

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

FORM 10-Q

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

For the quarterly period ended September 25, 2021

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

CAPRI
HOLDINGS LIMITED

(Exact Name of Registrant as Specified in Its Charter)

British Virgin Islands
(State or other jurisdiction of
incorporation or organization)

N/A
(I.R.S. Employer
Identification No.)

33 Kingsway
London, United Kingdom
WC2B 6UF
(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:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on which Registered</u>
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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of October 27, 2021, Capri Holdings Limited had 150,458,760 ordinary shares outstanding.

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 25, 2021	March 27, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 234	\$ 232
Receivables, net	358	373
Inventories, net	866	736
Prepaid expenses and other current assets	214	205
Total current assets	1,672	1,546
Property and equipment, net	454	485
Operating lease right-of-use assets	1,425	1,504
Intangible assets, net	1,956	1,992
Goodwill	1,488	1,498
Deferred tax assets	284	278
Other assets	214	178
Total assets	\$ 7,493	\$ 7,481
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 491	\$ 512
Accrued payroll and payroll related expenses	124	116
Accrued income taxes	128	126
Short-term operating lease liabilities	438	447
Short-term debt	40	123
Accrued expenses and other current liabilities	299	297
Total current liabilities	1,520	1,621
Long-term operating lease liabilities	1,549	1,657
Deferred tax liabilities	413	397
Long-term debt	1,104	1,219
Other long-term liabilities	307	430
Total liabilities	4,893	5,324
Commitments and contingencies (Note 10)		
Shareholders' equity		
Ordinary shares, no par value; 650,000,000 shares authorized; 221,295,985 shares issued and 150,447,462 outstanding at September 25, 2021; 219,222,937 shares issued and 151,280,011 outstanding at March 27, 2021	—	—
Treasury shares, at cost (70,848,523 shares at September 25, 2021 and 67,942,926 shares at March 27, 2021)	(3,486)	(3,326)
Additional paid-in capital	1,225	1,158
Accumulated other comprehensive income	174	56
Retained earnings	4,689	4,270
Total shareholders' equity of Capri	2,602	2,158
Noncontrolling interest	(2)	(1)
Total shareholders' equity	2,600	2,157
Total liabilities and shareholders' equity	\$ 7,493	\$ 7,481

See accompanying notes to consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Total revenue	\$ 1,300	\$ 1,110	\$ 2,553	\$ 1,561
Cost of goods sold	416	400	813	549
Gross profit	884	710	1,740	1,012
Selling, general and administrative expenses	599	474	1,144	876
Depreciation and amortization	49	54	99	108
Impairment of assets	33	20	33	20
Restructuring and other charges	8	9	11	17
Total operating expenses	689	557	1,287	1,021
Income (loss) from operations	195	153	453	(9)
Other income, net	(2)	—	(2)	(1)
Interest (income) expense, net	(5)	12	(4)	29
Foreign currency loss (gain)	4	—	5	(3)
Income (loss) before (benefit) provision for income taxes	198	141	454	(34)
(Benefit) provision for income taxes	(2)	20	35	25
Net income (loss)	200	121	419	(59)
Less: Net loss attributable to noncontrolling interest	—	(1)	—	(1)
Net income (loss) attributable to Capri	\$ 200	\$ 122	\$ 419	\$ (58)
Weighted average ordinary shares outstanding:				
Basic	151,859,760	150,492,275	151,604,916	150,024,293
Diluted	154,219,249	151,677,242	154,563,532	150,024,293
Net income (loss) per ordinary share attributable to Capri:				
Basic	\$ 1.31	\$ 0.81	\$ 2.76	\$ (0.39)
Diluted	\$ 1.30	\$ 0.81	\$ 2.71	\$ (0.39)
Statements of Comprehensive Income (Loss):				
Net income (loss)	\$ 200	\$ 121	\$ 419	\$ (59)
Foreign currency translation adjustments	23	56	113	53
Net gain (loss) on derivatives	4	(2)	4	(3)
Comprehensive income (loss)	227	175	536	(9)
Less: Net loss attributable to noncontrolling interest	—	(1)	—	(1)
Less: Foreign currency translation adjustments attributable to noncontrolling interest	—	—	(1)	—
Comprehensive income (loss) attributable to Capri	\$ 227	\$ 176	\$ 537	\$ (8)

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 Interests	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at June 26, 2021	220,974	\$ —	\$ 1,201	(69,031)	\$ (3,385)	\$ 147	\$ 4,489	\$ 2,452	\$ (2)	\$ 2,450
Net income	—	—	—	—	—	—	200	200	—	200
Other comprehensive income	—	—	—	—	—	27	—	27	—	27
Total comprehensive income	—	—	—	—	—	—	—	227	—	227
Vesting of restricted awards, net of forfeitures	199	—	—	—	—	—	—	—	—	—
Exercise of employee share options	123	—	4	—	—	—	—	4	—	4
Share based compensation expense	—	—	20	—	—	—	—	20	—	20
Repurchase of ordinary shares	—	—	—	(1,818)	(101)	—	—	(101)	—	(101)
Balance at September 25, 2021	<u>221,296</u>	<u>\$ —</u>	<u>\$ 1,225</u>	<u>(70,849)</u>	<u>\$ (3,486)</u>	<u>\$ 174</u>	<u>\$ 4,689</u>	<u>\$ 2,602</u>	<u>\$ (2)</u>	<u>\$ 2,600</u>

	Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interests	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at March 27, 2021	219,223	\$ —	\$ 1,158	(67,943)	\$ (3,326)	\$ 56	\$ 4,270	\$ 2,158	\$ (1)	\$ 2,157
Net income	—	—	—	—	—	—	419	419	—	419
Other comprehensive income (loss)	—	—	—	—	—	118	—	118	(1)	117
Total comprehensive income (loss)	—	—	—	—	—	—	—	537	(1)	536
Vesting of restricted awards, net of forfeitures	1,790	—	—	—	—	—	—	—	—	—
Exercise of employee share options	283	—	11	—	—	—	—	11	—	11
Share based compensation expense	—	—	56	—	—	—	—	56	—	56
Repurchase of ordinary shares	—	—	—	(2,906)	(160)	—	—	(160)	—	(160)
Balance at September 25, 2021	<u>221,296</u>	<u>\$ —</u>	<u>\$ 1,225</u>	<u>(70,849)</u>	<u>\$ (3,486)</u>	<u>\$ 174</u>	<u>\$ 4,689</u>	<u>\$ 2,602</u>	<u>\$ (2)</u>	<u>\$ 2,600</u>

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 Interests	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at June 27, 2020	218,273	\$ —	\$ 1,109	(67,932)	\$ (3,326)	\$ 71	\$ 4,152	\$ 2,006	\$ 1	\$ 2,007
Net income (loss)	—	—	—	—	—	—	122	122	(1)	121
Other comprehensive income	—	—	—	—	—	54	—	54	—	54
Total comprehensive income (loss)	—	—	—	—	—	—	—	176	(1)	175
Vesting of restricted awards, net of forfeitures	43	—	—	—	—	—	—	—	—	—
Exercise of employee share options	247	—	—	—	—	—	—	—	—	—
Share based compensation expense	—	—	17	—	—	—	—	17	—	17
Repurchase of ordinary shares	—	—	—	(10)	—	—	—	—	—	—
Balance at September 26, 2020	218,563	\$ —	\$ 1,126	(67,942)	\$ (3,326)	\$ 125	\$ 4,274	\$ 2,199	\$ —	\$ 2,199

