REFINITIV

DELTA REPORT

10-Q

CPRI - CAPRI HOLDINGS LTD

10-Q - DECEMBER 30, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1342
CHANGES	610
DELETIONS	375
ADDITIONS	357

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

FORM 10-Q

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

For the quarterly period ended September 30, 2023 December 30, 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: 001-35368

caprilogo2019a03.jpg

(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
2nd 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**

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.

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 is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

As of October 31, 2023 January 31, 2024, Capri Holdings Limited had 116,220,696 116,566,663 ordinary shares outstanding.

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Special Note on Forward-Looking Statements

This report 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 management of Capri Holdings Limited ("Capri" or the "Company") about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. All statements other than statements of historical facts included herein, may be forward-looking statements. 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, including regarding the proposed Merger. pending merger with a wholly-owned subsidiary Tapestry, Inc. (the "Merger"). These risks, uncertainties and other factors include, but are not limited to, changes in consumer traffic and retail trends; fluctuations in demand for Capri's products; high consumer debt levels, recession and inflationary pressures; loss of market share and industry competition; the impact of the COVID-19 pandemic, or other unforeseen epidemics, pandemics, disasters or catastrophes, levels of cash flow and future availability of credit, Capri's ability to successfully execute its growth strategies; risks associated with operating in international markets and global sourcing activities, including disruptions or delays in manufacturing or shipments; the risk of cybersecurity threats and privacy of data security breaches; extreme weather conditions and natural disasters; general economic, political, business or market conditions; acts of war and other geopolitical conflicts; the timing, receipt and terms and conditions of any required governmental and regulatory approvals for the proposed merger with a wholly-owned subsidiary Tapestry, Inc. (the "Merger") pending Merger that could delay or result in the termination of the proposed pending Merger, the occurrence of any other event, change or other circumstances that could give rise to the termination of the merger agreement entered into in connection with the proposed pending Merger, the risk that the parties to the merger agreement may not be able to satisfy the conditions to the proposed pending Merger in a timely manner or at all, risks related to disruption of management time from ongoing business operations due to the proposed pending Merger, the risk that any announcements relating to the proposed pending Merger could have adverse effects on the market price of Capri's ordinary shares, the risk of any unexpected costs or expenses resulting from the proposed pending Merger, the risk of any litigation relating to the proposed pending Merger, the risk that the proposed pending Merger and its announcement could have an adverse effect on the ability of Capri to retain customers and retain and hire key personnel and maintain relationships with customers, suppliers, employees, shareholders and other business relationships and on its operating results and business generally, as well as those risks that are outlined in Capri's disclosure filings and materials, which you can find on http://www.capriholdings.com, such as its Form 10-K, Form 10-Q and Form 8-K reports that have been filed with the SEC. Please consult these documents for a more complete understanding of these risks and uncertainties. Any forward-looking statement in this report speaks only as of the date made and Capri disclaims any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with legal and regulatory obligations.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)
(Unaudited)

			September 30, 2023		April 1, 2023		
	December 30, 2023					December 30, 2023	April 1, 2023
Assets	**Assets**						
Current assets	Current assets						
Current assets							
Current assets							
Cash and cash equivalents							
Cash and cash equivalents							
Cash and cash equivalents	Cash and cash equivalents	$	238	$	249		
Receivables, net	Receivables, net		383		369		
Inventories, net	Inventories, net		1,099		1,057		
Prepaid expenses and other current assets	Prepaid expenses and other current assets		270		195		
Total current assets	Total current assets		1,990		1,870		
Property and equipment, net	Property and equipment, net		542		552		
Operating lease right-of-use assets	Operating lease right-of-use assets		1,307		1,330		
Intangible assets, net	Intangible assets, net		1,676		1,728		
Goodwill	Goodwill		1,268		1,293		
Deferred tax assets	Deferred tax assets		308		296		
Other assets	Other assets		255		226		
Total assets	Total assets	$	7,346	$	7,295		
Liabilities and Shareholders' Equity	**Liabilities and Shareholders' Equity**						
Current liabilities	Current liabilities						
Current liabilities							
Current liabilities							
Accounts payable							
Accounts payable							
Accounts payable	Accounts payable	$	355	$	475		
Accrued payroll and payroll related expenses	Accrued payroll and payroll related expenses		95		154		
Accrued income taxes	Accrued income taxes		82		73		

Short-term operating lease liabilities	Short-term operating lease liabilities	406	429	
Short-term debt	Short-term debt	15	5	
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	291	314	
Total current liabilities	Total current liabilities	1,244	1,450	
Long-term operating lease liabilities	Long-term operating lease liabilities	1,291	1,348	
Deferred tax liabilities	Deferred tax liabilities	508	508	
Long-term debt	Long-term debt	2,079	1,822	
Other long-term liabilities	Other long-term liabilities	312	318	
Total liabilities	Total liabilities	5,434	5,446	
Commitments and contingencies	Commitments and contingencies			Commitments and contingencies
Shareholders' equity	Shareholders' equity			
Ordinary shares, no par value; 650,000,000 shares authorized; 225,768,777 shares issued and 116,140,358 outstanding at September 30, 2023; 224,166,250 shares issued and 117,347,045 outstanding at April 1, 2023		—	—	
Treasury shares, at cost (109,628,419 shares at September 30, 2023 and 106,819,205 shares at April 1, 2023)		(5,457)	(5,351)	
Ordinary shares, no par value; 650,000,000 shares authorized; 225,904,103 shares issued and 116,262,663 outstanding at December 30, 2023; 224,166,250 shares issued and 117,347,045 outstanding at April 1, 2023				
Ordinary shares, no par value; 650,000,000 shares authorized; 225,904,103 shares issued and 116,262,663 outstanding at December 30, 2023; 224,166,250 shares issued and 117,347,045 outstanding at April 1, 2023				
Ordinary shares, no par value; 650,000,000 shares authorized; 225,904,103 shares issued and 116,262,663 outstanding at December 30, 2023; 224,166,250 shares issued and 117,347,045 outstanding at April 1, 2023				
Treasury shares, at cost (109,641,440 shares at December 30, 2023 and 106,819,205 shares at April 1, 2023)				
Additional paid-in capital	Additional paid-in capital	1,392	1,344	
Accumulated other comprehensive income	Accumulated other comprehensive income	130	147	

Retained earnings	Retained earnings	5,846	5,708
Total shareholders' equity of Capri	Total shareholders' equity of Capri	1,911	1,848
Noncontrolling interest	Noncontrolling interest	1	1
Total shareholders' equity	Total shareholders' equity	1,912	1,849
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	$ 7,346	$7,295

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In millions, except share and per share data)
(Unaudited)

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Total revenue	Total revenue	$ 1,291	$ 1,412	$ 2,520	$ 2,772				
Cost of goods sold	Cost of goods sold	459	461	876	920				
Gross profit	Gross profit	832	951	1,644	1,852				
Selling, general and administrative expenses	Selling, general and administrative expenses	664	642	1,353	1,264				
Depreciation and amortization	Depreciation and amortization	48	43	93	88				
Impairment of assets	Impairment of assets	20	11	20	11				
Restructuring and other expense (income)		—	3	(2)	6				
Restructuring and other expense									
Total operating expenses	Total operating expenses	732	699	1,464	1,369				
Income from operations	Income from operations	100	252	180	483				
Other income, net	Other income, net	(1)	(1)	—	(1)				
Interest expense, net	Interest expense, net	3	5	11	1				
Foreign currency (gain) loss	Foreign currency (gain) loss	(3)	(11)	18	(7)				
Income before income taxes	Income before income taxes	101	259	151	490				
Provision for income taxes	Provision for income taxes	11	35	13	63				
Net income	Net income	90	224	138	427				

Less: Net income attributable to noncontrolling interest	Less: Net income attributable to noncontrolling interest	—	—	—	2
Net income attributable to Capri	Net income attributable to Capri	$ 90	$ 224	$ 138	$ 425
Weighted average ordinary shares outstanding:	Weighted average ordinary shares outstanding:				
Weighted average ordinary shares outstanding:					
Weighted average ordinary shares outstanding:					
Basic					
Basic					
Basic	Basic	116,674,030	136,037,449	117,052,986	138,975,518
Diluted	Diluted	117,563,573	137,051,575	117,923,103	140,392,780
Net income per ordinary share attributable to Capri:	Net income per ordinary share attributable to Capri:				
Basic	Basic	$ 0.77	$ 1.64	$ 1.18	$ 3.06
Basic					
Basic					
Diluted	Diluted	$ 0.77	$ 1.63	$ 1.17	$ 3.03
Statements of Comprehensive Income:	Statements of Comprehensive Income:				
Statements of Comprehensive Income:					
Statements of Comprehensive Income:					
Net income					
Net income					
Net income	Net income	$ 90	$ 224	$ 138	$ 427
Foreign currency translation adjustments	Foreign currency translation adjustments	(6)	(125)	(13)	(232)
Net (loss) gain on derivatives		(1)	1	(4)	3
Net loss on derivatives					
Comprehensive income	Comprehensive income	83	100	121	198
Less: Net income attributable to noncontrolling interest	Less: Net income attributable to noncontrolling interest	—	—	—	2
Comprehensive income attributable to Capri	Comprehensive income attributable to Capri	$ 83	$ 100	$ 121	$ 196
Comprehensive income attributable to Capri					
Comprehensive income attributable to Capri					

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except share data which is in thousands)
(Unaudited)

		Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
		Shares	Amounts		Shares	Amounts					
Balance at July 1, 2023		225,684	$ —	$ 1,375	(109,620)	$ (5,457)	$ 137	$ 5,756	$ 1,811	$ 1	$ 1,812
Balance at September 30, 2023											
Balance at September 30, 2023											
Balance at September 30, 2023											
Net income											
Net income											
Net income	Net income	—	—	—	—	—	—	90	90	—	90
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	(7)	—	(7)	—	(7)
Total comprehensive income	Total comprehensive income	—	—	—	—	—	—	—	83	—	83
Vesting of restricted awards, net of forfeitures	Vesting of restricted awards, net of forfeitures	84	—	—	—	—	—	—	—	—	—
Share-based compensation expense	Share-based compensation expense	—	—	17	—	—	—	—	17	—	17
Share-based compensation expense											
Share-based compensation expense											
Repurchase of ordinary shares	Repurchase of ordinary shares	—	—	—	(8)	—	—	—	—	—	—
Balance at September 30, 2023		225,768	$ —	$ 1,392	(109,628)	$(5,457)	$ 130	$ 5,846	$1,911	$ 1	$1,912
Balance at December 30, 2023											
Balance at December 30, 2023											
Balance at December 30, 2023											

Ordinary Shares | Additional Paid-in Capital | Treasury Shares | Accumulated Other Comprehensive Income | Retained Earnings | Total Equity of Cap

		Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
		Shares	Amounts		Shares	Amounts					
Balance at April 1, 2023											
Balance at April 1, 2023											
Balance at April 1, 2023	**Balance at April 1, 2023**	224,166	$ —	$ 1,344	(106,819)	$ (5,351)	$ 147	$ 5,708	$ 1,848	$ 1	$ 1,849
Net income	Net income	—	—	—	—	—	—	138	138	—	138
Other comprehensive loss	Other comprehensive loss	—	—	—	—	—	(17)	—	(17)	—	(17)
Total comprehensive income	Total comprehensive income	—	—	—	—	—	—	—	121	—	121
Vesting of restricted awards, net of forfeitures	Vesting of restricted awards, net of forfeitures	1,588	—	—	—	—	—	—	—	—	—

Ordinary Shares | Additional Paid-in Capital | Treasury Shares | Accumulated Other Comprehensive Income | Retained Earnings | Total Equity of Cap

	Shares	Amounts	Additional Paid-in Capital	Treasury Shares	Treasury Amounts	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
Exercise of employee share options	14	—	1	—	—	—	—	1	—	1
Share-based compensation expense	—	—	47	—	—	—	—	47	—	47
Repurchase of ordinary shares	—	—	—	(2,809)	(106)	—	—	(106)	—	(106)
Balance at September 30, 2023	225,768	$ —	$ 1,392	(109,628)	$(5,457)	$ 130	$ 5,846	$1,911	$ 1	$1,912
Balance at December 30, 2023										
Balance at December 30, 2023										
Balance at December 30, 2023										

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In millions, except share data which is in thousands)
(Unaudited)

	Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at July 2, 2022	223,504	$ —	$ 1,294	(85,547)	$(4,299)	$ 89	$ 5,293	$2,377	$ 1	$2,378
Balance at October 1, 2022										
Balance at October 1, 2022										
Balance at October 1, 2022										
Net income	—	—	—	—	—	—	224	224	—	224
Other comprehensive loss	—	—	—	—	—	(124)	—	(124)	—	(124)
Other comprehensive income										
Total comprehensive income	—	—	—	—	—	—	—	100	—	100
Vesting of restricted awards, net of forfeitures	199	—	—	—	—	—	—	—	—	—
Exercise of employee share options	4	—	—	—	—	—	—	—	—	—
Share-based compensation expense										
Share-based compensation expense										
Share-based compensation expense	—	—	16	—	—	—	—	16	—	16
Repurchase of ordinary shares	—	—	—	(7,071)	(351)	—	—	(351)	—	(351)
Other	—	—	1	—	—	—	—	1	(1)	—
Balance at October 1, 2022	223,707	$ —	$ 1,311	(92,618)	$(4,650)	$ (35)	$ 5,517	$2,143	$ —	$2,143
Balance at December 31, 2022										
Balance at December 31, 2022										
Balance at December 31, 2022										

Ordinary Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total Equity of Capri	c

	Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at April 2, 2022	221,967	$ —	$ 1,260	(79,161)	$(3,987)	$ 194	$ 5,092	$2,559	$ (1)	$2,558
Balance at April 2, 2022										
Balance at April 2, 2022										
Net income										
Net income										
Net income	—	—	—	—	—	—	425	425	2	427
Other comprehensive loss	—	—	—	—	—	(229)	—	(229)	—	(229)
Total comprehensive income	—	—	—	—	—	—	—	196	2	198
Vesting of restricted awards, net of forfeitures	1,619	—	—	—	—	—	—	—	—	—
Exercise of employee share options	121	—	6	—	—	—	—	6	—	6
Share-based compensation expense	—	—	44	—	—	—	—	44	—	44
Repurchase of ordinary shares	—	—	—	(13,457)	(663)	—	—	(663)	—	(663)
Other	—	—	1	—	—	—	—	1	(1)	—
Balance at October 1, 2022	223,707	$ —	$ 1,311	(92,618)	$(4,650)	$ (35)	$ 5,517	$2,143	$ —	$2,143
Other										
Other										
Balance at December 31, 2022										

Ordinary Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Six Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022
Cash flows from operating activities				
Net income	$ 138	$ 427		
Net income				
Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization				
Depreciation and amortization				

Depreciation and amortization	Depreciation and amortization	93	88
Share-based compensation expense	Share-based compensation expense	47	44
Deferred income taxes			
Deferred income taxes			
Deferred income taxes	Deferred income taxes	(4)	(1)
Impairment of assets	Impairment of assets	20	11
Changes to lease related balances, net	Changes to lease related balances, net	(59)	(54)
Foreign currency loss	Foreign currency loss	16	11
Foreign currency loss			
Foreign currency loss			
Other non-cash adjustments			
Other non-cash adjustments			
Other non-cash adjustments	Other non-cash adjustments	8	3
Change in assets and liabilities:	Change in assets and liabilities:		
Receivables, net			
Receivables, net			
Receivables, net	Receivables, net	(23)	(38)
Inventories, net	Inventories, net	(70)	(170)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(80)	(66)
Accounts payable	Accounts payable	(112)	(151)
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	(57)	(33)
Other long-term assets and liabilities	Other long-term assets and liabilities	(14)	(32)
Net cash (used in) provided by operating activities		(97)	39
Other long-term assets and liabilities			
Other long-term assets and liabilities			
Net cash provided by operating activities			
Cash flows from investing activities	**Cash flows from investing activities**		
Capital expenditures	Capital expenditures	(90)	(86)

Capital expenditures			
Capital expenditures			
Settlement of net investment hedges			
Settlement of net investment hedges			
Settlement of net investment hedges	Settlement of net investment hedges	—	409
Net cash (used in) provided by investing activities	Net cash (used in) provided by investing activities	(90)	323
Cash flows from financing activities	**Cash flows from financing activities**		
Debt borrowings	Debt borrowings	1,102	2,797
Debt borrowings			
Debt borrowings			
Debt repayments	Debt repayments	(799)	(2,345)
Debt issuance costs	Debt issuance costs	—	(4)
Repurchase of ordinary shares	Repurchase of ordinary shares	(106)	(663)
Exercise of employee share options	Exercise of employee share options	1	6
Net cash provided by (used in) financing activities		198	(209)
Net cash used in financing activities			
Net cash used in financing activities			
Net cash used in financing activities			
Effect of exchange rate changes on cash, cash equivalents and restricted cash	Effect of exchange rate changes on cash, cash equivalents and restricted cash	(23)	(106)
Net (decrease) increase in cash, cash equivalents and restricted cash	**Net (decrease) increase in cash, cash equivalents and restricted cash**	(12)	47
Beginning of period	Beginning of period	256	172
End of period	End of period	$ 244	$ 219
Supplemental disclosures of cash flow information	**Supplemental disclosures of cash flow information**		
Cash paid for interest	Cash paid for interest	$ 48	$ 28
Cash paid for interest			
Cash paid for interest			
Net cash paid for income taxes	Net cash paid for income taxes	$ 65	$ 80
Supplemental disclosure of non-cash investing and financing activities	**Supplemental disclosure of non-cash investing and financing activities**		
Accrued capital expenditures	Accrued capital expenditures	$ 26	$ 43

Accrued capital expenditures

Accrued capital expenditures

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business and Basis of Presentation

Capri Holdings Limited ("Capri", and together with its subsidiaries, the "Company") was incorporated in the British Virgin Islands on December 13, 2002. 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, footwear and ready-to-wear 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 17 for additional information.

The interim 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 interim consolidated financial statements as of September 30, 2023 December 30, 2023 and for the three and six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022 are unaudited. The Company consolidates the results of its Versace business on a one-month lag, as consistent with prior periods. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation in conformity with U.S. GAAP. The interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended April 1, 2023, as filed with the Securities and Exchange Commission on May 31, 2023, in the Company's Annual Report on Form 10-K. The results of operations for the interim periods should not be considered indicative of results to be expected for the full fiscal year.

The Company utilizes a 52- to 53-week fiscal year and the term "Fiscal Year" or "Fiscal" refers to that 52- or 53-week period. The results for the three and six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022 are based on 13-week and 26-week 39-week periods, respectively. The Company's Fiscal Year 2024 is a 52-week period ending March 30, 2024.

2. Merger Agreement

On August 10, 2023, Capri entered into an Agreement and Plan of Merger (the "Merger Agreement") with Tapestry, Inc., a Maryland corporation ("Tapestry"), and Sunrise Merger Sub, Inc., a British Virgin Islands business company limited by shares and a direct wholly owned subsidiary of Tapestry ("Merger Sub").

