction to revenue. Expenses related to cooperative advertising for Fiscal 2023, Fiscal 2022 and Fiscal 2021, were $9 million, $4 million and $3 million, respectively.

Shipping and Handling

Inbound freight expenses are recorded as part of cost of goods sold, along with product costs and other costs to acquire inventory. The costs of preparing products for sale, including warehousing expenses, are included in selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss). Outbound freight expenses are recorded as part of selling, general and administrative expenses and include the costs of shipping products to the Company's e-commerce customers. Shipping and handling costs included within selling, general and administrative expenses in the Company's consolidated statements of operations and comprehensive income (loss) were $270 million, $236 million and $160 million for Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. Shipping and handling costs charged to customers are included in total revenue.

COVID-19 Related Government Assistance and Subsidies

During Fiscal 2023, Fiscal 2022 and Fiscal 2021, the Company recorded $6 million, $10 million and $37 million, respectively, related to government assistance and subsidies. These amounts mostly relate to rent support and payroll expense and were recorded as a reduction of selling, general and administrative expenses.

PUBLIC

Cash, Cash Equivalents and Restricted Cash

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Included in the Company's cash and cash equivalents as of April 1, 2023 and April 2, 2022 are credit card receivables of $22 million and $18 million, respectively, which generally settle within two to three business days.

A reconciliation of cash, cash equivalents and restricted cash as of April 1, 2023 and April 2, 2022 from the consolidated balance sheets to the consolidated statements of cash flows is as follows:

	Fiscal Years Ended	
	April 1, 2023	April 2, 2022
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 249	$ 169
Restricted cash included within prepaid expenses and other current assets	7	3
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 256	$ 172

Inventories

Inventories primarily consist of finished goods with the exception of raw materials and work in process. The combined total of raw materials and work in process recorded on the Company's consolidated balance sheets as of April 1, 2023 and April 2, 2022 were $47 million and $31 million, respectively. Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average cost method. Costs include amounts paid to independent manufacturers, plus duties and freight to bring the goods to the Company's warehouses, as well as shipments to stores. The Company continuously evaluates the composition of its inventory and makes adjustments when the cost of inventory is not expected to be fully recoverable. The net realizable value of the Company's inventory is estimated based on historical experience, current and forecasted demand and other market conditions. In addition, reserves for inventory losses are estimated based on historical experience and physical inventory counts. The Company's inventory reserves are estimates, which could vary significantly from actual results if future economic conditions, customer demand or competition differ from expectations. Our historical estimates of these adjustments have not differed materially from actual results.

Store Pre-opening Costs

Costs associated with the opening of new retail stores and start up activities are expensed as incurred.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization (carrying value). Depreciation is recorded on a straight-line basis over the expected remaining useful lives of the related assets. Equipment, furniture and fixtures are depreciated over five to seven years, computer hardware and software are depreciated over three to five years. The Company's share of the cost of constructing in-store shop displays within its wholesale customers' floor-space ("shop-in-shops"), which is paid directly to third-party suppliers, is capitalized as property and equipment and is generally amortized over a useful life of three to five years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated remaining useful lives of the related assets or the remaining lease term, including highly probable renewal periods. Maintenance and repairs are charged to expense in the year incurred.

The Company capitalizes, in property and equipment, direct costs incurred during the application development stage and the implementation stage for developing, purchasing or otherwise acquiring software for its internal use. These costs are amortized over the estimated useful lives of the software, generally five years, except for ERP systems which has an estimated useful life of ten years. All costs incurred during the preliminary project stage, including project scoping and identification and testing of alternatives, are expensed as incurred.

PUBLIC

Definite-lived Intangible Assets

The Company's definite-lived intangible assets consist of trademarks and customer relationships which are stated at cost less accumulated amortization. The Company's customer relationships are amortized over five to eighteen years. Reacquired rights recorded in connection with the acquisition of Michael Kors (HK) Limited and Subsidiaries ("MKHKL") are amortized through March 31, 2041, the original expiration date of the Michael Kors license agreement in the Greater China region. The trademark for the Michael Kors brand is amortized over twenty years.

Long-lived Assets

The Company evaluates all long-lived assets, including operating lease right-of-use assets, property and equipment and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. For the purposes of impairment testing, the Company groups long-lived assets at the lowest level of identifiable cash flow. Leasehold improvements are typically amortized over the term of the store lease, including reasonably assured renewals and the shop-in-shops are amortized over a useful life of three to five years. The Company's impairment testing is based on its best estimate of the future operating cash flows. If the sum of our estimated undiscounted future cash flows associated with the asset is less than the asset's carrying value, the Company would recognize an impairment charge, which is measured as the amount by which the carrying value exceeds the fair value of the asset. The fair values determined by management require significant judgment and include certain assumptions regarding future sales and expense growth rates, discount rates and estimates of real estate market fair values. As such, these estimates may differ from actual results and are affected by future market and economic conditions.

During Fiscal 2023, Fiscal 2022 and Fiscal 2021, the Company recorded impairment charges of $36 million, $83 million and $158 million, respectively, which were primarily related to operating lease right-of-use assets and fixed assets of our retail store locations. Please refer to Note 7 and Note 13 for additional information.

Goodwill and Other Indefinite-lived Intangible Assets

The Company records intangible assets based on their fair value on the date of acquisition. Goodwill is recorded as the difference between the fair value of the purchase consideration and the fair value of the net identifiable tangible and intangible assets acquired. The brand intangible assets recorded in connection with the acquisitions of Versace and Jimmy Choo were determined to be indefinite-lived intangible assets, which are not subject to amortization. The Company performs an impairment assessment of goodwill, as well as the Versace brand and Jimmy Choo brand intangible assets on an annual basis, or whenever impairment indicators exist. In the absence of any impairment indicators, goodwill, for the Versace brand and the Jimmy Choo brand are assessed for impairment during the fourth quarter of each fiscal year. Judgments regarding the existence of impairment indicators are based on market conditions and operational performance of the business.

The Company may assess its goodwill and its brand intangible assets for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of these assets is greater than their carrying value. When performing a qualitative test, the Company assesses various factors, including industry and market conditions, macroeconomic conditions and performance of its businesses. If the results of the qualitative assessment indicate that it is more likely than not that our goodwill and other indefinite-lived intangible assets are impaired, a quantitative impairment analysis is performed to determine if impairment is required. The Company may also elect to perform a quantitative analysis of goodwill and its indefinite-lived intangible assets initially rather than using a qualitative approach.

The impairment testing for goodwill is performed at the reporting unit level. The Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, it engages independent third-party valuation specialists. To determine the fair value of a reporting unit, the Company uses a combination of the income and market approaches, when applicable. The Company believes the blended use of both models, when applicable, compensates for the inherent risk associated with either model if used on a stand-alone basis, and this combination is indicative of the factors a market participant would consider when performing a similar valuation. If the fair value of a reporting unit exceeds the related carrying value, the reporting unit's goodwill is considered not to be impaired and no further testing is performed. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recorded for the difference. These valuations are affected by certain estimates, including future revenue growth rates, future operating expense growth rates, gross margins and discount rates. Future events could cause us to conclude that impairment indicators exist and goodwill may be impaired.

PUBLIC

When performing a quantitative impairment assessment of our brand intangible assets, the fair value of the Versace and the Jimmy Choo brands is estimated using a discounted cash flow analysis based on the “relief from royalty” method, assuming that a third-party would be willing to pay a royalty in lieu of ownership for this intangible asset. This approach is dependent on many factors, including estimates of future revenue growth rates, royalty rates and discount rates. Actual future results may differ from these estimates. An impairment loss is recognized when the estimated fair value of the brand intangible assets is less than its carrying amount.

During the fourth quarter of Fiscal 2023, the Company performed its annual goodwill and indefinite-lived intangible assets impairment analysis for each brand. Based on a qualitative impairment assessment of the Michael Kors reporting units, the Company concluded that it is more likely than not that the fair value of the Michael Kors reporting units exceeded its carrying value and, therefore, was not impaired.

The Company elected to perform quantitative impairment analyses for the Versace and Jimmy Choo reporting units, using a combination of income and market approaches to estimate the fair values of reporting units. The Company also elected to perform a quantitative impairment analysis for the Versace and Jimmy Choo brand intangible assets using an income approach to estimate the fair values. The Company performed its annual goodwill and indefinite-lived intangible assets impairment analysis for the Versace and Jimmy Choo reporting units, using a combination of income and market approaches to estimate the fair value of each brands’ reporting units. The Company also elected to perform a quantitative impairment analysis for both the Versace and Jimmy Choo brand indefinite-lived intangible assets using an income approach to estimate the fair values. Based on the results of these assessments, the Company determined there was no impairment for the Jimmy Choo licensing reporting unit and Jimmy Choo wholesale brand indefinite-lived intangible asset and Versace reporting units or brand intangible assets, as the fair values of the reporting units and the brand intangible assets exceeded the related carrying amounts.

However, the Company concluded that the fair value of the Jimmy Choo retail and wholesale reporting units goodwill, along with the Jimmy Choo retail brand indefinite-lived intangible assets, did not exceed their related carrying amounts. The resulting impairment charges were primarily related to a higher discount rate in the current year driven by higher risk-free rates. Accordingly, the Company recorded impairment charges of $82 million related to the Jimmy Choo retail and wholesale reporting units goodwill and $24 million related to the Jimmy Choo retail brand intangible assets during Fiscal 2023. The impairment charges were recorded within impairment of assets on our consolidated statement of operations and comprehensive income (loss) for the fiscal year ended April 1, 2023.

In Fiscal 2022, the Company did not incur any impairment charges. In Fiscal 2021, the Company recorded impairment charges of $94 million related to the Jimmy Choo retail and Jimmy Choo licensing reporting units and $69 million related to the Jimmy Choo brand intangible assets. The impairment charges were recorded within impairment of assets on our consolidated statement of operations and comprehensive income (loss) for the fiscal year ended March 27, 2021. See Note 8 for information relating to the Company’s annual impairment analysis performed during the fourth quarter of Fiscal 2023, Fiscal 2022 and Fiscal 2021.

It is possible that the Company’s conclusions regarding impairment or recoverability of goodwill or other indefinite-lived intangible assets could change in future periods if, for example, (i) the Company’s businesses do not perform as projected, (ii) overall economic conditions in future years vary from current assumptions, (iii) business conditions or strategies change from our current assumptions, (iv) discount rates change, (v) market multiples change or (vi) the identification of the Company’s reporting units change, among other factors. Such changes could result in a future impairment charge of goodwill or other indefinite-lived intangible assets.

Insurance

The Company uses a combination of insurance and self-insurance programs, including a wholly-owned captive insurance entity, to provide for the potential liabilities for certain risks, including workers’ compensation and employee-related health care benefits. The Company also maintains stop-loss coverage with third-party insurers to limit its exposure arising from certain claims. Self-insurance claims filed and claims incurred but not reported are accrued based upon management’s estimates of the discounted cost for self-insured claims incurred using actuarial assumptions, historical loss experience, actual payroll and other data. Although the Company believes that it can reasonably estimate losses related to these claims, actual results could differ from these estimates.

The Company also maintains other types of customary business insurance policies, including general liability, directors and officers, marine transport and inventory and business interruption insurance. Insurance recoveries represent gain contingencies and are recorded upon actual settlement with the insurance carrier.

Share-based Compensation

The Company grants share-based awards to certain employees and directors of the Company. The grant date fair value of share options is calculated using the Black-Scholes option pricing model. The Company uses its own historical experience in determining the expected holding period and volatility of its time-based share option awards. The risk-free interest rate is derived from the zero-coupon United States ("U.S.") Treasury Strips yield curve based on the grant's estimated holding period. Determining the grant date fair value of share-based awards requires considerable judgment, including estimating expected volatility, expected term and risk-free rate. If factors change and the Company employs different assumptions, the fair value of future awards and the resulting share-based compensation expense may differ significantly from what the Company has estimated in the past.

The closing market price of the Company's shares on the date of grant is used to determine the grant date fair value of restricted shares, time-based restricted stock units ("RSUs") and performance-based RSUs. These fair values are recognized as expense over the requisite service period, net of estimated forfeitures, based on expected attainment of pre-established performance goals for performance grants, or the passage of time for those grants which have only time-based vesting requirements.

Foreign Currency Translation and Transactions

The financial statements of the majority of the Company's foreign subsidiaries are measured using the local currency as the functional currency. The Company's functional currency is the United States Dollar ("USD") for Capri and its United States based subsidiaries. Assets and liabilities are translated using period-end exchange rates, while revenues and expenses are translated using average exchange rates over the reporting period. The resulting translation adjustments are recorded separately in shareholders' equity as a component of accumulated other comprehensive income. Foreign currency income and losses resulting from the re-measuring of transactions denominated in a currency other than the functional currency of a particular entity are included in foreign currency loss (gain) on the Company's consolidated statements of operations and comprehensive income (loss).

Derivative Financial Instruments

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currencies for certain transactions. The Company, in its normal course of business, enters into transactions with foreign suppliers and seeks to minimize risks related to these transactions. The Company employs these forward contracts to hedge the Company's cash flows, as they relate to transactions denominated in foreign currencies. Certain of these contracts are designated as hedges for accounting purposes, while others remain undesignated. All of the Company's derivative instruments are recorded in the Company's consolidated balance sheets at fair value on a gross basis, regardless of their hedge designation.

The Company designates certain contracts related to the purchase of inventory that qualify for hedge accounting as cash flow hedges. Formal hedge documentation is prepared for all derivative instruments designated as hedges, including a description of the hedged transaction, the hedging instrument and the risk being hedged. The changes in the fair value for contracts designated as cash flow hedges are recorded in equity as a component of accumulated other comprehensive income until the hedged item affects earnings. When the inventory related to forecasted inventory purchases that are being hedged is sold to a third-party, the gains or losses deferred in accumulated other comprehensive income are recognized within cost of goods sold. The Company uses regression analysis to assess effectiveness of derivative instruments that are designated as hedges, which compares the change in the fair value of the derivative instrument to the change in the related hedged item. If the hedge is no longer expected to be highly effective, future changes in the fair value are recognized in earnings. For those contracts that are not designated as hedges, changes in the fair value are recorded to foreign currency loss (gain) in the Company's consolidated statements of operations and comprehensive income (loss). The Company classifies cash flows relating to its forward foreign currency exchange contracts related to purchase of inventory consistently with the classification of the hedged item, within cash flows from operating activities

The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, the Company only enters into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure. The aforementioned forward contracts generally have a term of no more than 12 months. The period of these contracts is directly related to the transactions they are intended to hedge.

PUBLIC

Net Investment Hedges

The Company also uses fixed-to-fixed cross currency swap agreements to hedge its net investments in foreign operations against future volatility in the exchange rates between different currencies. The Company has elected the spot method of designating these contracts under ASU 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities,*" and has designated these contracts as net investment hedges. The net gain or loss on the net investment hedge is reported within foreign currency translation income (loss) ("CTA"), as a component of accumulated other comprehensive income on the Company's consolidated balance sheets. Interest accruals and coupon payments are recognized directly in interest expense (income), net in the Company's consolidated statements of operations and comprehensive income (loss). Upon discontinuation of a hedge, all previously recognized amounts remain in CTA until the net investment is sold, diluted or liquidated.

Fair Value Hedges

When a cross-currency swap is designated as a fair value hedge and qualifies as highly effective, the fair value hedge will be recorded at fair value each period on the Company's consolidated balance sheets, with the difference resulting from the changes in the spot rate recognized in foreign currency loss (gain) on the Company's consolidated statements of operations and comprehensive income (loss), which will offset the earnings impact of the original transaction being hedged for.

Income Taxes

Deferred income tax assets and liabilities provide for temporary differences between the tax bases and financial reporting bases of the Company's assets and liabilities using the tax rates and laws in effect for the periods in which the differences are expected to reverse. The Company periodically assesses the realizability of deferred tax assets and the adequacy of deferred tax liabilities, based on the results of local, state, federal or foreign statutory tax audits or estimates and judgments used.

Realization of deferred tax assets associated with net operating loss and tax credit carryforwards are dependent upon generating sufficient taxable income prior to their expiration in the applicable tax jurisdiction. The Company periodically reviews the recoverability of its deferred tax assets and provides valuation allowances, as deemed necessary, to reduce deferred tax assets to amounts that more-likely-than-not will be realized. The Company's management considers many factors when assessing the likelihood of future realization of deferred tax assets, including recent earnings within various taxing jurisdictions, expectations of future taxable income, the carryforward periods remaining and other factors. Changes in the required valuation allowance are recorded in income in the period such determination is made. Deferred tax assets could be reduced in the future if the Company's estimates of taxable income during the carryforward period are significantly reduced or alternative tax strategies are no longer viable.

The Company recognizes the impact of an uncertain income tax position taken on its income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will be recognized if it has less than a 50% likelihood of being sustained. The tax positions are analyzed periodically (at least quarterly) and adjustments are made as events occur that warrant adjustments for those positions. The Company records interest expense and penalties payable to relevant tax authorities as income tax expense.

Leases

On March 31, 2019, the Company adopted ASU 2016-02, "Leases (Topic 842)," which requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet for all leases, except certain short-term leases. The Company adopted the new standard recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption without restating the comparative prior year periods.

The Company leases retail stores, office space and warehouse space under operating lease agreements that expire at various dates through September 2043. The Company's leases generally have terms of up to ten years, generally require fixed rent payments and may require the payment of additional rent if store sales exceed a negotiated amount. Although most of the Company's equipment is owned, the Company has limited equipment leases that expire on various dates through August 2027. The Company acts as sublessor in certain leasing arrangements, primarily related to closed stores under its restructuring initiatives, as defined in Note 10. Fixed sublease payments received are recognized on a straight-line basis over the sublease term. The Company determines the sublease term based on the date it provides possession to the subtenant through the expiration date of the sublease.

PUBLIC

The Company recognizes operating lease right-of-use assets and lease liabilities at lease commencement date, based on the present value of fixed lease payments over the expected lease term. The Company uses its incremental borrowing rates to determine the present value of fixed lease payments based on the information available at the lease commencement date, as the rate implicit in the lease is not readily determinable for the Company's leases. The Company's incremental borrowing rates are based on the term of the leases, the economic environment of the leases and reflect the expected interest rate it would incur to borrow on a secured basis. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company generally does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the operating lease right-of-use asset and lease liability. Certain leases also contain termination options with an associated penalty. Generally, the Company is reasonably certain not to exercise these options and as such, they are not included in the determination of the expected lease term. The Company recognizes operating lease expense on a straight-line basis over the lease term.

Leases with an initial lease term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for its short-term leases on a straight-line basis over the lease term.

The Company's leases generally provide for payments of non-lease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. The Company accounts for lease and non-lease components of its real estate leases together as a single lease component and, as such, includes fixed payments of non-lease components in the measurement of the operating lease right-of-use assets and lease liabilities for its real estate leases. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property, are expensed as incurred as variable lease costs and are not recorded on the balance sheet. The Company's lease agreements do not contain any material residual value guarantees or material restrictions or covenants

Debt Issuance Costs and Unamortized Discounts

The Company defers debt issuance costs directly associated with acquiring third-party financing. These debt issuance costs and any discounts on issued debt are amortized on a straight-line basis, which approximates the effective interest method, as interest expense over the term of the related indebtedness. Deferred financing fees associated with the Company's Revolving Credit Facilities are primarily recorded within other assets in the Company's consolidated balance sheets. Deferred financing fees and unamortized discounts associated with the Company's other borrowings are primarily recorded as an offset to long-term debt in the Company's consolidated balance sheets. See Note 11 for additional information.

Net Income (Loss) per Share

The Company's basic net income (loss) per ordinary share is calculated by dividing net income (loss) by the weighted average number of ordinary shares outstanding during the period. Diluted net income (loss) per ordinary share reflects the potential dilution that would occur if RSUs or any other potentially dilutive instruments, including share option grants, were converted or exercised into ordinary shares. These potentially dilutive securities are included in diluted shares to the extent they are dilutive under the treasury stock method for the applicable periods. Performance-based RSUs are included in diluted shares if the related performance conditions are considered satisfied as of the end of the reporting period and to the extent they are dilutive under the treasury stock method.

PUBLIC

The components of the calculation of basic net income (loss) per ordinary share and diluted net income (loss) per ordinary share are as follows (in millions, except share and per share data):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Numerator:			
Net income (loss) attributable to Capri	$ 616	$ 822	$ (62)
Denominator:			
Basic weighted average shares	132,532,009	149,724,675	150,453,568
Weighted average dilutive share equivalents:			
Share options, restricted stock units, and performance restricted stock units	1,470,471	2,773,232	—
Diluted weighted average shares	134,002,480	152,497,907	150,453,568
Basic net income (loss) per share (1)	$ 4.65	$ 5.49	$ (0.41)
Diluted net income (loss) per share (1)	$ 4.60	$ 5.39	$ (0.41)

(1) Basic and diluted net income (loss) per share are calculated using unrounded numbers.

Share equivalents of 457,722 shares, 360,378 shares and 3,658,959 shares, for Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively, have been excluded from the above calculation due to their anti-dilutive effect.

Diluted net loss per share attributable to Capri for Fiscal 2021 excluded all potentially dilutive securities because there was a net loss attributable to Capri for the period and, as such, the inclusion of these securities would have been anti-dilutive.

Noncontrolling Interest

The Company has an ownership interest in the Michael Kors Latin American joint venture, MK (Panama) Holdings, S.A. and subsidiaries of 75%, an ownership interest in the Jimmy Choo EMEA joint venture JC Gulf Trading LLC of 49% and an ownership interest in the Jimmy Choo Macau joint venture J. Choo (Macau) Co. Limited of 70%.

Recently Adopted Accounting Pronouncements

Government Assistance Disclosures

In November 2021, the Financial Accounting Standards Board ("FASB") issued ASU 2021-10, "Disclosures by Business Entities about Government Assistance", which requires all businesses provide annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy. These disclosures include providing the nature of the transactions and the related accounting policy used to account for the transactions, the amounts and financial statement line items impacted by these transactions, and the significant terms and conditions of these transactions, including commitments and contingencies related to such transactions. ASU 2021-10 is effective for the Company beginning in its Fiscal 2023 with early adoption permitted. The Company early adopted ASU 2021-10 during the third quarter of Fiscal 2022 and will continue to utilize the grant accounting model.

Recently Issued Accounting Pronouncements

The Company has considered all new accounting pronouncements and, other than the recent pronouncements discussed below, have concluded that there are no new pronouncements that may have a material impact on the Company's results of operations, financial condition or cash flows based on current information.

PUBLIC

Supplier Finance Programs

In September 2022, the FASB issued ASU 2022-04, "Disclosure of Supplier Finance Program Obligations" which makes a number of changes. The amendments require a buyer in a supplier finance program to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, activity during the period, changes from period to period and potential magnitude. The amendments in this update are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on roll forward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on the Company's disclosures.

. Revenue Recognition

The Company accounts for contracts with its customers when there is approval and commitment from both parties, the rights of the parties and payment terms have been identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services.

The Company sells its products through three primary channels of distribution: retail, wholesale and licensing. Within the retail and wholesale channels, substantially all of the Company's revenues consist of sales of products that represent a single performance obligation, where control transfers at a point in time to the customer. For licensing arrangements, royalty and advertising revenue is recognized over time based on access provided to the Company's brands.

The Company has chosen to apply the practical expedient allowing it not to disclose the amount of the transaction price allocated to the remaining performance obligations that have an expected duration of 12 months or less.

Retail

The Company generates sales through directly operated stores and e-commerce sites throughout the Americas (United States, Canada and Latin America), certain parts of EMEA (Europe, Middle East and Africa) and certain parts of Asia (Asia and Oceania). Retail revenue is recognized when control of the product is transferred at the point of sale at Company owned stores including concessions. For e-commerce transactions, control is transferred and revenue is recognized when products are delivered to the customer. To arrive at net sales for retail, gross sales are reduced by actual customer returns, as well as by a provision for estimated future customer returns.

Sales tax collected from retail customers are presented on a net basis and, as such, are excluded from revenue. Shipping and handling costs that are billed to customers are included in net sales, with the related costs recorded in cost of goods sold. Shipping and handling costs that are not billed to customers are accounted for as fulfillment costs.

Gift Cards. The Company sells gift cards that can be redeemed for merchandise, resulting in a contract liability upon issuance. Revenue is recognized when the gift card is redeemed or upon "breakage" for the estimated portion of gift cards that are not expected to be redeemed. "Breakage" revenue is calculated under the proportional redemption methodology, which considers the historical patterns of redemption in jurisdictions where the Company is not required to remit the value of the unredeemed gift cards as unclaimed property. The Company anticipates that substantially all of its outstanding gift cards will be redeemed within the next 12 months. The contract liability related to gift cards, net of estimated "breakage," was $14 million and $13 million as of April 1, 2023 and April 2, 2022, respectively, and is included in accrued expenses and other current liabilities in the Company's consolidated balance sheets.

Loyalty Program. The Company offers a loyalty program, which allows its Michael Kors United States customers to earn points on qualifying purchases toward monetary and non-monetary rewards, which may be redeemed for purchases at Michael Kors retail stores and e-commerce sites. The Company defers a portion of the initial sales transaction based on the estimated relative fair value of the benefits based on projected timing of future redemptions and historical activity. These amounts include estimated "breakage" for points that are not expected to be redeemed.

Wholesale

The Company's products are sold primarily to major department stores, specialty stores and travel retail shops throughout the Americas, EMEA and Asia. The Company also has arrangements where its products are sold to geographic licensees in certain parts of EMEA, Asia and South America. Wholesale revenue is recognized net of estimates for sales returns, discounts, markdowns and allowances, when merchandise is shipped and control of the underlying product is transferred to the Company's wholesale customers. To arrive at net sales for wholesale, gross sales are reduced by provisions for estimated future returns, as well as trade discounts, markdowns, allowances, operational chargebacks and certain cooperative selling expenses. These estimates are developed based on historical trends, actual and forecasted performance and market conditions, and are reviewed by management on a quarterly basis. Unfulfilled, non-cancelable purchase orders for products from wholesale customers (including the Company's geographic licensees) are expected to be fulfilled within the next 12 months.

Licensing

The Company provides its third-party licensees with the right to access its Versace, Jimmy Choo and Michael Kors trademarks under product and geographic licensing arrangements. Under product licensing arrangements, the Company allows third-parties to manufacture and sell luxury goods, including watches and jewelry, fragrances, eyewear and home furnishings, using the Company's trademarks. Under geographic licensing arrangements, third-party licensees receive the right to distribute and sell products bearing the Company's trademarks in retail and/or wholesale channels within certain geographical areas, including Brazil, the Middle East, Eastern Europe, South Africa and certain parts of Asia.

The Company recognizes royalty revenue and advertising contributions based on the percentage of sales made by the licensees. Advertising contributions are received to support the Company's branded advertising and marketing campaigns and are viewed as part of a single performance obligation with the right to access the Company's trademarks. Royalty revenue generated from licenses, which includes contributions for advertising, may be subject to contractual minimum levels, as defined in the contract. Such minimums are generally fixed annually, based on the previous year's sales. Licensing revenue is based on reported current period sales of licensed products at rates that are specified in the license agreements for contracts that are expected to exceed the related guaranteed minimums. If the Company expects the minimum guaranteed amounts to exceed amounts calculated based on actual sales, the guaranteed minimums are recognized ratably over the contractual year to which they relate. Generally, the Company's guaranteed minimum royalty amounts due from licensees relate to contractual periods that do not exceed 12 months, however, some of our guaranteed minimums for Versace are multi-year based. As of April 1, 2023, contractually guaranteed minimum fees from the Company's license agreements expected to be recognized as revenue during future periods were as follows (in millions):

	Contractually Guaranteed Minimum Fees
Fiscal 2024	$ 33
Fiscal 2025	33
Fiscal 2026	30
Fiscal 2027	25
Fiscal 2028	18
Fiscal 2029 and thereafter	29
Total	$ 168

Sales Returns

For the sale of goods with a right of return, the Company recognizes revenue for the consideration for which it expects to be entitled and a refund liability for the amount it expects to refund to its customers within accrued expenses and other current liabilities. The refund liability is estimated based on management's review of historical and current customer returns for its retail and wholesale customers, estimated future returns, adjusted for non-resalable products. The Company also considers its product strategies, as well as the financial condition of its customers, store closings by wholesale customers, changes in the retail environment and other macroeconomic factors. The Company recognizes an asset with a corresponding adjustment to cost of sales for the right to recover the products from its retail and wholesale customers. The refund liability recorded as of April 1, 2023 and April 2, 2022 was $54 million and $52 million, respectively, and the related asset for the right to recover returned product as of April 1, 2023 and April 2, 2022 was $17 million and $15 million, respectively.

PUBLIC

Contract Balances

The Company’s contract liabilities are recorded within accrued expenses and other current liabilities and other long-term liabilities in its consolidated balance sheets depending on the short- or long-term nature of the payments to be recognized. The Company’s contract liabilities primarily consist of gift card liabilities, advanced payments from product licensees and loyalty program liabilities. Total contract liabilities were $36 million and $30 million as of April 1, 2023 and April 2, 2022, respectively. During Fiscal 2023 and Fiscal 2022, the Company recognized $13 million and $10 million in revenue, respectively, relating to contract liabilities that existed at April 2, 2022 and March 27, 2021, respectively. There were no material contract assets recorded as of April 1, 2023 and April 2, 2022.

There were no changes in historical variable consideration estimates that were materially different from actual results.

Disaggregation of Revenue

The following table presents the Company’s segment revenues disaggregated by geographic location (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Versace revenue - the Americas	$ 408	$ 408	$ 201
Versace revenue - EMEA	468	425	276
Versace revenue - Asia	230	255	241
Total Versace revenue	**,106**	**,088**	**718**
Jimmy Choo revenue - the Americas	196	175	102
Jimmy Choo revenue - EMEA	255	229	146
Jimmy Choo revenue - Asia	182	209	170
Total Jimmy Choo revenue	**633**	**613**	**8**
Michael Kors revenue - the Americas	2,616	2,627	1,869
Michael Kors revenue - EMEA	819	835	607
Michael Kors revenue - Asia	445	491	448
Total Michael Kors revenue	**,880**	**,953**	**,924**
Total revenue - the Americas	3,220	3,210	2,172
Total revenue - EMEA	1,542	1,489	1,029
Total revenue - Asia	857	955	859
Total revenue	**$ 5,619**	**$ 5,654**	**$,060**

4. Leases

The following table presents the Company's supplemental balance sheets information related to leases (in millions):

	Balance Sheet Location	April 1, 2023	April 2, 2022
Assets			
Operating leases	Operating lease right-of-use assets	$ 1,330	$ 1,358
Liabilities			
Current:			
Operating leases	Short-term portion of operating lease liabilities	$ 429	$ 414
Non-current:			
Operating leases	Long-term portion of operating lease liabilities	$ 1,348	$ 1,467

The components of net lease costs for the fiscal year ended April 1, 2023 and April 2, 2022 were as follows (in millions):

	Consolidated Statement of Operations and Comprehensive Income (Loss) Location	April 1, 2023	April 2, 2022
Operating lease cost	Selling, general and administrative expenses	$ 405	$ 410
Variable lease cost (1)	Selling, general and administrative expenses	170	135
Short-term lease cost	Selling, general and administrative expenses	8	16
Sublease income	Selling, general and administrative expenses	(9)	(3)
Sublease income (2)	Restructuring and other charges	—	(5)
Total lease cost, net		$ 574	$ 553

(1) The Company elected to account for rent concessions negotiated in connection with COVID-19 as if it were contemplated as part of the existing contract and these concessions are recorded as variable lease expense. As of the fiscal year ended April 1, 2023 and April 2, 2022, rent concessions due to COVID-19 were $14 million and $15 million, respectively.

(2) The Company recorded sublease income related to certain leases in connection with the Capri Retail Store Optimization plan.

The following table presents the Company's supplemental cash flow information related to leases (in millions):

	April 1, 2023	April 2, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 501	$ 543
Non-cash transactions:		
Lease assets obtained in exchange for new lease liabilities	344	332
Rent concessions due to COVID-19	14	15

PUBLIC

The following tables summarizes the weighted average remaining lease term and weighted average discount rate related to the Company's operating lease right-of-use assets and lease liabilities recorded on the balance sheets as of April 1, 2023 and April 2, 2022:

	April 1, 2023	April 2, 2022
Operating leases:		
Weighted average discount rate	3.3 %	3.1 %

At April 1, 2023, the future minimum lease payments under the terms of these noncancelable operating lease agreements are as follows (in millions):

	April 1, 2023
Fiscal 2024	$ 473
Fiscal 2025	384
Fiscal 2026	297
Fiscal 2027	212
Fiscal 2028	169
Thereafter	427
Total lease payments	1,962
Less: interest	(185)
Total lease liabilities	$ 1,777

At April 1, 2023, the future minimum sublease income under the terms of these noncancelable operating lease agreements are as follows (in millions):

	April 1, 2023
Fiscal 2024	$ 8
Fiscal 2025	7
Fiscal 2026	5
Fiscal 2027	4
Fiscal 2028	4
Thereafter	8
Total sublease income	$ 36

Additionally, the Company had approximately $139 million and $49 million of future payment obligations related to executed lease agreements for which the related lease has not yet commenced as of April 1, 2023 and April 2, 2022, respectively.

See Note 2 for additional information on the Company's accounting policies related to leases.

PUBLIC

5. Receivables, net

Receivables, net consist of (in millions):

	April 1, 2023	April 2, 2022
Trade receivables [1]	$ 412	$ 461
Receivables due from licensees	14	17
	426	478
Less: allowances	(57)	(44)
Total receivables, net	$ 369	$ 434

(1) As of April 1, 2023 and April 2, 2022, $96 million and $83 million, respectively, of trade receivables were insured.

Receivables are presented net of allowances for discounts, markdowns, operational chargebacks and credit losses. Discounts are based on open invoices where trade discounts have been extended to customers. Markdowns are based on wholesale customers' sales performance, seasonal negotiations with customers, historical deduction trends and an evaluation of current market conditions. Operational chargebacks are based on deductions taken by customers, net of expected recoveries. Such provisions, and related recoveries, are reflected in revenues.

The Company's allowance for credit losses is determined through analysis of periodic aging of receivables and assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers and the impact of general economic conditions. The past due status of a receivable is based on its contractual terms Amounts deemed uncollectible are written off against the allowance when it is probable the amounts will not be recovered. Allowance for credit losses was $8 million and $10 million as of April 1, 2023 and April 2, 2022, respectively. The Company had credit losses of $5 million, $7 million and $(3) million, respectively, for Fiscal 2023, Fiscal 2022 and Fiscal 2021.

6. Concentration of Credit Risk, Major Customers and Suppliers

Financial instruments that subject the Company to concentration of credit risk are cash and cash equivalents and receivables. As part of its ongoing procedures, the Company monitors its concentration of deposits with various financial institutions in order to avoid any undue exposure. The Company mitigates its risk by depositing cash and cash equivalents in major financial institutions. The Company also mitigates its credit risk by obtaining insurance coverage for a portion of its receivables (see Note 5). No individual customer accounted for 10% or more of the Company's total revenues during Fiscal 2023, Fiscal 2022 or Fiscal 2021.

The Company contracts for the purchase of finished goods principally with independent third-party contractors, whereby the contractor is generally responsible for all manufacturing processes. Although the Company does not have any long-term agreements with any of its manufacturing contractors, the Company believes it has mutually satisfactory relationships with them. The Company allocates product manufacturing among agents and contractors based on their capabilities, the availability of production capacity, quality, pricing and delivery. The inability of certain contractors to provide needed services on a timely basis could adversely affect the Company's operations and financial condition. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, one contractor accounted for approximately 15%, 17% and 18%, respectively, of the Company's total finished goods purchases, based on dollar volume.

The Company also has relationships with various agents who source finished goods with numerous contractors on behalf of its Michael Kors brand. For Fiscal 2023, Fiscal 2022 and Fiscal 2021, one agent sourced approximately 15%, 14% and 15%, respectively, of Michael Kors finished goods, based on dollar volume.

PUBLIC

7. Property and Equipment, net

Property and equipment, net, consists of (in millions):

	April 1, 2023		April 2, 2022	
Less: accumulated depreciation and amortization		(784)		(790)
Subtotal		462		410
Construction-in-progress		90		66
Total property and equipment, net	$	552	$	476

Depreciation and amortization of property and equipment for the fiscal years ended April 1, 2023, April 2, 2022, and March 27, 2021 totaled $135 million, $144 million and $165 million, respectively. During Fiscal 2023, Fiscal 2022 and Fiscal 2021, the Company recorded property and equipment impairment charges of $3 million, $7 million and $23 million, respectively, primarily related to the Company's retail store locations. See Note 13 for additional information.

8. Intangible Assets and Goodwill

The following table details the carrying values of the Company's intangible assets other than goodwill (in millions):

	April 1, 2023			April 2, 2022		
	ross Carrying Amount	Accumulated Amortization/ Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization/ Impairment	Net Carry Amount
Definite-lived intangible assets:						
Reacquired rights	$ 400	$ 109	$ 291	$ 400	$ 94	$ 306
Trademarks	23	23	—	23	22	1
Customer relationships	397	136	261	414	112	302
Total definite-lived intangible assets	820	268	552	837	228	609
Indefinite-lived intangible assets:						
Jimmy Choo brand [1]	550	273	277	570	249	321
Versace brand [2]	899	—	899	917	—	917
Total indefinite-lived intangible assets	1,449	273	1,176	1,487	249	1,238
Total intangible assets, excluding goodwill	$ 2,269	$ 541	$ 1,728	$ 2,324	$ 477	$ 1,847

(1) The year-over-year change in net carrying amount reflects an impairment charge of $24 million and foreign currency translation of $20 million for the fiscal year ended April 1, 2023. There was no impairment charge for the fiscal year ended April 2, 2022.

(2) The year-over-year change in net carrying amount reflects foreign currency translation for the fiscal year ended April 1, 2023.

Reacquired rights relate to the Company's reacquisition of the rights to use the Michael Kors trademarks and to import, sell, advertise and promote certain of its products in the previously licensed territories in the Greater China region and are being amortized through March 31, 2041, the expiration date of the former licensing agreement. The trademarks relate to the Michael Kors brand name and are amortized over twenty years. Customer relationships are generally amortized over five to eighteen years. Amortization expense for the Company's definite-lived intangibles was $44 million, $49 million and $47 million, respectively, for each of the fiscal years ended April 1, 2023, April 2, 2022 and March 27, 2021.

Indefinite-lived intangible assets other than goodwill included the Versace and Jimmy Choo brands, which were recorded in connection with the acquisitions of Versace and Jimmy Choo, and have an indefinite life as they are essential to the Company's ability to operate the Versace and Jimmy Choo businesses for the foreseeable future.

Estimated amortization expense for each of the next five years is as follows (in millions):

Fiscal 2024	$ 44
Fiscal 2025	44
Fiscal 2026	44
Fiscal 2027	44
Fiscal 2028	43
Fiscal 2029 and thereafter	333
Total	$ 552

The future amortization expense above reflects weighted-average estimated remaining useful lives of eighteen years for reacquired rights and ten years for customer relationships.

The following table details the changes in goodwill for each of the Company's reportable segments (in millions):

	Versace	Jimmy Choo	Michael Kors	Total
Balance at March 27, 2021	$ 933	$ 445	$ 120	$ 1,498
Foreign currency translation	(59)	(21)	—	(80)
Balance at April 2, 2022	874	424	120	1,418
Impairment charges[1]	—	(82)	—	(82)
Foreign currency translation	(17)	(26)	—	(43)
Balance at April 1, 2023	$ 857	$ 316	$ 120	$ 1,293

(1) The Company recorded impairment charges of $82 million during Fiscal 2023 related to the Jimmy Choo retail and wholesale reporting units. As of April 1, 2023, the Company had accumulated impairment charges of $347 million related to Jimmy Choo reporting units.

The Company's goodwill and the Versace and Jimmy Choo brands are not subject to amortization but are evaluated for impairment annually in the last quarter of each fiscal year, or whenever impairment indicators exist. During the fourth quarter of Fiscal 2023, the Company performed its annual goodwill and indefinite-lived intangible assets impairment analysis. The Company performed its goodwill impairment assessment for its Michael Kors reporting units using a qualitative assessment. Based on the results of the Company's qualitative impairment assessment, the Company concluded that it is more likely than not that the fair value of the Michael Kors' reporting units exceeded their carrying value and, therefore, were not impaired.

The Company performed its annual goodwill and indefinite-lived intangible assets impairment analysis for both the Versace and Jimmy Choo reporting units, using a combination of income and market approaches to estimate the fair value of each brands' reporting units. The Company also elected to perform an impairment analysis for both the Versace and Jimmy Choo brand indefinite-lived intangible assets using an income approach to estimate the fair values. Based on the results of these assessments, the Company determined there was no impairment for the Jimmy Choo Licensing reporting unit goodwill or Wholesale brand intangible assets and Versace reporting units goodwill or brand intangible assets, as the fair values of the reporting units and the brand intangible assets exceeded the related carrying amounts.

PUBLIC

However, the Company concluded that the fair value of the Jimmy Choo Retail and Wholesale reporting units goodwill, along with the Jimmy Choo Retail brand indefinite-lived intangible assets did not exceed their related carrying amounts. These impairment charges were primarily related to a higher discount rate in the current year driven by higher risk-free rates. Accordingly, the Company recorded goodwill impairment charges of $82 million related to the Jimmy Choo Retail and Wholesale reporting units and $24 million related to the Jimmy Choo Retail brand intangible assets during Fiscal 2023. The impairment charges were recorded within impairment of assets on our consolidated statement of operations and comprehensive income (loss) for the fiscal year ended April 1, 2023.

In Fiscal 2022, the Company did not incur any impairment charges. In Fiscal 2021, the Company recorded goodwill impairment charges of $94 million related to the Jimmy Choo Wholesale and Jimmy Choo Licensing reporting units and impairment charges of $69 million related to the Jimmy Choo brand intangible assets. The impairment charges were recorded within impairment of assets on our consolidated statement of operations and comprehensive income (loss) for the fiscal year ended March 27, 2021. See Note 13 for additional information.

9. Current Assets and Current Liabilities

Prepaid expenses and other current assets consist of the following (in millions):

	April 1, 2023	April 2, 2022
Prepaid taxes	$ 105	$ 86
Prepaid contracts	22	15
Interest receivable related to hedges	10	13
Other accounts receivables	10	17
Other	48	61
Total prepaid expenses and other current assets	$ 195	$ 192

Accrued expenses and other current liabilities consist of the following (in millions):

	April 1, 2023	April 2, 2022
Return liabilities	$ 54	$ 52
Accrued capital expenditures	33	39
Other taxes payable	32	61
Accrued advertising and marketing	26	21
Accrued rent (1)	18	20
Advance royalties	18	7
Accrued interest	16	10
ift and retail store credits	14	17
Professional services	14	15
Accrued litigation	12	13
Accrued purchases and samples	8	11
Charitable donations (2)	—	10
Other	69	75
Total accrued expenses and other current liabilities	$ 314	$ 351

(1) The accrued rent balance relates to variable lease payments.

(2) The charitable donations balance relates to a $10 million unconditional pledge to The Versace Foundation as of April 2, 2022 which was funded during the third quarter ended December 31, 2022.

PUBLIC

0. Restructuring and Other Charges

Restructuring Charges - Capri Retail Store Optimization Program

During Fiscal 2022, the Company completed its plan to close certain retail stores as part of its Capri Retail Store Optimization Program.

The Company closed a total of 167 stores, with 66 and 101 stores closed during Fiscal 2022 and Fiscal 2021, respectively. Net restructuring charges recorded in connection with the Capri Retail Store Optimization Program was $14 million, of which $9 million and $5 million was recorded during Fiscal 2022 and Fiscal 2021, respectively.

Other Charges

During Fiscal 2023, the Company recorded costs of $16 million primarily relating to equity awards associated with the acquisition of Versace. During Fiscal 2022 the Company recorded costs of $33 million, primarily relating to equity awards associated with the acquisition of Versace, severance related to an executive officer and the closure of certain corporate locations. During Fiscal 2021, the Company recorded costs of $27 million, primarily relating to equity awards associated with the acquisition of Versace and the closure of certain corporate locations.

. Debt Obligations

The following table presents the Company's debt obligations (in millions):

	April 1, 2023	April 2, 2022
Revolving Credit Facilities	$ 874	$ 175
Versace Term Loan	488	—
Senior Notes due 2024	450	450
2018 Term Loan	—	497
Other	17	42
Total debt	1,829	1,164
Less: Unamortized debt issuance costs	2	3
Less: Unamortized discount on senior notes	—	1
Total carrying value of debt	1,827	1,160
Less: Short-term debt	5	29
Total long-term debt	$ 1,822	$ 1,131

Senior Revolving Credit Facility

On July 1, 2022, the Company entered into a revolving credit facility (the "2022 Credit Facility") with, among others, JPMorgan Chase Bank, N.A. ("JPMorgan Chase"), as administrative agent (the "Administrative Agent"), which refinanced its existing senior unsecured revolving credit facility. The Company, a U.S. subsidiary of the Company, a Canadian subsidiary of the Company, a Dutch subsidiary of the Company and a Swiss subsidiary of the Company are the borrowers under the 2022 Credit Facility, and the borrowers and certain subsidiaries of the Company provide unsecured guaranties of the 2022 Credit Facility. The 2022 Credit Facility replaced the third amended and restated senior unsecured credit facility, dated as of November 15, 2018 (the "2018 Credit Facility").

The 2022 Credit Facility provides for a $1.5 billion revolving credit facility (the "2022 Revolving Credit Facility"), which may be denominated in U.S. Dollars and other currencies, including Euros, Canadian Dollars, Pounds Sterling, Japanese Yen and Swiss Francs. The 2022 Revolving Credit Facility also includes sub-facilities for the issuance of letters of credit of up to $125 million and swing line loans at the Administrative Agent's discretion of up to $100 million. The Company has the ability to expand its borrowing availability under the 2022 Credit Facility in the form of increased revolving commitments or one or more tranches of term loans by up to an additional $500 million, subject to the agreement of the participating lenders and certain other customary conditions.

Borrowings under the 2022 Credit Facility bear interest, at the Company's option, at the following rates:

- For loans denominated in U.S. Dollars, (A) an alternate base rate, which is the greatest of (a) the prime rate publicly announced from time to time by JPMorgan Chase, (b) the greater of the federal funds effective rate and the Federal Reserve Bank of New York overnight bank funding rate and zero, plus 50 basis points, and (c) the greater of term Secured Overnight Financing Rate ("SOFR") for an interest period of one month plus 10 basis points and zero, plus 100 basis points, (B) the greater of term SOFR for the applicable interest period plus 10 basis points ("Adjusted Term SOFR") and zero or (C) the greater of daily simple SOFR plus 10 basis points and zero;
- For loans denominated in Pounds Sterling, the greater of Secured Overnight Index Average ("SONIA") and zero;
- For loans denominated in Swiss Francs, the greater of Swiss Average Rate Overnight ("SARON") and zero;
- For loans denominated in Euro, the greater of Euro Interbank Offer Rate ("EURIBOR") for the applicable interest period adjusted for statutory reserve requirements ("Adjusted EURIBOR Rate") and zero;
- For loans denominated in Canadian Dollars, the greater of the rate applicable to Canadian Dollar Canadian banker's acceptances quoted on Reuters for the applicable interest period adjusted for statutory reserve requirements ("Adjusted CDOR Rate") and zero; and
- For loans denominated in Japanese Yen, the greater of Tokyo Interbank Offer Rate ("TIBOR") for the applicable interest period adjusted for statutory reserve requirements ("Adjusted TIBOR Rate") and zero; in each case, plus an applicable margin based on the Company's public debt ratings and/or net leverage ratio.

The 2022 Credit Facility provides for an annual administration fee and a commitment fee equal to 7.5 basis points to 17.5 basis points per annum, which was 15.0 basis points as of April 1, 2023. The fees are based on the Company's public debt ratings and/or net leverage ratio, applied to the average daily unused amount of the 2022 Credit Facility.

Loans under the 2022 Credit Facility may be prepaid and commitments may be terminated or reduced by the borrowers without premium or penalty other than customary "breakage" costs with respect to loans bearing interest based upon Adjusted Term SOFR, the Adjusted EURIBOR Rate, the Adjusted CDOR Rate and the Adjusted TIBOR Rate.