	Ordinary Shares		Additional Paid-in Capital	Treasury Shares		Accumulated Other Comprehensive Income	Retained Earnings	Total Equity of Capri	Non-controlling Interests	Total Equity
	Shares	Amounts		Shares	Amounts					
Balance at March 28, 2020	217,320	\$ —	\$ 1,085	(67,894)	\$ (3,325)	\$ 75	\$ 4,332	\$ 2,167	\$ 1	\$ 2,168
Net loss	—	—	—	—	—	—	(58)	(58)	(1)	(59)
Other comprehensive income	—	—	—	—	—	50	—	50	—	50
Total comprehensive loss	—	—	—	—	—	—	—	(8)	(1)	(9)
Vesting of restricted awards, net of forfeitures	996	—	—	—	—	—	—	—	—	—
Exercise of employee share options	247	—	—	—	—	—	—	—	—	—
Share based compensation expense	—	—	41	—	—	—	—	41	—	41
Repurchase of ordinary shares	—	—	—	(48)	(1)	—	—	(1)	—	(1)
Balance at September 26, 2020	218,563	\$ —	\$ 1,126	(67,942)	\$ (3,326)	\$ 125	\$ 4,274	\$ 2,199	\$ —	\$ 2,199

See accompanying notes to consolidated financial statements.

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

	Six Months Ended	
	September 25, 2021	September 26, 2020
Cash flows from operating activities		
Net income (loss)	\$ 419	\$ (59)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	99	108
Share based compensation expense	56	41
Deferred income taxes	(27)	15
Impairment of assets	33	22
Changes to lease related balances, net	(67)	(58)
Tax (benefit) expense on exercise of share options	(3)	5
Amortization of deferred financing costs	3	2
Foreign currency gains	(7)	(3)
Credit losses	(1)	(2)
Change in assets and liabilities:		
Receivables, net	15	(29)
Inventories, net	(133)	(73)
Prepaid expenses and other current assets	(12)	49
Accounts payable	(8)	115
Accrued expenses and other current liabilities	20	3
Other long-term assets and liabilities	9	1
Net cash provided by operating activities	<u>396</u>	<u>137</u>
Cash flows from investing activities		
Capital expenditures	(48)	(59)
Cash paid for asset acquisitions	—	(12)
Net cash used in investing activities	<u>(48)</u>	<u>(71)</u>
Cash flows from financing activities		
Debt borrowings	159	955
Debt repayments	(360)	(1,371)
Debt issuance costs	—	(4)
Repurchase of ordinary shares	(160)	(1)
Exercise of employee share options	11	—
Other financing activities	8	—
Net cash used in financing activities	<u>(342)</u>	<u>(421)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	1
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>3</u>	<u>(354)</u>
Beginning of period	234	592
End of period	<u>\$ 237</u>	<u>\$ 238</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 22	\$ 28
Net cash paid (received) for income taxes	\$ 28	\$ (44)
Supplemental disclosure of non-cash investing and financing activities		
Accrued capital expenditures	\$ 16	\$ 17

See accompanying notes to consolidated financial statements.

CAPRI HOLDINGS LIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business and Basis of Presentation

Capri Holdings Limited ("Capri", and together with its subsidiaries, the "Company") was incorporated in the British Virgin Islands ("BVI") on December 13, 2002. The Company is a holding company that owns brands that are leading designers, marketers, distributors and retailers of branded women's and men's accessories, footwear and ready-to-wear bearing the Versace, Jimmy Choo and Michael Kors tradenames and related trademarks and logos. The Company operates in three reportable segments: Versace, Jimmy Choo and Michael Kors. See Note 16 for additional information.

The interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of the Company and its wholly-owned or controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The interim consolidated financial statements as of September 25, 2021 and for the three and six months ended September 25, 2021 and September 26, 2020 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 March 27, 2021, as filed with the Securities and Exchange Commission on May 26, 2021, in the Company's Annual Report on Form 10-K. The results of operations for the interim periods should not be considered indicative of results to be expected for the full fiscal year.

The Company utilizes a 52- to 53-week fiscal year and the term "Fiscal Year" or "Fiscal" refers to that 52- or 53-week period. The results for the three and six months ended September 25, 2021 and September 26, 2020 are based on 13-week and 26-week periods, respectively. The Company's Fiscal Year 2022 is a 53-week period ending April 2, 2022.

2. 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 and credit losses, estimates of inventory net realizable value, the valuation of share-based compensation, the valuation of deferred taxes and the valuation of 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.

COVID-19 Related Government Assistance and Subsidies

As there is no definitive guidance under U.S. GAAP, the Company has applied the guidance under International Accounting Standards 20, Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"). The Company has elected to follow the income approach under IAS 20 and recognize these funds as a reduction to the related expense in the Company's consolidated statements of operations and comprehensive income (loss). The Company recognized \$3 million and \$9 million for the three months ended September 25, 2021 and September 26, 2020, respectively, and \$7 million

and \$23 million for the six months ended September 25, 2021 and September 26, 2020, respectively, related to government assistance and subsidies.

Cash, Cash Equivalents and Restricted Cash

All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Included in the Company's cash and cash equivalents as of September 25, 2021 and March 27, 2021 are credit card receivables of \$24 million and \$25 million, respectively, which generally settle within two to three business days.

A reconciliation of cash, cash equivalents and restricted cash as of September 25, 2021 and March 27, 2021 from the consolidated balance sheets to the consolidated statements of cash flows is as follows (in millions):

	September 25, 2021	March 27, 2021
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 234	\$ 232
Restricted cash included within prepaid expenses and other current assets	3	2
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 237</u>	<u>\$ 234</u>

Inventories, net

Inventories primarily consist of finished goods with the exception of raw materials and work in process inventory. The combined total of raw materials and work in process inventory, net, recorded on the Company's consolidated balance sheets was \$30 million and \$28 million as of September 25, 2021 and March 27, 2021, respectively.

The net realizable value of the Company's inventory as of September 25, 2021 and March 27, 2021 includes the adverse impacts associated with the COVID-19 pandemic.

Derivative Financial Instruments

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currency for certain transactions. The Company, in its normal course of business, enters into transactions with foreign suppliers and seeks to minimize risks related to these transactions. The Company employs these contracts to hedge the Company's cash flows, as they relate to foreign currency transactions. Certain of these contracts are designated as hedges for accounting purposes, while others remain undesignated. All of the Company's derivative instruments are recorded in the Company's consolidated balance sheets at fair value on a gross basis, regardless of their hedge designation.

The Company designates certain contracts related to the purchase of inventory that qualify for hedge accounting as cash flow hedges. Formal hedge documentation is prepared for all derivative instruments designated as hedges, including a description of the hedged item and the hedging instrument and the risk being hedged. The changes in the fair value for contracts designated as cash flow hedges is recorded in equity as a component of accumulated other comprehensive income until the hedged item affects earnings. When the inventory related to forecasted inventory purchases that are being hedged is sold to a third party, the gains or losses deferred in accumulated other comprehensive income are recognized within cost of goods sold. The Company uses regression analysis to assess effectiveness of derivative instruments that are designated as hedges, which compares the change in the fair value of the derivative instrument to the change in the related hedged item. If the hedge is no longer expected to be highly effective in the future, future changes in the fair value are recognized in earnings. For those contracts that are not designated as hedges, changes in the fair value are recorded to foreign currency loss (gain) in the Company's consolidated statements of operations and comprehensive income (loss). The Company classifies cash flows relating to its forward foreign currency exchange contracts related to purchase of inventory consistently with the classification of the hedged item within cash flows from operating activities.

The Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. In order to mitigate counterparty credit risk, the Company only enters into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit

exposure. The aforementioned forward contracts generally have a term of no more than 12 months. The period of these contracts is directly related to the foreign transaction they are intended to hedge.

Net Investment Hedges

The Company also uses fixed-to-fixed cross currency swap agreements to hedge its net investments in foreign operations against future volatility in the exchange rates between its U.S. Dollars and these foreign currencies. The Company has elected the spot method of designating these contracts under ASU 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*", and has designated these contracts as net investment hedges. The net gain or loss on the net investment hedge is reported within foreign currency translation gains and losses ("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 (income) expense, net, in the Company's consolidated statements of operations and comprehensive income (loss). Upon discontinuation of a hedge, all previously recognized amounts remain in CTA until the net investment is sold, diluted or liquidated.

Interest Rate Swap Agreements

The Company also uses interest rate swap agreements to hedge the variability of its cash flows resulting from floating interest rates on the Company's borrowings. When an interest rate swap agreement qualifies for hedge accounting as a cash flow hedge, the changes in the fair value are recorded in equity as a component of accumulated other comprehensive income and are reclassified into interest (income) expense, net, in the same period during which the hedged transactions affect earnings.

Leases

The Company leases retail stores, office space and warehouse space under operating lease agreements that expire at various dates through September 2043. The Company's leases generally have terms of up to 10 years, generally require a fixed annual rent and may require the payment of additional rent if store sales exceed a negotiated amount. Although most of the Company's equipment is owned, the Company has limited equipment leases that expire on various dates through August 2025. The Company acts as sublessor in certain leasing arrangements, primarily related to closed stores under its restructuring activities, as discussed in Note 8. Fixed sublease payments received are recognized on a straight-line basis over the sublease term. The Company determines the sublease term based on the date it provides possession to the subtenant through the expiration date of the sublease.

The Company recognizes operating lease right-of-use assets and lease liabilities at lease commencement date, based on the present value of fixed lease payments over the expected lease term. The Company uses its incremental borrowing rates to determine the present value of fixed lease payments based on the information available at the lease commencement date, as the rate implicit in the lease is not readily determinable for the Company's leases. The Company's incremental borrowing rates are based on the term of the leases, the economic environment of the leases and reflect the expected interest rate it would incur to borrow on a secured basis. Certain leases include one or more renewal options. The exercise of lease renewal options is generally at the Company's sole discretion and as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company generally does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the operating lease right-of-use asset and lease liability. Certain leases also contain termination options with an associated penalty. Generally, the Company is reasonably certain not to exercise these options and as such, they are not included in the determination of the expected lease term. The Company recognizes operating lease expense on a straight-line basis over the lease term.

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

The Company's leases generally provide for payments of non-lease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. The Company accounts for lease and non-lease components of its real estate leases together as a single lease component and, as such, includes fixed payments of non-lease components in the measurement of the operating lease right-of-use assets and lease liabilities for its real estate leases. Variable lease payments, such as percentage rentals based on 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):

	Six Months Ended	
	September 25, 2021	September 26, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases ⁽¹⁾	\$ 257	\$ 191

⁽¹⁾ Operating cash flows used in operating leases for the six months ended September 25, 2021 and September 26, 2020 excluded \$5 million and \$60 million, respectively, of rent payments that have been deferred due to the COVID-19 pandemic.

During the three and six months ended September 25, 2021, the Company recorded sublease income of \$2 million and \$4 million, respectively, and \$1 million and \$3 million, respectively, for the three and six months ended September 26, 2020, within restructuring and other charges for stores relating to our restructuring plan and selling, general and administrative expenses for all other locations. During the three and six months ended September 25, 2021, the Company recorded \$3 million and \$10 million, respectively, and \$9 million and \$24 million for the three and six months ended September 26, 2020, respectively, of rent concessions negotiated in connection with the impact of COVID-19 as if it were contemplated as part of the existing contract, and these concessions are recorded as a reduction to variable lease expense within selling, general and administrative expenses.

Net Income (Loss) per Share

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

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

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Numerator:				
Net income (loss) attributable to Capri	\$ 200	\$ 122	\$ 419	\$ (58)
Denominator:				
Basic weighted average shares	151,859,760	150,492,275	151,604,916	150,024,293
Weighted average dilutive share equivalents:				
Share options and restricted shares/units, and performance restricted share units	2,359,489	1,184,967	2,958,616	—
Diluted weighted average shares	154,219,249	151,677,242	154,563,532	150,024,293
Basic net income (loss) per share ⁽¹⁾	\$ 1.31	\$ 0.81	\$ 2.76	\$ (0.39)
Diluted net income (loss) per share ⁽¹⁾	\$ 1.30	\$ 0.81	\$ 2.71	\$ (0.39)

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

During the three and six months ended September 25, 2021, share equivalents of 415,331 shares and 513,088 shares, respectively, have been excluded from the above calculations due to their anti-dilutive effect. Share equivalents of 3,961,838 shares and 4,675,372 shares have been excluded from the above calculations for the three and six months ended September 26, 2020, respectively. Diluted net loss per share attributable to Capri for the six months ended September 26, 2020 excluded all

potentially dilutive securities because there was a net loss attributable to Capri for the period and, as such, the inclusion of these securities would have been anti-dilutive.

See Note 2 in the Company's Annual Report on Form 10-K for the fiscal year ended March 27, 2021 for a complete disclosure of the Company's significant accounting policies.

Recently Issued Accounting Pronouncements

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

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" and in January 2021, issued ASU 2021-01, "Reference Rate Reform: Scope". Both of these updates aim to ease the potential burden in accounting for reference rate reform. These updates provide optional expedients and exceptions, if certain criteria are met, for applying accounting principles generally accepted in the United States to contract modifications, hedging relationships and other transactions affected by the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates, such as the Secured Overnight Financing Rate ("SOFR"). The amendments were effective upon issuance and allow companies to adopt the amendments on a prospective basis through December 31, 2022. The Company has not applied the ASUs to any contract modifications or new hedging relationships in the current year.

3. Revenue Recognition

The Company accounts for contracts with its customers when there is approval and commitment from both parties, the rights of the parties and payment terms have been identified, the contract has commercial substance and collectibility of consideration is probable. Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services.

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

Retail

The Company generates sales through directly operated stores and e-commerce sites throughout the Americas (U.S., Canada and Latin America), certain parts of EMEA (Europe, Middle East and Africa) and certain parts of Asia (including Australia).

Gift Cards. The Company sells gift cards that can be redeemed for merchandise, resulting in a contract liability upon issuance. Revenue is recognized when the gift card is redeemed or upon "breakage" for the estimated portion of gift cards that are not expected to be redeemed. "Breakage" revenue is calculated under the proportional redemption methodology, which considers the historical patterns of redemption in jurisdictions where the Company is not required to remit the value of the unredeemed gift cards as unclaimed property. The contract liability related to gift cards, net of estimated "breakage", of \$12 million and \$12 million as of September 25, 2021 and March 27, 2021, respectively, is included within accrued expenses and other current liabilities in the Company's consolidated balance sheet.

Loyalty Program. The Company offers a loyalty program, which allows its Michael Kors U.S. customers to earn points on qualifying purchases toward monetary and non-monetary rewards, which may be redeemed for purchases at Michael Kors retail stores and e-commerce sites. The Company defers a portion of the initial sales transaction based on the estimated relative fair value of the benefits based on projected timing of future redemptions and historical activity. These amounts include estimated "breakage" for points that are not expected to be redeemed.

