REFINITIV

DELTA REPORT

10-Q

CPRI - CAPRI HOLDINGS LTD

10-Q - JUNE 29, 2024 COMPARED TO 10-Q - DECEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1413
CHANGES	392
DELETIONS	513
ADDITIONS	508

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 December 30, 2023 June 29, 2024

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

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(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 January 31, 2024 July 31, 2024, Capri Holdings Limited had 116,566,663 117,789,174 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 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 our ability to respond to changing fashion, consumer traffic and retail trends; fluctuations in demand for Capri's our products; high consumer debt levels, recession and inflationary pressures; loss of market share and industry increased competition; reductions in our wholesale channel; the impact of the COVID-19 pandemic, or other unforeseen epidemics, pandemics, disasters or catastrophes, catastrophes; levels of cash flow and future availability of credit, Capri's Capri's ability to successfully execute its growth strategies; departure of key employees or failure to attract and retain highly qualified personnel; 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 or 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 outcome of any required governmental and regulatory approvals for the U.S. Federal Trade Commission's ("FTC") lawsuit attempting to block the pending Merger that could delay or result in the termination of the pending Merger, 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 pending Merger, Merger; the risk that the parties to the merger agreement may not be able to satisfy the conditions to the pending Merger in a timely manner or at all, all; risks related to disruption of management time from ongoing business operations due to the pending Merger, Merger; the risk that any announcements relating to the pending Merger could have adverse effects on the market price of Capri's Capri's ordinary shares, shares; the risk of any unexpected costs or expenses resulting from the pending Merger, Merger; the risk of any litigation relating to the pending Merger, Merger; the risk that the pending Merger and its announcement could have an adverse effect on the ability of Capri to retain and maintain relationships with customers, suppliers and other business partners 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)

		December 30, 2023	April 1, 2023
		June 29, 2024	March 30, 2024
Assets			
Current assets			
Current assets			
Current assets			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents			
Receivables, net			
Inventories, net			
Prepaid expenses and other current assets			
Total current assets			
Property and equipment, net			
Operating lease right-of-use assets			
Intangible assets, net			
Goodwill			
Deferred tax assets			
Other assets			
Total assets			
Liabilities and Shareholders' Equity			
Current liabilities			
Current liabilities			
Current liabilities			
Accounts payable			
Accounts payable			
Accounts payable			
Accrued payroll and payroll related expenses			
Accrued income taxes			
Short-term operating lease liabilities			
Short-term debt			
Accrued expenses and other current liabilities			
Total current liabilities			
Long-term operating lease liabilities			
Deferred tax liabilities			
Long-term debt			
Other long-term liabilities			
Total liabilities			
Commitments and contingencies	Commitments and contingencies		Commitments and contingencies
Shareholders' equity			

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)	
Ordinary shares, no par value; 650,000,000 shares authorized; 227,517,072 shares issued and 117,781,894 outstanding at June 29, 2024; 226,271,074 shares issued and 116,629,634 outstanding at March 30, 2024	
Ordinary shares, no par value; 650,000,000 shares authorized; 227,517,072 shares issued and 117,781,894 outstanding at June 29, 2024; 226,271,074 shares issued and 116,629,634 outstanding at March 30, 2024	
Ordinary shares, no par value; 650,000,000 shares authorized; 227,517,072 shares issued and 117,781,894 outstanding at June 29, 2024; 226,271,074 shares issued and 116,629,634 outstanding at March 30, 2024	
Treasury shares, at cost (109,735,178 shares at June 29, 2024 and 109,641,440 shares at March 30, 2024)	
Additional paid-in capital	
Accumulated other comprehensive income	
Retained earnings	
Total shareholders' equity of Capri	
Noncontrolling interest	
Total shareholders' equity	
Total liabilities and shareholders' equity	

See accompanying notes to consolidated financial statements.

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

	Three Months Ended		Nine Months Ended		Three Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023
Total revenue						
Cost of goods sold						
Gross profit						
Selling, general and administrative expenses						
Depreciation and amortization						
Impairment of assets						
Restructuring and other expense						
Restructuring and other expense (income)						
Restructuring and other expense (income)						
Restructuring and other expense (income)						
Total operating expenses						
Income from operations						
Other income, net						
Interest expense, net						
Foreign currency (gain) loss						
Income before income taxes						
(Loss) income from operations						
Other expense, net						
Interest (income) expense, net						
Foreign currency loss						
(Loss) income before provision for income taxes						
Provision for income taxes						
Net income						

Net (loss) income

Less: Net income attributable to noncontrolling interest

Net income attributable to Capri

Net (loss) income attributable to Capri

Weighted average ordinary shares outstanding:

Weighted average ordinary shares outstanding:

Weighted average ordinary shares outstanding:

Basic

Basic

Basic

Diluted

Net income per ordinary share attributable to Capri:

Net (loss) income per ordinary share attributable to Capri:

Basic

Basic

Basic

Diluted

Statements of Comprehensive Income:

Statements of Comprehensive Income:

Statements of Comprehensive Income:

Net income

Net income

Net income

Statements of Comprehensive (Loss) Income:

Statements of Comprehensive (Loss) Income:

Statements of Comprehensive (Loss) Income:

Net (loss) income

Net (loss) income

Net (loss) income

Foreign currency translation adjustments

Net loss on derivatives

Comprehensive income

Net (loss) on derivatives

Comprehensive (loss) income

Less: Net income attributable to noncontrolling interest

Comprehensive income attributable to Capri

Comprehensive income attributable to Capri

Comprehensive income attributable to Capri

Comprehensive (loss) income attributable to Capri

Comprehensive (loss) income attributable to Capri

Comprehensive (loss) 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	Ordinary Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
Balance at September																

30, 2023
Balance at September 30, 2023
Balance at September 30, 2023
Balance at March 30, 2024
Balance at March 30, 2024
Balance at March 30, 2024
Net income
Net (loss) income
Net income
Net (loss) income
Net income
Net (loss) income
Other comprehensive loss
Total comprehensive income
Total comprehensive (loss) income
Vesting of restricted awards, net of forfeitures
Share-based compensation expense
Share-based compensation expense
Share-based compensation expense
Repurchase of ordinary shares
Balance at December 30, 2023
Balance at June 29, 2024
Balance at December 30, 2023
Balance at June 29, 2024
Balance at December 30, 2023
Balance at June 29, 2024

	Ordinary Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity	Ordinary Shares	Additional Paid-in Capital	Treasury Shares	Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interest	Total Equity
Balance at April 1, 2023																
Balance at April 1, 2023																
Balance at April 1, 2023																
Net income																
Other comprehensive loss																
Total comprehensive income																

Vesting of restricted awards, net of forfeitures

Exercise of employee share options

Share-based compensation expense

Repurchase of ordinary shares

Balance at December 30, 2023

Balance at July 1, 2023

Balance at December 30, 2023

Balance at July 1, 2023

Balance at December 30, 2023

Balance at July 1, 2023

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	Treasury Shares		Accumulated Other Comprehensive	Retained	Total Equity of	Non-controlling	
	Shares	Amounts	Capital	Shares	Amounts	(Loss) Income	Earnings	Capri	Interest	Total Equity
Balance at October 1, 2022	223,707	$ —	$ 1,311	(92,618)	$ (4,650)	$ (35)	$ 5,517	$ 2,143	$ —	$ 2,143
Net income	—	—	—	—	—	—	225	225	—	225
Other comprehensive income	—	—	—	—	—	140	—	140	—	140
Total comprehensive income	—	—	—	—	—	—	—	365	—	365
Vesting of restricted awards, net of forfeitures	75	—	—	—	—	—	—	—	—	—
Share-based compensation expense	—	—	16	—	—	—	—	16	—	16
Repurchase of ordinary shares	—	—	—	(5,766)	(301)	—	—	(301)	—	(301)
Balance at December 31, 2022	223,782	$ —	$ 1,327	(98,384)	$ (4,951)	$ 105	$ 5,742	$ 2,223	$ —	$ 2,223

	Ordinary Shares		Additional Paid-in	Treasury Shares		Accumulated Other Comprehensive	Retained	Total Equity of	Non-controlling	
	Shares	Amounts	Capital	Shares	Amounts	Income	Earnings	Capri	Interest	Total Equity
Balance at April 2, 2022	221,967	$ —	$ 1,260	(79,161)	$ (3,987)	$ 194	$ 5,092	$ 2,559	$ (1)	$ 2,558
Net income	—	—	—	—	—	—	650	650	2	652
Other comprehensive loss	—	—	—	—	—	(89)	—	(89)	—	(89)
Total comprehensive income	—	—	—	—	—	—	—	561	2	563
Vesting of restricted awards, net of forfeitures	1,694	—	—	—	—	—	—	—	—	—
Exercise of employee share options	121	—	6	—	—	—	—	6	—	6
Share-based compensation expense	—	—	60	—	—	—	—	60	—	60
Repurchase of ordinary shares	—	—	—	(19,223)	(964)	—	—	(964)	—	(964)
Other	—	—	1	—	—	—	—	1	(1)	—
Balance at December 31, 2022	223,782	$ —	$ 1,327	(98,384)	$ (4,951)	$ 105	$ 5,742	$ 2,223	$ —	$ 2,223

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended		Three Months Ended	
	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023
Cash flows from operating activities				
Net income				
Net income				
Net income				
Adjustments to reconcile net income to net cash provided by operating activities:				
Net (loss) income				
Net (loss) income				
Net (loss) income				
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
Share-based compensation expense				
Deferred income taxes				
Deferred income taxes				
Deferred income taxes				
Impairment of assets				
Changes to lease related balances, net				
Changes to lease related balances, net				
Changes to lease related balances, net				
Foreign currency loss				
Foreign currency loss				
Foreign currency loss				
Other non-cash adjustments				
Other non-cash adjustments				
Other non-cash adjustments				
Change in assets and liabilities:				
Receivables, net				
Receivables, net				
Receivables, net				
Inventories, net				
Prepaid expenses and other current assets				
Accounts payable				
Accrued expenses and other current liabilities				
Other long-term assets and liabilities				
Other long-term assets and liabilities				
Other long-term assets and liabilities				
Net cash provided by operating activities				
Cash flows from investing activities				
Capital expenditures				
Capital expenditures				
Capital expenditures				
Cash paid for business acquisitions, net of cash acquired				

Settlement of net investment hedges
Net cash used in investing activities
Settlement of net investment hedges
Net cash used in investing activities
Settlement of net investment hedges
Net cash (used in) provided by investing activities
Net cash used in investing activities
Cash flows from financing activities
Debt borrowings
Debt borrowings
Debt borrowings
Debt repayments
Debt issuance costs
Repurchase of ordinary shares
Repurchase of ordinary shares
Repurchase of ordinary shares
Exercise of employee share options
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
Net (decrease) increase in cash, cash equivalents and restricted cash
Net increase (decrease) in cash, cash equivalents and restricted cash
Beginning of period
End of period
Supplemental disclosures of cash flow information
Cash paid for interest
Cash paid for interest
Cash paid for interest
Net cash paid for income taxes
Supplemental disclosure of non-cash investing and financing activities
Accrued capital expenditures
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") The Company was incorporated in the British Virgin Islands on December 13, 2002 as Michael Kors Holdings Limited and changed its name to Capri Holdings Limited ("Capri," and together with its subsidiaries, the "Company") on December 31, 2018. The Company is a holding company that owns brands that are leading designers, marketers, distributors and retailers of branded women's and men's accessories, footwear apparel and ready-to-wear footwear bearing the Versace, Jimmy Choo and Michael Kors tradenames and related trademarks and logos. The Company operates in three reportable segments: Versace, Jimmy Choo and Michael Kors. See Note 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 December 30, 2023 June 29, 2024 and for the three and nine months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023 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 March 30, 2024, as filed with the Securities and Exchange Commission on May 31, 2023 May 29, 2024, 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- 52-week or 53-week period. The results for the three and nine months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023 are based on 13-week and 39-week periods, respectively. periods. The Company’s Fiscal Year 2024 2025 is a 52-week period ending March 30, 2024 March 29, 2025.