The 2022 Credit Facility requires the Company to maintain a net leverage ratio as of the end of each fiscal quarter of no greater than 4.0 to 1.0. Such net leverage ratio is calculated as the ratio of the sum of total indebtedness as of the date of the measurement plus the capitalized amount of all operating lease obligations, minus unrestricted cash and cash equivalents not to exceed $200 million, to Consolidated EBITDAR for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined as consolidated net income plus provision for taxes based on income, profits or capital, net interest expense, depreciation and amortization expense, consolidated rent expense and other non-cash losses, charge and expenses, subject to certain additions and deductions. The 2022 Credit Facility also includes covenants that limit additional indebtedness, liens, acquisitions and other investments, restricted payments and affiliate transactions.

The 2022 Credit Facility also contains events of default customary for financings of this type, including, but not limited to, payment defaults, material inaccuracy of representations and warranties, covenant defaults, cross-defaults to certain indebtedness, certain events of bankruptcy or insolvency, certain events under the Employee Retirement Income Security Act, material judgments, actual or asserted failure of any guaranty supporting the 2022 Credit Facility to be in full force and effect, and changes of control. If such an event of default occurs and is continuing, the lenders under the 2022 Credit Facility would be entitled to take various actions, including, but not limited to, terminating the commitments and accelerating amounts outstanding under the 2022 Credit Facility.

As of April 1, 2023, the Company had $874 million of borrowings outstanding under the 2022 Revolving Credit Facility. The Company had $175 million of borrowings outstanding under revolver in the 2018 Credit Facility as of April 2, 2022. In addition, stand-by letters of credit of $3 million and $21 million were outstanding as of April 1, 2023 and April 2, 2022, respectively. At April 1, 2023, the amount available for future borrowings under the 2022 Revolving Credit Facility was $623 million. The amount available for future borrowings under the revolver in the 2018 Credit Facility was $804 million as of April 2, 2022.

As of April 1, 2023, the Company no longer had an outstanding balance related to the 2018 Term Loan. As of April 2, 2022, the carrying value of the 2018 Term Loan was $495 million, which was recorded within long-term debt in the Company's consolidated balance sheets.

The Company had $6 million and $3 million of deferred financing fees related to Revolving Credit Facilities as of April 1, 2023 and April 2, 2022, respectively, and are recorded within other assets in the Company's consolidated balance sheets. As of April 2, 2022, the Company had $2 million of deferred financing fees related to the 2018 Term Loan, which are recorded within long-term debt in the Company's consolidated balance sheets.

Versace Term Loan

On December 5, 2022, Gianni Versace S.r.l., a wholly owned subsidiary of Capri Holdings Limited, entered into a credit facility with Intesa Sanpaolo S.p.A., Banco Nazionale del Lavoro S.p.A., and UniCredit S.p.A., as arrangers and lenders, and Intesa Sanpaolo S.p.A., as agent, which provides a senior unsecured term loan (the "Versace Term Loan") in an aggregate principal amount of €450 million (approximately $488 million). The Versace Term Loan is not subject to amortization and matures on December 5, 2025. The Company provides an unsecured guaranty of the Versace Term Loan.

The Versace Term Loan bears interest at a rate per annum equal to the greater of EURIBOR for the applicable interest period and zero, plus a margin of 1.35%.

The Versace Term Loan may be prepaid without premium or penalty other than customary "breakage" costs. The Versace Term Loan requires the Company to maintain a net leverage ratio as of the end of each fiscal quarter of no greater than 4.0 to 1.0. Such net leverage ratio is calculated as the ratio of the sum of total indebtedness as of the date of the measurement plus the capitalized amount of all operating lease obligations, minus unrestricted cash and cash equivalents not to exceed $200 million, to Consolidated EBITDAR for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined as consolidated net income plus provision for taxes based on income, profits or capital, net interest expense, depreciation and amortization expense, consolidated rent expense and other non-cash losses, charge and expenses, subject to certain additions and deductions. The Versace Term Loan also includes covenants that limit additional financial indebtedness, liens, acquisitions, loans and guarantees, restricted payments and mergers of GIVI Holding S.r.l., Gianni Versace S.r.l. and their respective subsidiaries.

The Versace Term Loan contains events of default customary for financings of this type, including, but not limited to payment defaults, material inaccuracy of representations and warranties, covenant defaults, cross-defaults to material financial indebtedness, certain events of bankruptcy or insolvency, illegality or repudiation of any loan document under the Versace Term Loan or any failure thereof to be in full force and effect, and changes of control. If such an event of default occurs and is continuing, the lenders under the Versace Term Loan would be entitled to take various actions, including, but not limited to, accelerating amounts outstanding under the Versace Term Loan.

As of April 1, 2023, the carrying value of the Versace Term Loan was $487 million, net of $1 million of deferred financing fees, which was recorded within long-term debt in the Company's consolidated balance sheets.

As of April 1, 2023, and the date these financial statements were issued, the Company was in compliance with all covenants related to the 2022 Credit Facility and the Versace Term Loan.

Senior Notes

On October 20, 2017, Michael Kors (USA), Inc. (the "Issuer"), the Company's wholly owned subsidiary, completed its offering of $450 million aggregate principal amount senior notes due in 2024 (the "Senior Notes"), pursuant to an exemption from registration under the Securities Act of 1933, as amended. The Senior Notes were issued under an indenture dated October 20, 2017, among the Issuer, the Company, the subsidiary guarantors party thereto and U.S. Bank National Association, as trustee (the "Indenture"). The Senior Notes were issued to finance a portion of the Company's acquisition of Jimmy Choo and certain related refinancing transactions.

As of April 1, 2023, the Senior Notes bear interest at a rate of 4.250% per year, subject to adjustments from time to time if either Moody's or S&P (or a substitute rating agency therefore) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the Senior Notes. Interest on the Senior Notes is payable semi-annually on May 1 and November 1 of each year, beginning on May 1, 2018.

The Senior Notes are unsecured and are guaranteed by the Company and its existing and future subsidiaries that guarantee or are borrowers under the 2022 Credit Facility (subject to certain exceptions, including subsidiaries organized in China). The Senior Notes may be redeemed at the Company's option at any time in whole or in part at a price equal to 100% of the principal amount, plus accrued and unpaid interest, plus a "make-whole" amount calculated at the applicable Treasury Rate plus 30 basis points.

The Senior Notes rank equally in right of payment with all of the Issuer's and guarantors' existing and future senior unsecured indebtedness, senior in right of payment to any future subordinated indebtedness, effectively subordinated in right of payment to any of the Company's subsidiaries' obligations and any of the Company's secured obligations, to the extent of the assets securing such obligations.

The Indenture contains covenants, including those that limit the Company's ability to create certain liens and enter into certain sale and leaseback transactions. In the event of a "Change of Control Triggering Event," as defined in the Indenture, the Issuer will be required to make an offer to repurchase the Senior Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Senior Notes being repurchased plus any unpaid interest. These covenants are subject to important limitations and exceptions, as per the Indenture.

As of April 1, 2023 and April 2, 2022, the carrying value of the Senior Notes was $449 million and $448 million, respectively, net of issuance costs and unamortized discount of $1 million and $2 million, respectively, which were recorded within long-term debt in the Company's consolidated balance sheets.

Supplier Financing Program

During Fiscal 2021, the Company began offering a supplier financing program to certain suppliers as the Company continues to identify opportunities to improve liquidity. This program enables suppliers, at their sole discretion, to sell their receivables (i.e., the Company's payment obligations to suppliers) to a financial institution on a non-recourse basis in order to be paid earlier than current payment terms provide. The Company's obligations, including the amount due and scheduled payment dates, are not impacted by a suppliers' decision to participate in this program. The Company does not reimburse suppliers for any costs they incur to participate in the program and their participation is voluntary. The amount outstanding under this program as of April 1, 2023 and April 2, 2022 was $4 million and $21 million, respectively and is presented as short-term debt in the Company's consolidated balance sheets.

Japan Credit Facility

As of April 1, 2023, the Company's subsidiary in Japan had a short term credit facility ("Japan Credit Facility") with Mitsubishi UFJ Financial Group ("MUFJ"), which may be used to fund general working capital needs of Michael Kors Japan K.K., subject to the bank's discretion. The Japan Credit Facility is in effect until the Company's decides to terminate the revolving line of credit. The Japan Credit Facility provides Michael Kors Japan K.K. with a revolving credit line of up to ¥1. billion (approximately $8 million). The Japan Credit Facility bears interest at a rate posted by the Bank plus 0.300% two business days prior to the date of borrowing or the date of interest renewal. As of April 1, 2023 and April 2, 2022, there were no borrowings outstanding under the Japan Credit Facility.

Hong Kong Credit Facilities

As of April 1, 2023, the Company's Hong Kong subsidiary, Michael Kors (HK) Limited and Subsidiaries ("MKHKL"), had an uncommitted credit facility ("HK HSBC Credit Facility") with HSBC Bank ("HSBC"), which may be used to fund general working capital needs of MKHKL through January 2024 subject to HSBC's discretion. The HK Credit Facility provides MKHKL with a revolving line of credit of up to 50 million Hong Kong dollars (approximately $6 million), which includes bank guarantees of up to 20 million Hong Kong dollars (approximately $3 million). Borrowings under the HK HSBC Credit Facility must be made in increments of at least 5 million Hong Kong dollars and bear interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus 200 basis points. As of April 1, 2023 and April 2, 2022, there were no borrowings outstanding under the HK HSBC Credit Facility. As of April 1, 2023, bank guarantees supported by this facility were 4 million Hong Kong dollars (approximately $1 million).

As of April 1, 2023, the Company's Hong Kong subsidiary, MKHKL, had a short-term credit facility ("HK SCB Credit Facility") with Standard Charter Bank ("SCB"), which may be used to fund general working capital needs, not to exceed 12 months. The HK SCB Credit Facility is in effect through January 2024. The HK SCB Credit Facility provides MKHKL with a revolving loan of up to 20 million Hong Kong dollars (approximately $3 million). Borrowings under the HK SCB Credit Facility bear interest at 1.5% per annum at the time of borrowing. As of April 1, 2023, the Company had no borrowings outstanding under the HK SCB Credit Facility.

China Credit Facilities

As of April 1, 2023, the Company's subsidiary in China, Michael Kors Trading (Shanghai) Company Limited ("MKTSCL"), had a short-term credit facility ("China HSBC Credit Facility") with HSBC, which may be used to fund general working capital needs, not to exceed 12 months. The China Credit Facility is in effect through January 2024. The China HSBC Credit Facility provides MKTSCL with a Revolving Loan Facility of up to RMB 65 million (approximately $9 million), which includes a revolving loan of RMB 35 million (approximately $5 million), an overdraft facility with a credit line of RMB 10 million (approximately $1 million) and a non-financial bank guarantee facility of RMB 20 million (approximately $3 million) or its equivalent in another currency, at lender's discretion. Borrowings under the China HSBC Credit Facility bear interest at

PUBLIC
plus 0.42% of the applicable People's Bank of China's benchmark lending rate at the time of borrowing. As of April 1, 2023 and April 2, 2022, the Company had no borrowings outstanding under the China HSBC Credit Facility.

As of April 1, 2023, the Company's subsidiary in China, MKTSCL, had a short-term credit facility ("China SCB Credit Facility") with SCB, which may be used to fund general working capital needs, not to exceed 12 months. The China SCB Credit Facility is in effect through April 2024. The China SCB Credit Facility provides MKTSCL with a Revolving Loan Facility of up to RMB 30 million (approximately $4 million), which includes a revolving loan of RMB 20 million (approximately $3 million) and a bank guarantee with a sublimit of the revolving loan of RMB 10 million (approximately $1 million). Borrowings under the China SCB Credit Facility bear interest at plus 0.15% of the applicable People's Bank of China's benchmark lending rate at the time of borrowing. As of April 1, 2023 and April 2, 2022, the Company had no borrowings outstanding under the China SCB Credit Facility.

Versace Facilities

During Fiscal 2022, the Company's subsidiary, GIVI Holding S.r.l. ("GIVI"), entered into an agreement with Banco BPM Banking Group ("the Bank") to sell certain tax receivables to the Bank in exchange for cash. The arrangement was determined to be a financing arrangement because the de-recognition criteria for the receivables was not met at the time of the cash receipt from the Bank. As of April 1, 2023, the outstanding balance was $11 million, with $1 million and $10 million recorded within short-term debt and long-term debt, respectively, in the Company's consolidated balance sheets, respectively.

As of April 1, 2023, the Company's subsidiary, Gianni Versace S.r.l. ("Versace"), had two uncommitted short-term credit facilities, one with Unicredit and the other with Intesa ("Versace Credit Facilities"), which may be used for general working capital needs of Versace. The Versace Credit Facilities are in effect until Unicredit or Intesa decides to terminate the credit facilities. The Versace Credit Facilities provide Versace with a swing line of credit of up to €25 million (approximately $27 million), with interest set by Unicredit or Intesa on the date of borrowing. As of April 1, 2023 and April 2, 2022, there were no borrowings outstanding under the Versace Credit Facility.

As of April 1, 2023, Versace had an uncommitted short-term credit facility with BNP Paribas ("Versace BNP Credit Facility"), which may be used for general working capital needs of Versace. The Versace BNP Credit Facility is in effect until BNP Paribas decides to terminate the credit facility. The Versace BNP Credit Facility provides Versace with a swing line of credit of up to €20 million (approximately $22 million), which includes a bank guarantee of €5 million (approximately $5 million), with interest set by BNP Paribas on the date of borrowing. As of April 1, 2023, bank guarantees outstanding under this facility were €4 million (approximately $4 million). As of April 1, 2023 and April 2, 2022, there were no borrowings outstanding under the Versace BNP Credit Facility.

. Commitments and Contingencies

Commitments

The Company has issued stand-by letters of credit to guarantee certain of its retail and corporate operating lease commitments, aggregating $35 million at April 1, 2023, including $3 million in letters of credit issued under the Revolving Credit Facility.

Other Commitments

As of April 1, 2023, the Company also has other contractual commitments aggregating $2.729 billion, which consist of inventory purchase commitments of $775 million, debt obligations of $1.829 billion and other contractual obligations of $125 million, which primarily relate to the Company's marketing and advertising obligations, information technology agreements and supply agreements.

Long-term Employment Contract

The Company has an employment agreement with the Chief Creative Officer of the Michael Kors brand that provides for continuous employment through the date of the officer's death or permanent disability at an annual salary of $1 million. In addition to salary, the agreement provides for an annual bonus and other employee related benefits.

PUBLIC

Contingencies

In the ordinary course of business, the Company is party to various legal proceedings and claims. Although the outcome of such items cannot be determined with certainty, the Company does not believe that the outcome of all pending legal proceedings in the aggregate will have a material adverse effect on its cash flow, results of operations or financial position

. Fair Value Measurements

Financial assets and liabilities are measured at fair value using the three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At April 1, 2023 and April 2, 2022, the fair value of the Company's derivative contracts were determined using broker quotations which were calculations derived from observable market information: the applicable currency rates at the balance sheet date and those forward rates particular to the contract at inception. The Company makes no adjustments to these broker obtained quotes or prices, but assesses the credit risk of the counterparty and would adjust the provided valuations for counterparty credit risk when appropriate. The fair values of the forward contracts are included in prepaid expenses and other current assets, and in accrued expenses and other current liabilities in the consolidated balance sheets, depending on whether they represent assets or liabilities of the Company. The fair values of net investment hedges and fair value hedges are included in other assets, and in other long-term liabilities in the consolidated balance sheets, depending on whether they represent assets or liabilities of the Company. See Note 14 for further detail.

PUBLIC

All contracts are measured and recorded at fair value on a recurring basis and are categorized in Level 2 of the fair value hierarchy, as shown in the following table (in millions):

	Fair value at April 1, 2023, using:			Fair value at April 2, 2022, using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative assets:						
Forward foreign currency exchange contracts	$ —	$ —	$ —	$ —	$ 4	$ —
Net investment hedges	—	1	—	—	44	—
Undesignated derivative contracts	—	—	—	—	4	—
Total derivative assets	$ —	$ 1	$ —	$ —	$ 52	$ —
Derivative liabilities:						
Forward foreign currency exchange contracts	$ —	$ —	$ —	$ —	$ —	$ —
Net investment hedges	—	36	—	—	37	—
Fair value hedges	—	3	—	—	—	—
Total derivative liabilities	$ —	$ 39	$ —	$ —	$ 37	$ —

The Company's long-term debt obligations are recorded in its consolidated balance sheets at carrying values, which may differ from the related fair values. The fair value of the Company's long-term debt is estimated using external pricing data, including any available quoted market prices and based on other debt instruments with similar characteristics. Borrowings under revolving credit agreements, if outstanding, are recorded at carrying value, which approximates fair value due to the frequent nature of such borrowings and repayments. See Note 11 for detailed information related to carrying values of the Company's outstanding debt. The following table summarizes the carrying values and estimated fair values of the Company's short- and long-term debt, based on Level 2 measurements (in millions):

	April 1, 2023		April 2, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Revolving Credit Facilities	$ 874	$ 874	$ 175	$ 175
Versace Term Loan	$ 487	$ 481	$ —	$ —
Senior Notes due 2024	$ 449	$ 435	$ 448	$ 451
2018 Term Loan	$ —	$ —	$ 495	$ 490

The Company's cash and cash equivalents, accounts receivable and accounts payable, are recorded at carrying value, which approximates fair value.

Non-Financial Assets and Liabilities

The Company's non-financial assets include goodwill, intangible assets, operating lease right-of-use assets and property and equipment. Such assets are reported at their carrying values and are not subject to recurring fair value measurements. The Company's goodwill and its indefinite-lived intangible assets (Versace and Jimmy Choo brands) are assessed for impairment at least annually, while its other long-lived assets, including operating lease right-of-use assets, property and equipment and definite-lived intangible assets, are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. The Company determines the fair values of these assets based on Level 3 measurements using the Company's best estimates of the amount and timing of future discounted cash flows, based on historical experience, market conditions, current trends and performance expectations. See Note 2 for additional information.

PUBLIC

The following table details the carrying values and fair values of the Company's assets that have been impaired (in millions):

	Carrying Value Prior to Impairment	Fair Value	Impairment Charge (1)
Fiscal 2023:			
oodwill	$ 681	$ 599	$ 82
Operating Lease Right-of-Use Assets	100	67	33
Brands	224	200	24
Property and Equipment	4	1	3
Total	$ 1,009	$ 867	$ 142
Fiscal 2022:			
Operating Lease Right-of-Use Assets	$ 209	$ 133	$ 76
Property and Equipment	12	5	7
Total	$ 221	$ 138	$ 83
Fiscal 2021:			
Operating Lease Right-of-Use Assets	$ 326	$ 191	$ 135
Goodwill	319	225	94
Brands	407	338	69
Property and Equipment	30	7	23
Total	$ 1,082	$ 761	$ 321

(1) Includes $10 million and $5 million of impairment charges that were recorded within restructuring and other charges related to the Capri Retail Store Optimization Program during Fiscal 2022 and Fiscal 2021, respectively.

There were no impairment charges related to goodwill or indefinite-lived intangible assets in Fiscal 2022.

. Derivative Financial Instruments

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currencies for certain of its transactions. The Company, in its normal course of business, enters into transactions with foreign suppliers and seeks to minimize risks related to certain forecasted inventory purchases by using forward foreign currency exchange contracts. The Company only enters into derivative instruments with highly credit-rated counterparties. The Company does not enter into derivative contracts for trading or speculative purposes.

Net Investment Hedges

During the first quarter of Fiscal 2023, the Company modified multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $1.094 billion to hedge its net investment, of which $900 million was in Euro denominated subsidiaries and $194 million was in Japanese Yen denominated subsidiaries. The modification of these swaps resulted in the Company receiving $66 million in cash during the first quarter of Fiscal 2023. These contracts have been designated as net investment hedges.

As of July 2, 2022, the Company had multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $4 billion to hedge its net investment in Euro denominated subsidiaries (the "Euro Net Investment Hedges") and $194 million to hedge its net investment in Japanese Yen denominated subsidiaries (the "Japanese Yen Net Investment Hedges"). During the month of July 2022, the Euro Net Investment Hedges with aggregate notional amounts of $4 billion outstanding as of July 2, 2022 were terminated resulting in the Company receiving $237 million in cash.

PUBLIC

During the second quarter of Fiscal 2023, the Company also entered into, and subsequently terminated, additional Euro Net Investment Hedges with aggregate notional amounts of $4 billion. The termination of these contracts resulted in the Company receiving an additional $100 million in cash.

During the second quarter of Fiscal 2023, the Company also modified certain Japanese Yen Net Investment Hedges with notional amounts of $100 million. The modification of these hedges resulted in the Company receiving $6 million in cash during the second quarter of Fiscal 2023. The Company entered into additional Japanese Net Investment Hedges with notional amount of $100 million. These contracts have been designated as net investment hedges.

During the second quarter of Fiscal 2023, the Company received a total of $343 million from the termination of its Euro Net Investment Hedges and the modification of its Japanese Yen Net Investment Hedges.

During the third quarter of Fiscal 2023, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of €1 billion (approximately $1.07 billion) to hedge its net investment in GBP denominated subsidiaries (the “GBP/EUR Net Investment Hedges”). Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on GBP denominated debt for fixed rate payments of 0% in Euro. These contracts have maturity dates between November 2024 and November 2027 and are designated as net investment hedges.

As of April 1, 2023, the Company had Japanese Yen Net Investment Hedges with aggregate notional amounts of $294 million. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on United States denominated debt for fixed rate payments of 0% to 2.665% in Japanese Yen. These contracts have maturity dates between May 2027 and February 2051 and are designated as net investment hedges.

Certain of these contracts are supported by a credit support annex (“CSA”) which provides for collateral exchange with the earliest effective date being September 2027. If the outstanding position of a contract exceeds a certain threshold governed by the aforementioned CSA’s, either party is required to post cash collateral.

When a cross-currency swap is used as a hedging instrument in a net investment hedge assessed under the spot method, the cross-currency basis spread is excluded from the assessment of hedge effectiveness and is recognized as a reduction in interest expense (income) in the Company’s consolidated statements of operations and comprehensive income (loss). Accordingly, the Company recorded interest income of $38 million, $63 million and $16 million, respectively, during Fiscal 2023, Fiscal 2022 and Fiscal 2021.

Fair Value Hedges

The Company is exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross-currency intercompany loans which will impact earnings on a consolidated basis. To manage the exchange rate risk related to these balances, during the fourth quarter of Fiscal 2023, the Company entered into fair value cross-currency swap agreements to hedge its exposure in GBP denominated subsidiaries (the “GBP Fair Value Hedge”) on a Euro denominated intercompany loan. As of April 1, 2023, the total notional values of outstanding fair value cross-currency swaps related to these loans were €1 billion (approximately $1.08 billion). Under the term of these contracts, the Company will exchange the semi-annual fixed rate payments on GBP denominated debt for fixed rate payments of 0% in Euro. These contracts have maturity dates between March 2025 and March 2026 and are designated as fair value hedges.

When a cross-currency swap is designated as a fair value hedge and qualifies as highly effective, the fair value hedge will be recorded at fair value each period on the Company’s consolidated balance sheets, with the difference resulting from the changes in the spot rate recognized in foreign currency loss (gain) on the Company’s consolidated statements of operations and comprehensive income (loss), which will offset the earnings impact of the underlying transaction being hedged. Accordingly, the Company recorded a foreign currency gain of $4 million during Fiscal 2023.

PUBLIC

The following table details the fair value of the Company's derivative contracts, which are recorded on a gross basis in the consolidated balance sheets as of April 1, 2023 and April 2 2022 (in millions):

	Notional Amounts		Fair Values			
			Assets		Liabilities	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Designated forward foreign currency exchange contracts	$ —	$ 119	$ —	$ 4 [1]	$ —	$ —
Designated net investment hedges	1,378	4,194	1 [2]	44 [2]	36 [3]	37
Designated fair value hedges	1,084	—	—	—	3 [3]	—
Total designated hedges	2,462	4,313	1	48	39	37
Undesignated derivative contracts [4]	—	38	—	4	—	—
Total	$ 2,462	$ 4,351	$ 1	$ 52	$ 39	$ 37

(1) Recorded within prepaid expenses and other current assets in the Company's consolidated balance sheets.
(2) Recorded within other assets in the Company's consolidated balance sheets.
(3) Recorded within other long-term liabilities in the Company's consolidated balance sheets.
(4) Primarily includes undesignated hedges of inventory purchases.

The Company records and presents the fair values of all of its derivative assets and liabilities in its consolidated balance sheets on a gross basis, as shown in the above table. However, if the Company were to offset and record the asset and liability balances for its derivative instruments on a net basis in accordance with the terms of its master netting arrangements, which provide for the right to set-off amounts for similar transactions denominated in the same currencies and with the same banks, the resulting impact as of April 1, 2023 and April 2, 2022 would be as follows (in millions):

	Forward Currency Exchange Contracts		Net Investment Hedges		Fair Value Hedges	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Assets subject to master netting arrangements	$ —	$ 8	$ 1	$ 44	$ —	$ —
Liabilities subject to master netting arrangements	$ —	$ —	$ 36	$ 37	$ 3	$ —
Derivative assets, net	$ —	$ 8	$ 1	$ 42	$ —	$ —
Derivative liabilities, net	$ —	$ —	$ 36	$ 35	$ 3	$ —

Currently, the Company's master netting arrangements do not require cash collateral to be pledged by the Company or its counterparties.

Changes in the fair value of the Company's forward foreign currency exchange contracts that are designated as accounting hedges are recorded in equity as a component of accumulated other comprehensive income, and are reclassified from accumulated other comprehensive income into earnings when the items underlying the hedged transactions are recognized into earnings, as a component of cost of goods sold within the Company's consolidated statements of operations and comprehensive income (loss). The net gain or loss on net investment hedges are reported within foreign currency translation gains and losses ("CTA") as a component of accumulated other comprehensive income on the Company's consolidated balance sheets. Upon discontinuation of the hedge, such amounts remain in CTA until the related net investment is sold or liquidated. The net gain or loss on cross-currency swap contracts designated as fair value hedges and associated with cross-currency intercompany loans are recognized within foreign currency loss (gain) on the Company's consolidated statements of operations and comprehensive income (loss) generally in the period in which the related balances being hedged are revalued.

The following table summarizes the pre-tax impact of the gains and losses on the Company's designated forward foreign currency exchange contracts, net investment hedges and interest rate swaps (in millions):

	Fiscal Year Ended April 1, 2023	Fiscal Year Ended April 2, 2022	Fiscal Year Ended March 27, 2021
	Pre-Tax Gains/ (Losses) Recognized in OCI	Pre-Tax Gains Recognized in OCI	Pre-Tax (Losses) Recognized in OCI
Designated forward foreign currency exchange contracts	$ 8	$ 11	$ (2)
Designated net investment hedges	$ 338	$ 435	$ (263)
Designated fair value hedges	$ (6)	$ —	$ —
Designated interest rate swaps	$ —	$ —	$ (1)

The following tables summarize the impact of the gains and losses within the consolidated statements of operations and comprehensive income (loss) related to the designated forward foreign currency exchange contracts (in millions):

	Fiscal Year Ended			
	Pre-Tax (Gains) Losses Reclassified from Accumulated OCI			
	April 1, 2023	April 2, 2022	March 27, 2021	Location of (Gains) Losses Recognized
Designated forward foreign currency exchange contracts	$ (14)	$ 1	$ (2)	Cost of goods sold

The Company expects that substantially all of the amounts recorded in accumulated other comprehensive income for its forward foreign currency exchange contracts will be reclassified into earnings during the next 12 months, based upon the timing of inventory purchases and turnover.

Undesignated Hedges

During Fiscal 2023, Fiscal 2022 and Fiscal 2021, a gain of $2 million, a gain of $2 million and a loss of $1 million, respectively, were recognized within foreign currency loss (gain) in the Company's consolidated statements of operations and comprehensive income (loss) as a result of the changes in the fair value of undesignated forward foreign currency exchange contracts.

5. Shareholders' Equity

Share Repurchase Program

During the first quarter of Fiscal 2022, the Company reinstated its $500 million share-repurchase program, which was previously suspended during the first quarter of Fiscal 2021 in response to the impact of the COVID-19 pandemic and the provisions of the Second Amendment of the 2018 Credit Facility. Subsequently, on November 3, 2021, the Company announced that its Board of Directors had terminated the Company's existing $500 million share repurchase program (the "Prior Plan"), which had $250 million of availability remaining at the time, and authorized a new share repurchase program (the "Fiscal 2022 Plan") pursuant to which the Company was permitted, from time to time, to repurchase up to $1.0 billion of its outstanding ordinary shares within a period of two years from the effective date of the program.

On June 1, 2022, the Board of Directors terminated the Fiscal 2022 Plan, with $500 million of availability remaining, and authorized a new share repurchase program (the "Fiscal 2023 Plan") pursuant to which the Company was permitted, from time to time, to repurchase up to $1.0 billion of its outstanding ordinary shares within a period of two years from the effective date of the program.

On November 9, 2022, the Company announced that its Board of Directors approved a new share repurchase program (the "Existing Share Repurchase Plan") of up to $1 billion of its outstanding ordinary shares, providing additional capacity to

PUBLIC

return cash to shareholders over the longer term. This new two-year program replaced the Fiscal 2023 Plan which had $250 million of availability remaining. Share repurchases may be made in open market or privately negotiated transactions and/or pursuant to Rule 10b5-1 trading plans, subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors The program may be suspended or discontinued at any time.

During Fiscal 2023, the Company purchased 27,356,549 shares with a fair value of $1.350 billion through open market transactions. During Fiscal 2022, the Company purchased 11,014,541 shares with a fair value of $650 million through open market transactions. As of April 1, 2023, the remaining availability under the Company's existing share repurchase program was $400 million.

The Company also has in place a "withhold to cover" repurchase program, which allows the Company to withhold ordinary shares from certain employees and directors to satisfy minimum tax withholding obligations relating to the vesting of their restricted share awards. During Fiscal 2023 and Fiscal 2022, the Company withheld 301,326 shares and 203,863 shares, respectively, with a fair value of $14 million and $11 million, respectively, in satisfaction of minimum tax withholding obligations relating to the vesting of restricted share awards.

Accumulated Other Comprehensive Income

The following table details changes in the components of accumulated other comprehensive income ("AOCI"), net of taxes, for Fiscal 2023, Fiscal 2022 and Fiscal 2021 (in millions):

	Foreign Currency Translation Income (Loss) [1]	Net Gain (Loss) on Derivatives [2]	Other Comprehensive Income (Loss) Attributable to Capri
Balance at March 28, 2020	$ 72	$ 3	$ 75
Other comprehensive loss before reclassifications	(15)	(2)	(17)
Less: amounts reclassified from AOCI to earnings	—	2	2
Other comprehensive loss, net of tax	(15)	(4)	(19)
Balance at March 27, 2021	57	(1)	56
Other comprehensive income before reclassifications	127	10	137
Less: amounts reclassified from AOCI to earnings	—	(1)	(1)
Other comprehensive income, net of tax	127	11	138
Balance at April 2, 2022	184	10	194
Other comprehensive (loss) income before reclassifications	(41)	8	(33)
Less: amounts reclassified from AOCI to earnings	—	14	14
Other comprehensive loss, net of tax	(41)	(6)	(47)
Balance at April 1, 2023	$ 143	$ 4	$ 147

(1) Foreign currency translation adjustments for Fiscal 2023 primarily include a net $266 million translation loss, partially offset by a $224 million gain, net of taxes of $114 million, primarily relating to the Company's net investment hedges. Foreign currency translation adjustments for Fiscal 2022 include a $321 million gain, net of taxes of $114 million, primarily relating to the Company's net investment hedges, and a net $210 million translation loss. Foreign currency translation gains for Fiscal 2021 include a $199 million loss, net of taxes of $63 million, primarily relating to the Company's net investment hedges, a net $189 million translation gain and a net loss of $8 million on intra-entity transactions that are of a long-term investment nature.

(2) Reclassified amounts relate to the Company's forward foreign currency exchange contracts for inventory purchases and are recorded within cost of goods sold in the Company's consolidated statements of operations and comprehensive income (loss). All tax effects were not material for the periods presented.

16. Share-Based Compensation

The Company grants equity awards to certain employees and directors of the Company at the discretion of the Company's Compensation and Talent Committee. The Company has two equity plans which includes one stock option plan adopted in Fiscal 2008 (as amended and restated, the "2008 Plan"), and an Omnibus Incentive Plan adopted in the third fiscal quarter of Fiscal 2012 and amended and restated with shareholder approval in May 2015 and again in June 2020 (the "Incentive Plan"). The 2008 Plan only provided for grants of share options and was authorized to issue up to 23,980,823 ordinary shares. As of April 1, 2023, there were no shares available to grant equity awards under the 2008 Plan. The Incentive Plan allows for grants of share options, restricted shares and restricted stock units ("RSUs"), and other equity awards, and authorizes a total issuance of up to 22,471,000 ordinary shares after amendments in August 2022. At April 1, 2023, there were 6,169,920 ordinary shares available for future grants of equity awards under the Incentive Plan. Option grants issued from the 2008 Plan generally expire ten years from the grant date, and those issued under the Incentive Plan generally expire seven years from the grant date.

Share Options

Share options are generally granted with exercise prices equal to the fair market value on the date of grant. Generally, options vest on a pro-rata basis over a four year service period. The following table summarizes the share options activity during Fiscal 2023, and information about options outstanding at April 1, 2023:

	Number of Options	Weighted Average Exercise price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding at April 2, 2022	355,448	$ 57.54		
ranted	—	$ —		
Exercised	(120,873)	$ 46.13		
Canceled/forfeited	(4,900)	$ 67.52		
Outstanding at April 1, 2023	229,675	$ 63.33	1.84	$ 1
Vested or expected to vest at April 1, 2023	229,675	$ 63.33	1.84	
Vested and exercisable at April 1, 2023	229,675	$ 63.33	1.84	$ 1

There were no unvested options and 229,675 vested options outstanding at April 1, 2023. The total intrinsic value of options exercised during Fiscal 2023 and Fiscal 2022 was $0.2 million and $7 million, respectively. The cash received from options exercised during Fiscal 2023 and Fiscal 2022 was $6 million and $17 million, respectively. As of April 1, 2023, there was no remaining unrecognized share-based compensation expense for unvested share options.

There were no options granted during Fiscal 2023, Fiscal 2022 or Fiscal 2021.

Restricted Awards

The Company grants RSUs at the fair market value on the grant date. The expense related to RSUs is based on the closing market price of the Company's shares on the date of grant and is recognized ratably over the vesting period, net of expected forfeitures.

The Company grants two types of RSUs: time-based RSUs and performance-based RSUs. Time-based RSUs generally vest in full on the first anniversary of the date of grant for our independent directors, or in equal increments on each of the third or fourth anniversaries of the date of grant (unless the employee is retirement-eligible). Performance-based RSUs generally vest in full on the second or third anniversary of the date of grant, subject to the employee's continued employment during the vesting period and only if certain pre-established cumulative performance targets are met. Expense related to performance-based RSUs is recognized ratably over the performance period, net of forfeitures, based on the probability of attainment of the related performance targets. The potential number of shares that may be earned ranges from 0%, if the minimum level of performance is not attained, to 200%, if the level of performance is at or above the predetermined maximum achievement level.

PUBLIC

The following table summarizes the RSU activity during Fiscal 2 23:

	Service-based		Performance-based	
	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Unvested at April 1, 2023	3,181,926	$ 42.44	165,239	$ 46.90

The total fair value of service-based RSUs vested during Fiscal 2023, Fiscal 2022 and Fiscal 2021 was $56 million, $78 million and $56 million, respectively. The total fair value of performance-based RSUs vested during Fiscal 2023, Fiscal 2022 and Fiscal 2021 was $7 million, $18 million and $6 million, respectively. As of April 1, 2023, the remaining unrecognized share-based compensation expense for unvested service-based and performance-based RSU grants was $78 million and $5 million, respectively, which is expected to be recognized over the related weighted-average periods of approximately 2.0 years and 2.2 years, respectively.

Share-Based Compensation Expense

The following table summarizes compensation expense attributable to share-based compensation for Fiscal 2023, Fiscal 2022 and Fiscal 2021 (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Share-based compensation expense	$ 78	$ 85	$ 70
Tax benefits related to share-based compensation expense	$ 8	$ 14	$ 12

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company estimates forfeitures based on its historical forfeiture rates. The estimated value of future forfeitures for equity awards as of April 1, 2023 is $11 million.

7. Taxes

The Company is a United Kingdom tax resident and is incorporated in the British Virgin Islands. Capri's subsidiaries are subject to taxation in the United States and various other foreign jurisdictions are aggregated in the "Non-United States" information captioned below.

Income (loss) before provision for income taxes consisted of the following (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
United States	$ 85	$ 247	$ (56)
Non-United States	563	668	59
Total income before provision for income taxes	$ 648	$ 915	$ 3

The provision for income taxes was as follows (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
United States - Federal	$ 62	$ 36	$ 35
Non-United States	46 [1]	98	81
Total current provision for income taxes	130	150	136
Deferred			
United States - Federal	(40)	24 [2]	(37)
United States - State	(6)	7	(4)
Non-United States	(55)	(89) [3]	(29)
Total deferred provision for income taxes	(101)	(58)	(70)
Total provision for income taxes	$ 29	$ 92	$ 66

[1] Primarily relates to the remeasurement of an Asia income tax reserve.

[2] Reflects the impact of a United States tax accounting method change with respect to cost capitalization.

[3] Includes an Italian valuation allowance reversal during Fiscal 2022.

The Company's provision for income taxes for the years ended April 1, 2023, April 2, 2022 and March 27, 2021 was different from the amount computed by applying the statutory U.K. income tax rates to the underlying income before provision for income taxes as a result of the following (amounts in millions):

	Fiscal Years Ended					
	April 1, 2023		April 2, 2022		March 27, 2021	
	Amount	% [1]	Amount	% [1]	Amount	% [1]
Provision for income taxes at the U.K. statutory tax rate	$ 123	19.0 %	$ 174	19.0 %	1	19.0 %
Effects of global financing arrangements [2]	(78)	(12.1)%	(61)	(6.7)%	(24)	(953.4)%
Effect of changes in valuation allowances on deferred tax assets	(37)	(5.8)%	(67)	(7.3)%	24	955.7 %
Liability for uncertain tax positions	(3)	(0.4)%	91	9.9 %	11	414.2 %
Differences in tax effects on foreign income	(1)	(0.2)%	10	1.1 %	13	522.4 %
Non-deductible goodwill impairment	15	2.4 % [3]	—	— %	18	700.2 % [3]
State and local income taxes, net of federal benefit	10	1.5 %	12	1.3 %	5	201.5 %
Share based compensation	6	0.9 %	3	0.4 %	6	247.7 %
Withholding tax	3	0.5 %	5	0.6 %	4	165.0 %
Brand tax basis step-up	—	— %	(46)	(5.0)%	—	— %
CARES Act tax loss carryback	—	— %	(43)	(4.6)%	—	— %
Tax rate change impact on deferred items	—	— %	21	2.1 %	9	351.3 %
Other [4]	(9)	(1.3)%	(7)	(0.7)%	(1)	(33.1)%
Effective tax rate	$ 29	4.5 %	$ 92	10.1 %	$ 66	2,590.5 %

[1] Tax rates are calculated using unrounded numbers.

[2] Includes the tax related impacts of hedge terminations in conjunction with global financing arrangements.

[3] Attributable to goodwill impairment charges related to Jimmy Choo reporting units in Fiscal 2023 and Fiscal 2021.

[4] Primarily relates to individually immaterial United States and foreign permanent adjustments.

PUBLIC

Significant components of the Company's deferred tax assets (liabilities) consist of the following (in millions):

	Fiscal Years Ended	
	April 1, 2023	April 2, 2022
Deferred tax assets		
Operating lease liabilities	$ 442	$ 465
Net operating loss carryforwards	115	108
Accrued interest	70	20
Depreciation	61	53
Sales allowances	38	34
Inventories	21	26
Stock compensation	6	7
Payroll related accruals	3	3
Other	29	46
Total deferred tax assets	**785**	**762**
Valuation allowance	(52) (1)	(92) (2)
Net deferred tax assets	**733**	**670**
Deferred tax liabilities		
oodwill and intangibles	(420)	(449) (3)
Operating lease right-of-use-assets	(339)	(340)
Derivative financial instruments	(186)	(73)
Total deferred tax liabilities	**(945)**	**(862)**
Net deferred tax liabilities	**$ (212)**	**$ (192)**

(1) Includes a U.K. valuation allowance reversal during Fiscal 2023

(2) Includes an Italian valuation allowance reversal during Fiscal 2022.

(3) Includes a reversal of an Italian brand intangible deferred tax liability.

The Company maintains valuation allowances on deferred tax assets applicable to subsidiaries in jurisdictions for which separate income tax returns are filed and where realization of the related deferred tax assets from future profitable operations is not reasonably assured. The valuation allowance decreased $40 million and $67 million in Fiscal 2023 and Fiscal 2022, respectively, and increased $24 million in Fiscal 2021. In certain jurisdictions, the Company increased the valuation allowance by $6 million, $34 million and $56 million and released valuation allowances of $46 million, $101 million and $32 million in Fiscal 2023 Fiscal 2022 and Fiscal 2021, respectively.

As of April 1, 2023, the Company had non-United States and United States net operating loss carryforwards of $581 million, a portion of which will begin to expire in Fiscal 2024

As of April 1, 2023 and April 2, 2022, the Company had liabilities related to its uncertain tax positions, including accrued interest, of $194 million and $221 million, respectively, which are included in other long-term liabilities in the Company's consolidated balance sheets.

PUBLIC

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $178 million, $206 million and $92 million as of April 1, 2023, April 2, 2022 and March 27, 2021, respectively. A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding accrued interest, for Fiscal 2023, Fiscal 2022 and Fiscal 2021, are presented below (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Unrecognized tax benefits beginning balance	$ 221	$ 107	$ 99
Additions related to prior period tax positions	12 [1]	105 [1]	12
Additions related to current period tax positions	14 [2]	29	9
Decreases related to audit settlements	(2)	(13)	(6)
Decreases in prior period positions due to lapses in statute of limitations	(3)	(3)	(4)
Decreases related to prior period tax positions	(42) [3]	(4)	(3)
Unrecognized tax benefits ending balance	$ 200	$ 221	$ 107

(1) Primarily relates to incremental reserves in North America and Europe.
(2) Primarily relates to North American and European tax reserves established in Fiscal 2023.
(3) Primarily relates to Asia tax reserves.

The Company classifies interest and penalties related to unrecognized tax benefits as components of the provision for income taxes. Interest and penalties recognized in the consolidated statements of operations and comprehensive income (loss) for Fiscal 2023, Fiscal 2022 and Fiscal 2021 was $42 million, $28 million and $15 million, respectively.

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlement of ongoing tax audits and assessments and the expiration of applicable statutes of limitations. The Company anticipates that the balance of gross unrecognized tax benefits, excluding interest and penalties, will be reduced by $85 million during the next 12 months, primarily due to the anticipated settlement of tax examinations as well as statute of limitation expirations. However, the outcomes and timing of such events are highly uncertain and changes in the occurrence, expected outcomes and timing of such events could cause the Company's current estimate to change materially in the future.

The Company files income tax returns in the United States and in various foreign, state and local jurisdictions. Most examinations have been completed by tax authorities or the statute of limitations has expired for United States federal, foreign, state and local income tax returns filed by the Company for years through Fiscal 2017.

Prior to the enactment of the Tax Cuts and Jobs Act ("Tax Act"), the Company's undistributed foreign earnings were considered permanently reinvested and, as such, United States federal and state income taxes were not previously recorded on these earnings. As a result of the Tax Act, substantially all of the Company's earnings in foreign subsidiaries generated prior to the enactment of the Tax Act were deemed to have been repatriated. It remains the Company's intent to either reinvest indefinitely substantially all of its foreign earnings outside of the United States or repatriate them tax neutrally. However, if future earnings are repatriated, the potential exists that the Company may be required to accrue and pay additional taxes, including any applicable foreign withholding tax and income taxes. It is not practicable to estimate the amount of tax that might be payable if these earnings were repatriated due to the complexities associated with the hypothetical calculation.

8. Retirement Plans

The Company maintains defined contribution retirement plans for its employees, who generally become eligible to participate after three months of service. Features of these plans allow participants to contribute a percentage of their compensation, up to statutory limits depending upon the country in which the employee resides, and provide for mandatory and/ or discretionary matching contributions by the Company, which vary by country. During Fiscal 2023, Fiscal 2022, and Fiscal 2021, the Company recognized expenses of approximately $17 million, $16 million and $20 million, respectively, related to these retirement plans.

19. Segment Information

The Company operates its business through three operating segments — Versace, Jimmy Choo and Michael Kors, which are based on its business activities and organization. The reportable segments are segments of the Company for which separate financial information is available and for which operating results are evaluated regularly by the Company's chief operating decision maker ("CODM") in deciding how to allocate resources, as well as in assessing performance. The primary key performance indicators are revenue and operating income for each segment. The Company's reportable segments represent components of the business that offer similar merchandise, customer experience and sales/marketing strategies.

The Company's three reportable segments are as follows:

- Versace — segment includes revenue generated through the sale of Versace luxury ready-to-wear, accessories and footwear through directly operated Versace boutiques throughout the Americas, certain parts of EMEA and certain parts of Asia, as well as through Versace outlet stores and e-commerce sites. In addition, revenue is generated through wholesale sales to distribution partners (including geographic licensing arrangements that allow third-parties to use the Versace trademarks in connection with retail and/or wholesale sales of Versace branded products in specific geographic regions), multi-brand department stores and specialty stores worldwide, as well as through product license agreements in connection with the manufacturing and sale of jeans, fragrances, watches, jewelry, eyewear and home furnishings.

- Jimmy Choo — segment includes revenue generated through the sale of Jimmy Choo luxury footwear, handbags and small leather goods through directly operated Jimmy Choo retail and outlet stores throughout the Americas, certain parts of EMEA and certain parts of Asia, through its e-commerce sites, as well as through wholesale sales of luxury goods to distribution partners (including geographic licensing arrangements that allow third-parties to use the Jimmy Choo trademarks in connection with retail and/or wholesale sales of Jimmy Choo branded products in specific geographic regions), multi-brand department stores and specialty stores worldwide. In addition, revenue is generated through product licensing agreements, which allow third-parties to use the Jimmy Choo brand name and trademarks in connection with the manufacturing and sale of fragrances and eyewear.

- Michael Kors — segment includes revenue generated through the sale of Michael Kors products through four primary Michael Kors retail store formats: "Collection" stores, "Lifestyle" stores (including concessions), outlet stores and e-commerce sites, through which the Company sells Michael Kors products, as well as licensed products bearing the Michael Kors name, directly to consumers throughout the Americas, certain parts of EMEA and certain parts of Asia. The Company also sells Michael Kors products directly to department stores, primarily located across the Americas and Europe, to specialty stores and travel retail shops, and to its geographic licensees. In addition, revenue is generated through product and geographic licensing arrangements, which allow third-parties to use the Michael Kors brand name and trademarks in connection with the manufacturing and sale of products, including watches, jewelry, fragrances and eyewear.

In addition to these reportable segments, the Company has certain corporate costs that are not directly attributable to its brands and, therefore, are not allocated to its segments. Such costs primarily include certain administrative, corporate occupancy, shared service and information systems expenses, including enterprise resource planning system implementation costs and Capri transformation program costs. In addition, certain other costs are not allocated to segments, including restructuring and other charges, impairment costs, COVID-19 related charges and the war in Ukraine. The segment structure is consistent with how the Company's CODM plans and allocates resources, manages the business and assesses performance. All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance.

PUBLIC

The following table presents the key performance information of the Company's reportable segments (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Total revenue:			
Versace	$ 1,106	$ 1,088	$ 718
Jimmy Choo	633	613	418
Michael Kors	3,880	3,953	2,924
Total revenue	$ 5,619	$ 5,654	$ 4,060
Income (loss) from operations:			
Versace	$ 152	$ 185	$ 21
Jimmy Choo	38	13	(55)
Michael Kors	868	1,005	595
Total segment income from operations	1,058	1,203	561
Less: Corporate expenses	(233)	(190)	(152)
Impairment of assets [1]	(142)	(73)	(316)
COVID-19 related charges [2]	9	14	(42)
Impact of war in Ukraine [3]	3	(9)	—
Restructuring and other charges	(16)	(42)	(32)
Total income from operations	$ 679	$ 903	$ 19

(1) Impairment of assets during Fiscal 2023 include $110 million, $30 million and $2 million of impairment charges related to the Jimmy Choo, Michael Kors and Versace reportable segments, respectively. Impairment of assets during Fiscal 2022 includes $50 million, $19 million and $4 million of impairment charges related to the Michael Kors, Versace and Jimmy Choo reportable segments, respectively. Impairment of assets during Fiscal 2021 includes $191 million, $91 million and $34 million of impairment charges related to the Jimmy Choo, Michael Kors and Versace reportable segments, respectively.