Wholesale

The Company's products are sold primarily to major department stores, specialty stores and travel retail shops throughout the Americas, EMEA and Asia. The Company also has arrangements where its products are sold to geographic licensees in certain parts of EMEA, Asia and South America.

Licensing

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

The Company recognizes royalty revenue and advertising contributions based on the percentage of sales made by the licensees. Generally, the Company's guaranteed minimum royalty amounts due from licensees relate to contractual periods that do not exceed 12 months, however, certain guaranteed minimums for Versace are multi-year based.

As of September 25, 2021, 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 2022	\$ 15
Fiscal 2023	29
Fiscal 2024	27
Fiscal 2025	23
Fiscal 2026	24
Fiscal 2027 and thereafter	75
Total	<u>\$ 193</u>

Sales Returns

The refund liability recorded as of September 25, 2021 and March 27, 2021 was \$48 million and \$46 million, respectively, and the related asset for the right to recover returned product as of September 25, 2021 and March 27, 2021 was \$15 million and \$14 million, respectively.

Contract Balances

Total contract liabilities were \$17 million and \$18 million as of September 25, 2021 and March 27, 2021, respectively. For the three and six months ended September 25, 2021, the Company recognized \$2 million and \$8 million, respectively, in revenue which related to contract liabilities that existed at March 27, 2021. For the three and six months ended September 26, 2020, the Company recognized \$2 million and \$5 million, respectively, in revenue which related to contract liabilities that existed at March 28, 2020. There were no material contract assets recorded as of September 25, 2021 and March 27, 2021.

There were no changes in historical variable consideration estimates that were materially different from actual results.

Disaggregation of Revenue

The following table presents the Company's segment revenue disaggregated by geographic location (in millions):

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Versace revenue - the Americas	\$ 107	\$ 60	\$ 194	\$ 75
Versace revenue - EMEA	118	80	205	107
Versace revenue - Asia	57	55	123	106
Total Versace	282	195	522	288
Jimmy Choo revenue - the Americas	38	33	76	39
Jimmy Choo revenue - EMEA	56	46	106	62
Jimmy Choo revenue - Asia	43	43	97	72
Total Jimmy Choo	137	122	279	173
Michael Kors revenue - the Americas	556	494	1,146	650
Michael Kors revenue - EMEA	214	185	379	264
Michael Kors revenue - Asia	111	114	227	186
Total Michael Kors	881	793	1,752	1,100
Total revenue - the Americas	701	587	1,416	764
Total revenue - EMEA	388	311	690	433
Total revenue - Asia	211	212	447	364
Total revenue	\$ 1,300	\$ 1,110	\$ 2,553	\$ 1,561

See Note 3 in the Company's Annual Report on Form 10-K for the fiscal year ended March 27, 2021 for a complete disclosure of the Company's revenue recognition policy.

4. Receivables, net

Receivables, net, consist of (in millions):

	September 25, 2021	March 27, 2021
Trade receivables ⁽¹⁾	\$ 367	\$ 412
Receivables due from licensees	37	20
	404	432
Less: allowances	(46)	(59)
	\$ 358	\$ 373

⁽¹⁾ As of September 25, 2021 and March 27, 2021, \$67 million and \$81 million, respectively, of trade receivables were insured.

Receivables are presented net of allowances for discounts, markdowns, operational chargebacks and credit losses. Discounts are based on open invoices where trade discounts have been extended to customers. Markdowns are based on wholesale customers' sales performance, seasonal negotiations with customers, historical deduction trends and an evaluation of current market conditions. Operational chargebacks are based on deductions taken by customers, net of expected recoveries. Such provisions, and related recoveries, are reflected in revenues.

The Company's allowance for credit losses is determined through analysis of periodic aging of receivables and assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers and the impact of general economic conditions. The past due status of a receivable is based on its contractual terms. Amounts deemed uncollectible are written off against the allowance when it is probable the amounts will not be recovered. Allowance for credit losses was \$16 million and \$25 million as of September 25, 2021 and March 27, 2021, respectively, including the impact related to COVID-19. The Company had immaterial credit losses for the three months ended September 25, 2021 and \$(1) million for the six months ended September 25, 2021. The Company had credit losses of \$4 million and \$(2) million for the three and six months ended September 26, 2020, respectively.

5. Property and Equipment, net

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

	September 25, 2021	March 27, 2021
Leasehold improvements	\$ 739	\$ 737
Computer equipment and software	372	359
Furniture and fixtures	351	350
Equipment	140	139
In-store shops	57	53
Building	51	51
Land	20	20
	<u>1,730</u>	<u>1,709</u>
Less: accumulated depreciation and amortization	<u>(1,317)</u>	<u>(1,271)</u>
	413	438
Construction-in-progress	41	47
	<u>\$ 454</u>	<u>\$ 485</u>

Depreciation and amortization of property and equipment for the three months ended September 25, 2021 and September 26, 2020 was \$37 million and \$41 million, respectively, and was \$75 million and \$84 million for the six months ended September 25, 2021 and September 26, 2020, respectively. During the three and six months ended September 25, 2021, the Company recorded \$3 million of property and equipment impairment charges. During the three and six months ended September 26, 2020, the Company recorded \$2 million in property and equipment impairment charges.

6. Intangible Assets and Goodwill

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

	September 25, 2021	March 27, 2021
<i>Definite-lived intangible assets:</i>		
Reacquired rights	\$ 400	\$ 400
Trademarks	23	23
Customer relationships ⁽¹⁾	435	437
Gross definite-lived intangible assets	858	860
Less: accumulated amortization	(208)	(184)
Net definite-lived intangible assets	650	676
<i>Indefinite-lived intangible assets:</i>		
Jimmy Choo brand ⁽²⁾	335	338
Versace brand ⁽¹⁾	971	978
	1,306	1,316
Total intangible assets, excluding goodwill	\$ 1,956	\$ 1,992
Goodwill ⁽³⁾	\$ 1,488	\$ 1,498

⁽¹⁾ The change in the carrying value since March 27, 2021 reflects the impact of foreign currency translation.

⁽²⁾ Includes accumulated impairment of \$249 million as of September 25, 2021 and March 27, 2021. The change in the carrying value since March 27, 2021 reflects the impact of foreign currency translation.

⁽³⁾ Includes accumulated impairment of \$265 million related to the Jimmy Choo reporting units as of September 25, 2021 and March 27, 2021. The change in the carrying value since March 27, 2021 reflects the impact of foreign currency translation.

Amortization expense for the Company's definite-lived intangible assets for the three months ended September 25, 2021 and September 26, 2020 was \$12 million, and was \$24 million and \$23 million for the six months ended September 25, 2021 and September 26, 2020, respectively.

7. Current Assets and Current Liabilities

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

	September 25, 2021	March 27, 2021
Prepaid taxes	\$ 116	\$ 133
Interest receivable related to net investment hedges	21	12
Prepaid contracts	17	11
Other accounts receivables	16	13
Other	44	36
	\$ 214	\$ 205

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

	September 25, 2021	March 27, 2021
Other taxes payable	\$ 65	\$ 46
Return liabilities	48	46
Accrued advertising and marketing	18	11
Accrued rent ⁽¹⁾	17	20
Accrued capital expenditures	17	17
Professional services	14	13
Accrued litigation	14	12
Accrued purchases and samples	13	8
Gift cards and retail store credits	13	12
Accrued interest	9	10
Restructuring liability	4	9
Charitable donations ⁽²⁾	—	20
Other	67	73
	<u>\$ 299</u>	<u>\$ 297</u>

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

⁽²⁾ Relates to a \$20 million unconditional pledge to The Capri Holdings Foundation for the Advancement of Diversity in Fashion as of March 27, 2021 which was funded during the quarter ended September 25, 2021.