The Merger Agreement provides that, among other things and on the terms and subject to the conditions set forth therein, Tapestry will acquire Capri in an all-cash transaction by means of a merger of Merger Sub with and into Capri (the "Merger"), with Capri surviving the Merger as a wholly owned subsidiary of Tapestry. For additional information related to the Merger Agreement, please refer to Capri's Definitive Proxy Statement on Schedule 14A filed with the U.S. Securities and Exchange Commission (the "SEC") on September 20, 2023, as well as the supplemental disclosures contained in Capri's Current Report on Form 8-K filed with the SEC on October 17, 2023.

3. 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.

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 September 30, 2023 December 30, 2023 and April 1, 2023 are credit card receivables of $29 million $33 million and $22 million, respectively, which generally settle within two to three business days.

A reconciliation of cash, cash equivalents and restricted cash as of September 30, 2023 December 30, 2023 and April 1, 2023 from the consolidated balance sheets to the consolidated statements of cash flows is as follows (in millions):

September 30, 2023	April 1, 2023	December 30, 2023	April 1, 2023

Reconciliation of cash, cash equivalents and restricted cash	Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	Cash and cash equivalents	$ 238	$249
Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash included within prepaid expenses and other current assets	Restricted cash included within prepaid expenses and other current assets	6	7
Total cash, cash equivalents and restricted cash shown on the consolidated statements of cash flows	**Total cash, cash equivalents and restricted cash shown on the consolidated statements of cash flows**	$ 244	$256

Inventories, net

Inventories primarily consist of finished goods with the exception of raw materials and work in process inventory. The combined total of raw materials and work in process inventory, net, recorded on the Company's consolidated balance sheets was $46 million and $47 million as of both September 30, 2023December 30, 2023 and April 1, 2023., respectively.

Derivative Financial Instruments

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currency 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 contracts to hedge the Company's 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 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 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 (gain) loss in the Company's consolidated statements of operations and comprehensive income. The Company classifies cash flows relating to its forward foreign currency exchange contracts related to purchase for purchases 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 foreign transaction they are intended to hedge.

Net Investment Hedges

The Company also uses 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 Accounting Standards Update ("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 adjustments ("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, net, in the Company's consolidated statements of operations and comprehensive income. 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 (gain) loss on the Company's consolidated statements of operations and comprehensive income, which will offset the related foreign currency impact of the underlying transaction being hedged.

Leases

The Company leases retail stores, office space and warehouse space under operating lease agreements that expire at various dates through September October 2043. The Company's leases generally have terms of up to 10 years, generally require a fixed annual rent and may require the payment of additional rent if store sales exceed a negotiated amount. amounts. Although most of the Company's equipment is owned, the Company has limited equipment leases that expire on various dates through October 2027. December 2028. The Company acts as sublessor in certain leasing arrangements, primarily related to closed stores from previous restructuring activities. 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.

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. 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 renewal options 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 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, material restrictions or covenants.

The following table presents the Company's supplemental cash flow information related to leases (in millions):

		Six Months Ended			
		September 30, 2023	October 1, 2022		
		Nine Months Ended		Nine Months Ended	
		December 30, 2023		December 30, 2023	December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows used in operating leases					
Operating cash flows used in operating leases					
Operating cash flows used in operating leases	Operating cash flows used in operating leases	$ 261	$ 248		

During the three and six nine months ended September 30, 2023 December 30, 2023, the Company recorded sublease income of $2 million and $4 million $6 million, respectively, within selling, general and administrative expenses. During the three and six nine months ended October 1, 2022 December 31, 2022, the Company recorded sublease income of $3 $2 million and $5 $7 million, respectively, within selling, general and administrative expenses.

Net Income per Share

The Company's basic net income per ordinary share is calculated by dividing net income by the weighted average number of ordinary shares outstanding during the period. Diluted net income per ordinary share reflects the potential dilution that would occur if share options or any other potentially dilutive instruments, including restricted shares and restricted share units ("RSUs"), were exercised or converted 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 as 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.

The components of the calculation of basic net income per ordinary share and diluted net income per ordinary share are as follows (in millions, except share and per share data):

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022				
	December 30, 2023					December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Numerator:	**Numerator:**								
Net income attributable to Capri									
Net income attributable to Capri									
Net income attributable to Capri	Net income attributable to Capri	$ 90	$ 224	$ 138	$ 425				
Denominator:	**Denominator:**								
Basic weighted average shares	Basic weighted average shares	116,674,030	136,037,449	117,052,986	138,975,518				
Basic weighted average shares									
Basic weighted average shares									
Weighted average dilutive share equivalents:	Weighted average dilutive share equivalents:								
Share options and restricted shares/units, and performance restricted share units									
Share options and restricted shares/units, and performance restricted share units									
Share options and restricted shares/units, and performance restricted share units	Share options and restricted shares/units, and performance restricted share units	889,543	1,014,126	870,117	1,417,262				
Diluted weighted average shares	Diluted weighted average shares	117,563,573	137,051,575	117,923,103	140,392,780				
Basic net income per share (1)	Basic net income per share (1)	$ 0.77	$ 1.64	$ 1.18	$ 3.06				
Basic net income per share (1)									
Basic net income per share (1)									
Diluted net income per share (1)	Diluted net income per share (1)	$ 0.77	$ 1.63	$ 1.17	$ 3.03				

(1) Basic and diluted net income per share are calculated using unrounded numbers.

During the three and six nine months ended September 30, 2023 December 30, 2023, share equivalents of 441,685 192,867 and 364,628 307,375 shares, respectively, have been excluded from the above calculations due to their anti-dilutive effect. Share equivalents of 794,933 187,547 and 726,136 546,607 shares have been excluded from the above calculations for the three and six nine months ended October 1, 2022 December 31, 2022, respectively, due to their anti-dilutive effect.

See Note 2 in the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2023 for a complete disclosure of the Company's significant accounting policies.

Recently Adopted Accounting Pronouncements

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 users of the 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 do not affect the recognition, measurement or financial statement presentation of obligations covered by supplier finance programs. The Company adopted the update in the first quarter of Fiscal 2024 on a retrospective basis, except for the requirement to disclose rollforward information, which will be effective for the Company in the first quarter of Fiscal 2025 on a prospective basis. See Note 10 for the Company's disclosures relating to this update.

Recently Issued Accounting Pronouncements

The Company has considered all new accounting pronouncements and, other than the recent pronouncements discussed below, has 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.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ending 2025, and subsequent interim periods, with early adoption permitted. We are evaluating the impact of adopting this ASU on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", to enhance transparency and decision usefulness of income tax disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, on a prospective basis, with early adoption permitted. We are evaluating the impact of adopting this ASU on our consolidated financial statements and related disclosures.

4. 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 collectibility 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 trademarks.

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).

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 pattern of redemption in jurisdictions where the Company is not required to remit the value of the unredeemed gift cards as unclaimed property. The contract liability related to gift cards, net of estimated "breakage" of, was $15 million and $14 million as of September 30, 2023 December 30, 2023 and April 1, 2023, respectively, is included within accrued expenses and other current liabilities in the Company's consolidated balance sheet.

Loyalty Program. The Company offers a loyalty program, which allows its Michael Kors North America 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.

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 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. Generally, the Company's guaranteed minimum royalty amounts due from licensees relate to contractual periods that do not exceed 12 months, however, certain guaranteed minimums for Versace are multi-year based.

As of September 30, 2023 December 30, 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
Remainder of Fiscal 2024	$	17 8
Fiscal 2025		33
Fiscal 2026		30
Fiscal 2027		26
Fiscal 2028		18
Fiscal 2029 and thereafter		30
Total	$	154 145

Sales Returns

The refund liability recorded as of September 30, 2023 December 30, 2023 was $48 million $65 million, and the related asset for the right to recover returned product as of September 30, 2023 December 30, 2023 was $15 million $16 million. The refund liability recorded as of April 1, 2023 was $54 million, and the related asset for the right to recover returned product as of April 1, 2023 was $17 million.

Contract Balances

Total contract liabilities were $26 million and $36 million as of September 30, 2023 December 30, 2023 and April 1, 2023, respectively. For the three and six nine months ended September 30, 2023 December 30, 2023, the Company recognized $2 million $21 million and $7 million $28 million, respectively, in revenue which related to contract liabilities that existed at April 1, 2023. For the three and six nine months ended October 1, 2022 December 31, 2022, the Company recognized $3 million and $8 million $11 million, respectively, in revenue which related to contract liabilities that existed at April 2, 2022. There were no material contract assets recorded as of September 30, 2023 December 30, 2023 and April 1, 2023.

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 revenue disaggregated by geographic location (in millions):

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Versace revenue - the Americas	Versace revenue - the Americas	$ 96	$ 120	$ 178	$ 235				
Versace revenue - EMEA	Versace revenue - EMEA	125	130	241	237				
Versace revenue - Asia	Versace revenue - Asia	59	58	120	111				
Total Versace	**Total Versace**	280	308	539	583				
Jimmy Choo revenue - the Americas	Jimmy Choo revenue - the Americas	38	43	87	97				

Jimmy Choo revenue - the Americas					
Jimmy Choo revenue - the Americas					
Jimmy Choo revenue - EMEA	Jimmy Choo revenue - EMEA	57	57	138	123
Jimmy Choo revenue - Asia	Jimmy Choo revenue - Asia	37	42	90	94
Total Jimmy Choo	**Total Jimmy Choo**	132	142	315	314
Michael Kors revenue - the Americas					
Michael Kors revenue - the Americas					
Michael Kors revenue - the Americas	Michael Kors revenue - the Americas	556	643	1,057	1,268
Michael Kors revenue - EMEA	Michael Kors revenue - EMEA	219	213	394	404
Michael Kors revenue - Asia	Michael Kors revenue - Asia	104	106	215	203
Total Michael Kors	**Total Michael Kors**	879	962	1,666	1,875
Total revenue - the Americas	Total revenue - the Americas	690	806	1,322	1,600
Total revenue - the Americas					
Total revenue - the Americas					
Total revenue - EMEA	Total revenue - EMEA	401	400	773	764
Total revenue - Asia	Total revenue - Asia	200	206	425	408
Total revenue	**Total revenue**	$ 1,291	$ 1,412	$ 2,520	$ 2,772

See Note 3 in the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2023 for a complete disclosure of the Company's revenue recognition policy.

5. Receivables, net

Receivables, net, consist of (in millions):

		September 30, 2023	April 1, 2023
	December 30, 2023		
December 30, 2023	April 1, 2023		
Trade receivables (1)	Trade receivables (1)	$ 408	$ 412

Receivables due from licensees	Receivables due from licensees	22	14
		430	426
	390		
Less: allowances	Less: allowances	(47)	(57)
Total receivables, net	**Total receivables, net**	$ 383	$ 369

(1) As of September 30, 2023 December 30, 2023 and April 1, 2023, $93 million $97 million and $96 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 collectibility 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 $10 million $11 million and $8 million as of September 30, 2023 December 30, 2023 and April 1, 2023, respectively. The Company had credit losses of $1 million and $2 million $3 million for the three and six nine months ended September 30, 2023 December 30, 2023, and respectively. The Company had immaterial credit losses for the three and six months ended October 1, 2022, respectively. December 31, 2022 and $2 million for the nine months ended December 31, 2022.

6. Property and Equipment, net

Property and equipment, net, consists of (in millions):

		September 30, 2023	April 1, 2023
	December 30, 2023		
	December 30, 2023	April 1, 2023	
Leasehold improvements	Leasehold improvements	$ 531	$ 577
Computer equipment and software	Computer equipment and software	319	237
Furniture and fixtures	Furniture and fixtures	197	216
Equipment	Equipment	125	106
Building	Building	48	48
In-store shops	In-store shops	45	44
Land	Land	18	18
Total property and equipment, gross	**Total property and equipment, gross**	1,283	1,246
Less: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	(793)	(784)
Subtotal	Subtotal	490	462
Construction-in-progress	Construction-in-progress	52	90

Total property and equipment, net	**Total property and equipment, net**	$ 542	$ 552

Depreciation and amortization of property and equipment for the three and six nine months ended September 30, 2023 December 30, 2023 was $37 million $35 million and $71 million $106 million, respectively. Depreciation and amortization of property and equipment was $31 million $32 million and $65 million $97 million for the three and six nine months ended October 1, 2022 December 31, 2022, respectively. During the three and six months ended September 30, 2023, the The Company recorded $6 million $1 million in property and equipment impairment charges. During charges for the three and six months ended October 1, 2022, December 30, 2023 and $7 million in property and equipment impairment charges for the nine months ended December 30, 2023. The Company recorded no property and equipment impairment charges for the three months ended December 31, 2022 and $2 million in property and equipment impairment charges. charges for the nine months ended December 31, 2022.

7. Intangible Assets and Goodwill

The following table details the carrying values of the Company's intangible assets and goodwill (in millions):

		September 30, 2023	April 1, 2023	December 30, 2023	April 1, 2023
Definite-lived intangible assets:	***Definite-lived intangible assets:***				
Reacquired rights	Reacquired rights	$ 400	$ 400		
Reacquired rights					
Reacquired rights					
Trademarks	Trademarks	23	23		
Customer relationships (1)					
Customer relationships (1)					
Customer relationships (1)	Customer relationships (1)	390	397		
Gross definite-lived intangible assets	**Gross definite-lived intangible assets**	813	820		
Less: accumulated amortization	Less: accumulated amortization	(288)	(268)		
Net definite-lived intangible assets	**Net definite-lived intangible assets**	525	552		
Indefinite-lived intangible assets:	***Indefinite-lived intangible assets:***				
Indefinite-lived intangible assets:					
Indefinite-lived intangible assets:					
Jimmy Choo brand (2)					
Jimmy Choo brand (2)					
Jimmy Choo brand (2)	Jimmy Choo brand (2)	274	277		
Versace brand (1)	Versace brand (1)	877	899		
Net indefinite-lived intangible assets	**Net indefinite-lived intangible assets**	1,151	1,176		
Total intangible assets, excluding goodwill	Total intangible assets, excluding goodwill	$ 1,676	$ 1,728		

Total intangible assets, excluding goodwill			
Total intangible assets, excluding goodwill			
Goodwill (3)	Goodwill (3)	$ 1,268	$ 1,293
Goodwill (3)			
Goodwill (3)			

(1) The change in the carrying value since April 1, 2023 reflects the impact of foreign currency translation.

(2) Includes accumulated impairment of $273 million as of September 30, 2023 December 30, 2023 and April 1, 2023. The change in the carrying value since April 1, 2023 reflects the impact of foreign currency translation.

(3) Includes accumulated impairment of $347 million related to the Jimmy Choo reporting units as of September 30, 2023 December 30, 2023 and April 1, 2023. The change in the carrying value since April 1, 2023 reflects the impact of foreign currency translation.

Amortization expense for the Company's definite-lived intangible assets for the three and six nine months ended September 30, 2023 December 30, 2023 was $11 million and $22 million $33 million, respectively. Amortization expense for the Company's definite-lived intangible asset for the three and six nine months ended October 1, 2022 December 31, 2022 was $12 million $11 million and $23 million $34 million, respectively.

8. Current Assets and Current Liabilities

Prepaid expenses and other current assets consist of the following (in millions):

		September 30, 2023	April 1, 2023		
	December 30, 2023			December 30, 2023	April 1, 2023
Prepaid taxes	Prepaid taxes	$ 145	$ 105		
Prepaid contracts					
Interest receivable related to hedges	Interest receivable related to hedges	41	10		
Prepaid contracts		25	22		
Other accounts receivables					
Prepaid insurance	Prepaid insurance	8	2		
Other accounts receivables		5	10		
Other	Other	46	46		
Total prepaid expenses and other current assets	**Total prepaid expenses and other current assets**	$ 270	$ 195		

Accrued expenses and other current liabilities consist of the following (in millions):

December 30, 2023	December 30, 2023	April 1, 2023
Return liabilities		
Other taxes payable		

Accrued advertising and marketing

Accrued capital expenditures

Accrued rent (1)

Professional services

Accrued interest

Gift cards and retail store credits

Accrued litigation

Accrued retail store expense

Accrued purchases and samples

		September 30, 2023	April 1, 2023
	Return liabilities	$ 48	$ 54
	Other taxes payable	29	32
	Accrued capital expenditures	26	33
	Accrued advertising and marketing	26	26
	Accrued interest	17	16
	Accrued rent (1)	17	18
	Professional services	17	14
	Gift cards and retail store credits	14	14
	Accrued purchases and samples	12	8
	Accrued litigation	11	12
	Advance royalties		
	Advance royalties		
Advance royalties	Advance royalties	7	18
Other	Other	67	69
Total accrued expenses and other current liabilities	**Total accrued expenses and other current liabilities**	$ 291	$ 314

(1) The accrued rent balance relates to variable lease payments.

9. Restructuring and Other Expense (Income)

During the three months ended September 30, 2023 December 30, 2023, the Company recorded income due to gains on termination costs of leases fully offset by expenses $5 million, primarily related to equity awards associated with the acquisition of Versace which resulted in no net restructuring and other (income) expense. severance expenses incurred during the third quarter.

During the six nine months ended September 30, 2023 December 30, 2023, the Company recorded other income costs of $2 million $3 million, primarily related to expenses related to equity awards associated with the acquisition of Versace and severance for certain employees, partially offset by a $10 million gain on the sale of a long-lived corporate asset, partially offset by expenses related to equity awards associated with the acquisition of Versace. asset.

During the three and six nine months ended October 1, 2022 December 31, 2022, the Company recorded expenses of $3 million $5 million and $6 million $11 million, respectively, primarily related to equity awards associated with the acquisition of Versace.

10. Debt Obligations

The following table presents the Company's debt obligations (in millions):

		September 30, 2023	April 1, 2023
	December 30, 2023	December 30, 2023	April 1, 2023
Revolving Credit Facilities	Revolving Credit Facilities	$ 1,143	$ 874
Versace Term Loan	Versace Term Loan	476	488
Senior Notes due 2024		450	450
Senior Notes due 2024 (1)			
Other			
Other			
Other	Other	27	17
Total debt	**Total debt**	2,096	1,829
Less: Unamortized debt issuance costs	Less: Unamortized debt issuance costs	2	2
Total carrying value of debt	**Total carrying value of debt**	2,094	1,827
Less: Short-term debt		15	5
Total carrying value of debt			
Total carrying value of debt			
Less: Short-term debt (1)			
Total long-term debt	**Total long-term debt**	$ 2,079	$ 1,822

(1) As of December 30, 2023, the Senior Notes, due in November 2024, are recorded within short-term debt on the Company's consolidated balance sheets.

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. See Note 11 to the Company's Fiscal 2023 Annual Report on Form 10-K for information regarding the Company's interest rates associated with borrowings under the 2022 Credit Facility.