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.

The Merger has been approved by the boards of directors of Capri and Tapestry and by the shareholders of Capri. Completion of the Merger is subject to, among other customary conditions, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Company has received regulatory approval from all countries except for the United States. In connection with the Merger, on April 22, 2024, the U.S. Federal Trade Commission (“FTC”) filed a lawsuit in the United States District Court for the Southern District of New York against Tapestry and the Company seeking to block the Merger, claiming that the Merger would violate Section 7 of the Clayton Act and that the Merger Agreement and the Merger constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act and should be enjoined. The Company strongly disagrees with the FTC’s decision to file suit, and the Company, together with Tapestry, are vigorously defending the lawsuit. There can be no assurance as to the outcome of litigation with the FTC or that this condition to the completion of the Merger will be satisfied on a timely basis or at all. If the Merger is blocked, there can be no assurance that any other transaction acceptable to us will be offered and our business, prospects and/or results of operations may be adversely affected.

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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 are credit card receivables of $33 million $29 million and $22 million $28 million, respectively, which generally settle within two to three business days.

A reconciliation of cash, cash equivalents and restricted cash as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 from the consolidated balance sheets to the consolidated statements of cash flows is as follows (in millions):

	December 30, 2023	April 1, 2023	June 29, 2024	March 30, 2024
Reconciliation of cash, cash equivalents and restricted cash				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Restricted cash included within prepaid expenses and other current assets				
Total cash, cash equivalents and restricted cash shown on the consolidated statements of cash flows				

Inventories net

Inventories primarily consist of finished goods with the exception of raw materials and work in process inventory. process. The combined total of raw materials and work in process inventory, net, recorded on the Company’s consolidated balance sheets was $46 $45 million and $47 million as of December 30, 2023 both June 29, 2024 and April 1, 2023, respectively. March 30, 2024.

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 currencies for certain transactions. The Company, in its normal course of business, enters into transactions with foreign suppliers and seeks to minimize risks related to these transactions. The Company employs these forward contracts to hedge the Company's cash flows, as they relate to transactions denominated in foreign currency transactions. currencies. Certain of these contracts are designated as hedges for accounting purposes, while others remain undesignated. All of the Company's derivative instruments are recorded in on 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 transaction, the hedging instrument and the risk being hedged. The changes in the fair value for contracts designated as cash flow hedges is are recorded in equity as a component of accumulated other comprehensive income until the hedged item affects earnings. When the inventory related to forecasted inventory purchases that are being hedged is sold to a third party, 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 (loss) income. The Company classifies cash flows relating to its forward foreign currency exchange contracts for purchases related to purchase of inventory consistently with the classification of the hedged item, within cash flows from operating activities.

The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, the Company only enters into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure. The aforementioned forward contracts generally have a term of no more than 12 months. The period of these contracts is directly related to the foreign transaction transactions 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 income (loss) ("CTA"), as a component of accumulated other comprehensive income on the Company's consolidated balance sheets. Interest accruals and coupon payments are recognized directly in interest expense (income), net, in the Company's consolidated statements of operations and comprehensive (loss) 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 (loss) income, which will offset the related foreign currency earnings impact of the underlying original transaction being hedged. If the fair value hedge is terminated and the underlying intercompany loans are settled, the accumulated other comprehensive income ("AOCI") remaining from the hedge at the time of termination will be reclassified to foreign currency loss on the Company's consolidated statements of operations and comprehensive (loss) income.

Leases

The Company leases retail stores, office space and warehouse space under operating lease agreements that expire at various dates through October September 2043. The Company's leases generally have terms of up to 10 ten years, generally require fixed annual rent payments and may require the payment of additional rent if store sales exceed a negotiated amounts. amount. Although most of the Company's equipment is owned, the Company has limited equipment leases that expire on various dates through December 2028. The Company acts as sublessor in certain leasing arrangements, primarily related to closed stores from previous under its restructuring activities. Fixed initiatives, as defined in Note 9. The Company recognizes sublease payments received are recognized income 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. options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company generally does not include the renewal options option period in the expected lease term and the associated lease payments are not included in the measurement of the operating lease right-of-use asset and lease liability. Certain leases also contain termination options with an associated penalty. Generally, the Company is reasonably certain not to exercise these options and as such, they are not included in the determination of the expected lease term. The Company recognizes operating lease expense on a straight-line basis over the lease term.

Leases with an initial lease term of 12 months or less are not recorded on the balance sheet. The Company recognizes lease expense for its short-term leases on a straight-line basis over the lease term.

The Company's leases generally provide for payments of non-lease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. The Company accounts for lease and non-lease components of its real estate leases together as a single lease component and, as such, includes fixed payments of non-lease components in the measurement of the operating lease right-of-use assets and lease liabilities for its real estate leases. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property, are expensed as incurred as variable lease costs and are not recorded on the balance sheet. The Company's lease agreements do not contain any material residual value guarantees or material restrictions or covenants.

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

	Nine Months Ended	
	December 30, 2023	December 31, 2022
	Three Months Ended	
	June 29, 2024	July 1, 2023
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		

During the three and nine months ended December 30, 2023, the The Company recorded sublease income of $2 million and $6 million, respectively, within selling, general and administrative expenses. During expenses for the three and nine months ended December 31, 2022, the Company recorded sublease income of $2 million June 29, 2024 and $7 million, respectively, within selling, general and administrative expenses. July 1, 2023.

Net (Loss) Income per Share

The Company's basic net (loss) income per ordinary share is calculated by dividing net (loss) income by the weighted average number of ordinary shares outstanding during the period. Diluted net (loss) income per ordinary share reflects the potential dilution that would occur if restricted share options units ("RSUs") or any other potentially dilutive instruments, including restricted shares and restricted share units ("RSUs"), option grants, were exercised converted or converted exercised into ordinary shares. These potentially dilutive securities are included in diluted shares to the extent they are dilutive under the treasury stock method for the applicable periods. Performance-based RSUs are included as in diluted shares if the related performance conditions are considered satisfied as of the end of the reporting period and to the extent they are dilutive under the treasury stock method.

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

	Three Months Ended		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
	Three Months Ended			
		June 29, 2024	July 1, 2023	
Numerator:				
Net income attributable to Capri				
Net income attributable to Capri				
Net income attributable to Capri				
Net (loss) income attributable to Capri				
Net (loss) income attributable to Capri				
Net (loss) income attributable to Capri				
Denominator:				
Basic weighted average shares				
Basic weighted average shares				
Basic weighted average shares				
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, restricted stock units, and performance restricted stock units				
Share options, restricted stock units, and performance restricted stock units				
Share options, restricted stock units, and performance restricted stock units				
Diluted weighted average shares				
Basic net income per share (1)				
Basic net income per share (1)				
Basic net income per share (1)				
Diluted net income per share (1)				
Basic net (loss) income per share (1)				

Basic net (loss) income per share (1)
Basic net (loss) income per share (1)
Diluted net (loss) income per share (1)

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

During

Diluted net loss per share attributable to Capri for the three and nine months ended December 30, 2023, share equivalents June 29, 2024 excluded all potentially dilutive securities because there was a net loss attributable to Capri for the period and, as such, the inclusion of 192,867 and 307,375 shares, respectively, these securities would have been excluded from the above calculations due to their anti-dilutive effect. anti-dilutive.

Share equivalents of 187,547 and 546,607 287,571 shares have been excluded from the above calculations for the three and nine months ended December 31, 2022, respectively, July 1, 2023 due to their anti-dilutive effect.

See Note 2 3 in the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2023 March 30, 2024 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 for annual disclosure 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 Company in Fiscal 2025 for the fiscal year ending 2025, annual disclosure, and subsequent interim periods, with early adoption permitted. We are The Company is evaluating the impact of adopting this ASU on our the 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. disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, on a prospective basis, with early adoption permitted. We are The Company is evaluating the impact of adopting this ASU on our the 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 collectability of consideration is probable. Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services.

The Company sells its products through three primary channels of distribution: retail, wholesale and licensing. Within the retail and wholesale channels, substantially all of the Company's revenues consist of sales of products that represent a single performance obligation where control transfers at a point in time to the customer. For licensing arrangements, royalty and advertising revenue is recognized over time based on access provided to the Company's trademarks. brands.

The Company has chosen to apply the practical expedient allowing it not to disclose the amount of the transaction price allocated to remaining performance obligations that have an expected duration of 12 months or less.

Retail

The Company generates sales through directly operated stores and e-commerce sites throughout the Americas (United States, Canada and Latin America), certain parts of EMEA (Europe, Middle East and Africa) and certain parts of Asia (Asia and Oceania). Retail revenue is recognized when control of the product is transferred at the point of sale at Company owned stores, including concessions. For e-commerce transactions, control is transferred and revenue is recognized when products are delivered to the customer. To arrive at net sales for retail, gross sales are reduced by actual customer returns, as well as by a provision for estimated future customer returns.

Sales tax collected from retail customers are presented on a net basis and, as such, are excluded from revenue. Shipping and handling costs that are billed to customers are included in net sales, with the related costs recorded in cost of goods sold. Shipping and handling costs that are not billed to customers are accounted for as fulfillment costs.

Gift Cards. The Company sells gift cards that can be redeemed for merchandise, resulting in a contract liability upon issuance. Revenue is recognized when the a 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 patterns of redemption in jurisdictions where the Company is not required to remit the value of the unredeemed gift cards as unclaimed property. The Company anticipates that substantially all of its outstanding gift cards will be redeemed within the next 12 months. The contract liability related to gift cards, net of estimated "breakage", was $15 million $14 million and $14 million $15 million as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, respectively, is included within in accrued expenses and other current liabilities in on the Company's consolidated balance sheet. sheets.

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. Wholesale revenue is recognized net of estimates for sales returns, discounts, markdowns and allowances, when merchandise is shipped and control of the underlying product is transferred to the Company's wholesale customers. To arrive at net sales for wholesale, gross sales are reduced by provisions for estimated future returns, as well as trade discounts, markdowns, allowances, operational chargebacks and certain cooperative selling expenses. These estimates are developed based on historical trends, actual and forecasted performance and market conditions, and are reviewed by management on a quarterly basis. Unfulfilled, non-cancelable purchase orders for products from wholesale customers (including the Company's geographic licensees) are expected to be fulfilled within the next 12 months.

Licensing

The Company provides its third-party licensees with the right to access its Versace, Jimmy Choo and Michael Kors trademarks under product and geographic licensing arrangements. Under product licensing arrangements, the Company allows third-parties to manufacture and sell luxury goods, including watches and jewelry, fragrances, eyewear and home furnishings, using the Company's trademarks. Under geographic licensing arrangements, third party licensees receive the right to distribute and sell products bearing the Company's trademarks in retail and/or wholesale channels within certain geographical areas, including Brazil, the Middle East, Eastern Europe, South Africa and certain parts of Asia.