8. Restructuring and Other Charges

Capri Retail Store Optimization Program

As previously announced, the Company intends to close approximately 170 of its retail stores over two fiscal years, which began during Fiscal 2021 and will continue into Fiscal 2022, in connection with its Capri Retail Store Optimization Program in order to improve the profitability of its retail store fleet. In addition, the Company has reassessed the total cost of the plan and now expects to incur approximately \$25 million of one-time costs related to this program, including lease termination and other store closure costs, the majority of which are expected to result in future cash expenditures.

During the three and six months ended September 25, 2021, the Company closed 16 and 26 of its retail stores, respectively, which have been incorporated into the Capri Retail Store Optimization Program. Net restructuring (gains) charges recorded in connection with the Capri Retail Store Optimization Program during the three and six months ended September 25, 2021 were \$(1) million and \$(4) million, respectively, and \$2 million and \$5 million, during the three and six months ended September 26, 2020, respectively. The below table presents a roll forward of the Company's restructuring liability related to its Capri Retail Store Optimization Program (in millions):

	Severance and benefit costs	Lease-related and other costs	Total
Balance at March 27, 2021	\$ —	\$ 3	\$ 3
Additions charged to expense ⁽¹⁾	1	2	3
Payments	(1)	(3)	(4)
Balance at September 25, 2021	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 2</u>

⁽¹⁾ Excludes a net credit of \$7 million related to gains on certain lease terminations partially offset by store operating costs for previously closed stores during the six months ended September 25, 2021.

Other Restructuring Charges

In addition to the restructuring charges related to the Capri Retail Store Optimization Program, the Company incurred charges of \$2 million and \$3 million during the three and six months ended September 25, 2021, respectively, primarily relating to closures of corporate locations. There were no charges for the three and six months ended September 26, 2020.

Other Costs

During both the three and six months ended September 25, 2021 and September 26, 2020, the Company recorded costs of \$7 million and \$12 million, respectively, primarily related to equity awards associated with the acquisition of Versace.

9. Debt Obligations

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

	September 25, 2021	March 27, 2021
Term Loan	\$ 647	\$ 870
Senior Notes due 2024	450	450
Other	53	30
Total debt	1,150	1,350
Less: Unamortized debt issuance costs	5	7
Less: Unamortized discount on long-term debt	1	1
Total carrying value of debt	1,144	1,342
Less: Short-term debt	40	123
Total long-term debt	\$ 1,104	\$ 1,219

Senior Secured Revolving Credit Facility

On June 25, 2020, the Company entered into the second amendment (the "Second Amendment") to its third amended and restated credit facility, dated as of November 15, 2018 (as amended, the "2018 Credit Facility"), with, among others, JPMorgan Chase Bank, N.A., as administrative agent.

Pursuant to the Second Amendment, the financial covenant in the Company's 2018 Credit Facility required it to maintain a ratio of the sum of total indebtedness plus the capitalized amount of all operating lease obligations for the last four fiscal quarters to Consolidated EBITDAR of no greater than 3.75 to 1.00 had been waived through the fiscal quarter ending June 26, 2021.

In addition, the Second Amendment added a new \$230 million revolving line of credit with a maturity date of June 24, 2021 (the "364 Day Facility").

The Second Amendment also permitted certain working capital facilities between the Company or any of its subsidiaries with a lender or an affiliate of a lender under the 2018 Credit Facility to be guaranteed under the 2018 Credit Facility guarantees and certain supply chain financings with, and up to \$50 million outstanding principal amount of bilateral letters of credit and bilateral bank guarantees issued by a lender or an affiliate of a lender to be guaranteed and secured under the 2018 Credit Facility guarantees and collateral documents. The Second Amendment, among other things, also temporarily suspended the quarterly maximum leverage ratio covenant and imposed a minimum liquidity test during the period from June 25, 2020 until the earlier of (x) the date on which the Company delivers its financial statements for the fiscal quarter ending June 26, 2021 and (y) the date on which the Company certifies that its net leverage ratio as of the last day of the most recently ended fiscal quarter was no greater than 4.00 to 1.00 (the "Applicable Period").

On May 20, 2021, the Company determined it no longer desired to maintain this additional line of credit and consequently delivered a notice to the administrative agent terminating the 364 Day Facility, and the 364 Day Facility terminated on May 25, 2021. The remainder of the 2018 Credit Facility remains in full force and effect.

On May 26, 2021 (the "Election Date"), the Company delivered to the administrative agent the certificate required to terminate the Applicable Period. Effective as of the Election Date, the Company will be required to comply with the quarterly maximum net leverage ratio test of 4.00 to 1.00.

On September 23, 2021, the Company agreed to suspend its rights to borrow in all non-U.S. Dollar (i.e. Pounds Sterling, Euro, Swiss Francs and Japanese Yen) currency LIBOR rate tenors under the 2018 Credit Facility after December 31, 2021 given that non-U.S. Dollar LIBOR will no longer be published after that date.

As of September 25, 2021, and the date these financial statements were issued, the Company was in compliance with all covenants related to the 2018 Credit Facility.

As of September 25, 2021 and March 27, 2021, the Company had no borrowings outstanding under the 2018 Revolving Credit Facility. In addition, stand-by letters of credit of \$28 million and \$27 million were outstanding as of September 25, 2021 and March 27, 2021, respectively. At September 25, 2021 and March 27, 2021, the amount available for future borrowings under the 2018 Revolving Credit Facility were \$972 million and \$973 million, respectively.

As of September 25, 2021 and March 27, 2021, the carrying value of borrowings outstanding under the 2018 Term Loan Facility was \$644 million and \$865 million, respectively, of which there was no amount recorded within short-term debt as of September 25, 2021 and \$97 million recorded within short-term debt as of March 27, 2021 and \$644 million and \$768 million, respectively, was recorded within long-term debt in its consolidated balance sheets.

During Fiscal 2021, the Company began offering a supplier financing program to certain suppliers as the Company continues to identify opportunities to improve liquidity. This program enables suppliers, at their sole discretion, to sell their receivables (i.e., the Company's payment obligations to suppliers) to a financial institution on a non-recourse basis in order to be paid earlier than current payment terms provide. The Company's obligations, including the amount due and scheduled payment dates, are not impacted by a suppliers' decision to participate in this program. The Company does not reimburse suppliers for any costs they incur to participate in the program and their participation is voluntary. The amount outstanding under this program as of September 25, 2021 and March 27, 2021 was \$31 million and \$17 million, respectively, and was recorded within short-term debt in the Company's consolidated balance sheets.

During the first quarter of Fiscal 2022, the Company's subsidiary, Versace, entered into an agreement with Banco BPM Banking Group ("the Bank") to sell certain tax receivables to the Bank in exchange for cash. As of September 25, 2021, the outstanding balance was \$19 million, with \$9 million and \$10 million recorded within short-term debt and long-term debt in the Company's consolidated balance sheets, respectively.

See Note 12 to the Company's Fiscal 2021 Annual Report on Form 10-K for additional information regarding the Company's credit facilities and debt obligations.

10. Commitments and Contingencies

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

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 March 27, 2021 for a detailed disclosure of other commitments and contractual obligations as of March 27, 2021.