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 September 30, 2023 December 30, 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, charges 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 September 30, 2023 December 30, 2023 and April 1, 2023, the Company had $1.143 billion and $874 million of borrowings outstanding under the 2022 Revolving Credit Facility, respectively. Facility. In addition, stand-by letters of credit of $2 million and $3 million were outstanding as of September 30, 2023 December 30, 2023 and April 1, 2023, respectively. As of September 30, 2023 December 30, 2023 and April 1, 2023, the amount available for future borrowings under the 2022 Revolving Credit Facility was $354 million $624 million and $623 million, respectively. The Company had $5 million and $6 million of deferred financing fees related to Revolving Credit Facilities for September 30, 2023 December 30, 2023 and April 1, 2023, respectively, and are recorded within other assets in the Company's consolidated balance sheets.

As of September 30, 2023 December 30, 2023, and the date these financial statements were issued, the Company was in compliance with all covenants related to the 2022 Credit Facility.

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. 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, charges 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 September 30, 2023 December 30, 2023 and April 1, 2023, the carrying value of the Versace Term Loan was $475 $496 million and $487 million, respectively, net of $1 million of deferred financing fees for both September 30, 2023 December 30, 2023 and April 1, 2023, which were recorded within long-term debt in the Company's consolidated balance sheets.

As of September 30, 2023 December 30, 2023, and the date these financial statements were issued, the Company was in compliance with all covenants related to 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 November 1, 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").

As of September 30, 2023 December 30, 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 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 both September 30, 2023 December 30, 2023 and April 1, 2023, the carrying value of the Senior Notes was $449 million, net of issuance costs and unamortized discount of $1 million, which were recorded within short-term debt and long-term debt in the Company's consolidated balance sheets. sheets, respectively.

Versace Facilities

During Fiscal 2022, the Company's subsidiary, Versace, entered into an agreement with Banco BPM Banking Group debt ("the Bank") to sell certain tax receivables to the Bank in exchange for cash. The arrangement was determined to be a financing arrangement as the de-recognition criteria for the receivables was not met at the time of the cash receipt from the Bank. As of September 30, 2023 December 30, 2023 and April 1, 2023, the outstanding balance was $11 million, with $1 million and $10 million recorded within short-term debt and long-term debt in the Company's consolidated balance sheets, respectively.

Supplier Financing Program

The Company offers a supplier financing program which enables the Company's inventory 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, which generally do not exceed 90 days, 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 September 30, 2023 December 30, 2023 and April 1, 2023 was $14 $11 million and $4 million, respectively, and is presented as short-term debt in the Company's consolidated balance sheets.

See Note 11 to the Company's Fiscal 2023 Annual Report on Form 10-K for additional information regarding the Company's credit facilities and debt obligations.

11. Commitments and Contingencies

In We are involved in various routine legal proceedings incident to the ordinary course of business, the Company is party to various legal proceedings and claims. Although the outcome of such claims cannot be determined with certainty, the Company believes our business. We believe that the outcome of all pending legal proceedings, in the aggregate, will not have a material adverse effect on its cash flow, our business, results of operations or and financial position. condition.

See Item 1 Legal Proceedings to the accompanying Part II Other Information for additional information on Merger-Related Litigation.

Please refer to the *Contractual Obligations and Commercial Commitments* disclosure within the *Liquidity and Capital Resources* section of the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2023 for a detailed disclosure of other commitments and contractual obligations as of April 1, 2023.

12. 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 September 30, 2023 December 30, 2023 and April 1, 2023, the fair values 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 to the Company. The fair value of net investment hedges is included in prepaid expenses and other current assets, other assets, accrued expenses and other current liabilities, and in other long-term liabilities in the consolidated balance sheets, depending on whether they represent assets or liabilities of the Company. Company and based on the maturity date of each individual hedge contract to classify as either short-term or long-term assets or liabilities. See Note 13 for further detail.

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 September 30, 2023 using:			Fair value at April 1, 2023 using:			Fair value at December 30, 2023 using:			Fair value at April 1, 2023 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)	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)	u
Derivative assets:	**Derivative assets:**												
Net investment hedges	Net investment hedges	$ —	$ 40	$ —	$ —	$ 1	$ —						
Net investment hedges													
Net investment hedges													
Fair value hedges	Fair value hedges	—	5	—	—	—	—						
Total derivative assets	**Total derivative assets**	$ —	$ 45	$ —	$ —	$ 1	$ —						
Total derivative assets													
Total derivative assets													
Derivative liabilities:	**Derivative liabilities:**												
Derivative liabilities:													
Derivative liabilities:													
Net investment hedges													
Net investment hedges													
Net investment hedges	Net investment hedges	$ —	$ 49	$ —	$ —	$ 36	$ —						
Fair value hedges	Fair value hedges	—	—	—	—	3	—						
Total derivative liabilities	**Total derivative liabilities**	$ —	$ 49	$ —	$ —	$ 39	$ —						
Total derivative liabilities													
Total derivative liabilities													

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, facilities, if outstanding, are recorded at carrying value, which approximates fair value due to the frequent nature of such borrowings and repayments. See Note 10 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 long-term debt, based on Level 2 measurements (in millions):

	September 30, 2023	April 1, 2023

	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	December 30, 2023			
	Carrying Value			
	December 30, 2023		April 1, 2023	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Revolving Credit Facilities Revolving Credit Facilities	$ 1,143	$ 1,143	$ 874	$ 874
Versace Term Loan Versace Term Loan	$ 475	$ 477	$ 487	$ 481
Senior Notes due 2024 Senior Notes due 2024	$ 449	$ 441	$ 449	$ 435

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.

The Company recorded $20 $6 million and $26 million of impairment charges during the three and six nine months ended September 30, 2023. December 30, 2023, respectively. The Company recorded $11 $1 million and $12 million of impairment charges during the three and six nine months ended October 1, 2022. December 31, 2022, respectively. The following table details the carrying values and fair values of the Company's assets that have been impaired during the three and six nine months ended September 30, 2023 December 30, 2023 and the three and six nine months ended October 1, 2022 December 31, 2022 (in millions):

	Three and Six Months Ended September 30, 2023			Three and Six Months Ended October 1, 2022		
	Carrying Value Prior to Impairment	Fair Value	Impairment Charge	Carrying Value Prior to Impairment	Fair Value	Impairment Charge
		Three Months Ended December 30, 2023				
		Three Months Ended December 30, 2023				
		Three Months Ended December 30, 2023				
	Carrying Value Prior to Impairment					
	Carrying Value Prior to Impairment					
	Carrying Value Prior to Impairment					
Operating Lease Right-of-Use Assets						
Operating Lease Right-of-Use Assets						
Operating Lease Right-of-Use Assets Operating Lease Right-of-Use Assets	$ 24	$ 10	$ 14	$ 25	$ 16	$ 9
Property and Equipment Property and Equipment	7	1	6	3	1	2

Property and Equipment													
Property and Equipment													
Total													
Total													
Total	Total	$	31	$	11	$	20	$	28	$	17	$	11

	Three Months Ended December 31, 2022			Nine Months Ended December 31, 2022		
	Carrying Value Prior to Impairment	Fair Value	Impairment Charge	Carrying Value Prior to Impairment	Fair Value	Impairment Charge
Operating Lease Right-of-Use Assets	$ 2	$ 1	$ 1	$ 27	$ 17	$ 10
Property and Equipment	—	—	—	3	1	2
Total	$ 2	$ 1	$ 1	$ 30	$ 18	$ 12

13. 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 2024, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $2.5 billion to hedge its net investment in Swiss Franc (“CHF”) denominated subsidiaries. During the third quarter of Fiscal 2024, the Company modified these fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $2.5 billion to utilize additional CHF capacity and further hedge its investment in CHF denominated subsidiaries. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on United States Dollar notional amounts for fixed rate payments of 0.0%. The increase in CHF. interest received from the CHF notional amounts will be offset by interest expense related to the financing component of this modification. These contracts have maturity dates between September 2024 and June 2028 and are designated as net investment 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 $1.0 billion to hedge its net investment in Euro denominated subsidiaries. The Company

will exchange Euro floating rate payments based on EURIBOR for the United States dollar floating rate amounts based on SOFR CME Term over the life of the agreement. The fixed rate component of semi-annual Euro payments range from 1.149% to 1.215%. These contracts have maturity dates between May 2028 and August 2030 and are designated as net investment hedges.

During the first quarter of Fiscal 2024, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with an aggregate notional amount of $350 million to hedge its net investment in Euro denominated subsidiaries. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on United States Dollar notional amounts for fixed rate payments of 0.0% in Euro. These contracts have maturity dates between January 2027 and April 2027 and have been designated as net investment hedges.

During the first quarter of Fiscal 2024, the Company entered into a fixed-to-fixed cross-currency swap agreement with an aggregate notional amount of €150 million to hedge its net investment in British Pound (“GBP”) denominated subsidiaries (the “GBP/EUR Net Investment Hedges”). As of September 30, 2023 December 30, 2023, the Company had multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of €1.15 billion to hedge its net investment in GBP denominated subsidiaries. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on GBP notional amounts for fixed rate payments of 0.0% in Euro. These contracts have maturity dates between November 2024 and November 2027 and are designated as net investment hedges.

As of September 30, 2023 December 30, 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 notional amounts 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 in the Company’s consolidated statements of operations and comprehensive income. Accordingly, the Company recorded interest income of $25 $26 million and $40 $66 million during the three and six nine months ended September 30, 2023 December 30, 2023, respectively. Additionally, the Company recorded interest income of $11 million $4 million and $28 million $32 million during the three and six nine months ended October 1, 2022 December 31, 2022, respectively.

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 foreign currency 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 September 30, 2023 December 30, 2023, the total notional values of outstanding fair value cross-currency swaps related to these loans were €1 billion. Under the term of these contracts, the Company will exchange the semi-annual fixed rate payments on GBP notional amounts 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 (gain) loss on the Company's consolidated statements of operations and comprehensive income, which will offset the earnings impact of the underlying transaction being hedged. Accordingly, the Company recorded a foreign currency loss gain of $7 $2 million and a foreign currency gain of $21 $23 million during the three and six nine months ended September 30, 2023 December 30, 2023, respectively.

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 September 30, 2023 December 30, 2023 and April 1, 2023 (in millions):

				Fair Value			
				Fair Value			
				Fair Value			
				Fair Value			
		Notional Amounts		Assets		Liabilities	
		September 30, 2023	April 1, 2023	September 30, 2023 (1)	April 1, 2023 (2)	September 30, 2023 (3)	April 1, 2023 (3)
Designated net investment hedges	Designated net investment hedges	$ 5,360	$ 1,378	$ 40	$ 1	$ 49	$ 36
Designated net investment hedges							
Designated net investment hedges							
Designated fair value hedges							
Designated fair value hedges							
Designated fair value hedges	Designated fair value hedges	1,057	1,084	5 (2)	—	—	3 (3)
Total	**Total**	$ 6,417	$ 2,462	$ 45	$ 1	$ 49	$ 39
Total							
Total							

(1) As of September 30, 2023 December 30, 2023, the Company recorded $1 million within prepaid expenses and other current assets and $39 $8 million within other assets in the Company's consolidated balance sheets.

(2) Recorded within other assets in the Company's consolidated balance sheets.

(3) As of December 30, 2023, the Company recorded $25 million within accrued expenses and current liabilities and $235 million within other long-term liabilities in the Company's consolidated balance sheets.

(4) Recorded within other long-term liabilities in the Company's consolidated balance sheets.

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 September 30, 2023 December 30, 2023 and April 1, 2023 would be as follows (in millions):

	Net Investment Hedges		Fair Value Hedges	
	September 30, 2023	April 1, 2023	September 30, 2023	April 1, 2023
	Net Investment Hedges			
	Net Investment Hedges			
	Net Investment Hedges			
	December 30, 2023			

	December 30, 2023							
Assets subject to master netting arrangements	$	40	$	1	$	5	$	—
Liabilities subject to master netting arrangements	$	49	$	36	$	—	$	3
Derivative assets, net	$	30	$	1	$	5	$	—
Derivative liabilities, net	$	39	$	36	$	—	$	3

December 30, 2023
Assets subject to master netting arrangements
Assets subject to master netting arrangements
Liabilities subject to master netting arrangements
Liabilities subject to master netting arrangements
Derivative assets, net
Derivative assets, net
Derivative liabilities, net
Derivative liabilities, net

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. The net gain or loss on net investment hedges are reported within 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 (gain) loss on the Company's consolidated statements of operations and comprehensive income 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 and net investment hedges (in millions):

	Three Months Ended				Six Months Ended			
	September 30, 2023		October 1, 2022		September 30, 2023		October 1, 2022	
	Pre-Tax Gains Recognized in OCI		Pre-Tax Gains Recognized in OCI		Pre-Tax Gains (Losses) Recognized in OCI		Pre-Tax Gains Recognized in OCI	
Designated forward foreign currency exchange contracts	$	—	$	5	$	—	$	11

Three Months Ended
December 30, 2023
Pre-Tax (Losses) Gains Recognized in OCI
Three Months Ended
December 30, 2023 | December 31, 2022 | December 30, 2023
Pre-Tax (Losses) Gains Recognized in OCI | Pre-Tax Losses Recognized in OCI | Pre-Tax Gain Recogniz in OCI
Designated forward foreign currency exchange contracts

Designated net investment hedges	Designated net investment hedges	$	79	$	152	$	25	$	365
Designated fair value hedge	Designated fair value hedge	$	16	$	—	$	(9)	$	—

The following tables summarize the pre-tax impact of the gains within the consolidated statements of operations and comprehensive income related to the designated forward foreign currency exchange contracts for the three and six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022 (in millions):

	Three Months Ended				
	Pre-Tax Gain Reclassified from Accumulated OCI				
	September 30, 2023		October 1, 2022		Location of Gain Recognized
Designated forward foreign currency exchange contracts	$	1	$	3	Cost of goods sold

	Three Months Ended				
	Pre-Tax Gain Reclassified from Accumulated OCI				
	December 30, 2023		December 31, 2022		Location of Gain Recognized
Designated forward foreign currency exchange contracts	$	—	$	3	Cost of goods sold

	Six Months Ended				
	Pre-Tax Gain Reclassified from Accumulated OCI				
	September 30, 2023		October 1, 2022		Location of Gain Recognized
Designated forward foreign currency exchange contracts	$	4	$	7	Cost of goods sold

	Nine Months Ended				
	Pre-Tax Gain Reclassified from Accumulated OCI				
	December 30, 2023		December 31, 2022		Location of Gain Recognized
Designated forward foreign currency exchange contracts	$	4	$	10	Cost of goods sold

The Company expects that substantially all As of the amounts recorded in accumulated other comprehensive income for its December 30, 2023, there were no forward foreign currency exchange contracts will be reclassified into earnings during the next 12 months, based upon the timing of inventory purchases and turnover. outstanding.

Undesignated Hedges

During both the three and six nine months ended September 30, 2023 December 30, 2023, there was no gain or loss recognized within foreign currency (gain) loss in the Company's consolidated statements of operations and comprehensive income as there were no undesignated hedges outstanding. During the three months ended October 1, 2022 December 31, 2022, there was no gain recognized within foreign currency (gain) loss in the Company's consolidated statements of operations and comprehensive income, while during the six nine months ended October 1, 2022 December 31, 2022, a $2 million gain was recognized within foreign currency (gain) loss in the Company's consolidated statements of operations and comprehensive income as a result of the changes in the fair value of undesignated forward foreign currency exchange contracts.

14. Shareholders' Equity

Share Repurchase Program

On June 1, 2022, the Company announced its Board of Directors authorized a 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 its Board of Directors approved a new share repurchase program (the "Existing Share Repurchase Plan") to purchase up to $1.0 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. 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; however, pursuant to the terms of the Merger Agreement, and subject to certain limited exceptions, the Company may not repurchase its ordinary shares other than the acceptance of Company ordinary shares as payment of the exercise price of Company options or for withholding taxes in respect of Company equity awards. Accordingly, the Company did not repurchase any of its ordinary shares during since entering into the three months ended September 30, 2023 Merger Agreement pursuant to the Existing Share Repurchase Plan, and the Company does not expect to repurchase any of its ordinary shares in connection with the Existing Share Repurchase Plan prior to the Merger or earlier termination of the Merger Agreement.

During the six nine months ended September 30, 2023 December 30, 2023, the Company purchased 2,637,102 shares for a total cost of approximately $100 million, including commissions, through open market transactions under the Existing Share Repurchase Plan. As of September 30, 2023 December 30, 2023, the remaining availability under the Company's Existing Share Repurchase Plan was $300 million.

During the six nine months ended October 1, 2022 December 31, 2022, the Company purchased 13,183,355 18,921,459 shares for a total cost of approximately $650 million $950 million including commissions, through open market transactions, with 15,479,200 shares purchased for a total cost of $750 million including commissions under the Fiscal 2023 Plan and 3,442,259 shares purchased for a total cost of $200 million under the Existing Share Repurchase Plan.

The Company also has in place a "withhold to cover" repurchase program, which allows the Company to withhold ordinary shares from certain executive officers and directors to satisfy minimum tax withholding obligations relating to the vesting of their restricted share awards. During the six nine month periods ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022, the Company withheld 172,112 185,133 shares and 273,197 300,722 shares, respectively, with a fair value of $6 million $7 million and $13 million $14 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 the six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022, respectively (in millions):

		Foreign Currency Adjustments (1)	Net Gain on Derivatives (2)	Other Comprehensive Income Attributable to Capri
		Foreign Currency Adjustments (1)		
		Foreign Currency Adjustments (1)		
		Foreign Currency Adjustments (1)		
Balance at April 1, 2023				
Balance at April 1, 2023				
Balance at April 1, 2023	Balance at April 1, 2023	$ 143	$ 4	$ 147
Other comprehensive loss before reclassifications	Other comprehensive loss before reclassifications	(13)	—	(13)
Other comprehensive loss before reclassifications				
Other comprehensive loss before reclassifications				
Less: amounts reclassified from AOCI to earnings				
Less: amounts reclassified from AOCI to earnings				
Less: amounts reclassified from AOCI to earnings	Less: amounts reclassified from AOCI to earnings	—	4	4
Other comprehensive loss, net of tax	Other comprehensive loss, net of tax	(13)	(4)	(17)
Balance at September 30, 2023		$ 130	$ —	$ 130
Other comprehensive loss, net of tax				
Other comprehensive loss, net of tax				
Balance at December 30, 2023				
Balance at December 30, 2023				
Balance at December 30, 2023				
Balance at April 2, 2022				
Balance at April 2, 2022				
Balance at April 2, 2022	Balance at April 2, 2022	$ 184	$ 10	$ 194
Other comprehensive (loss) income before reclassifications	Other comprehensive (loss) income before reclassifications	(232)	10	(222)
Other comprehensive (loss) income before reclassifications				
Other comprehensive (loss) income before reclassifications				
Less: amounts reclassified from AOCI to earnings				
Less: amounts reclassified from AOCI to earnings				
Less: amounts reclassified from AOCI to earnings	Less: amounts reclassified from AOCI to earnings	—	7	7

Other comprehensive (loss) income, net of tax	Other comprehensive (loss) income, net of tax	(232)	3	(229)
Balance at October 1, 2022		$ (48)	$ 13	$ (35)
Other comprehensive (loss) income, net of tax				
Other comprehensive (loss) income, net of tax				
Balance at December 31, 2022				
Balance at December 31, 2022				
Balance at December 31, 2022				

(1) Foreign currency translation adjustments for the six nine months ended September 30, 2023 December 30, 2023 primarily include a net $29 million translation $159 million loss, partially offset by a $16 million gain, net of taxes of $59 million, relating to the Company's net investment and fair value hedges. The tax effect of the hedges partially offset by a net investment and fair value hedges was not material. $47 million translation gain. Foreign currency translation adjustments for the six nine months ended October 1, 2022 December 31, 2022 primarily include a $486 net $310 million translation loss partially offset by a $247 $219 million gain, net of taxes of $118 $113 million, relating to the Company's net investment hedges.