The Company recognizes royalty revenue and advertising contributions based on the percentage of sales made by the licensees. Advertising contributions are received to support the Company's branded advertising and marketing campaigns and are viewed as part of a single performance obligation with the right to access the Company's trademarks. Royalty revenue generated from licenses, which includes contributions for advertising, may be subject to contractual minimum levels, as defined in the contract. Such minimums are generally fixed annually, based on the previous year's sales. Licensing revenue is based on reported current period sales of licensed products at rates that are specified in the license agreements for contracts that are expected to exceed the related guaranteed minimums. If the Company expects the minimum guaranteed amounts to exceed amounts calculated based on actual sales, the guaranteed minimums are recognized ratably over the contractual year to which they relate. Generally, the Company's guaranteed minimum royalty amounts due from licensees relate to contractual periods that do not exceed 12 months, however, certain some of the Company's guaranteed minimums for Versace are multi-year based.

As of December 30, 2023 June 29, 2024, 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 2025	$	8
Fiscal 2025		33 26
Fiscal 2026		30 32
Fiscal 2027		26 28
Fiscal 2028		18 20
Fiscal 2029		17
Fiscal 2030 and thereafter		30 12
Total	$	145 135

Sales Returns

The refund liability recorded as of December 30, 2023 June 29, 2024 was $65 million $46 million, and the related asset for the right to recover returned product as of December 30, 2023 June 29, 2024 was $16 million $13 million. The refund liability recorded as of April 1, 2023 March 30, 2024 was $54 million $48 million, and the related asset for the right to recover returned product as of April 1, 2023 March 30, 2024 was $17 million $14 million.

Contract Balances

Total contract liabilities were $26 million and $36 million $23 million as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, respectively. For the three and nine months ended December 30, 2023 June 29, 2024, the Company recognized $21 million and $28 million $12 million in revenue which related to contract liabilities that existed at March 30, 2024. For the three months ended July 1, 2023, respectively, the Company recognized $5 million in revenue which related to contract liabilities that existed at April 1,

2023. For the three and nine months ended December 31, 2022, the Company recognized $3 million and $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 December 30, 2023June 29, 2024 and April 1, 2023March 30, 2024.

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		Nine Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Versace revenue - the Americas	$ 73	$ 85	$ 251	$ 320
Versace revenue - EMEA	98	113	339	350
Versace revenue - Asia	56	51	176	162
Total Versace	227	249	766	832
Jimmy Choo revenue - the Americas	48	54	135	151
Jimmy Choo revenue - EMEA	70	70	208	193
Jimmy Choo revenue - Asia	48	44	138	138
Total Jimmy Choo	166	168	481	482
Michael Kors revenue - the Americas	722	777	1,779	2,045
Michael Kors revenue - EMEA	208	212	602	616
Michael Kors revenue - Asia	104	106	319	309
Total Michael Kors	1,034	1,095	2,700	2,970
Total revenue - the Americas	843	916	2,165	2,516
Total revenue - EMEA	376	395	1,149	1,159
Total revenue - Asia	208	201	633	609
Total revenue	$ 1,427	$ 1,512	$ 3,947	$ 4,284

	Three Months Ended	
	June 29, 2024	July 1, 2023
Versace - the Americas	$ 70	$ 82
Versace - EMEA	90	116
Versace - Asia	59	61
Total Versace	219	259
Jimmy Choo - the Americas	52	49
Jimmy Choo - EMEA	77	81
Jimmy Choo - Asia	44	53
Total Jimmy Choo	173	183
Michael Kors - the Americas	451	501
Michael Kors - EMEA	138	175
Michael Kors - Asia	86	111
Total Michael Kors	675	787
Total - the Americas	573	632
Total - EMEA	305	372
Total - Asia	189	225
Total revenue	$ 1,067	$ 1,229

See Note 34 in the Company's Annual Report on Form 10-K for the fiscal year ended April 1, 2023March 30, 2024 for a complete disclosure of the Company's revenue recognition policy.

5. Receivables, net

Receivables, net, consist of (in millions):

		December 30, 2023	April 1, 2023
		June 29, 2024	March 30, 2024
Trade receivables (1)			
Receivables due from licensees			
	390		
	343		
Less: allowances			
Total receivables, net			

(1) As of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, $97 million and $96 million $102 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 $11 million $15 million and $8 million $13 million as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, respectively. The Company had credit losses of $1 million and $3 million for the three and nine months ended December 30, 2023, respectively. The Company had immaterial credit losses for the three months ended December 31, 2022 June 29, 2024 and $2 million for the nine months ended December 31, 2022 July 1, 2023.

6. Property and Equipment, net

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

	December 30, 2023	April 1, 2023
	June 29, 2024	March 30, 2024
Leasehold improvements		
Computer equipment and software		
Furniture and fixtures		
Equipment		
Building		
In-store shops		
Land		
Total property and equipment, gross		
Less: accumulated depreciation and amortization		
Subtotal		
Construction-in-progress		
Total property and equipment, net		

Depreciation and amortization of property and equipment for the three and nine months ended December 30, 2023 June 29, 2024 was $35 million and $106 million, respectively. $36 million. Depreciation and amortization of property and equipment was $32 million and $97 million for the three and nine months ended December 31, 2022, respectively. July 1, 2023 was $34 million. The Company recorded $1 million in did not record any property and equipment impairment charges for the three months ended December 30, 2023 June 29, 2024 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 for the nine months ended December 31, 2022 July 1, 2023.

7. Intangible Assets and Goodwill

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

	December 30, 2023	April 1, 2023	June 29, 2024	March 30, 2024
Definite-lived intangible assets:				
Reacquired rights				
Reacquired rights				
Reacquired rights				
Trademarks				
Customer relationships (1)				
Customer relationships (1)				
Customer relationships (1)				
Gross definite-lived intangible assets				
Less: accumulated amortization				
Net definite-lived intangible assets				
Indefinite-lived intangible assets:				
Indefinite-lived intangible assets:				
Indefinite-lived intangible assets:				
Jimmy Choo brand (2) (1)				
Jimmy Choo brand (2) (1)				
Jimmy Choo brand (2) (1)				
Versace brand (1) (2)				
Net indefinite-lived intangible assets				
Total intangible assets, excluding goodwill				
Total intangible assets, excluding goodwill				
Total intangible assets, excluding goodwill				
Goodwill (3)				
Goodwill (3)				
Goodwill (3)				

(1) The change in the carrying value since April 1, 2023 reflects the impact Includes accumulated impairment of foreign currency translation. $343 million as of June 29, 2024 and March 30, 2024.

(2) Includes accumulated impairment of $273 million $227 million as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024. The change in the carrying value since April 1, 2023 March 30, 2024 reflects the impact of foreign currency translation.

(3) Includes accumulated impairment of $347 million $539 million related to the Jimmy Choo reporting units as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024. The change in the carrying value since April 1, 2023 March 30, 2024 reflects the impact of the Sicla Acquisition, as well as the impact of foreign currency translation.

On May 2, 2024, the Company completed the acquisition of Calzaturificio Sicla S.r.l. ("Sicla Acquisition"), an Italian shoe manufacturer, for cash consideration of $9 million, net of cash acquired. The acquired identifiable assets and liabilities net to a nominal amount, with $9 million recognized in goodwill allocated to the Jimmy Choo reportable segment.

Amortization expense for the Company's definite-lived intangible assets was $11 million for the three and nine months ended December 30, 2023 was $11 million June 29, 2024 and $33 million, respectively. Amortization expense for the Company's definite-lived intangible asset for the three and nine months ended December 31, 2022 was $11 million and $34 million, respectively. July 1, 2023.

8. Current Assets and Current Liabilities

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

	December 30, 2023	April 1, 2023
Prepaid taxes	$ 197	$ 105
Prepaid contracts	24	22
Interest receivable related to hedges	23	10
Other accounts receivables	9	10
Prepaid insurance	4	2
Other	53	46
Total prepaid expenses and other current assets	$ 310	$ 195

	June 29, 2024	March 30, 2024
Prepaid taxes	$ 98	$ 88
Prepaid contracts	18	21
Interest receivable related to hedges	17	42
Other accounts receivables	8	8
Other	56	56
Total prepaid expenses and other current assets	$ 197	$ 215

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

	December 30, 2023	April 1, 2023
	June 29, 2024	March 30, 2024
Return liabilities		
Other taxes payable		
Accrued advertising and marketing		
Accrued capital expenditures		
Accrued rent (1)		
Accrued E-commerce		
Professional services		
Accrued interest		
Accrued rent (1)		
Gift cards and retail store credits		
Accrued litigation		
Accrued retail store expense		
Accrued purchases and samples		
Accrued purchases and samples		
Accrued purchases and samples		
Restructuring liability		
Restructuring liability		
Restructuring liability		
Advance royalties		
Advance royalties		
Advance royalties		
Accrued litigation		
Other		
Total accrued expenses and other current liabilities		

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

9. Restructuring and Other Expense

Restructuring Charges - Global Optimization Plan

As previously announced during the fourth quarter of Fiscal 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.

During the three months ended December 30, 2023 June 29, 2024, the Company closed 11 of its retail stores which have been incorporated into the Global Optimization Plan. Net restructuring expenses recorded in connection with the Global Optimization Plan during the three months ended June 29, 2024 was $1 million, primarily related to lease termination and store closure costs. The below table presents a roll forward of the Company's restructuring liability related to its Global Optimization Plan (in millions):

	Severance and benefit costs	Lease-related and other costs	Total

Balance at March 30, 2024	$ 21	$ 1	$ 22
Additions charged to expense	—	(1) (1)	(1)
Payments	(12)	—	(12)
Balance at June 29, 2024	$ 9	$ —	$ 9

(1) Excludes $2 million of lease termination and store closure costs related to operating lease right-of-use assets recorded within restructuring and other expense (income) on the consolidated statement of operations and comprehensive (loss) income for the three months ended June 29, 2024.

Other Restructuring Costs

During the three months ended July 1, 2023, the Company recorded costs other income of $5 $2 million primarily related to a $10 million primarily gain on the sale of a long-lived corporate asset partially offset by expenses related to equity awards associated with the acquisition of Versace and severance expenses incurred during the third first quarter.

During the nine months ended December 30, 2023, the Company recorded costs of $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.

During the three and nine months ended December 31, 2022, the Company recorded expenses of $5 million and $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):

	December 30, 2023	April 1, 2023
	June 29, 2024	March 30, 2024
Revolving Credit Facilities		
Versace Term Loan		
Senior Notes due 2024 (1)		
Other		
Other		
Other		
Total debt		
Less: Unamortized debt issuance costs		
Total carrying value of debt		
Total carrying value of debt		
Total carrying value of debt		
Less: Short-term debt (1)		
Total long-term debt		

(1) As of December 30, 2023 June 29, 2024, 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 2024 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 December 30, 2023 June 29, 2024. 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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, the Company had $874 million $754 million and $764 million of borrowings outstanding under the 2022 Revolving Credit Facility. Facility, respectively. In addition, stand-by letters of credit of $2 million and $3 million were outstanding as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, respectively. As of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, the amount available for future borrowings under the 2022 Revolving Credit Facility was $624 million $744 million and $623 million $734 million, respectively. The Company had $5 million $4 million and $6 million $5 million of deferred financing fees related to Revolving Credit Facilities for December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, respectively, and are recorded within other assets in on the Company's consolidated balance sheets.

As of December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, the carrying value of the Versace Term Loan was $496 $481 million and $487 million, $485 million, respectively, net of $1 million of deferred financing fees, for both December 30, 2023 and April 1, 2023, which were recorded within long-term debt in on the Company's consolidated balance sheets.

As of December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, the carrying value of the Senior Notes was $449 million, net of issuance costs and unamortized discount of $1 $450 million, which were is recorded within short-term debt and long-term debt in on the Company's consolidated balance sheets, respectively. sheets.