(2) COVID-19 related charges during Fiscal 2023, primarily include net inventory credits of $9 million. COVID-19 related charges during Fiscal 2022, primarily include net inventory credits and severance expense of $16 million and $2 million, respectively. COVID-19 related charges during Fiscal 2021, primarily include net inventory reserves and severance expense of $10 million and $24 million, respectively. Inventory related costs are recorded within costs of goods sold and severance expense and credit losses are recorded within selling, general and administrative expenses in the consolidated statements of operations and comprehensive income (loss).

(3) These charges primarily relate to incremental credit losses and inventory reserves which are a direct impact of the war in Ukraine. Credit losses are recorded within selling, general and administrative expenses and inventory related costs are recorded within costs of goods sold in the consolidated statements of operations and comprehensive income (loss).

Depreciation and amortization expense for each segment are as follows (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Depreciation and amortization:			
Versace	$ 51	$ 52	$ 54
Jimmy Choo	29	31	31
Michael Kors	95	110	127
Corporate	4	—	—
Total depreciation and amortization	$ 179	$ 193	$ 212

See Note 8 for the Company's goodwill by reportable segment.

PUBLIC

Total revenue (based on country of origin) and long-lived assets by geographic location are as follows (in millions):

	Fiscal Years Ended		
	April 1, 2023	April 2, 2022	March 27, 2021
Revenue:			
The Americas [1]	$ 3,220	$ 3,210	$ 2,172
EMEA	1,542	1,489	1,029
Asia	857	955	859
Total revenue	$ 5,619	$ 5,654	$ 4,060
	As of		
	April 1, 2023	April 2, 2022	March 27, 2021
Long-lived assets:			
The Americas [1]	$ 882	$ 908	$ 1,001
EMEA	2,129	2,156	2,384
Asia	599	617	596
Total long-lived assets	$ 3,610	$ 3,681	$ 3,981

(1) Net revenues earned in the United States during Fiscal 2023, Fiscal 2022 and Fiscal 2021 were $2.951 billion, $2.989 billion and $2.016 billion, respectively. Long-lived assets located in the United States as of April 1, 2023, April 2, 2022 and March 27, 2021 were $826 million, $858 million and $942 million, respectively.

As of April 1, 2023, the Company's total long-lived assets on its consolidated balance sheet were $3.610 billion, of which, $1.691 billion related to Versace, $1.333 billion related to Michael Kors and $586 million related to Jimmy Choo.

Total revenue by major product category are as follows (in millions):

	Fiscal Years Ended					
	April 1, 2023	% of Total	April 2, 2022	% of Total	March 27, 2021	% of Total
Accessories	$ 2,826	50.3 %	$ 2,901	51.3 %	$ 2,158	53.2 %
Footwear	1,217	21.7 %	1,208	21.4 %	796	19.6 %
Apparel	1,107	19.7 %	1,027	18.2 %	720	17.7 %
Licensed product	222	4.0 %	241	4.3 %	185	4.6 %
Licensing revenue	211	3.8 %	212	3.7 %	155	3.8 %
Other	36	0.5 %	65	1.1 %	46	1.1 %
Total revenue	$ 5,619		$ 5,654		$ 4,060	

PUBLIC

0. Subsequent Events

Net Investment Hedges

During the first quarter of Fiscal 2024, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $1.250 billion to hedge its net investment in CHF denominated subsidiaries. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on CHF denominated debt for fixed rate payments in United States dollars. These contracts have maturity dates between September 2024 and July 2026 and are designated as net investment hedges.

Float-to-Float Hedges

During the first quarter of Fiscal 2024, the Company entered into multiple float-to-float cross-currency swap agreements with aggregate notional amounts of $1 billion to hedge its net investment in Euro denominated subsidiaries. The company will be making Euro floating rate payments in exchange for receiving United States dollar floating rate amounts over the life of the agreement. These contracts have maturity dates between May 2028 and August 2030.

PUBLIC

Exhibit 3.2

RTIFIED RESOLUTIONS
OF
apri Holdings Limited
(the "Company")

We, Conyers Trust Company (BVI) Limited, the Registered Agent of the Company**, O HEREBY RTIFY** that the following are true and correct extracts from the Minutes of the Board of Directors of the Company dated the May , 2023, and based upon the documentation provided to us by the Board of Directors, the resolutions contained therein are in full force and effect as at the date hereof:

"**RESOLVED** that:

1. the registered agent of the Company be and is hereby changed to Conyers Trust Company (BVI) Limited, Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110;

. the registered office of the Company be and is hereby changed to Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110;

. clauses 2 and 3 of the Company's memorandum of association (the "**Memorandum**") are amended and restated as follows effective May 24, 2023:

REGISTERED OFFICE

"2. The registered office is located at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110, or such other address as the directors may from time to time determine.

REGISTERED AGENT

. The registered agent is Conyers Trust Company (BVI) Limited, Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110, or such other registered agent as the directors may from time to time determine. "

. Conyers Trust Company (BVI) Limited be and is hereby authorised and directed to make all necessary filings with the Registrar in respect of the above resolution, including making the filings required by section 13(1)(b) of the BVI Business Companies Act; and

. Vistra be and is hereby authorised and directed to transfer all the books and records of the Company to Conyers Trust Company (BVI) Limited."

PUBLIC

Dated this 24th day of May, 2023

/s/ Andrew Swapp
For and on behalf of
onyers Trust Company (BVI) Limited
Registered Agent of
apri Holdings Limited

PUBLIC

Exhibit 10.11

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), by and among Capri Holdings Limited, a British Virgin Islands corporation having its principal executive office in London, United Kingdom ("Capri"), Michael Kors (USA), Inc., a Delaware corporation having its principal executive office in New York County, New York (the "Company" and, together with Capri, the "Company Parties") and Thomas J. Edwards, Jr. ("Executive"). Capri, the Company and Executive may be referred to in this Agreement collectively as the "parties."

WHEREAS, the Company Parties have previously entered into that certain Employment Agreement with Executive, effective as of April 7, 2017 (the "Prior Agreement"); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in accordance with the terms and provisions herein contained.

NOW, THEREFORE, in consideration of the mutual covenants, warranties and undertakings herein contained, the parties hereto agree as follows:

. Term. The Company Parties agree to continue to employ Executive, and Executive agrees to continue to be employed by the Company Parties on the terms and subject to the conditions contained herein. This Agreement shall continue until terminated in accordance with Section 4 hereof (the "Term"), subject to the terms and provisions of this Agreement.

. Position and Duties. Executive shall be employed during the Term as Executive Vice President, Chief Financial Officer and Chief Operating Officer (the "Position") and shall be based in East Rutherford, NJ spending time in New York, NY as necessary. Executive acknowledges and agrees that the Company Parties will be Executive's sole employers in respect of the services contemplated by this Agreement and the Company Parties will provide all payments and benefits to Executive under this Agreement. Executive shall report directly to the Chief Executive Officer of Capri. Executive shall perform such duties and services as are commensurate with Executive's position and such other duties and services as are from time to time reasonably assigned to Executive by the Chief Executive Officer of Capri. Except for holiday and paid time off (including personal and sick days) in accordance with this Agreement and the Company's policies for comparable senior executives, Executive shall devote Executive's full business time during the Term to providing services to the Company Parties; provided that Executive may serve on one or more public, private or non-profit boards with the prior written consent of the Chief Executive Officer and the General Counsel (in each instance), which consent may be withheld or delayed in the Company's sole discretion. Executive acknowledges that Executive's role will require travel for business purposes (both internationally and domestically).

. Compensation.

(a) Base Salary. Executive's base salary shall be at the rate of $800,000 per year (as then in effect, the "Base Salary"). The Base Salary shall be payable in substantially equal installments on a semimonthly basis less applicable withholdings and deductions in accordance with the normal payroll practices of the Company.

(b) Periodic Review of Compensation. On an annual basis during the Term, but without any obligation to increase or otherwise change the compensation provisions of this Agreement, the Company agrees to undertake a review of the performance by Executive of Executive's duties under this Agreement and of the efforts that Executive has undertaken for and on behalf of the Company Parties.

(c) Annual Cash Incentive. With respect to each full fiscal year of the Company during the Term, Executive shall be eligible to participate in the Capri Annual Cash Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Cash Plan") (which is a component of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Incentive Plan" and, together with the Cash Plan, the "Plans")). Annual cash incentives will be based on a fixed percentage of Executive's Base Salary with the incentive levels set at 100% target – 200% maximum]. Executive's actual annual cash incentive may range from 0% of Base Salary for performance below established thresholds to 200% of Base Salary for maximum performance (interpolated based on the actual level of attainment) with performance components, measures and target values established by the Capri Board of Directors (or appropriate committee thereof). All annual cash incentive payments are subject to the terms and conditions of the Cash Plan, as the same may be amended, modified, replaced or terminated from time to time, including, unless otherwise expressly stated in the Cash Plan or in this Agreement, that Executive be employed by the Company Parties on the date the annual cash incentive is actually paid to similarly situated executives. Executive acknowledges that if Executive resigns (other than for Good Reason) or is terminated for Cause prior to the date the annual cash incentive is actually paid to similarly situated executives, Executive is not entitled to receive the annual cash incentive payment for the applicable fiscal year.

(d) Benefits. During the Term, Executive shall be entitled to participate in the benefit plans and programs, including, without limitation, medical, dental, life insurance, disability insurance and 401(k), that the Company provides generally to comparable senior executives in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be modified by the Company from time to time in its sole discretion.

(e) Travel/Expense Reimbursement. The Company shall reimburse Executive for the ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties in accordance with the Company's policies and procedures. To the extent that Executive travels in connection with Executive's duties hereunder, the Company agrees to pay the cost of such travel or to reimburse Executive if Executive has incurred any such costs, it being understood and agreed that (i) all air travel shall be in (A) coach class for domestic travel other than coast-to-coast, which shall be business class, and (B) business class for international travel, and (ii) such costs shall otherwise be incurred in accordance with the Company's policies and procedures. The Company shall reimburse Executive for all other ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties in accordance with the Company's policies and procedures.

(f) Equity-Based Compensation.

(i) Annual Grant. In accordance with the Capri annual performance review cycle, on an annual basis at the same time as awarded to other senior executives similarly situated, Executive shall be eligible to receive a

PUBLIC

discretionary long-term incentive award under the Incentive Plan in form and amount, if any, to be determined in Capri's sole discretion in accordance with, and subject to the terms and conditions of, such Incentive Plan. Such award may be in the form of share options, time-based restricted share units, performance-based restricted share units, other share-based awards or any combination of the foregoing as determined by the Capri Board of Directors (or appropriate committee thereof). Annual long-term incentive awards are discretionary and Capri shall be under no obligation to grant equity to Executive in any fiscal year.

(ii) Effect of Termination. Except in the case of the termination of Executive for Cause (as defined in Section 4(b) below), in which case any equity incentive awards granted to Executive under the Incentive Plan shall be forfeited and immediately terminated (whether or not vested and/or exercisable), any such equity incentive awards that have become vested and/or exercisable prior to the last day Executive is employed by the Company Parties (the "Termination Date") shall remain vested and/or exercisable after the Termination Date, and the treatment of the equity and other long-term incentive awards upon termination shall otherwise be governed by the Incentive Plan and the applicable award agreement.

(g) Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related reporting requirements.

(h) Paid Time Off. Executive shall be entitled to a total of twenty-five (25) days of paid time off during each calendar year during the Term (which shall accrue in accordance with the Company's paid time off policy); provided, however, that such paid time off shall be taken by Executive at such times as will not interfere with the performance by Executive of Executive's duties hereunder.

4. Termination of Employment.

(a) Death and Disability. Executive's employment under this Agreement shall terminate automatically upon Executive's death. The Company Parties may terminate Executive's employment under this Agreement due to Executive's disability if Executive is unable to perform substantially all of the duties required hereunder due to illness or incapacity for a period of at least ninety (90) days (whether or not consecutive) in any period of three hundred and sixty five (365) consecutive days.

(b) Cause. The Company Parties may terminate Executive's employment under this Agreement at any time for Cause. For purposes of this Agreement, "Cause" means the occurrence of any of the following events: (i) Executive's gross negligence, willful misconduct or dishonesty in performing Executive's duties hereunder; (ii) Executive's conviction of a felony (other than a felony involving a traffic violation); (iii) Executive's commission of a felony involving a fraud or other business crime against the Company Parties; or (iv) Executive's material breach of any of the covenants set forth in Section 6 hereof; provided that, if such breach is curable, Executive shall have an opportunity to correct such breach within thirty (30) days after written notice by the Company to Executive thereof.

(c) Executive Termination Without Good Reason. Executive agrees that Executive shall not terminate Executive's employment for any reason other than Good Reason (as defined in Section 5(a)) without giving the Company Parties at least ninety (90) days prior written notice of the effective date of such termination. Executive

PUBLIC

acknowledges that the Company Parties retain the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination. If the Company Parties elect to waive the notice requirement, in whole or in part, the Company Parties shall have no further obligations to Executive under this Agreement other than to make the payments specified in Section 5(a). After Executive provides a notice of termination, the Company Parties may, but shall not be obligated to, provide Executive with work to do and the Company Parties may, in their discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as it may specify in relation to attending at, or remaining away from, the Company Parties' places of business, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 4(c), the Termination Date shall be the last day of the ninety (90)-day notice period, unless the Company Parties elect to waive the notice requirement as set forth herein.

(d) Employee At-Will. Either the Company Parties or Executive shall have the right to terminate the employment relationship at any time, for any reason, without or for Cause (as defined in Section 4(b)) subject to the provisions of Section 5.

(e) Resignation from Other Positions. Upon the termination of Executive's employment for any reason, Executive shall be deemed to have resigned, without any further action by Executive, from any and all officer and director positions that Executive, immediately prior to such termination, (i) held with the Company Parties and (ii) held with any other entities at the direction of, or as a result of Executive's affiliation with, the Company Parties. If for any reason this Section 4(e) is deemed to be insufficient to effectuate such resignations, then Executive shall, upon the Company Parties' request, execute any documents or instruments that the Company Parties may deem necessary or desirable to effectuate such resignations.

5. Consequences of Termination or Breach.

(a) Death or Disability; Termination for Cause or Without Good Reason. If Executive's employment under this Agreement is terminated under Section 4(a), 4(b), or Executive terminates Executive's employment without Good Reason, Executive shall not thereafter be entitled to receive any compensation or benefits under this Agreement, other than (i) Base Salary earned but not yet paid prior to the Termination Date, (ii) reimbursement of any expenses pursuant to Section (e) incurred prior to the Termination Date, and (iii) vested equity incentive awards in accordance with Section (f)(ii). For purposes of this Agreement, "Good Reason" means (A) the significant reduction of Executive's duties or responsibilities relating to the Position, except with respect to any action initiated or recommended by Executive and approved by Capri, (B) the assignment to Executive of duties or responsibilities that are inconsistent in any material respect with the scope of the duties or responsibilities of the Position, (C) a reduction in Base Salary, (D) Executive's office is relocated more than fifty (50) miles from its location immediately prior to such relocation, or (E) a material breach by the Company Parties of their obligations under this Agreement, in each case, that the Company Parties have failed to cure (as determined by Capri acting in good faith) within thirty (30) days following written notice from Executive to Capri sent within sixty (60) days of the initial existence of such condition becoming known (or should have become known to them), and Executive terminates employment within thirty (30) days of the expiration of such cure period.

(b) Termination Without Cause or With Good Reason. If Executive's employment under this Agreement is terminated by the Company Parties without Cause (which the Company Parties shall have the right to do with or without Cause at any time during the Term) or Executive terminates Executive's employment for Good Reason, the sole obligations of the Company Parties to Executive shall be (i) to make the payments described in clauses (i) through (iii) (inclusive) of Section 5(a), (ii) to the extent not paid as of the Termination Date, to pay by no later than June 30th following the Termination Date, any annual cash incentive actually earned by Executive pursuant to the Cash Plan with respect to the completed fiscal year immediately preceding the fiscal year in which the Termination Date occurs, and (iii) subject to Executive providing the Company with the release and separation agreement described below, (A) to provide continuation of Executive's then current Base Salary for a one (1)-year period commencing with the Termination Date, which amount shall be payable in substantially equal installments in accordance with the normal payroll practices of the Company; provided, however, that if Executive's Base Salary exceeds the sum of (x) the amount under the separation pay exception under Treas. Reg. § 1.409A-1(b)(9)(iii) as in effect on the Termination Date (*i.e.*, $660,000 for 2023) and (y) the amount that qualifies for the "short-term deferral" exception under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") as of the Termination Date, the amount equal to such excess shall be paid to Executive in a single lump sum on the first payroll date following the date on which the release and separation agreement becomes effective, (B) to provide continuation of medical, dental and vision benefits by the Company for a one (1)-year period commencing on the Termination Date, with the employee portion of the cost of such benefits to be payable by Executive by reducing such amount from the Base Salary payable to Executive under the preceding clause (A) (unless Executive otherwise elects), and (C) to pay to Executive a prorated annual cash incentive under the Cash Plan for the year in which the Termination Date occurs, with such amount to be equal to the product of (x) the amount determined by the Capri Board of Directors (or appropriate committee thereof) in respect of such performance period and (y) a fraction, the numerator of which is the number of days in the current fiscal year through (and including) the Termination Date, and the denominator of which is the number of days in such fiscal year, which amount shall be paid on the date on which the Company otherwise pays annual cash incentives to senior executives of the Company for such fiscal year (other than any portion of such annual cash incentive that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder). The Company Parties' obligation to provide the payments and provide the benefits referred to in the preceding clause (iii) shall be contingent upon (A) Executive having delivered to Capri a fully executed separation agreement and release of claims (that is not revoked within the time period set forth in such release) against the Company Parties and their respective directors, officers, employees, agents and representatives satisfactory in form and content to Capri's counsel, and (B) Executive's continued compliance with Executive's obligations under Section 6 of this Agreement. Executive acknowledges and agrees that in the event the Company Parties terminate Executive's employment without Cause or Executive terminates Executive's employment for Good Reason, (1) Executive's sole remedy against the Company Parties shall be to receive the payments and benefits specified in this Section 5(b), and (2) if Executive does not execute or revokes the separation agreement and release described above, Executive shall have no remedy with respect to such termination.

6. Certain Covenants and Representations.

(a) Confidentiality. Executive shall not disclose to any unauthorized person or entity or use for Executive's own purposes any Confidential Information without the prior written consent of the Company Parties, unless and to the extent that the Confidential Information becomes generally known to and available for use by the

PUBLIC

public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process or similar process, (i) Executive shall promptly notify in writing the Company Parties, and consult with and assist the Company Parties in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company Parties waive compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information that, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving person or entity shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process, and (iii) the Company Parties shall be given an opportunity to review the Confidential Information prior to disclosure thereof. For purposes of this Agreement, "Confidential Information" means information, observations and data concerning the business or affairs of the Company Parties, including, without limitation, all business information (whether or not in written form) that relates to the Company Parties or their customers, suppliers or contractors or any other third parties in respect of which the Company Parties have a business relationship or owe a duty of confidentiality, or their respective businesses or products, and which is not known to the public generally other than as a result of Executive's breach of this Agreement, including, but not limited to: technical information or reports; formulas; trade secrets; unwritten knowledge and "know-how"; operating instructions; training manuals; customer lists; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information; contracts; and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company Parties or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). References in Section 6 to the "Company Parties" shall include their respective parents, subsidiaries and affiliates unless the context clearly indicates otherwise.

(b) Employee Non-Solicit. During the Term and during the two-year period following the Termination Date, Executive shall not knowingly perform any action, activity or course of conduct that is substantially detrimental to the business or business reputations of the Company Parties, including (i) soliciting, recruiting or hiring (or attempting to solicit, recruit or hire) any employees of the Company Parties or any persons who have worked for the Company Parties during the 12-month period immediately preceding such solicitation, recruitment or hiring or attempt thereof; (ii) intentionally interfering with the relationship of the Company Parties with any person or entity who or which is employed by or otherwise engaged to perform services for, or any customer, client, supplier, licensee, licensor or other business relation of, the Company Parties; or (iii) assisting any person or entity in any way to do, or attempt to do, anything prohibited by the immediately preceding clause (i) or (ii).

(c) Non-Disparagement. During the Term and thereafter, Executive agrees not to disparage the Company Parties or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company Parties likewise agree to instruct their executive

PUBLIC

officers and directors not to disparage Executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Capri filing under U.S. securities laws or stock exchange rules and regulations.

(d) Copyrights, Inventions, etc. Any interest in patents, patent applications, inventions, technological innovations, copyrights, copyrightable works, developments, discoveries, designs, concepts, ideas and processes ("Such Inventions") that Executive now or hereafter during the Term may own, acquire or develop either individually or with others relating to the fields in which the Company Parties may then be engaged or contemplate being engaged shall belong to the Company Parties and forthwith upon request of the Company Parties, Executive shall execute all such assignments and other documents (including applications for patents, copyrights, trademarks and assignments thereof) and take all such other action as the Company Parties may reasonably request to assign to and vest in the Company Parties all of Executive's right, title and interest (including, without limitation, waivers to moral rights) in and to Such Inventions throughout the world, free and clear of liens, mortgages, security interests, pledges, charges and encumbrances. Executive acknowledges and agrees that (i) all copyrightable works created by Executive as an employee will be "works made for hire" on behalf of the Company Parties and that the Company Parties shall have all rights therein in perpetuity throughout the world, and (ii) to the extent that any such works do not qualify as works made for hire, Executive irrevocably assigns and transfers to the Company Parties all worldwide right, title and interest in and to such works. Executive hereby appoints any officer of the Company Parties as Executive's duly authorized attorney-in-fact to execute, file, prosecute and protect Such Inventions before any governmental agency, court or authority. If for any reason the Company Parties do not own any Such Invention, the Company Parties shall have the exclusive and royalty-free right to use in their businesses, and to make products therefrom, Such Invention as well as any improvements or know-how related thereto.

(e) Remedy for Breach and Modification. Executive acknowledges that the foregoing provisions of this Section 6 are reasonable and necessary for the protection of the Company Parties, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company Parties, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. Miscellaneous.

(a) Representations. The Company Parties and Executive each represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and (ii) this Agreement constitutes the legal, valid and binding obligation of such party and is enforceable against it in accordance with its terms. In addition, Executive represents and warrants that the entering into and performance of this Agreement by Executive will not be in violation of any other agreement to which Executive is a party.

PUBLIC

(b) Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by email, by a nationally recognized overnight delivery service or mailed by certified mail, return receipt requested, to Executive or to the Company Parties at the addresses set forth below or at such other address as Executive or the Company Parties may specify by notice to the other:

To Capri and/or the Company:

1 West 42nd Street
New York, New York 10036
Attention: Chairman and Chief Executive Officer

With a copy to:

Capri Holdings Limited / Michael Kors (USA), Inc.
1 West 42nd Street
New York, New York 10036
Attention: SVP, General Counsel

To Executive: at Executive's home address on file with the Company or to such other address as may be provided by such notice.

(c) Entire Agreement; Amendment. This Agreement supersedes all prior agreements (including the Prior Agreement) between the parties with respect to its subject matter, except that this Agreement does not cancel or supersede the Plans (or the applicable long-term incentive award agreements). This Agreement is intended (with any documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by both parties hereto.

(d) Waiver. The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in a writing signed by the party to be charged with such waiver.

(e) Assignment. Except as otherwise provided in this Section 7(e), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company Parties only to their respective parents, subsidiaries and affiliates; provided, however, that any assignment by the Company Parties shall not, without the written consent of Executive, relieve the Company Parties of their obligations hereunder.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

(g) Captions. The captions in this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of the Agreement.

(h) Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed in that State, without regard to its conflict of laws principles.

(i) Arbitration. Any dispute or claim between the parties hereto arising out of, or, in connection with this Agreement, shall, upon written request of either party, become a matter for arbitration; provided, however, that Executive acknowledges that in the event of any violation of Section 6 hereof, the Company Parties shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall be before a neutral arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association and take place in New York City. Each party shall bear its own fees, costs and disbursements in such proceeding. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

(j) Indemnification. To the extent permitted by law and the Company Parties' by-laws or other governing documents, the Company Parties will indemnify Executive with respect to any claims made against him as an officer or employee of the Company Parties or any subsidiary of either of the Company Parties, except for acts taken in bad faith or in breach of Executive's duty of loyalty to the Company Parties or such subsidiary. During the Term and for as long thereafter as is practicable, Executive shall be covered under a directors' and officers' liability insurance policy with coverage limits in amounts no less than that which the Company Parties currently maintain as of the date of this Agreement. This Agreement does not alter or amend the individual indemnification agreement between Executive and Capri in effect as of the date hereof.

(k) Section 409A.

(i) General. It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year.

(ii) Reimbursements and In-Kind Benefits. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Delay of Payments. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company Parties as in effect on the Date of Termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, on the first business day of the seventh month following Executive's separation from service (the "Delayed Payment Date"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or thirty (30) calendar days after the date of Executive's death.

(l) No Mitigation. Executive shall not be required seek other employment or take any other action to mitigate the amount of any damages that Executive may incur or other payments to be made to Executive hereunder, nor shall any payments to Executive hereunder be reduced by any other payments Executive may receive whether or not Executive obtains other employment.

PUBLIC

[Intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of May 30, 2023.

CAPRI HOLDINGS LIMITED

By: s/ John D. Idol
Name:John D. Idol
Title:Chairman and Chief Executive Officer

MICHAEL KORS (USA), INC.

By: s/ John D. Idol
Name:John D. Idol
Title: Chairman and Chief Executive Officer

/s/ Thomas J. Edwards, Jr.
Name: Thomas J. Edwards, Jr.

PUBLIC

Exhibit 10.13

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), by and among Capri Holdings Limited, a British Virgin Islands corporation having its principal executive office in London, United Kingdom ("Capri"), Michael Kors (USA), Inc., a Delaware corporation having its principal executive office in New York County, New York (the "Company" and, together with Capri, the "Company Parties") and Krista A. McDonough ("Executive"). Capri, the Company and Executive may be referred to in this Agreement collectively as the "parties."

WHEREAS, the Company Parties have previously entered into that certain Employment Agreement with Executive, effective as of October 1, 2016 (the "Prior Agreement"); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in accordance with the terms and provisions herein contained.

NOW, THEREFORE, in consideration of the mutual covenants, warranties and undertakings herein contained, the parties hereto agree as follows:

. Term. The Company Parties agree to continue to employ Executive, and Executive agrees to continue to be employed by the Company Parties on the terms and subject to the conditions contained herein. This Agreement shall continue until terminated in accordance with Section 4 hereof (the "Term"), subject to the terms and provisions of this Agreement.

. Position and Duties. Executive shall be employed during the Term as Senior Vice President, General Counsel and Chief Sustainability Officer (the "Position"). Executive acknowledges and agrees that the Company Parties will be Executive's sole employers in respect of the services contemplated by this Agreement and the Company Parties will provide all payments and benefits to Executive under this Agreement. Executive shall report directly to the Chief Executive Officer of Capri. Executive shall perform such duties and services as are commensurate with Executive's position and such other duties and services as are from time to time reasonably assigned to Executive by the Chief Executive Officer of Capri. Except for holiday and paid time off (including personal and sick days) in accordance with this Agreement and the Company's policies for comparable senior executives, Executive shall devote Executive's full business time during the Term to providing services to the Company Parties; provided that Executive may serve on one or more public, private or non-profit boards with the prior written consent of the Chief Executive Officer, which consent may be withheld or delayed in the Company's sole discretion. Executive acknowledges that Executive's role will require travel for business purposes (both internationally and domestically).

. Compensation.

(a) Base Salary. Executive's base salary shall be at the rate of $550,000 per year (as then in effect, the "Base Salary"). The Base Salary shall be payable in substantially equal installments on a semimonthly basis less applicable withholdings and deductions in accordance with the normal payroll practices of the Company.

PUBLIC

(b) Periodic Review of Compensation. On an annual basis during the Term, but without any obligation to increase or otherwise change the compensation provisions of this Agreement, the Company agrees to undertake a review of the performance by Executive of Executive's duties under this Agreement and of the efforts that Executive has undertaken for and on behalf of the Company Parties.

(c) Annual Cash Incentive. With respect to each full fiscal year of the Company during the Term, Executive shall be eligible to participate in the Capri Annual Cash Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Cash Plan") (which is a component of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Incentive Plan" and, together with the Cash Plan, the "Plans")). Annual cash incentives will be based on a fixed percentage of Executive's Base Salary with the incentive levels set at 50% target – 100% maximum. Executive's actual annual cash incentive may range from 0% of Base Salary for performance below established thresholds to 100% of Base Salary for maximum performance (interpolated based on the actual level of attainment) with performance components, measures and target values established by the Capri Board of Directors (or appropriate committee thereof). All annual cash incentive payments are subject to the terms and conditions of the Cash Plan, as the same may be amended, modified, replaced or terminated from time to time, including, unless otherwise expressly stated in the Cash Plan or in this Agreement, that Executive be employed by the Company Parties on the date the annual cash incentive is actually paid to similarly situated executives. Executive acknowledges that if Executive resigns (other than for Good Reason) or is terminated for Cause prior to the date the annual cash incentive is actually paid to similarly situated executives, Executive is not entitled to receive the annual cash incentive payment for the applicable fiscal year.

(d) Benefits. During the Term, Executive shall be entitled to participate in the benefit plans and programs, including, without limitation, medical, dental, life insurance, disability insurance and 401(k), that the Company provides generally to comparable senior executives in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be modified by the Company from time to time in its sole discretion.

(e) Travel/Expense Reimbursement. The Company shall reimburse Executive for the ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties in accordance with the Company's policies and procedures. To the extent that Executive travels in connection with Executive's duties hereunder, the Company agrees to pay the cost of such travel or to reimburse Executive if Executive has incurred any such costs, it being understood and agreed that (i) all air travel shall be in (A) coach class for domestic travel other than coast-to-coast, which shall be business class, and (B) business class for international travel, and (ii) such costs shall otherwise be incurred in accordance with the Company's policies and procedures. The Company shall reimburse Executive for all other ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties in accordance with the Company's policies and procedures.

(f) Equity-Based Compensation.

(i) Annual Grant. In accordance with the Capri annual performance review cycle, on an annual basis at the same time as awarded to other senior executives similarly situated, Executive shall be eligible to receive a

PUBLIC

discretionary long-term incentive award under the Incentive Plan in form and amount, if any, to be determined in Capri's sole discretion in accordance with, and subject to the terms and conditions of, such Incentive Plan. Such award may be in the form of share options, time-based restricted share units, performance-based restricted share units, other share-based awards or any combination of the foregoing as determined by the Capri Board of Directors (or appropriate committee thereof). Annual long-term incentive awards are discretionary and Capri shall be under no obligation to grant equity to Executive in any fiscal year.

(ii) Effect of Termination. Except in the case of the termination of Executive for Cause (as defined in Section 4(b) below), in which case any equity incentive awards granted to Executive under the Incentive Plan shall be forfeited and immediately terminated (whether or not vested and/or exercisable), any such equity incentive awards that have become vested and/or exercisable prior to the last day Executive is employed by the Company Parties (the "Termination Date") shall remain vested and/or exercisable after the Termination Date, and the treatment of the equity and other long-term incentive awards upon termination shall otherwise be governed by the Incentive Plan and the applicable award agreement.

(g) Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related reporting requirements.

(h) Paid Time Off. Executive shall be entitled to a total of twenty-five (25) days of paid time off during each calendar year during the Term (which shall accrue in accordance with the Company's paid time off policy); provided, however, that such paid time off shall be taken by Executive at such times as will not interfere with the performance by Executive of Executive's duties hereunder.

4. Termination of Employment.

(a) Death and Disability. Executive's employment under this Agreement shall terminate automatically upon Executive's death. The Company Parties may terminate Executive's employment under this Agreement due to Executive's disability if Executive is unable to perform substantially all of the duties required hereunder due to illness or incapacity for a period of at least ninety (90) days (whether or not consecutive) in any period of three hundred and sixty five (365) consecutive days.

(b) Cause. The Company Parties may terminate Executive's employment under this Agreement at any time for Cause. For purposes of this Agreement, "Cause" means the occurrence of any of the following events: (i) Executive's gross negligence, willful misconduct or dishonesty in performing Executive's duties hereunder; (ii) Executive's conviction of a felony (other than a felony involving a traffic violation); (iii) Executive's commission of a felony involving a fraud or other business crime against the Company Parties; or (iv) Executive's material breach of any of the covenants set forth in Section 6 hereof; provided that, if such breach is curable, Executive shall have an opportunity to correct such breach within thirty (30) days after written notice by the Company to Executive thereof.

(c) Executive Termination Without Good Reason. Executive agrees that Executive shall not terminate Executive's employment for any reason other than Good Reason (as defined in Section 5(a)) without giving the Company Parties at least ninety (90) days prior written notice of the effective date of such termination. Executive

PUBLIC

acknowledges that the Company Parties retain the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination. If the Company Parties elect to waive the notice requirement, in whole or in part, the Company Parties shall have no further obligations to Executive under this Agreement other than to make the payments specified in Section 5(a). After Executive provides a notice of termination, the Company Parties may, but shall not be obligated to, provide Executive with work to do and the Company Parties may, in their discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as it may specify in relation to attending at, or remaining away from, the Company Parties' places of business, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 4(c), the Termination Date shall be the last day of the ninety (90)-day notice period, unless the Company Parties elect to waive the notice requirement as set forth herein.

(d) Employee At-Will. Either the Company Parties or Executive shall have the right to terminate the employment relationship at any time, for any reason, without or for Cause (as defined in Section 4(b)) subject to the provisions of Section 5.

(e) Resignation from Other Positions. Upon the termination of Executive's employment for any reason, Executive shall be deemed to have resigned, without any further action by Executive, from any and all officer and director positions that Executive, immediately prior to such termination, (i) held with the Company Parties and (ii) held with any other entities at the direction of, or as a result of Executive's affiliation with, the Company Parties. If for any reason this Section 4(e) is deemed to be insufficient to effectuate such resignations, then Executive shall, upon the Company Parties' request, execute any documents or instruments that the Company Parties may deem necessary or desirable to effectuate such resignations.

5. Consequences of Termination or Breach.

(a) Death or Disability; Termination for Cause or Without Good Reason. If Executive's employment under this Agreement is terminated under Section 4(a), 4(b), or Executive terminates Executive's employment without Good Reason, Executive shall not thereafter be entitled to receive any compensation or benefits under this Agreement, other than (i) Base Salary earned but not yet paid prior to the Termination Date, (ii) reimbursement of any expenses pursuant to Section (e) incurred prior to the Termination Date, and (iii) vested equity incentive awards in accordance with Section (f)(ii) . For purposes of this Agreement, "Good Reason" means (A) the significant reduction of Executive's duties or responsibilities relating to the Position, except with respect to any action initiated or recommended by Executive and approved by Capri, (B) the assignment to Executive of duties or responsibilities that are inconsistent in any material respect with the scope of the duties or responsibilities of the Position, (C) a reduction in Base Salary, (D) Executive's office is relocated more than fifty (50) miles from its location immediately prior to such relocation, or (E) a material breach by the Company Parties of their obligations under this Agreement, in each case, that the Company Parties have failed to cure (as determined by Capri acting in good faith) within thirty (30) days following written notice from Executive to Capri sent within sixty (60) days of the initial existence of such condition becoming known (or should have become known to them), and Executive terminates employment within thirty (30) days of the expiration of such cure period.

(b) Termination Without Cause or With Good Reason. If Executive's employment under this Agreement is terminated by the Company Parties without Cause

PUBLIC

(which the Company Parties shall have the right to do with or without Cause at any time during the Term) or Executive terminates Executive's employment for Good Reason, the sole obligations of the Company Parties to Executive shall be (i) to make the payments described in clauses (i) through (iii) (inclusive) of Section 5(a), (ii) to the extent not paid as of the Termination Date, to pay by no later than June 30th following the Termination Date, any annual cash incentive actually earned by Executive pursuant to the Cash Plan with respect to the completed fiscal year immediately preceding the fiscal year in which the Termination Date occurs, and (iii) subject to Executive providing the Company with the release and separation agreement described below, (A) to provide continuation of Executive's then current Base Salary for a one (1)-year period commencing with the Termination Date, which amount shall be payable in substantially equal installments in accordance with the normal payroll practices of the Company; provided, however, that if Executive's Base Salary exceeds the sum of (x) the amount under the separation pay exception under Treas. Reg. § 1.409A-1(b)(9)(iii) as in effect on the Termination Date (*i.e.*, $660,000 for 2023) and (y) the amount that qualifies for the "short-term deferral" exception under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") as of the Termination Date, the amount equal to such excess shall be paid to Executive in a single lump sum on the first payroll date following the date on which the release and separation agreement becomes effective, (B) to provide continuation of medical, dental and vision benefits by the Company for a one (1)-year period commencing on the Termination Date, with the employee portion of the cost of such benefits to be payable by Executive by reducing such amount from the Base Salary payable to Executive under the preceding clause (A) (unless Executive otherwise elects), and (C) to pay to Executive a prorated annual cash incentive under the Cash Plan for the year in which the Termination Date occurs, with such amount to be equal to the product of (x) the amount determined by the Capri Board of Directors (or appropriate committee thereof) in respect of such performance period and (y) a fraction, the numerator of which is the number of days in the current fiscal year through (and including) the Termination Date, and the denominator of which is the number of days in such fiscal year, which amount shall be paid on the date on which the Company otherwise pays annual cash incentives to senior executives of the Company for such fiscal year (other than any portion of such annual cash incentive that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder). The Company Parties' obligation to provide the payments and provide the benefits referred to in the preceding clause (iii) shall be contingent upon (A) Executive having delivered to Capri a fully executed separation agreement and release of claims (that is not revoked within the time period set forth in such release) against the Company Parties and their respective directors, officers, employees, agents and representatives satisfactory in form and content to Capri's counsel, and (B) Executive's continued compliance with Executive's obligations under Section 6 of this Agreement. Executive acknowledges and agrees that in the event the Company Parties terminate Executive's employment without Cause or Executive terminates Executive's employment for Good Reason, (1) Executive's sole remedy against the Company Parties shall be to receive the payments and benefits specified in this Section 5(b), and (2) if Executive does not execute or revokes the separation agreement and release described above, Executive shall have no remedy with respect to such termination.

6. Certain Covenants and Representations.

(a) Confidentiality. Executive shall not disclose to any unauthorized person or entity or use for Executive's own purposes any Confidential Information without the prior written consent of the Company Parties, unless and to the extent that the Confidential Information becomes generally known to and available for use by the

PUBLIC

public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process or similar process, (i) Executive shall promptly notify in writing the Company Parties, and consult with and assist the Company Parties in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company Parties waive compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information that, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving person or entity shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process, and (iii) the Company Parties shall be given an opportunity to review the Confidential Information prior to disclosure thereof. For purposes of this Agreement, "Confidential Information" means information, observations and data concerning the business or affairs of the Company Parties, including, without limitation, all business information (whether or not in written form) that relates to the Company Parties or their customers, suppliers or contractors or any other third parties in respect of which the Company Parties have a business relationship or owe a duty of confidentiality, or their respective businesses or products, and which is not known to the public generally other than as a result of Executive's breach of this Agreement, including, but not limited to: technical information or reports; formulas; trade secrets; unwritten knowledge and "know-how"; operating instructions; training manuals; customer lists; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information; contracts; and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company Parties or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). References in Section 6 to the "Company Parties" shall include their respective parents, subsidiaries and affiliates unless the context clearly indicates otherwise.

(b) Employee Non-Solicit. During the Term and during the two-year period following the Termination Date, Executive shall not knowingly perform any action, activity or course of conduct that is substantially detrimental to the business or business reputations of the Company Parties, including (i) soliciting, recruiting or hiring (or attempting to solicit, recruit or hire) any employees of the Company Parties or any persons who have worked for the Company Parties during the 12-month period immediately preceding such solicitation, recruitment or hiring or attempt thereof; (ii) intentionally interfering with the relationship of the Company Parties with any person or entity who or which is employed by or otherwise engaged to perform services for, or any customer, client, supplier, licensee, licensor or other business relation of, the Company Parties; or (iii) assisting any person or entity in any way to do, or attempt to do, anything prohibited by the immediately preceding clause (i) or (ii).

(c) Non-Disparagement. During the Term and thereafter, Executive agrees not to disparage the Company Parties or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company Parties likewise agree to instruct their executive officers and directors not to disparage Executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Capri filing under U.S. securities laws or stock exchange rules and regulations.

(d) Copyrights, Inventions, etc. Any interest in patents, patent applications, inventions, technological innovations, copyrights, copyrightable works, developments, discoveries, designs, concepts, ideas and processes ("Such Inventions") that Executive now or hereafter during the Term may own, acquire or develop either individually or with others relating to the fields in which the Company Parties may then be engaged or contemplate being engaged shall belong to the Company Parties and forthwith upon request of the Company Parties, Executive shall execute all such assignments and other documents (including applications for patents, copyrights, trademarks and assignments thereof) and take all such other action as the Company Parties may reasonably request to assign to and vest in the Company Parties all of Executive's right, title and interest (including, without limitation, waivers to moral rights) in and to Such Inventions throughout the world, free and clear of liens, mortgages, security interests, pledges, charges and encumbrances. Executive acknowledges and agrees that (i) all copyrightable works created by Executive as an employee will be "works made for hire" on behalf of the Company Parties and that the Company Parties shall have all rights therein in perpetuity throughout the world, and (ii) to the extent that any such works do not qualify as works made for hire, Executive irrevocably assigns and transfers to the Company Parties all worldwide right, title and interest in and to such works. Executive hereby appoints any officer of the Company Parties as Executive's duly authorized attorney-in-fact to execute, file, prosecute and protect Such Inventions before any governmental agency, court or authority. If for any reason the Company Parties do not own any Such Invention, the Company Parties shall have the exclusive and royalty-free right to use in their businesses, and to make products therefrom, Such Invention as well as any improvements or know-how related thereto.

(e) Remedy for Breach and Modification. Executive acknowledges that the foregoing provisions of this Section 6 are reasonable and necessary for the protection of the Company Parties, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company Parties, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. Miscellaneous.

(a) Representations. The Company Parties and Executive each represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and (ii) this Agreement constitutes the legal, valid and binding obligation of such party and is enforceable against it in accordance with its terms. In addition, Executive represents and warrants that the entering into and performance of this Agreement by Executive will not be in violation of any other agreement to which Executive is a party.

(b) Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by email, by a nationally recognized overnight delivery service or mailed by certified mail, return receipt requested, to Executive or to the Company Parties at the addresses set forth below or at such other address as Executive or the Company Parties may specify by notice to the other:

To Capri and/or the Company:

1 West 42nd Street
New York, New York 10036
Attention: Chairman and Chief Executive Officer

With a copy to:

Capri Holdings Limited / Michael Kors (USA), Inc.
1 West 42nd Street
New York, New York 10036
Attention: SVP, Chief People Officer

To Executive: at Executive's home address on file with the Company or to such other address as may be provided by such notice.

(c) Entire Agreement; Amendment. This Agreement supersedes all prior agreements (including the Prior Agreement) between the parties with respect to its subject matter, except that this Agreement does not cancel or supersede the Plans (or the applicable long-term incentive award agreements). This Agreement is intended (with any documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by both parties hereto.

(d) Waiver. The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in a writing signed by the party to be charged with such waiver.

(e) Assignment. Except as otherwise provided in this Section 7(e), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company Parties only to their respective parents, subsidiaries and affiliates; provided, however, that any assignment by the Company Parties shall not, without the written consent of Executive, relieve the Company Parties of their obligations hereunder.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

(g) Captions. The captions in this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of the Agreement.

(h) Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed in that State, without regard to its conflict of laws principles.

(i) Arbitration. Any dispute or claim between the parties hereto arising out of, or, in connection with this Agreement, shall, upon written request of either party, become a matter for arbitration; provided, however, that Executive acknowledges that in the event of any violation of Section 6 hereof, the Company Parties shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall be before a neutral arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association and take place in New York City. Each party shall bear its own fees, costs and disbursements in such proceeding. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

(j) Indemnification. To the extent permitted by law and the Company Parties' by-laws or other governing documents, the Company Parties will indemnify Executive with respect to any claims made against her as an officer or employee of the Company Parties or any subsidiary of either of the Company Parties, except for acts taken in bad faith or in breach of Executive's duty of loyalty to the Company Parties or such subsidiary. During the Term and for as long thereafter as is practicable, Executive shall be covered under a directors' and officers' liability insurance policy with coverage limits in amounts no less than that which the Company Parties currently maintain as of the date of this Agreement. This Agreement does not alter or amend the individual indemnification agreement between Executive and Capri in effect as of the date hereof.

(k) Section 409A.

(i) General. It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year.

(ii) Reimbursements and In-Kind Benefits. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is

PUBLIC

for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Delay of Payments. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company Parties as in effect on the Date of Termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, on the first business day of the seventh month following Executive's separation from service (the "Delayed Payment Date"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or thirty (30) calendar days after the date of Executive's death.

(l) No Mitigation. Executive shall not be required seek other employment or take any other action to mitigate the amount of any damages that Executive may incur or other payments to be made to Executive hereunder, nor shall any payments to Executive hereunder be reduced by any other payments Executive may receive whether or not Executive obtains other employment.

[Intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of May 30, 2023.

CAPRI HOLDINGS LIMITED

By: s/ John D. Idol
Name: John D. Idol
Title: Chairman and Chief Executive Officer

MICHAEL KORS (USA), INC.

By: s/ John D. Idol
Name: John D. Idol
Title: Chairman and Chief Executive Officer

/s/ Krista A. McDonough
Krista A. McDonough

PUBLIC

Exhibit 10.15

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") between Michael Kors (USA), Inc. (the "Company") and Cedric Wilmotte ("Executive").

WHEREAS, the parties desire to enter into this Agreement to reflect their mutual agreements with respect to the employment of Executive by the Company

NOW, THEREFORE, in consideration of the mutual covenants, warranties and undertakings herein contained, the parties hereto agree as follows:

Term. The employment of Executive with the Company under this Agreement shall commence on April 3, 2023 (the "Commencement Date"), and his employment shall continue until terminated in accordance with Section 5 hereof (the "Term"), subject to the terms and provisions of this Agreement.

2. Position and Duties

(a) Executive shall be employed during the Term as Chief Executive Officer, Michael Kors (the "Position") reporting directly to the Chief Executive Officer of Capri Holdings Limited ("Capri CEO"), and, subject to Section 3, shall be based in New York, New York. Subject to Section 3, Executive shall maintain a primary residence in the New York City metropolitan area during the Term. Executive acknowledges and agrees that the Company will be his sole employer under this Agreement and the Company will provide all payments and benefits to Executive under this Agreement. At the direction of the Company, any rights and obligations of the Company hereunder may be assigned, in whole or in part, to such subsidiaries or affiliates; provided, that the Company's obligations with respect to compensation and benefits shall remain the Company's obligations, unless Executive consents in writing to such assignment, which such consent shall not be unreasonably withheld.

(b) Executive shall perform such duties and services as are commensurate with Executive's Position and such other duties and services as are from time to time reasonably assigned to Executive by the Capri CEO. Except for vacation, holiday, personal and sick days in accordance with this Agreement and the Company's policies for comparable senior executives, Executive shall devote his full business time during the Term to providing services to the Company and its affiliates. At the request of the Company, Executive further agrees, without additional compensation, to act as an officer or director of subsidiaries or affiliates of the Company. Notwithstanding the foregoing and anything to the contrary contained in this Agreement, nothing in this Section 2(b) shall be construed to prevent Executive from (a) engaging in charitable or community affairs; (b) investing, without limitation as to the amount of ownership interest, in any business which does not directly compete with the Company, so long as Executive does not exercise control over such business; or (c) acquiring, receiving, or purchasing, solely for investment purposes, securities of any entity which are traded on a national securities exchange so long as Executive is not a controlling person of, or a member of a group that controls such entity and does not, directly or indirectly, own 5% or more of any class of securities of such entity

3. Work Visa Executive's employment with the Company in the United States is contingent upon his obtaining and maintaining an appropriate visa to work in the United States, which cannot be guaranteed. The Company will sponsor

PUBLIC

Executive for an appropriate visa and will pay all legal and filing fees and reimburse him for his reasonable and documented out-of-pocket expenses associated with the application, issuance and renewal of such visa.