(2) Reclassified amounts primarily 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. All tax effects were not material for the periods presented.

15. 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, 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 September 30, 2023 December 30, 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 RSUs, and other equity awards, and authorizes a total issuance of up to 22,471,000 ordinary shares after amendments in August 2022. At September 30, 2023 December 30, 2023, there were 4,184,265 4,236,865 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 date of the grant, and those issued under the Incentive Plan generally expire seven years from the date of the grant.

The following table summarizes the Company's share-based compensation activity during the six nine months ended September 30, 2023 December 30, 2023:

		Options	Service-Based RSUs	Performance-Based RSUs	Options	Service-Based RSUs	Performance-Based RSUs
Outstanding/Unvested at April 1, 2023	Outstanding/Unvested at April 1, 2023	229,675	3,181,926	165,239			
Granted	Granted	—	1,937,270	203,693			
Exercised/Vested	Exercised/Vested	(14,503)	(1,675,374)	—			
Canceled/Forfeited	Canceled/Forfeited	(23,205)	(132,103)	—			
Outstanding/Unvested at September 30, 2023		191,967	3,311,719	368,932			
Canceled/Forfeited							
Canceled/Forfeited							
Outstanding/Unvested at December 30, 2023							

The weighted average grant date fair value of service-based and performance-based RSUs granted during the six nine months ended September 30, 2023 December 30, 2023 was $36.87 $36.90 and $36.82, respectively. The weighted average grant date fair value of service-based and performance-based RSUs granted during the six nine months ended October 1, 2022 December 31, 2022 was $49.80 $48.39 and $47.41, respectively.

Share-Based Compensation Expense

The following table summarizes compensation expense attributable to share-based compensation for the three and six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022 (in millions):

	Three Months Ended		Six Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Three Months Ended		Three Months Ended		Nine Months Ended

	December 30, 2023	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Share-based compensation expense	Share-based compensation expense	$ 17	$ 16	$ 47	$ 44
Tax benefit related to share-based compensation expense	Tax benefit related to share-based compensation expense	$ 2	$ 2	$ 7	$ 7

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 historical forfeiture rates. The estimated value of future forfeitures for equity awards as of September 30, 2023 December 30, 2023 is approximately $13 million $11 million.

See Note 16 in the Company's Fiscal 2023 Annual Report on Form 10-K for additional information relating to the Company's share-based compensation awards.

16. Income Taxes

The Company's effective tax rate for the three and six months ended September 30, 2023 December 30, 2023 was 10.9% and 8.6%, respectively. 14.6%. This rate differs from the United Kingdom ("U.K.") federal statutory rate of 25% primarily due to the favorable impact of global financing activities the release of uncertain tax positions outside the U.S. for the three and six months ended September 30, 2023 and the release of a valuation allowance on Korean deferred tax assets, partially offset by unfavorable changes in uncertain tax positions during the three months ended December 30, 2023.

The Company's effective tax rate for the nine months ended December 30, 2023 was 11.3%. This rate differs from the United Kingdom ("U.K.") federal statutory rate of 25% primarily due to the favorable impact of global financing activities and the release of valuation allowance on Korean deferred tax assets during the six nine months ended September 30, 2023.

December 30, 2023

The Company's effective tax rate for the three and six nine months ended October 1, 2022 December 31, 2022 was 13.5% 1.3% and 12.9% 9.2%, respectively. Such For both periods, such rates differed from the U.K. federal statutory rate of 19% primarily due to the impact of global financing activities. activities and the release of a valuation allowance on UK deferred tax assets.

The global financing activities are related to the Company's 2014 move of its principal executive office from Hong Kong to the U.K. and decision to become a U.K. tax resident. In connection with this decision, the Company funded its international growth strategy through intercompany debt financing arrangements. These debt financing arrangements reside between certain of our U.S. and U.K. subsidiaries. Due to the difference in the statutory income tax rates between these jurisdictions, the Company realized lower effective tax rates for the three and six nine months ended September 30, 2023 December 30, 2023.

17. 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 and accessories 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 system expenses, including enterprise resource planning system implementation costs and Capri transformation program costs. In addition, certain other costs are not allocated to segments, including merger Merger related costs, impairment charges, the impact of the war in Ukraine, restructuring and other expense (income) and COVID-19 related expenses. 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.

The following table presents the key performance information of the Company's reportable segments (in millions):

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022	December 30, 2023
Total revenue:	**Total revenue:**							
Versace								
Versace								
Versace	Versace	$ 280	$ 308	$ 539	$ 583			
Jimmy Choo	Jimmy Choo	132	142	315	314			
Michael Kors	Michael Kors	879	962	1,666	1,875			
Total revenue	**Total revenue**	$ 1,291	$ 1,412	$ 2,520	$ 2,772			
Income (loss) from operations:	**Income (loss) from operations:**							
Income (loss) from operations:								
Income (loss) from operations:								
Versace								
Versace								
Versace	Versace	$ 35	$ 62	$ 38	$ 114			
Jimmy Choo	Jimmy Choo	(9)	8	7	27			
Michael Kors	Michael Kors	169	248	299	470			
Total segment income from operations	**Total segment income from operations**	195	318	344	611			
Less: Corporate expenses	**Less:** Corporate expenses	(71)	(55)	(142)	(115)			
Impairment of assets (1)	Impairment of assets (1)	(20)	(11)	(20)	(11)			
Merger related costs	Merger related costs	(4)	—	(4)	—			
Restructuring and other (expense) income		—	(3)	2	(6)			
Restructuring and other expense								
COVID-19 related expenses	COVID-19 related expenses	—	3	—	4			
Impact of war in Ukraine								

Total income from operations	**Total income from operations**	$ 100	$ 252	$ 180	$ 483

(1) Impairment of assets during the three and six nine months ended September 30, 2023 December 30, 2023 primarily related relate to operating lease right-of-use assets at certain Versace and Michael Kors store locations. Impairment of assets during the three and six nine months ended October 1, 2022 December 31, 2022 primarily related relate to operating lease right-of-use assets at certain Michael Kors store locations.

Depreciation and amortization expense for each segment are as follows (in millions):

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Depreciation and amortization:	**Depreciation and amortization:**								
Versace	Versace	$ 13	$ 12	$ 26	$ 24				
Versace									
Versace									
Jimmy Choo	Jimmy Choo	8	7	15	14				
Michael Kors	Michael Kors	20	23	41	48				
Corporate	Corporate	7	1	11	2				
Total depreciation and amortization	**Total depreciation and amortization**	$ 48	$ 43	$ 93	$ 88				

Total revenue (based on country of origin) by geographic location are as follows (in millions):

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022	December 30, 2023	Dece 31, 2022
Revenue:	**Revenue:**								
The Americas (United States, Canada and Latin America) (1)	The Americas (United States, Canada and Latin America) (1)	$ 690	$ 806	$ 1,322	$ 1,600				
The Americas (United States, Canada and Latin America) (1)									
The Americas (United States, Canada and Latin America) (1)									
EMEA	EMEA	401	400	773	764				
Asia	Asia	200	206	425	408				
Total revenue	**Total revenue**	$ 1,291	$ 1,412	$ 2,520	$ 2,772				

(1) Total revenue earned in the U.S. was $617 million $764 million and $1.195 billion $1.959 billion, respectively, for the three and six nine months ended September 30, 2023 December 30, 2023. Total revenue earned in the U.S. was $739 million $840 million and $1.472 billion $2.312 billion, respectively, for the three and six nine months ended October 1, 2022 December 31, 2022.

18. Subsequent Events

On October 25, 2023 February 7, 2024, the Board of Directors of the Company held approved a special meeting Global Optimization Plan in order to streamline the Company's operating model, maximize efficiency and support long-term profitable growth. As part of shareholders the Global Optimization Plan, the Company anticipates global headcount reductions and the closure of approximately 100 of its retail stores over the next 18 months. The Company also expects to consider certain proposals record estimated one-time restructuring charges of approximately $30 million to $40 million, of which approximately $30 million to $35 million will be cash charges related to the Merger Agreement. At the special meeting, the Company's shareholders voted organizational efficiency initiatives, which consist primarily of severance and employee-related costs. The Company anticipates that up to adopt the resolution authorizing the Merger Agreement and approve, on an advisory (nonbinding) basis, the compensation that may be paid or become payable to the Company's named executive officers that is based on or otherwise relates to the Merger Agreement and the transactions contemplated by the Merger Agreement. Completion $5 million of the Merger remains subject restructuring charges will be related to the fulfillment or waiver of the closing conditions set forth lease termination and other store closure costs. Approximately $25 million to $30 million in pre-tax restructuring charges will be recognized in the Merger Agreement, including the receipt fourth quarter of certain regulatory approvals. Fiscal 2024.

On November 3, 2023, the Company and Tapestry each received a request See Item 5 – Other Information for additional information and documentary materials (the "Second Request") from the U.S. Federal Trade Commission (the "FTC") in connection with the FTC's review of the Merger. The effect of the Second Request is to extend the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, until 30 days after the Company and Tapestry have substantially complied with the Second Request, unless that period is extended voluntarily by the Company and Tapestry or terminated sooner by the FTC. information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Agreement and Plan of Merger

On August 10, 2023, Capri entered into an Agreement and Plan of Merger (the "Merger Agreement") with Tapestry, Inc., a Maryland corporation ("Tapestry"), and Sunrise Merger Sub, Inc., a British Virgin Islands business company limited by shares and a direct wholly owned subsidiary of Tapestry ("Merger Sub"). The Merger Agreement provides that, among other things and on the terms and subject to the conditions set forth therein, Tapestry will acquire Capri in an all-cash transaction by means of a merger of Merger Sub with and into Capri (the "Merger"), with Capri surviving the Merger as a wholly owned subsidiary of Tapestry. For additional information related to the Merger Agreement, please refer to Capri's Definitive Proxy Statement on Schedule 14A filed with the U.S. Securities and Exchange Commission (the "SEC") on September 20, 2023, as well as the supplemental disclosures contained in Capri's Current Report on Form 8-K filed with the SEC on October 17, 2023.

Our Business

We are 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 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.

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 footwear, complemented by accessories, including handbags, small leather goods, scarves and belts, as well as a men's luxury footwear 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 offers classic and timeless luxury products, as well as innovative products that are unique, instinctively seductive and chic. 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, 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 and 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.

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 the second third quarter of Fiscal 2024, and are likely to continue to impact our business and the premium 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, 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 COVID-19 pandemic has resulted in varying degrees of business disruption for our industry, including us, since it began at the end of fiscal Fiscal 2020. Our 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. Government restrictions have since been lifted in the Greater China region. The COVID-19 pandemic did not have a significant impact during the first nine months of Fiscal 2024 and is not expected to have a significant impact for the remainder of the fiscal year. We continue to monitor the latest developments regarding the COVID-19 pandemic and potential impacts on our business, operating results and outlook.

Luxury goods trends and demand for 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. years. 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” of our Annual Report on Form 10-K for the fiscal year ended April 1, 2023 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 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 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 to our products.

Implementing and updating information technology systems. During Fiscal 2024, we began implementing a new state of the art e-commerce platform across our brands which is expected to continue through Fiscal 2025. While the new platform is designed to improve the user experience and enhance consumer engagement, the transition created unanticipated challenges which have negatively impacted our results of operations. The continued implementation of this platform may also negatively impact our future results of operations. 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” of our Annual Report on Form 10-K for the fiscal year ended April 1, 2023 for additional discussion.

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 ERP system implementation costs and Capri transformation program costs. In addition, certain other costs are not allocated to segments, including merger Merger related costs, impairment charges, the impact of the war in Ukraine, restructuring and other (expense) income expense and COVID-19 related expenses. 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 from operations by segment for the three and six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022 (in millions):

		Three Months Ended		Six Months Ended		Three Months Ended		Nine Months Ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Total revenue:	**Total revenue:**								
Versace									
Versace									
Versace	Versace	$ 280	$ 308	$ 539	$ 583				
Jimmy Choo	Jimmy Choo	132	142	315	314				
Michael Kors	Michael Kors	879	962	1,666	1,875				
Total revenue	**Total revenue**	$ 1,291	$1,412	$ 2,520	$2,772				
Income (loss) from operations:	**Income (loss) from operations:**								
Income (loss) from operations:									
Income (loss) from operations:									
Versace									
Versace									
Versace	Versace	$ 35	$ 62	$ 38	$ 114				
Jimmy Choo	Jimmy Choo	(9)	8	7	27				
Michael Kors	Michael Kors	169	248	299	470				
Total segment income from operations	**Total segment income from operations**	195	318	344	611				

Less: Corporate expenses	**Less:** Corporate expenses	(71)	(55)	(142)	(115)
Impairment of assets (1)	Impairment of assets (1)	(20)	(11)	(20)	(11)
Merger related costs	Merger related costs	(4)	—	(4)	—
Restructuring and other (expense) income		—	(3)	2	(6)
Restructuring and other expense					
COVID-19 related expenses	COVID-19 related expenses	—	3	—	4
Impact of war in Ukraine					
Total income from operations	**Total income from operations**	$ 100	$ 252	$ 180	$ 483

(1) Impairment of assets during the three and six nine months ended September 30, 2023 December 30, 2023 primarily related to operating lease right-of-use assets at certain Versace and Michael Kors store locations. Impairment of assets during the three and six nine months ended October 1, 2022 December 31, 2022 primarily related to operating lease right-of-use assets at certain Michael Kors store locations.

The following table presents our global network of retail stores and wholesale doors by brand:

			As of	
			September 30, 2023	October 1, 2022
	As of		As of	
	December 30, 2023		December 30, 2023	December 31, 2022
Number of full price retail stores (including concessions):	Number of full price retail stores (including concessions):			
Versace				
Versace				
Versace	Versace		167	155
Jimmy Choo	Jimmy Choo		180	182
Michael Kors	Michael Kors		496	517
			843	854
	843			
Number of outlet stores:	Number of outlet stores:			
Number of outlet stores:				
Number of outlet stores:				
Versace				
Versace				

Versace	Versace	63	62
Jimmy Choo	Jimmy Choo	57	56
Michael Kors	Michael Kors	306	304
	427		
		426	422
Total number of retail stores			
Total number of retail stores			
Total number of retail stores	**Total number of retail stores**	1,269	1,276
Total number of wholesale doors:	Total number of wholesale doors:		
Total number of wholesale doors:			
Total number of wholesale doors:			
Versace			
Versace			
Versace	Versace	638	798
Jimmy Choo	Jimmy Choo	524	487
Michael Kors	Michael Kors	2,786	2,710
		3,948	3,995
	3,974		

The following table presents our retail stores by geographic location:

		As of September 30, 2023			As of October 1, 2022						
		Versace	Jimmy Choo	Michael Kors	Versace	Jimmy Choo	Michael Kors				
	As of December 30, 2023										
	Versace										Versa
Store count by region:	Store count by region:										
The Americas											
The Americas											
The Americas	The Americas	43	43	309	40	45	326	44		43	
EMEA	EMEA	61	71	171	58	72	173	EMEA	61		6
Asia	Asia	126	123	322	119	121	322	Asia	128		12
		230	237	802	217	238	821				
	233										

Key Consolidated Performance Indicators and Statistics

We use a number of key indicators of operating results to evaluate our performance, including the following (dollars in millions):

	Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022		December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022

Total revenue	Total revenue	$1,291	$1,412	$2,520	$2,772					
Gross profit as a percent of total revenue	Gross profit as a percent of total revenue	64.4 %	67.4 %	65.2 %	66.8 %	Gross profit as a percent of total revenue	65.0 %	66.5 %	65.2 %	66.7 %
Income from operations	Income from operations	$ 100	$ 252	$ 180	$ 483					
Income from operations as a percent of total revenue	Income from operations as a percent of total revenue	7.7 %	17.8 %	7.1 %	17.4 %	Income from operations as a percent of total revenue	8.5 %	15.6 %	7.7 %	16.8 %

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.

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 3 to the accompanying consolidated financial statements, our critical accounting policies are disclosed, in full, in the MD&A section of our Annual Report on Form 10-K for the fiscal year ended April 1, 2023. There have been no significant changes in our critical accounting policies and estimates since April 1, 2023.

Results of Operations

Comparison of the three months ended September 30, 2023 December 30, 2023 with the three months ended October 1, 2022 December 31, 2022

The following table details the results of our operations for the three months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022, and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

		Three Months Ended				% of Total Revenue for the Three Months Ended			Three Months Ended						
		September 30, 2023	October 1, 2022	$ Change	% Change	September 30, 2023	October 1, 2022		December 30, 2023	December 31, 2022		$ Change		% Change	
Statements of Operations Data:	**Statements of Operations Data:**														
Total revenue	Total revenue	$ 1,291	$1,412	$ (121)	(8.6) %										
Total revenue															
Total revenue															
Cost of goods sold															
Cost of goods sold															
Cost of goods sold	Cost of goods sold	459	461	(2)	(0.4) %	35.6 %	32.6 %		499	507	507	(8)	(8)	(1.6)	(1.6) %
Gross profit	Gross profit	832	951	(119)	(12.5) %	64.4 %	67.4 %	Gross profit	928	1,005	1,005	(77)	(77)	(7.7)	(7.7
Selling, general and administrative expenses	Selling, general and administrative expenses	664	642	22	3.4 %	51.4 %	45.5 %	Selling, general and administrative expenses	749	720	720	29	29	4.0	4.0

Depreciation and amortization	Depreciation and amortization	48	43	5	11.6 %	3.7 %	3.0 %	Depreciation and amortization	46	43	43	3	3	7.0	7.0
Impairment of assets	Impairment of assets	20	11	9	81.8 %	1.5 %	0.8 %	Impairment of assets	6	1	1	5	5	NM	
Restructuring and other expense	Restructuring and other expense	—	3	(3)	(100.0) %	— %	0.2 %	Restructuring and other expense	5	5	5	—	—	—	—
Total operating expenses	Total operating expenses	732	699	33	4.7 %	56.7 %	49.5 %	Total operating expenses	806	769	769	37	37	4.8	4.8
Income from operations	Income from operations	100	252	(152)	(60.3) %	7.7 %	17.8 %	Income from operations	122	236	236	(114)	(114)	(48.3)	(48.3
Other income, net	Other income, net	(1)	(1)	—	— %	(0.1) %	(0.1) %	Other income, net	—	(1)	(1)	1	1	NM	
Interest expense, net	Interest expense, net	3	5	(2)	(40.0) %	0.2 %	0.4 %	Interest expense, net	1	12	12	(11)	(11)	(91.7)	(91.7
Foreign currency gain	Foreign currency gain	(3)	(11)	8	(72.7) %	(0.2) %	(0.8) %	Foreign currency gain	(2)	(3)	(3)	1	1	(33.3)	(33.3
Income before income taxes	Income before income taxes	101	259	(158)	(61.0) %	7.8 %	18.3 %	Income before income taxes	123	228	228	(105)	(105)	(46.1)	(46.1
Provision for income taxes	Provision for income taxes	11	35	(24)	(68.6) %	0.9 %	2.5 %	Provision for income taxes	18	3	3	15	15	NM	
Net income	Net income	90	224	(134)	(59.8) %										
Less: Net income attributable to noncontrolling interest	Less: Net income attributable to noncontrolling interest	—	—	—	— %										
Less: Net income attributable to noncontrolling interest															
Less: Net income attributable to noncontrolling interest															
Net income attributable to Capri	Net income attributable to Capri	$ 90	$ 224	$ (134)	(59.8) %										
Net income attributable to Capri															
Net income attributable to Capri															

NM Not meaningful

Total Revenue

Total revenue decreased $121 million $85 million, or 8.6% 5.6%, to $1.291 billion $1.427 billion for the three months ended September 30, 2023 December 30, 2023, compared to $1.412 billion $1.512 billion for the three months ended October 1, 2022 December 31, 2022, which included net favorable foreign currency effects of approximately $21 million $15 million primarily as a result of the weakening of the United States Dollar against the Euro partially offset by the strengthening of the United States dollar compared to the Chinese Renminbi and Japanese Yen for the three months ended September 30, 2023 December 30, 2023. On a constant currency basis, our total revenue decreased $142 million $100 million, or 10.1% 6.6%. primarily attributable to lower revenues in the Americas for each of our brands.