Versace Facilities

During Fiscal 2022, the Company's subsidiary, Versace, GIVI Holding S.r.l, 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 because the de-recognition criteria for the receivables was not met at the time of the cash receipt from the Bank. As of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, the outstanding balance was $11 million, with $1 million and $10 million recorded within short-term debt and long-term debt, in respectively, on the Company's consolidated balance sheets, respectively. sheets.

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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 was $11 $10 million and $4 $11 million, respectively, and is presented as short-term debt in on the Company's consolidated balance sheets.

See Note 11 12 to the Company's Fiscal 2023 2024 Annual Report on Form 10-K for additional information regarding the Company's credit facilities and debt obligations.

11. Commitments and Contingencies

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending, routine legal proceedings, in the aggregate, will not have a material adverse effect on our business, results of operations and financial 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 March 30, 2024 for a detailed disclosure of other commitments and contractual obligations as of April 1, 2023 March 30, 2024.

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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, 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 value of 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 on the consolidated balance sheets, depending on whether they represent assets or liabilities of the 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 December 30, 2023 using:			Fair value at April 1, 2023 using:			Fair value at June 29, 2024 using:			Fair value at March 30, 2024 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)	Significant unobservable inputs (Level 3)
Derivative assets:												

Net investment hedges

Net investment hedges

Net investment hedges

Fair value hedges

Total derivative assets

Total derivative assets

Total derivative assets

Derivative liabilities:

Derivative liabilities:

Derivative liabilities:

Net investment hedges

Net investment hedges

Net investment hedges

Fair value hedges

Total derivative liabilities

Total derivative liabilities

Total derivative liabilities

The Company's debt obligations are recorded in on its consolidated balance sheets at carrying values, which may differ from the related fair values. The fair value of the Company's 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 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 debt, based on Level 2 measurements (in millions):

		December 30, 2023		April 1, 2023					
		June 29, 2024		March 30, 2024					
	Carrying Value	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Revolving Credit Facilities									
Versace Term Loan									

Senior Notes due 2024

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 $6 million and $26 million of no impairment charges during the three and nine months ended December 30, 2023, respectively. The Company recorded $1 million June 29, 2024 and $12 million of impairment charges during the three and nine months ended 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 nine months ended December 30, 2023 and the three and nine months ended December 31, 2022 (in millions):

	Three Months Ended December 30, 2023			Nine Months Ended December 30, 2023		
	Carrying Value Prior to Impairment	Fair Value	Impairment Charge	Carrying Value Prior to Impairment	Fair Value	Impairment Charge
Operating Lease Right-of-Use Assets	$ 10	$ 5	$ 5	$ 34	$ 15	$ 19
Property and Equipment	4	3	1	12	5	7
Total	$ 14	$ 8	$ 6	$ 46	$ 20	$ 26

	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

July 1, 2023.

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.

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 (loss) income. As of June 29, 2024, there were no forward foreign currency exchange contracts outstanding.

Net Investment Hedges

During the first quarter As of Fiscal 2024, March 30, 2024, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts had $2.5 billion of $2.5 billion hedges outstanding to hedge its net investment in Swiss Franc (“CHF”) denominated subsidiaries. During the third quarter subsidiaries, 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, which the Company will exchange semi-annual fixed rate payments on United States Dollar notional amounts for fixed rate payments of 0.0%. The increase in interest received from CHF. During the CHF first quarter of Fiscal 2025, the Company entered into additional fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $450 million, of which the Company will be offset by interest expense related exchange monthly fixed rate payments on United States Dollar notional amounts for fixed rate payments of 0.0% in CHF. As of June 29, 2024, the Company had $2.95 billion of hedges outstanding to the financing component of this modification. hedge its net investment in CHF denominated subsidiaries. These contracts have maturity dates between September 2024 and June 2028 2029 and are designated as net investment hedges.

During the first quarter

As of Fiscal 2024, March 30, 2024 and June 29, 2024, the Company entered into multiple had $1 billion of float-to-float cross-currency swap agreements with aggregate notional amounts of $1.0 billion hedges outstanding 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 As of Fiscal 2024, March 30, 2024, the Company entered into multiple had $350 million of fixed-to-fixed cross-currency swap agreements with an aggregate notional amount of $350 million hedges outstanding related to hedge its net investment in Euro denominated subsidiaries. Under the terms subsidiaries, of these contracts, which 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, 2025, 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 December 30, 2023, the Company had multiple additional 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 $534 million, of these contracts, which the Company will exchange the semi-annual monthly fixed rate payments on GBP United States Dollar notional amounts for fixed rate payments of 0.0% in Euro. As of June 29, 2024, the Company had $884 million of fixed-to-fixed cross-currency hedges outstanding related to its net investment in Euro denominated subsidiaries. These contracts have maturity dates between November 2024 and November January 2027 and are July 2031 and have been designated as net investment hedges.

As of 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 (loss) income. Accordingly, the Company recorded interest income of $26 $24 million and $66 million $15 million during the three and nine months ended December 30, 2023 June 29, 2024 and July 1, 2023, respectively. Additionally,

The net gain or loss on net investment hedges are reported within CTA as a component of accumulated other comprehensive income on the Company recorded interest income Company's consolidated balance sheets. Upon discontinuation of $4 million and $32 million during the three and nine months ended December 31, 2022, respectively. hedge, such amounts remain in CTA until the related net investment is sold or liquidated.

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 had previously 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. loans. As of December 30, 2023 March 30, 2024 and June 29, 2024, the total notional values of outstanding fair value cross-currency swaps related to these loans there were €1 billion. Under the term of these contracts, the Company will exchange the semi-annual fixed rate payments on no 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. Fair Value Hedge outstanding.

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 (loss) income, which will offset the earnings impact of the underlying transaction being hedged. If the fair value hedge is terminated and the underlying intercompany loans are settled, the accumulated other comprehensive income (“AOCI”) remaining from the hedge at the time of termination will be reclassified to foreign currency loss on the Company's consolidated statements of operations and comprehensive (loss) income. Accordingly, the Company recorded a foreign currency gain of $2 million and $23 $28 million during the three and nine months ended December 30, 2023, respectively.

July 1, 2023.

The following table details the fair value of the Company's derivative contracts, which are recorded on a gross basis in on the consolidated balance sheets as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 (in millions):

	Fair Value
	Fair Value
	Fair Value
Designated net investment hedges	
Designated net investment hedges	
Designated net investment hedges	
Designated fair value hedges	

Designated fair value hedges	
Designated fair value hedges	
Total	
Total	
Total	

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

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

(3) As of December 30, 2023 June 29, 2024, the Company recorded $25 $4 million within accrued expenses and current liabilities and $235 $121 million within other long-term liabilities in on the Company's consolidated balance sheets. As of March 30, 2024, the Company recorded $3 million within accrued expenses and current liabilities and $85 million within other long-term liabilities on 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 value of all of its derivative assets and liabilities in on 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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 would be as follows (in millions):

	Net Investment Hedges
	Net Investment Hedges
	Net Investment Hedges
	December 30, 2023
	December 30, 2023
	December 30, 2023
	June 29, 2024
	June 29, 2024
	June 29, 2024
Assets subject to master netting arrangements	
Assets subject to master netting arrangements	
Assets subject to master netting arrangements	
Liabilities subject to master netting arrangements	
Liabilities subject to master netting arrangements	
Liabilities subject to master netting arrangements	
Derivative assets, net	
Derivative assets, net	
Derivative assets, net	
Derivative liabilities, 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 net investment hedges and net investment fair value hedges (in millions):

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

	Three Months Ended	Three Months Ended
	June 29, 2024	July 1, 2023
	Pre-Tax Losses Recognized in OCI	Pre-Tax Losses Recognized in OCI
Designated net investment hedges		
Designated net investment hedges		
Designated net investment hedges		
Designated fair value hedge		

The following tables summarize the pre-tax impact of the gains within the consolidated statements of operations and comprehensive (loss) income related to the designated forward foreign currency exchange contracts for the three and nine months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023 (in millions):

	Three Months Ended		
	Pre-Tax Gain Reclassified from Accumulated OCI		
	December 30, 2023 June 29, 2024	December 31, 2022 July 1, 2023	Location of Gain Recognized
Designated forward foreign currency exchange contracts	$ —	$ 3	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

As of December 30, 2023, there were no forward foreign currency contracts outstanding.

Undesignated Hedges

During both the three and nine months ended 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 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 nine months ended 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. See Note 18 for additional information regarding derivative activity subsequent to June 29, 2024.

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 with respect of Company equity awards. Accordingly, the Company did not repurchase any of its ordinary shares since entering into the 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 nine three months ended December 30, 2023 June 29, 2024, the Company purchased 2,637,102 did not purchase any shares, for a total cost of approximately $100 million, including commissions, through open market transactions under the Existing Share Repurchase Plan. As of December 30, 2023 June 29, 2024, the remaining availability under the Company’s Existing Share Repurchase Plan was $300 million.

During the nine three months ended December 31, 2022 July 1, 2023, the Company purchased 18,921,459 2,636,564 shares for a total cost of approximately $950 million $100 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 nine three month periods ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023, the Company withheld 185,133 93,738 shares and 300,722 164,377 shares, respectively, with a fair value of $7 million $3 million and $14 million $6 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 nine three months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023, respectively (in millions):

	Foreign Currency Adjustments (1) Foreign Currency Adjustments (1) Foreign Currency Adjustments (1)
Balance at March 30, 2024	
Balance at March 30, 2024	
Balance at March 30, 2024	
Other comprehensive loss before reclassifications	
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	
Other comprehensive loss, net of tax	
Other comprehensive loss, net of tax	
Other comprehensive loss, net of tax	
Balance at June 29, 2024	
Balance at June 29, 2024	
Balance at June 29, 2024	
Balance at April 1, 2023	
Balance at April 1, 2023	
Balance at April 1, 2023	
Other comprehensive loss before reclassifications	
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	
Other comprehensive loss, net of tax	
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
Other comprehensive (loss) income before reclassifications
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
Other comprehensive (loss) income, net of tax
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
Balance at July 1, 2023
Balance at July 1, 2023
Balance at July 1, 2023

(1) Foreign currency translation adjustments for the nine three months ended December 30, 2023 June 29, 2024 primarily include a $159 million $19 million loss, net of taxes of $59 million $7 million, relating to the Company's net investment hedges, and a net $10 million translation loss. Foreign currency translation adjustments for the three months ended July 1, 2023 primarily include a $58 million loss, net of taxes of $21 million, relating to the Company's net investment and fair value hedges, partially offset by a net $47 million $51 million translation gain. Foreign currency translation adjustments for the nine months ended December 31, 2022 primarily include a net $310 million translation loss partially offset by a $219 million gain, net of taxes of $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 (loss) 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 December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024, there were 4,236,865 2,439,650 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 nine three months ended December 30, 2023 June 29, 2024:

	Options	Service-Based RSUs	Performance-Based RSUs	Options	Service-Based RSUs	Performance-Based RSUs
Outstanding/Unvested at April 1, 2023						
Outstanding/Unvested at March 30, 2024						
Granted						
Exercised/Vested						
Canceled/Forfeited						
Canceled/Forfeited						
Canceled/Forfeited						
Outstanding/Unvested at December 30, 2023						
Outstanding/Unvested at June 29, 2024						

The weighted average grant date fair value of service-based RSUs granted during the three months ended June 29, 2024 was $32.13. There were no performance-based RSUs granted during the three months ended June 29, 2024. The weighted average grant date fair value of service-based and performance-based RSUs granted during the nine three months ended December 30, 2023 July 1, 2023 was $36.90 $36.86 and $36.82, respectively. The weighted average grant date fair value of service-based and performance-based RSUs granted during the nine months ended December 31, 2022 was $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 nine months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023 (in millions):

		Three Months Ended	Three Months Ended		Nine Months Ended
		December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
		Three Months Ended			
		Three Months Ended			
	June 29, 2024				
	June 29, 2024				
	June 29, 2024				
Share-based compensation expense					
Share-based compensation expense					
Share-based compensation expense					
Tax benefit related to share-based compensation expense					
Tax benefit related to share-based compensation expense					
Tax benefit related to share-based compensation expense					

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 December 30, 2023 June 29, 2024 is approximately $11 million $8 million. There are no forfeitures for performance-based RSUs.