4. Compensation

(a) Base Salary. Executive's base salary shall be at the rate of $1,000,000 per year (as then in effect, the "Base Salary"). The Base Salary shall be payable in substantially equal installments on a semi-monthly basis less applicable withholdings and deductions in accordance with the normal payroll practices of the Company

(b) Periodic Review of Compensation. On an annual basis during the Term, but without any obligation to increase or otherwise change the compensation provisions of this Agreement, the Company agrees to undertake a review of the performance by Executive of his duties under this Agreement and of the efforts that he has undertaken for and on behalf of the Company

(c) Annual Cash Incentive

(i) With respect to each full fiscal year of the Company during the Term, Executive shall be eligible to participate in the Capri Holdings Limited ("Capri") Annual Cash Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Cash Incentive Plan") (which is a component of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Omnibus Incentive Plan" and, together with the Cash Incentive Plan, the "Incentive Plans"). On an annual basis, cash payments made pursuant to the Cash Incentive Plan will be based on a fixed percentage of Executive's Base Salary with the incentive levels set at 100% target – 200% maximum. Executive's actual annual cash payment pursuant to the Cash Incentive Plan may range from 0% of Base Salary for performance below established thresholds to 200% of Base Salary for maximum performance (interpolated based on the actual level of attainment) with performance components, measures and target values established by the Capri Board of Directors (or appropriate committee thereof).

(ii) Notwithstanding the generality of the foregoing, for the fiscal year beginning on April 2, 2023 and ending on March 30, 2024 ("Fiscal '24"), the Company's payment to Executive pursuant to the Cash Incentive Plan shall be guaranteed at 200% of Executive's Base Salary (pro-rated from the Commencement Date if the Commencement Date occurs after the first day of Fiscal '24) (the "Guaranteed Cash Incentive"). The Guaranteed Cash Incentive shall be paid to Executive as follows: (a) $1,000,000 in the first pay period following the Commencement Date (the "First GCI Payment") and (b) $1,000,000 on June 30, 2024 or such earlier date as the Fiscal '24 payment under the Cash ncentive Plan is actually paid to other similarly situated executives (the "Second GCI Payment"), in each case less applicable withholdings and deductions in accordance with the normal payroll practices of the Company. In the event that Executive resigns (other than for Good Reason (as defined in Section 6(a) below)) or is terminated for Cause (as defined in Section 5(b) below) on or before the date that is twelve (12) months following the Commencement Date, Executive shall promptly repay the Company for the full amount of the First GCI Payment. In order to receive the Second GCI Payment, Executive must be employed by the Company on the date that the Fiscal '24 payment under the Cash

Incentive Plan is actually paid to other similarly situated executives, unless Executive is terminated by the Company without Cause or resigns for Good Reason in which case the Second GCI Payment shall be payable pursuant to the provisions of Section 6(b).

(iii) All annual payments made pursuant to the Cash Incentive Plan, including the Guaranteed Cash Incentive, are subject to the terms and conditions of the Cash Incentive Plan, as the same may be amended, modified, replaced or terminated from time to time, including, unless otherwise expressly stated in the Cash Incentive Plan, that Executive be employed by the Company on the date the payment made pursuant to the Cash Incentive Plan is actually paid to similarly situated executives of the Company, or in the case of the Guaranteed Cash Incentive, that Executive be employed by the Company on the date it is due to be paid. Executive expressly acknowledges that if he resigns (other than for Good Reason) or is terminated for Cause prior to the date that payment made pursuant to the Cash Incentive Plan is actually made to similarly situated executives of the Company, or in the case of the Guaranteed Cash Incentive, the date that it is due to be paid, Executive is not entitled to receive payment under the Cash Incentive Plan for the applicable fiscal year

(d) Benefits. During the Term, Executive shall be entitled to participate in the benefit plans and programs, including, without limitation, medical, dental, life insurance, disability insurance and 401(k), that the Company provides generally to comparable senior executives in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be modified by the Company from time to time in its sole discretion.

(e) Travel/Expense Reimbursement Executive shall be expected to travel both within and outside the United States as reasonably necessary in connection with the business of the Company, its subsidiaries and affiliates. The Company agrees to pay the cost of such travel or to reimburse Executive if he has incurred any such costs, it being understood and agreed that the class of travel and such other travel costs and expenses shall otherwise be incurred by Executive in accordance with the Company's travel and expense reimbursement policies and procedures as in effect from time to time and as applicable to other similarly situated executives. The Company shall reimburse Executive for all other ordinary and necessary business expenses incurred by him in the performance of his duties in accordance with the Company's expense reimbursement policies and procedures as in effect from time to time.

(f) Equity-Based Compensation

(i) Annual Equity Grant In accordance with the Capri annual performance review cycle, on an annual basis at the same time as awarded to other senior executives similarly situated, Executive shall be eligible to receive a discretionary long-term incentive award under the Omnibus Incentive Plan in form and amount, if any, to be determined in Capri's sole discretion in accordance with, and subject to the terms and conditions of, such Omnibus Incentive Plan. Such award may be in the form of share options, time-based or performance-based restricted share units ("RSUs"), other share-based awards or any combination of the foregoing as determined by the Capri Board of Directors (or appropriate committee thereof). Annual long-term incentive awards are discretionary and Capri shall be under no obligation to grant equity to the Executive in any fiscal year

PUBLIC

(ii) New Hire Equity Grant Notwithstanding the generality of the foregoing, on June 15, 2023, Executive shall receive from Capri an equity grant valued at approximately $3,500,000 based on the closing price of CPRI ordinary shares on the New York Stock Exchange on the date of grant in accordance with, and subject to, the terms and conditions of the Omnibus ncentive Plan, and the applicable award agreement. Such equity grant shall be comprised 100% of time-based RSUs of Capri that will vest in equal installments over three (3) years on each anniversary of the grant date.

(iii) Effect of Termination. If Executive's employment is terminated for any reason, any equity incentive awards that have become vested and/or exercisable prior to the last day Executive is employed by the Company (the "Termination Date"), including but not limited to those set forth in Section 4(f)(i) and (f)(ii) herein, shall remain vested and/or exercisable at Executive's election after the Termination Date, and the treatment of the unvested long-term incentive awards upon termination shall otherwise be governed by the Omnibus Incentive Plan and the applicable award agreement. Notwithstanding anything to the contrary in the Omnibus Incentive Plan and/or any applicable equity award agreement, in the event Executive is terminated for Cause (as defined in Section 5(b) below), any equity awards that have already become vested and/or exercisable prior to the Termination Date (regardless of whether or not related to this Agreement or any prior employment at Capri or any of its subsidiaries) shall not be forfeited; provided, that the Company retains the right to enforce clawback, forfeiture or similar requirements under the Omnibus Incentive Plan and the applicable equity incentive award agreement in the event of a material accounting restatement that reduces the amount payable in respect of any equity incentive award that would have been earned had the financial results been properly reported or if Executive violates any of the restrictive covenants set forth in the applicable award agreement.

(g) Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related reporting requirements.

(h) Vacations / Holidays / Time Off. Executive shall be entitled to a total of five (5) business weeks (or twenty-five (25) days) of paid vacation during each calendar year during the Term (which shall accrue in accordance with the Company's vacation policy) ("Vacation"); provided, however, that such Vacation shall be taken by Executive at such times as will not interfere with the performance by Executive of his duties hereunder. Executive shall also be entitled to paid time off ("PTO") for company holidays and other PTO as generally provided by the Company to similarly situated executives in accordance with the plans, practices and programs of the Company, and which are subject to change from time-to-time in the sole discretion of the Company

(i) Tax Preparation. During the Term, the Company shall pay directly or reimburse Executive for reasonable and documented professional tax preparation expenses incurred by Executive in connection with the preparation of Executive's personal U.S. income tax returns for calendar years 2023 and 2024 (the "Professional Tax Preparation Expenses") up to $25,000 in each such calendar year The Professional Tax Preparation Expenses shall be a taxable benefit for Executive.

PUBLIC

5. Termination of Employment

(a) Death and Disability. Executive's employment under this Agreement shall terminate automatically upon his death. The Company may terminate Executive's employment under this Agreement if Executive is unable to perform substantially all of the duties required hereunder due to illness or incapacity for a period of at least ninety (90) consecutive days or for a period aggregating six (6) months (whether or not consecutive) in any period of three hundred and sixty five (365) consecutive days.

(b) Cause The Company may terminate Executive's employment under this Agreement at any time with Cause. For purposes of this Agreement, "Cause" means the occurrence of any of the following events: (i) a material breach by Executive of his obligations under this Agreement (including an unreasonable refusal by Executive to substantially perform his duties under Section 2 of this Agreement) that Executive has failed to cure (as determined by the Company acting in good faith) within thirty (30) days following written notice of such breach from the Company to Executive; (ii) Executive's gross negligence, willful misconduct or fraud in performing Executive's duties hereunder or with respect to the Company or any of its affiliates; or (iii) Executive's indictment of, or plea of nolo contendere to, a felony. For purposes of subsection (ii) of this Section 5(b), no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, in violation of applicable law or other than in good faith and without a reasonable belief that Executive's act, or failure to act, was in the best interests of the Company

(c) Executive Termination Without Good Reason. Executive agrees that he shall not terminate his employment for any reason other than Good Reason (as defined in Section 6(a)) without giving the Company at least six (6) months prior written notice of the effective date of such termination. Executive acknowledges that the Company retains the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination without any obligation to make a payment to Executive for the notice period or any portion thereof. If the Company elects to waive the notice requirement, in whole or in part, the Company shall not have any further obligations to Executive under this Agreement other than to make the payments specified in Section 6(a). After Executive provides a notice of termination, the Company may, but shall not be obligated to, provide Executive with work to do commensurate with the Position, and the Company may, in its discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as it may specify in relation to attending at, or remaining away from, the places of business of the Company or its affiliates or subsidiaries, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 5(c), the Termination Date shall be the last day of the six (6) month notice period, unless the Company elects to waive the notice requirement as set forth herein.

(d) Employee At-Will. Either the Company or Executive shall have the right to terminate the employment relationship at any time, for any reason, without or with Cause (as defined below) subject to the provisions of Section 6.

6. Consequences of Termination or Breach

(a) Death or Disability; Termination for Cause or Without Good Reason. If Executive's employment under this Agreement is terminated under section 5(a) or 5(b) or Executive terminates his employment for any reason other than for Good Reason (as defined below), Executive shall not thereafter be entitled to receive any compensation or benefits under this Agreement, other than (i) Base Salary earned but not yet paid prior to the Termination Date; (ii) reimbursement of any expenses pursuant to Section 4(e) incurred prior to the Termination Date; (iii) vested equity in accordance with Section 4(f)(iii); (iv) accrued benefits pursuant to Section 4(d); and (v) the cash equivalent of any accrued, but unused, Vacation (the "Accrued Obligations"). For purposes of this Agreement, "Good Reason" means (A) the elimination of the Position or any other action by the Company that significantly reduces or materially interferes with Executive's duties, responsibilities or authority to a level inconsistent with industry standard practice as it relates to the Position, excluding isolated, insubstantial or inadvertent action by the Company not taken in bad faith; (B) a material breach by the Company of its obligations under this Agreement; (C) a change in Executive's title as CEO of Michael Kors or a change in reporting such that Executive no longer reports to the Capri CEO (or, if no Capri CEO, then the interim Capri CEO); (D) Executive's involuntary relocation to an office more than fifty (50) miles outside of New York City; or (E) in the event of a "change of control" (as defined in the Omnibus Incentive Plan), failure of the surviving entity to assume in writing the Company's obligations set forth in this Agreement. In all instances set forth under subclauses (A) through (E) (inclusive) hereunder, written notice from Executive to the Capri CEO setting forth the specific basis of the alleged conduct constituting Good Reason is required within thirty (30) days following the later of (x) the occurrence; or (y) the date Executive becomes aware of such conduct. The Company shall have thirty (30) days after said written notice to cure such noncompliance, and if not cured, termination by Executive for Good Reason shall only be effective ten (10) days after the expiration of the cure period.

(b) Termination Without Cause or With Good Reason If Executive's employment under this Agreement is terminated by the Company without Cause (which the Company shall have the right to do with or without Cause at any time during the Term subject to the provisions of this Section 6) or Executive terminates his employment for Good Reason, then the sole obligations of the Company to Executive shall be (i) for the Accrued Obligations, with any applicable cash payments to be paid to Executive in a single lump sum within fifteen (15) days of the Termination Date, and (ii) subject to Executive providing the Company with the release and separation agreement described below, to provide continuation of Executive's then current Base Salary and medical, dental and insurance benefits by the Company for a one (1) year period commencing on the Termination Date, which amounts shall be payable in substantially equal installments in accordance with the normal payroll practices of the Company, plus (x) the Guaranteed Cash Incentive (to the extent any portion of the Guaranteed Cash Incentive has not actually been paid to Executive) and (y) beginning with fiscal year 2025 and thereafter, a cash payment equal to Executive's target annual cash incentive payment pursuant to the Cash Incentive Plan for the fiscal year in which the Termination Date occurs pro rated from the first day of the fiscal year in which the Termination Date occurs up to and including the Termination Date. Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise after the Termination Date, and any amounts earned by Executive following the Termination Date, including but not limited to, from self-employment, as a common law employee or otherwise, shall not reduce the amount of any payment otherwise payable to Executive by the Company hereunder. The Company's obligation to provide the payments referred to in this Section 6(b) shall be

PUBLIC

contingent upon (A) Executive having delivered to the Company a fully executed separation agreement and release (that is not subject to revocation) of claims against the Company and its affiliates and subsidiaries and their respective directors, officers, employees, agents and representatives satisfactory in form and content to the Company's counsel, and (B) Executive's continued compliance with his obligations under Section 7 of this Agreement. Executive acknowledges and agrees that in the event the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, Executive's sole remedy against the Company shall be to receive the payments specified in this Section 6(b).

7. Certain Covenants and Representations

(a) Confidentiality. Executive acknowledges that in the course of his employment by the Company, Executive will receive and or be in possession of confidential information of the Company and its affiliates and subsidiaries, including, but not limited to, information relating to their financial affairs, business methods, strategic plans, marketing plans, product and styling development plans, pricing, products, vendors, suppliers, manufacturers, licensees, computer programs and software, and personal information regarding personnel of the Company and its affiliates and subsidiaries (collectively, "Confidential Information"). Confidential Information shall not include information that is: (i) generally known or available to the public; (ii) independently known, obtained, conceived or developed by Executive without access to or knowledge of related information provided by the Company or its affiliates or subsidiaries or obtained in connection with Executive's efforts on behalf of the Company, (iii) used or disclosed with the prior written approval of the Company or (iv) made available by the Company to the public. Executive agrees that he will not, without the prior written consent of the Company, during the Term or thereafter, disclose or make use of any Confidential Information, except as may be required by law or in the course of Executive's employment hereunder or in order to enforce his rights under this Agreement. Executive agrees that all tangible materials containing Confidential Information, whether created by Executive or others which shall come into Executive's custody or possession during Executive's employment shall be and is the exclusive property of the Company. Upon termination of Executive's employment for any reason whatsoever, Executive shall immediately surrender to the Company all Confidential nformation and property of the Company and its affiliates and subsidiaries in Executive's possession.

(b) No Hiring. During the two-year period immediately following the Termination Date, Executive shall not employ or retain (or participate in or arrange for the employment or retention of) any person who was employed or retained by the Company or any of its affiliates or subsidiaries within the one (1) year period immediately preceding such employment or retention.

(c) Non-Disparagement During the Term and thereafter, Executive agrees not to disparage the Company or any of its affiliates or subsidiaries or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company likewise agrees not to disparage executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Capri filing under U.S. securities laws or stock exchange rules and regulations.

PUBLIC

(d) Copyrights, Inventions, etc. Any interest in patents, patent applications, inventions, technological innovations, copyrights, copyrightable works, developments, discoveries, designs, concepts, ideas and processes ("Such Inventions") that Executive now or hereafter during the Term may own, acquire or develop either individually or with others relating to the fields in which the Company or any of its affiliates or subsidiaries may then be engaged or contemplate being engaged shall belong to the Company or such affiliate or subsidiary and forthwith upon request of the Company, Executive shall execute all such assignments and other documents (including applications for patents, copyrights, trademarks and assignments thereof) and take all such other action as the Company may reasonably request in order to assign to and vest in the Company or its affiliates or subsidiaries all of Executive's right, title and interest (including, without limitation, waivers to moral rights) in and to Such Inventions throughout the world, free and clear of liens, mortgages, security interests, pledges, charges and encumbrances. Executive acknowledges and agrees that (i) all copyrightable works created by Executive as an employee will be "works made for hire" on behalf of the Company and its affiliates and subsidiaries and that the Company and its affiliates and subsidiaries shall have all rights therein in perpetuity throughout the world and (ii) to the extent that any such works do not qualify as works made for hire, Executive irrevocably assigns and transfers to the Company or its applicable affiliate or subsidiary all worldwide right, title and interest in and to such works. Executive hereby appoints any officer of the Company as Executive's duly authorized attorney-in-fact to execute, file, prosecute and protect Such Inventions before any governmental agency, court or authority. If for any reason the Company or its affiliates and subsidiaries do not own any Such Invention, the Company and its affiliates and subsidiaries shall have the exclusive and royalty-free right to use in their businesses, and to make products therefrom, Such Invention as well as any improvements or know-how related thereto.

(e) Remedy for Breach and Modification Executive acknowledges that the foregoing provisions of this Section 7 are reasonable and necessary for the protection of the Company and its affiliates and subsidiaries, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company and its affiliates and subsidiaries, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section 7 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

8. Indemnity. During Executive's employment with the Company, and at any time thereafter, the Company shall indemnify Executive and hold Executive and Executive's heirs and representative's harmless, to the maximum extent permitted by law and the Company's by-laws and incorporation documents, against all damages, costs, liabilities, losses and expenses, including reasonable attorneys' fees, as a result of any claim or proceeding, or threatened claim or proceeding, against Executive that arises out of or relates to Executive's services as an officer, director or employee, as the case may be, of the Company, or Executive's service in any such capacity or similar capacity with any affiliate or subsidiary of the Company. Unless prohibited by applicable law or the Company's by-laws or incorporation documents, the Company shall advance expenses incurred by Executive or Executive's heirs or representatives in connection with any claim or proceeding, or threatened claim or proceeding, permitted to be indemnified pursuant to this Section 8. Executive or his heirs or representatives shall

PUBLIC

qualify for advances to the fullest extent permitted by applicable law and the Company's by-laws and incorporation documents solely (i) upon the execution and delivery to the Company of an undertaking providing that Executive or his heirs or representatives, as the case may be, undertakes to repay the advance to the extent that it is ultimately determined, by a final judicial decision of a court of competent jurisdiction from which there is no further right to appeal that Executive or his heirs and representatives is not entitled to indemnification pursuant to Section 8 of this Agreement and (ii) after receipt by the Company of a statement requesting such advances, together with a reasonably detailed written explanation of the basis therefor and a redacted itemization of legal fees and disbursements in reasonable detail, from time to time, provided that such written explanation or redacted itemization of legal fees does not violate, destroy, or in any manner jeopardize Executive's attorney-client privilege or otherwise expose Executive to any additional liability. If the Company is obligated to indemnify Executive or his heirs or representatives hereunder, then the Company shall be entitled to assume the defense of such civil proceeding. The Company shall be entitled to assume the defense of any criminal proceeding only with Executive's written consent. During the Term and for a period of three years thereafter, Executive shall be covered under a directors and officers liability insurance policy with coverage limits in amounts no less than that which the Company currently maintains as of the date of this Agreement for similarly situated executives of the Company. The provisions of this Section 8 shall survive termination of this Agreement.

9. Miscellaneous.

(a) Representations The Company and Executive each represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and (ii) this Agreement constitutes the legal, valid and binding obligation of such party and is enforceable against it in accordance with its terms. In addition, Executive represents and warrants that the entering into and performance of this Agreement by his will not be in violation of any other agreement to which Executive is a party

(b) Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by email, by a nationally recognized overnight delivery service or mailed by certified mail, return receipt requested, to Executive or to the Company at the addresses set forth below or at such other address as Executive or the Company may specify by notice to the other:

To the Company:

1 West 42nd Street
New York, New York 10036
Attention: Chairman and Chief Executive Officer of Capri Holdings

With a copy to:

Capri Holdings Limited / Michael Kors (USA), Inc.
1 West 42nd Street
New York, New York 10036

Attention: SVP, General Counsel

To Executive: at his home address on file with the Company or to such other address as may be provided by such notice with a copy sent simultaneously and in like manner to:

Oved & Oved LLP
401 Greenwich Street
New York, New York 10013
Attention: Terrence A. Oved, Esq.

(c) Entire Agreement; Amendment. This Agreement supersedes all prior agreements between the parties with respect to its subject matter, except that this Agreement does not cancel or supersede the Plans (or the applicable long-term incentive award agreements). This Agreement is intended (with any documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by both parties hereto.

(d) Waiver The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in a writing signed by the party to be charged with such waiver

(e) Assignment. Except as otherwise provided in this Section 8(e), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company only to its affiliates or subsidiaries; provided, however, that any assignment by the Company shall not, without the written consent of Executive, relieve the Company of its obligations hereunder

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

(g) Captions The captions in this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of the Agreement.

(h) Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed in that State, without regard to its conflict of laws principles.

(i) Arbitration. Any dispute or claim between the parties hereto arising out of, or, in connection with this Agreement, shall, upon written request of either party, become a matter for arbitration; provided, however, that Executive acknowledges that in the event of any violation of Section 7 hereof, the Company shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall be before a neutral arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association and take place in New York City. Each party shall bear its own fees, costs and disbursements in such proceeding. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

(j) Section 409A. It is the parties' good faith belief that any payments or benefits provided to Executive pursuant to this Agreement fall within an exception to Internal Revenue Code Section 409A ("Section 409A"). Notwithstanding the foregoing or anything to the contrary contained in this Agreement, it is intended that this Agreement will comply with Section 409A and any regulations and guidelines issued thereunder, to the extent this Agreement is subject thereto. As such, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Section 409A and to avoid any penalty under Section 409A. If an amendment to this Agreement is necessary in order for it to comply with Section 409A, the parties agree to negotiate in good faith to amend this Agreement in a manner that complies with Section 409A and, to the extent reasonably possible, preserves the original intent of the parties. If any payment or benefit under this Agreement cannot be provided or made at the time specified herein without incurring a penalty under Section 409A, then such benefit or payment shall be provided in full at the earliest time thereafter when such penalty will not be imposed. Any amount payable under this Agreement that constitutes "deferred compensation" subject to Section 409A shall be paid at the time provided under this Agreement or such other time as permitted under Section 409A. All payments to be made upon a termination of employment under this Agreement that are "deferred compensation" may only be made upon a "separation from service" under Section 409A. To the extent that this Agreement provides for any payments to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A of the Code. All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by Executive during the time periods set forth in this Agreement and shall otherwise be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements are subject to Section 409A. All reimbursements for expenses paid pursuant to this Agreement that constitute taxable income to Executive shall be paid as soon as administratively practicable upon receipt of supporting documentation from Executive and in no event shall such reimbursable expenses be paid later than the end of the calendar year following the calendar year in which Executive incurs such expense or pays such related tax unless such payment is due to Executive's failure to timely submit expense reports. Unless otherwise permitted by Section 409A, the right to reimbursement benefits under this Agreement shall not be subject to liquidation or exchange for another benefit and the amount of expense eligible for reimbursement provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits provided, respectively, in any other taxable year

(k) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Execution and delivery of this Agreement by facsimile, .pdf or other electronic signature shall be legal, valid and binding for all purposes.

[Intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of January 23, 2023.

MICHAEL KORS (USA), INC.

By: /s/ John D. Idol
Name: John D. Idol
Title: Chairman and Chief Executive Officer

s/ Cedric Wilmotte

Cedric Wilmotte

Exhibit 10.16

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this "Agreement"), by and among Capri Holdings Limited, a British Virgin Islands corporation having its principal executive office in London, United Kingdom ("Capri"), Michael Kors (USA), Inc., a Delaware corporation having its principal executive office in New York County, New York (the "Company" and, together with Capri, the "Company Parties") and Jenna A. Hendricks ("Executive"). Capri, the Company and Executive may be referred to in this Agreement collectively as the "parties."

WHEREAS, the Company Parties have previously entered into that certain Employment Agreement with Executive, effective as of June , 21 (the "Prior Agreement"); and

WHEREAS, the parties desire to amend and restate the Prior Agreement in accordance with the terms and provisions herein contained.

NOW, THEREFORE, in consideration of the mutual covenants, warranties and undertakings herein contained, the parties hereto agree as follows:

. Term. The Company Parties agree to continue to employ Executive, and Executive agrees to continue to be employed by the Company Parties on the terms and subject to the conditions contained herein. This Agreement shall continue until terminated in accordance with Section 4 hereof (the "Term"), subject to the terms and provisions of this Agreement.

. Position and Duties. Executive shall be employed during the Term as Senior Vice President, Chief People Officer (the "Position"). Executive acknowledges and agrees that the Company Parties will be Executive's sole employers in respect of the services contemplated by this Agreement and the Company Parties will provide all payments and benefits to Executive under this Agreement. Executive shall report directly to the Chief Executive Officer of Capri. Executive shall perform such duties and services as are commensurate with Executive's position and such other duties and services as are from time to time reasonably assigned to Executive by the Chief Executive Officer of Capri. Except for holiday and paid time off (including personal and sick days) in accordance with this Agreement and the Company's policies for comparable senior executives, Executive shall devote Executive's full business time during the Term to providing services to the Company Parties; provided that Executive may serve on one or more public, private or non-profit boards with the prior written consent of the Chief Executive Officer and the General Counsel (in each instance), which consent may be withheld or delayed in the Company's sole discretion. Executive acknowledges that Executive's role will require travel for business purposes (both internationally and domestically).

. Compensation.

(a) Base Salary. Executive's base salary shall be at the rate of $500,000 per year (as then in effect, the "Base Salary"). The Base Salary shall be payable in substantially equal installments on a semimonthly basis less applicable withholdings and deductions in accordance with the normal payroll practices of the Company.

PUBLIC

(b) Periodic Review of Compensation. On an annual basis during the Term, but without any obligation to increase or otherwise change the compensation provisions of this Agreement, the Company agrees to undertake a review of the performance by Executive of Executive's duties under this Agreement and of the efforts that Executive has undertaken for and on behalf of the Company Parties.

(c) Annual Cash Incentive. With respect to each full fiscal year of the Company during the Term, Executive shall be eligible to participate in the Capri Annual Cash Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Cash Plan") (which is a component of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan (as the same may be amended, modified, replaced or terminated, the "Incentive Plan" and, together with the Cash Plan, the "Plans")). Annual cash incentives will be based on a fixed percentage of Executive's Base Salary with the incentive levels set at 50% target – 100% maximum. Executive's actual annual cash incentive may range from 0% of Base Salary for performance below established thresholds to 100% of Base Salary for maximum performance (interpolated based on the actual level of attainment) with performance components, measures and target values established by the Capri Board of Directors (or appropriate committee thereof). All annual cash incentive payments are subject to the terms and conditions of the Cash Plan, as the same may be amended, modified, replaced or terminated from time to time, including, unless otherwise expressly stated in the Cash Plan or in this Agreement, that Executive be employed by the Company Parties on the date the annual cash incentive is actually paid to similarly situated executives. Executive acknowledges that if Executive resigns (other than for Good Reason) or is terminated for Cause prior to the date the annual cash incentive is actually paid to similarly situated executives, Executive is not entitled to receive the annual cash incentive payment for the applicable fiscal year.

(d) Benefits. During the Term, Executive shall be entitled to participate in the benefit plans and programs, including, without limitation, medical, dental, life insurance, disability insurance and 401(k), that the Company provides generally to comparable senior executives in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be modified by the Company from time to time in its sole discretion.

(e) Travel/Expense Reimbursement. The Company shall reimburse Executive for the ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties in accordance with the Company's policies and procedures. To the extent that Executive travels in connection with Executive's duties hereunder, the Company agrees to pay the cost of such travel or to reimburse Executive if Executive has incurred any such costs, it being understood and agreed that (i) all air travel shall be in (A) coach class for domestic travel other than coast-to-coast, which shall be business class, and (B) business class for international travel, and (ii) such costs shall otherwise be incurred in accordance with the Company's policies and procedures. The Company shall reimburse Executive for all other ordinary and necessary business expenses incurred by Executive in the performance of Executive's duties in accordance with the Company's policies and procedures.

(f) Equity-Based Compensation.

(i) Annual Grant. In accordance with the Capri annual performance review cycle, on an annual basis at the same time as awarded to other senior executives similarly situated, Executive shall be eligible to receive a

discretionary long-term incentive award under the Incentive Plan in form and amount, if any, to be determined in Capri's sole discretion in accordance with, and subject to the terms and conditions of, such Incentive Plan. Such award may be in the form of share options, time-based restricted share units, performance-based restricted share units, other share-based awards or any combination of the foregoing as determined by the Capri Board of Directors (or appropriate committee thereof). Annual long-term incentive awards are discretionary and Capri shall be under no obligation to grant equity to Executive in any fiscal year.

(ii) Effect of Termination. Except in the case of the termination of Executive for Cause (as defined in Section 4(b) below), in which case any equity incentive awards granted to Executive under the Incentive Plan shall be forfeited and immediately terminated (whether or not vested and/or exercisable), any such equity incentive awards that have become vested and/or exercisable prior to the last day Executive is employed by the Company Parties (the "Termination Date") shall remain vested and/or exercisable after the Termination Date, and the treatment of the equity and other long-term incentive awards upon termination shall otherwise be governed by the Incentive Plan and the applicable award agreement.

(g) Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related reporting requirements.

(h) Paid Time Off. Executive shall be entitled to a total of twenty-five (25) days of paid time off during each calendar year during the Term (which shall accrue in accordance with the Company's paid time off policy); provided, however, that such paid time off shall be taken by Executive at such times as will not interfere with the performance by Executive of Executive's duties hereunder.

(i) Clothing Allowance. The Company shall provide Executive with a $10,000 clothing allowance for each fiscal year during the Term, which may be used by Executive to purchase product manufactured by Capri's brands personal orders for Executive's personal use only at the applicable discount off wholesale (if any) offered to all eligible employees. Such clothing allowance shall be fully utilized by Executive in each fiscal year otherwise any remaining amount available for use shall be forfeited at the end of such fiscal year. This clothing allowance is in addition to the one-time clothing allowance in the amount of $15,000 (less any amounts used by Executive since June , 2021) for Executive's personal use at any time during the Term pursuant to the Prior Agreement. The clothing allowance is a taxable benefit for Executive.

4. Termination of Employment.

(a) Death and Disability. Executive's employment under this Agreement shall terminate automatically upon Executive's death. The Company Parties may terminate Executive's employment under this Agreement due to Executive's disability if Executive is unable to perform substantially all of the duties required hereunder due to illness or incapacity for a period of at least ninety (90) days (whether or not consecutive) in any period of three hundred and sixty five (365) consecutive days.

(b) Cause. The Company Parties may terminate Executive's employment under this Agreement at any time for Cause. For purposes of this Agreement, "Cause" means the occurrence of any of the following events: (i) Executive's gross negligence, willful misconduct or dishonesty in performing Executive's

PUBLIC

duties hereunder; (ii) Executive's conviction of a felony (other than a felony involving a traffic violation); (iii) Executive's commission of a felony involving a fraud or other business crime against the Company Parties; or (iv) Executive's material breach of any of the covenants set forth in Section __ hereof; provided that, if such breach is curable, Executive shall have an opportunity to correct such breach within thirty (30) days after written notice by the Company to Executive thereof.

(c) Executive Termination Without Good Reason. Executive agrees that Executive shall not terminate Executive's employment for any reason other than Good Reason (as defined in Section 5(a)) without giving the Company Parties at least ninety (90) days prior written notice of the effective date of such termination. Executive acknowledges that the Company Parties retain the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination. If the Company Parties elect to waive the notice requirement, in whole or in part, the Company Parties shall have no further obligations to Executive under this Agreement other than to make the payments specified in Section 5(a). After Executive provides a notice of termination, the Company Parties may, but shall not be obligated to, provide Executive with work to do and the Company Parties may, in their discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as it may specify in relation to attending at, or remaining away from, the Company Parties' places of business, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 4(c), the Termination Date shall be the last day of the ninety (90)-day notice period, unless the Company Parties elect to waive the notice requirement as set forth herein.

(d) Employee At-Will. Either the Company Parties or Executive shall have the right to terminate the employment relationship at any time, for any reason, without or for Cause (as defined in Section 4(b)) subject to the provisions of Section 5.

(e) Resignation from Other Positions. Upon the termination of Executive's employment for any reason, Executive shall be deemed to have resigned, without any further action by Executive, from any and all officer and director positions that Executive, immediately prior to such termination, (i) held with the Company Parties and (ii) held with any other entities at the direction of, or as a result of Executive's affiliation with, the Company Parties. If for any reason this Section 4(e) is deemed to be insufficient to effectuate such resignations, then Executive shall, upon the Company Parties' request, execute any documents or instruments that the Company Parties may deem necessary or desirable to effectuate such resignations.

5. Consequences of Termination or Breach.

(a) Death or Disability; Termination for Cause or Without Good Reason. If Executive's employment under this Agreement is terminated under Section 4(a), 4(b), or Executive terminates Executive's employment without Good Reason, Executive shall not thereafter be entitled to receive any compensation or benefits under this Agreement, other than (i) Base Salary earned but not yet paid prior to the Termination Date, (ii) reimbursement of any expenses pursuant to Section (e) incurred prior to the Termination Date, and (iii) vested equity incentive awards in accordance with Section (f)(ii). For purposes of this Agreement, "Good Reason" means (A) the significant reduction of Executive's duties or responsibilities relating to the Position, except with respect to any action initiated or recommended by Executive and approved by Capri, (B) the assignment to Executive of duties or responsibilities that are inconsistent in any material respect with the scope of the duties or responsibilities of the

PUBLIC

Position, (C) a reduction in Base Salary, (D) Executive's office is relocated more than fifty (50) miles from its location immediately prior to such relocation, or (E) a material breach by the Company Parties of their obligations under this Agreement, in each case, that the Company Parties have failed to cure (as determined by Capri acting in good faith) within thirty (30) days following written notice from Executive to Capri sent within sixty (60) days of the initial existence of such condition becoming known (or should have become known to them), and Executive terminates employment within thirty (30) days of the expiration of such cure period.

(b) Termination Without Cause or With Good Reason. If Executive's employment under this Agreement is terminated by the Company Parties without Cause (which the Company Parties shall have the right to do with or without Cause at any time during the Term) or Executive terminates Executive's employment for Good Reason, the sole obligations of the Company Parties to Executive shall be (i) to make the payments described in clauses (i) through (iii) (inclusive) of Section 5(a), (ii) to the extent not paid as of the Termination Date, to pay by no later than June 30th following the Termination Date, any annual cash incentive actually earned by Executive pursuant to the Cash Plan with respect to the completed fiscal year immediately preceding the fiscal year in which the Termination Date occurs, and (iii) subject to Executive providing the Company with the release and separation agreement described below, (A) to provide continuation of Executive's then current Base Salary for a one (1)-year period commencing with the Termination Date, which amount shall be payable in substantially equal installments in accordance with the normal payroll practices of the Company; provided, however, that if Executive's Base Salary exceeds the sum of (x) the amount under the separation pay exception under Treas. Reg. § 1.409A-1(b)(9)(iii) as in effect on the Termination Date (*i.e.*, $660,000 for 2023) and (y) the amount that qualifies for the "short-term deferral" exception under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") as of the Termination Date, the amount equal to such excess shall be paid to Executive in a single lump sum on the first payroll date following the date on which the release and separation agreement becomes effective, (B) to provide continuation of medical, dental and vision benefits by the Company for a one (1)-year period commencing on the Termination Date, with the employee portion of the cost of such benefits to be payable by Executive by reducing such amount from the Base Salary payable to Executive under the preceding clause (A) (unless Executive otherwise elects), and (C) to pay to Executive a prorated annual cash incentive under the Cash Plan for the year in which the Termination Date occurs, with such amount to be equal to the product of (x) the amount determined by the Capri Board of Directors (or appropriate committee thereof) in respect of such performance period and (y) a fraction, the numerator of which is the number of days in the current fiscal year through (and including) the Termination Date, and the denominator of which is the number of days in such fiscal year, which amount shall be paid on the date on which the Company otherwise pays annual cash incentives to senior executives of the Company for such fiscal year (other than any portion of such annual cash incentive that was deferred, which portion shall instead be paid in accordance with the applicable deferral arrangement and any election thereunder). The Company Parties' obligation to provide the payments and provide the benefits referred to in the preceding clause (iii) shall be contingent upon (A) Executive having delivered to Capri a fully executed separation agreement and release of claims (that is not revoked within the time period set forth in such release) against the Company Parties and their respective directors, officers, employees, agents and representatives satisfactory in form and content to Capri's counsel, and (B) Executive's continued compliance with Executive's obligations under Section __ of this Agreement. Executive acknowledges and agrees that in the event the Company Parties terminate Executive's employment without Cause or Executive terminates Executive's employment for Good Reason, (1) Executive's sole remedy against the Company Parties shall be to receive the payments and benefits specified in this Section 5(b), and (2) if Executive does not execute or revokes the separation agreement and release described above, Executive shall have no remedy with respect to such termination.

6. Certain Covenants and Representations.

(a) Confidentiality. Executive shall not disclose to any unauthorized person or entity or use for Executive's own purposes any Confidential Information without the prior written consent of the Company Parties, unless and to the extent that the Confidential Information becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process or similar process, (i) Executive shall promptly notify in writing the Company Parties, and consult with and assist the Company Parties in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company Parties waive compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information that, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving person or entity shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process, and (iii) the Company Parties shall be given an opportunity to review the Confidential Information prior to disclosure thereof. For purposes of this Agreement, "Confidential Information" means information, observations and data concerning the business or affairs of the Company Parties, including, without limitation, all business information (whether or not in written form) that relates to the Company Parties or their customers, suppliers or contractors or any other third parties in respect of which the Company Parties have a business relationship or owe a duty of confidentiality, or their respective businesses or products, and which is not known to the public generally other than as a result of Executive's breach of this Agreement, including, but not limited to: technical information or reports; formulas; trade secrets; unwritten knowledge and "know-how"; operating instructions; training manuals; customer lists; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information; contracts; and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company Parties or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). References in Section 6 to the "Company Parties" shall include their respective parents, subsidiaries and affiliates unless the context clearly indicates otherwise.

(b) Employee Non-Solicit. During the Term and during the two-year period following the Termination Date, Executive shall not knowingly perform any action, activity or course of conduct that is substantially detrimental to the business or business reputations of the Company Parties, including (i) soliciting, recruiting or hiring (or attempting to solicit, recruit or hire) any employees of the Company Parties or any persons who have worked for the Company Parties during the 12-month period immediately preceding such solicitation, recruitment or hiring or attempt thereof; (ii) intentionally interfering with the relationship of the Company Parties with any person or entity who or which is employed by or otherwise engaged to perform services for, or any customer, client, supplier, licensee, licensor or other business relation of, the Company Parties; or (iii) assisting any person or entity in any way to do, or attempt to do, anything prohibited by the immediately preceding clause (i) or (ii).

(c) Non-Disparagement. During the Term and thereafter, Executive agrees not to disparage the Company Parties or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company Parties likewise agree to instruct their executive officers and directors not to disparage Executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Capri filing under U.S. securities laws or stock exchange rules and regulations.

(d) Copyrights, Inventions, etc. Any interest in patents, patent applications, inventions, technological innovations, copyrights, copyrightable works, developments, discoveries, designs, concepts, ideas and processes ("Such Inventions") that Executive now or hereafter during the Term may own, acquire or develop either individually or with others relating to the fields in which the Company Parties may then be engaged or contemplate being engaged shall belong to the Company Parties and forthwith upon request of the Company Parties, Executive shall execute all such assignments and other documents (including applications for patents, copyrights, trademarks and assignments thereof) and take all such other action as the Company Parties may reasonably request to assign to and vest in the Company Parties all of Executive's right, title and interest (including, without limitation, waivers to moral rights) in and to Such Inventions throughout the world, free and clear of liens, mortgages, security interests, pledges, charges and encumbrances. Executive acknowledges and agrees that (i) all copyrightable works created by Executive as an employee will be "works made for hire" on behalf of the Company Parties and that the Company Parties shall have all rights therein in perpetuity throughout the world, and (ii) to the extent that any such works do not qualify as works made for hire, Executive irrevocably assigns and transfers to the Company Parties all worldwide right, title and interest in and to such works. Executive hereby appoints any officer of the Company Parties as Executive's duly authorized attorney-in-fact to execute, file, prosecute and protect Such Inventions before any governmental agency, court or authority. If for any reason the Company Parties do not own any Such Invention, the Company Parties shall have the exclusive and royalty-free right to use in their businesses, and to make products therefrom, Such Invention as well as any improvements or know-how related thereto.

(e) Remedy for Breach and Modification. Executive acknowledges that the foregoing provisions of this Section __ are reasonable and necessary for the protection of the Company Parties, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company Parties, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section __ is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

PUBLIC

7. Miscellaneous.

(a) Representations. The Company Parties and Executive each represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and (ii) this Agreement constitutes the legal, valid and binding obligation of such party and is enforceable against it in accordance with its terms. In addition, Executive represents and warrants that the entering into and performance of this Agreement by Executive will not be in violation of any other agreement to which Executive is a party.

(b) Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by email, by a nationally recognized overnight delivery service or mailed by certified mail, return receipt requested, to Executive or to the Company Parties at the addresses set forth below or at such other address as Executive or the Company Parties may specify by notice to the other:

To Capri and/or the Company:

1 West 42nd Street
New York, New York 10036
Attention: Chairman and Chief Executive Officer

With a copy to:

Capri Holdings Limited / Michael Kors (USA), Inc.
1 West 42nd Street
New York, New York 10036
Attention: SVP, General Counsel

To Executive: at Executive's home address on file with the Company or to such other address as may be provided by such notice.

(c) Entire Agreement; Amendment. This Agreement supersedes all prior agreements (including the Prior Agreement) between the parties with respect to its subject matter, except that this Agreement does not cancel or supersede the Plans (or the applicable long-term incentive award agreements). This Agreement is intended (with any documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by both parties hereto.

(d) Waiver. The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in a writing signed by the party to be charged with such waiver.

(e) Assignment. Except as otherwise provided in this Section 7(e), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company Parties only to their respective parents, subsidiaries and affiliates; provided, however, that any assignment by the Company Parties shall not, without the written consent of Executive, relieve the Company Parties of their obligations hereunder.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

(g) Captions. The captions in this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of the Agreement.

(h) Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed in that State, without regard to its conflict of laws principles.

(i) Arbitration. Any dispute or claim between the parties hereto arising out of, or, in connection with this Agreement, shall, upon written request of either party, become a matter for arbitration; provided, however, that Executive acknowledges that in the event of any violation of Section __ hereof, the Company Parties shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall be before a neutral arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association and take place in New York City. Each party shall bear its own fees, costs and disbursements in such proceeding. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

(j) Indemnification. To the extent permitted by law and the Company Parties' by-laws or other governing documents, the Company Parties will indemnify Executive with respect to any claims made against her as an officer or employee of the Company Parties or any subsidiary of either of the Company Parties, except for acts taken in bad faith or in breach of Executive's duty of loyalty to the Company Parties or such subsidiary. During the Term and for as long thereafter as is practicable, Executive shall be covered under a directors' and officers' liability insurance policy with coverage limits in amounts no less than that which the Company Parties currently maintain as of the date of this Agreement. This Agreement does not alter or amend the individual indemnification agreement between Executive and Capri in effect as of the date hereof.

(k) Section 409A.

(i) General. It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event

PUBLIC

may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year.

(ii) Reimbursements and In-Kind Benefits. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) Delay of Payments. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company Parties as in effect on the Date of Termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, on the first business day of the seventh month following Executive's separation from service (the "Delayed Payment Date"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or thirty (30) calendar days after the date of Executive's death.

(l) No Mitigation. Executive shall not be required seek other employment or take any other action to mitigate the amount of any damages that Executive may incur or other payments to be made to Executive hereunder, nor shall any payments to Executive hereunder be reduced by any other payments Executive may receive whether or not Executive obtains other employment.

PUBLIC

[Intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of May 30, 2023.

CAPRI HOLDINGS LIMITED

By: s/ John D. Idol
Name: John D. Idol
Title: Chairman and Chief Executive Officer

MICHAEL KORS (USA), INC.

By: s/ John D. Idol
Name: John D. Idol
Title: Chairman and Chief Executive Officer

/s/ Jenna A. Hendricks
Jenna A. Hendricks

Exhibit 10.21

CAPRI HOLDINGS LIMITED

CHANGE IN CONTROL CONTINUITY AGREEMENT

THIS CHANGE IN CONTROL CONTINUITY AGREEMENT (this "**Agreement**") is made and entered into, as of May 30, 2023, by and between Capri Holdings Limited, a British Virgin Islands business company limited by shares (the "**Company**") and Thomas J. Edwards, Jr. ("**Executive**").

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below); and

WHEREAS, the Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide Executive with compensation and benefits arrangements upon a Change in Control that ensure that the compensation and benefits expectations of Executive will be satisfied and that are competitive with those of other corporations.

NOW, **THEREFORE**, in order to accomplish the foregoing objectives and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows.

Certain Definitions

(a) "**Affiliate**" shall mean an entity controlled by, controlling or under common control with another entity.

(b) "**Change in Control**" shall mean:

(i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, or any successor thereto (the "**Exchange Act**")) (a "**Person**") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (1) the then outstanding shares of ordinary shares of the Company (the "**Outstanding Company Ordinary Shares**") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company; (B) any acquisition by the Company; (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (D) any acquisition by any entity pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1(b);

(ii) A change in the composition of the Board such that the individuals who, as of the date of this Agreement, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that, any individual who becomes a member of the Board subsequent to the date

PUBLIC

of this Agreement whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board;

(iii) The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (a "**Business Combination**"), in each case, unless, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of ordinary shares (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities, as the case may be; (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of ordinary shares (or, for a noncorporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(c) "**Change in Control Period**" shall mean the period commencing on the date hereof and ending on the second anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change in Control Period shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to Executive that the Change in Control Period shall not be so extended.

(d) "**Code**" shall mean the Internal Revenue Code of 986, as amended.

PUBLIC

(e) "**CIC Effective Date**" shall mean the first date during the Change in Control Period on which a Change in Control occurs.

Employment Period. The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the CIC Effective Date and ending on the second anniversary of such date (the "**Employment Period**"). The Employment Period shall terminate upon Executive's termination of employment for any reason.

3. **Terms of Employment**

(a) **Position and Duties** (i) During the Employment Period, (A) Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all respects with the most significant of those held, exercised and assigned to Executive at any time during the 120-day period immediately preceding the CIC Effective Date and (B) Executive's services shall be performed at the location where Executive was employed immediately preceding the CIC Effective Date or any office or location less than 50 miles from such location.

(i) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the CIC Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the CIC Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

(b) **Compensation**

(i) **Base Salary**. During the Employment Period, Executive shall receive an annual base salary ("**Annual Base Salary**"), that shall be paid at an annual rate, at least equal to *multiplied by* the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to Executive by the Company and its Affiliates in respect of the 12-month period immediately preceding the month in which the CIC Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally During the Employment Period, the Annual Base Salary shall be periodically reviewed for increase consistent with, and on a basis no less favorable than that applicable to, other peer executives of the Company and its Affiliates, but in no event shall such review and adjustment occur more than 12 months after the last salary increase awarded to Executive prior to the CIC Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the

term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) __Annual Bonus__ In addition to Annual Base Salary, Executive shall be eligible, for each fiscal year ending during the Employment Period, for an annual bonus (the "**Annual Bonus**") in cash with a target annual bonus opportunity at least equal to the target annual bonus opportunity for which Executive was eligible as of immediately prior to the CIC Effective Date (the amount equal to such target annual bonus opportunity referred to herein as the "**Target Annual Bonus**"), with the actual earned Annual Bonus, if any, to be determined on a basis no less favorable than that applicable to other peer executives of the Company and its Affiliates. Each such Annual Bonus shall be paid no later than two and a half months after the end of the fiscal year for which the Annual Bonus is awarded, unless Executive shall elect to defer the receipt of such Annual Bonus pursuant to an arrangement that meets the requirements of Section 409A of the Code.