11. Fair Value Measurements

Financial assets and liabilities are measured at fair value using the three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs derived principally from or corroborated by observable market data.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At September 25, 2021 and March 27, 2021, the fair values of the Company's forward foreign currency exchange contracts, interest rate swaps and net investment hedges were determined using broker quotations, which were calculations derived from observable market information: the applicable currency rates at the balance sheet date and those forward rates particular to the contract at inception. The Company makes no adjustments to these broker obtained quotes or prices, but assesses the credit risk of the counterparty and would adjust the provided valuations for counterparty credit risk when appropriate. The fair values of the forward contracts are included in prepaid expenses and other current assets, and in accrued expenses and other current liabilities in the consolidated balance sheets, depending on whether they represent assets or liabilities to the Company. The fair values of net investment hedges and interest rate swaps are included in other assets, and in other long-term liabilities in the consolidated balance sheets, depending on whether they represent assets or liabilities of the Company. See Note 12 for further detail.

All contracts are measured and recorded at fair value on a recurring basis and are categorized in Level 2 of the fair value hierarchy, as shown in the following table (in millions):

	Fair value at September 25, 2021 using:			Fair value at March 27, 2021 using:		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative assets:						
Forward foreign currency exchange contracts	\$ —	\$ 4	\$ —	\$ —	\$ 2	\$ —
Net investment hedges	—	33	—	—	3	—
Total derivative assets	\$ —	\$ 37	\$ —	\$ —	\$ 5	\$ —
Derivative liabilities:						
Forward foreign currency exchange contracts	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —
Net investment hedges	—	118	—	—	263	—
Interest rate swap	—	—	—	—	1	—
Undesignated forward currency exchange contracts	—	—	—	—	—	—
Total derivative liabilities	\$ —	\$ 118	\$ —	\$ —	\$ 265	\$ —

The Company's long-term debt obligations are recorded in its consolidated balance sheets at carrying values, which may differ from the related fair values. The fair value of the Company's long-term debt is estimated using external pricing data, including any available quoted market prices and based on other debt instruments with similar characteristics. Borrowings under revolving credit agreements, if outstanding, are recorded at carrying value, which approximates fair value due to the frequent nature of such borrowings and repayments. See Note 9 for detailed information related to carrying values of the Company's outstanding debt. The following table summarizes the carrying values and estimated fair values of the Company's short- and long-term debt, based on Level 2 measurements (in millions):

	September 25, 2021		March 27, 2021	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Senior Notes due 2024	\$ 447	\$ 476	\$ 447	\$ 470
Term Loan	\$ 644	\$ 641	\$ 865	\$ 866
Revolving Credit Facilities	\$ —	\$ —	\$ —	\$ —

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 \$33 million of impairment charges during the three and six months ended September 25, 2021. The Company recorded \$22 million in impairment charges during the three and six months ended September 26, 2020. The following table details the carrying values and fair values of the Company's assets that have been impaired during the three and six months ended September 25, 2021 and three and six months ended September 26, 2020 (in millions):

	Three and Six Months Ended September 25, 2021			Three and Six Months Ended September 26, 2020		
	Carrying Value Prior to Impairment	Fair Value	Impairment Charge	Carrying Value Prior to Impairment	Fair Value	Impairment Charge ⁽¹⁾
Operating Lease Right-of-Use Assets	\$ 83	\$ 53	\$ 30	\$ 46	\$ 26	\$ 20
Property and Equipment	4	1	3	5	3	2
Total	\$ 87	\$ 54	\$ 33	\$ 51	\$ 29	\$ 22

⁽¹⁾ Includes \$2 million of impairment charges that were recorded within restructuring and other charges related to the Capri Retail Store Optimization Program for both the three and six months ended September 26, 2020.

12. Derivative Financial Instruments

Forward Foreign Currency Exchange Contracts

The Company uses forward foreign currency exchange contracts to manage its exposure to fluctuations in foreign currency for certain of its transactions. The Company, in its normal course of business, enters into transactions with foreign suppliers and seeks to minimize risks related to certain forecasted inventory purchases by using forward foreign currency exchange contracts. The Company only enters into derivative instruments with highly credit-rated counterparties. The Company does not enter into derivative contracts for trading or speculative purposes.

Net Investment Hedges

During the first quarter of Fiscal 2022, the Company modified multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of \$2.875 billion to hedge its net investment in Euro denominated subsidiaries. Certain of these contracts are supported by a credit support annex ("CSA") which provides for collateral exchange with the earliest effective date being May 2023. 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. Due to an-other-than-insignificant financing element on certain of these modified contracts, the net interest cash inflows of \$8 million during the six months ended September 25, 2021 related to these contracts are classified as financing activities in the Company's consolidated statements of cash flows.

As of September 25, 2021, the Company had multiple fixed-to-fixed cross-currency swap agreements with aggregate notional amounts of \$4 billion to hedge its net investment in Euro denominated subsidiaries and \$194 million to hedge its net investment in Japanese Yen denominated subsidiaries against future volatility in the exchange rates between the U.S. Dollar and these currencies. Under the terms of these contracts, the Company will exchange the semi-annual fixed rate payments on U.S. denominated debt for fixed rate payments of 0% to 4.457% in Euros and 0% to 3.588% in Japanese Yen. Certain of these contracts include mandatory early termination dates between February 2024 and February 2026, while the remaining contracts have maturity dates between March 2024 and August 2050. These contracts have been designated as net investment hedges.

When a cross-currency swap is used as a hedging instrument in a net investment hedge assessed under the spot method, the cross-currency basis spread is excluded from the assessment of hedge effectiveness and is recognized as a reduction in interest expense in the Company's consolidated statements of operations and comprehensive income (loss). Accordingly, the Company recorded a reduction in interest expense of \$15 million and \$27 million during the three and six months ended September 25, 2021, respectively, and \$2 million during both the three and six months ended September 26, 2020. This increase from prior year is primarily due to the Company having higher average notional amounts outstanding on these hedges.

Interest Rate Swap

As of September 25, 2021, the Company had an interest rate swap with an initial notional amount of \$500 million that will decrease to \$350 million in April 2022. The swap was designated as a cash flow hedge designed to mitigate the impact of adverse interest rate fluctuations for a portion of the Company's variable-rate debt equal to the notional amount of the swap. The interest rate swap converts the one-month adjusted LIBOR interest rate on these borrowings to a fixed interest rate of 0.237% through December 2022.

When an interest rate swap agreement qualifies for hedge accounting as a cash flow hedge, the changes in the fair value are recorded in equity as a component of accumulated other comprehensive income and are reclassified into interest expense in the same period during which the hedged transactions affect earnings. During the three and six months ended September 25, 2021 and September 26, 2020, the Company recorded an immaterial amount of net interest expense related to this agreement.

The following table details the fair value of the Company's derivative contracts, which are recorded on a gross basis in the consolidated balance sheets as of September 25, 2021 and March 27, 2021 (in millions):

	Notional Amounts		Fair Values							
			Assets			Liabilities				
	September 25, 2021	March 27, 2021	September 25, 2021	March 27, 2021	September 25, 2021	March 27, 2021	September 25, 2021	March 27, 2021		
Forward foreign currency exchange contracts	\$ 119	\$ 155	\$ 4	(1)	\$ 2	(1)	\$ —	\$ 1	(2)	
Net investment hedges	4,194	3,194	33	(3)	3	(3)	118	(4)	263	(4)
Interest rate swap	500	500	—		—		—		1	(4)
Total designated hedges	4,813	3,849	37		5		118		265	
Undesignated derivative contracts ⁽⁵⁾	22	13	—		—		—		—	
Total	\$ 4,835	\$ 3,862	\$ 37		\$ 5		\$ 118		\$ 265	

(1) Recorded within prepaid expenses and other current assets in the Company's consolidated balance sheets.