See Note 16 17 in the Company's Fiscal 2023 2024 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 months ended December 30, 2023 June 29, 2024 was 14.6% (33.3)%. This rate differs from the United Kingdom ("U.K.") federal statutory rate of 25% primarily related to the settlement of certain state tax audits and unfavorable share-based compensation adjustments.

The Company's effective tax rate for the three months ended July 1, 2023 was 4.0%. 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, 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 a valuation allowance on Korean deferred tax assets during the nine three months ended December 30, 2023

The Company's effective tax rate for the three July 1, 2023 and nine months ended December 31, 2022 was 1.3% and 9.2%, respectively. For both periods, such rates differed from the U.K. federal statutory rate of 19% primarily due to the impact of global financing activities and the release of a valuation allowance on UK deferred tax assets. activities.

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 generally realizes lower effective tax rates for the three and nine months ended December 30, 2023. compared to its statutory rate as a result of these financing activities.

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 related costs impairment charges, the impact of the war in Ukraine, and restructuring and other expense and COVID-19 related expenses. (expense) income. 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		Nine Months Ended		Three Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023
Total revenue:						
Versace						
Versace						
Versace						
Jimmy Choo						
Michael Kors						
Total revenue						
Income (loss) from operations:						
Income (loss) from operations:						
Income (loss) from operations:						
Versace						
Versace						
Versace						
Jimmy Choo						
Michael Kors						
Total segment income from operations						
Less: Corporate expenses						
Impairment of assets (1)						
Merger related costs						
Restructuring and other expense						
COVID-19 related expenses						
Impact of war in Ukraine						
Total income from operations						
Merger related costs						

Merger related costs

Restructuring and other (expense) income

Total (loss) income from operations

Total (loss) income from operations

Total (loss) income from operations

(1) Impairment of assets during the three and nine months ended December 30, 2023 primarily relate to operating lease right-of-use assets at certain Versace and Michael Kors store locations. Impairment of assets during the nine months ended December 31, 2022 primarily 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		Nine Months Ended	Three Months Ended		
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023
Depreciation and amortization:						
Versace						
Versace						
Versace						
Jimmy Choo						
Michael Kors						
Corporate						
Total depreciation and amortization						

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

	Three Months Ended		Nine Months Ended	Three Months Ended		
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023
Revenue:						
The Americas (United States, Canada and Latin America) (1)						
The Americas (United States, Canada and Latin America) (1)						
The Americas (United States, Canada and Latin America) (1)						
EMEA						
Asia						
Total revenue						

(1) Total revenue earned in the U.S. was $764 million $523 million and $1.959 billion, respectively, $578 million for the three and nine months ended December 30, 2023. Total revenue earned in the U.S. was $840 million June 29, 2024 and $2.312 billion July 1, 2023, respectively, for the three and nine months ended December 31, 2022. respectively.

18. Subsequent Events

On February 7, 2024, During 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. 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 second quarter of Fiscal 2024. 2025, the Company entered into multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $500 million related to its net investment in Euro denominated subsidiaries. In addition, the Company settled and subsequently entered into multiple, new fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of $325 million related to its net investment in CHF denominated subsidiaries.

See Item 5 – Other Information

During the second quarter of Fiscal 2025, the Company entered into multiple interest rate swaps with aggregate notional amounts of €800 million. The swaps were designed to mitigate the impact of adverse interest rate fluctuations for additional information. a portion of the Company's variable rate debt.

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"). Tapestry. 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.

The Merger has been approved by the boards of directors of Capri and Tapestry and by the shareholders of Capri. Completion of the Merger is subject to, among other customary conditions, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Company has received regulatory approval from all countries except for the United States. In connection with Tapestry's pending acquisition of Capri, on April 22, 2024, the U.S. FTC filed a lawsuit in the United States District Court for the Southern District of New York against Tapestry and the Company seeking to block the Merger, claiming that the Merger would violate Section 7 of the Clayton Act and that the Merger Agreement and the Merger constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act and should be enjoined. The Company strongly disagrees with the FTC's decision to file suit, and the Company, together with Tapestry, is vigorously defending the lawsuit. There can be no assurance as to the outcome of litigation with the FTC or that this condition to the completion of the Merger will be satisfied on a timely basis or at all. If the Merger is blocked, there can be no assurance that any other transaction acceptable to us will be offered and our business, prospects and/or results of operations may be adversely affected.

Our Business

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

Our Versace brand has long been recognized as one of the world's leading international fashion design houses and is synonymous with Italian glamour and style. Founded in 1978 in Milan, Versace is known for its iconic and unmistakable style and unparalleled craftsmanship. Over the past several decades, the House of Versace has grown globally from its roots in haute couture, expanding into the design, manufacturing, distribution and retailing of ready-to-wear, accessories, ready-to-wear, footwear, eyewear, watches, jewelry, fragrance and home furnishings businesses. furnishing. 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 fashionable 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 accessory brand, whose core product offering is women's luxury footwear, shoes, complemented by accessories, including handbags, small leather goods, jewelry, scarves and belts, as well as a men's luxury footwear shoes and accessory business. accessories. In addition, certain categories, such as fragrances and eyewear, are produced under licensing agreements. Jimmy Choo's design team is led by Sandra Choi, who has been the Creative Director for the brand since its inception in 1996. Jimmy Choo products are unique, instinctively seductive and chic. The brand offers classic and timeless luxury products, as well as alongside innovative products collections that are unique, instinctively seductive intended to set and chic. lead fashion trends. Jimmy Choo is represented through its global store network, its e-commerce sites, as well as through the most prestigious department and specialty stores worldwide.

Our Michael Kors brand was launched over 40 years ago by Michael Kors, a world renowned designer, whose vision has taken the Company from its beginnings as an American luxury sportswear house to a global accessories, footwear ready-to-wear, and ready-to-wear footwear 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. footwear. 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 third first quarter of Fiscal 2024, 2025, and are likely to continue to impact our business and the premium luxury 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, including national elections such as the upcoming U.S. presidential election, 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 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 our accessories and related merchandise. Our performance is affected by trends in the luxury goods industry, global consumer spending, macroeconomic factors, overall levels of consumer travel and spending on discretionary items as well as shifts in demographics and changes in lifestyle preferences. Through 2019, the personal luxury goods market grew at a mid-single digit rate over the past 20 years. 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; 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. These disruptions include the recent attacks on commercial shipping vessels in the Red Sea that have led to disruption and instability in global supply chains, which have resulted in shipment delays. These shipping disruptions have also resulted in, and may continue to result in, increased freight costs. 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 March 30, 2024 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 of our products. product.

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 March 30, 2024 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 related costs impairment charges, the impact of the war in Ukraine, and restructuring and other expense and COVID-19 related expenses. (expense) income. 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 nine months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023 (in millions):

	Three Months Ended		Nine Months Ended		Three Months Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023
Total revenue:						
Versace						
Versace						
Versace						
Jimmy Choo						
Michael Kors						
Total revenue						
Income (loss) from operations:						
Income (loss) from operations:						
Income (loss) from operations:						
Versace						
Versace						
Versace						
Jimmy Choo						
Michael Kors						
Total segment income from operations						
Less: Corporate expenses						
Impairment of assets (1)						
Merger related costs						
Restructuring and other expense						
COVID-19 related expenses						
Impact of war in Ukraine						
Total income from operations						
Merger related costs						
Merger related costs						
Restructuring and other (expense) income						
Total (loss) income from operations						
Total (loss) income from operations						
Total (loss) income from operations						

(1) Impairment of assets during the three and nine months ended 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 nine months ended 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	
		December 30, 2023	December 31, 2022
		June 29, 2024	July 1, 2023
Number of full price retail stores (including concessions):			
Versace			
Versace			
Versace			
Jimmy Choo			
Michael Kors			
	843		
	804		
Number of outlet stores:			
Number of outlet stores:			
Number of outlet stores:			
Versace			
Versace			
Versace			
Jimmy Choo			
Michael Kors			
	427		
	426		
Total number of retail stores			
Total number of retail stores			
Total number of retail stores			
Total number of wholesale doors:			
Total number of wholesale doors:			
Total number of wholesale doors:			
Versace			
Versace			
Versace			
Jimmy Choo			
Michael Kors			
	3,974		

The following table presents our retail stores by geographic location:

	As of					
	December 30, 2023			December 31, 2022		
	June 29, 2024			July 1, 2023		
	Versace	Versace	Jimmy Choo	Michael Kors	Versace	Jimmy Choo
Store count by region:						
The Americas						
The Americas						

REFINITIV

The Americas		44	43	43	308	308	41	41	45
EMEA	EMEA	61	69	69	171	171	59	59	72
Asia	Asia	128	125	125	321	321	125	125	326
	233								
	239								

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		Nine Months Ended		Three Months Ended		
		December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022		June 29, 2024	July 1, 2023
Total revenue								
Gross profit as a percent of total revenue	Gross profit as a percent of total revenue	65.0 %	66.5 %	65.2 %	66.7 %	Gross profit as a percent of total revenue	64.6 %	66.1 %
Income from operations								
Income from operations as a percent of total revenue		8.5 %	15.6 %	7.7 %	16.8 %			
(Loss) income from operations								
(Loss) income from operations as a percent of total revenue		(0.7) %	6.5 %					

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 March 30, 2024. There have been no significant changes in to our critical accounting policies and estimates since April 1, 2023 March 30, 2024.