(iii) __Long Term Incentive Awards__. During the Employment Period, Executive shall be entitled to participate in all long-term equity- and cash-based incentive plans and programs applicable generally to other peer executives of the Company and its Affiliates. For each fiscal year ending during the Employment Period, Executive shall be awarded annual long-term incentive awards (the "**Annual LTI Award**") in respect of the ordinary shares of the Company (or the ultimate parent entity of the Company) or cash incentive awards, in each case on the same basis as other peer executives of the Company, at least equal to the target Annual LTI Award opportunity to which Executive was eligible as of immediately prior to the CIC Effective Date or, if more favorable to Executive, the target Annual LTI Award opportunity provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates (the "**Target LTI Award Opportunity**"). The terms and conditions of the awards granted in respect of such Annual LTI Awards shall be no less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the awards granted to Executive under such plans and programs as in effect at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates.

(iv) __Savings and Retirement Plans__. During the Employment Period, Executive shall be entitled to participate in all savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide Executive with savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates.

(v) __Welfare and Insurance Benefit Plans__ During the Employment Period, Executive and/or Executive's dependents, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare and insurance benefit plans, practices, policies and programs provided by the Company and its Affiliates (including medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) ("**Company Welfare Benefit Plans**") to the extent applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such Company Welfare Benefit Plans provide Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date.

(vi) **Expenses**. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(vii) **Fringe Benefits** During the Employment Period, Executive shall be entitled to fringe benefits, including any clothing allowance and merchandise discount, as applicable to Executive and in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(viii) **Paid Time Off or Vacation**. During the Employment Period, Executive shall be entitled to paid time off or paid vacation, in each case in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for Executive at any time during the 365-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

4. **Termination of Employment**

(a) **Death or Disability**. Executive's employment shall terminate automatically upon Executive's death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice in accordance with Section 11(b) of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive (the "**Disability Date**"), provided, that within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "**Disability**" shall mean the absence of Executive from Executive's duties with the Company on a full-time basis for 180 consecutive business days (or for 80 business days in any consecutive 365 days) as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative.

(b) **Cause**. The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "**Cause**" shall mean:

PUBLIC

(i) Executive's gross negligence, willful misconduct or dishonesty in performing his duties to the Company;

(ii) Executive's conviction of a felony (other than a felony involving a traffic violation);

(iii) Executive's commission of a felony involving a fraud or other business crime against the Company or any of its subsidiaries; or

(iv) Executive's material breach of any of the covenants set forth in Section 9 hereof; provided that, if any such breach is curable, Executive shall have an opportunity to correct such breach within 30 days after written notice by the Company to Executive thereof.

For purposes of this provision, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company and its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or if the Company is not the ultimate parent entity of the Company and is not publicly traded, the board of directors (or, for a non-corporate entity, equivalent governing body) of the ultimate parent of the Company (the "**Applicable Board**") or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company and its Affiliates or based upon the advice of counsel for the Company and its Affiliates shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company and its Affiliates. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Applicable Board at a meeting of the Applicable Board called and held for such purpose after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel for Executive, to be heard before the Applicable Board, finding that, in the good faith opinion of the Applicable Board, Executive is guilty of conduct that constitutes Cause.

(c) **Good Reason** Executive's employment may be terminated during the Employment Period by Executive for Good Reason or by Executive voluntarily without Good Reason. "**Good Reason**" means actions taken by the Company resulting in a material negative change in the employment relationship. For these purposes, a "material negative change in the employment relationship" shall include:

(i) the assignment to Executive of duties or responsibilities that are inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or a material diminution in Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) or a material diminution in the budget over which Executive retains authority;

(ii) a material diminution in the authorities, duties or responsibilities of the person to whom Executive is required to report, including a requirement that Executive report to an officer other than the Chief Executive Officer of the Company (or, if the Company is not the ultimate parent entity of the Company and is not publicly traded, the Chief Executive Officer of the ultimate parent of the Company);

PUBLIC

(iii) the failure to provide, in all material respects, any element of the compensation and benefits required to be provided to Executive in accordance with any of the provisions of Section 3(b), including any decrease in Executive's Annual Base Salary;

(iv) the Company's requiring Executive to be based at any office or location other than as provided in Section 3(a)(i)(B) resulting in a material increase in Executive's commute to and from Executive's primary residence (for this purpose an increase in Executive's commute by 50 miles or more shall be deemed material); or

(v) any other action or inaction that constitutes a material breach by the Company of this Agreement, including any failure by the Company to comply with and satisfy Section 10(c).

In order to invoke a termination for Good Reason, Executive shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (i) through (v) within 90 days following Executive's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have 30 days following receipt of such written notice (the "**Cure Period**") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, Executive's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two years following the initial existence of such condition or conditions in order for such termination as a result of such condition to constitute a termination for Good Reason.

(d) **Incapacity or Death**. Executive's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (v) of Section 4(c) shall not affect Executive's ability to terminate employment for Good Reason, and Executive's death following delivery of a Notice of Termination for Good Reason shall not affect the entitlement of the estate of Executive to severance payments or benefits provided hereunder upon a termination of employment for Good Reason.

(e) **Notice of Termination**. Any termination of employment by the Company for Cause, or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b). For purposes of this Agreement, a "**Notice of Termination**" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than 30 days after the giving of such notice) (subject to the Company's right to cure in the case of a resignation for Good Reason). The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(f) **Date of Termination** "**Date of Termination**" means (i) if Executive's employment is terminated by the Company for Cause, or by Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified

PUBLIC

therein, as the case may be, (ii) if Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies Executive of such termination, (iii) if Executive resigns without Good Reason, the date on which Executive notifies the Company of such termination and (iv) if Executive's employment is terminated by reason of death or Disability, the date of death of Executive or the Disability Date, as the case may be.

5. **<u>Obligations of the Company Upon Termination</u>**

(a) **<u>By the Company Other Than for Cause, Death or Disability; By Executive for Good Reason</u>**. If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause, Death or Disability or Executive shall terminate employment for Good Reason:

(i) subject to Section (k), the Company shall pay to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination equal to the aggregate of the following amounts:

(A) the sum of (I) Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid; (II) Executive's business expenses that are reimbursable pursuant to Section 3(b)(v) but have not been reimbursed by the Company as of the Date of Termination; (III) Executive's Annual Bonus for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been determined but not paid as of the Date of Termination; (IV) any accrued vacation pay or other paid time off to the extent required by any policy in effect prior to the CIC Effective Date or, if more favorable to Executive, at any time thereafter, or otherwise payable under applicable law, and not theretofore paid (the sum of the amounts described in subclauses (I), (II), (III) and (IV), the "**Accrued Obligations**"); <u>provided</u>, that notwithstanding the foregoing, if Executive has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or the Annual Bonus described in clause (I) or (III), then for all purposes of this Section 5 (including Sections 5(b) through 5(d)), such deferral election, and the terms of the applicable arrangement shall apply to the same portion of the amount described in such clause (I) or (III), and such portion shall not be considered as part of the "Accrued Obligations" but shall instead be an "Other Benefit" (as defined below);

(B) an amount equal to the product of (I) the Target Annual Bonus and (II) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 (the "**Pro Rata Bonus**"); and

(C) the amount equal to the product of (I) two (2) and (II) the sum of (x) Executive's Annual Base Salary and (y) the Target Annual Bonus;

(i) the Company shall pay to Executive an amount equal to the product of (A) the monthly premiums for coverage under the Company's or and its Affiliates' health care plans for purposes of continuation coverage under Section 4980B of the Code with respect to the maximum level of coverage in effect for Executive and

his spouse and dependents as of immediately prior to the Date of Termination, and (B) 4;

(ii) the Company shall, at its sole expense as incurred, provide Executive with outplacement services the scope and provider of which shall be selected by Executive in Executive's sole discretion, but the cost thereof shall not exceed $25,000; provided, that such outplacement benefits shall end not later than the last day of the second calendar year that begins after the Date of Termination; and

(iii) except as otherwise set forth in the last sentence of Section 6, to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or that Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates, including the vesting, settlement or exercisability of any equity or equity-based awards granted to Executive in accordance with the terms of the plan and award agreements applicable upon a termination of employment by the Company other than for Cause or for Good Reason (for the avoidance of doubt, as such terms are defined herein), including the vesting of awards pursuant to Section 11.2 of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan or the similar provisions of any predecessor or successor plans) and any rights under the Company's Deferred Compensation Plan (such other amounts and benefits shall be hereinafter referred to as the "**Other Benefits**") in accordance with the terms of the underlying plans or agreements.

The Company's obligations to pay or provide the payments and benefits set forth in Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of this Agreement shall be subject to Executive's execution, delivery to the Company and non-revocation of a release of claims substantially in the form attached hereto as Exhibit A

(b) **Death**. If Executive's employment is terminated by reason of Executive's death during the Employment Period, the Company shall provide Executive's estate or beneficiaries with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(b) shall include, and Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates to the estates and beneficiaries of other peer executives of the Company and such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive's estate and/or Executive's beneficiaries, as in effect on the date of Executive's death with respect to other peer executives of the Company and its Affiliates and their beneficiaries.

(c) **Disability**. If Executive's employment is terminated by reason of Executive's Disability during the Employment Period, the Company shall provide Executive with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits in accordance with the terms of the underlying plans or agreements, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent

PUBLIC

applicable) and the Pro Rata Bonus shall be paid to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(c) shall include, and Executive shall be entitled after the Disability Date to receive, without limitation, disability and other benefits (either pursuant to a plan, program, practice or policy or an individual arrangement) at least equal to the most favorable of those generally provided by the Company and its Affiliates to disabled executives and/or their dependents in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their dependents at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive and/or Executive's dependents, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates and their dependents.

(d) **Cause; Other Than for Good Reason** If Executive's employment is terminated for Cause during the Employment Period, the Company shall provide Executive with Executive's Annual Base Salary (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) through the Date of Termination, and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. If Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) shall be paid to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination.

6. **Non-Exclusivity of Rights**. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which Executive may qualify, nor, subject to Section 11(h), shall anything herein limit or otherwise affect such rights as Executive may have under any other contract or agreement with the Company or its Affiliates. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Without limiting the generality of the foregoing, Executive's resignation under this Agreement with or without Good Reason shall in no way affect Executive's ability to terminate employment by reason of Executive's "retirement" under any compensation and benefits plans, programs or arrangements of the Company or its Affiliates, including any retirement or pension plans or arrangements or to be eligible to receive benefits under any compensation or benefit plans, programs or arrangements of the Company or any of its Affiliates, including any retirement or pension plan or arrangement of the Company or any of its Affiliates or substitute plans adopted by the Company or its successors, and any termination that otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if Executive receives payments and benefits pursuant to Section 5(a) of this Agreement, Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and its Affiliates, unless otherwise specifically provided therein in a specific reference to this Agreement.

7. **No Mitigation or Offset; Legal Fees**

PUBLIC

(a) **<u>No Mitigation or Offset</u>**. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

(b) **<u>Legal Fees</u>**. The Company agrees to pay as incurred (within days following the Company's receipt of an invoice from Executive), at any time from the CIC Effective Date through Executive's remaining lifetime (or, if longer, through the 20th anniversary of the CIC Effective Date) to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof whether such contest is between the Company and Executive or between either of them and any third party (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("**Interest**") determined as of the date such legal fees and expenses were incurred.

8. **<u>Treatment of Certain Payments</u>**

(a) Anything in the Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to the Agreement (the "**Agreement Payments**") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 8 shall be binding upon the Company and Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) cash payments that may not be valued under Treas. Reg. § 80G-1, Q&A-24(c) (" **(c)** "), (ii) equity-based payments that may not be valued under 24(c), (iii) cash payments that may be valued under 24(c), (iv) equity-based payments that may be valued under 24(c) and (v) other types of benefits. With respect to each category of the foregoing, such reduction shall occur first with respect to amounts that are not

"deferred compensation" within the meaning of Section 409A of the Code and next with respect to payments that are deferred compensation, in each case, beginning with payments or benefits that are to be paid the farthest in time from the Accounting Firm's determination. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by Executive (including Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 80G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

(d) The following terms shall have the following meanings for purposes of this Section 8:

(i) "**Accounting Firm**" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder and is reasonably acceptable to Executive, which firm shall not, without Executive's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(ii) "**Net After-Tax Receipt**" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 8 0G(d)(4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under Sections and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s).

(iii) "**Parachute Value**" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(iv) "**Payment**" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 80G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to the Agreement or otherwise.

(v) "**Safe Harbor Amount**" shall mean 99 *multiplied by* Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(e) The provisions of this Section 8 shall survive the expiration of the Agreement.

9. **Restrictive Covenants.**

(a) **Confidential Information**. Executive shall not disclose to any unauthorized person or entity or use for Executive's own purposes any Confidential Information without the prior written consent of the Company, unless and to the extent that the Confidential Information becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process or similar process, (i) Executive shall promptly notify in writing the Company, and consult with and assist the Company in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company waives compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information which, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving person or entity shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process and (iii) the Company shall be given an opportunity to review the Confidential Information prior to disclosure thereof. For purposes of this Agreement, "**Confidential Information**" means information, observations and data concerning the business or affairs of the Company and its Affiliates, including, without limitation, all business information (whether or not in written form) which relates to the Company or its Affiliates, or their customers, suppliers or contractors or any other third parties in respect of which the Company or its Affiliates has a business relationship or owes a duty of confidentiality, or their respective businesses or products, and which is not known to the public generally other than as a result of Executive's breach of this Agreement, including but not limited to: technical information or reports; formulas; trade secrets; unwritten knowledge and "know-how"; operating instructions; training manuals; customer lists; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information; contracts; and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company or its Affiliates or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). Nothing in this Agreement shall impair Executive's right under the whistleblower provisions of any applicable federal law or regulation or, for the avoidance of doubt, limit Executive's right to receive an award for the information provided to any government authority under such law or regulation.

(b) **No Hiring**. During the Employment Period and during the two-year period following termination of employment or service, Executive shall not knowingly perform any action, activity or course of conduct which is substantially detrimental to the businesses or business reputations of the Company or any of its Affiliates, including (i) soliciting, recruiting or hiring (or attempting to solicit, recruit or hire) any employees of the Company or any of its Affiliates or any persons who have worked for the Company or of its Affiliates during the 12-month period immediately preceding such solicitation, recruitment or hiring or attempt thereof; (ii) intentionally

PUBLIC

interfering with the relationship of the Company or any of its Affiliates with any person or entity who or which is employed by or otherwise engaged to perform services for, or any customer, client, supplier, licensee, licensor or other business relation of, the Company or any of its Affiliates; or (iii) assisting any person or entity in any way to do, or attempt to do, anything prohibited by the immediately preceding clauses (i) or (ii).

(c) **Non-Disparagement** During the Employment Period and thereafter, Executive agrees not to disparage the Company or any of its Affiliates or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company likewise agrees not to disparage Executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Company filing under U.S. securities laws or stock exchange rules and regulations.

(d) **Remedies; Modification; Interpretation** Executive acknowledges that the injury that would be suffered by the Company as a result of a breach in any material respect of the provisions of Section 9 of this Agreement would be irreparable and that an award of monetary damages to the Company for such a breach would be an inadequate remedy. Consequently, the Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company will not be obligated to post bond or other security in seeking such relief. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to Executive under this Agreement, but the Company otherwise shall be entitled to all other remedies that may be available to it at law or in equity. Executive acknowledges that the foregoing provisions of this Section 9 are reasonable and necessary for the protection of the Company and its Affiliates, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company and its Affiliates, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section 9 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable. For purposes of this Section 9, references to the "Company" and "Affiliates" shall refer to the Company and the Company's Affiliates as of the date immediately prior to the CIC Effective Date.

Successors

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section (c), without the prior written consent of Executive, this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

Miscellaneous

(a) **Governing Law and Dispute Resolution**. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. The parties irrevocably submit to the jurisdiction of any state or federal court sitting in or for the State of New York with respect to any dispute arising out of or relating to this Agreement, and each party irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the venue of any dispute arising out of or relating to this Agreement or the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute or proceeding. Each party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. THE PARTIES HEREBY WAIVE A TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT OR ASSERTED BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT.

(b) **Notices**. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive: To the most recent address on file with the Company.

If to the Company:

Capri Holdings Limited
West 42 nd Street
New York, NY 1036
Attention: SVP, General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) **Invalidity**. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(d) **Survivorship**. Upon the expiration or other termination of this Agreement or Executive's employment, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

(e) **Section Headings; Construction**. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof. For purposes of this Agreement, the term "including" shall mean "including, without limitation."

(f) **Counterparts**. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(g) **Amendments; Waiver**. No provision of this Agreement shall be modified or amended except by an instrument in writing duly executed by the parties hereto. Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, including the right of Executive to terminate employment for Good Reason pursuant to Section 4(c)(i)-(v), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) **At-Will Employment**. Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is "at will" and, subject to Section 1(e) of this Agreement, prior to the CIC Effective Date, Executive's employment may be terminated by either Executive or the Company at any time prior to the CIC Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the CIC Effective Date, except as specifically provided herein, this Agreement shall supersede any other employment agreement between the parties. For the avoidance of doubt, prior to the CIC Effective Date, any other employment agreement between the parties shall continue to govern the relationship between the parties.

(i) **Entire Agreement** This Agreement constitutes the entire agreement of the parties hereto in respect of the terms and conditions of Executive's employment with the Company and its Affiliates, including Executive's severance entitlements, and, as of the CIC Effective Date, supersedes and cancels in their entirety all prior understandings, agreements and commitments, whether written or oral, relating to the terms and conditions of employment between Executive, on the one hand, and the Company or its Affiliates, on the other hand, including the Amended and Restated Employment Agreement between Executive and the Company dated as of the date hereof. For the avoidance of doubt, this Agreement does not limit the terms of any benefit plans (including equity award agreements) of the Company or its Affiliates that are applicable to Executive, except to the extent that the terms of this Agreement are more favorable to Executive. From and after the CIC Effective Date, the obligations of Executive under Section 9 shall be the exclusive restrictive covenants to which Executive is bound and any other restrictive covenants set forth in any agreement between Executive and the Company or its Affiliates, including any equity award agreement shall be void and of no force and effect.

(j) **Tax Withholding** The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) **Section 409A**

(i) **General**. It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year. Notwithstanding any other provision of this Agreement to the contrary, solely for the purpose of determining the timing of payment or distribution of any compensation or benefit that constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code (and not the right to vest in or be entitled to receive any such payment or benefit) that may only be made or changed (including a change in the form of payment) upon an event described in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder, such payment shall only be made or timing or form changed if the Change in Control also constitutes an event described in Section 409A(a)(2)(A)(v) of the Code.

(ii) **Reimbursements and In-Kind Benefits**. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) **Delay of Payments**. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company and its Affiliates as in effect on the Date of Termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, with Interest (based on the rate in effect for the month in which Executive's separation from service occurs), on the first business day of the seventh month following Executive's separation from service (the "**Delayed Payment Date**"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If

Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of Executive's death.

(l) **Indemnification**. The Company shall indemnify Executive and hold him harmless to the fullest extent permitted by law and under the charter and bylaws of the Company (including the advancement of expenses) against, and with respect to, any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney fees), losses and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Company and its Affiliates. During the Employment Period and for as long thereafter as is practicable, Executive shall be covered under a directors' and officers' liability insurance policy with coverage limits in amounts no less than, and with terms and conditions no less favorable than, that or those maintained by the Company as of immediately prior to the CIC Effective Date. In addition, any individual indemnification agreement between Executive and the Company in effect immediately prior to the CIC Effective Date shall continue in full force and effect in accordance with its terms.

[Signature Page Follows]

PUBLIC

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from the Board, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE:

s/ Thomas J. Edwards, Jr.
Thomas J. Edwards, Jr.

COMPANY:

By: /s/ John D. Idol
ohn D. Idol
Chairman and Chief Executive Officer
Capri Holdings Limited

[Change in Control Continuity Agreement Signature Page]

EXHIBIT A

THIS GENERAL RELEASE OF CLAIMS (this "**Release**") is entered into between [___] ("**Executive**") and Capri Holdings Limited (the "**Company**") as of [**DATE**]. The entering into and non-revocation of this Release is a condition to Executive's right to receive the severance payments and benefits under Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of Executive's Change in Control Continuity Agreement, dated as of [●], 2023 (the "**CIC Continuity Agreement**"). Capitalized terms used in this Release that are not otherwise defined shall have the meanings set forth in the CIC Continuity Agreement.

Accordingly, Executive and the Company agree as follows:

General Release

(a) In consideration for the payments to be provided to Executive pursuant to Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of the CIC Continuity Agreement, Executive, for himself and for Executive's heirs, executors, administrators, trustees, legal representatives and assigns (hereinafter referred to collectively as "**Releasors**"), forever releases and discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, successors and assigns, assets, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, employees, insurers, attorneys and assigns, acting on behalf of the Company or in connection with Company business (collectively, the "**Company Entities**") from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, federal, state, local, or otherwise), whether known or unknown, which Executive ever had, now have, or may have against any of the Company Entities by reason of any act, omission, transaction, practice, plan, policy, procedure, conduct, occurrence, or other matter related to Executive's employment or the termination thereof up to and including the date on which Executive signs this Release.

(b) Without limiting the generality of the foregoing, this Release is intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities arising out of Executive's employment and/or Executive's separation from that employment, including, but not limited to, any claim under: (i) the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, (ii) Title VII of the Civil Rights Act of 1964 or under the Civil Rights Act of 1991, (iii) the Americans with Disabilities Act; (iv) the Employee Retirement Income Security Act of 974 (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Company Entities subject to the terms and conditions of such plan and applicable law), (v) the Family and Medical Leave Act, (vi) 42 USC §§ 1981-86, (vii) the Equal Pay Act, (viii) the Sarbanes-Oxley Act of 2002, (ix) Section 922 of the Dodd-Frank Act, (x) the Federal False Claims Act, the New York State Human Rights Law; (xi) the New York City Administrative Code; (xii) the New York Labor Law; (xiii) the New York Minimum Wage Act; (xiv) the statutory provisions regarding retaliation/ discrimination under the New York Worker's Compensation Law; and (xv) the New York City Earned Sick Time Act, as all of those statutes may have been amended. Without limiting the generality of the foregoing, this Release is also intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities, whether based on federal, state, or local law, statutory or decisional, arising out of Executive's employment, the termination of such employment, and/or any of the events relating

PUBLIC

directly or indirectly to or surrounding the termination of that employment, including, but not limited to, any claims for wrongful or retaliatory discharge, breach of contract (express, implied or otherwise), breach of the covenant of good faith and fair dealing, detrimental reliance, interference with contractual relations or any prospective business advantage, defamation, slander or libel, invasion of privacy, intentional and negligent infliction of emotional distress, false imprisonment, compensatory or punitive damages, any claims for attorneys' fees, costs, disbursements and/or the like, any claims for wages, bonuses, or other benefits, and any claims for negligence or intentional tort, arising up to and including the date on which Executive signs this Release.

(c) Nothing in this Release prevents Executive from providing truthful information to any governmental entity, nor does it interfere with Executive's right to file a charge with or participate in any investigation or proceeding conducted by the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission or a state or local fair employment practices agency. Nevertheless, Executive acknowledges and agrees that Executive hereby waives any right to seek or to share in any relief, monetary or otherwise, relating to any claim released herein whether such claim was initiated by Executive or not. In addition, nothing in this Release shall impair Executive's right under the whistleblower provisions of any applicable federal law or regulation or, for the avoidance of doubt, limit Executive's right to receive an award for the information provided to any government authority under such law or regulation.

(d) Notwithstanding the foregoing, this Release shall not release the Company from: (i) any obligations under the CIC Continuity Agreement or Executive's right to enforce the terms of the CIC Continuity Agreement; (ii) any obligations regarding any rights of Executive as a current or former officer, director or employee of the Company or its affiliates to indemnification under the terms of the CIC Continuity Agreement, the Company's bylaws or charter or any insurance policy or other agreement under which Executive is entitled to indemnification or directors' and officers' liability coverage; (iii) any claims or causes of action that cannot legally be waived, including, but not limited to, any claim for earned but unpaid wages, workers' compensation benefits, unemployment benefits, and vested 401(k) benefits; (iv) any claims that may arise in the future from events or actions occurring after the date on which Executive signs this Release; and (v) any claims as the holder or beneficial owner of securities (or other rights relating to securities, including equity awards) of the Company or its affiliates. By signing this Release, Executive represents that Executive has not commenced or joined in any claim, charge, action or proceeding whatsoever against the Company or any of the Company Entities arising out of or relating to any of the matters set forth in this paragraph.

<u>Acknowledgement</u> Executive acknowledges and agrees that the provisions in <u>Section 9</u> of the CIC Continuity Agreement shall remain in full force and effect in accordance with the terms of the CIC Continuity Agreement.

3. <u>Not an Admission</u>. This Release is not intended, and shall not be construed, as an admission that any of the Company Entities has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever against Executive. nor is it intended, and shall not be construed as, an admission by Executive that Executive has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever.

4. Entire Agreement. This Release constitutes the entire agreement between the parties with respect to the subject matter of this Release. No amendment to this Release shall be binding upon either party unless in writing and signed by or on behalf of such party.

5. Severability. Should any provision of this Release be declared or determined by any court to be illegal, invalid or unenforceable, the validity of the remaining parts, terms or provisions shall not be affected, and each remaining part, term or provision shall be legal, valid and enforceable to the fullest extent permitted by law, and any illegal, invalid or unenforceable part, term or provision shall be deemed not to be a part of this Release.

6. Jurisdiction/Choice of Law/Waiver of Jury Trial. Executive agrees that the provisions of this Release shall be construed in accordance with the internal laws of the State of New York, without regard to the conflict of law provisions of any state. Both parties hereby waive any right to a jury trial.

7. Knowing and Voluntary Agreement Executive acknowledges that Executive:

(a) has carefully read this Release in its entirety;

(b) has had an opportunity to consider it for at least twenty-one (21) days to consider the actual terms of this Release;

(c) is hereby advised by the Company in writing to consult with an attorney of Executive's choice in connection with this Release;

(d) fully understands the significance of all of the terms and conditions of this Release and has discussed them with Executive's independent legal counsel, or has had a reasonable opportunity to do so;

(e) has had answered to Executive's satisfaction by Executive's independent legal counsel any questions Executive has asked with regard to the meaning and significance of any of the provisions of this Agreement; and

(f) is signing this Agreement voluntarily and of Executive's own free will and agrees to abide by all the terms and conditions contained herein.

8. Effectiveness. Executive understands that Executive will have at least twenty-one (21) days from the date of receipt of this Release to consider the terms and conditions of this Release. Executive may accept this Release by signing it and returning it to:

Capri Holdings Limited
West 42nd Street
New York, NY 1036
Attention: SVP, General Counsel

on or before 21 days after delivery. After executing this Release, Executive shall have seven (7) days (the "**Revocation Period**") to revoke this Release by indicating Executive's desire to do so in writing delivered to the Company's SVP, General Counsel at the address set forth above by no later than 5:00 p.m. on the seventh (7th) day after the date Executive signs this Release. The effective date of this Release shall be the

eighth (8th) day after Executive signs the Release. If the last day of the Revocation Period falls on a Saturday, Sunday or holiday, the last day of the Revocation Period will be deemed to be the next business day. In the event Executive does not accept this Release as set forth above, or in the event Executive revokes this Release during the Revocation Period, this Release shall be deemed automatically null and void.

PLEASE READ THIS RELEASE CAREFULLY. IT CONTAINS A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS ARISING OUT OF EXECUTIVE'S EMPLOYMENT.

Executive has read this Release and is fully aware of the legal effects of this Release. Executive has chosen to execute this Release freely, without reliance upon any promises or representations made by the Company other than those contained in this Release and understands that Executive will receive the payments and benefits provided under the CIC Continuity Agreement as set forth on Schedule I, less any applicable tax withholdings, in accordance with the terms of the CIC Continuity Agreement following the date on which this Release becomes irrevocable as described above.

Dated: ________________________

EXECUTIVE

____

SCHEDULE I
SEVERANCE BENEFITS

Accrued Obligations (not subject to Release)	$[●] (Annual Base Salary) $[●] (Unpaid Annual Bonus) $[●] (Accrued Vacation) $[●] (Unreimbursed Expenses)	
Pro Rata Bonus	**$[●]**	
Severance Payment	**$[●]**	
Welfare Benefits Payment	**$[●]**	
Outplacement	Up to $25,000	
Other Benefits (not subject to Release)	[To be specified as applicable]	

PUBLIC

Exhibit 10.22

CAPRI HOLDINGS LIMITED

CHANGE IN CONTROL CONTINUITY AGREEMENT

THIS CHANGE IN CONTROL CONTINUITY AGREEMENT (this "**Agreement**") is made and entered into, as of May 30, 2023, by and between Capri Holdings Limited, a British Virgin Islands business company limited by shares (the "**Company**") and Jenna A. Hendricks ("**Executive**").

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below); and

WHEREAS, the Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide Executive with compensation and benefits arrangements upon a Change in Control that ensure that the compensation and benefits expectations of Executive will be satisfied and that are competitive with those of other corporations.

NOW, **THEREFORE**, in order to accomplish the foregoing objectives and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows.

Certain Definitions

(a) "**Affiliate**" shall mean an entity controlled by, controlling or under common control with another entity.

(b) "**Change in Control**" shall mean:

(i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, or any successor thereto (the "**Exchange Act**")) (a "**Person**") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (1) the then outstanding shares of ordinary shares of the Company (the "**Outstanding Company Ordinary Shares**") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company; (B) any acquisition by the Company; (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (D) any acquisition by any entity pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1(b);

(ii) A change in the composition of the Board such that the individuals who, as of the date of this Agreement, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that, any individual who becomes a member of the Board subsequent to the date

PUBLIC

of this Agreement whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board;

(iii) The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (a "**Business Combination**"), in each case, unless, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of ordinary shares (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities, as the case may be; (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of ordinary shares (or, for a noncorporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(c) "**Change in Control Period**" shall mean the period commencing on the date hereof and ending on the second anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change in Control Period shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to Executive that the Change in Control Period shall not be so extended.

(d) "**Code**" shall mean the Internal Revenue Code of 986, as amended.

PUBLIC

(e) "**CIC Effective Date**" shall mean the first date during the Change in Control Period on which a Change in Control occurs.

Employment Period. The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the CIC Effective Date and ending on the second anniversary of such date (the "**Employment Period**"). The Employment Period shall terminate upon Executive's termination of employment for any reason.

3. **Terms of Employment**

(a) **Position and Duties** (i) During the Employment Period, (A) Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all respects with the most significant of those held, exercised and assigned to Executive at any time during the 120-day period immediately preceding the CIC Effective Date and (B) Executive's services shall be performed at the location where Executive was employed immediately preceding the CIC Effective Date or any office or location less than 50 miles from such location.

(i) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the CIC Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the CIC Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

(b) **Compensation**

(i) **Base Salary**. During the Employment Period, Executive shall receive an annual base salary ("**Annual Base Salary**"), that shall be paid at an annual rate, at least equal to *multiplied by* the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to Executive by the Company and its Affiliates in respect of the 12-month period immediately preceding the month in which the CIC Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally During the Employment Period, the Annual Base Salary shall be periodically reviewed for increase consistent with, and on a basis no less favorable than that applicable to, other peer executives of the Company and its Affiliates, but in no event shall such review and adjustment occur more than 12 months after the last salary increase awarded to Executive prior to the CIC Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the

PUBLIC

term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) **Annual Bonus** In addition to Annual Base Salary, Executive shall be eligible, for each fiscal year ending during the Employment Period, for an annual bonus (the "**Annual Bonus**") in cash with a target annual bonus opportunity at least equal to the target annual bonus opportunity for which Executive was eligible as of immediately prior to the CIC Effective Date (the amount equal to such target annual bonus opportunity referred to herein as the "**Target Annual Bonus**"), with the actual earned Annual Bonus, if any, to be determined on a basis no less favorable than that applicable to other peer executives of the Company and its Affiliates. Each such Annual Bonus shall be paid no later than two and a half months after the end of the fiscal year for which the Annual Bonus is awarded, unless Executive shall elect to defer the receipt of such Annual Bonus pursuant to an arrangement that meets the requirements of Section 409A of the Code.

(iii) **Long Term Incentive Awards**. During the Employment Period, Executive shall be entitled to participate in all long-term equity- and cash-based incentive plans and programs applicable generally to other peer executives of the Company and its Affiliates. For each fiscal year ending during the Employment Period, Executive shall be awarded annual long-term incentive awards (the "**Annual LTI Award**") in respect of the ordinary shares of the Company (or the ultimate parent entity of the Company) or cash incentive awards, in each case on the same basis as other peer executives of the Company, at least equal to the target Annual LTI Award opportunity to which Executive was eligible as of immediately prior to the CIC Effective Date or, if more favorable to Executive, the target Annual LTI Award opportunity provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates (the "**Target LTI Award Opportunity**"). The terms and conditions of the awards granted in respect of such Annual LTI Awards shall be no less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the awards granted to Executive under such plans and programs as in effect at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates.

(iv) **Savings and Retirement Plans**. During the Employment Period, Executive shall be entitled to participate in all savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide Executive with savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates.

(v) **Welfare and Insurance Benefit Plans** During the Employment Period, Executive and/or Executive's dependents, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare and insurance benefit plans, practices, policies and programs provided by the Company and its Affiliates (including medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) ("**Company Welfare Benefit Plans**") to the extent applicable generally to

PUBLIC

other peer executives of the Company and its Affiliates, but in no event shall such Company Welfare Benefit Plans provide Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date.

(vi) **Expenses**. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(vii) **Fringe Benefits** During the Employment Period, Executive shall be entitled to fringe benefits, including any clothing allowance and merchandise discount, as applicable to Executive and in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(viii) **Paid Time Off or Vacation**. During the Employment Period, Executive shall be entitled to paid time off or paid vacation, in each case in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for Executive at any time during the 365-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

4. **Termination of Employment**

(a) **Death or Disability**. Executive's employment shall terminate automatically upon Executive's death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice in accordance with Section 11(b) of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive (the "**Disability Date**"), provided, that within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "**Disability**" shall mean the absence of Executive from Executive's duties with the Company on a full-time basis for 180 consecutive business days (or for 80 business days in any consecutive 365 days) as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative.

(b) **Cause**. The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "**Cause**" shall mean:

(i) Executive's gross negligence, willful misconduct or dishonesty in performing her duties to the Company;

(ii) Executive's conviction of a felony (other than a felony involving a traffic violation);

(iii) Executive's commission of a felony involving a fraud or other business crime against the Company or any of its subsidiaries; or

(iv) Executive's material breach of any of the covenants set forth in Section 9 hereof; provided that, if any such breach is curable, Executive shall have an opportunity to correct such breach within 30 days after written notice by the Company to Executive thereof.

For purposes of this provision, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company and its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or if the Company is not the ultimate parent entity of the Company and is not publicly traded, the board of directors (or, for a non-corporate entity, equivalent governing body) of the ultimate parent of the Company (the "**Applicable Board**") or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company and its Affiliates or based upon the advice of counsel for the Company and its Affiliates shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company and its Affiliates. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Applicable Board at a meeting of the Applicable Board called and held for such purpose after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel for Executive, to be heard before the Applicable Board, finding that, in the good faith opinion of the Applicable Board, Executive is guilty of conduct that constitutes Cause.

(c) **Good Reason** Executive's employment may be terminated during the Employment Period by Executive for Good Reason or by Executive voluntarily without Good Reason. "**Good Reason**" means actions taken by the Company resulting in a material negative change in the employment relationship. For these purposes, a "material negative change in the employment relationship" shall include:

(i) the assignment to Executive of duties or responsibilities that are inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or a material diminution in Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) or a material diminution in the budget over which Executive retains authority;

(ii) a material diminution in the authorities, duties or responsibilities of the person to whom Executive is required to report, including a requirement that Executive report to an officer other than the Chief Executive Officer of the Company (or, if the Company is not the ultimate parent entity of the Company and is not publicly traded, the Chief Executive Officer of the ultimate parent of the Company);

PUBLIC

(iii) the failure to provide, in all material respects, any element of the compensation and benefits required to be provided to Executive in accordance with any of the provisions of Section 3(b), including any decrease in Executive's Annual Base Salary;

(iv) the Company's requiring Executive to be based at any office or location other than as provided in Section 3(a)(i)(B) resulting in a material increase in Executive's commute to and from Executive's primary residence (for this purpose an increase in Executive's commute by 50 miles or more shall be deemed material); or

(v) any other action or inaction that constitutes a material breach by the Company of this Agreement, including any failure by the Company to comply with and satisfy Section 10(c).

In order to invoke a termination for Good Reason, Executive shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (i) through (v) within 90 days following Executive's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have 30 days following receipt of such written notice (the "**Cure Period**") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, Executive's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two years following the initial existence of such condition or conditions in order for such termination as a result of such condition to constitute a termination for Good Reason.

(d) **Incapacity or Death**. Executive's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (v) of Section 4(c) shall not affect Executive's ability to terminate employment for Good Reason, and Executive's death following delivery of a Notice of Termination for Good Reason shall not affect the entitlement of the estate of Executive to severance payments or benefits provided hereunder upon a termination of employment for Good Reason.

(e) **Notice of Termination**. Any termination of employment by the Company for Cause, or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b). For purposes of this Agreement, a "**Notice of Termination**" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than 30 days after the giving of such notice) (subject to the Company's right to cure in the case of a resignation for Good Reason). The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(f) **Date of Termination** "**Date of Termination**" means (i) if Executive's employment is terminated by the Company for Cause, or by Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified

therein, as the case may be, (ii) if Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies Executive of such termination, (iii) if Executive resigns without Good Reason, the date on which Executive notifies the Company of such termination and (iv) if Executive's employment is terminated by reason of death or Disability, the date of death of Executive or the Disability Date, as the case may be.

5. **Obligations of the Company Upon Termination**

(a) **By the Company Other Than for Cause, Death or Disability; By Executive for Good Reason**. If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause, Death or Disability or Executive shall terminate employment for Good Reason:

(i) subject to Section (k), the Company shall pay to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination equal to the aggregate of the following amounts:

(A) the sum of (I) Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid; (II) Executive's business expenses that are reimbursable pursuant to Section 3(b)(v) but have not been reimbursed by the Company as of the Date of Termination; (III) Executive's Annual Bonus for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been determined but not paid as of the Date of Termination; (IV) any accrued vacation pay or other paid time off to the extent required by any policy in effect prior to the CIC Effective Date or, if more favorable to Executive, at any time thereafter, or otherwise payable under applicable law, and not theretofore paid (the sum of the amounts described in subclauses (I), (II), (III) and (IV), the "**Accrued Obligations**"); provided, that notwithstanding the foregoing, if Executive has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or the Annual Bonus described in clause (I) or (III), then for all purposes of this Section 5 (including Sections 5(b) through 5(d)), such deferral election, and the terms of the applicable arrangement shall apply to the same portion of the amount described in such clause (I) or (III), and such portion shall not be considered as part of the "Accrued Obligations" but shall instead be an "Other Benefit" (as defined below);

(B) an amount equal to the product of (I) the Target Annual Bonus and (II) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 (the "**Pro Rata Bonus**"); and

(C) the amount equal to the product of (I) two (2) and (II) the sum of (x) Executive's Annual Base Salary and (y) the Target Annual Bonus;

(i) the Company shall pay to Executive an amount equal to the product of (A) the monthly premiums for coverage under the Company's or and its Affiliates' health care plans for purposes of continuation coverage under Section 4980B of the Code with respect to the maximum level of coverage in effect for Executive and

her spouse and dependents as of immediately prior to the Date of Termination, and (B) 4;

(ii) the Company shall, at its sole expense as incurred, provide Executive with outplacement services the scope and provider of which shall be selected by Executive in Executive's sole discretion, but the cost thereof shall not exceed $25,000; provided, that such outplacement benefits shall end not later than the last day of the second calendar year that begins after the Date of Termination; and

(iii) except as otherwise set forth in the last sentence of Section 6, to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or that Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates, including the vesting, settlement or exercisability of any equity or equity-based awards granted to Executive in accordance with the terms of the plan and award agreements applicable upon a termination of employment by the Company other than for Cause or for Good Reason (for the avoidance of doubt, as such terms are defined herein), including the vesting of awards pursuant to Section 11.2 of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan or the similar provisions of any predecessor or successor plans) and any rights under the Company's Deferred Compensation Plan (such other amounts and benefits shall be hereinafter referred to as the "**Other Benefits**") in accordance with the terms of the underlying plans or agreements.

The Company's obligations to pay or provide the payments and benefits set forth in Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of this Agreement shall be subject to Executive's execution, delivery to the Company and non-revocation of a release of claims substantially in the form attached hereto as Exhibit A

(b) **Death**. If Executive's employment is terminated by reason of Executive's death during the Employment Period, the Company shall provide Executive's estate or beneficiaries with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(b) shall include, and Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates to the estates and beneficiaries of other peer executives of the Company and such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive's estate and/or Executive's beneficiaries, as in effect on the date of Executive's death with respect to other peer executives of the Company and its Affiliates and their beneficiaries.

(c) **Disability**. If Executive's employment is terminated by reason of Executive's Disability during the Employment Period, the Company shall provide Executive with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits in accordance with the terms of the underlying plans or agreements, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent

PUBLIC

applicable) and the Pro Rata Bonus shall be paid to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(c) shall include, and Executive shall be entitled after the Disability Date to receive, without limitation, disability and other benefits (either pursuant to a plan, program, practice or policy or an individual arrangement) at least equal to the most favorable of those generally provided by the Company and its Affiliates to disabled executives and/or their dependents in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their dependents at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive and/or Executive's dependents, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates and their dependents.

(d) **Cause; Other Than for Good Reason** If Executive's employment is terminated for Cause during the Employment Period, the Company shall provide Executive with Executive's Annual Base Salary (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) through the Date of Termination, and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. If Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) shall be paid to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination.

6. **Non-Exclusivity of Rights**. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which Executive may qualify, nor, subject to Section 11(h), shall anything herein limit or otherwise affect such rights as Executive may have under any other contract or agreement with the Company or its Affiliates. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Without limiting the generality of the foregoing, Executive's resignation under this Agreement with or without Good Reason shall in no way affect Executive's ability to terminate employment by reason of Executive's "retirement" under any compensation and benefits plans, programs or arrangements of the Company or its Affiliates, including any retirement or pension plans or arrangements or to be eligible to receive benefits under any compensation or benefit plans, programs or arrangements of the Company or any of its Affiliates, including any retirement or pension plan or arrangement of the Company or any of its Affiliates or substitute plans adopted by the Company or its successors, and any termination that otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if Executive receives payments and benefits pursuant to Section 5(a) of this Agreement, Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and its Affiliates, unless otherwise specifically provided therein in a specific reference to this Agreement.

7. **No Mitigation or Offset; Legal Fees**

PUBLIC

(a) **No Mitigation or Offset**. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

(b) **Legal Fees**. The Company agrees to pay as incurred (within days following the Company's receipt of an invoice from Executive), at any time from the CIC Effective Date through Executive's remaining lifetime (or, if longer, through the 20th anniversary of the CIC Effective Date) to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof whether such contest is between the Company and Executive or between either of them and any third party (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("**Interest**") determined as of the date such legal fees and expenses were incurred.

8. **Treatment of Certain Payments**

(a) Anything in the Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to the Agreement (the "**Agreement Payments**") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 8 shall be binding upon the Company and Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) cash payments that may not be valued under Treas. Reg. § 80G-1, Q&A-24(c) (" **(c)** "), (ii) equity-based payments that may not be valued under 24(c), (iii) cash payments that may be valued under 24(c), (iv) equity-based payments that may be valued under 24(c) and (v) other types of benefits. With respect to each category of the foregoing, such reduction shall occur first with respect to amounts that are not

PUBLIC

"deferred compensation" within the meaning of Section 409A of the Code and next with respect to payments that are deferred compensation, in each case, beginning with payments or benefits that are to be paid the farthest in time from the Accounting Firm's determination. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by Executive (including Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 80G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

(d) The following terms shall have the following meanings for purposes of this Section 8:

(i) "**Accounting Firm**" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder and is reasonably acceptable to Executive, which firm shall not, without Executive's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(ii) "**Net After-Tax Receipt**" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 8 0G(d)(4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under Sections and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s).

(iii) "**Parachute Value**" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(iv) "**Payment**" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 80G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to the Agreement or otherwise.

(v) "**Safe Harbor Amount**" shall mean 99 *multiplied by* Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(e) The provisions of this Section 8 shall survive the expiration of the Agreement.

9. **Restrictive Covenants.**

(a) **Confidential Information**. Executive shall not disclose to any unauthorized person or entity or use for Executive's own purposes any Confidential Information without the prior written consent of the Company, unless and to the extent that the Confidential Information becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process or similar process, (i) Executive shall promptly notify in writing the Company, and consult with and assist the Company in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company waives compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information which, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving person or entity shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process and (iii) the Company shall be given an opportunity to review the Confidential Information prior to disclosure thereof. For purposes of this Agreement, "**Confidential Information**" means information, observations and data concerning the business or affairs of the Company and its Affiliates, including, without limitation, all business information (whether or not in written form) which relates to the Company or its Affiliates, or their customers, suppliers or contractors or any other third parties in respect of which the Company or its Affiliates has a business relationship or owes a duty of confidentiality, or their respective businesses or products, and which is not known to the public generally other than as a result of Executive's breach of this Agreement, including but not limited to: technical information or reports; formulas; trade secrets; unwritten knowledge and "know-how"; operating instructions; training manuals; customer lists; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information; contracts; and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company or its Affiliates or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). Nothing in this Agreement shall impair Executive's right under the whistleblower provisions of any applicable federal law or regulation or, for the avoidance of doubt, limit Executive's right to receive an award for the information provided to any government authority under such law or regulation.

(b) **No Hiring**. During the Employment Period and during the two-year period following termination of employment or service, Executive shall not knowingly perform any action, activity or course of conduct which is substantially detrimental to the businesses or business reputations of the Company or any of its Affiliates, including (i) soliciting, recruiting or hiring (or attempting to solicit, recruit or hire) any employees of the Company or any of its Affiliates or any persons who have worked for the Company or of its Affiliates during the 12-month period immediately preceding such solicitation, recruitment or hiring or attempt thereof; (ii) intentionally

interfering with the relationship of the Company or any of its Affiliates with any person or entity who or which is employed by or otherwise engaged to perform services for, or any customer, client, supplier, licensee, licensor or other business relation of, the Company or any of its Affiliates; or (iii) assisting any person or entity in any way to do, or attempt to do, anything prohibited by the immediately preceding clauses (i) or (ii).

(c) **Non-Disparagement** During the Employment Period and thereafter, Executive agrees not to disparage the Company or any of its Affiliates or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company likewise agrees not to disparage Executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Company filing under U.S. securities laws or stock exchange rules and regulations.

(d) **Remedies; Modification; Interpretation** Executive acknowledges that the injury that would be suffered by the Company as a result of a breach in any material respect of the provisions of Section 9 of this Agreement would be irreparable and that an award of monetary damages to the Company for such a breach would be an inadequate remedy. Consequently, the Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company will not be obligated to post bond or other security in seeking such relief. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to Executive under this Agreement, but the Company otherwise shall be entitled to all other remedies that may be available to it at law or in equity. Executive acknowledges that the foregoing provisions of this Section 9 are reasonable and necessary for the protection of the Company and its Affiliates, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company and its Affiliates, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section 9 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable. For purposes of this Section 9, references to the "Company" and "Affiliates" shall refer to the Company and the Company's Affiliates as of the date immediately prior to the CIC Effective Date.