		Three Months Ended		% Change				Three Months Ended						% Change		
(in millions)	(in millions)	September 30, 2023	October 1, 2022	$ Change	As Reported	Constant Currency	(in millions)	December 30, 2023		December 31, 2022		$ Change			As Reported	Constant Currency
Versace	Versace	$ 280	$ 308	$ (28)	(9.1) %	(11.7)%	Versace	$ 227	$	$ 249	$	$ (22)		(8.8)	(8.8) %	(10.8) %
Jimmy Choo	Jimmy Choo	132	142	(10)	(7.0) %	(9.2)%	Jimmy Choo	166	168	168	(2)		(2)	(1.2)	(1.2) %	(3.0) %
Michael Kors	Michael Kors	879	962	(83)	(8.6) %	(9.7)%	Michael Kors	1,034	1,095	1,095	(61)		(61)	(5.6)	(5.6) %	(6.2) %

Total revenue	**Total revenue**	$ 1,291	$1,412	$(121)	(8.6) %	(10.1)%	**Total revenue**	$ 1,427	$	$ 1,512	$	$ (85)	(5.6)	(5.6) %	(6.6) %

- *Versace* revenues decreased $28 million $22 million, or 9.1% 8.8%, to $280 million $227 million for the three months ended September 30, 2023 December 30, 2023, compared to $308 million $249 million for the three months ended October 1, 2022 December 31, 2022, which included favorable foreign currency currency effects of $8 million $5 million. On a constant currency basis, revenue decreased $36 million $27 million, or 11.7% 10.8%, primarily attributable to lower revenues in EMEA and the Americas. Americas partially offset by increased revenues in Asia.

- *Jimmy Choo* revenues decreased $10 million $2 million, or 7.0% 1.2%, to $132 million $166 million for the three months ended September 30, 2023 December 30, 2023, compared to $142 million $168 million for the three months ended October 1, 2022 December 31, 2022, which included favorable foreign currency effects of $3 million. On a constant currency basis, revenue decreased $13 million $5 million, or 9.2% 3.0%, primarily attributable to lower revenues in the Americas and partially offset by increased revenues in Asia.

- *Michael Kors* revenue decreased $83 million $61 million, or 8.6% 5.6%, to $879 million $1.034 billion for the three months ended September 30, 2023 December 30, 2023, compared to $962 million $1.095 billion for the three months ended October 1, 2022 December 31, 2022, which included favorable foreign currency effects of $10 million $7 million. On a constant currency basis, revenue decreased $93 million $68 million, or 9.7% 6.2%, primarily due to lower revenues in the Americas.

Gross Profit

Gross profit decreased $119 million $77 million, or 12.5% 7.7%, to $832 million $928 million for the three months ended September 30, 2023 December 30, 2023, compared to $951 million $1.005 billion for the three months ended October 1, 2022 December 31, 2022, which included net favorable foreign currency effects of $20 million $15 million. Gross profit as a percentage of total revenue was 64.4% 65.0% and 67.4% 66.5% for the three months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022, respectively. Our The gross profit margin decrease was primarily related to lower full price sell-throughs, mainly in the Americas, partially offset by lower supply chain costs sell-through for the three months ended September 30, 2023 December 30, 2023, as compared to the three months ended October 1, 2022 December 31, 2022.

Total Operating Expenses

Total operating expenses increased $33 million $37 million, or 4.7% 4.8%, to $732 million $806 million for the three months ended September 30, 2023 December 30, 2023, compared to $699 million $769 million for the three months ended October 1, 2022 December 31, 2022. Our operating expenses included a net unfavorable foreign currency impact of approximately $10 million $14 million. Total operating expenses increased to 56.7% 56.5% as a percentage of total revenue for the three months ended September 30, 2023 December 30, 2023, compared to 49.5% 50.9% for the three months ended October 1, 2022 December 31, 2022. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $22 million $29 million, or 3.4% 4.0%, to $664 million $749 million for the three months ended September 30, 2023 December 30, 2023, compared to $642 million $720 million for the three months ended October 1, 2022 December 31, 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 51.4% 52.5% for the three months ended September 30, 2023 December 30, 2023, compared to 45.5% 47.6% for the three months ended October 1, 2022 December 31, 2022, primarily due to increased retail store costs, marketing investments and unallocated corporate expenses along with deleveraging of expenses on lower revenue for the three months ended September 30, 2023 December 30, 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 $16 million $12 million, or 29.1% 21.4%, to $71 million $68 million for the three months ended September 30, 2023 December 30, 2023 as compared to $55 million $56 million for the three months ended October 1, 2022 December 31, 2022, primarily due to an increase in professional fees and information technology costs related to the ongoing Capri transformation projects and ERP system implementation. projects.

Depreciation and Amortization

Depreciation and amortization increased $5 million $3 million, or 11.6% 7.0%, to $48 million $46 million for the three months ended September 30, 2023 December 30, 2023, compared to $43 million for the three months ended October 1, 2022 December 31, 2022. Depreciation and amortization increased to 3.7% 3.2% as a percentage of total revenue for the three months ended September 30, 2023 December 30, 2023, compared to 3.0% 2.8% for the three months ended October 1, 2022 December 31, 2022. The increase in depreciation and amortization expense was primarily attributable to higher depreciation due to information technology assets associated with Capri transformation projects which are now in service.

Impairment of Assets

For the three months ended September 30, 2023 December 30, 2023, we recognized asset impairment charges of $20 million $6 million primarily related to operating lease right-of-use assets at certain Versace and Michael Kors store locations. For the three months ended October 1, 2022 December 31, 2022, we recognized asset impairment charges of $11 million $1 million primarily related to operating lease right-of-use assets at certain Michael Kors a Jimmy Choo store locations. location. See Note 12 to the accompanying consolidated financial statements for additional information.

Restructuring and Other Expense

During the three months ended September 30, 2023 December 30, 2023, we recorded income due to the gain on termination costs of certain leases fully offset by expenses $5 million primarily related to equity awards issued in connection associated with the acquisition of Versace which resulted in no net restructuring and other expense. severance expenses incurred during the third quarter. The $3 million $5 million of expense recorded for the three months ended October 1, 2022 December 31, 2022 was primarily related to equity awards associated with the acquisition of Versace. See Note 9 to the accompanying consolidated financial statements for additional information.

Restructuring and other expense is not evaluated as part of our reportable segments' results (See *Segment Information* above for additional information).

Income from Operations

As a result of the foregoing, income from operations decreased $152 million $114 million, to $100 million $122 million for three months ended September 30, 2023 December 30, 2023, compared to $252 million $236 million for the three months ended October 1, 2022 December 31, 2022. Income from operations as a percentage of total revenue decreased to 7.7% 8.5% for the three months ended September 30, 2023 December 30, 2023, compared to 17.8% 15.6% for the three months ended October 1, 2022 December 31, 2022. See *Segment Information* above for a reconciliation of our segment operating income to total operating income.

		Three Months Ended September 30, 2023	October 1, 2022	$ Change	% Change		December 30, 2023	December 31, 2022	$ Change	% Change
(in millions)	(in millions)									
(in millions)										
(in millions)										
Income (loss) from operations:	**Income (loss) from operations:**									
Versace										
Versace										
Versace	Versace	$ 35	$ 62	$ (27)	(43.5)%		$ (14)	$ $24	$ $(38)	(158.3) (158.3) %
Jimmy Choo	Jimmy Choo	(9)	8	(17)	(212.5)%	Jimmy Choo	4	18 18	(14) (14)	(77.8) (77.8)%
Michael Kors	Michael Kors	169	248	(79)	(31.9)%	Michael Kors	219	251 251	(32) (32)	(12.7) (12.7)%
Total segment income from operations	**Total segment income from operations**	$ 195	$318	$(123)	(38.7)%	**Total segment income from operations**	$ 209 $	$ 293 $	$(84)	(28.7) (28.7) %
Operating Margin:	**Operating Margin:**									
Versace	Versace	12.5 %	20.1 %							
Versace										
Versace										
Jimmy Choo										
Jimmy Choo										
Jimmy Choo	Jimmy Choo	(6.8) %	5.6 %							
Michael Kors	Michael Kors	19.2 %	25.8 %							
Michael Kors										
Michael Kors										

- *Versace* recorded income a loss from operations of $35 $14 million for the three months ended September 30, 2023 December 30, 2023, compared to $62 income of $24 million for the three months ended October 1, 2022 December 31, 2022. Operating margin decreased from 20.1% 9.6% for the three months ended October 1, 2022 December 31, 2022, to 12.5% an operating loss of 6.2% for the three months ended September 30, 2023 December 30, 2023, primarily due to increased retail store costs, unfavorable channel mix, deleveraging of operating expenses on lower revenues and lower full price sell-through compared to the prior year.

- *Jimmy Choo* recorded a loss income from operations of $9 million $4 million for the three months ended September 30, 2023 December 30, 2023, compared to income from operations of $8 million $18 million for the three months ended October 1, 2022 December 31, 2022. Operating margin decreased from 5.6% 10.7% for the three months ended October 1, 2022 December 31, 2022 to an operating loss of 6.8% 2.4% for the three months ended September 30, 2023 December 30, 2023, primarily due to deleveraging of operating expenses on lower revenues full price sell-through, unfavorable channel mix and increased retail store costs compared to the prior year.

- *Michael Kors* recorded income from operations of $169 million $219 million for the three months ended September 30, 2023 December 30, 2023, compared to $248 million $251 million for the three months ended October 1, 2022 December 31, 2022. Operating margin decreased from 25.8% 22.9% for the three months ended October

1, 2022 December 31, 2022, to 19.2% 21.2% for the three months ended September 30, 2023 December 30, 2023, primarily due to increased marketing investments, deleveraging of operating expenses on lower revenues and lower full price sell-through mainly in the Americas, partially offset by lower supply chain costs compared to the prior year.

Interest Expense, net

For the three months ended September 30, 2023, we We recognized $3 million of interest expense, net, compared to $5 million $1 million and $12 million of interest expense, net, for the three months ended October 1, 2022. December 30, 2023 and December 31, 2022, respectively. The $2 million $11 million decrease in interest expense, net, is primarily due to $22 million higher interest income from our net investment hedges, partially offset by higher effective interest rates and higher average borrowings on our outstanding debt (see Note 10 and Note 13 to the accompanying consolidated financial statements for additional information).

Foreign Currency Gain Total Revenue

Total revenue decreased $85 million, or 5.6%, to $1.427 billion for the three months ended December 30, 2023, compared to $1.512 billion for the three months ended December 31, 2022, which included net favorable foreign currency effects of approximately $15 million primarily as a result of the weakening of the United States Dollar against the Euro partially offset by the strengthening of the United States dollar compared to the Chinese Renminbi and Japanese Yen for the three months ended December 30, 2023. On a constant currency basis, our total revenue decreased $100 million, or 6.6%. primarily attributable to lower revenues in the Americas for each of our brands.

	Three Months Ended			% Change	
(in millions)	December 30, 2023	December 31, 2022	$ Change	As Reported	Constant Currency
Versace	$ 227	$ 249	$ (22)	(8.8)%	(10.8)%
Jimmy Choo	166	168	(2)	(1.2)%	(3.0)%
Michael Kors	1,034	1,095	(61)	(5.6)%	(6.2)%
Total revenue	$ 1,427	$ 1,512	$ (85)	(5.6)%	(6.6)%

- *Versace* revenues decreased $22 million, or 8.8%, to $227 million for the three months ended December 30, 2023, compared to $249 million for the three months ended December 31, 2022, which included favorable foreign currency effects of $5 million. On a constant currency basis, revenue decreased $27 million, or 10.8%, primarily attributable to lower revenues in EMEA and the Americas partially offset by increased revenues in Asia.

- *Jimmy Choo* revenues decreased $2 million, or 1.2%, to $166 million for the three months ended December 30, 2023, compared to $168 million for the three months ended December 31, 2022, which included favorable foreign currency effects of $3 million. On a constant currency basis, revenue decreased $5 million, or 3.0%, primarily attributable to lower revenues in the Americas partially offset by increased revenues in Asia.

- *Michael Kors* revenue decreased $61 million, or 5.6%, to $1.034 billion for the three months ended December 30, 2023, compared to $1.095 billion for the three months ended December 31, 2022, which included favorable foreign currency effects of $7 million. On a constant currency basis, revenue decreased $68 million, or 6.2%, primarily due to lower revenues in the Americas.

Gross Profit

Gross profit decreased $77 million, or 7.7%, to $928 million for the three months ended December 30, 2023, compared to $1.005 billion for the three months ended December 31, 2022, which included net favorable foreign currency effects of $15 million. Gross profit as a percentage of total revenue was 65.0% and 66.5% for the three months ended December 30, 2023 and December 31, 2022, respectively. The gross profit margin decrease was primarily related to lower full price sell-through for the three months ended December 30, 2023, as compared to the three months ended December 31, 2022.

Total Operating Expenses

Total operating expenses increased $37 million, or 4.8%, to $806 million for the three months ended December 30, 2023, compared to $769 million for the three months ended December 31, 2022. Our operating expenses included a net unfavorable foreign currency impact of approximately $14 million. Total operating expenses increased to 56.5% as a percentage of total revenue for the three months ended December 30, 2023, compared to 50.9% for the three months ended December 31, 2022. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $29 million, or 4.0%, to $749 million for the three months ended December 30, 2023, compared to $720 million for the three months ended December 31, 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 52.5% for the three months ended December 30, 2023, compared to 47.6% for the three months ended December 31, 2022, primarily due to increased retail store costs, marketing investments and unallocated corporate expenses along with deleveraging of expenses on lower revenue for the three months ended December 30, 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 $12 million, or 21.4%, to $68 million for the three months ended December 30, 2023 as compared to $56 million for the three months ended December 31, 2022, primarily due to an increase in professional fees and information technology costs related to the ongoing Capri transformation projects.

Depreciation and Amortization

Depreciation and amortization increased $3 million, or 7.0%, to $46 million for the three months ended December 30, 2023, compared to $43 million for the three months ended December 31, 2022. Depreciation and amortization increased to 3.2% as a percentage of total revenue for the three months ended December 30, 2023, compared to 2.8% for the three months ended December 31, 2022. The increase in depreciation and amortization expense was primarily attributable to higher depreciation due to information technology assets associated with Capri transformation projects which are now in service.

Impairment of Assets

For the three months ended September 30, 2023 and October 1, 2022 December 30, 2023, we recognized a net foreign currency gain asset impairment charges of $3 million and $11 million, respectively, $6 million primarily attributable related to the remeasurement of intercompany loans with operating lease right-of-use assets at certain of our subsidiaries.

Provision for Income Taxes

The provision for income taxes was $11 million for Versace store locations. For the three months ended September 30, 2023 December 31, 2022, compared to $35 million for the three months ended October 1, 2022. Our effective tax rates were 10.9% and 13.5% for the three months ended September 30, 2023 and October 1, 2022, respectively. In the current year, the decrease in our effective tax rate was we recognized asset impairment charges of $1 million primarily related to operating lease right-of-use assets at a decrease in uncertain tax positions due to the effective settlement of certain outstanding audits. The decrease was partially offset by a tax-deductible foreign exchange related loss recognized during the prior year. Jimmy Choo store location. See Note 16 12 to the accompanying consolidated financial statements for additional information regarding information.

Restructuring and Other Expense

During the effective tax rate three months ended December 30, 2023, we recorded costs of $5 million primarily related to equity awards associated with the acquisition of Versace and severance expenses incurred during the third quarter. The $5 million of expense recorded for the second quarter three months ended December 31, 2022 was primarily related to equity awards associated with the acquisition of Fiscal 2024.

Our effective tax rate may fluctuate from time to time due Versace. See Note 9 to the effects accompanying consolidated financial statements for additional information.

Restructuring and other expense is not evaluated as part of changes in United States federal, 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 our reportable segments' results of various global tax strategies, may also impact our effective tax rate in future periods. (See *Segment Information* above for additional information).

Net Income Attributable to Capri from Operations

As a result of the foregoing, our net income from operations decreased $134 million $114 million, to $90 million $122 million for three months ended December 30, 2023, compared to $236 million for the three months ended September 30, 2023, compared December 31, 2022. Income from operations as a percentage of total revenue decreased to $224 million 8.5% for the three months ended October 1, 2022 December 30, 2023, compared to 15.6% for the three months ended December 31, 2022. See *Segment Information* above for a reconciliation of our segment operating income to total operating income.

(in millions)	Three Months Ended December 30, 2023	Three Months Ended December 31, 2022	$ Change	% Change
Income (loss) from operations:				
Versace	$ (14)	$ 24	$ (38)	(158.3)%
Jimmy Choo	4	18	(14)	(77.8)%
Michael Kors	219	251	(32)	(12.7)%
Total segment income from operations	$ 209	$ 293	$ (84)	(28.7)%
Operating Margin:				
Versace	(6.2)%	9.6 %		
Jimmy Choo	2.4 %	10.7 %		
Michael Kors	21.2 %	22.9 %		

- *Versace* recorded a loss from operations of $14 million for the three months ended December 30, 2023, compared to income of $24 million for the three months ended December 31, 2022. Operating margin decreased from 9.6% for the three months ended December 31, 2022, to an operating loss of 6.2% for the three months ended December 30, 2023, primarily due to increased retail store costs, unfavorable channel mix, deleveraging of operating expenses on lower revenues and lower full price sell-through compared to the prior year.