Results of Operations

Comparison of the three months ended December 30, 2023 June 29, 2024 with the three months ended December 31, 2022 July 1, 2023

The following table details the results of our operations for the three months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023, 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		
	December 30, 2023	December 31, 2022	$ Change	% Change	December 30, 2023	December 31, 2022	June 29, 2024	July 1, 2023	C
Statements of Operations Data:									
Total revenue									
Total revenue									
Total revenue									
Cost of goods sold									
Cost of goods sold									

Cost of goods sold		499	507	507	(8)	(8)	(1.6)	(1.6)%	35.0 %	33.5 %		378	417
Gross profit	Gross profit	928	1,005	1,005	(77)	(77)	(7.7)	(7.7)%	65.0 %	66.5 %	Gross profit	689	812
Selling, general and administrative expenses	Selling, general and administrative expenses	749	720	720	29	29	4.0	4.0 %	52.5 %	47.6 %	Selling, general and administrative expenses	649	689
Depreciation and amortization	Depreciation and amortization	46	43	43	3	3	7.0	7.0 %	3.2 %	2.8 %	Depreciation and amortization	47	45
Impairment of assets		6		1		5		NM	0.4 %	0.1 %			
Restructuring and other expense		5		5		—		— %	0.4 %	0.3 %			
Restructuring and other expense (income)													
Restructuring and other expense (income)													
Restructuring and other expense (income)		1		(2)		3		NM	0.1 %	(0.2)%			
Total operating expenses	Total operating expenses	806	769	769	37	37	4.8	4.8 %	56.5 %	50.9 %	Total operating expenses	697	732
Income from operations		122		236		(114)		(48.3)%	8.5 %	15.6 %			
Other income, net		—		(1)		1		NM	— %	(0.1)%			
Interest expense, net		1		12		(11)		(91.7)%	0.1 %	0.8 %			
Foreign currency gain		(2)		(3)		1		(33.3)%	(0.1)%	(0.2)%			
Income before income taxes		123		228		(105)		(46.1)%	8.6 %	15.1 %			
(Loss) income from operations		(8)		80		(88)		NM	(0.7)%	6.5 %			
Other expense, net		—		1		(1)		NM	— %	0.1 %			
Interest (income) expense, net		(4)		8		(12)		NM	(0.4)%	0.7 %			
Foreign currency loss		5		21		(16)		(76.2)%	0.5 %	1.7 %			
(Loss) income before provision for income taxes		(9)		50		(59)		NM	(0.8)%	4.1 %			
Provision for income taxes	Provision for income taxes	18	3	3	15	15	NM	NM	1.3 %	0.2 %	Provision for income taxes	3	2
Net income													
Net (loss) income													
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

Net income attributable to Capri

Net (loss) income attributable to Capri

Net (loss) income attributable to Capri

Net (loss) income attributable to Capri

NM Not meaningful

Total Revenue

Total revenue decreased $85 million $162 million, or 5.6% 13.2%, to $1.427 billion $1.067 billion for the three months ended December 30, 2023 June 29, 2024, compared to $1.512 billion $1.229 billion for the three months ended December 31, 2022 July 1, 2023, which included net favorable unfavorable foreign currency effects of approximately $15 million $13 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 against the Japanese Yen, Euro and Chinese Renminbi and Japanese Yen for the three months ended December 30, 2023 June 29, 2024. On a constant currency basis, our total revenue decreased $100 million $149 million, or 6.6%. 12.1% primarily attributable to lower revenues continuing macroeconomic headwinds resulting in the Americas softening demand globally for fashion luxury goods impacting each of our brands.

		Three Months Ended					% Change					Three Months Ended				% Change			
(in millions)	(in millions)	December 30, 2023		December 31, 2022		$ Change		As Reported		Constant Currency		(in millions)	June 29, 2024		July 1, 2023		$ Change		As Reported
Versace	Versace	$ 227	$	$ 249	$	$(22)	(8.8)	(8.8)	%	(10.8)	%	Versace	$ 219	$	$ 259	$	$ (40)	(15.4)	(15.4)%
Jimmy Choo	Jimmy Choo	166	168	168	(2)	(2)	(1.2)	(1.2)	%	(3.0)	%	Jimmy Choo	173	183	183	(10)	(10)	(5.5)	
Michael Kors	Michael Kors	1,034	1,095	1,095	(61)	(61)	(5.6)	(5.6)	%	(6.2)	%	Michael Kors	675	787	787	(112)	(112)	(14.2)	(
Total revenue	**Total revenue**	$ 1,427	$	$ 1,512	$	$(85)	(5.6)	(5.6)	%	(6.6)	%	**Total revenue**	$ 1,067	$	$1,229	$	$(162)	(13.2)	(13.2)%

- *Versace* revenues decreased $22 million $40 million, or 8.8% 15.4%, to $227 million $219 million for the three months ended December 30, 2023 June 29, 2024, compared to $249 million $259 million for the three months ended December 31, 2022 July 1, 2023, which included favorable unfavorable foreign currency

currency effects of $5 million $3 million. On a constant currency basis, revenue decreased $27 million $37 million, or 10.8% 14.3%, primarily attributable to lower revenues in EMEA and the Americas, partially offset by increased revenues particularly in Asia. our wholesale business.

- *Jimmy Choo* revenues decreased $2 million $10 million, or 1.2% 5.5%, to $166 million $173 million for the three months ended December 30, 2023 June 29, 2024, compared to $168 million $183 million for the three months ended December 31, 2022 July 1, 2023, which included favorable unfavorable foreign currency effects of $3 million. On a constant currency basis, revenue decreased $5 million $7 million, or 3.0% 3.8%, primarily attributable to lower revenues in the Americas partially offset by increased revenues in Asia. Asia due to softening demand for fashion luxury goods.

- *Michael Kors* revenue decreased $61 million $112 million, or 5.6% 14.2%, to $1.034 billion $675 million for the three months ended December 30, 2023 June 29, 2024, compared to $1.095 billion $787 million for the three months ended December 31, 2022 July 1, 2023, which included favorable unfavorable foreign currency effects of $7 million. On a constant currency basis, revenue decreased $68 million $105 million, or 6.2% 13.3%, primarily due to lower revenues in the Americas. softening demand globally for fashion luxury goods.

Gross Profit

Gross profit decreased $77 million $123 million, or 7.7% 15.1%, to $928 million $689 million for the three months ended December 30, 2023 June 29, 2024, compared to $1.005 billion $812 million for the three months ended December 31, 2022 July 1, 2023, which included net favorable unfavorable foreign currency effects of $15 million $6 million. Gross profit as a percentage of total revenue was 65.0% 64.6% and 66.5% 66.1% for the three months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023, respectively. The gross profit margin decrease was primarily related to lower full price sell-through sell-throughs partially offset by favorable channel mix for the three months ended December 30, 2023 June 29, 2024, as compared to the three months ended December 31, 2022 July 1, 2023.

Total Operating Expenses

Total operating expenses increased $37 million decreased $35 million, or 4.8%, to $806 million $697 million for the three months ended December 30, 2023 June 29, 2024, compared to $769 million $732 million for the three months ended December 31, 2022 July 1, 2023. Our operating expenses included a net unfavorable favorable foreign currency impact of approximately $14 million $8 million. Total operating expenses increased to 56.5% 65.3% as a percentage of total revenue for the three months ended December 30, 2023 June 29, 2024, compared to 50.9% 59.6% for the three months ended December 31, 2022 July 1, 2023. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $29 million decreased $40 million, or 4.0% 5.8%, to $749 million $649 million for the three months ended December 30, 2023 June 29, 2024, compared to $720 million $689 million for the three months ended December 31, 2022 July 1, 2023, primarily due to the timing of marketing spend in the prior year, particularly related to the timing of the Versace fall fashion show, decreased retail store costs and decreased unallocated corporate expenses for the three months ended June 29, 2024.

As a percentage of total revenue, selling, general and administrative expenses increased to 52.5% 60.8% for the three months ended December 30, 2023 June 29, 2024, compared to 47.6% 56.1% for the three months ended December 31, 2022 July 1, 2023, primarily due to increased retail store costs, marketing investments and unallocated corporate expenses along with deleveraging of expenses on lower revenue revenues for the three months ended December 30, 2023 June 29, 2024.

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 decreased $7 million, or 21.4% 9.9%, to $68 million $64 million for the three months ended December 30, 2023 June 29, 2024 as compared to $56 million $71 million for the three months ended December 31, 2022 July 1, 2023, primarily due to an increase a decrease in professional fees and information technology costs related to the ongoing certain Capri transformation projects. projects which are now complete.

Depreciation and Amortization

Depreciation and amortization increased $3 million $2 million, or 7.0% 4.4%, to $46 million $47 million for the three months ended December 30, 2023 June 29, 2024, compared to $43 million $45 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 July 1, 2023. 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 (Income)

During the three months ended December 30, 2023 June 29, 2024, we recorded costs of $5 $1 million primarily related to equity awards associated with the acquisition lease termination and store closure costs. The $2 million of Versace and severance expenses incurred during the third quarter. The $5 million of expense income recorded for the three months ended December 31, 2022 July 1, 2023 was primarily related to a gain on the sale of a long-lived corporate asset, partially offset by acquisition related Versace equity awards, associated with which are no longer recurring in the acquisition of Versace. current year, and severance expenses. 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).

(Loss) Income from Operations

As a result of the foregoing, income loss from operations decreased $114 million, to $122 million was $8 million for three months ended December 30, 2023 June 29, 2024, compared to $236 million income from operations of $80 million for the three months ended December 31, 2022 July 1, 2023. Income Loss from operations as a percentage of total revenue decreased to 8.5% was 0.7% for the three months ended December 30, 2023 June 29, 2024, compared to 15.6% income from operations of 6.5% for the three months ended December 31, 2022 July 1, 2023. See *Segment Information* above for a reconciliation of our segment operating income to total operating (loss) income.

(in millions)

(in millions)

(in millions)	December 30, 2023	December 31, 2022			$ Change		% Change	June 29, 2024	July 1, 2023		$ Change		% Change	
Income (loss) from operations:														
Versace														
Versace														
Versace	$ (14)	$	$ 24	$	$(38)	(158.3)	(158.3)%	$ (17)	$	$ 3	$	$ (20)	NM	NM
Jimmy Choo	Jimmy Choo 4	18	18	(14)	(14)	(77.8)	(77.8) %	Jimmy Choo 4	16	16	(12)	(12)	(75.0)	

Michael Kors	Michael Kors	219	251		251	(32)		(32)	(12.7)	(12.7)	%	Michael Kors	75	130	130	(55)	(55)	(42.3)
Total segment income from operations	**Total segment income from operations**	$ 209	$	$	293	$	$(84)	(28.7)	(28.7)%	**Total segment income from operations**	$	62	$	$149	$	$(87)	(58.4)	(58.4)

Operating Margin:

Versace
Versace
Versace
Jimmy Choo
Jimmy Choo
Jimmy Choo
Michael Kors
Michael Kors
Michael Kors

NM Not meaningful

- *Versace* recorded a loss from operations of $14 $17 million for the three months ended December 30, 2023 June 29, 2024, compared to income of $24 $3 million for the three months ended December 31, 2022 July 1, 2023. Operating margin decreased from 9.6% 1.2% for the three months ended December 31, 2022 July 1, 2023, to an operating loss of 6.2% 7.8% for the three months ended December 30, 2023 June 29, 2024, primarily due to increased retail store costs, unfavorable channel mix, deleveraging of operating expenses on lower revenues and lower full price sell-through sell-throughs partially offset by decreased marketing expenses compared to the prior year. year as noted above.

- *Jimmy Choo* recorded income from operations of $4 million for the three months ended December 30, 2023 June 29, 2024, compared to $18 million $16 million for the three months ended December 31, 2022 July 1, 2023. Operating margin decreased from 10.7% 8.7% for the three months ended December 31, 2022 July 1, 2023 to 2.4% 2.3% for the three months ended December 30, 2023 June 29, 2024, primarily due to lower full price sell-through, unfavorable channel mix and increased retail store costs, deleveraging of operating expenses on lower revenues and lower full price sell-throughs compared to the prior year.

- *Michael Kors* recorded income from operations of $219 million $75 million for the three months ended December 30, 2023 June 29, 2024, compared to $251 million $130 million for the three months ended December 31, 2022 July 1, 2023. Operating margin decreased from 22.9% 16.5% for the three months ended December 31, 2022 July 1, 2023, to 21.2% 11.1% for the three months ended December 30, 2023 June 29, 2024, primarily due to deleveraging of operating expenses on lower revenues and lower full price sell-through sell-throughs partially offset by favorable channel mix compared to the prior year.