Successors

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section (c), without the prior written consent of Executive, this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

Miscellaneous

(a) **Governing Law and Dispute Resolution**. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. The parties irrevocably submit to the jurisdiction of any state or federal court sitting in or for the State of New York with respect to any dispute arising out of or relating to this Agreement, and each party irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the venue of any dispute arising out of or relating to this Agreement or the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute or proceeding. Each party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. THE PARTIES HEREBY WAIVE A TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT OR ASSERTED BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT.

(b) **Notices**. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive: To the most recent address on file with the Company.

If to the Company:

Capri Holdings Limited
West 42 nd Street
New York, NY 1036
Attention: SVP, General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) **Invalidity**. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(d) **Survivorship**. Upon the expiration or other termination of this Agreement or Executive's employment, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

(e) **Section Headings; Construction**. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof. For purposes of this Agreement, the term "including" shall mean "including, without limitation."

(f) **Counterparts**. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(g) **Amendments; Waiver**. No provision of this Agreement shall be modified or amended except by an instrument in writing duly executed by the parties hereto. Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, including the right of Executive to terminate employment for Good Reason pursuant to Section 4(c)(i)-(v), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) **At-Will Employment**. Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is "at will" and, subject to Section 1(e) of this Agreement, prior to the CIC Effective Date, Executive's employment may be terminated by either Executive or the Company at any time prior to the CIC Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the CIC Effective Date, except as specifically provided herein, this Agreement shall supersede any other employment agreement between the parties. For the avoidance of doubt, prior to the CIC Effective Date, any other employment agreement between the parties shall continue to govern the relationship between the parties.

(i) **Entire Agreement** This Agreement constitutes the entire agreement of the parties hereto in respect of the terms and conditions of Executive's employment with the Company and its Affiliates, including Executive's severance entitlements, and, as of the CIC Effective Date, supersedes and cancels in their entirety all prior understandings, agreements and commitments, whether written or oral, relating to the terms and conditions of employment between Executive, on the one hand, and the Company or its Affiliates, on the other hand, including the Amended and Restated Employment Agreement between Executive and the Company dated as of the date hereof. For the avoidance of doubt, this Agreement does not limit the terms of any benefit plans (including equity award agreements) of the Company or its Affiliates that are applicable to Executive, except to the extent that the terms of this Agreement are more favorable to Executive. From and after the CIC Effective Date, the obligations of Executive under Section 9 shall be the exclusive restrictive covenants to which Executive is bound and any other restrictive covenants set forth in any agreement between Executive and the Company or its Affiliates, including any equity award agreement shall be void and of no force and effect.

PUBLIC

(j) **Tax Withholding** The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) **Section 409A**

(i) **General**. It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year. Notwithstanding any other provision of this Agreement to the contrary, solely for the purpose of determining the timing of payment or distribution of any compensation or benefit that constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code (and not the right to vest in or be entitled to receive any such payment or benefit) that may only be made or changed (including a change in the form of payment) upon an event described in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder, such payment shall only be made or timing or form changed if the Change in Control also constitutes an event described in Section 409A(a)(2)(A)(v) of the Code.

(ii) **Reimbursements and In-Kind Benefits**. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) **Delay of Payments**. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company and its Affiliates as in effect on the Date of Termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, with Interest (based on the rate in effect for the month in which Executive's separation from service occurs), on the first business day of the seventh month following Executive's separation from service (the "**Delayed Payment Date**"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If

PUBLIC

Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of Executive's death.

(l) **Indemnification**. The Company shall indemnify Executive and hold her harmless to the fullest extent permitted by law and under the charter and bylaws of the Company (including the advancement of expenses) against, and with respect to, any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney fees), losses and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Company and its Affiliates. During the Employment Period and for as long thereafter as is practicable, Executive shall be covered under a directors' and officers' liability insurance policy with coverage limits in amounts no less than, and with terms and conditions no less favorable than, that or those maintained by the Company as of immediately prior to the CIC Effective Date. In addition, any individual indemnification agreement between Executive and the Company in effect immediately prior to the CIC Effective Date shall continue in full force and effect in accordance with its terms.

[Signature Page Follows]

PUBLIC

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from the Board, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE:

/s/ Jenna A. Hendricks
enna A. Hendricks

COMPANY:

By: /s/ John D. Idol
ohn D. Idol
Chairman and Chief Executive Officer
Capri Holdings Limited

[Change in Control Continuity Agreement Signature Page]

PUBLIC

EXHIBIT A

THIS GENERAL RELEASE OF CLAIMS (this "**Release**") is entered into between [___] ("**Executive**") and Capri Holdings Limited (the "**Company**") as of [**DATE**]. The entering into and non-revocation of this Release is a condition to Executive's right to receive the severance payments and benefits under Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of Executive's Change in Control Continuity Agreement, dated as of [●], 2023 (the "**CIC Continuity Agreement**"). Capitalized terms used in this Release that are not otherwise defined shall have the meanings set forth in the CIC Continuity Agreement.

Accordingly, Executive and the Company agree as follows:

General Release

(a) In consideration for the payments to be provided to Executive pursuant to Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of the CIC Continuity Agreement, Executive, for herself and for Executive's heirs, executors, administrators, trustees, legal representatives and assigns (hereinafter referred to collectively as "**Releasors**"), forever releases and discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, successors and assigns, assets, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, employees, insurers, attorneys and assigns, acting on behalf of the Company or in connection with Company business (collectively, the "**Company Entities**") from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, federal, state, local, or otherwise), whether known or unknown, which Executive ever had, now have, or may have against any of the Company Entities by reason of any act, omission, transaction, practice, plan, policy, procedure, conduct, occurrence, or other matter related to Executive's employment or the termination thereof up to and including the date on which Executive signs this Release.

(b) Without limiting the generality of the foregoing, this Release is intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities arising out of Executive's employment and/or Executive's separation from that employment, including, but not limited to, any claim under: (i) the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, (ii) Title VII of the Civil Rights Act of 1964 or under the Civil Rights Act of 1991, (iii) the Americans with Disabilities Act; (iv) the Employee Retirement Income Security Act of 974 (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Company Entities subject to the terms and conditions of such plan and applicable law), (v) the Family and Medical Leave Act, (vi) 42 USC §§ 1981-86, (vii) the Equal Pay Act, (viii) the Sarbanes-Oxley Act of 2002, (ix) Section 922 of the Dodd-Frank Act, (x) the Federal False Claims Act, the New York State Human Rights Law; (xi) the New York City Administrative Code; (xii) the New York Labor Law; (xiii) the New York Minimum Wage Act; (xiv) the statutory provisions regarding retaliation/ discrimination under the New York Worker's Compensation Law; and (xv) the New York City Earned Sick Time Act, as all of those statutes may have been amended. Without limiting the generality of the foregoing, this Release is also intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities, whether based on federal, state, or local law, statutory or decisional, arising out of Executive's employment, the termination of such employment, and/or any of the events relating

PUBLIC

directly or indirectly to or surrounding the termination of that employment, including, but not limited to, any claims for wrongful or retaliatory discharge, breach of contract (express, implied or otherwise), breach of the covenant of good faith and fair dealing, detrimental reliance, interference with contractual relations or any prospective business advantage, defamation, slander or libel, invasion of privacy, intentional and negligent infliction of emotional distress, false imprisonment, compensatory or punitive damages, any claims for attorneys' fees, costs, disbursements and/or the like, any claims for wages, bonuses, or other benefits, and any claims for negligence or intentional tort, arising up to and including the date on which Executive signs this Release.

(c) Nothing in this Release prevents Executive from providing truthful information to any governmental entity, nor does it interfere with Executive's right to file a charge with or participate in any investigation or proceeding conducted by the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission or a state or local fair employment practices agency. Nevertheless, Executive acknowledges and agrees that Executive hereby waives any right to seek or to share in any relief, monetary or otherwise, relating to any claim released herein whether such claim was initiated by Executive or not. In addition, nothing in this Release shall impair Executive's right under the whistleblower provisions of any applicable federal law or regulation or, for the avoidance of doubt, limit Executive's right to receive an award for the information provided to any government authority under such law or regulation.

(d) Notwithstanding the foregoing, this Release shall not release the Company from: (i) any obligations under the CIC Continuity Agreement or Executive's right to enforce the terms of the CIC Continuity Agreement; (ii) any obligations regarding any rights of Executive as a current or former officer, director or employee of the Company or its affiliates to indemnification under the terms of the CIC Continuity Agreement, the Company's bylaws or charter or any insurance policy or other agreement under which Executive is entitled to indemnification or directors' and officers' liability coverage; (iii) any claims or causes of action that cannot legally be waived, including, but not limited to, any claim for earned but unpaid wages, workers' compensation benefits, unemployment benefits, and vested 401(k) benefits; (iv) any claims that may arise in the future from events or actions occurring after the date on which Executive signs this Release; and (v) any claims as the holder or beneficial owner of securities (or other rights relating to securities, including equity awards) of the Company or its affiliates. By signing this Release, Executive represents that Executive has not commenced or joined in any claim, charge, action or proceeding whatsoever against the Company or any of the Company Entities arising out of or relating to any of the matters set forth in this paragraph.

<u>Acknowledgement</u> Executive acknowledges and agrees that the provisions in <u>Section 9</u> of the CIC Continuity Agreement shall remain in full force and effect in accordance with the terms of the CIC Continuity Agreement.

3. <u>Not an Admission</u>. This Release is not intended, and shall not be construed, as an admission that any of the Company Entities has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever against Executive. nor is it intended, and shall not be construed as, an admission by Executive that Executive has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever.

PUBLIC

4. Entire Agreement. This Release constitutes the entire agreement between the parties with respect to the subject matter of this Release. No amendment to this Release shall be binding upon either party unless in writing and signed by or on behalf of such party.

5. Severability. Should any provision of this Release be declared or determined by any court to be illegal, invalid or unenforceable, the validity of the remaining parts, terms or provisions shall not be affected, and each remaining part, term or provision shall be legal, valid and enforceable to the fullest extent permitted by law, and any illegal, invalid or unenforceable part, term or provision shall be deemed not to be a part of this Release.

6. Jurisdiction/Choice of Law/Waiver of Jury Trial. Executive agrees that the provisions of this Release shall be construed in accordance with the internal laws of the State of New York, without regard to the conflict of law provisions of any state. Both parties hereby waive any right to a jury trial.

7. Knowing and Voluntary Agreement Executive acknowledges that Executive:

(a) has carefully read this Release in its entirety;

(b) has had an opportunity to consider it for at least twenty-one (21) days to consider the actual terms of this Release;

(c) is hereby advised by the Company in writing to consult with an attorney of Executive's choice in connection with this Release;

(d) fully understands the significance of all of the terms and conditions of this Release and has discussed them with Executive's independent legal counsel, or has had a reasonable opportunity to do so;

(e) has had answered to Executive's satisfaction by Executive's independent legal counsel any questions Executive has asked with regard to the meaning and significance of any of the provisions of this Agreement; and

(f) is signing this Agreement voluntarily and of Executive's own free will and agrees to abide by all the terms and conditions contained herein.

8. Effectiveness. Executive understands that Executive will have at least twenty-one (21) days from the date of receipt of this Release to consider the terms and conditions of this Release. Executive may accept this Release by signing it and returning it to:

Capri Holdings Limited
West 42 nd Street
New York, NY 1036
Attention: SVP, General Counsel

on or before 21 days after delivery. After executing this Release, Executive shall have seven (7) days (the "**Revocation Period**") to revoke this Release by indicating Executive's desire to do so in writing delivered to the Company's SVP, General Counsel at the address set forth above by no later than 5:00 p.m. on the seventh (7th) day after the date Executive signs this Release. The effective date of this Release shall be the

eighth (8th) day after Executive signs the Release. If the last day of the Revocation Period falls on a Saturday, Sunday or holiday, the last day of the Revocation Period will be deemed to be the next business day. In the event Executive does not accept this Release as set forth above, or in the event Executive revokes this Release during the Revocation Period, this Release shall be deemed automatically null and void.

PLEASE READ THIS RELEASE CAREFULLY. IT CONTAINS A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS ARISING OUT OF EXECUTIVE'S EMPLOYMENT.

Executive has read this Release and is fully aware of the legal effects of this Release. Executive has chosen to execute this Release freely, without reliance upon any promises or representations made by the Company other than those contained in this Release and understands that Executive will receive the payments and benefits provided under the CIC Continuity Agreement as set forth on <u>Schedule I</u>, less any applicable tax withholdings, in accordance with the terms of the CIC Continuity Agreement following the date on which this Release becomes irrevocable as described above.

Dated: ________________________

EXECUTIVE

____

PUBLIC

SCHEDULE I
SEVERANCE BENEFITS

Accrued Obligations (not subject to Release)	$[●] (Annual Base Salary) $[●] (Unpaid Annual Bonus) $[●] (Accrued Vacation) $[●] (Unreimbursed Expenses)	
Pro Rata Bonus	**$[●]**	
Severance Payment	**$[●]**	
Welfare Benefits Payment	**$[●]**	
Outplacement	Up to $25,000	
Other Benefits (not subject to Release)	[To be specified as applicable]	

Exhibit 10.23

CAPRI HOLDINGS LIMITED

CHANGE IN CONTROL CONTINUITY AGREEMENT

HIS CHANGE IN CONTROL CONTINUITY AGREEMENT (this "**Agreement**") is made and entered into, as of May 30, 2023, by and between Capri Holdings Limited, a British Virgin Islands business company limited by shares (the "**Company**") and Krista A. McDonough ("**Executive**").

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined below); and

WHEREAS, the Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change in Control and to encourage Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change in Control, and to provide Executive with compensation and benefits arrangements upon a Change in Control that ensure that the compensation and benefits expectations of Executive will be satisfied and that are competitive with those of other corporations.

NOW, **THEREFORE**, in order to accomplish the foregoing objectives and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows.

Certain Definitions

(a) "**Affiliate**" shall mean an entity controlled by, controlling or under common control with another entity.

(b) "**Change in Control**" shall mean:

(i) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, or any successor thereto (the "**Exchange Act**")) (a "**Person**") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (1) the then outstanding shares of ordinary shares of the Company (the "**Outstanding Company Ordinary Shares**") or (2) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company; (B) any acquisition by the Company; (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (D) any acquisition by any entity pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1(b);

(ii) A change in the composition of the Board such that the individuals who, as of the date of this Agreement, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that, any individual who becomes a member of the Board subsequent to the date

PUBLIC

of this Agreement whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered as a member of the Incumbent Board;

(iii) The consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries or sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (a "**Business Combination**"), in each case, unless, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of ordinary shares (or, for a noncorporate entity, equivalent securities) and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or, for a noncorporate entity, equivalent securities), as the case may be, of the entity resulting from such Business Combination (including an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Ordinary Shares and Outstanding Company Voting Securities, as the case may be; (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then outstanding shares of ordinary shares (or, for a noncorporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were members of the Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) The approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(c) "**Change in Control Period**" shall mean the period commencing on the date hereof and ending on the second anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change in Control Period shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to Executive that the Change in Control Period shall not be so extended.

(d) "**Code**" shall mean the Internal Revenue Code of 986, as amended.

(e) "**CIC Effective Date**" shall mean the first date during the Change in Control Period on which a Change in Control occurs.

Employment Period. The Company hereby agrees to continue Executive in its employ, and Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the CIC Effective Date and ending on the second anniversary of such date (the "**Employment Period**"). The Employment Period shall terminate upon Executive's termination of employment for any reason.

3. **Terms of Employment**

(a) **Position and Duties** (i) During the Employment Period, (A) Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all respects with the most significant of those held, exercised and assigned to Executive at any time during the 120-day period immediately preceding the CIC Effective Date and (B) Executive's services shall be performed at the location where Executive was employed immediately preceding the CIC Effective Date or any office or location less than 50 miles from such location.

(i) During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by Executive prior to the CIC Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the CIC Effective Date shall not thereafter be deemed to interfere with the performance of Executive's responsibilities to the Company.

(b) **Compensation**

(i) **Base Salary**. During the Employment Period, Executive shall receive an annual base salary ("**Annual Base Salary**"), that shall be paid at an annual rate, at least equal to *multiplied by* the highest monthly base salary paid or payable, including any base salary that has been earned but deferred, to Executive by the Company and its Affiliates in respect of the 12-month period immediately preceding the month in which the CIC Effective Date occurs. The Annual Base Salary shall be paid at such intervals as the Company pays executive salaries generally During the Employment Period, the Annual Base Salary shall be periodically reviewed for increase consistent with, and on a basis no less favorable than that applicable to, other peer executives of the Company and its Affiliates, but in no event shall such review and adjustment occur more than 12 months after the last salary increase awarded to Executive prior to the CIC Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the

term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) **Annual Bonus** In addition to Annual Base Salary, Executive shall be eligible, for each fiscal year ending during the Employment Period, for an annual bonus (the "**Annual Bonus**") in cash with a target annual bonus opportunity at least equal to the target annual bonus opportunity for which Executive was eligible as of immediately prior to the CIC Effective Date (the amount equal to such target annual bonus opportunity referred to herein as the "**Target Annual Bonus**"), with the actual earned Annual Bonus, if any, to be determined on a basis no less favorable than that applicable to other peer executives of the Company and its Affiliates. Each such Annual Bonus shall be paid no later than two and a half months after the end of the fiscal year for which the Annual Bonus is awarded, unless Executive shall elect to defer the receipt of such Annual Bonus pursuant to an arrangement that meets the requirements of Section 409A of the Code.

(iii) **Long Term Incentive Awards**. During the Employment Period, Executive shall be entitled to participate in all long-term equity- and cash-based incentive plans and programs applicable generally to other peer executives of the Company and its Affiliates. For each fiscal year ending during the Employment Period, Executive shall be awarded annual long-term incentive awards (the "**Annual LTI Award**") in respect of the ordinary shares of the Company (or the ultimate parent entity of the Company) or cash incentive awards, in each case on the same basis as other peer executives of the Company, at least equal to the target Annual LTI Award opportunity to which Executive was eligible as of immediately prior to the CIC Effective Date or, if more favorable to Executive, the target Annual LTI Award opportunity provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates (the "**Target LTI Award Opportunity**"). The terms and conditions of the awards granted in respect of such Annual LTI Awards shall be no less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for the awards granted to Executive under such plans and programs as in effect at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates.

(iv) **Savings and Retirement Plans**. During the Employment Period, Executive shall be entitled to participate in all savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliates, but in no event shall such plans, practices, policies and programs provide Executive with savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its Affiliates for Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date to other peer executives of the Company and its Affiliates.

(v) **Welfare and Insurance Benefit Plans** During the Employment Period, Executive and/or Executive's dependents, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare and insurance benefit plans, practices, policies and programs provided by the Company and its Affiliates (including medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) ("**Company Welfare Benefit Plans**") to the extent applicable generally to

PUBLIC
other peer executives of the Company and its Affiliates, but in no event shall such Company Welfare Benefit Plans provide Executive with benefits that are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, those provided generally at any time after the CIC Effective Date.

(vi) **Expenses**. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(vii) **Fringe Benefits** During the Employment Period, Executive shall be entitled to fringe benefits, including any clothing allowance and merchandise discount, as applicable to Executive and in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliates in effect for Executive at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

(viii) **Paid Time Off or Vacation**. During the Employment Period, Executive shall be entitled to paid time off or paid vacation, in each case in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliates as in effect for Executive at any time during the 365-day period immediately preceding the CIC Effective Date or, if more favorable to Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliates.

4. **Termination of Employment**

(a) **Death or Disability**. Executive's employment shall terminate automatically upon Executive's death during the Employment Period. If the Company determines in good faith that the Disability of Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to Executive written notice in accordance with Section 11(b) of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by Executive (the "**Disability Date**"), provided, that within the 30 days after such receipt, Executive shall not have returned to full-time performance of Executive's duties. For purposes of this Agreement, "**Disability**" shall mean the absence of Executive from Executive's duties with the Company on a full-time basis for 180 consecutive business days (or for 80 business days in any consecutive 365 days) as a result of incapacity due to mental or physical illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative.

(b) **Cause**. The Company may terminate Executive's employment during the Employment Period with or without Cause. For purposes of this Agreement, "**Cause**" shall mean:

(i) Executive's gross negligence, willful misconduct or dishonesty in performing her duties to the Company;

(ii) Executive's conviction of a felony (other than a felony involving a traffic violation);

(iii) Executive's commission of a felony involving a fraud or other business crime against the Company or any of its subsidiaries; or

(iv) Executive's material breach of any of the covenants set forth in Section 9 hereof; provided that, if any such breach is curable, Executive shall have an opportunity to correct such breach within 30 days after written notice by the Company to Executive thereof.

For purposes of this provision, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in the best interests of the Company and its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board, or if the Company is not the ultimate parent entity of the Company and is not publicly traded, the board of directors (or, for a non-corporate entity, equivalent governing body) of the ultimate parent of the Company (the "**Applicable Board**") or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company and its Affiliates or based upon the advice of counsel for the Company and its Affiliates shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company and its Affiliates. The cessation of employment of Executive shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Applicable Board at a meeting of the Applicable Board called and held for such purpose after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel for Executive, to be heard before the Applicable Board, finding that, in the good faith opinion of the Applicable Board, Executive is guilty of conduct that constitutes Cause.

(c) **Good Reason** Executive's employment may be terminated during the Employment Period by Executive for Good Reason or by Executive voluntarily without Good Reason. "**Good Reason**" means actions taken by the Company resulting in a material negative change in the employment relationship. For these purposes, a "material negative change in the employment relationship" shall include:

(i) the assignment to Executive of duties or responsibilities that are inconsistent in any material respect with Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a), or a material diminution in Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) or a material diminution in the budget over which Executive retains authority;

(ii) a material diminution in the authorities, duties or responsibilities of the person to whom Executive is required to report, including a requirement that Executive report to an officer other than the Chief Executive Officer of the Company (or, if the Company is not the ultimate parent entity of the Company and is not publicly traded, the Chief Executive Officer of the ultimate parent of the Company);

PUBLIC

(iii) the failure to provide, in all material respects, any element of the compensation and benefits required to be provided to Executive in accordance with any of the provisions of Section 3(b), including any decrease in Executive's Annual Base Salary;

(iv) the Company's requiring Executive to be based at any office or location other than as provided in Section 3(a)(i)(B) resulting in a material increase in Executive's commute to and from Executive's primary residence (for this purpose an increase in Executive's commute by 50 miles or more shall be deemed material); or

(v) any other action or inaction that constitutes a material breach by the Company of this Agreement, including any failure by the Company to comply with and satisfy Section 10(c).

In order to invoke a termination for Good Reason, Executive shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (i) through (v) within 90 days following Executive's knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Company shall have 30 days following receipt of such written notice (the "**Cure Period**") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, Executive's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two years following the initial existence of such condition or conditions in order for such termination as a result of such condition to constitute a termination for Good Reason.

(d) **Incapacity or Death**. Executive's mental or physical incapacity following the occurrence of an event described above in clauses (i) through (v) of Section 4(c) shall not affect Executive's ability to terminate employment for Good Reason, and Executive's death following delivery of a Notice of Termination for Good Reason shall not affect the entitlement of the estate of Executive to severance payments or benefits provided hereunder upon a termination of employment for Good Reason.

(e) **Notice of Termination**. Any termination of employment by the Company for Cause, or by Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b). For purposes of this Agreement, a "**Notice of Termination**" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than 30 days after the giving of such notice) (subject to the Company's right to cure in the case of a resignation for Good Reason). The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(f) **Date of Termination** "**Date of Termination**" means (i) if Executive's employment is terminated by the Company for Cause, or by Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified

therein, as the case may be, (ii) if Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies Executive of such termination, (iii) if Executive resigns without Good Reason, the date on which Executive notifies the Company of such termination and (iv) if Executive's employment is terminated by reason of death or Disability, the date of death of Executive or the Disability Date, as the case may be.

5. **Obligations of the Company Upon Termination**

(a) **By the Company Other Than for Cause, Death or Disability; By Executive for Good Reason**. If, during the Employment Period, the Company shall terminate Executive's employment other than for Cause, Death or Disability or Executive shall terminate employment for Good Reason:

(i) subject to Section (k), the Company shall pay to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination equal to the aggregate of the following amounts:

(A) the sum of (I) Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid; (II) Executive's business expenses that are reimbursable pursuant to Section 3(b)(v) but have not been reimbursed by the Company as of the Date of Termination; (III) Executive's Annual Bonus for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been determined but not paid as of the Date of Termination; (IV) any accrued vacation pay or other paid time off to the extent required by any policy in effect prior to the CIC Effective Date or, if more favorable to Executive, at any time thereafter, or otherwise payable under applicable law, and not theretofore paid (the sum of the amounts described in subclauses (I), (II), (III) and (IV), the "**Accrued Obligations**"); provided, that notwithstanding the foregoing, if Executive has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or the Annual Bonus described in clause (I) or (III), then for all purposes of this Section 5 (including Sections 5(b) through 5(d)), such deferral election, and the terms of the applicable arrangement shall apply to the same portion of the amount described in such clause (I) or (III), and such portion shall not be considered as part of the "Accrued Obligations" but shall instead be an "Other Benefit" (as defined below);

(B) an amount equal to the product of (I) the Target Annual Bonus and (II) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 (the "**Pro Rata Bonus**"); and

(C) the amount equal to the product of (I) two (2) and (II) the sum of (x) Executive's Annual Base Salary and (y) the Target Annual Bonus;

(i) the Company shall pay to Executive an amount equal to the product of (A) the monthly premiums for coverage under the Company's or and its Affiliates' health care plans for purposes of continuation coverage under Section 4980B of the Code with respect to the maximum level of coverage in effect for Executive and

her spouse and dependents as of immediately prior to the Date of Termination, and (B) 4;

(ii) the Company shall, at its sole expense as incurred, provide Executive with outplacement services the scope and provider of which shall be selected by Executive in Executive's sole discretion, but the cost thereof shall not exceed $25,000; provided, that such outplacement benefits shall end not later than the last day of the second calendar year that begins after the Date of Termination; and

(iii) except as otherwise set forth in the last sentence of Section 6, to the extent not theretofore paid or provided, the Company shall timely pay or provide to Executive any other amounts or benefits required to be paid or provided or that Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its Affiliates, including the vesting, settlement or exercisability of any equity or equity-based awards granted to Executive in accordance with the terms of the plan and award agreements applicable upon a termination of employment by the Company other than for Cause or for Good Reason (for the avoidance of doubt, as such terms are defined herein), including the vesting of awards pursuant to Section 11.2 of the Third Amended and Restated Capri Holdings Limited Omnibus Incentive Plan or the similar provisions of any predecessor or successor plans) and any rights under the Company's Deferred Compensation Plan (such other amounts and benefits shall be hereinafter referred to as the "**Other Benefits**") in accordance with the terms of the underlying plans or agreements.

The Company's obligations to pay or provide the payments and benefits set forth in Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of this Agreement shall be subject to Executive's execution, delivery to the Company and non-revocation of a release of claims substantially in the form attached hereto as Exhibit A

(b) **Death**. If Executive's employment is terminated by reason of Executive's death during the Employment Period, the Company shall provide Executive's estate or beneficiaries with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) and the Pro Rata Bonus shall be paid to Executive's estate or beneficiary, as applicable, in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(b) shall include, and Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and its Affiliates to the estates and beneficiaries of other peer executives of the Company and such Affiliates under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive's estate and/or Executive's beneficiaries, as in effect on the date of Executive's death with respect to other peer executives of the Company and its Affiliates and their beneficiaries.

(c) **Disability**. If Executive's employment is terminated by reason of Executive's Disability during the Employment Period, the Company shall provide Executive with the Accrued Obligations and the Pro Rata Bonus and the timely payment or delivery of the Other Benefits in accordance with the terms of the underlying plans or agreements, and shall have no other severance obligations under this Agreement. The Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent

applicable) and the Pro Rata Bonus shall be paid to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination. With respect to the provision of the Other Benefits, the term "Other Benefits" as utilized in this Section 5(c) shall include, and Executive shall be entitled after the Disability Date to receive, without limitation, disability and other benefits (either pursuant to a plan, program, practice or policy or an individual arrangement) at least equal to the most favorable of those generally provided by the Company and its Affiliates to disabled executives and/or their dependents in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their dependents at any time during the 120-day period immediately preceding the CIC Effective Date or, if more favorable to Executive and/or Executive's dependents, as in effect at any time thereafter generally with respect to other peer executives of the Company and its Affiliates and their dependents.

(d) **Cause; Other Than for Good Reason** If Executive's employment is terminated for Cause during the Employment Period, the Company shall provide Executive with Executive's Annual Base Salary (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) through the Date of Termination, and the timely payment or delivery of the Other Benefits, and shall have no other severance obligations under this Agreement. If Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, the Company shall provide Executive with the Accrued Obligations and the timely payment or delivery of the Other Benefits and shall have no other severance obligations under this Agreement. In such case, all the Accrued Obligations (subject to the proviso set forth in Section 5(a)(i)(A) to the extent applicable) shall be paid to Executive in a lump sum in cash as soon as reasonably practicable (and no later than 30 days) after the Date of Termination.

6. **Non-Exclusivity of Rights**. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliates and for which Executive may qualify, nor, subject to Section 11(h), shall anything herein limit or otherwise affect such rights as Executive may have under any other contract or agreement with the Company or its Affiliates. Amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. Without limiting the generality of the foregoing, Executive's resignation under this Agreement with or without Good Reason shall in no way affect Executive's ability to terminate employment by reason of Executive's "retirement" under any compensation and benefits plans, programs or arrangements of the Company or its Affiliates, including any retirement or pension plans or arrangements or to be eligible to receive benefits under any compensation or benefit plans, programs or arrangements of the Company or any of its Affiliates, including any retirement or pension plan or arrangement of the Company or any of its Affiliates or substitute plans adopted by the Company or its successors, and any termination that otherwise qualifies as Good Reason shall be treated as such even if it is also a "retirement" for purposes of any such plan. Notwithstanding the foregoing, if Executive receives payments and benefits pursuant to Section 5(a) of this Agreement, Executive shall not be entitled to any severance pay or benefits under any severance plan, program or policy of the Company and its Affiliates, unless otherwise specifically provided therein in a specific reference to this Agreement.

7. **No Mitigation or Offset; Legal Fees**

PUBLIC

(a) **No Mitigation or Offset**. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

(b) **Legal Fees**. The Company agrees to pay as incurred (within days following the Company's receipt of an invoice from Executive), at any time from the CIC Effective Date through Executive's remaining lifetime (or, if longer, through the 20th anniversary of the CIC Effective Date) to the full extent permitted by law, all legal fees and expenses that Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof whether such contest is between the Company and Executive or between either of them and any third party (including as a result of any contest by Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("**Interest**") determined as of the date such legal fees and expenses were incurred.

8. **Treatment of Certain Payments**

(a) Anything in the Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject Executive to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to the Agreement (the "**Agreement Payments**") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(b) If the Accounting Firm determines that aggregate Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 8 shall be binding upon the Company and Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits under the following sections in the following order: (i) cash payments that may not be valued under Treas. Reg. § 80G-1, Q&A-24(c) (" **(c)** "), (ii) equity-based payments that may not be valued under 24(c), (iii) cash payments that may be valued under 24(c), (iv) equity-based payments that may be valued under 24(c) and (v) other types of benefits. With respect to each category of the foregoing, such reduction shall occur first with respect to amounts that are not

PUBLIC

"deferred compensation" within the meaning of Section 409A of the Code and next with respect to payments that are deferred compensation, in each case, beginning with payments or benefits that are to be paid the farthest in time from the Accounting Firm's determination. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by Executive (including Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under Section 80G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

(d) The following terms shall have the following meanings for purposes of this Section 8:

(i) "**Accounting Firm**" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder and is reasonably acceptable to Executive, which firm shall not, without Executive's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(ii) "**Net After-Tax Receipt**" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 8 0G(d)(4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under Sections and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s).

(iii) "**Parachute Value**" of a Payment shall mean the present value as of the date of the change of control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(iv) "**Payment**" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 80G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to the Agreement or otherwise.

(v) "**Safe Harbor Amount**" shall mean 99 *multiplied by* Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

PUBLIC

(e) The provisions of this Section 8 shall survive the expiration of the Agreement.

9. **Restrictive Covenants.**

(a) **Confidential Information**. Executive shall not disclose to any unauthorized person or entity or use for Executive's own purposes any Confidential Information without the prior written consent of the Company, unless and to the extent that the Confidential Information becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions in violation of this Agreement; provided, however, that if Executive receives a request to disclose Confidential Information pursuant to a deposition, interrogation, request for information or documents in legal proceedings, subpoena, civil investigative demand, governmental or regulatory process or similar process, (i) Executive shall promptly notify in writing the Company, and consult with and assist the Company in seeking a protective order or request for other appropriate remedy, (ii) in the event that such protective order or remedy is not obtained, or if the Company waives compliance with the terms hereof, Executive shall disclose only that portion of the Confidential Information which, based on the written advice of Executive's legal counsel, is legally required to be disclosed and shall exercise reasonable best efforts to provide that the receiving person or entity shall agree to treat such Confidential Information as confidential to the extent possible (and permitted under applicable law) in respect of the applicable proceeding or process and (iii) the Company shall be given an opportunity to review the Confidential Information prior to disclosure thereof. For purposes of this Agreement, "**Confidential Information**" means information, observations and data concerning the business or affairs of the Company and its Affiliates, including, without limitation, all business information (whether or not in written form) which relates to the Company or its Affiliates, or their customers, suppliers or contractors or any other third parties in respect of which the Company or its Affiliates has a business relationship or owes a duty of confidentiality, or their respective businesses or products, and which is not known to the public generally other than as a result of Executive's breach of this Agreement, including but not limited to: technical information or reports; formulas; trade secrets; unwritten knowledge and "know-how"; operating instructions; training manuals; customer lists; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information; contracts; and supplier lists. Confidential Information will not include such information known to Executive prior to Executive's involvement with the Company or its Affiliates or information rightfully obtained from a third party (other than pursuant to a breach by Executive of this Agreement). Nothing in this Agreement shall impair Executive's right under the whistleblower provisions of any applicable federal law or regulation or, for the avoidance of doubt, limit Executive's right to receive an award for the information provided to any government authority under such law or regulation.

(b) **No Hiring**. During the Employment Period and during the two-year period following termination of employment or service, Executive shall not knowingly perform any action, activity or course of conduct which is substantially detrimental to the businesses or business reputations of the Company or any of its Affiliates, including (i) soliciting, recruiting or hiring (or attempting to solicit, recruit or hire) any employees of the Company or any of its Affiliates or any persons who have worked for the Company or of its Affiliates during the 12-month period immediately preceding such solicitation, recruitment or hiring or attempt thereof; (ii) intentionally

interfering with the relationship of the Company or any of its Affiliates with any person or entity who or which is employed by or otherwise engaged to perform services for, or any customer, client, supplier, licensee, licensor or other business relation of, the Company or any of its Affiliates; or (iii) assisting any person or entity in any way to do, or attempt to do, anything prohibited by the immediately preceding clauses (i) or (ii).

(c) **Non-Disparagement** During the Employment Period and thereafter, Executive agrees not to disparage the Company or any of its Affiliates or any of their respective directors, officers, employees, agents, representatives or licensees and not to publish or make any statement that is reasonably foreseeable to become public with respect to any of such entities or persons. The Company likewise agrees not to disparage Executive or publish or make any statement that is reasonably foreseeable to become public with respect to Executive without Executive's prior written consent, excluding statements required to be made about Executive in any Company filing under U.S. securities laws or stock exchange rules and regulations.

(d) **Remedies; Modification; Interpretation** Executive acknowledges that the injury that would be suffered by the Company as a result of a breach in any material respect of the provisions of Section 9 of this Agreement would be irreparable and that an award of monetary damages to the Company for such a breach would be an inadequate remedy. Consequently, the Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company will not be obligated to post bond or other security in seeking such relief. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to Executive under this Agreement, but the Company otherwise shall be entitled to all other remedies that may be available to it at law or in equity. Executive acknowledges that the foregoing provisions of this Section 9 are reasonable and necessary for the protection of the Company and its Affiliates, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to the Company and its Affiliates, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. If any provision of this Section 9 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable. For purposes of this Section 9, references to the "Company" and "Affiliates" shall refer to the Company and the Company's Affiliates as of the date immediately prior to the CIC Effective Date.

Successors

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Except as provided in Section (c), without the prior written consent of Executive, this Agreement shall not be assignable by the Company.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

Miscellaneous

(a) **Governing Law and Dispute Resolution**. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. The parties irrevocably submit to the jurisdiction of any state or federal court sitting in or for the State of New York with respect to any dispute arising out of or relating to this Agreement, and each party irrevocably agrees that all claims in respect of such dispute or proceeding shall be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by law, any objection that they may now or hereafter have to the venue of any dispute arising out of or relating to this Agreement or the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute or proceeding. Each party agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. THE PARTIES HEREBY WAIVE A TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM BROUGHT OR ASSERTED BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT.

(b) **Notices**. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive: To the most recent address on file with the Company.

If to the Company:

Capri Holdings Limited
West 42 nd Street
New York, NY 1036
Attention: SVP, Chief People Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) **Invalidity**. If any term or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

(d) **Survivorship**. Upon the expiration or other termination of this Agreement or Executive's employment, the respective rights and obligations of the parties hereto shall survive to the extent necessary to carry out the intentions of the parties under this Agreement.

(e) **Section Headings; Construction**. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof. For purposes of this Agreement, the term "including" shall mean "including, without limitation."

(f) **Counterparts**. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(g) **Amendments; Waiver**. No provision of this Agreement shall be modified or amended except by an instrument in writing duly executed by the parties hereto. Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right Executive or the Company may have hereunder, including the right of Executive to terminate employment for Good Reason pursuant to Section 4(c)(i)-(v), shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) **At-Will Employment**. Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between Executive and the Company, the employment of Executive by the Company is "at will" and, subject to Section 1(e) of this Agreement, prior to the CIC Effective Date, Executive's employment may be terminated by either Executive or the Company at any time prior to the CIC Effective Date, in which case Executive shall have no further rights under this Agreement. From and after the CIC Effective Date, except as specifically provided herein, this Agreement shall supersede any other employment agreement between the parties. For the avoidance of doubt, prior to the CIC Effective Date, any other employment agreement between the parties shall continue to govern the relationship between the parties.

(i) **Entire Agreement** This Agreement constitutes the entire agreement of the parties hereto in respect of the terms and conditions of Executive's employment with the Company and its Affiliates, including Executive's severance entitlements, and, as of the CIC Effective Date, supersedes and cancels in their entirety all prior understandings, agreements and commitments, whether written or oral, relating to the terms and conditions of employment between Executive, on the one hand, and the Company or its Affiliates, on the other hand, including the Amended and Restated Employment Agreement between Executive and the Company dated as of the date hereof. For the avoidance of doubt, this Agreement does not limit the terms of any benefit plans (including equity award agreements) of the Company or its Affiliates that are applicable to Executive, except to the extent that the terms of this Agreement are more favorable to Executive. From and after the CIC Effective Date, the obligations of Executive under Section 9 shall be the exclusive restrictive covenants to which Executive is bound and any other restrictive covenants set forth in any agreement between Executive and the Company or its Affiliates, including any equity award agreement shall be void and of no force and effect.

PUBLIC

(j) **Tax Withholding** The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) **Section 409A**

(i) **General**. It is intended that payments and benefits made or provided under this Agreement shall not result in penalty taxes or accelerated taxation pursuant to Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Agreement may only be made upon a "separation from service" under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Executive pursuant to Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by Section 409A of the Code, any payment that may be paid in more than one taxable year shall be paid in the later taxable year. Notwithstanding any other provision of this Agreement to the contrary, solely for the purpose of determining the timing of payment or distribution of any compensation or benefit that constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code (and not the right to vest in or be entitled to receive any such payment or benefit) that may only be made or changed (including a change in the form of payment) upon an event described in Section 409A(a)(2)(A)(v) of the Code and the regulations thereunder, such payment shall only be made or timing or form changed if the Change in Control also constitutes an event described in Section 409A(a)(2)(A)(v) of the Code.

(ii) **Reimbursements and In-Kind Benefits**. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (A) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement); (B) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (C) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (D) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) **Delay of Payments**. Notwithstanding any other provision of this Agreement to the contrary, if Executive is considered a "specified employee" for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company and its Affiliates as in effect on the Date of Termination), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to Executive under this Agreement during the six-month period immediately following Executive's separation from service on account of Executive's separation from service shall instead be paid, with Interest (based on the rate in effect for the month in which Executive's separation from service occurs), on the first business day of the seventh month following Executive's separation from service (the "**Delayed Payment Date**"), to the extent necessary to prevent the imposition of tax penalties on Executive under Section 409A of the Code. If

Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of Executive's death.

(l) **Indemnification**. The Company shall indemnify Executive and hold her harmless to the fullest extent permitted by law and under the charter and bylaws of the Company (including the advancement of expenses) against, and with respect to, any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney fees), losses and damages resulting from Executive's good faith performance of Executive's duties and obligations with the Company and its Affiliates. During the Employment Period and for as long thereafter as is practicable, Executive shall be covered under a directors' and officers' liability insurance policy with coverage limits in amounts no less than, and with terms and conditions no less favorable than, that or those maintained by the Company as of immediately prior to the CIC Effective Date. In addition, any individual indemnification agreement between Executive and the Company in effect immediately prior to the CIC Effective Date shall continue in full force and effect in accordance with its terms.

[Signature Page Follows]

PUBLIC

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and, pursuant to the authorization from the Board, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE:

s/ Krista A. McDonough
enna A. Hendricks

COMPANY:

By: /s/ John D. Idol
ohn D. Idol
Chairman and Chief Executive Officer
Capri Holdings Limited

[Change in Control Continuity Agreement Signature Page]

EXHIBIT A

THIS GENERAL RELEASE OF CLAIMS (this "**Release**") is entered into between [___] ("**Executive**") and Capri Holdings Limited (the "**Company**") as of [**DATE**]. The entering into and non-revocation of this Release is a condition to Executive's right to receive the severance payments and benefits under Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of Executive's Change in Control Continuity Agreement, dated as of [●], 2023 (the "**CIC Continuity Agreement**"). Capitalized terms used in this Release that are not otherwise defined shall have the meanings set forth in the CIC Continuity Agreement.

Accordingly, Executive and the Company agree as follows:

General Release

(a) In consideration for the payments to be provided to Executive pursuant to Sections 5(a)(i)(B), 5(a)(i)(C), 5(a)(ii) and 5(a)(iii) of the CIC Continuity Agreement, Executive, for herself and for Executive's heirs, executors, administrators, trustees, legal representatives and assigns (hereinafter referred to collectively as "**Releasors**"), forever releases and discharges the Company and its past, present and future parent entities, subsidiaries, divisions, affiliates and related business entities, successors and assigns, assets, employee benefit and/or pension plans or funds (including qualified and non-qualified plans or funds), and any of its or their respective past, present and/or future directors, officers, fiduciaries, agents, trustees, administrators, employees, insurers, attorneys and assigns, acting on behalf of the Company or in connection with Company business (collectively, the "**Company Entities**") from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever (upon any legal or equitable theory, whether contractual, common-law, statutory, federal, state, local, or otherwise), whether known or unknown, which Executive ever had, now have, or may have against any of the Company Entities by reason of any act, omission, transaction, practice, plan, policy, procedure, conduct, occurrence, or other matter related to Executive's employment or the termination thereof up to and including the date on which Executive signs this Release.

(b) Without limiting the generality of the foregoing, this Release is intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities arising out of Executive's employment and/or Executive's separation from that employment, including, but not limited to, any claim under: (i) the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, (ii) Title VII of the Civil Rights Act of 1964 or under the Civil Rights Act of 1991, (iii) the Americans with Disabilities Act; (iv) the Employee Retirement Income Security Act of 974 (excluding claims for accrued, vested benefits under any employee benefit or pension plan of the Company Entities subject to the terms and conditions of such plan and applicable law), (v) the Family and Medical Leave Act, (vi) 42 USC §§ 1981-86, (vii) the Equal Pay Act, (viii) the Sarbanes-Oxley Act of 2002, (ix) Section 922 of the Dodd-Frank Act, (x) the Federal False Claims Act, the New York State Human Rights Law; (xi) the New York City Administrative Code; (xii) the New York Labor Law; (xiii) the New York Minimum Wage Act; (xiv) the statutory provisions regarding retaliation/ discrimination under the New York Worker's Compensation Law; and (xv) the New York City Earned Sick Time Act, as all of those statutes may have been amended. Without limiting the generality of the foregoing, this Release is also intended to and shall release the Company Entities from any and all claims, whether known or unknown, which Releasors ever had, now have, or may have against the Company Entities, whether based on federal, state, or local law, statutory or decisional, arising out of Executive's employment, the termination of such employment, and/or any of the events relating

PUBLIC

directly or indirectly to or surrounding the termination of that employment, including, but not limited to, any claims for wrongful or retaliatory discharge, breach of contract (express, implied or otherwise), breach of the covenant of good faith and fair dealing, detrimental reliance, interference with contractual relations or any prospective business advantage, defamation, slander or libel, invasion of privacy, intentional and negligent infliction of emotional distress, false imprisonment, compensatory or punitive damages, any claims for attorneys' fees, costs, disbursements and/or the like, any claims for wages, bonuses, or other benefits, and any claims for negligence or intentional tort, arising up to and including the date on which Executive signs this Release.

(c) Nothing in this Release prevents Executive from providing truthful information to any governmental entity, nor does it interfere with Executive's right to file a charge with or participate in any investigation or proceeding conducted by the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission or a state or local fair employment practices agency. Nevertheless, Executive acknowledges and agrees that Executive hereby waives any right to seek or to share in any relief, monetary or otherwise, relating to any claim released herein whether such claim was initiated by Executive or not. In addition, nothing in this Release shall impair Executive's right under the whistleblower provisions of any applicable federal law or regulation or, for the avoidance of doubt, limit Executive's right to receive an award for the information provided to any government authority under such law or regulation.

(d) Notwithstanding the foregoing, this Release shall not release the Company from: (i) any obligations under the CIC Continuity Agreement or Executive's right to enforce the terms of the CIC Continuity Agreement; (ii) any obligations regarding any rights of Executive as a current or former officer, director or employee of the Company or its affiliates to indemnification under the terms of the CIC Continuity Agreement, the Company's bylaws or charter or any insurance policy or other agreement under which Executive is entitled to indemnification or directors' and officers' liability coverage; (iii) any claims or causes of action that cannot legally be waived, including, but not limited to, any claim for earned but unpaid wages, workers' compensation benefits, unemployment benefits, and vested 401(k) benefits; (iv) any claims that may arise in the future from events or actions occurring after the date on which Executive signs this Release; and (v) any claims as the holder or beneficial owner of securities (or other rights relating to securities, including equity awards) of the Company or its affiliates. By signing this Release, Executive represents that Executive has not commenced or joined in any claim, charge, action or proceeding whatsoever against the Company or any of the Company Entities arising out of or relating to any of the matters set forth in this paragraph.

Acknowledgement Executive acknowledges and agrees that the provisions in Section 9 of the CIC Continuity Agreement shall remain in full force and effect in accordance with the terms of the CIC Continuity Agreement.

3. Not an Admission. This Release is not intended, and shall not be construed, as an admission that any of the Company Entities has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever against Executive. nor is it intended, and shall not be construed as, an admission by Executive that Executive has violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever.

4. Entire Agreement. This Release constitutes the entire agreement between the parties with respect to the subject matter of this Release. No amendment to this Release shall be binding upon either party unless in writing and signed by or on behalf of such party.

5. Severability. Should any provision of this Release be declared or determined by any court to be illegal, invalid or unenforceable, the validity of the remaining parts, terms or provisions shall not be affected, and each remaining part, term or provision shall be legal, valid and enforceable to the fullest extent permitted by law, and any illegal, invalid or unenforceable part, term or provision shall be deemed not to be a part of this Release.

6. Jurisdiction/Choice of Law/Waiver of Jury Trial. Executive agrees that the provisions of this Release shall be construed in accordance with the internal laws of the State of New York, without regard to the conflict of law provisions of any state. Both parties hereby waive any right to a jury trial.

7. Knowing and Voluntary Agreement Executive acknowledges that Executive:

(a) has carefully read this Release in its entirety;

(b) has had an opportunity to consider it for at least twenty-one (21) days to consider the actual terms of this Release;

(c) is hereby advised by the Company in writing to consult with an attorney of Executive's choice in connection with this Release;

(d) fully understands the significance of all of the terms and conditions of this Release and has discussed them with Executive's independent legal counsel, or has had a reasonable opportunity to do so;

(e) has had answered to Executive's satisfaction by Executive's independent legal counsel any questions Executive has asked with regard to the meaning and significance of any of the provisions of this Agreement; and

(f) is signing this Agreement voluntarily and of Executive's own free will and agrees to abide by all the terms and conditions contained herein.