- *Jimmy Choo* recorded income from operations of $4 million for the three months ended December 30, 2023, compared to $18 million for the three months ended December 31, 2022. Operating margin decreased from 10.7% for the three months ended December 31, 2022 to 2.4% for the three months ended December 30, 2023, primarily due to lower full price sell-through, unfavorable channel mix and increased retail store costs compared to the prior year.

- *Michael Kors* recorded income from operations of $219 million for the three months ended December 30, 2023, compared to $251 million for the three months ended December 31, 2022. Operating margin decreased from 22.9% for the three months ended December 31, 2022, to 21.2% for the three months ended December 30, 2023, primarily due to deleveraging of operating expenses on lower revenues and lower full price sell-through compared to the prior year.

Results Interest Expense, net

We recognized $1 million and $12 million of Operations

Comparison of interest expense, net, for the six three months ended September 30, 2023 with December 30, 2023 and December 31, 2022, respectively. The $11 million decrease in interest expense, net, is primarily due to $22 million higher interest income from our net investment hedges, partially offset by higher effective interest rates and higher average borrowings on our outstanding debt (see Note 10 and Note 13 to the sixmonths ended October 1, 2022

The following table details the results of our operations accompanying consolidated financial statements for the six months ended September 30, 2023 and October 1, 2022, and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Six Months Ended				% of Total Revenue for the Six Months Ended	
	September 30, 2023	October 1, 2022	$ Change	% Change	September 30, 2023	October 1, 2022
Statements of Operations Data:						
Total revenue	$ 2,520	$ 2,772	$ (252)	(9.1)%		
Cost of goods sold	876	920	(44)	(4.8)%	34.8 %	33.2 %
Gross profit	1,644	1,852	(208)	(11.2)%	65.2 %	66.8 %
Selling, general and administrative expenses	1,353	1,264	89	7.0 %	53.7 %	45.6 %
Depreciation and amortization	93	88	5	5.7 %	3.7 %	3.2 %
Impairment of assets	20	11	9	81.8 %	0.8 %	0.4 %
Restructuring and other (income) expense	(2)	6	(8)	NM	(0.1)%	0.2 %
Total operating expenses	1,464	1,369	95	6.9 %	58.1 %	49.4 %
Income from operations	180	483	(303)	(62.7)%	7.1 %	17.4 %
Other income, net	—	(1)	1	NM	— %	— %
Interest expense, net	11	1	10	NM	0.4 %	— %
Foreign currency loss (gain)	18	(7)	25	NM	0.7 %	(0.3)%
Income before income taxes	151	490	(339)	(69.2)%	6.0 %	17.7 %
Provision for income taxes	13	63	(50)	(79.4)%	0.5 %	2.3 %
Net income	138	427	(289)	(67.7)%		
Less: Net income attributable to noncontrolling interest	—	2	(2)	NM		
Net income attributable to Capri	$ 138	$ 425	$ (287)	(67.5)%		

additional information).

NM Not meaningful

Total Revenue

Total revenue decreased $252 million $85 million, or 9.1% 5.6%, to $2.520 billion $1.427 billion for the six three months ended September 30, 2023 December 30, 2023, compared to $2.772 billion $1.512 billion for the six three months ended October 1, 2022 December 31, 2022, which included net favorable foreign currency effects of approximately $17 million $15 million primarily as a result of the weakening of the United States Dollar against the Euro partially offset by the strengthening of the United States dollar compared to the Chinese Renminbi and Japanese Yen for the three months ended December 30, 2023. On a constant currency basis, our total revenue decreased $100 million, or 6.6%. primarily attributable to lower revenues in the Americas for each of our brands.

	Three Months Ended			% Change	
(in millions)	December 30, 2023	December 31, 2022	$ Change	As Reported	Constant Currency
Versace	$ 227	$ 249	$ (22)	(8.8)%	(10.8)%
Jimmy Choo	166	168	(2)	(1.2)%	(3.0)%
Michael Kors	1,034	1,095	(61)	(5.6)%	(6.2)%
Total revenue	$ 1,427	$ 1,512	$ (85)	(5.6)%	(6.6)%

- *Versace* revenues decreased $22 million, or 8.8%, to $227 million for the three months ended December 30, 2023, compared to $249 million for the three months ended December 31, 2022, which included favorable foreign currency effects of $5 million. On a constant currency basis, revenue decreased $27 million, or 10.8%, primarily attributable to lower revenues in EMEA and the Americas partially offset by increased revenues in Asia.

- *Jimmy Choo* revenues decreased $2 million, or 1.2%, to $166 million for the three months ended December 30, 2023, compared to $168 million for the three months ended December 31, 2022, which included favorable foreign currency effects of $3 million. On a constant currency basis, revenue decreased $5 million, or 3.0%, primarily attributable to lower revenues in the Americas partially offset by increased revenues in Asia.

- *Michael Kors* revenue decreased $61 million, or 5.6%, to $1.034 billion for the three months ended December 30, 2023, compared to $1.095 billion for the three months ended December 31, 2022, which included favorable foreign currency effects of $7 million. On a constant currency basis, revenue decreased $68 million, or 6.2%, primarily due to lower revenues in the Americas.

Gross Profit

Gross profit decreased $77 million, or 7.7%, to $928 million for the three months ended December 30, 2023, compared to $1.005 billion for the three months ended December 31, 2022, which included net favorable foreign currency effects of $15 million. Gross profit as a percentage of total revenue was 65.0% and 66.5% for the three months ended December 30, 2023 and December 31, 2022, respectively. The gross profit margin decrease was primarily related to lower full price sell-through for the three months ended December 30, 2023, as compared to the three months ended December 31, 2022.

Total Operating Expenses

Total operating expenses increased $37 million, or 4.8%, to $806 million for the three months ended December 30, 2023, compared to $769 million for the three months ended December 31, 2022. Our operating expenses included a net unfavorable foreign currency impact of approximately $14 million. Total operating expenses increased to 56.5% as a percentage of total revenue for the three months ended December 30, 2023, compared to 50.9% for the three months ended December 31, 2022. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $29 million, or 4.0%, to $749 million for the three months ended December 30, 2023, compared to $720 million for the three months ended December 31, 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 52.5% for the three months ended December 30, 2023, compared to 47.6% for the three months ended December 31, 2022, primarily due to increased retail store costs, marketing investments and unallocated corporate expenses along with deleveraging of expenses on lower revenue for the three months ended December 30, 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 $12 million, or 21.4%, to $68 million for the three months ended December 30, 2023 as compared to $56 million for the three months ended December 31, 2022, primarily due to an increase in professional fees and information technology costs related to the ongoing Capri transformation projects.

Depreciation and Amortization

Depreciation and amortization increased $3 million, or 7.0%, to $46 million for the three months ended December 30, 2023, compared to $43 million for the three months ended December 31, 2022. Depreciation and amortization increased to 3.2% as a percentage of total revenue for the three months ended December 30, 2023, compared to 2.8% for the three months ended December 31, 2022. The increase in depreciation and amortization expense was primarily attributable to higher depreciation due to information technology assets associated with Capri transformation projects which are now in service.

Impairment of Assets

For the three months ended December 30, 2023, we recognized asset impairment charges of $6 million primarily related to operating lease right-of-use assets at certain Versace store locations. For the three months ended December 31, 2022, we recognized asset impairment charges of $1 million primarily related to operating lease right-of-use assets at a Jimmy Choo store location. See Note 12 to the accompanying consolidated financial statements for additional information.

Restructuring and Other Expense

During the three months ended December 30, 2023, we recorded costs of $5 million primarily related to equity awards associated with the acquisition of Versace and severance expenses incurred during the third quarter. The $5 million of expense recorded for the three months ended December 31, 2022 was primarily related to equity awards associated with the acquisition of Versace. See Note 9 to the accompanying consolidated financial statements for additional information.

Restructuring and other expense is not evaluated as part of our reportable segments' results (See *Segment Information* above for additional information).

Income from Operations

As a result of the foregoing, income from operations decreased $114 million, to $122 million for three months ended December 30, 2023, compared to $236 million for the three months ended December 31, 2022. Income from operations as a percentage of total revenue decreased to 8.5% for the three months ended December 30, 2023, compared to 15.6% for the three months ended December 31, 2022. See *Segment Information* above for a reconciliation of our segment operating income to total operating income.

	Three Months Ended			
(in millions)	December 30, 2023	December 31, 2022	$ Change	% Change
Income (loss) from operations:				

Versace	$ (14)	$ 24	$ (38)	(158.3)%
Jimmy Choo	4	18	(14)	(77.8)%
Michael Kors	219	251	(32)	(12.7)%
Total segment income from operations	$ 209	$ 293	$ (84)	(28.7)%
Operating Margin:				
Versace	(6.2)%	9.6 %		
Jimmy Choo	2.4 %	10.7 %		
Michael Kors	21.2 %	22.9 %		

- *Versace* recorded a loss from operations of $14 million for the three months ended December 30, 2023, compared to income of $24 million for the three months ended December 31, 2022. Operating margin decreased from 9.6% for the three months ended December 31, 2022, to an operating loss of 6.2% for the three months ended December 30, 2023, primarily due to increased retail store costs, unfavorable channel mix, deleveraging of operating expenses on lower revenues and lower full price sell-through compared to the prior year.

- *Jimmy Choo* recorded income from operations of $4 million for the three months ended December 30, 2023, compared to $18 million for the three months ended December 31, 2022. Operating margin decreased from 10.7% for the three months ended December 31, 2022 to 2.4% for the three months ended December 30, 2023, primarily due to lower full price sell-through, unfavorable channel mix and increased retail store costs compared to the prior year.

- *Michael Kors* recorded income from operations of $219 million for the three months ended December 30, 2023, compared to $251 million for the three months ended December 31, 2022. Operating margin decreased from 22.9% for the three months ended December 31, 2022, to 21.2% for the three months ended December 30, 2023, primarily due to deleveraging of operating expenses on lower revenues and lower full price sell-through compared to the prior year.

Interest Expense, net

We recognized $1 million and $12 million of interest expense, net, for the three months ended December 30, 2023 and December 31, 2022, respectively. The $11 million decrease in interest expense, net, is primarily due to $22 million higher interest income from our net investment hedges, partially offset by higher effective interest rates and higher average borrowings on our outstanding debt (see Note 10 and Note 13 to the accompanying consolidated financial statements for additional information).

Foreign Currency Gain

For the three months ended December 30, 2023 and December 31, 2022, we recognized a net foreign currency gain of $2 million and $3 million, respectively, primarily attributable to the remeasurement of intercompany loans with certain of our subsidiaries.

Provision for Income Taxes

The provision for income taxes was $18 million for the three months ended December 30, 2023, compared to $3 million for the three months ended December 31, 2022. Our effective tax rates were 14.6% and 1.3% for the three months ended December 30, 2023 and December 31, 2022, respectively. In the current year, the increase in our effective tax rate was primarily related to an increase in a foreign uncertain tax position during the current year in Italy. In the prior year, the lower effective tax rate was primarily related to the release of a valuation allowance in the United Kingdom. See Note 16 to the accompanying consolidated financial statements for additional information regarding the effective tax rate for the third quarter of Fiscal 2024.

Our effective tax rate may fluctuate from time to time due to the effects of changes in United States federal, 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, our net income decreased $120 million to $105 million for the three months ended December 30, 2023, compared to $225 million for the three months ended December 31, 2022.

Results of Operations

Comparison of the nine months ended December 30, 2023 with the ninemonths ended December 31, 2022

The following table details the results of our operations for the nine months ended December 30, 2023 and December 31, 2022, and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Nine Months Ended				% of Total Revenue for the Nine Months Ended	
	December 30, 2023	December 31, 2022	$ Change	% Change	December 30, 2023	December 31, 2022
Statements of Operations Data:						
Total revenue	$ 3,947	$ 4,284	$ (337)	(7.9)%		

Cost of goods sold	1,375	1,427	(52)	(3.6)%	34.8 %	33.3 %
Gross profit	2,572	2,857	(285)	(10.0)%	65.2 %	66.7 %
Selling, general and administrative expenses	2,102	1,984	118	5.9 %	53.3 %	46.3 %
Depreciation and amortization	139	131	8	6.1 %	3.5 %	3.1 %
Impairment of assets	26	12	14	NM	0.7 %	0.3 %
Restructuring and other expense	3	11	(8)	(72.7)%	0.1 %	0.3 %
Total operating expenses	2,270	2,138	132	6.2 %	57.5 %	49.9 %
Income from operations	302	719	(417)	(58.0)%	7.7 %	16.8 %
Other income, net	—	(2)	2	NM	— %	— %
Interest expense, net	12	13	(1)	(7.7)%	0.3 %	0.3 %
Foreign currency loss (gain)	16	(10)	26	NM	0.4 %	(0.2)%
Income before income taxes	274	718	(444)	(61.8)%	6.9 %	16.8 %
Provision for income taxes	31	66	(35)	(53.0)%	0.8 %	1.5 %
Net income	243	652	(409)	(62.7)%		
Less: Net income attributable to noncontrolling interest	—	2	(2)	NM		
Net income attributable to Capri	$ 243	$ 650	$ (407)	(62.6)%		

NM Not meaningful

Total Revenue

Total revenue decreased $337 million, or 7.9%, to $3.947 billion for the nine months ended December 30, 2023, compared to $4.284 billion for the nine months ended December 31, 2022, which included net favorable foreign currency effects of approximately $31 million, as a result of the weakening of the United States Dollar against the Euro partially offset by the strengthening of the United States dollar compared to the Chinese Renminbi and Japanese Yen for the six nine months ended September 30, 2023 December 30, 2023. On a constant currency basis, our total revenue decreased $269 million $368 million, or 9.7% 8.6%. The decrease is primarily attributable to lower revenues in the Americas for each of our brands.

		Six Months Ended			% Change			Nine Months Ended						% Change				
(in millions)	(in millions)	September 30, 2023	October 1, 2022	$ Change	As Reported	Constant Currency	(in millions)	December 30, 2023		December 31, 2022		$ Change		As Reported		Constant Currency	
Versace	Versace	$ 539	$ 583	$ (44)	(7.5)%	(9.1)%	Versace	$ 766	$	$ 832	$	$ (66)	(7.9)	(7.9)	%	(9.5)	%
Jimmy Choo	Jimmy Choo	315	314	1	0.3 %	(0.3)%	Jimmy Choo	481	482	482	(1)	(1)	(0.2)	(0.2)	%	(1.2)	%
Michael Kors	Michael Kors	1,666	1,875	(209)	(11.1)%	(11.5)%	Michael Kors	2,700	2,970	2,970	(270)	(270)	(9.1)	(9.1)	%	(9.5)	%
Total revenue	**Total revenue**	$ 2,520	$2,772	$(252)	(9.1)%	(9.7)%	**Total revenue**	$ 3,947	$	$ 4,284	$	$ (337)	(7.9)	(7.9)	%	(8.6)	%

- *Versace* revenues decreased $44 million $66 million, or 7.5% 7.9%, to $539 million $766 million for the six nine months ended September 30, 2023 December 30, 2023, compared to $583 million $832 million for the six nine months ended October 1, 2022 December 31, 2022, which included favorable foreign currency effects of $9 million $13 million. On a constant currency basis, revenue decreased $53 million $79 million, or 9.1% 9.5%, primarily attributable to lower revenues in the Americas.

- *Jimmy Choo* revenues increased decreased $1 million, or 0.3% 0.2%, to $315 million $481 million for the six nine months ended September 30, 2023 December 30, 2023, compared to $314 million $482 million for the six nine months ended October 1, 2022 December 31, 2022, which included favorable foreign currency effects of $2 million $5 million. On a constant currency basis, revenue decreased $1 million $6 million, or 0.3% 1.2%, primarily attributable to lower revenues in the Americas, partially offset by increased revenue in EMEA.

- *Michael Kors* revenues decreased $209 million $270 million, or 11.1% 9.1%, to $1.666 billion $2.700 billion for the six nine months ended September 30, 2023 December 30, 2023, compared to $1.875 billion $2.970 billion for the six nine months ended October 1, 2022 December 31, 2022, which included favorable foreign currency effects of $6 million $13 million. On a constant currency basis, revenue decreased $215 million $283 million, or 11.5% 9.5%, primarily due to lower revenues in the Americas.

Gross Profit

Gross profit decreased $208 million $285 million, or 11.2% 10.0%, to $1.644 billion $2.572 billion for the six nine months ended September 30, 2023 December 30, 2023, compared to $1.852 billion $2.857 billion for the six nine months ended October 1, 2022 December 31, 2022, which included net favorable foreign currency effects of $20 million $35 million. Gross profit as a percentage of total revenue was 65.2% for the six nine months ended September 30, 2023 December 30, 2023, compared to 66.8% 66.7% for the six nine months ended October 1, 2022 December 31, 2022. The decrease in gross profit margin primarily related to lower full price sell-through, mainly in the Americas, partially offset by lower supply chain costs for the six nine months ended September 30, 2023 December 30, 2023, as compared to the six nine months ended October 1, 2022 December 31, 2022.

Total Operating Expenses

Total operating expenses increased $95 million $132 million, or 6.9% 6.2%, to $1.464 billion $2.270 billion for the six nine months ended September 30, 2023 December 30, 2023, compared to $1.369 billion $2.138 billion for the six nine months ended October 1, 2022 December 31, 2022. Our operating expenses included a net unfavorable foreign currency impact of approximately $7 million $24 million. Total operating expenses increased to 58.1% 57.5% as a percentage of total revenue for the six nine months ended September 30, 2023 December 30, 2023, compared to 49.4% 49.9% for the six nine months ended October 1, 2022 December 31, 2022. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $89 million $118 million, or 7.0% 5.9%, to $1.353 billion $2.102 billion for the six nine months ended September 30, 2023 December 30, 2023, compared to $1.264 billion $1.984 billion for the six nine months ended October 1, 2022 December 31, 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 53.7% 53.3% for the six nine months ended September 30, 2023 December 30, 2023, compared to 45.6% 46.3% for the six nine months ended October 1, 2022 December 31, 2022, primarily due to increased marketing investments, retail store costs, marketing investments and unallocated corporate expenses and deleveraging of operating expenses on lower revenue for the six nine months ended September 30, 2023 December 30, 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 $27 million $39 million, or 23.5% 22.8%, to $142 million $210 million for the six nine months ended September 30, 2023 December 30, 2023 as compared to $115 million $171 million for the six nine months ended October 1, 2022 December 31, 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 increased $5 million $8 million, or 5.7% 6.1%, to $93 million $139 million for the six nine months ended September 30, 2023 December 30, 2023, compared to $88 million $131 million for the six nine months ended October 1, 2022 December 31, 2022. Depreciation and amortization increased to 3.7% 3.5% as a percentage of total revenue for the six nine months ended September 30, 2023 December 30, 2023, compared to 3.2% 3.1% for the six nine months ended October 1, 2022 December 31, 2022. The increase in depreciation and amortization expense was primarily attributable to higher depreciation due to information technology assets associated with Capri transformation projects which are now in service.