Interest (Income) Expense, net

We For the three months ended June 29, 2024, we recognized $1 million and $12 million $4 million of interest income compared to $8 million of interest expense net, for the three months ended December 30, 2023 and December 31, 2022, respectively. July 1, 2023. The $11 million decrease $12 million improvement in interest (income) 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 Loss

For the three months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023, we recognized a net foreign currency gain loss of $2 million $5 million and $3 million $21 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 $3 million on a pre-tax loss of $9 million for the three months ended December 30, 2023 June 29, 2024, compared to $3 million $2 million on pre-tax income of $50 million for the three months ended December 31, 2022 July 1, 2023. Our effective tax rates were 14.6% and 1.3% rate for the three months ended December 30, 2023 and December 31, 2022, respectively. In the current year, the increase in June 29, 2024 compared to 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 three months ended July 1, 2023 is not a meaningful metric due to the pre-tax loss in the current year and pre-tax income for the prior year. Our effective tax rate of Fiscal 2024. (33.3)% differs from the United Kingdom ("U.K.") federal statutory rate of 25% primarily related to the settlement of certain state tax audits and unfavorable share-based compensation adjustments.

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 (Loss) Income Attributable to Capri

As a result of the foregoing, our net income decreased $120 million loss attributable to $105 million Capri was $14 million for the three months ended December 30, 2023 June 29, 2024, compared to $225 million net income of $48 million for the three months ended December 31, 2022 July 1, 2023.

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 nine months ended December 30, 2023. On a constant currency basis, our total revenue decreased $368 million, or 8.6%. The decrease is primarily attributable to lower revenues in the Americas for each of our brands.

	Nine Months Ended			% Change	
(in millions)	December 30, 2023	December 31, 2022	$ Change	As Reported	Constant Currency
Versace	$ 766	$ 832	$ (66)	(7.9)%	(9.5)%
Jimmy Choo	481	482	(1)	(0.2)%	(1.2)%
Michael Kors	2,700	2,970	(270)	(9.1)%	(9.5)%
Total revenue	$ 3,947	$ 4,284	$ (337)	(7.9)%	(8.6)%

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

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

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

Gross Profit

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

Total Operating Expenses

Total operating expenses increased $132 million, or 6.2%, to $2.270 billion for the nine months ended December 30, 2023, compared to $2.138 billion for the nine months ended December 31, 2022. Our operating expenses included a net unfavorable foreign currency impact of approximately $24 million. Total operating expenses increased to 57.5% as a percentage of total revenue for the nine months ended December 30, 2023, compared to 49.9% for the nine 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 $118 million, or 5.9%, to $2.102 billion for the nine months ended December 30, 2023, compared to $1.984 billion for the nine months ended December 31, 2022. As a percentage of total revenue, selling, general and administrative expenses increased to 53.3% for the nine months ended December 30, 2023, compared to 46.3% for the nine months ended December 31, 2022, primarily due to increased retail store costs, marketing investments and unallocated corporate expenses and deleveraging of operating expenses on lower revenue for the nine 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 $39 million, or 22.8%, to $210 million for the nine months ended December 30, 2023 as compared to $171 million for the nine 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 $8 million, or 6.1%, to $139 million for the nine months ended December 30, 2023, compared to $131 million for the nine months ended December 31, 2022. Depreciation and amortization increased to 3.5% as a percentage of total revenue for the nine months ended December 30, 2023, compared to 3.1% for the nine 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 nine months ended December 30, 2023, we recognized asset impairment charges of $26 million primarily related to operating lease right-of-use assets at certain Versace and Michael Kors store locations. For the nine months ended December 31, 2022, we recognized asset impairment charges of $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 Expense

During the nine months ended December 30, 2023, we recorded costs of $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. During the nine months ended December 31, 2022, we recorded expenses of $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 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 $417 million, to $302 million for the nine months ended December 30, 2023, compared to $719 million for the nine months ended December 31, 2022. Income from operations as a percentage of total revenue decreased to 7.7% for the nine months ended December 30, 2023, compared to 16.8% for the nine months ended December 31, 2022. See *Segment Information* above for a reconciliation of our segment operating income to total operating income.

	Nine Months Ended			
(in millions)	December 30, 2023	December 31, 2022	$ Change	% Change
Income from operations:				
Versace	$ 24	$ 138	$ (114)	(82.6)%
Jimmy Choo	11	45	(34)	(75.6)%

Michael Kors	518	721	(203)	(28.2)%
Total segment income from operations	$ 553	$ 904	$ (351)	(38.8)%
Operating Margin:				
Versace	3.1 %	16.6 %		
Jimmy Choo	2.3 %	9.3 %		
Michael Kors	19.2 %	24.3 %		

- Versace recorded income from operations of $24 million for the nine months ended December 30, 2023, compared to $138 million for the nine months ended December 31, 2022. Operating margin decreased from 16.6% for the nine months ended December 31, 2022, to 3.1% for the nine months ended 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 $11 million for the nine months ended December 30, 2023, compared to $45 million for the nine months ended December 31, 2022. Operating margin decreased from 9.3% for the nine months ended December 31, 2022, to 2.3% for the nine months ended December 30, 2023, primarily due to increased retail store costs and marketing investments.

- Michael Kors recorded income from operations of $518 million for the nine months ended December 30, 2023, compared to $721 million for the nine months ended December 31, 2022. Operating margin decreased from 24.3% for the nine months ended December 31, 2022, to 19.2% for the nine months ended 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, partially offset by lower supply chain costs compared to the prior year.

Interest Expense, net

We recognized $12 million and $13 million of interest expense, net, for the nine months ended December 30, 2023 and December 31, 2022, respectively. The $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 (see Note 10 and Note 13 to the accompanying consolidated financial statements for additional information).

Foreign Currency Loss (Gain)

For the nine months ended December 30, 2023, we recognized a net foreign currency loss of $16 million, primarily attributable to the remeasurement of intercompany loans with certain of our subsidiaries. For the nine months ended December 31, 2022, we recognized a net foreign currency gain of $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 nine months ended December 30, 2023, we recognized $31 million of income tax expense compared to $66 million for the nine months ended December 31, 2022. Our effective tax rate was 11.3% and 9.2% for the nine months ended December 30, 2023 and December 31, 2022, respectively. In the current year, the higher effective tax rate was primarily related to a valuation allowance release on United Kingdom deferred tax assets as well as a tax deductible foreign exchange related loss recognized in the prior year. This increase was partially offset by a favorable mix of earnings in lower tax jurisdictions in the 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 $407 million to $243 million for the nine months ended December 30, 2023, compared to $650 million for the nine months ended December 31, 2022.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, along with borrowings available under our credit facilities (see below discussion regarding "Revolving Credit Facilities") and available cash and cash equivalents. Our primary use of this liquidity is to fund the ongoing cash requirements, including our working capital needs and capital investments in our business, debt repayments, acquisitions, returns of capital, including share repurchases and other corporate activities. We believe that the cash generated from our operations, together with borrowings available under our revolving credit facilities and available cash and cash equivalents, will be sufficient to meet our working capital needs for the next 12 months and beyond, including investments made and expenses incurred in connection with our store growth opening and renovation plans, investments in corporate and distribution facilities, continued systems IT system development, e-commerce and marketing initiatives. We spent $139 million $43 million on capital expenditures during the nine three months ended December 30, 2023 June 29, 2024.

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 During Fiscal 2024, through Fiscal 2026, we expect expenditures of up the remaining transformation projects were paused due 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 the pending Merger and we expect expenditures up to $170 million will reassess this program, along with related to these initiatives. timing, during Fiscal 2025.

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

	As of		As of	
	December 30, 2023	April 1, 2023	June 29, 2024	March 30, 2024
Balance Sheet Data:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Working capital				
Total assets				
Short-term debt				
Long-term debt				

	Nine Months Ended	
	December 30, 2023	December 31, 2022
	Three Months Ended	
	June 29, 2024	July 1, 2023
Cash Flows Provided By (Used In):		
Operating activities		
Operating activities		
Operating activities		
Investing activities		
Financing activities		
Effect of exchange rate changes		
Net (decrease) increase in cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents		

Cash Provided by Operating Activities

Net cash provided by operating activities was $265 million $83 million during the nine three months ended December 30, 2023 June 29, 2024, as compared to net cash provided by operating activities of $616 million $40 million for the nine three months ended December 31, 2022 July 1, 2023. The decrease increase in net cash provided by operating activities were primarily attributable to improved inventory levels and a more favorable accounts payable position in the current year, partially offset by a decrease in our net income after non-cash adjustments, along with the stabilization of inventory levels and reduction of accounts payables in the current year. adjustments.

Cash (Used in) Provided by Used in Investing Activities

Net cash used in investing activities was $139 million $52 million during the nine three months ended December 30, 2023 June 29, 2024, as compared to net cash provided by used in investing activities of $241 million $50 million during the nine three months ended December 31, 2022 July 1, 2023. The increase in net cash used in investing activities were primarily attributable to the settlement $9 million of net investment hedges of $409 million during the nine months ended December 31, 2022, acquisition related payments, partially offset by the lower capital expenditures of $29 $7 million compared to prior year.

Cash Used in Financing Activities

Net cash used in financing activities was $116 million $9 million during the nine three months ended December 30, 2023 June 29, 2024, as compared to net cash used in financing activities of $651 million $3 million during the nine three months ended December 31, 2022 July 1, 2023. The decrease increase in net cash used in by financing activities of $535 million $6 million was primarily attributable to a decrease in cash payments to repurchase our ordinary shares of $857 million compared to prior year, $103 million, offset by lower net debt borrowings of $322 million. $108 million compared to prior year.

Debt Facilities

The following table presents a summary of our borrowing capacity and amounts outstanding as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 (in millions):

	As of	
	December 30, 2023	April 1, 2023
	June 29, 2024	March 30, 2024
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)		
Total availability		
Total availability		
Total availability		
Borrowings outstanding (2)		
Letter of credit outstanding		
Remaining availability		
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)		
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)		
Other Borrowings (4)		
Other Borrowings (4)		
Other Borrowings (4)		
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)		
Total availability (70 million Hong Kong Dollars) (5)		
Borrowings outstanding		
Borrowings outstanding		
Borrowings outstanding		
Remaining availability (70 million Hong Kong Dollars)		
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)		
Borrowings outstanding		
Total and remaining availability (75 million Chinese Yuan)		
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)
Borrowings outstanding
Remaining availability (1.0 billion Japanese Yen)
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)
Borrowings outstanding
Remaining availability (40 million Euro)
Total borrowings outstanding (1)
Total borrowings outstanding (1)
Total borrowings outstanding (1)
Total remaining availability

(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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, 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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, all amounts are recorded as long-term debt in on our consolidated balance sheets, besides the Senior Notes, due in November 2024, of which are recorded within short-term debt in on our consolidated balance sheets as of December 30, 2023 June 29, 2024.

(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 December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024, all amounts are recorded as long-term debt in on our consolidated balance sheets.

(4) The balance as of December 30, 2023 June 29, 2024 consists of $11 million $10 million related to our supplier financing program recorded within short-term debt in on 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 on our consolidated balance sheets and $3 million $7 million of other loans recorded as long-term debt in on our consolidated balance sheets. The balance as of April 1, 2023 March 30, 2024 consists of $4 million related to our supplier finance program recorded within short-term debt in on 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 on our consolidated balance sheets.

(5) The balance as of December 30, 2023 June 29, 2024 and April 1, 2023 March 30, 2024 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 December 30, 2023 June 29, 2024, 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 12 in our Fiscal 2023 2024 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 nine three months ended December 30, 2023 June 29, 2024 and December 31, 2022 July 1, 2023 (dollars in millions):

	Nine Months Ended	
	December 30, 2023	December 31, 2022
Cost of shares repurchased under share repurchase program	$ 100	$ 950
Fair value of shares withheld to cover tax obligations for vested restricted share awards	7	14
Total cost of treasury shares repurchased	$ 107	$ 964
Shares repurchased under share repurchase program	2,637,102	18,921,459
Shares withheld to cover tax withholding obligations	185,133	300,722

	2,822,235	19,222,181

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.