8. Effectiveness. Executive understands that Executive will have at least twenty-one (21) days from the date of receipt of this Release to consider the terms and conditions of this Release. Executive may accept this Release by signing it and returning it to:

Capri Holdings Limited
West 42 nd Street
New York, NY 1036
Attention: SVP, Chief People Officer

on or before 21 days after delivery. After executing this Release, Executive shall have seven (7) days (the "**Revocation Period**") to revoke this Release by indicating Executive's desire to do so in writing delivered to the Company's SVP, Chief People Officer at the address set forth above by no later than 5:00 p.m. on the seventh (7th) day after the date Executive signs this Release. The effective date of this Release shall be the

eighth (8th) day after Executive signs the Release. If the last day of the Revocation Period falls on a Saturday, Sunday or holiday, the last day of the Revocation Period will be deemed to be the next business day. In the event Executive does not accept this Release as set forth above, or in the event Executive revokes this Release during the Revocation Period, this Release shall be deemed automatically null and void.

PLEASE READ THIS RELEASE CAREFULLY. IT CONTAINS A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS ARISING OUT OF EXECUTIVE'S EMPLOYMENT.

Executive has read this Release and is fully aware of the legal effects of this Release. Executive has chosen to execute this Release freely, without reliance upon any promises or representations made by the Company other than those contained in this Release and understands that Executive will receive the payments and benefits provided under the CIC Continuity Agreement as set forth on Schedule I, less any applicable tax withholdings, in accordance with the terms of the CIC Continuity Agreement following the date on which this Release becomes irrevocable as described above.

Dated: ________________________

EXECUTIVE

____

PUBLIC

SCHEDULE I
SEVERANCE BENEFITS

Accrued Obligations (not subject to Release)	$[●] (Annual Base Salary) $[●] (Unpaid Annual Bonus) $[●] (Accrued Vacation) $[●] (Unreimbursed Expenses)	
Pro Rata Bonus	**$[●]**	
Severance Payment	**$[●]**	
Welfare Benefits Payment	**$[●]**	
Outplacement	Up to $25,000	
Other Benefits (not subject to Release)	[To be specified as applicable]	

PUBLIC

Exhibit 21.1

LIST OF SUBSIDIARIES OF CAPRI HOLDINGS LIMITED

ntity Name	Jurisdiction of Formation
Aruba MK Retail N.V.	Aruba
pri (Australia) Pty Ltd	Australia
pri Finance Hong Kong Limited	Hong Kong, China
pri Finance Malta Limited	Malta
pri Finance USA L.L.C.	elaware
pri Footwear Industries S.r.l.	Italy
pri (Hungary) Holdings Kft	Hungary
pri Insurance Delaware Limited	elaware
pri Luxury Finance Limited	United Kingdom
pri Operations Limited	British Virgin Islands
pri (Switzerland) GmbH	Switzerland
pri (Switzerland) Holdings GmbH	Switzerland
pri UK Holdings Limited	United Kingdom
pri UK Intermediate Limited	United Kingdom
pri UK Investments Limited	United Kingdom
pri UK Ventures Limited	United Kingdom
pri USA L.L.C.	elaware
pri USA Holdings LLC	elaware
pri USA Intermediate LLC	elaware
reek A partments Limited	U.A.E.
RANCHOO S.A.S	rance
ianni Versace S.r.l.	Italy
IVI Holdin g S.r.l.	Italy
. Versace Hellas S.A.	reece
ITACHOO S.r.l.	Italy
JC Gulf Trading LLC	U.A.E.
J. Choo (Asia) Limited	Hong Kong, China
J. Choo Austria GmbH	Austria
J. Choo (Belgium) BVBA	Belgium
J. Choo Canada Inc.	nada
J. Choo Czech, s.r.o.	zech Re public
J. Choo Denmark ApS	enmark
J Choo Florida, Inc.	elaware
J Choo Germany GmbH	erman y
J. Choo Hungary Kft	Hungary
J. Choo Limited	United Kingdom
J. Choo (Macau) Co., Limited	Macau, China
J. Choo Netherlands B.V.	Netherlands
J. Choo Norway AS	Norway
J. Choo Portugal, Unipessoal LDA	Portugal
J. Choo RUS L.L.C.	Russia
J. Choo Russia JV Limited	United Kingdom
J. Choo Sweden AB	Sweden
J Choo (Switzerland) AG	Switzerland
J. Choo (Thailand) Co., Ltd.	Thailand
J Choo USA, Inc.	elaware
JC ME Trading DWC L.L.C.	U.A.E. free zone
JC Services ME DMCC L.L.C.	U.A.E. free zone
Jimmy Choo Florence S.r.l.	Italy
Jimmy Choo Group Limited	United Kingdom

PUBLIC

Entity Name	Jurisdiction of Formation
Jimmy Choo Hong Kong Limited	Hong Kong, China
Jimmy Choo Korea Limited	South Korea
Jimmy Choo (Malaysia) Sdn. Bhd	Malaysia
Jimmy Choo (Shanghai) Trading Co. Limited	hina
Jimmy Choo (Sing pore) Pte. Limited	Sing pore
JIMMY CHOO SPAIN S.L.U.	Spain
Jimmy Choo Tokyo K.K.	Japan
Michael Kors (Austria) GmbH	Austria
Michael Kors Aviation, L.L.C.	elaware
Michael Kors (Bucharest Store) S.R.L.	Romania
Michael Kors (nada) Holdings Ltd.	nada
Michael Kors Columbia SAS	olumbia
Michael Kors (zech Re public) s.r.o.	zech Re public
Michael Kors (enmark) ApS	enmark
Michael Kors Do Brasil Comercio De Accesorios E Vestuario Ltda.	Brazil
Michael Kors Dominicana S.A.S.	ominican Re public
Michael Kors (uro pe) B.V.	Netherlands
Michael Kors (rance) SAS	rance
Michael Kors (erman y) GmbH	erman y
Michael Kors (HK) Limited	Hong Kong, China
Michael Kors (Hungary) Kft.	Hungary
Michael Kors (Ireland) Limited	Ireland
Michael Kors Italy S.R.L. Con Socio Unico	Italy
Michael Kors Japan, LLC	Japan
Michael Kors Korea Yuhan Hoesa	South Korea
Michael Kors (Latvia) SIA	Latvia
Michael Kors Limited	Hong Kong, China
Michael Kors, L.L.C.	elaware
Michael Kors (Luxembourg) Retail S.à r.l.	Luxembourg
Michael Kors (Netherlands) B.V.	Netherlands
Michael Kors (Panama) Holdings, Inc.	Panama
Michael Kors (Poland) Sp. z o.o.	Poland
Michael Kors (Portugal) Lda.	Portugal
Michael Kors Retail, Inc.	elaware
Michael Kors Spain, S.L.U.	Spain
Michael Kors Stores (lifornia), LLC	elaware
Michael Kors Stores, L.L.C.	New York
Michael Kors (Sweden) AB	Sweden
Michael Kors (Switzerland) GmbH	Switzerland
Michael Kors (Switzerland) Holdings GmbH	Switzerland
Michael Kors (Switzerland) International GmbH	Switzerland
Michael Kors (Switzerland) Retail GmbH	Switzerland
Michael Kors Trading (Shanghai) Company Limited	hina
Michael Kors (UK) Limited	United Kingdom
Michael Kors (USA) Holdings, Inc.	elaware
Michael Kors (USA), Inc.	elaware
Michael Kors Virginia, L.L.C.	Virginia
MK Chile SpA	hile
MK Holetown (Barbados) Inc.	Barbados
MKJC Limited	British Virgin Islands
MK Operations E-zone Curacao N.V.	uraçao
MK (Panama) Operations, Inc.	Panama
MK Panama Retail, S.A.	Panama

Entity Name	Jurisdiction of Formation
MK Retail Operation CR S.A.	osta Rica
MK Retail (SXM) N.V.	St. Ma rten
MK (Shanghai) Commercial Trading Company Limited	hina
UAB Michael Kors (Lithuania)	Lithuania
Versace Asia Pacific Limited	Hong Kong, China
Versace Australia Pty Limited	Australia
Versace Austria GmbH	Austria
Versace Belgique SA	Belgium
Versace Canada, Inc.	nada
Versace China Limited	hina
Versace Czech s.r.o.	zech Re public
Versace Deutschland GmbH	erman y
Versace Do Brasil Importação e Distribuição de Produtos de Vestuário e Acessórios Ltda.	Brazil
Versace España, S.A.U.	Spain
Versace España, S.A.U. – Sucursal em Portugal	Portugal
Versace France S.A.	rance
Versace Japan Co., Ltd.	Japan
Versace Korea Co., Ltd.	South Korea
Versace Macau Limited	Macau, China
Versace Malaysia Sdn. Bhd.	Malaysia
Versace Monte-Carlo S.A.M.	Principality of Monaco
Versace Nederland	Netherlands
Versace Shanghai Limited	hina
Versace Sing pore Pte. Ltd.	Sing pore
Versace Suisse SA	Switzerland
Versace Taiwan Co., Limited	Taiwan, China
Versace (Thailand) Co., Ltd.	Thailand
Versace U.K. Ltd.	United Kingdom
Versace USA, Inc.	New York

PUBLIC

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the egistration Statements on Form S-8 (Nos. -178486, -249023, 333-234699 and 333-266480) pertaining to the Amended and Restated Omnibus Incentive Plan, Second Amended and Restated Omnibus Incentive Plan, Deferred Compensation Plan, and Third Amended and Restated Omnibus Incentive Plan of Capri Holdings Limited and subsidiaries of our reports dated May , with respect to the consolidated financial statements and the effectiveness of internal control over financial reporting of Capri Holdings Limited and subsidiaries, included in this Annual Report (Form 10-K) for the year ended April 1, 2023.

/s/ ERNST & YOUNG LLP

New York, New York
May 31, 2023

PUBLIC

Exhibit 31.1

CERTIFICATIONS

I, John D. Idol, certify that:

. I have reviewed this Form 10-K of Capri Holdings Limited;

. Based on my knowledge, this report does not ontain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure ontrols and procedures (as defined in Exchange Act Rules 13a-15(e) and d- 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure ontrols and procedures, or caused such disclosure ontrols and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure ontrols and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit ommittee of the registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 31, 2023

By: /s/ John D. Idol

John D. Idol
Chief Executive Officer

PUBLIC

Exhibit 31.2

CERTIFICATIONS

I, Thomas J. Edwards, Jr., certify that:

. I have reviewed this Form 10-K of Capri Holdings Limited;

. Based on my knowledge, this report does not ontain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure ontrols and procedures (as defined in Exchange Act Rules 13a-15(e) and d- 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) Designed such disclosure ontrols and procedures, or caused such disclosure ontrols and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its onsolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure ontrols and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit ommittee of the registrant's board of directors (or persons performing the equivalent function):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 31, 2023

By: /s/ Thomas J. Edwards, Jr.

Thomas J. Edwards, Jr

Chief Financial Officer

PUBLIC

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 10-K of Capri Holdings Limited (the "Company") for the year ended April , 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John D. Idol, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 3(a) or Section 15(d) of the Securities Exchange Act of 934, as amended; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Capri Holdings Limited.

Date: May 31, 2023

/s/ John D. Idol
ohn D. Idol
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Report.

PX7098-245

PUBLIC

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this annual report on Form 10-K of Capri Holdings Limited (the "Company") for the year ended April , 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Edwards, Jr., Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 3(a) or Section 15(d) of the Securities Exchange Act of 934, as amended; and
(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Capri Holdings Limited.

Date: May 31, 2023

/ / Thomas J. Edwards, Jr.
homas J. Edwards, Jr.
Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Report.

PUBLIC

PX7098-247

BRG1890L-0523-10K

PUBLIC

EXHIBIT F

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
------------------------------x
FEDERAL TRADE COMMISSION,

Plaintiff, New York, N.Y.

v. 24 Civ. 3109 (JLR)

TAPESTRY, INC., and CAPRI HOLDINGS LIMITED,

Defendants.
------------------------------x Remote Hearing

September 6, 2024
10:05 a.m.

Before:

HON. JENNIFER L. ROCHON,

District Judge

APPEARANCES

FEDERAL TRADE COMMISSION
Attorneys for Plaintiff
BY: ABBY L. DENNIS
FRANCES ANNE JOHNSON
ANDREW LOWDON
VICTORIA SIMS

LATHAM & WATKINS, LLP
Attorneys for Defendant Tapestry, Inc.
BY: DAVID JOHNSON
ALFRED PFEIFFER
LAWRENCE BUTERMAN
JENNIFER GIORDANO

WACHTELL LIPTON ROSEN & KATZ
Attorneys for Defendant Capri Holdings Limited
BY: ELAINE GOLIN
ADAM GOODMAN
BRITTANY FISH

(Case called)

THE COURT: Good morning, everyone. Let me put a few things on the record first and then I will take appearances.

First, we are proceeding with this conference via Microsoft Teams through videoconference. Conferences are public proceedings even though we are holding it virtually and therefore a listen-only line was noticed on the docket for anyone who wishes to join. I understand we have many people on the line. Please presume that this is an open forum.

As a -- on this line we also have my deputy, my court clerk, as well as a court reporter who is transcribing these proceedings. Depending on how long the proceedings go, we may have to take a break for the court reporter to switch in and out, but I will ask the court reporter to let me know how we need to proceed at whatever point is necessary.

As a reminder, no one other than court personnel are permitted to record, rebroadcast, or disseminate these proceedings.

All right. Why don't we start with appearances. Who do we have here from the FTC?

MS. DENNIS: Good morning, your Honor. Abby Dennis for the Federal Trade Commission. With me in the room and on camera are my colleagues Frances Anne Johnson and Andrew Lowden. My colleague Victoria Sims is also joining remotely.

THE COURT: Terrific. Thank you.

And who do we have -- and, Ms. Dennis, will you be taking lead here today?

MS. DENNIS: I will. My colleagues will be arguing the *Daubert* motions, but I will handle everything else.

THE COURT: Okay. Thank you.

And then who do we have here for Tapestry.

ATTY 2: Good morning, your Honor.

MR. JOHNSON: Good morning, your Honor. This is David Johnson, of Latham & Watkins, representing Tapestry, and I'm joined today by my colleagues Al Pfeiffer, Jennifer Giordano, and Larry Buterman.

THE COURT: Good morning, everyone.

And who is here for Capri.

MS. GOLIN: Good morning, your Honor. This is Elaine Golin, from Wachtell Lipton, for Capri Holdings Limited. I am joined here by my partner Adam Goodman and our colleague Brittany Fish.

THE COURT: Terrific. Great. Thank you, everyone.

Let me just go over what we are going to cover here today. I have several things on my list.

So, first, I would like to go over some housekeeping issues and issues to deal with before we start the hearing on Monday.

Secondly, I would like to talk about sealing, which I think dovetails a little bit with some of the questions about how we are going to proceed in the hearing.

Third, I would like to go over the *Daubert* motions. I will hear whatever the parties wish to add to the papers that they have given me. So I will hear argument and anything else you wish to present with respect to the *Daubert* motions.

Then we will talk about the joint September 4 submission. I think there is less to talk about there than I had anticipated, given the submission from the parties as to any prehearing determinations that they are requesting from me.

Then we will follow up a little bit on the August 28 letter that was sent to me and discuss that a bit.

So that is my agenda of items, and so I am going to start with the housekeeping ones first just to get those out of the way.

The hearing, as we all know, is going to take place in Courtroom 20B. If we run out of seats in 20B, there will be an overflow courtroom nextdoor in Courtroom 20C, where we will be live streaming the hearing. Each side will be given one jury room——one for Courtroom 20B and one for Courtroom 20C——where you can keep your files. You can treat it as a workroom so you don't have to cart things in and out. That will be yours for the duration of the injunction proceedings. It will be opened each day by 8:30 even though we are starting at 9:00 so that you will have time to get to your things should you need them and you can stay there until we lock it up the courtroom at night.

As a reminder, nobody is permitted to record or rebroadcast or broadcast any of the proceedings that happen live. We have received a lot of calls to chambers as to whether there is going to be a live broadcast or dial-in to the hearing. There will not be. That is not consistent with court rules. Any member of the public who wishes to attend the hearing is most welcome to attend in person, and we should have enough space to accommodate everyone through the overflow courtroom as well.

The next topic I have is witness sequestration. I know the parties have an agreement about who can and cannot be in the courtroom during different portions of testimony. I am reiterating that it is the parties' obligation to make sure that that is being abided by. I will not know who the pertinent individuals are, so please do make sure that you are self-policing that agreement between the parties, especially since we have an overflow room, as well. So you will need to make sure that the people who are supposed to be in the room are in the room and the people who are not in the room.

If you have any witnesses that come and they are waiting to be heard, they can sit in the jury rooms. The jury rooms will not have the rebroadcast -- or the live stream of the proceedings going on, so that will essentially be a closed room where they can sit if they need to sit and await their testimony.

The parties are responsible in terms of technology, for making sure their technology functions properly. I understand that there are several people here today to do run-throughs to make sure that everything is going to go smoothly. I appreciate that. Please make sure that what you are bringing works with our technology and that everyone is familiar with the technology so that we don't slow anything up. Our courtroom and I believe 20C, although I believe that will be less important, but our courtroom has been recently upgraded technology-wise, so we shouldn't have any glitches and it should be just fine.

The microphones in the courtroom, the microphones in the courtroom are going to be set to be off unless they are turned on. That's not always the case in various courtrooms and sometimes isn't even the case in my courtroom. But we are going to turn off the default function of having them on because if that's the case they may catch any whispers and things like that and there are an awful lot of people here, and it's being broadcast into another courtroom, so we just want to make sure that what's meant to be said out loud are the only things that are said out loud. But when they are on——and you just push them on and a little red light comes on——they will catch whatever is said. So if anyone is discussing anything, if you have a large team talking about anything and you don't want it broadcasted on the microphone, please make sure that you are very careful and the microphone is either off, you are whispering very lightly or, even better, if you are staying well away from the microphones.

The timing of the proceedings, the parties have agreed and the Court has agreed the will have 45 minutes per side for opening arguments followed by an evidentiary hearing of 20 hours per side. We are going to -- the Court will keep track of time. I also expect that each side will track their time closely. I don't anticipate that I will be able to give either side additional time because I have a criminal trial that starts the day after this proceeding, and I did arrange my schedule based on the representations of the parties that they agreed to limit themselves to 20 hours each. As I said, my law clerk will keep track of each side's time daily. You should be keeping track as well and please have a representative from each side check in with my law clerk either during lunch or at the end of the day to reconcile any time issues, and I will provide the time at the end of each day so that we are all on the same page.

As a reminder, we will start the evidentiary hearing each day promptly at 9 a.m. We will have a 15-minute break at 11 a.m., an hour lunch from 1 to 2, during which I may have other proceedings to attend to, and a 15-minute break around 3:00, and then we will generally finish at 5:00. Because I may have other proceedings at the lunchtime, I may ask you on certain days to remove your items from the tables so that I can have other parties come to the table during the lunch break and I can do a proceeding. If that's not necessary, you won't need to move your items, but on some days I can tell that you it will be necessary.

With respect to finishing at 5 p.m., if there is an issue and we need to run over just a little bit I will try to make accommodations for that just to make sure that we are on schedule. But I run a pretty tight schedule. So when I say we start at 9, we start at 9; when I say it's a 15-minute break, it's a 15-minute break, it's not an around-15-minute break. Now, something could happen, and certainly something could happen on my end, and often does, where I am delayed a little bit. But I'm going to try to make sure that that doesn't happen, I'm going to ask you to make sure that that doesn't happen, and we are going to use all of our time wisely.

And that goes for making sure that your witnesses are ready. We are going to use the entire time from 9 to 5 for this hearing. So if one witness ends at 4:45, that means another witness needs to be ready to go at 4:45, even if we only get a portion of that witness's testimony in. We are going to use the most of our 9-to-5 period. I am also happy to meet with the parties at 8:30 on any days if we find that there is an issue that we need to talk about before we start the evidentiary portion of the preliminary injunction hearing.

I will put as many chairs around the table for plaintiff and defendants as we can, and there will be a row of chairs behind defense table because I anticipate we may have even more attorneys for defendants since we have two defendants there. But you can configure yourself when you arrive on Monday. The courtroom will be open by 8:30 on Monday, so you can get yourself ready before we start at 9:00.

Setting aside the question of sealing and those kinds of proceedings that we are going to talk about in a minute, any questions about logistics that we have just gone over? Let me start with Ms. Dennis. Any questions?

MS. DENNIS: No, your Honor. Thank you.

THE COURT: Okay. Mr. Johnson, any questions?

MR. JOHNSON: No, your Honor. Thank you.

THE COURT: And Ms. Golin?

MS. GOLIN: No, your Honor. Thank you very much.

All right. Now talking about sealing, there have been, I would say, an immense amount of sealing requests thus far in this case, and so what I am going to do is to grant those sealing motions regarding the items that have already been filed in an order that I am going to put out after this proceeding, but I do want to give the parties some guidance moving forward. As you know and as I am sure you understand, under cases like *Lugosch*, there is a heightened presumption of public access for judicial documents under that case. So certain information that's currently filed under seal may end up being critical for the Court's determination in adjudicating this matter and that means, as the case progresses, some of what I am going to allow to be filed under seal now may need to become unsealed. I just don't know until I know exactly what's going to become the basis for my judicial determination here.

For example for plaintiff's brief in support of their motion for preliminary injunction, they have redacted purported total market shares held by Kate Spade, Coach, Michael Kors, and HHI held by these companies in the proposed market. I'm going to assume that those figures are going to be critical to the Court's analysis, so we need to determine how we are going to treat those in the future.

Another example, the defendants, in the defendants' opposition to plaintiff's motion for the PI, defendant's redacted their assertions about consumers viewpoints on particularities of manufacturing practice as well as generalized pricing information of handbags sold by defendants' own brands and, again, these may end up being central to the Court's analysis and may have to have some unsealing there. That all being said, I also recognize the privacy interests of third parties that weigh heavily in favor of sealing and even as to some party documents that have commercially sensitive confidential information that can merit seeing. But I am just saying now that I will seal for now but that may be revisited as we move forward and determine what may need to be unsealed.

All right. So now I want to talk a little bit about how we are going to handle things in the hearing itself.

There may be some documents, especially in the context of third-party documents, that may need -- that perhaps should not be discussed in open court and need to be treated separately. So I would like to hear from the parties as to how you propose to move through the preliminary injunction hearing to take into account some of this confidential information. I know it's been done in different ways in different courts. I want to know what the parties are going to propose here and make we can talk about it a little bit. Let me start with you Ms. Dennis.

MS. DENNIS: Thank you, your Honor.

We defer to the Court's preferences, but we submit the courtroom should remain open as much as possible during this proceeding. We are prepared to work with defendants and nonparties to minimize the need to seal the courtroom, if at all, during live testimony. We think we can do that through redacting documents. We just got some redactions from defendants last night. We can use code names. We can just point to something in a document, say "you wrote that." We want to try to work with defendants and the parties who will be appearing live to make sure we don't seal the courtroom any more than we have to.

There are a number of witnesses, however, nonparties who will be appearing via deposition video and for each one of those parties, I think with the exception of one, they have marked the entirety of their transcripts confidential. We believe and I believe defense agree with us——we talked about this yesterday——that those videos should be played in court. But the FTC at least does not oppose the third-party motions to seal that information and actually thinks that might be the most efficient way to get through those videos is to sealing the courtroom for the entirety of them. And I think there will be, for the Court's information, five or six in the FTC's case and we anticipate them all being under an hour.

THE COURT: Total under an hour?

MS. DENNIS: No, each witness.

THE COURT: Okay. Each witness is under an hour, so it would be six hours of testimony, five to six hours.

MS. DENNIS: Correct. That's what we are anticipating. We are in the process of winnowing down designations with the defendants. That's what they are all looking like at this point.

THE COURT: Okay. Thank you.

Let me hear, then, from defendants. But I will comment before I do that I do also agree with trying to keep the courtroom open absolutely as much as possible, and I think there are ways in which testimony can be presented in a way that allows that especially obviously we don't have a jury, it's me sitting up there, so you can point me to something without having to say it out loud. I can see the documents in front of me. We can probably deal with a lot of things that may involve commercially sensitive information in a way that keeps things flowing and open. So I appreciate that.

Mr. Johnson, your thought, please.

MR. JOHNSON: Yes, your Honor.

From Tapestry's perspective we are in agreement with your Honor's approach and also with the approach that Ms. Dennis presented there. We share the sentiment of trying to keep the court open as much as possible for the live testimony while also working, I think, creatively and cooperatively on ways to protect some just narrow issues that are particularly competitively sensitive that we are still working through very cooperatively with the FTC and I'm confident we can reach resolution on those.

THE COURT: All right. That sounds fine. That's great.

Ms. Golin?

MS. GOLIN: I don't have anything to add, but I'm going to ask Ms. Fish if she did. She is handling these issues for us.

THE COURT: Thank you.

Ms. Fish?

MS. FISH: Nothing further from us. Mr. Johnson accurately described our position, as well.

THE COURT: I appreciate the parties working together. I think we all have the same approach in mind in terms of maximum transparency here, although I do recognize that there will be some items that we are going to need to be creative with and to make sure that we are not disclosing competitive information. Okay, so we will do that. I think that sounds like a good approach. And maybe that's a reason that we should all be here at 8:30 on Monday morning instead of 9:00 so we can talk about if there is anything else that we need to discuss in terms of logistics. So let's plan on 8:30. In fact, I'm going to do a standing, so that the parties are always ready for it, let's do a standing 8:30 so that everyone is ready for that because then we can talk about if there is anything that's going to happen that day with particular witnesses or testimony, we will know about how we are going to treat it in advance and don't need to take up the 9 to 5 time with that. Okay. So we will talk more about that as we go, and I appreciate everyone working together on that.

Okay. So then let's move to *Daubert* motions I have the papers. I have reviewed them very closely. They are very comprehensive, and I thank you for those.

I have three *Daubert* motions pending before me.

Plaintiff moves to exclude the testimony, opinions, and report of defendants' purported industry expert Karen Giberson. Plaintiff also moves -- and that's at docket 171. Plaintiff also moves to exclude the testimony, opinions, and report of defendants' other purported industry expert Jeff Gennette at Docket No. 176. And defendants move to exclude the opinions of Dr. Loren Smith regarding and relying upon his diversion analysis at Docket No. 185.

So I will hear first from -- let's hear first from plaintiff regarding the two *Daubert* motions that the FTC has filed. I will then hear from defendants in response to plaintiffs' presentation. And then if there is anything that plaintiff would like to add on reply, I am happy to hear that as well. Know, of course, that I have read these materials very closely, and as I am sure you also all know this is a preliminary injunction hearing, so feel free to add whatever you would like to add to these presentations.

Ms. Dennis.

MS. DENNIS: Your Honor, Ms. Johnson will be handling our *Daubert* motion with respect to Ms. Giberson and Ms. Sims will be handling it with respect to Mr. Gennette.

THE COURT: Okay. Why don't we do Ms. Giberson first.

MS. JOHNSON: Thank you, your Honor.

Frances Anne Johnson on behalf of the Federal Trade Commission.

I am happy to answer any questions the Court may have regarding our motion to exclude the opinions, testimony, and report of Karen Giberson.

As a threshold matter, Ms. Giberson testified during her deposition that she reached her opinion about this matter prior to reviewing any of the ordinary-course documents in this case. She also testified that she did not rely on any documents in reaching her opinion. They merely "fortified" the opinions she had already reached. This is improper, as the Court held in *EEOC v. Bloomberg.*

Defendants submit that Ms. Giberson is an industry expert, but even industry experts must meet the standard under Rule 702 and *Daubert*. Rule 702 requires that expert opinions must be the product of reliable principles and methods and that their opinions must reflect a reliable application of those principles and methods even where the witness is claiming expertise based on personal experience.

And an expert witness has to show their work. They have to show how their experience led to their opinions. They have to show how they reliably applied their methods and principles to the facts in the case. That is what's missing from Ms. Giberson's opinion and what distinguishes this case from the cases concerning industry experts that defendants cite in their opposition.

Under Rule 702 an expert witness must also help the

Court understand the evidence or determine a fact at issue. Defendants submit that Ms. Giberson will help the Court understand the real world, but that is what fact witnesses are for. Your Honor will hear from fact witnesses——both defendants' executives and nonparties——who will testify to the facts at issue and who have personal knowledge about the ordinary course documents in this case.

The FTC has noted our concerns with the timing and process of how Ms. Giberson reached her conclusions. The opinion is not based on a balanced and thorough review of the documentary record. We have also noticed -- noted our concerns with witness bias given the relationship between Ms. Giberson's organization and defendants. Tapestry and its brands are dues-paying members of the trade organization that Ms. Giberson heads.

In sum, Ms. Giberson's report is a recitation of the facts and the record as defendants would characterize them. Courts in this district have rejected similar attempts to use experts to present a summary of facts that the defendants wish to argue are relevant to the decisions the fact-finder must make at trial. As the Court said in *FTC v. Vyera Pharma*, this is not proper expert testimony.

For those reasons, we would respectfully ask the Court to exclude the testimony, opinions, and report of defendants' purported industry expert, Karen Giberson.

Thank you.

THE COURT: Thank you, Ms. Johnson.

Why wouldn't questions regarding any purported bias that exist go to the weight of her testimony and be ample fodder for cross-examination as opposed to excluding the testimony?

MS. JOHNSON: Yes, your Honor.

And the FTC certainly stands prepared to vigorously cross-examine Ms. Giberson and to present contrary evidence during our case in chief. We would submit that even in a bench proceeding the Court ultimately has to make a reliability determination about an expert witness under 702, and we would submit that proper time is now.

Thank you.

THE COURT: And why should I not hear this testimony and then make any determinations regarding reliability or whether there is an appropriate basis for her expertise in terms of the industry and then make that determination later since I'm not dealing with a jury here, it's just a preliminary injunction hearing with only the court present?

MS. JOHNSON: Your Honor, we certainly agree that it is within the Court's discretion to proceed that way should you desire.

THE COURT: Okay. Thank you. Thank you, Ms. Johnson. Excellent presentation.

Who will be responding from defense counsel?

MS. GIORDANO: I will, your Honor. Jennifer Giordano, from Latham & Watkins, on behalf of Tapestry.

I just wanted to start perhaps where Ms. Johnson left off which is understanding the nature of the opinions that Ms. Giberson has. She offers a number of different opinions, and I just want to level set the record a little bit about how the testimony that she gave at her deposition, how -- it's either being misunderstood or mischaracterized. I'm not sure which. But the reality of it is her role in this case is as a response to the case that the FTC is going to put in and in particular is a response to the testimony that's going to come in from the FTC's economist Dr. Smith.

And what her role in this case is is to explain -- she is not an economist and she is not going to offer any economic opinions, but her role in this case is to explain how the economic opinions that Dr. Smith offers don't match the commercial realities of the handbag industry that she knows from her nearly 30 years of working every single day in every facet of this industry. And this is important because whether that economic testimony matches commercial realities is a key issue in dispute in this case that the Court is going to have to resolve, and this type of testimony is clearly relevant, helpful, and important to the Court because Dr. Smith made the very same mistake in the only other time that he testified in a merger trial. That was the *FTC v. Thomas Jefferson* case where what the Court held there was that Dr. Smith's economic results were unpersuasive because "they did not correspond with commercial realities." and Ms. Giberson is going to explain the commercial realities of the handbag industry because she is an expert in all things handbags and her role here is specifically to rebut the industry pieces of this case, not the economics.

So I will just run very quickly through what we would expect that to be.

She has a lengthy report. I'm sorry.

THE COURT: One question there. Why wouldn't the commercial realities be able to be addressed through fact witnesses who will presumably testify as to the commercial realities that they are experiencing?

MS. GIORDANO: That's a great question. It is because of the extraordinary breadth of this industry and the limitations on the number of witnesses we can feasibly present to the Court in 20 hours. Over 230 companies are indisputably competing in this marketplace even under the FTC's own theory. We and Ms. Giberson will explain it's actually far more than that, but we can't feasibly bring 200, 400 people into the Court in 20 hours with a limit of 20 witnesses to show you that breadth and the constant dynamic nature of this industry. People are coming into the handbag industry all the time. They are expanding. They are growing. New businesses are popping up. Its dynamics happening in realtime, and that's just not feasible for us to do one fact witness at a time for the Court to really understand that scope and breadth, and that's what Ms. Giberson brings to this case with her extraordinary breadth of experience from 30 years.

THE COURT: Thank you. And I interrupted you. You can proceed with anything further you wanted to add.

MS. GIORDANO: I wanted to briefly explain, just so you understand the concepts of the things she would bring to rebut. She has a lengthy report, but obviously what of that she would be able to testify to depends on sort of how the case comes in from the FTC. So I didn't want you to think that she is necessarily going to say all of those things in her lengthy 97-page report. We just wanted to fairly disclose to the FTC all of which that might be.

But her primary role, what we expect her to say in this case is she is going to explain how plaintiff and specifically their expert ignore the competitive options for handbag consumers and specifically the incredible fast-growing resale channel that's happening in this industry. The resale of used handbags is incredibly important and a growing part, and plaintiff and her expert have really just ignored it so far in this case.

And she is going to explain from her experience how plaintiffs and their expert are wrong about the attributes that they claim make accessible luxury handbags, quote, distinct from other handbags. She will be able to show with her experience and what she knows about the industry why the attributes actually aren't distinct or unique as the FTC claims. And she is going to be able to show that the FTC and their expert are unfairly ignoring or downplaying the significance of this constant dynamic nature of the industry, the growth, the expansion, the repositioning. And what that means in particular is what are the options going to be for consumers if Tapestry is allowed to acquire Capri. What is the nature of this expansion and dynamic industry? What does that mean for what consumer options are going to be and the many options that are always still going to be available if Tapestry is allowed to acquire Capri.

And lastly, one thing that is going to be important that I think the court has heard a lot about so far in the papers is this industry resource called MPD. This data is a fundamental underpinning tenet of Dr. Smith's entire economic analysis and the FTC did not depose, he did not speak to anyone at MPD about how the data works, how they create the data, but it turns out MPD is actually a number of Ms. Giberson's accessories council. She works with them daily. She knows how their data is put together. She speaks with people from MPD regularly. So she has insights into how their data actually works, how it is put together, what those categories mean, and how Dr. Smith is completely misusing them, misunderstanding them, and that's an industry expertise that she brings to them, not an economic one.

If the Court has any other questions, I will stop there.

THE COURT: No, that's very good. Thank you, Ms. Giordano. Excellent presentation.

Ms. Johnson, do you have anything that you would like to add?

MS. JOHNSON: Just briefly, your Honor.

We submit that the commercial realities that Ms. Giberson purports to opine on are appropriate for percipient fact witnesses to testify on, and we point to the *Longtop Fin Tech* case we cite in our papers which says an expert may not offer testimony but simply constructs a factual narrative based on record evidence or summarizes facts and documents in the record that the trier of fact is capable of understanding on their own.

That's all. Thank you, your Honor.

THE COURT: Thank you very much.

All right. I'm going to next move -- and I will give my -- I want to next move to the motion with respect to Gennette. It seems I was saying Giberson wrong, so perhaps I am saying Gennette wrong, but let's see. So who will be arguing with respect to the report of Mr. Gennette?

MS. SIMS: Your Honor, I will be arguing the motion to exclude.

THE COURT: Okay. That is Ms. Sims?

MS. SIMS: Yes.

THE COURT: Okay. You may proceed, Ms. Sims.

MS. SIMS: Good morning, your Honor. Victoria Sims for the Federal Trade Commission.

The FTC respectfully asks the Court to exclude the testimony, opinions, and report of Jeff Gennette. Mr. Gennette is at best a fact witness who doesn't meet the requirements of Federal Rule of Evidence 702. Federal Rule of Evidence 702 requires that the party offering expert testimony must demonstrate that, number one, the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue;

Number two, the testimony is based on sufficient facts or data;

Number three, the testimony is the product of reliable principles and methods; and

Number four, the expert's opinion reflects a reliable application of the principles and methods to the facts of the case.

Mr. Gennette meets none of these criteria. He has no scientific, technical, or specialized knowledge. He is not an economist and has never performed a merger review. He has experience only with one channel of distribution and with one wholesale company, Macy's Inc., the same company that has already produced a corporate representative, who was deposed, and whom defendants intend to call as a fact witness. His testimony is not based on sufficient facts or data. He only reviewed the materials provided to him by counsel for defendants and the consulting firm they hired, Analysis Group, and failed to review the sales data underlying the economic analyses at issue.

Mr. Gennette did not employ any reliable methodology to come up with the opinions presented in his report. He did not conduct any statistical analyses or surveys, he performed no market definition work, and he did not test any of Dr. Smith's results. His only methodology was to review the materials provided to him by defense counsel and Analysis Group and to commission a set of photographs from a limited set of wholesalers. He failed to employ any reliable methodology that could be applied to the facts of the case.

Mr. Gennette offers opinions on the following topics: competition from direct-to-consumer channels in which he has never worked; entry into the market through direct-to-consumer channels with which he has no experience; discounting behaviors of luxury brands where he has never worked; behaviors, practices, and incentives of multi-brand retailers other than Macy's with whom he has no experience. Mr. Gennette lacks the speaks to opine on these topics.

Mr. Gennette also offers opinions on the following economic analyses by Dr. Smith, the FTC's economist. Dr. Smith's merger simulation and the ability of the merged entity to raise prices --

(Technical issue)

MS. SIMS: Can you hear me?

THE COURT: I can still hear you. There was a little buzz, but now it stopped.

MS. SIMS: Fantastic.

-- the effects of the proposed merger, the data Dr. Smith used for his market share calculations, and Dr. Smith's market definition.

Mr. Gennette, who admits that he is not an economist and has no expertise in data analysis, market definition, or diversion analyses, has no training or expertise that would allow him to opine on these topics. There is no argument that Mr. Gennette has 40 years of experience with Macy's but, again, that's what makes him a fact witness rather than an expert.

Additionally problematic is the fact that Mr. Gennette often relies on undisclosed discussions and analyses from his time at Macy's conducted prior to being retained as an expert by defendants. These discussions and analyses were not provided with his report and the FTC and its economist have had no opportunity to review or evaluate them. For instance, informing his opinion that Michael Kors faced a backlash when it tried to increase prices, Mr. Gennette relied on undisclosed analysis by Macy's that was not provided to the FTC. Similarly, Mr. Gennette cited undisclosed conversations he had while at Macy's as the basis for his conclusion on the effects of Michael Kors' price increase. Mr. Gennette had no recollection of the details of when and how these discussions occurred and the specific participants in all of the discussions.

Finally, Mr. Gennette's testimony confusingly comes into conflict with that of Macy's corporate representative. For instance, Mr. Gennette disagrees with Macy's corporate representative about the reasons why certain brands are placed near one another on the sales floor. He also disagrees with Macy's corporate representative about the uses of the data Macy's purchased from MPD.

This type of testimony is inappropriate for an expert witness and hinders, rather than helps, the Court's analysis. The FTC respectfully requests the Court to exclude the testimony, opinions, and report of Jeff Gennette.

Thank you, your Honor.

THE COURT: Thank you. I have a few questions.

First, you stressed that he has experience at Macy's and that that would detract from his being an expert as opposed to a fact witness. But how do you address the defendants' reliance on cases like the *ROMAG* case that seem to say that you can be an expert in an industry even if you have only worked in one single company?

MS. SIMS: Sure. So in the *ROMAG* case the Court said the upshot of defendants' arguments seems to suggest that only an employee of Fossil could testify as an expert in Fossil's industry. But, your Honor, this is different than saying that Mr. Gennette can't opine on other channels of distribution than the channel of distribution with which he has familiarity as a source of his experience or, for instance, other wholesalers. He can't give an opinion saying this is what another wholesaler does because his experience is with Macy's. Similarly, he can't give an opinion on what a direct-to-consumer channel distribution is like because, again, his experience is in the wholesale channel distribution.

And I will just add that in *ROMAG* there were portions of both reports struck at the end and the Court also said the district court should not admit testimony that is directed solely to lay matters that a jury is capable of understanding and deciding without the expert's help, and that's essentially what we are saying here, your Honor.

THE COURT: Thank you.

You talk about various areas to which Mr. Gennette allegedly does not have expertise, for example, direct-to-consumer. How do you respond to defendants pointing out that he developed Macy's marketplace and then with respect to luxury brands, while he didn't work at a luxury brand, defendants point out that Macy's sold some concededly luxury brands——Louis Vuitton, Gucci, Burberry, etc.——and similarly with respect to resale launching Macy's Backstage. So the different areas to which you point that he does not have expertise, they are pointing to aspects of his work at Macy's that does touch upon those areas. Can you respond to that?

MS. SIMS: Sure. So certainly Bloomingdale's sells some luxury brands and certainly Macy's Backstage exists, but our view here is that luxury brands themselves are in the best position to offer testimony about how luxury brands operate. And as your Honor will see during the hearing, we will have that kind of testimony from percipient witnesses available for your Honor to evaluate.

THE COURT: Thank you.

And then, finally, I hear your argument about disagreement between Mr. Gennette and the Macy's witness about placement or other aspects of the way Macy's sells things. Why wouldn't that disagreement then go to the weight? I assume there would be ample cross-examination of Mr. Gennette on his testimony if it is contradicted by those who work at Macy's now.

MS. SIMS: Your Honor, we think it would be most efficient -- a most efficient use of the Court's time and resources to make the determination now rather than to have a fight down the road about whose opinion is valid, the purported experts, or the fact witnesses and whether there was any bias or if there were any credibility issues. We just think that the issue can be resolved now and we can save some time if we do that.

THE COURT: Okay. Thank you, Ms. Sims. Excellent argument.

Who will be responding on behalf of defendants?

MS. GOLIN: I will, your Honor. This is Elaine Golin for Capri.

THE COURT: Hello, Ms. Golin.

MS. GOLIN: And by the way, it is Mr. Gennette. You did get that right. I was saying "Jennette" for the first couple of months I was working with him, but it's a hard G.

THE COURT: Okay, good.

MS. GOLIN: So as your Honor has said previously in the *MB Branding* case, there are basically three broad criteria for admitting expert testimony. There is qualifications, there is reliability, and there is relevance. I didn't hear Ms. Sims to be challenging relevance, and I would be surprised if she did, because Mr. Gennette's opinions go to the heart of the issues in this case, namely, competition and distribution channels for handbags, commercial constraints on the ability of the merged companies to raise prices, how multi-brand retailers can and do support new entry by handbag brands, and whether the MPD categorizations that Dr. Smith relies on are good proxy for commercial realities in the industry. Spoiler alert: they are not. But I don't understand her to be challenging relevance, so we can talk about qualifications.

I think your hit the nail on the head in your questions to Ms. Sims when you noted that in Mr. Gennette's 40-year career at Macy's, during which he rose through the ranks on both the merchandising side——which is what should Macy's sell——and the store management side——how should they sell it——to eventually become chief merchandising officer, the person in charge of deciding all the products, including handbags that Macy's should buy and Macy's should sell both online and in their brick-and-mortar stores, and then he went from there to become president and eventually CEO of Macy's, Inc., which, as Ms. Sims noted, is not just Macy's but also Bloomingdale's and Blue Mercury. Admittedly, Blue Mercury sells makeup, not a lot to do with this case.

But as your Honor noted, along the way in those four decades he did a lot of things, and some of those things involved, for example, the sale of so-called luxury brands of handbags. Macy's sells handbags, luxury brands, both new and resale. Bloomingdale's is obviously a department store on the higher end of the price spectrum, and I don't think Ms. Sims contends that they don't do a booming business in handbags at the higher end of the price speculum.

Resale, as your Honor noted, he built a resale business. He first partnered with a resale company and then he developed Macy's own business and certainly knows about the explosion of resale in this market. As your Honor noted, he started Macy's Marketplace, which is a business giving a platform to direct-to-consumer companies, so he got to see direct-to-consumer companies in action as he worked with them, placing them on Macy's Marketplace.

So all of this sort of nitpicking doesn't really go to the breadth and depth of Mr. Gennette's experience. But perhaps most importantly I think they are fundamentally misunderstanding what it takes to become CEO of the nation's largest department store company. You don't get there if you don't understand the industry that you are working in, in this case the fashion retail industry. You don't understand the vendors, you don't understand the suppliers, and you don't understand your own competition——other retail channels and avenues that are getting to consumers. If Mr. Gennette didn't understand all of that, he wouldn't have become chief merchandising officer and then president and then CEO. As Mr. Gennette testified and will testify in court, he observed closely the competition throughout his career. He participated in industry events. He was chairman of the National Retail Federation. He talks about in his deposition about how he would talk to the consumer. He would go on shop-alongs. He would visit shops. He would visit competition's shops. So I think there is just a fundamental misunderstanding about the breadth and depth of his experience. If your Honor has questions about a specific experience, I would be happy to answer that, and of course, your Honor --

THE COURT: I -- go ahead, Ms. Golin.

MS. GOLIN: Your Honor correctly focused on I will call it *ROMAG*——but it may be *R-O-M-A-G*——*Fasteners* case where the challenge there was that the proffered expert had only worked at Coach, of all companies, and the Court rejected that and said that they could still testify more broadly as an expert to the handbag industry. And I noticed that Ms. Sims did not cite a case holding that a 40-year career as a prominent executive at a single company is disqualifying.

So that's qualifications. I don't know if you have questions on that before I move on to reliability.

THE COURT: You can move on. Thank you.

MS. GOLIN: Okay. So with respect to reliability, I understand Ms. Sims' primary attack to be that Ms. Giberson is not an economist. We can stipulate that he is not an economist. He said so himself. It's paragraph 88 of his report. He is an industry expert, unlike Dr. Smith, and the law is clear that when you are an industry expert, you don't have to use economic tools. Your primary method can be, quote, "the application of his experience to the facts of this case." That's the *In re: Stand 'N Seal* case that we quote in our brief, and that's just what he did. He is not offering specialized economic opinion. He is offering a series of opinions, based on his 40 years of industry experience, that he does not believe Dr. Smith's opinions account for the commercial realities of the handbag market. That type of critique, saying, hey, your model is not grounded in the real world, is plainly permissible for an industry expert.

We cite Judge Scheindlin's *MTBE* case, where a logistics expert was challenged because they offered economic-related analysis, and the Court held there that the expert could testify to all matters within their experience even where those included economic considerations, and that an expert doing so need not employ a social science methodology.

Judge Brodie's opinion in *In re: Payment Card* is to the same effect. A marketing expert was allowed to respond to an economic expert using her marketing perspective to critique a economist's hypothetical analysis.

And there is the *Kamakahi v. American Society for Reproductive Medicine* case where, once again, a bioethicist was allowed to comment on the role ethics played in shaping a market, and that was deemed admissible to determine whether an economist model was accurate.

So, in short, there is no particular analysis that Mr. Gennette had to perform to offer opinions in this case. He is applying his real world experience to the facts. And that's exactly what Judge Oetken said in *In re: Kirkland Lake Gold*, where he said that an expert's opinion, industry expert's opinion, should be, quote, "rounded in the facts." Mr. Gennette read depositions, he read documents, he applied his real world experience to opine on what was going on here, how this industry works in the real world. So that's reliability.

And I think finally the point that Ms. Sims made was this purported issue of conflict with Christopher Simon who is the Macy's 30(b)(6) witness. First of all, I think the FTC has magnified those conflicts in their brief, and I don't think your Honor will find those conflicts to be as troubling when she hears both of those witnesses testify. But as Mr. Gennette explained at his deposition when he was pressed by the FTC, he said that those differences could be down to perspective. I think it is your Honor's inherent role as the trier of fact here to assess those differences in perspective and, as you pointed out, they at most go to weight. They are not a basis to exclude Mr. Gennette.

I would add that, you know, perhaps proof the defendants don't see the conflict that Ms. Sims asserts is that defendants, who have decided to call Mr. Simon as a live witness during this hearing, and you will see Mr. Simon a week after next along with Mr. Gennette and be in a position to assess them.

And the cases that they cited in their brief just aren't on point. Those were cases where one witness, like the *Ninely* (ph) case, an expert was hired to testify that police officers were telling the truth. We are not asking Mr. Gennette to comment on whether Mr. Simon is telling the truth. In fact, he did not criticize Mr. Simon of his own volition. He was pressed by the FTC on that point at his deposition and, as I said, he said it was a matter of perspective.