(2) Recorded within accrued expenses and other current liabilities in the Company's consolidated balance sheets.

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

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

(5) Primarily includes undesignated hedges of inventory purchases.

The Company records and presents the fair values of all of its derivative assets and liabilities in its consolidated balance sheets on a gross basis, as shown in the previous 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, the resulting impact as of September 25, 2021 and March 27, 2021 would be as follows (in millions):

	Forward Currency Exchange Contracts		Net Investment Hedges		Interest Rate Swaps	
	September 25, 2021	March 27, 2021	September 25, 2021	March 27, 2021	September 25, 2021	March 27, 2021
Assets subject to master netting arrangements	\$ 4	\$ 2	\$ 33	\$ 3	\$ —	\$ —
Liabilities subject to master netting arrangements	\$ —	\$ 1	\$ 118	\$ 263	\$ —	\$ 1
Derivative assets, net	\$ 4	\$ 1	\$ 29	\$ 3	\$ —	\$ —
Derivative liabilities, net	\$ —	\$ —	\$ 114	\$ 263	\$ —	\$ 1

Currently, the Company's master netting arrangements do not require cash collateral to be pledged by the Company or its counterparties.

Changes in the fair value of the Company's forward foreign currency exchange contracts that are designated as accounting hedges are recorded in equity as a component of accumulated other comprehensive income and are reclassified from accumulated other comprehensive income into earnings when the items underlying the hedged transactions are recognized into earnings, as a component of cost of goods sold within the Company's consolidated statements of operations and comprehensive income (loss). The net gain or loss on net investment hedges are reported within foreign currency translation gains and losses ("CTA") as a component of accumulated other comprehensive income on the Company's consolidated balance sheets. Upon discontinuation of the hedge, such amounts remain in CTA until the related investment is sold or liquidated. Changes in the fair value of the Company's interest rate swaps 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 interest expense within the Company's consolidated statements of operations and comprehensive income (loss).

The following table summarizes the pre-tax impact of the gains and losses on the Company's designated forward foreign currency exchange contracts, net investment hedges and interest rate swaps (in millions):

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
	Pre-Tax Gains Recognized in OCI	Pre-Tax Losses Recognized in OCI	Pre-Tax Gains Recognized in OCI	Pre-Tax Losses Recognized in OCI
Designated forward foreign currency exchange contracts	\$ 3	\$ —	\$ 2	\$ —
Designated net investment hedges	\$ 89	\$ (42)	\$ 172	\$ (42)
Designated interest rate swaps	\$ —	\$ —	\$ —	\$ (1)

The following tables summarize the pre-tax impact of the gains and losses within the consolidated statements of operations and comprehensive income (loss) related to the designated forward foreign currency exchange contracts for the three and six months ended September 25, 2021 and September 26, 2020 (in millions):

	Three Months Ended		
	Pre-Tax Loss (Gain) Reclassified from Accumulated OCI		Location of Gain Recognized
	September 25, 2021	September 26, 2020	
Designated forward foreign currency exchange contracts	\$ 1	\$ (2)	Cost of goods sold

	Six Months Ended		
	Pre-Tax Loss (Gain) Reclassified from Accumulated OCI		Location of Gain recognized
	September 25, 2021	September 26, 2020	
Designated forward foreign currency exchange contracts	\$ 2	\$ (3)	Cost of goods sold

The Company expects that substantially all of the amounts currently recorded in accumulated other comprehensive income for its forward foreign currency exchange contracts will be reclassified into earnings during the next 12 months, based upon the timing of inventory purchases and turnover.

Undesignated Hedges

During the three and six months ended September 25, 2021 and September 26, 2020, the net impact of changes in the fair value of undesignated forward foreign currency exchange contracts recognized within foreign currency loss (gain) in the Company's consolidated statements of operations and comprehensive income (loss) was immaterial.

13. Shareholders' Equity

Share Repurchase Program

During the first quarter of Fiscal 2022, the Company reinstated its \$500 million share repurchase program, which was previously suspended during the first quarter of Fiscal 2021 in response to the impact of the COVID-19 pandemic and the provisions of the Second Amendment of the 2018 Credit Facility. During the six months ended September 25, 2021, the Company purchased 2,712,275 shares for a total cost of approximately \$150 million including commissions, through open market transactions under the current plan. As of September 25, 2021, the remaining availability under the Company's share repurchase program was \$250 million. During the six months ended September 26, 2020, the Company did not purchase any shares through open market transactions under the current plan, as the Company's share repurchase plan was suspended at that time. Share repurchases may be made in open market or privately negotiated transactions, subject to market conditions, applicable legal requirements, trading transactions under the Company's insider trading policy and other relevant factors. The program may be suspended or discontinued at any time.

The Company also has in place a "withhold to cover" repurchase program, which allows the Company to withhold ordinary shares from certain executive officers and directors to satisfy minimum tax withholding obligations relating to the vesting of their restricted share awards. During the six month periods ended September 25, 2021 and September 26, 2020, the Company withheld 193,322 shares and 47,635 shares, respectively, with a fair value of \$10 million and \$1 million, respectively, in satisfaction of minimum tax withholding obligations relating to the vesting of restricted share awards.

Accumulated Other Comprehensive Income

The following table details changes in the components of accumulated other comprehensive income (“AOCI”), net of taxes, for the six months ended September 25, 2021 and September 26, 2020, respectively (in millions):

	Foreign Currency Adjustments ⁽¹⁾	Net (Losses) Gains on Derivatives ⁽²⁾	Other Comprehensive Income Attributable to Capri
Balance at March 27, 2021	\$ 57	\$ (1)	\$ 56
Other comprehensive income before reclassifications	114	2	116
Less: amounts reclassified from AOCI to earnings	—	(2)	(2)
Other comprehensive income, net of tax	114	4	118
Balance at September 25, 2021	<u>\$ 171</u>	<u>\$ 3</u>	<u>\$ 174</u>
Balance at March 28, 2020	\$ 72	\$ 3	\$ 75
Other comprehensive income before reclassifications	53	—	53
Less: amounts reclassified from AOCI to earnings	—	3	3
Other comprehensive income (loss), net of tax	53	(3)	50
Balance at September 26, 2020	<u>\$ 125</u>	<u>\$ —</u>	<u>\$ 125</u>

⁽¹⁾ Foreign currency translation adjustments for the six months ended September 25, 2021 primarily include a \$132 million gain, net of taxes of \$40 million, relating to the Company's net investment hedges, and a net \$23 million translation loss. Foreign currency translation adjustments for the six months ended September 26, 2020 primarily include a net \$88 million translation gain partially offset by a \$35 million loss, net of taxes of \$7 million, relating to the Company's net investment hedges.

⁽²⁾ Reclassified amounts primarily relate to the Company's forward foreign currency exchange contracts for inventory purchases and are recorded within cost of goods sold in the Company's consolidated statements of operations and comprehensive income (loss). All tax effects were not material for the periods presented.

14. 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 the Omnibus Incentive Plan adopted in the third fiscal quarter of Fiscal 2012 and amended and restated with shareholder approval in May 2015, and again in June 2020 (the “Incentive Plan”). The 2008 Plan only provided for grants of share options and was authorized to issue up to 23,980,823 ordinary shares. As of September 25, 2021, 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 18,846,000 ordinary shares after amendments in June 2020. At September 25, 2021, there were 3,932,474 ordinary shares available for future grants of equity awards under the Incentive Plan. Option grants issued from the 2008 Plan generally expire ten years from the date of the grant, and those issued under the Incentive Plan generally expire seven years from the date of the grant.