Impairment of Assets

For the six nine months ended September 30, 2023 December 30, 2023, we recognized asset impairment charges of $20 million $26 million primarily related to operating lease right-of-use assets at certain Versace and Michael Kors store locations. For the six nine months ended October 1, 2022 December 31, 2022, we recognized asset impairment charges of $11 million $12 million primarily related to operating lease right-of-use assets at certain Michael Kors store locations. See Note 12 to the accompanying consolidated financial statements for additional information.

Restructuring and Other (Income) Expense

During the six nine months ended September 30, 2023 December 30, 2023, we recorded other income costs of $2 million $3 million, primarily related to expenses related to equity awards associated with the acquisition of Versace and severance for certain employees, partially offset by a $10 million gain on the sale of a long-lived corporate asset, partially offset by expenses related to equity awards issued in connection with the acquisition of Versace. asset. During the six nine months ended October 1, 2022 December 31, 2022, we recorded expenses of $6 million $11 million, primarily related to equity awards associated with the acquisition of Versace. See Note 9 to the accompanying consolidated financial statements for additional information.

Restructuring and other (income) expense is not evaluated as part of our reportable segments' results (see Segment Information above for additional information).

Income from Operations

As a result of the foregoing, income from operations decreased $303 million $417 million, to $180 million $302 million for the six nine months ended September 30, 2023 December 30, 2023, compared to $483 million $719 million for the six nine months ended October 1, 2022 December 31, 2022. Income from operations as a percentage of total revenue decreased to 7.1% 7.7% for the six nine months ended September 30, 2023 December 30, 2023, compared to 17.4% 16.8% for the six nine months ended October 1, 2022 December 31, 2022. See *Segment Information* above for a reconciliation of our segment operating income to total operating income.

		Six Months Ended							
(in millions)	(in millions)	September 30, 2023	October 1, 2022	$ Change	% Change				
(in millions)									
(in millions)						December 30, 2023	December 31, 2022	$ Change	% Change
Income from operations:	**Income from operations:**								
Versace									
Versace									
Versace	Versace	$ 38	$114	$ (76)	(66.7)%	$ 24	$ $138	$ $(114)	(82.6) (82.6) %

Jimmy Choo	Jimmy Choo	7	27	(20)	(74.1)%	Jimmy Choo	11	45	45	(34)	(34)	(75.6)	(75.6)%
Michael Kors	Michael Kors	299	470	(171)	(36.4)%	Michael Kors	518	721	721	(203)	(203)	(28.2)	(28.2)%
Total segment income from operations	**Total segment income from operations**	$ 344	$611	$(267)	(43.7)%	**Total segment income from operations**	$ 553	$	$ 904	$	$(351)	(38.8)	(38.8) %
Operating Margin:	**Operating Margin:**												
Versace	Versace	7.1 %	19.6 %										
Versace													
Versace													
Jimmy Choo													
Jimmy Choo													
Jimmy Choo	Jimmy Choo	2.2 %	8.6 %										
Michael Kors	Michael Kors	17.9 %	25.1 %										
Michael Kors													
Michael Kors													

- Versace recorded income from operations of $38 million, compared to $114 $24 million for the six nine months ended October 1, 2022 December 30, 2023, compared to $138 million for the nine months ended December 31, 2022. Operating margin decreased from 19.6% 16.6% for the six nine months ended October 1, 2022 December 31, 2022, to 7.1% 3.1% for the six nine months ended September 30, 2023 December 30, 2023, primarily due to increased marketing investments, particularly related to the timing of the fall fashion show which occurred in the first quarter of this fiscal year, increased retail store costs, deleveraging of operating expenses on lower revenues and lower full price sell-through compared to the prior year.

- Jimmy Choo recorded income from operations of $7 million $11 million for the nine months ended December 30, 2023, compared to $27 million $45 million for the six nine months ended October 1, 2022 December 31, 2022. Operating margin decreased from 8.6% 9.3% for the six nine months ended October 1, 2022 December 31, 2022, to 2.2% 2.3% for the six nine months ended September 30, 2023 December 30, 2023, primarily due to increased retail store costs and marketing investments.

- Michael Kors recorded income from operations of $299 million $518 million for the nine months ended December 30, 2023, compared to $470 million $721 million for the six nine months ended October 1, 2022 December 31, 2022. Operating margin decreased from 25.1% 24.3% for the six nine months ended October 1, 2022 December 31, 2022, to 17.9% 19.2% for the six nine months ended September 30, 2023 December 30, 2023, primarily due to increased retail store costs, increased marketing investments, deleveraging of operating expenses on lower revenues and lower full price sell-through, mainly in the Americas, partially offset by lower supply chain costs compared to the prior year.

Interest Expense, net

For the six months ended September 30, 2023, we We recognized $11 million of interest expense, net, compared to $1 million $12 million and $13 million of interest expense, net, for the six nine months ended October 1, 2022. December 30, 2023 and December 31, 2022, respectively. The $10 million increase $1 million decrease in interest expense, net, is primarily due to $34 million of higher interest income from our net investment hedges, partially offset by higher effective interest rates and higher average borrowings on our outstanding debt partially offset by higher interest income from our net investment hedges (see Note 10 and Note 13 to the accompanying consolidated financial statements for additional information).

Foreign Currency Loss (Gain)

For the six nine months ended September 30, 2023 December 30, 2023, we recognized a net foreign currency loss of $18 million $16 million, primarily attributable to the remeasurement of intercompany loans with certain of our subsidiaries. For the six nine months ended October 1, 2022 December 31, 2022, we recognized a net foreign currency gain of $7 million $10 million, primarily attributable to a gain related to an undesignated forward foreign currency exchange contract, partially offset by losses attributable to intercompany transactions among our subsidiaries.

Provision for Income Taxes

For the six nine months ended September 30, 2023 December 30, 2023, we recognized $13 million $31 million of income tax expense compared to $63 million $66 million for the six nine months ended October 1, 2022 December 31, 2022. Our effective tax rate was 8.6% 11.3% and 12.9% 9.2% for the six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022, respectively. In the current year, the lower higher effective tax rate was primarily related to a decrease in uncertain valuation allowance release on United Kingdom deferred tax positions due to the effective settlement of certain outstanding audits, assets as well as a tax deductible foreign exchange related loss recognized in the release of a valuation allowance on Korean deferred tax assets. The decrease prior year. This increase was partially offset by a tax-deductible foreign exchange related loss recognized during favorable mix of earnings in lower tax jurisdictions in the prior current year. See Note 16 to the accompanying consolidated financial statements for additional information regarding the effective tax rate for the current fiscal year.

Our effective tax rate may fluctuate from time to time due to the effects of changes in United States federal, 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, our net income decreased $287 million $407 million to $138 million $243 million for the six nine months ended September 30, 2023 December 30, 2023, compared to $425 million $650 million for the six nine months ended October 1, 2022 December 31, 2022.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are the cash flows generated from 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 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 systems development, e-commerce and marketing initiatives. We spent $90 million $139 million on capital expenditures during the six nine months ended September 30, 2023 December 30, 2023.

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. From Fiscal 2024 through Fiscal 2026, we expect expenditures of 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 related to these initiatives.

The following table sets forth key indicators of our liquidity and capital resources (in millions):

		As of		As of	
		September 30, 2023	April 1, 2023	December 30, 2023	April 1, 2023
Balance Sheet Data:	**Balance Sheet Data:**				
Cash and cash equivalents	Cash and cash equivalents	$ 238	$ 249		
Cash and cash equivalents					
Cash and cash equivalents					
Working capital	Working capital	$ 746	$ 420		
Total assets	Total assets	$ 7,346	$ 7,295		
Short-term debt	Short-term debt	$ 15	$ 5		
Long-term debt	Long-term debt	$ 2,079	$ 1,822		

	Six Months Ended	
	September 30, 2023	October 1, 2022
Cash Flows (Used In) Provided By:		

Nine Months Ended	Nine Months Ended	
December 30, 2023	December 30, 2023	December 31, 2022

Cash Flows Provided By (Used In):			
Operating activities			
Operating activities			
Operating activities	Operating activities	$ (97)	$ 39
Investing activities	Investing activities	$ (90)	$ 323
Financing activities	Financing activities	$ 198	$ (209)
Effect of exchange rate changes	Effect of exchange rate changes	$ (23)	$ (106)
Net (decrease) increase in cash and cash equivalents	Net (decrease) increase in cash and cash equivalents	$ (12)	$ 47

Cash (Used in) Provided by Operating Activities

Net cash used in provided by operating activities was $97 million $265 million during the six nine months ended September 30, 2023 December 30, 2023, as compared to net cash provided by operating activities of $39 million $616 million for the six nine months ended October 1, 2022 December 31, 2022. The increase decrease in net cash used in provided by operating activities were primarily attributable to a decrease in our net income after non-cash adjustments, offset by improvement in working capital mainly driven by along with the stabilization of inventory levels compared to prior and reduction of accounts payables in the current year.

Cash (Used in) Provided by Investing Activities

Net cash used in investing activities was $90 million $139 million during the six nine months ended September 30, 2023 December 30, 2023, as compared to net cash provided by investing activities of $323 million $241 million during the six nine months ended October 1, 2022 December 31, 2022. The increase in net cash cash used in investing activities were primarily attributable to the settlement of net investment hedges of $409 million during the six nine months ended October 1, 2022. December 31, 2022, partially offset by lower capital expenditures of $29 million compared to prior year.

Cash Provided by (Used in) Used in Financing Activities

Net cash provided by used in financing activities was $198 million $116 million during the six nine months ended September 30, 2023 December 30, 2023, as compared to net cash used in financing activities of $209 million $651 million during the six nine months ended October 1, 2022 December 31, 2022. The increase decrease in net cash provided by used in financing activities of $407 million $535 million was primarily attributable to a decrease in cash payments to repurchase our ordinary shares of $557 million $857 million compared to prior year, offset by lower net debt borrowings of $149 million $322 million.

Debt Facilities

The following table presents a summary of our borrowing capacity and amounts outstanding as of September 30, 2023 December 30, 2023 and April 1, 2023 (in millions):

		As of			
		September 30, 2023	April 1, 2023		
	As of				As of
	December 30, 2023			December 30, 2023	April 1, 2023
Senior Unsecured Revolving Credit Facility:	**Senior Unsecured Revolving Credit Facility:**				

Revolving Credit Facility (excluding up to a $500 million accordion feature) *(1)*	***Revolving Credit Facility (excluding up to a $500 million accordion feature)*** *(1)*				
Revolving Credit Facility (excluding up to a $500 million accordion feature) *(1)*					
Revolving Credit Facility (excluding up to a $500 million accordion feature) *(1)*					
Total availability					
Total availability					
Total availability	Total availability	$	1,500	$	1,500
Borrowings outstanding (2)	Borrowings outstanding (2)		**1,143**		**874**
Letter of credit outstanding	Letter of credit outstanding		3		3
Remaining availability	Remaining availability	$	354	$	623
Versace Term Loan (450 Million Euro)	***Versace Term Loan (450 Million Euro)***				
Versace Term Loan (450 Million Euro)					
Versace Term Loan (450 Million Euro)					
Borrowings outstanding, net of debt issuance costs (3)					
Borrowings outstanding, net of debt issuance costs (3)					
Borrowings outstanding, net of debt issuance costs (3)	Borrowings outstanding, net of debt issuance costs (3)	**$**	**475**	**$**	**487**
Senior Notes due 2024	**Senior Notes due 2024**				
Senior Notes due 2024					
Senior Notes due 2024					
Borrowings outstanding, net of debt issuance costs and discount amortization (2)					
Borrowings outstanding, net of debt issuance costs and discount amortization (2)					
Borrowings outstanding, net of debt issuance costs and discount amortization (2)	Borrowings outstanding, net of debt issuance costs and discount amortization (2)	**$**	**449**	**$**	**449**
Other Borrowings (4)	**Other Borrowings (4)**	**$**	**27**	**$**	**17**
Other Borrowings (4)					

Other Borrowings (4)					
Hong Kong Uncommitted Credit Facility:					
Hong Kong Uncommitted Credit Facility:					
Hong Kong Uncommitted Credit Facility:	**Hong Kong Uncommitted Credit Facility:**				
Total availability (70 million Hong Kong Dollars) (5)	Total availability (70 million Hong Kong Dollars) (5)	$	9	$	9
Total availability (70 million Hong Kong Dollars) (5)					
Total availability (70 million Hong Kong Dollars) (5)					
Borrowings outstanding					
Borrowings outstanding					
Borrowings outstanding	Borrowings outstanding		—		—
Remaining availability (70 million Hong Kong Dollars)	Remaining availability (70 million Hong Kong Dollars)	$	9	$	9
China Uncommitted Credit Facility:	**China Uncommitted Credit Facility:**				
China Uncommitted Credit Facility:					
China Uncommitted Credit Facility:					
Total availability (75 million Chinese Yuan) (5)					
Total availability (75 million Chinese Yuan) (5)					
Total availability (75 million Chinese Yuan) (5)	Total availability (75 million Chinese Yuan) (5)	$	10	$	11
Borrowings outstanding	Borrowings outstanding		—		—
Total and remaining availability (75 million Chinese Yuan)	Total and remaining availability (75 million Chinese Yuan)	$	10	$	11
Japan Credit Facility:	**Japan Credit Facility:**				
Japan Credit Facility:					
Japan Credit Facility:					
Total availability (1.0 billion Japanese Yen)					
Total availability (1.0 billion Japanese Yen)					

Total availability (1.0 billion Japanese Yen)	Total availability (1.0 billion Japanese Yen)	$	7	$	8
Borrowings outstanding	Borrowings outstanding		—		—
Remaining availability (1.0 billion Japanese Yen)	Remaining availability (1.0 billion Japanese Yen)	$	7	$	8
Versace Uncommitted Credit Facilities:	**Versace Uncommitted Credit Facilities:**				
Versace Uncommitted Credit Facilities:					
Versace Uncommitted Credit Facilities:					
Total availability (40 million Euro) (5)					
Total availability (40 million Euro) (5)					
Total availability (40 million Euro) (5)	Total availability (40 million Euro) (5)	$	42	$	43
Borrowings outstanding	Borrowings outstanding		—		—
Remaining availability (40 million Euro)	Remaining availability (40 million Euro)	$	42	$	43
Total borrowings outstanding (1)	**Total borrowings outstanding (1)**	**$**	**2,094**	**$**	**1,827**
Total borrowings outstanding (1)					
Total borrowings outstanding (1)					
Total remaining availability	Total remaining availability	$	422	$	694

(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 September 30, 2023 December 30, 2023 and April 1, 2023, we were in compliance with all covenants related to our agreements then in effect governing our debt. See Note 10 to the accompanying consolidated financial statements for additional information.

(2) As of September 30, 2023 December 30, 2023 and April 1, 2023, all amounts are recorded as long-term debt in our consolidated balance sheets. sheets, besides the Senior Notes, due in November 2024, of which are recorded within short-term debt in our consolidated balance sheets as of December 30, 2023.

(3) On December 5, 2022, Gianni Versace S.r.l., our wholly owned subsidiary, entered into a credit facility, which provides a senior unsecured term loan in an aggregate principal amount of €450 million. As of September 30, 2023 December 30, 2023 and April 1, 2023, all amounts are recorded as long-term debt in our consolidated balance sheets.

(4) The balance as of September 30, 2023 December 30, 2023 consists of $14 million $11 million related to our supplier financing program recorded within short-term debt in our consolidated balance sheets, $11 million related to the sale of certain Versace tax receivables, with $1 million and $10 million, respectively, recorded within short-term debt and long-term debt in our consolidated balance sheets and $2 million $3 million of other loans recorded as long-term debt in our consolidated balance sheets. The balance as of April 1, 2023 consists of $4 million related to our supplier finance program recorded within short-term debt in our consolidated balance sheets, $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, and $2 million of other loans recorded as long-term debt in our consolidated balance sheets.

(5) The balance as of September 30, 2023 December 30, 2023 and 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 September 30, 2023 December 30, 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 10 in the accompanying financial statements and Note 11 in our Fiscal 2023 Annual Report on Form 10-K for detailed information relating to our credit facilities and debt obligations.

Share Repurchase Program

The following table presents our treasury share repurchases during the six nine months ended September 30, 2023 December 30, 2023 and October 1, 2022 December 31, 2022 (dollars in millions):

		Six Months Ended			
	Nine Months Ended			Nine Months Ended	
		September 30, 2023	October 1, 2022	December 30, 2023	December 31, 2022
Cost of shares repurchased under share repurchase program	Cost of shares repurchased under share repurchase program	$ 100	$ 650		
Fair value of shares withheld to cover tax obligations for vested restricted share awards	Fair value of shares withheld to cover tax obligations for vested restricted share awards	6	13		
Total cost of treasury shares repurchased	Total cost of treasury shares repurchased	$ 106	$ 663		
Shares repurchased under share repurchase program	Shares repurchased under share repurchase program	2,637,102	13,183,355		
Shares repurchased under share repurchase program					
Shares repurchased under share repurchase program					
Shares withheld to cover tax withholding obligations	Shares withheld to cover tax withholding obligations	172,112	273,197		
		2,809,214	13,456,552		
	2,822,235				

On June 1, 2022, the Company announced its Board of Directors 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 a period of two years from the effective date of the program.

On November 9, 2022, the Company announced its Board of Directors approved a new share repurchase program (the “Existing Share Repurchase Plan”) to purchase up to $1.0 billion of our 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. As of September 30, 2023 December 30, 2023, the remaining availability under the Existing Share Repurchase Plan was $300 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 our the Company's insider trading policy and other relevant factors; however, pursuant to the terms of the Merger Agreement, and subject to certain limited exceptions, we may not repurchase our its ordinary shares other than the acceptance of our ordinary shares as payment of the exercise price of our options or for withholding taxes in respect of our equity awards. Accordingly, we did not repurchase any of our ordinary shares during since entering into the three months ended September 30, 2023 Merger Agreement pursuant to the Existing Share Repurchase Plan, and we do not expect to repurchase any of our ordinary shares in connection with the Existing Share Repurchase Plan prior to the Merger or earlier termination of the Merger Agreement, except withhold to cover, which these shares relate to. Agreement.

Contractual Obligations and Commercial Commitments

Please refer to the "Contractual Obligations and Commercial Commitments" disclosure within the "Liquidity and Capital Resources" section of our Fiscal 2023 Form 10-K for a detailed disclosure of our other contractual obligations and commitments as of April 1, 2023.

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. Our off-balance sheet commitments relating to our outstanding letters of credit were $33 $28 million at September 30, 2023 December 30, 2023, including $30 million $26 million in letters of credit issued outside of the 2022 Credit Facility. In addition, as of September 30, 2023 December 30, 2023, bank guarantees of approximately $37 million $39 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.

Recent Accounting Pronouncements

See Note 3 to the accompanying interim consolidated financial statements for recently issued accounting standards, which may have an impact on our financial statements and/or disclosures upon adoption.