So that's all I have, your Honor, unless you have questions.

THE COURT: Can you respond to the FTC's argument that Mr. Gennette is relying on undisclosed analyses prior to him becoming an expert?

MS. GOLIN: He is relying on his experience, your Honor. I think what the FTC is referring to is in the course of his deposition when he said what -- how did you know this, what happened in the course of your experience that informed you, he mentioned that when he was at Macy's there were different studies done and that he had seen those when they would cross his desk, but he wasn't specifically relying on those studies to form his opinions here. He is relying on his experience. And at deposition he was asked about the components of those experience, and he mentioned these other things, that in the past he had had conversations. But to be clear, he doesn't use those materials in his report, he won't be relying on them when he testifies, he won't be citing, for example, a study that the FTC doesn't have when he testifies at trial. He will be saying, I worked for years with the Michael Kors brand, and I saw what happened, and that informed my opinion as to what might happen in the future. But he won't be relying on it to study with respect to Michael Kors, for example.

THE COURT: Thank you, Ms. Giberson.

All right, Ms. Sims, anything you would like to add?

MS. SIMS: Just very quickly, your Honor.

Again, this case is not about Macy's. Perhaps if this case were just about Macy's, then Mr. Gennette would be a viable expert. But as I think Coach will tell you, the wholesale channel is at the bottom rung of the channels with which they are involved. This case is about various other channels with which Mr. Gennette has no experience that would qualify him as an expert.

Ms. Golin asserted that Mr. Gennette's opinions are reliable, but, again, that's also not so. Mr. Gennette repeatedly asserted, as your Honor pointed out to Ms. Golin, that he was relying on conversations and studies that had never been provided. So the reliability prong is not satisfied here, and the differences between Mr. Gennette opinions and Macy's testimony further demonstrate the lack of reliability here.

(Continued on next page)

THE COURT: Thank you very much.

Let me now hear on the motion from defendants to exclude an opinion regarding Mr. Smith or Dr. Smith's diversion analysis.

Who will be arguing on behalf of defendant. Lawrence Buterman, your Honor.

THE COURT: You may proceed.

MR. BUTERMAN: Thank you good morning.

THE COURT: Good morning.

MR. BUTERMAN: Your Honor, diversion a very specific concept. It refers to a measured response by consumers to a measured increase in price, and here Dr. Smith is arguing that in response to a price increase in one of the brands, Kate Spade, Coach or Michael Kors, that customers would divert in large numbers to the other two brands. And that's a foundation of his entire analysis that we'll get to in a minute.

Now, how does he get there? He gets there by looking at survey questions, survey questions that were asked in 2021 and 2022. But survey questions had nothing to do with ascertaining whether there was a measured response to a measured price increase. The survey questions asked something very different. They asked consumers: In the past 12 months when you bought a handbag, what other brands did you consider? That was it. And Dr. Smith takes that survey question and the results, and he then uses that as the foundation for his analysis.

So there are two problems in particular with the use of a survey question along the lines of the one that Dr. Smith relied on. The first is that consideration just does not in any way get out the concept of diversion. What I considered at one point in time doesn't inform what I would do in response to a price increase.

The second problem is a temporal one. What I did several years ago in 2021, what I considered in 2021 or 2022, there is no way that that can inform what I would do in 2025 in response to a price increase. So in thinking about the problems here, your Honor, I came up with this point. Several years ago I decided to get back into running, right around the end of Covid in 2021, and I went to a running store to buy a pair of sneakers. I looked at a number of brands, and one in particular were Nikes. They had some very funky kind of running shoes. I looked at them. I put them on, and they didn't fit my feet. They didn't fit well. And, frankly, the design, it didn't -- I didn't like it. I ended up buying a pair of Brooks in 2021.

Now if I have to buy a new pair of running sneakers tomorrow, the last brand that I'm going to consider is that Nike brand. I walked away from that process back in 2021 and 2022 with the idea that those sneakers, they're not good for me. But I did consider them. I absolutely did consider them.

And what Dr. Smith would say is that because I considered them in 2021, that means that in response to a price increase on my Brooks in 2024 or 2025, the brand that I am going to buy is that Nike. And that just doesn't make any sense. It doesn't work.

And we asked Dr. Smith about this. We asked him, don't you acknowledge the fact that there are certain customers who they considered a brand and left that experience saying they're never going to buy that brand that they considered. And he said it's a possibility, but it's a survey, and I used it. I used it for diversion.

Now, this is problematic because the government has said in other matters that a survey must ask the right question in order to have an evidentiary value. And, in fact, your Honor, what they actually said, and the reason we're here and making this motion is because the government has said that survey questions that do not reflect customer response to market changes at all cannot be used as evidence of diversion ratios. That was the position that the government took in *U.S. v. H&R Block* in a case where they actually said that because a survey question did not get at diversion, it should not be part of a bench trial looking at a -- on an injunction hearing in a Section 7 case.

THE COURT: But the court accepted it and rejected the motion in limine in *H&R Block*, right?

MR. BUTERMAN: Absolutely, your Honor. Ultimately, the court rejected the motion in limine. But at the conclusion of the case, the court agreed with the government in that matter that there were fundamental problems with that question that was posed in *H&R Block*. And the fundamental problem that they had, your Honor, is that the question did not get at diversion. And one thing that was actually -- that's really important about that question in *H&R Block*, that was a forward-looking survey question. So it asked consumers if you became dissatisfied with the *H&R Block* product, where would you go? That's very different than what we have here, because here we have not only the problem that you're not asking about how you would respond to a price increase, but you also have the problem of a temporal one. This is backwards looking.

And it's not just backwards looking 12 months ago; it's backwards looking several years ago. And I just wonder how many years, how many years back do we have to get before we realize that this has absolutely no value. If he did this based on a survey from 2015, would the FTC still be trying to claim it has relevance? If not, I think we would all assume it wouldn't. But then why is 2021 valid?

This industry changes so quickly. You're going to hear over the course of this hearing, your Honor, that in the fashion industry, a year is like a dog year. I mean, things just move from season to season, and so his reliance on this is -- and I think the FTC to their credit correctly presented the issue. It's garbage in garbage out. This is not something that should be used for purposes of calculating diversion

THE COURT: Mr. Buterman, is it your position that Dr. Smith would have needed to conduct his own survey that would ask precisely a question that elicits a response to a price increase.

MR. BUTERMAN: So I won't say that he had to do it that way, your Honor. Economists have many, many tools in their arsenal to use. What we will say is that it is certainly possible, and it happens quite often, that experts and others conduct their own surveys when the results -- excuse me -- when what's available to them is not sufficient enough. And we make this point in our brief, your Honor. Daubert doesn't have a best efforts carveout. And Dr. Smith can't say, "Well, look, the reality is this survey, it was the best that was out there so that's what I used." No, that doesn't do it. If he wanted to use a survey, your Honor, and the survey was as ill-suited for the purposes as this one was, then it was incumbent upon him and the FTC to actually conduct a survey, and we do see it time and time again in other cases where entities do that.

Now, the other thing that Dr. Smith and the FTC seem to say in response to this is, "Well, you used the surveys." Okay, we did. We commissioned them. We absolutely did. In 2021 and 2022, we commissioned these surveys, but, again, the case law makes clear that just because we do something, that doesn't give an expert a free pass to use it for any purpose regardless of how ill-suited it is. It absolutely doesn't work that way.

And the other part, your Honor, that I think is quite interesting is that while we did use the survey results, we stopped actually using that question in 2022. And the reason why -- and this is unrebutted testimony in this case, your Honor -- the reason that Tapestry stopped using the question "What brands did you consider when you made your last purchase?" is because they found that that question was not informative of consumer behavior for their purposes, and they replaced it.

And what did they replace it with? They replaced it with a forward-looking question, your Honor. "What brands will you consider?" They got rid of one of the issues. For them that was enough just to get rid of -- the consideration for them, they could use that for their purposes, but what they did is they moved away from something that was backwards looking that asked "What brands did you consider?" to "What would you do in the future?" That at least gets closer to the idea.

So going back to your question, your Honor, at a minimum, we would have expected that the survey question that Dr. Smith would have asked if he had conducted his own survey, hopefully, it would have been the right question: "In the event of a price increase, what would you do?" That would be great. If he had done that, we wouldn't be having this problem. At a minimum, he could have gotten rid of the temporal issue by framing the question in one way or another

THE COURT: Mr. Buterman, you're representing that Tapestry changed the survey that it had commissioned to a more forward-looking survey. What year was that?

MR. BUTERMAN: That was 2023 and forward, your Honor.

THE COURT: Was that information available to Dr. Smith?

MR. BUTERMAN: I believe the answer is yes, your Honor. And I would also note, your Honor, that in the record, there are other surveys that have been conducted. There was work done by third parties in their productions, surveys that asked questions getting at the issue of cross consideration. And those surveys, your Honor, as we will see at the hearing, paint a very, very different picture. There are third parties talking about their customers considering if they're in what the FTC has referred to as accessible luxury, they have cross consideration with those true luxury brands, cross consideration along with brands that are more mass market. Dr. Smith didn't look at those surveys. He didn't use those. He just decided to focus on this one, and he said it's the party's survey so I can use it. And, again, that's just not the rule here, your Honor.

And I want to be clear: This isn't the only problem that we have with Dr. Smith's analysis. Your Honor is going to see a lot more when he gets on the stand. But this is one that really is fundamental to a significant portion of his quantitative analyses. It goes to his diversion ratios which feeds into his market definition, ultimately to the market concentration figures, his merger simulation. It is, as we will say, it is the virus that infects all of his quantitative analyses. And the FTC in response says, "Well, look, he also does some qualitative analyses." Okay, if he wants to testify about his qualitative analyses that aren't infected with this problem, that's fine.

Now, the FTC also says, by the way, he did another diversion analysis that was different that didn't rely on the survey, but Dr. Smith actually testified in his deposition that he does not rely on that diversion analysis for any of his opinions. And so consistent with the position that the government has taken in other cases, and in the interest of fairness, Dr. Smith should not be able to opine on diversion ratios that are based on something that has absolutely no relevance to the issue of diversion.

THE COURT: A question I have, there are cases out there and the Second Circuit has opined now, it's in a different context, say a false advertising context where they're evaluating surveys, and they talk about how if there is an error in surveying methodology, that it goes to the weight of the evidence and not the admissibility of the evidence in cases like *Bustamante*. How do you address that in this case and whether your critiques as to the survey question that was utilized, that methodology goes to the weight as opposed to the admissibility?

MR. BUTERMAN: Your Honor, we are not suggesting that there is something inherently wrong with the survey methodology. And we used those surveys. We used them for whatever purpose and how useful they were. The companies did use them.

The critique here is something very, very different. It says that Dr. Smith was wrong to take those results and use them as an input into his diversion analysis because they have nothing to do with diversion. And so this fits very, very squarely within the position, again, that the government took in *H&R Block*, that this survey just doesn't have any value because it's not asking -- for this purpose because it's not asking the right survey question.

THE COURT: Thank you.

Thank you very much. Is it Buterman or Buterman?

MR. BUTERMAN: It's Buterman. Everyone gets it wrong. They got it wrong in my college and law school graduation, so it's okay.

THE COURT: I'm trying to get things right.

Who is going to speak on behalf of the FTC?

Excellent argument, by the way, Mr. Buterman.

MR. LOWDON: Good morning, your Honor. Andrew Lowdon from the Federal Trade Commission.

THE COURT: Mr. Lowdon, you may proceed.

MR. LOWDON: Thank you, your Honor.

Defendants' motion to exclude the opinions of Dr. Loren Smith is based on statements of Dr. Smith's analysis and contrary to the factual evidence of the relevant law, and on those bases it should be denied.

Defendant's criticism of Dr. Smith's work don't meet the standard for exclusion. In this district, only serious flaws in reasoning or methodology will warrant exclusion of a proffered expert's opinions, especially in a bench proceeding such as this, and defendants have fallen far short of this high standard for exclusion.

First, defendants misstate Dr. Smith's analysis. Dr. Smith's opinions in this matter are based on his analysis of both qualitative and quantitative evidence. Each of Dr. Smith's analyses support his buyer market of accessible luxury handbags sold in the United States. And defendant's motion concerns just one of these analyses: His calculation of estimated diversion ratios based on Tapestry's ordinary course surveys.

Now, Dr. Smith's survey-based diversions are an important part of his work, and they are integral to some of his other quantitative work, including his estimates of price harm and his merger simulation. But they are not his only analysis. Dr. Smith's analysis of the qualitative evidence also supports his market definition, and his calculation of market shares relies on sales data, not the diversion ratios, and shows high concentrations in this market well above the levels typically considered to be problematic in mergers.

Additionally, as Mr. Buterman noted, Dr. Smith estimates diversion ratios based on available sales data. Now, I do disagree with Mr. Buterman's characterization of Dr. Smith's testimony and his deposition on this point. These sales data have their own limitations. The diversions that they present are less precise, but they are directionally corroborative of the high-diversion ratios that are suggested by his analysis of the survey data, and in that sense support his survey analysis and the rest of his opinions.

This corroboration across the qualitative and quantitative analyses that Dr. Smith conducts is a feature of his analysis. Each of his analyses support his market of accessible luxury handbag brands, and they all point in the same direction that the proposed transaction presents -- threatens to significantly lessen competition in that market.

Moreover, Dr. Smith's survey-based diversions here, as he uses in his aggregate diversion analysis, are two to three times the level that they would need to be to pass what we call the hypothetical monopolist test to show that there was a market here. The pricing results that defendants note in their motion, specifically that Michael Kors could raise prices following the deal by as much as 30 percent are six times the five percent SSNIP that we typically use in a hypothetical monopolist test to find a market. Defendants have identified no issue with Dr. Smith's survey analysis suggesting that his results are so inaccurate given how far above the line for market definition his results are.

Furthermore, the surveys Dr. Smith relies on are reliable. Defendants claim that they are not and cite to surveys that courts have rejected in cases like *FTC v. CCC Holdings* and the @dentist supply case, but those cases are readily distinguishable, and they involve methodological concerns with the surveys rendering them on non-reliable not present here, as I believe Mr. Buterman acknowledged.

For example, the survey in *CCC*, got only 31 respondents, and its internal use came as a caveat warning participants to -- warning employees to be cautious in how they use it because it is unreliable for that reason. Here, Dr. Smith's survey -- Dr. Smith relies on over 3,700 respondents across the Kantar and Bain surveys.

Additionally, ordinary course surveys, such as what Dr. Smith uses here, are considered more reliable than specially commissioned surveys. but Particularly, rare, as here, they are in fact relied upon by the producing party. This is the *Schering Corp. v. Pfizer* case that we cite in our papers, your Honor. And here, Tapestry relied on the surveys. They used the survey results in the ordinary course in materials that went to its CEO, the brand level CEOs, its board directors, and in materials to prepare executives to speak with investors. In fact, Tapestry has used the specific question that Dr. Smith relies on to identify consideration sense, what customers view as alternatives to certain handbag brands, very similar in concept to the diversion ratio analysis that Dr. Smith does. As we say in our papers, it's certainly not surprising that Tapestry has not conducted their own diversion ratio analysis because that is not something you would expect a company to do. Market definition is litigation-specific exercise, but this use of the survey data shows that Tapestry believes that it is quite close in concept in showing what brands consumers who buy handbag A are considering.

And, indeed, earlier this year in Tapestry's advocacy to the Federal Trade Commission, they relied on these surveys for similar points. Now, these documents are under seal, your Honor, but we do discuss them in our memorandum in opposition at page 9.

Additionally, I would like to note that Mr. Buterman noted that the surveys are now a few years old, and that

Tapestry has since changed its survey question. I would like to note that, of course, Tapestry's advocacy to the FTC relying on these surveys was just earlier this year. There has been -- while the handbag industry may have been taking up a dynamic space, there has been no change in the industry, no entrants that defendants have pointed to that would suggest that consumer purchasing behavior has changed dramatically since 2022 when the last survey was conducted. And in response to your Honor's questions earlier, the new survey, the fiscal '23 survey and forward, asks respondents simply to list the brands that they are considering purchasing in the next 12 months. What's an important distinction between that survey and the surveys on which Dr. Smith relies is the 2021-2022 surveys asked the respondents to think about the specific actual recent purchase that they made and what brands they considered. a forward-looking question like the fiscal 2023 survey, a respondent could be considering making several purchases for several different reasons, and there is no way to tell -- as Tapestry executives testified, there is no way to tell from those survey results whether respondent actually viewed the brands they list as competing with each other for a particular purchase. Somebody could be thinking about their everyday bag and special occasion bag and have different brands in mind for those.

Furthermore, the case law that defendants cite do not support their arguments. Defendants describe *H&R Block* as rejecting the survey at issue because it did not ask about price response. But, first, the surveys here are distinguishable. Surveys in *H&R Block* asked a hypothetical question about whether respondents would switch products in response to a hypothetical change in price, functionality, or quality. The surveys here asking actual handbag purchasers what other products they considered when making an actual specific purchase.

Additionally, in *H&R Block*, direct switching data was available, so the court relied on this data as a more direct indicator of switching rather than a survey that begs a hypothetical question about switching. Here, the survey data is the best evidence available regarding the diversion.

Now, while the survey does not directly measure diversion, as Mr. Buterman noted, that does not mean it is not indicative of diversion and can't be used by an expert to estimate diversion ratios. Indeed, that is what -- *H&R Block* supports that proposition. The switching data that was ultimately relied on in *H&R Block* is the very kind of non-price response data defendants argue cannot be used to estimate diversion ratios. That data did not show why consumers switched their tax preparation method. It only shows that they did. Nonetheless, the court there relied upon it in its market definition analysis. The opinion in *H&R Block* best supports

Dr. Smith's use of consideration data here.

And, third, when ruling on a motion to exclude, as your Honor noted, the *H&R Block* court denied the motion to the exclude and found that the survey is relevant because it is probative of the degree to which the merging parties are competitors. The same is true here.

Additionally, the *H&R Block* case is not in the help ladder. It is part of a long line of cases in which courts have used -- have accepted and relied upon the expert analyses that use non-price response data, such as bidding data or RFP data, and we collected some of these cases on pages 5 and 6 on our memoranda in opposition. Dr. Smith's use of the survey data here to estimate calculated diversions is consistent with the long line of case law using non-price response data for the same purpose.

And, finally, your Honor, I don't believe Mr. Buterman referenced this, but it came up earlier in the *Thomas Jefferson* case, and I would like to make a brief note about that. Defendants argue that the court in *Thomas Jefferson University* did not rely on Dr. Smith's diversion analysis there, and so that the court should exclude it here. But defendants misstate the issues in *Thomas Jefferson*. In that case, the court and even the defendants all agreed that Dr. Smith correctly calculated diversion ratios and correctly conducted a hypothetical analogous test analysis. The issue that -- in that case is that the court concluded based on its evaluation of the qualitative evidence that Dr. Smith's analysis, which was a patient switching behavior, was not sufficiently indicative of insurer behavior. This is a question that comes up because of the peculiarities of the healthcare market which are not present here. Dr. Smith's qualitative analysis, as I mentioned earlier, is fully consistent with what his quantitative analyses show, which is that this merger would lead to a substantial lessening of competition in the market for accessible luxury handbags in the United States.

For these reasons, and as we discussed in our papers, your Honor, defendant's motion should be denied. I'm happy to address any questions you may have.

THE COURT: Thank you.

I think you addressed it in your remarks, but let me ask a specific question in case you have anything more to say on it.

I take defendant's central issue to be that the question regarding consideration of an alternative product could entail that somebody considered something that they would never have any intent to purchase in the future notwithstanding any price increase that may happen. How do you address how that question is therefore appropriate in this diversion analysis?

MR. LOWDON: Certainly, your Honor.

I think first the consideration question -- it's certainly possible that some number of respondents read consideration, the word "consider" in that way. However, it is clear from defendant's -- from Tapestry, excuse me, ordinary course of use of the survey that they did not seem to think that that is so -- the significant numbers of them did so such that these were not indicative of the brands that people are considering on a prospective basis.

Secondly, I would --

THE COURT: No, please, go secondly.

MR. LOWDON: I would just point again to how far above the critical aggregate diversion ratio or the five percent SSNIP level of Dr. Smith's aggregate diversion analysis and pricing analysis are. Even if one were to assume that some number of respondents understood the question in that way, it would have to be a substantial number of respondents, a number so large that I would posit it is inconsistent with Tapestry's ordinary course of use of the data for it to affect his ultimate conclusions here.

THE COURT: I think again you did address it, but if you could remind me why didn't Dr. Smith use the later surveys done by Tapestry that used forward-looking survey responses?

MR. LOWDON: Of course, your Honor. Tapestry revised its surveys in early 2023 to include this forward-looking question, which still uses the word "consider." That question asks -- asked respondents what brands they were considering to purchase in the next 12 months. It does not ask them to consider a specific purchase event that they have in mind, such as in buying your next bag. It is simply what brands are you considering in the next 12 months. And as Tapestry's strategy executives testified, it is impossible to tell from that survey data whether the brands listed are brands that respondents thought were competitive, that they were considering for the same purchase.

So if a respondent is thinking in the next year, I would like to replace my every day bag and would like to get a new special occasion bag, and they list six brands - three that they're considering for one purchase and three that they're considering for another purchase - it is impossible to tell from that data which brands they're actually considering as alternatives for the same functional purpose. The 2021 to 2022 surveys don't have this problem because they ask the respondent to consider a specific purchase they actually made within the last year.

THE COURT: Thank you. Thank you, Mr. Lowdon. Excellent argument.

Mr. Buterman, anything you would like to add in reply?

MR. BUTERMAN: Yes, your Honor, a few points.

Your Honor, what I heard a couple of times from Mr. Lowdon is, your Honor, don't worry about the problem here because Dr. Smith's results are so extreme that even if we reduce them by a significant portion, they're still going to trigger some presumptions. I don't understand how that's a defense here. That's the very problem that we're dealing with. Dr. Smith's results are so extreme, they do not comport with reality.

And I didn't bring it up, but Mr. Lowdon did bring up the *Thomas Jefferson* case. That's exactly what happened there. Dr. Smith was criticized by the Court in the only other case that he's testified in in a merger trial where the FTC had him come in and present a diversion analysis that did not comport with commercial realities.

And that's the fact here as well. His analyses just doesn't match up. And we know why it doesn't match up: Because consideration doesn't inform. And Mr. Lowdon at the end actually just said that. He actually just said that the questions going to consideration in some instances are not going to be able to tell you what are actual considerations versus something else. That's exactly the point that we are trying to make here.

And Mr. Lowdon also agreed that there are consumers out there who did consider a bag and come away with it thinking "I'll never buy it." The problem is we don't know how many that applies to. We don't know what percentages. And it's not enough to say, well, we don't know, so therefore we can use it.

That just shows fundamentally what the actual problem is here. You can't rely on this data because it doesn't inform the question at hand, and there is a lot of talk about consideration and switching, but let's be clear about this question. Consideration is not even switching. It's actually the opposite. The consideration question, "What brand did I consider when I made my last handbag purchase" actually asks the consumer to tell you which bag did you look at and implicitly reject. It's so far removed from what we should be looking at.

And Mr. Lowdon, he criticized the *H&R Block* survey question and said that this one was better, and I tried to get down exactly what he wrote. But he said that the problem with this one, as opposed to the *H&R Block* one, is that this didn't ask about a hypothetical question about a hypothetical increase in price. Your Honor, the key reason we do this analysis is for the hypothetical monopolist test. That's what you're supposed to be asking. You're supposed to be trying to figure out what would the hypothetical monopolist do here in the event of a price increase. So asking the hypothetical question is precisely what makes a lot more sense than asking a year's old backwards question.

Now, there are two other points that I want to make here. Again, Mr. Lowdon brought up the reliance part. And if reliance is important, if the fact that Tapestry was right on these surveys is somehow important to this analysis, then how do we deal with the fact that we don't rely on this question any more? And why is it that Dr. Smith can rely on it in 2024 looking at what's going to happen in 2025 when Tapestry doesn't rely on it at all?

One other point that I want to make here because Mr. Lowdon also said, you know, we have no reason to believe that the industry has changed so much since 2021 and 2022. And, your Honor will hear at the trial that that burying of heads in the sand, that might be what Dr. Smith did. In fact, that's what he testified, right? He says, "I have no reason to believe anything has changed," but the world has changed since 2021. And we all know that.

And even in the handbag industry, the world has changed. Mr. Lowdon said we're not aware of companies or big changes in the industry. In 2021, people weren't walking around in great numbers wearing Lululemon bags. Lululemon was one-fifth of the size that it is today. Lululemon as a company is poised in coming years to sell more handbags than Kate Spade. But because in 2021 a lot of people probably weren't considering Lululemon, Dr. Smith will say that in 2025 when that company's sales were five times what it was in 2021, that people wouldn't consider it. The industry changed, but Dr. Smith wants to freeze everything in 2021 and 2022 because that works better for the numbers that he's trying to get out.

Now, the last thing I will say, your Honor, is we have a fundamental disagreement about the rest of Dr. Smith's analysis. As I said, we plan to absolutely cross-examine him at trial on those issues. If Dr. Smith wants to testify about his qualitative analyses, we welcome that. And if he wants to testify about other analysis that he claims are unrelated to his diversion analysis, we welcome that as well. But consistent with the position that the government has taken in other matters, and given how poor this evidence is for the purpose that it's being presented, he should not be allowed to stand up in court and put us through the paces to have to defend against analyses that just do not have any basis at all, at all in proper techniques as the government -- excuse me -- as the FTC noted, garbage in, garbage out for this purpose

THE COURT: Thank you. Thank you, Mr. Buterman.

It strikes me we are now about an hour and 40 minutes. I need to give the court reporters a little bit of a break. So why don't we take a five-minute break so that they can switch hands, if need be. And so I will go off camera. Everyone is welcome to do that as well for five minutes, and we'll resume at 11:45. Thank you all.

(Recess)

THE COURT: I am going to first commend the parties on excellent papers, as well as argument on the Daubert motions. It was very helpful to the Court. I spent a great deal of time looking through the papers, and I appreciated the time that the parties gave to the argument here today. I am going to give you my ruling now, and my ruling is that the Daubert motions are -- the three Daubert motions are denied. Let me give you my reasoning.

The strict rules of evidence do not apply to a hearing on a motion for preliminary injunction "*Zeneca Inc. v. Eli Lilly and Co.*, 1999 WL 509471 at *2 (S.D.N.Y. July 19, 1999). Nevertheless, both parties in this case have made motions to exclude testimony of the other side's respective experts invoking Federal Rule of Evidence 702, so the Court is analyze those motions accordingly, applying the principles of Rule 702.

"Rule 702 of the Federal Rules of Evidence governs the admissibility of expert witness testimony." *Bustamonte v. KIND, LLC*, 104 F.4th 419, 427, (2d Cir. 2024).

I considered and am applying Rule 702, although I won't recite the entire rule here today. Rule 702 assigns to the trial judge the task of ensuring that an expert's testimony both rests on a reliable foundation and is relevant to the task at hand." That's *Daubert v. Merrell Dow Pharms., Inc.,* 509 U.S. 579, 597 (1993).

With respect to Dr. Smith, I will first turn to defendant's motion to exclude his opinions regarding and relying upon his diversion analysis at Docket No. 185.

As a threshold matter, the Court notes that defendants do not dispute the that Dr. Smith is qualified to testify as an expert in economics. Dr. Smith is an experienced economist, holds a Ph.D. in economics from the University of Virginia, has taught undergraduate and graduate level courses in economics and econometrics at various institutions, published research in economics and antitrust journals, and has experience working at the FTC and now in private practice. He is qualified to testify as an expert on economics here, and as defendants acknowledge in their brief, has done so in the past.

The defendants' central critique of Dr. Smith's diversion analysis is that he relied upon surveys that Tapestry's commissioned in 2021 and 2022 which asked consumers to identify other brands they "considered" buying and uses the results of those surveys to calculate the percentage of consumers that would switch from buying a bag from one of the merging parties' brands to another if the price of one of those brands increased. Defendants assert that those surveys did not solicit the right input from which to calculate the diversion based on a hypothetical change in price in the present day.

These critiques may go to the weight that the Court ultimately affords Dr. Smith's analysis but do not necessitate exclusion of his entire analysis at this time. Although the Court does not now opine as to the conclusions that Dr. Smith has reached, the economic principles and methodology employed by Dr. Smith generally in conducting this type of analysis are reliable and recognized in the fields of economics. *See, e.g., United States v. Anthem,* 236 F.Supp.3d 171, 217, 220 (D.D.C. 2017). And the parenthetical reads (crediting diversion ratio analysis of government's expert which utilized internal company data of past bidding activity).

With respect to whether an input into his analysis; namely, the particular survey questions chosen are flawed will be assessed by this Court in deciding the weight to afford this opinion. Therefore, the Court will not exclude it at this point and will evaluate it in due course, just as was done in *H&R Block*.

With respect to am Jeff Gennette and Karen Giberson, the Court next analyzes plaintiff's motion to exclude the testimony of those individuals at Docket Nos. 171 and 176. Mr. Gennette is the former chief executive officer and chairman of Macy's, Inc., one of the largest retailers of handbags and has had more than 40 years of experience at Macy's, which includes Bloomingdale's in various roles. Docket No. 281 at 2-3. Ms. Giberson has more than 30 years of experience in the handbag industry and is presently the president and CEO of the Accessories Council and Editor-in-Chief of a magazine publication dedicated to fashion accessories. Dkt. 283 at 1.

Plaintiff argues that the Court should exclude the opinions and testimony of both Mr. Gennette and Ms. Giberson because they offer opinions that are not based on reliable principles or methods, are testifying outside their areas of expertise, and are unhelpful to the Court. Dkt. Nos. 171 and 176.

Mr. Gennette and Ms. Giberson are offered by defendants as experts in the handbag industry and each of them have substantial expertise in that industry. "An expert may be qualified based on his experience." *SR International Business Insurance Co. Ltd. v. World Trade Center Properties, LLC*, 467 F.3d 107, 132 (2d Cir. 2006), and courts regularly find industry experts qualified to testify under Rule 702. *See e.g. Dover v. British Airways*, 254 F.Supp.3d 455, 459 (E.D.N.Y. 2017 (where an airline industry expert was qualified) and *ROMAG Fasteners, Inc. v. Fossil,* 2014 WL 1246554 (D.Conn. March 24, 2014) (where a handbag industry expert was qualified. Mr. Gennette and Ms. Giberson will be allowed to opine as experts as to matters within their expertise during the preliminary injunction hearing. Such expertise and testimony would be helpful to the trier of fact, the Court, to understand the evidence or a fact at issue here.

However, the Court notes that to the extent Mr. Gennette and Ms. Giberson testify outside of their field of industry expertise, for example, as to economic analyses, that testimony would be outside of their scope of expertise and would not be afforded weight by this Court. So the defendants would be well advised not to waste their limited time on those areas. But the Court will hear the testimony, and the plaintiff's motions to exclude the testimony of both individuals at this time are denied.

I note that I am denying all three *Daubert* motions pending before me, and in doing so joining other courts who similarly routinely deny such motions ahead of preliminary injunction hearings. *See, e.g., FTC v. IQVIA Holdings*, 2024 WL 81232, at *6, *50 n. 32 (S.D.N.Y. 2024) where in that case the government moved to exclude some of defendant's expert's opinions and the court deferred consideration on the motion until after hearing all the experts' testimony and ultimately denied the motion as moot. In addition, the *FTC v. Novant Health, Inc. v. Community Health Systems, Inc.*, No. 24CV00028. In looking at the transcript from the final preliminary injunction hearing conference, the case is in the Western District North Carolina on April 24, 2024 at 24:22-25:8. The government moved to exclude testimony of defendant's expert and defendants moved to exclude testimony of government's expert, and the court denied both motions, noting that it has heard from both sides why the court should or should not give much weight to those expert opinions and why it chose to hear them.

Particularly, because this is a bench proceeding where there is no need for the Court to protect a jury who might be "bamboozled by technical evidence of dubious merit," *American Empire Surplus Lines Insurance Co. v. J.R. Contracting &*

Environmental Co., 2024 WL 3638329 at *3 (S.D.N.Y. Aug. 2, 2024) the Court will simply "take in the evidence freely and separate helpful conclusions from the ones that are not grounded in reliable methodology" or expertise. *Joseph S. v. Hogan*, 2011 WL 2848330 *3 (E.D.N.Y. July 15, 2011). And I will end there.

Again, the parties have presented very helpful arguments leading into the hearing, but at base, the Court will not exclude the testimony and analysis without even hearing it presented to it. The Court will then critically analyze it when I have all of the information before me.

All right. Thank you very much. That takes care of the Daubert motions.

(Court and court reporter confer)

(Continued on next page)

THE COURT: Now let's move to the joint September 4, 2024 submission. That is a submission that was provided by the parties regarding the confidentiality of hearing exhibits and some objections on the admissibility of certain exhibits, as well.

First, regarding admissibility, I understand that the parties have agreed that evidentiary objections are best raised, if at all, when the exhibit is introduced. I agree with that, and so I don't intend to rule on the objections at this time, noting only that this is a preliminary injunction hearing, which the parties all well know, and that things like hearsay are allowed under cases like *Mullins v. City of New York*, 626 F.3d 47, 52 (2d Cir. 2010).

And then regarding confidentiality, I do appreciate that the parties are meeting and conferring and that a vast majority of disputes have already been resolved, so I do appreciate that and I understand that there is still some disagreement but that you are all still working through that, hoping to have things resolved before we get to the hearing and are not asking me for rulings on confidentiality either at this time. So that's my current understanding.

Let me now ask the parties if anything has changed in the, I think, 48 hours since I have received this submission.

So I will start with you, Ms. Dennis.

MS. DENNIS: Nothing has changed, your Honor.

I will note that in the pre-hearing order——I don't it in front of me; I think it is from August 26 or so——there is a process to raise with your Honor any disputes regarding confidentiality at 5 p.m. the day before and those were documents that were not on the potential examination list. The FTC thinks we should use that same process for documents that are on the potential examination list that we are not able to resolve over the weekend.

THE COURT: Okay. Seems fair.

Let me hear from Mr. Johnson.

MR. JOHNSON: Yes, your Honor.

Your understanding as to our position is exactly right. If anything has changed since we submitted our letter two days ago, it would just be that we have further reduced the number of disputes and come closer to resolution of the confidentiality issues, but we have no objection to the process that Ms. Dennis just proposed.

THE COURT: Thank you.

Ms. Golin?

MS. GOLIN: No objections.

THE COURT: Okay. Great. Well, then that was a quicker part of this proceeding than I had anticipated. Terrific.

Now let's move to the defendants put in a letter on August 28 asking for an immediate conference regarding certain evidentiary materials. I gave some guidance immediately, didn't think that a conference was necessary. Hopefully I gave enough guidance to move us along but did tell the parties that since we are having this conversation here today, if there is anything further that needed to be discussed or clarified, etc., I would be happy to do that.

So is there anything further that we need to discuss with respect to the defendants' letter? And I guess that means I will hear from defendants first. Mr. Johnson, anything further we need to talk about there?

MR. JOHNSON: Thank you, your Honor.

We certainly appreciate the guidance that you did provide. It was very helpful for us as we were all working to prepare our findings of fact and briefing that went in on Friday. We understand your guidance, we appreciate it, as I said, and from our perspective there are no additional items that need to be raised regarding it at this time.

THE COURT: Okay.

Ms. Golin?

MS. GOLIN: Agree.

THE COURT: Okay.

And then just for good measure, Ms. Dennis, anything further to discuss?

MS. DENNIS: No, your Honor. Thank you.

THE COURT: Okay. Which brings me a bit to the question of depositions. I think I need a bit of clarity as to how they are going to be used. As I said, generally speaking, in even a bench trial, certainly in a preliminary injunction hearing, you may have deposition designations, you have cross-designations, there may be objections to certain testimony coming in because an objection was raised during the deposition that I need to deal with. I haven't seen any of that yet. What's the status and how are depositions going to be used in this case? Now, I'm not talking about depositions used for impeachment purposes. I know that has to be done in realtime. I'm talking about the affirmative admission of deposition testimony.

Let me start with you, Ms. Dennis.

MS. DENNIS: Yes, your Honor. Thank you.

We have two sets -- I guess the depositions will be used in two ways here beyond impeachment. One is the video designations that will be played in Court, unavailable witnesses or for third parties. And the second is the FTC intends to move for admission or at least for consideration in the record all the materials attached to the prehearing submissions for both sides. That includes findings of fact and conclusions of law in the PI briefing and all the evidence attached to them, including transcripts. That's consistent with what's happened in other section 13(b) proceedings. We think that going through a designation process on those, an iterative process with no caps, won't be very efficient because parties will likely overdesignate anyway. We are also talking about defendants' witnesses here, so it is hearsay. So it comes in -- it's not hearsay. It's a statement of a party opponent. So that's what we traditionally do in these section 13(b) cases.

I would say, to the extent there have been designations done, it's what we have already designated actually in our briefing, in our PI brief, in our reply brief also in the findings of fact and conclusions of law. So there is plenty of opportunity for defense to do I will call it counters in their own briefing. So there is no need to go through the iterative process, formal process, especially if we are just submitting those to the Court for the Court's context and awareness.

THE COURT: And both parties will be able to cite to whatever portions of this information they wish to cite to in their post-hearing findings of fact and conclusions of law. So if there is something that one side takes issue with, either that context wasn't provided adequately at the hearing or this document doesn't say what the FTC says it says, that could be raised in the post-hearing briefing. Is that your position?

MS. DENNIS: Yes, your Honor. I think you hit the nail on the head there. Defendants have said that we are mischaracterizing documents. The best way for the Court to see whether that is true or not is to have the entire testimony of these witnesses before the Court to the extent we can't present everything in the 20 hours per side that the Court has allotted for the evidentiary hearing.

THE COURT: Okay. Let me hear from you, Mr. Johnson. Do you intend -- Mr. Johnson, do the defendants intend to also present video deposition testimony during the hearing?

MR. JOHNSON: Yes, your Honor. The deposition designations that we intend to present we would present during the hearing, and we have engaged in a process that was set out in the Court's scheduling order of exchanging those designations, counterdesignations, objections, and so forth, and we have been working through that with the Federal Trade Commission in this case. And so as to those types of deposition, actual designations and counterdesignations, we agree and have no objection to those being played in court. That's certainly our preference.

I think Ms. Dennis raised the second category of materials, which it sounds like would be transcripts from witnesses that will not testify at the proceeding, if I understood what Ms. Dennis was saying, and to those transcripts, I think we do have a disagreement here. We understood the FTC's position throughout much of the hearing today to be that the best presentation of factual testimony would be through percipient witnesses for your Honor to evaluate, and we certainly agree with than sentiment with respect to fact witnesses. Your Honor should have the opportunity to evaluate them, whether through in-court testimony, live, or through the deposition designations that would be performed or that would be played during the proceeding. The Court would not get the benefit of that from the written transcript, which your Honor knows, and that's your Honor's preference. But Ms. Dennis's suggestion that we could resolve any unfortunate -- you know, any mischaracterizations or attorney descriptions of what was said in a document or in testimony that maybe was inconsistent with what the witness or the document intends or says, that it could be resolved in posttrial briefing. I actually don't think it will be efficient and work in this proceeding because we have a simultaneous exchange of briefing of posttrial findings of fact very soon after the proceeding ends, seven days, so we will never know -- we will not be able to anticipate the ways in which the plaintiff will be characterizing testimony or documents that are never presented during the proceeding.

Our hope and vision for the proceeding would be that we could meet issue with the FTC on what are the critical points that your Honor will need to resolve, and by having those brought out in the hearing with an opportunity for your Honor to assess the witness's credibility, see the documents for yourself, that we would be able to resolve those disputes through the hearing. But on a paper record, where we are arguing about how attorneys are characterizing various testimony or document, we don't think that is the preferred path in this proceeding, your Honor.

THE COURT: Okay. Let me break this up into two pieces.

So with respect to the deposition designations, I don't need to see nor do I normally see even in a bench trial where I am making final conclusions do I need to see the witnesses. I can do it from the transcripts. However, everyone knows that it is -- if you really want something highlighted, you are all experienced counsel, bring it out in the hearing, which I'm sure you all will. But if there are designations from depositions that need to come in and counter-designations for rules of completeness that need to come into evidence, I am willing to take those, as I suggested earlier in my guidance that was provided. I would say that I would like them to be designations and counterdesignations as opposed to entire transcripts of witnesses from which parties can just pick and choose whatever they would like. Because if I have designations and counter-designations, I will then be able to understand if there is an issue with a particular bit of testimony that I need to resolve before we get to posttrial briefing. So if I could have that with respect to deposition designations, that would be fine. So, at base, I am saying I don't need every witness to be live as long as there is a basis for presenting the deposition testimony as you would in any bench trial with counter-designations that can be submitted, which is what I said earlier this week so that everyone could prepare their witnesses.

With respect to documents, I don't know that I really have the issue crystallized yet, and what I would suggest is that we wait and get through this hearing. Again, I'm going to assume that any documents that either party thinks are so important for me to look at that they will be highlighted during the trial, that that is just good practice. If we get to a point where there are some documents that have not been highlighted during the trial or presented during the trial that either party wants to get into evidence, we can then talk about that at some point. It may be that the piece of evidence is coming in because it's been authenticated and described in a deposition and therefore there is enough for it to come before me or there could be an affidavit that talks about it, either the affidavit or the affidavit talking about a particular document, again, a common means for information to come in in a preliminary injunction hearing through a sworn affidavit. So I just don't know with certainty all of the documents that you are talking about when we are talking about this in the hypothetical, so why don't we wait as we go through the trial and see what information we are bringing in and what remains and then we can address that as we move along.

Ms. Dennis, does that work for you?

MS. DENNIS: It does, your Honor. I just have one question, when your Honor would like the depo designations that your Honor is referring to.

THE COURT: It sounds like you will need a little bit of time to do that, and so I don't need them prior to Monday, just get them to me -- why don't the two sides discuss when that can happen in a reasonable way so that the parties can get together and give me something joint which the designations and the counter-designations.

MS. DENNIS: Thank you.

THE COURT: Your welcome.

Mr. Johnson, any questions about this and will this work for you in terms of process?

MR. JOHNSON: That process works for us, your Honor. I just note that there might be one or two transcripts that are actually not from depositions in this proceeding but from the investigative phase. I'm not sure if the FTC intends to designate those. So maybe this isn't an issue for today, so I would just like to reserve the opportunity to potentially object to the admission of those exhibits if the FTC elects to attempt to designate them.

THE COURT: All right. So why don't you both discuss that in the first instance. My understanding of them is that they are sworn testimony to which the defendants had an opportunity to ask questions, but that is a very surface understanding just based on brief letters that were given to me. But, again, it may not be even an issue, so why don't you discuss in the first instance and if there is an issue, you can bring it to my attention.

Ms. Golin, that process works for you?

MS. GOLIN: It does, your Honor. I am relying on David's deeper understanding of what we just agreed to. I guess I'm not clear if we are engaging in a designation process now for depositions that wouldn't be used in court because we have not done designations for those yet.

THE COURT: Right, you are.

MS. GOLIN: Okay.

THE COURT: All right.

MS. GOLIN: So what is the deadline for that, your Honor?

THE COURT: You are all going to talk about that as to what makes sense.

MS. GOLIN: All right.

THE COURT: It's not Monday.

MS. GOLIN: Okay, good.

THE COURT: That's fine. Okay. And because of that, the parties may decide that they don't need deposition designations. You will all decide what you want to do, but deposition designations are things that come in certainly during bench trials and preliminary injunctions. You will decide whether you want to present that to me or not.

All right. I have one other thing that I have been instructed to advise the parties which is from our technology department. Apparently they are used to providing wifi on request to a limited number of people, but in this case we have 85 requests for wifi for this preliminary injunction hearing which they cannot accommodate. So I have been instructed to tell people to resubmit their electronic -- their technology forms, whatever you submit in order to get access to technology in the court, and do three things. Electronic device order, my clerk has corrected me. So resubmit your electronic device orders, and they are asking for three things.

Number one, please spell out things that you previously abbreviated. You said PEDs and there are there is some other acronym that is used that I think refers to your computers. They want to make sure they are clear as to what exactly you are going to need the wifi for.

Secondly, we can do up to ten per side for wifi, so ten for the FTC and ten for the defendants. So you can decide who needs wifi. Obviously the people who are presenting and doing those presentations and those devices are going to need wifi, but it's ten per side. People can still keep their devices to come into court. We can't accommodate the wifi for more than ten per side.

Okay. Any questions -- I'm not going to be able to answer questions on that, so you can bring questions on that to our technology department, but I have given the message that I was asked to deliver.

Okay. That takes me to the end of my list of things that we need to cover here today.

Ms. Dennis, is there anything further that we should discuss before we all reconvene at 8:30 on Monday morning?

MS. DENNIS: Not for the FTC, your Honor. We look forward to seeing you next week.

THE COURT: Thank you.

Anything, Mr. Johnson, before we reconvene on Monday?

MR. JOHNSON: Your Honor, just one thing to note. Today is the deadline for the defendants to identify the corporate representative that would be attending the proceeding, so I just wanted to go ahead and identify for Tapestry that individual will be Joanne Crevoiserat, and we look forward to seeing you on Monday.

THE COURT: Good. Thank you for that. And I do -- I will ask you, Ms. Golin, in a moment, but I want to give my commendation to everyone for meeting all of these deadlines that I know you set for yourselves and made sure that things moved expeditiously, but it has been a very smooth process and, down to the deadline Mr. Johnson just articulated today, everyone seems to be abiding by what they need to do, and so I thank you for that.

Ms. Golin, is there anything we need to talk about before 8:30 on Monday?

MS. GOLIN: Nothing that we need to talk about before 8:30 on Monday.

I would like to thank your Honor for recognizing the teams meeting the deadlines, because that's a lot of people who are not on this call, and they are working very hard and all night, and so I appreciate that recognition on their behalf.

Our corporate representative will be Krista McDonough, who is our general counsel, and she will be with us throughout the trial.

THE COURT: Great. And your corporate representatives can sit wherever you think is most appropriate. I have no problem with corporate representatives sitting up at counsel table if they need to or in the back is fine, as well. They usually choose to sit in the back so that they can come and go as they need to do. But I do appreciate them being here, as well.

Okay. Good. Well, thank you all very much. I know everyone has been working very hard. The materials that I have received thus far are excellent, and I know it takes more than the people on this call to produce those materials. So if you would please relay my appreciation to them for their hard work, it's not lost on me that this is happening in September so people's summers have not been the most pleasant, I am sure. But the result has been excellent presentations, papers, very good argument here today, and I am sure will result in a very good preliminary injunction hearing starting on Monday.

Great. Thank you all very much. Enjoy the rest of your weekend, and court is adjourned. Take care.

oOo

PUBLIC

CERTIFICATE OF SERVICE

I hereby certify that on September 17, 2024, I filed the foregoing document electronically using the FTC's E-Filing System, which will send notification of such filing to:

April Tabor
Secretary
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm. H-113
Washington, DC 20580
ElectronicFilings@ftc.gov

The Honorable Dania L. Ayoubi
Office of Administrative Law Judges
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm. H-117
Washington, DC 20580

I also certify that I caused the foregoing document to be served via email to:

Al Pfeiffer
Latham & Watkins LLP
505 Montgomery Street, Suite 2000
San Francisco, CA 94111
Tel: (415) 395-8898
Email: al.pfeiffer@lw.com

Lawrence E. Buterman
Latham & Watkins LLP
1271 Avenue of the Americas
New York, NY 10020
Tel: (212) 906-1264
Email: lawrence.buterman@lw.com

Amanda P. Reeves
Latham & Watkins LLP
555 Eleventh Street NW, Suite 1000
Washington, DC 20004
Tel: (202) 637-2183
Email: amanda.reeves@lw.com

Counsel for Tapestry, Inc.

Jonathan M. Moses
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Tel: (212) 403-1388
Email: JMMoses@wlrk.com

Elaine P. Golin
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Tel: (212) 403-1118
Email: EPGolin@wlrk.com

Damian G. Didden
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Tel: (212) 403-1113
Email: DGDidden@wlrk.com

Counsel for Capri Holdings Limited

PUBLIC

By: s/ Blake A. Risenmay
Blake A. Risenmay

Counsel Supporting the Complaint