	Three Months Ended	
	June 29, 2024	July 1, 2023
Cost of shares repurchased under share repurchase program	$ —	$ 100
Fair value of shares withheld to cover tax obligations for vested restricted share awards	3	6
Total cost of treasury shares repurchased	$ 3	$ 106
Shares repurchased under share repurchase program	—	2,636,564
Shares withheld to cover tax withholding obligations	93,738	164,377
	93,738	2,800,941

On November 9, 2022, the Company we announced its our 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 December 30, 2023 June 29, 2024, 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 the Company's 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 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 since entering into the 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.

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 2024 Form 10-K for a detailed disclosure of our other contractual obligations and commitments as of April 1, 2023 March 30, 2024.

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 $28 $30 million at December 30, 2023 June 29, 2024, including $26 million $28 million in letters of credit issued outside of the 2022 Credit Facility. In addition, as of December 30, 2023 June 29, 2024, bank guarantees of approximately $39 million $38 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 credit 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 may 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 may 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 on our consolidated balance sheets as either an asset or liability and are derivative contracts to hedge cash flow risks. Certain of these contracts are designated as hedges for hedge accounting purposes, while certain of these contracts are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of the majority of these contracts at the balance sheet date are recorded in equity as a component of accumulated other comprehensive income, and upon maturity (settlement) are recorded in, or reclassified into, our cost of goods sold or operating expenses, in our consolidated statements of operations and comprehensive (loss) 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 December 30, 2023 and as a result we were not required to perform a sensitivity analysis. June 29, 2024.

Net Investment Hedges

We are exposed to adverse foreign currency exchange rate movements related to our net investment hedges. As of December 30, 2023 June 29, 2024, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of $2.5 $2.95 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 monthly and 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 December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024, would result in a net increase or decrease, respectively, of approximately $270 $298 million in the fair value of these contracts. These contracts have maturity dates between September 2024 and June 2028. 2029.

As of December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024, would result in a net increase or decrease, respectively, of approximately $110 $105 million in the fair value of these contracts. These contracts have maturity dates between May 2028 and August 2030.

As of December 30, 2023 June 29, 2024, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of $350 $884 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 monthly and semi-annual fixed rate payments on United States dollar notional amounts for fixed rate payments of 0% in Euros. Based on the net investment hedges outstanding as of December 30, 2023 June 29, 2024, 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 December 30, 2023 June 29, 2024, would result in a net increase or decrease, respectively, of approximately $33 $78 million in the fair value of these contracts. These contracts have maturity dates between January 2027 and April 2027. July 2031.

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

As of 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 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 December 30, 2023, would result in a net increase or decrease, respectively, of approximately $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 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 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 December 30, 2023, would result in a net increase or decrease, respectively, of approximately £83 million (approximately $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 and our Versace Term Loan, our Hong Kong Credit Facility, our Japan Credit Facility and our Uncommitted Versace Credit Facilities. Loan. 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 (loss) income and cash flows are exposed to changes in those interest rates. At December 30, 2023 June 29, 2024, we had $874 $754 million borrowings outstanding under our 2022 Credit Facility $496 and $481 million outstanding, net of debt issuance costs, under our Versace Term Loan and no borrowings outstanding under our Uncommitted Versace Credit Facilities. Loan.

At April 1, 2023 March 30, 2024, we had $874 million $764 million borrowings outstanding under our 2022 Credit Facility $487 million and $485 million, outstanding, net of debt issuance costs, under our Versace Term Loan and no borrowings outstanding under all other Credit Facilities. Loan. 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) rates would cause an increase to the interest expense relative to any outstanding balance at that date.

Credit Risk

As of December 30, 2023 June 29, 2024, our $450 million Senior Notes, due in November 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 March 30, 2024 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 December 30, 2023 June 29, 2024. 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 December 30, 2023 June 29, 2024 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 December 30, 2023 June 29, 2024 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 March 30, 2024 for additional information.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

*Ordinary Course Litigation.*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. Litigation

Shareholder Complaints. 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.

Federal Trade Commission Lawsuit. As previously disclosed, on August 10, 2023, the Company entered into an Agreement and Plan of Merger by and among Tapestry, Sunrise Merger Sub, Inc., a direct wholly owned subsidiary of Tapestry and Capri, pursuant to which, among other things, Merger Sub will merge with and into Capri with Capri surviving the Merger and continuing as a wholly owned subsidiary of Tapestry. The Merger has been approved by the boards of directors of Capri and Tapestry and by the shareholders of Capri. Completion of the Merger is subject to, among other customary conditions, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Company has received regulatory approval from all countries except for the United States. In connection with the Merger, on April 22, 2024, the U.S. FTC filed a lawsuit in the United States District Court for the Southern District of New York against Tapestry and us seeking to block the Merger, claiming that the Merger would violate Section 7 of the Clayton Act and that the Merger Agreement and the Merger constitute unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act and should be enjoined. We strongly disagree with the FTC’s determination to file suit, and we, together with Tapestry, are vigorously defending the lawsuit. There can be no assurance as to the outcome of litigation with the FTC or that this condition to the completion of the Merger will be satisfied on a timely basis or at all. If the Merger is blocked, there can be no assurance that any other transaction acceptable to us will be offered and our business, prospects and/or results of operations may be adversely affected.

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 March 30, 2024.

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 December 30, 2023 June 29, 2024:

	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		—	

	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)
March 31 - April 27	—	$ —	—	$ 300
April 28 - May 25	—	$ —	—	$ 300
May 26 - June 29	93,738	$ 32.00	—	$ 300
	93,738		—	

(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 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 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 December 30, 2023 June 29, 2024 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, As previously announced during the fourth quarter of Fiscal 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 This Item 5 is being filed solely to update the Item 9B disclosure included in the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 2024, filed with the SEC on May 29, 2024, in order to provide the amount of any material charges relating to the Global Optimization Plan by major type of cost that the Company anticipates global headcount reductions and believes are now determinable.

During the closure of approximately 100 three months ended June 29, 2024, the Company closed 11 of its retail stores over which have been incorporated into 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 Global Optimization Plan. Net 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 expenses recorded in connection with the Global Optimization Plan.

Plan during the three months ended June 29, 2024 were $1 million, primarily related to lease termination and store closure costs.

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 June 29, 2024, 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 February 8, 2024 August 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
10.1	Letter Suspension of Rights Agreement, dated as of December 15, 2023 June 12, 2024, by to the Third Amended and between Restated Credit Agreement, dated as of November 15, 2018 among, Michael Kors (USA), Inc., Capri Holdings Limited, and Jenna A. Hendricks (included as Exhibit 10.1 the Foreign Subsidiary Borrowers party to the Company's 8-K (File No. 001-35368) Credit Agreement, JPMorgan Chase Bank, N.A., filed on December 18, 2023 as Administrative Agent, the Lenders thereto and incorporated herein by reference). the other parties party thereto.
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 December 30, 2023 June 29, 2024 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

Execution Version

SUSPENSION OF RIGHTS AGREEMENT

To: JPMorgan Chase Bank, N.A., as Administrative Agent From: Michael Kors (USA), Inc., Capri Holdings Limited Date: June 12, 2024

Ladies & Gentlemen

Reference is made to that certain Revolving Credit Agreement, dated as of July 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), by and among Michael Kors (USA), Inc., Capri Holdings Limited ("**Capri**"), the Foreign Subsidiary Borrowers from time to time party thereto (each a "**Borrower**" and together, the "**Borrowers**"), the Guarantors from time to time party thereto, the lenders from time to time party thereto (the "**Lenders**"), JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "**Agent**") and as Swingline Lender, the Issuing Banks from time to time party thereto, and the other agents, arrangers and bookrunners identified therein.

1 We are writing to you in your capacity as Administrative Agent under the Credit Agreement. Unless otherwise defined in this letter, terms defined in the Credit Agreement have the same meaning when used in this letter. The term "CAD CDOR Loans" in this letter shall mean loans that are borrowed in Canadian Dollars that use the CDOR Rate as an interest rate and the term "CAD Loans" in this letter shall mean loans that are borrowed in Canadian Dollars.

2 The Borrowers each acknowledge that Refinitiv Benchmark Services (UK) Limited, as administrator of the CDOR rate, has announced that it will cease publication of all tenors of CDOR after the publication on June 28, 2024 (the "**2024 CDOR Cessation**").

3 For good and valuable consideration, including delaying the incurrence of costs required to update the terms of the Credit Agreement in connection with the 2024 CDOR Cessation, and in lieu of amending or waiving any term of the Credit Agreement, each of the Borrowers agree with effect, as of the date hereof, to suspend its following rights under the Credit Agreement:

(a) each of the Borrowers agree that, notwithstanding anything to the contrary in the Loan Documents, (i) from and after the date hereof, CAD CDOR Loans shall not be available under the Credit Agreement and no Lender shall be obligated to participate in any Borrowing under the Credit Agreement of CAD CDOR Loans and (ii) any and all outstanding CAD CDOR Loans shall have been repaid or prepaid by the Borrowers on or before the date hereof (this clause (a), the "**Suspension of Rights**"); and

(b) each of the Borrowers agree that, if a notice or instruction is given under the Credit Agreement on or after the date hereof that selects CDOR as the interest rate for a CAD Loan, such notice or instruction shall be deemed to be

ineffective as the interest rate of that Loan and agrees that only such amended notice or instruction will have effect under the Credit Agreement.

4 [Reserved].

5 [Reserved].

6 This letter is hereby designated as a Loan Document and we acknowledge that this letter will be posted to Syndtrak site established for Lenders for the Credit Agreement. We acknowledge and agree that each Lender under the Credit Agreement may rely on and shall be a third-party beneficiary of this letter.

7 This letter may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

8 This letter has been duly executed and delivered by each of the Borrowers and constitutes a legal, valid and binding obligation of each of the Borrowers, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

9 The provisions of Sections 9.03, 9.06, 9.09, and 9.10, shall apply, mutatis mutandis, to this letter.

Very truly yours,

MICHAEL KORS (USA), INC., as a Borrower By:
/s/ David Provenzano

Name: David Provenzano
Title: Treasurer

CAPRI HOLDINGS LIMITED, as a Borrower By:

/s/ David Provenzano
Name: David Provenzano
Title: Sr. Vice President, Tax and Risk Management and Treasurer

MICHAEL KORS (CANADA) HOLDINGS LTD., as MK Canada Holdings, as a Borrower By:

/s/ David Provenzano

Name: David Provenzano
Title: Treasurer

MICHAEL KORS (EUROPE) B.V., as MKE, as a Borrower By:

/s/ David Provenzano
Name: David Provenzano
Title: Director

MICHAEL KORS (SWITZERLAND) GMBH, as MK Switzerland, as a Borrower By:
/s/ David Provenzano

Name: David Provenzano
Title: Managing Officer

Agreed and accepted by:

JPMorgan Chase Bank, N.A., as Administrative Agent

/s/ James Kyle

Name: James Kyle
Title: Vice President

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: February 8, 2024 August 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: February 8, 2024 August 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 December 30, 2023 June 29, 2024 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: February 8, 2024 August 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 December 30, 2023 June 29, 2024 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: February 8, 2024 August 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.

DISCLAIMER

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