ITEM 3. 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, net investment hedges, and fair value hedges to manage our foreign currency exposure to the fluctuations of certain foreign currencies. 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, cost of goods sold or operating expenses, in our consolidated statements of operations and comprehensive income 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 September 30, 2023 December 30, 2023 and as a result we were not required to perform a sensitivity analysis.

Net Investment Hedges

We are exposed to adverse foreign currency exchange rate movements related to our net investment hedges. As of September 30, 2023 December 30, 2023, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of $2.5 billion to hedge our net investment in CHF denominated subsidiaries against future volatility in the exchange rates between the United States dollar and CHF. Under the terms of these contracts, we will exchange the semi-annual fixed rate payments on United States notional amounts for fixed rate payments of 0% in CHF. Based on the net investment hedges outstanding as of September 30, 2023 December 30, 2023, a 10% appreciation or devaluation of the United States dollar compared to the level of foreign currency exchange rates for currencies under contract as of September 30, 2023 December 30, 2023, would result in a net increase or decrease, respectively, of approximately $236 $270 million in the fair value of these contracts. These contracts have maturity dates between September 2024 and June 2028.

As of September 30, 2023 December 30, 2023, we have multiple float-to-float cross-currency swap agreements with aggregate notional amounts of $1 billion to hedge our net investment in Euro denominated subsidiaries against future volatility in the exchange rates between the United States dollar and Euro. We will exchange Euro floating rate payments based on EURIBOR for the United States dollar floating rate amounts based on SOFR CME Term over the life of the agreement. The fixed rate component of semi-annual Euro payments range from 1.149% to 1.215%. Based on the net investment hedges outstanding as of September 30, 2023 December 30, 2023, a 10% appreciation or devaluation of the United States dollar compared to the level of foreign currency exchange rates for currencies under contract as of September 30, 2023 December 30, 2023, would result in a net increase or decrease, respectively, of approximately $106 $110 million in the fair value of these contracts. These contracts have maturity dates between May 2028 and August 2030.

As of September 30, 2023 December 30, 2023, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of $350 million to hedge our net investment in Euro denominated subsidiaries against future volatility in the exchange rates between the United States dollar and Euro. Under the terms of these contracts, we will exchange the semi-annual fixed rate payments on United States notional amounts for fixed rate payments of 0% in Euros. Based on the net investment hedges outstanding as of September 30, 2023 December 30, 2023, a 10% appreciation or devaluation of the United States dollar compared to the level of foreign currency exchange rates for currencies under contract as of September 30, 2023 December 30, 2023, would result in a net increase or decrease, respectively, of approximately $30 $33 million in the fair value of these contracts. These contracts have maturity dates between January 2027 and April 2027.

As of September 30, 2023 December 30, 2023, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of €1.15 billion to hedge our net investments in GBP denominated subsidiaries against future volatility in the exchange rates between the Euro and British pound. Under the terms of these contracts, we will exchange the semi-annual fixed rate payments on GBP notional amounts for fixed rate payments of 0% in Euro. Based on the net investment hedges outstanding as of September 30, 2023 December 30, 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

September 30, 2023 December 30, 2023, would result in a net increase or decrease, respectively, of approximately £93 £94 million (approximately $113 $120 million) in the fair value of these contracts. These contracts have maturity dates between November 2024 and November 2027.

As of September 30, 2023 December 30, 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 notional amounts for fixed rate payments of 0% to 2.665% in Japanese Yen. Based on the net investment hedges outstanding as of September 30, 2023 December 30, 2023, a 10% appreciation or devaluation of the United States dollar compared to the level of foreign currency exchange rates for currencies under contract as of September 30, 2023 December 30, 2023, would result in a net increase or decrease, respectively, of approximately $33 $35 million in the fair value of these contracts. These contracts have maturity dates between May 2027 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.

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 September 30, 2023 December 30, 2023, the total notional values of outstanding fair value cross-currency swaps related to these loans were €1 billion. Based on the fair value hedges outstanding as of September 30, 2023 December 30, 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 September 30, 2023 December 30, 2023, would result in a net increase or decrease, respectively, of approximately £83 million (approximately $101 $106 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 10 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 and cash flows are exposed to changes in those interest rates. At September 30, 2023 December 30, 2023, we had $1.143 billion $874 million borrowings outstanding under our 2022 Credit Facility, $475 $496 million outstanding, net of debt issuance costs, under our Versace Term Loan and no borrowings outstanding under our Uncommitted Versace Credit Facilities. 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. 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 September 30, 2023 December 30, 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.

On an overall basis, our exposure to market risk has not significantly changed from what we reported in our Annual Report on Form 10-K. Macroeconomic conditions and inflationary pressures continue to present new and emerging uncertainty to the financial markets. See Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended April 1, 2023 for additional information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities and Exchange Act of 1934 (the "Exchange Act")) as of September 30, 2023 December 30, 2023. This evaluation was performed based on 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, our CEO and CFO concluded that our disclosure controls and procedures as of September 30, 2023 December 30, 2023 are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosures.

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 September 30, 2023 December 30, 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" in our Annual Report on Form 10-K for the fiscal year ended April 1, 2023 for additional information.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Ordinary Course Litigation. 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.

Merger-Related Litigation. In connection with the Merger Agreement, a number of complaints have been filed in federal and state court as individual actions, which we refer to collectively as the “Complaints”. The Complaints allege that the preliminary proxy statement filed by Capri on September 8, 2023 in connection with the Merger Agreement (the “Preliminary Proxy”) or the definitive proxy statement filed by Capri on September 20, 2023 (the “Definitive Proxy,” and together with the Preliminary Proxy, the “Merger Proxy”), as applicable, misrepresents and/or omits certain purportedly material information. The Complaints also assert violations of Sections 14(a) and 20(a) of the U.S. Securities Exchange Act of 1934, as amended, and Rule 14a-9 promulgated thereunder against Capri and the Board of Directors. The Complaints seek, among other things: (i) an injunction enjoining the consummation of the Merger and the other transactions contemplated by the Merger Agreement; (ii) rescission or rescissory damages in the event the Merger and the other transactions contemplated by the Merger Agreement are consummated; (iii) direction that defendants account for all damages suffered as a result of any wrongdoing; (iv) costs of the action, including plaintiffs’ attorneys’ and expert fees and expenses; and (v) other relief the court may deem just and proper. In addition to the Complaints, purported shareholders of Capri have sent demand letters (which we refer to as the “Demands,” and together with the Complaints, the “Matters”) alleging similar deficiencies regarding the disclosures made in the Merger Proxy. However, in order to avoid the risk that the Matters delay or otherwise adversely affect the Merger, and to minimize the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, Capri provided supplemental disclosures to the Merger Proxy in Capri's Current Report on Form 8-K, filed with the SEC on October 17, 2023. Capri management believes that the Matters are without merit. Capri cannot provide assurance regarding the outcomes of the Matters and may be subject to additional demands or filed actions. If additional similar complaints or demands are filed or sent, absent new or significantly different allegations, Capri will not necessarily disclose such additional filings or demands.

ITEM 1A. RISK FACTORS

There are no material changes from the risk factors previously disclosed in Part I, Item IA. Risk Factors, in our Annual Report on Form 10-K for the year ended April 1, 2023 as supplemented by the risk factors included in Part I, Item IA. Risk Factors, in our Quarterly Report on Form 10-Q for the quarter ended July 1, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

The following table provides information of our ordinary shares repurchased or withheld during the three months ended September 30, 2023 December 30, 2023:

	Total Number of Shares(1)	Average Price 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)
July 2 - July 29	—	$ —	—	$ 300
July 30 - August 26	8,273	$ 36.02	—	$ 300
August 27 - September 30	—	$ —	—	$ 300
	8,273		—	

	Total Number of Shares(1)	Average Price 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)
October 1 - October 28	—	$ —	—	$ 300
October 29 - November 25	—	$ —	—	$ 300
November 26 - December 30	13,021	$ 49.28	—	$ 300
	13,021		—	

(1) 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 our insider trading policy and other relevant factors; however, pursuant to the terms of the Merger Agreement, and subject to certain limited exceptions, we may not repurchase our ordinary shares other than the acceptance of our ordinary shares as payment of the exercise price of

our options or for withholding taxes in respect of our equity awards. Accordingly, we did not repurchase any of our ordinary shares during the three months ended September 30, 2023 December 30, 2023 pursuant to the Existing Share Repurchase Plan, and we do not expect to repurchase any of our ordinary shares in connection with the Existing Share Repurchase Plan prior to the Merger or earlier termination of the Merger Agreement, except withhold to cover, which these shares relate to.

ITEM 5. OTHER INFORMATION

(a) On February 7, 2024, the Board of Directors of the Company approved a Global Optimization Plan in order to streamline the Company's operating model, maximize efficiency and support long-term profitable growth. As part of the Global Optimization Plan, the Company anticipates global headcount reductions and the closure of approximately 100 of its retail stores over the next 18 months. In Fiscal 2025, it is expected that this initiative will generate net cost savings of approximately $80 million to $90 million. The Company also expects to record estimated one-time restructuring charges of approximately $30 million to $40 million, of which approximately $30 million to $35 million will be cash charges related to organizational efficiency initiatives, which consist primarily of severance and employee-related costs. The Company anticipates that up to $5 million of the restructuring charges will be related to lease termination and other store closure costs. Approximately $25 million to $30 million in pre-tax restructuring charges will be recognized in the fourth quarter of Fiscal 2024.

These estimates are subject to a number of assumptions, and actual results may differ materially. The Company may also incur costs not currently contemplated due to unanticipated events that may occur in connection with the Global Optimization Plan.

The exact amounts or range of amounts and timing of the Global Optimization Plan charges and future cash expenditures associated therewith are undeterminable at this time. The Company will either disclose in a Current Report on Form 8-K, or disclose in another periodic filing with the U.S. Securities and Exchange Commission, the amount of any material charges relating to the Global Optimization Plan by major type of cost once such amounts or range of amounts are determinable.

This disclosure is intended to satisfy the requirements of Item 2.05 of Form 8-K.

(c) During the quarterly period ended December 30, 2023, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

a. Exhibits

Please refer to the accompanying Exhibit Index included after the signature page of this report for a list of exhibits filed or furnished with this report.

SIGNATURES

Pursuant to the requirements 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 on November 9, 2023 February 8, 2024.

CAPRI HOLDINGS LIMITED

By:	/s/ John D. Idol
Name:	John D. Idol
Title:	Chairman & Chief Executive Officer
By:	/s/ Thomas J. Edwards, Jr.
Name:	Thomas J. Edwards, Jr.
Title:	Executive Vice President, Chief Financial Officer and Chief Operating Officer

INDEX TO EXHIBITS

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of August 10, 2023, by and among Capri Holdings Limited, Tapestry, Inc. and Sunrise Merger Sub, Inc. (included as Exhibit 2.1 to the Company's 8-K (File No. 001-35368), filed on August 10, 2023 and incorporated herein by reference).
10.1	Form Letter Agreement, dated as of Special Bonus Award AgreementDecember 15, 2023, by and between Capri Holdings Limited and Jenna A. Hendricks (included as Exhibit 10.1 to the Company's 8-K (File No. 001-35368), filed on December 18, 2023 and incorporated herein by reference).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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	The following financial information from the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023December 30, 2023 formatted in Inline eXtensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income, (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.

Exhibit 10.1

SPECIAL BONUS AWARD AGREEMENT

This Special Bonus Award Agreement (this "Agreement"), dated as of ____________, 2023 (the "Effective Date"), is by and between (the "Executive") and Capri Holdings Limited (the "Company") (each a "Party," and collectively, the "Parties").

WHEREAS, the Executive is currently employed by the Company or one of its subsidiaries;

WHEREAS, the Company is expected to enter into an Agreement and Plan of Merger with Tapestry, Inc. (the "Merger Agreement"), and capitalized terms used but not defined herein have the meanings ascribed to such terms in the Merger Agreement;

WHEREAS, the continuing efforts of the Executive are necessary to the successful performance of the ongoing operations of the Company and its subsidiaries and to the consummation of the Merger; and

WHEREAS, as an inducement to the Executive to remain employed by the Company through the Closing Date, the Company has determined that, subject to and effective upon the Closing, the Executive shall be entitled to receive a special bonus award on the terms and conditions described herein.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Parties hereby agree as follows:

1. Special Bonus.

a. The Executive shall be eligible to receive a special bonus award in cash equal to $(the "Special Bonus Award"). Payment of the Special Bonus Award shall be subject to (i) the Executive actively supporting and working towards the completion of all of the requirements necessary for the Closing, as reasonably determined by the Company immediately prior to the Closing Date, (ii) the Executive continuing to be employed by the Company from the Effective Date through the Closing Date, and (iii) the Merger Agreement not being terminated prior to the Outside Date in accordance with its terms. If all of the foregoing conditions are satisfied, the Special Bonus Award shall be paid to the Executive by the Company in a lump sum, less applicable withholdings and deductions, concurrently with the Closing.

b. If the Merger Agreement is terminated in accordance with its terms, this Agreement shall be null and void and the Executive's right to the Special Bonus Award shall terminate and be of no force or effect; providedthat, if the termination of the Merger Agreement is in connection with the Company entering into a Company Acquisition Agreement relating to a Company Superior Proposal in accordance with the terms of the Merger Agreement (a "Subsequent Transaction Agreement"), then this Agreement shall continue in full force and effect, with references to the Merger Agreement to refer to such Subsequent Transaction Agreement, references to the Closing and Closing

Date to refer to the definition of such terms in the Subsequent Transaction Agreement and such other modifications as are necessary to ensure that the intent and purpose of this Agreement continue through the Closing of the transactions contemplated by such Subsequent Transaction Agreement. Prior to the Closing of the transactions contemplated by any such Subsequent Transaction Agreement, the Company may amend or restate this Agreement as it determines to be reasonable and necessary to take into account the Subsequent Transaction Agreement.

2. 280G Parachute Payments. [Section 8 of the Change in Control Continuity Agreement between Executive and the Company, dated as of ________, 2023, shall apply to this Agreement as set if forth herein.][The provisions set forth in Annex A of this Agreement shall apply to the payments under this Agreement if the Executive is determined by the Company to be a "disqualified individual" within the meaning of 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code").]

3. Entire Agreement. This Agreement contains the entire agreement between the Executive and the Company with respect to the subject matter hereof and supersedes all prior agreements, written or oral, with respect thereto, except that this Agreement does not limit the terms of any employment agreement, change in control agreement or benefit plans (including equity award agreements) of the Company or its affiliates that are applicable to the Executive. The Special Bonus Award shall not count toward or be considered in determining payments or benefits under any other plan, program or agreement of the Company or its affiliates, including for purposes of any severance entitlements, and shall not be subject to deferral under any non-qualified deferred compensation plan.

4. Waiver and Amendments. This Agreement may be amended, modified, superseded, or canceled, and the terms and conditions hereof may be waived, only by a written instrument signed by the Parties or, in the case of a waiver, by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

5. 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 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.

6. Assignability by the Company and the Executive; Successors. This Agreement, and the rights and obligations hereunder, may not be assigned by the Company or the Executive without written consent signed by the other Party; providedthat the Company may assign the Agreement to any successor that continues the business of the Company. This Agreement shall be binding upon any successor of the Company or its businesses, including Tapestry, Inc. following the Closing, in the same manner and to the same extent that the Company would be obligated under this Agreement if no succession had taken place.

7. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

8. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein.

9. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Parties or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

10. Section 409A. It is intended that payments made under this Agreement shall qualify for the "short-term deferral" exception under Section 409A of the Code and shall be paid under the applicable exception. To the extent that any provision in this Agreement is ambiguous as to its exemption from, or compliance with, Section 409A, the provision shall be read in such a manner so that all payments hereunder shall comply with Section 409A.

11. Confidentiality. The Executive agrees to keep confidential the terms of this Agreement and the award of the Special Bonus Award, to the extent it is not otherwise disclosed by the Company as may be required by applicable law.
12. Tax Withholding. The Company shall have the right to deduct from any payment due under this Agreement, any applicable withholding taxes or other deductions required by law to be withheld with respect to such payment and to take such action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

13. Termination of Agreement. Notwithstanding anything to the contrary herein, if either (a) the Merger Agreement is terminated in accordance with its terms without the Company entering into a Subsequent Transaction Agreement, or (b) the Executive's employment terminates for any reason prior to the Closing Date, then this Agreement shall automatically terminate without any further action by the Parties hereto, be null and void and have no further force and effect.

[*Signature page follows*]

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day and year first above mentioned.

CAPRI HOLDINGS LIMITED

By:

Name:

Title:

EXECUTIVE

Name:

Annex A

Application of Sectio 280G of the Code

i. Notwithstanding anything in this Agreement to the contrary, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject the 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 this Agreement (the "Agreement Payments") or otherwise 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 the 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 the Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, the Executive shall receive all Agreement Payments to which the Executive is entitled hereunder. For purposes of all present-value determinations required to be made under this Annex A, the Company and the Executive elect to use the applicable federal rate that is in effect on the Effective Date pursuant to Treasury Regulations § 1-280G, Q&A-32.

ii. If the Accounting Firm determines that aggregate 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 the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Annex A shall be binding upon the Company and the Executive and shall be made as soon as reasonably practicable and in no event later than 15 days following the date of termination of employment. For purposes of reducing the Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits in the following order: (i) cash payments that may not be valued under Treas. Reg. § 1.280G-1, Q&A-24(c) ("24(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.

iii. To the extent requested by the Executive, the Company shall cooperate with the Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Executive (including, without limitation, the 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 280G 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.

iv. The following terms shall have the following meanings for purposes of this Annex A:

1. "Accounting Firm" shall mean Compensation & Benefits Advisory Services, LLC.
2. "Change in Control" shall mean a transaction entitling the Executive to receive a Special Bonus Award.
3. "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 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 the 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 the Executive in the relevant tax year(s).
4. "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.
5. "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.
6. "Safe Harbor Amount" shall mean 2.99 times the Executive's "base amount," within the meaning of Section 280G(b)(3) of the Code.

Exhibit 31.1

CERTIFICATIONS

I, John D. Idol, certify that:

1. I have reviewed this Form 10-Q of Capri Holdings Limited;
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 quarterly 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 we 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 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: November 9, 2023 February 8, 2024

By: /s/ John D. Idol
John D. Idol
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Thomas J. Edwards, Jr., certify that:

1. I have reviewed this Form 10-Q of Capri Holdings Limited;
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 quarterly 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 we 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 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: November 9, 2023 February 8, 2024

By: /s/ Thomas J. Edwards, Jr.
Thomas J. Edwards, Jr.
Chief Financial Officer

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 quarterly report on Form 10-Q of Capri Holdings Limited (the "Company") for the quarter ended September 30, 2023 December 30, 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 13(a) or Section 15(d) 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 Capri Holdings Limited.

Date: November 9, 2023 February 8, 2024

/s/ John D. Idol

John 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.

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 quarterly report on Form 10-Q of Capri Holdings Limited (the "Company") for the quarter ended September 30, 2023 December 30, 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 13(a) or Section 15(d) 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 Capri Holdings Limited.

Date: November 9, 2023 February 8, 2024

/s/ Thomas J. Edwards, Jr.

Thomas 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.

REFINITIV