The following table summarizes the Company's share-based compensation activity during the six months ended September 25, 2021:

	Options	Service-Based RSUs	Performance-Based RSUs
Outstanding/Unvested at March 27, 2021	1,150,260	4,895,517	581,659
Granted	—	1,626,688	—
Exercised/Vested	(283,076)	(1,777,764)	(347,561)
Change due to performance condition	—	—	26,109
Canceled/Forfeited	(360,750)	(225,692)	—
Outstanding/Unvested at September 25, 2021	506,434	4,518,749	260,207

The weighted average grant date fair value of service-based RSUs granted during the six months ended September 25, 2021 was \$51.64. The weighted average grant date fair value of service-based RSUs granted during the six months ended September 26, 2020 was \$15.98.

Share-Based Compensation Expense

The following table summarizes compensation expense attributable to share-based compensation for the three and six months ended September 25, 2021 and September 26, 2020 (in millions):

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Share-based compensation expense	\$ 20	\$ 17	\$ 56	\$ 41
Tax benefit related to share-based compensation expense	\$ 4	\$ 4	\$ 11	\$ 9

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company estimates forfeitures based on its historical forfeiture rates. The estimated value of future forfeitures for equity grants as of September 25, 2021 is approximately \$17 million.

See Note 17 in the Company's Fiscal 2021 Annual Report on Form 10-K for additional information relating to the Company's share-based compensation awards.

15. Income Taxes

The Company's effective tax rate for the three and six months ended September 25, 2021 was (1.0)% and 7.7%, respectively. Such rates differ from the United Kingdom ("U.K.") federal statutory rate of 19% primarily due to a benefit recognized as a result of recently enacted tax legislation in Italy which allowed the Company to reduce its deferred tax liabilities. Specifically, this change allowed the Company to step up certain intangible assets which will result in lower future cash taxes. In addition, the tax rate for each period was further reduced by the favorable impact of global financing activities, partially offset by the increases in uncertain tax positions for the three months ended September 25, 2021. For the six months ended September 25, 2021, the tax rate was also negatively impacted by the tax rate change in the United Kingdom on the Company's net deferred tax liabilities.

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., U.K. and Hungarian subsidiaries. Due to the difference in the statutory income tax rates between these jurisdictions, the Company realized lower effective tax rates for the three and six months ended September 25, 2021.

16. 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 accessories, ready-to-wear and footwear through directly operated Versace boutiques throughout North America (United States and Canada), 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 systems expenses, including enterprise resource planning system implementation costs. In addition, certain other costs are not allocated to segments, including restructuring and other charges (including transition costs related to the Company's acquisitions), impairment costs and COVID-19 related charges. The segment structure is consistent with how the Company's CODM plans and allocates resources, manages the business and assesses performance. All intercompany revenues are eliminated in consolidation and are not reviewed when evaluating segment performance.

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

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Total revenue:				
Versace	\$ 282	\$ 195	\$ 522	\$ 288
Jimmy Choo	137	122	279	173
Michael Kors	881	793	1,752	1,100
Total revenue	\$ 1,300	\$ 1,110	\$ 2,553	\$ 1,561
Income (loss) from operations:				
Versace	\$ 55	\$ 20	\$ 103	\$ (21)
Jimmy Choo	1	—	12	(29)
Michael Kors	220	190	460	142
Total segment income from operations	276	210	575	92
Less: Corporate expenses	(45)	(30)	(86)	(61)
Restructuring and other charges	(8)	(9)	(11)	(17)
Impairment of assets ⁽¹⁾	(33)	(20)	(33)	(20)
COVID-19 related charges	5	2	8	(3)
Total income (loss) from operations	\$ 195	\$ 153	\$ 453	\$ (9)

⁽¹⁾ Impairment of assets during the three and six months ended September 25, 2021 and September 26, 2020 primarily related to operating lease right-of-use assets at certain Michael Kors store locations.

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

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Depreciation and amortization:				
Versace	\$ 12	\$ 13	\$ 26	\$ 26
Jimmy Choo	8	8	15	15
Michael Kors	29	33	58	67
Total depreciation and amortization	\$ 49	\$ 54	\$ 99	\$ 108

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

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Revenue:				
The Americas (U.S., Canada and Latin America) ⁽¹⁾	\$ 701	\$ 587	\$ 1,416	\$ 764
EMEA	388	311	690	433
Asia	211	212	447	364
Total revenue	\$ 1,300	\$ 1,110	\$ 2,553	\$ 1,561

⁽¹⁾ Total revenue earned in the U.S. was \$651 million and \$1.322 billion, respectively, for the three and six months ended September 25, 2021 and \$531 million and \$692 million, respectively, for the three and six months ended September 26, 2020.

17. Subsequent Events

Share Repurchase Program

On November 3, 2021, the Company announced that its Board of Directors has terminated the Company's existing \$500 million share repurchase program, with \$250 million of availability remaining, and authorized a new share repurchase program pursuant to which the Company may, from time to time, repurchase up to \$1.0 billion of its outstanding ordinary shares within a period of two years from the effective date of the program. Share repurchases may be made in open market or privately negotiated transactions, subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors. The program may be suspended or discontinued at any time.

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

The following Management's Discussion and Analysis ("MD&A") of our Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and notes thereto included as part of this interim report. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of 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. These risks, uncertainties and other factors include the effect of the COVID-19 pandemic and its potential material and significant impact on the Company's future financial and operational results if retail stores are forced to close again and the pandemic is prolonged, including that our estimates could materially differ if the severity of the COVID-19 situation worsens, or if there are further supply chain disruptions, including additional production delays and increased costs, the length and severity of such outbreak across the globe and the pace of recovery following the COVID-19 pandemic, levels of cash flow and future availability of credit, compliance with restrictive covenants under the Company's credit agreement, the Company's ability to integrate successfully and to achieve anticipated benefits of any acquisition and to successfully execute our growth strategies; the risk of disruptions to the Company's businesses; risks associated with operating in international markets and our global sourcing activities; the risk of cybersecurity threats and privacy or data security breaches; the negative effects of events on the market price of the Company's ordinary shares and its operating results; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the Company's businesses; fluctuations in demand for the Company's products; levels of indebtedness (including the indebtedness incurred in connection with acquisitions); the timing and scope of future share buybacks, which may be made in open market or privately negotiated transactions, and are subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors, and such share repurchases may be suspended or discontinued at any time, the level of other investing activities and uses of cash; changes in consumer traffic and retail trends; loss of market share and industry competition; fluctuations in the capital markets; fluctuations in interest and exchange rates; the occurrence of unforeseen epidemics and pandemics, disasters or catastrophes; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions, as well as those risks set forth in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended March 27, 2021, filed with the Securities and Exchange Commission on May 26, 2021.

Overview

Our Business

Capri Holdings Limited is a global fashion luxury group, consisting of iconic brands that are industry leaders in design, style and craftsmanship, led by a world-class management team and renowned designers. Our brands cover the full spectrum of fashion luxury categories including women's and men's accessories, footwear and ready-to-wear as well as wearable technology, watches, jewelry, eyewear and a full line of fragrance products. Our goal is to continue to extend the global reach of our brands while ensuring that they maintain their independence and exclusive DNA.

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

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

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

Certain Factors Affecting Financial Condition and Results of Operations

COVID-19 Pandemic. See Item 1A — "The COVID-19 pandemic may continue to have a material adverse effect on our business and results of operations" of our Annual Report on Form 10-K for the fiscal year ended March 27, 2021 for additional discussion regarding risks to our business associated with the COVID-19 pandemic.

Channel shift, macroeconomic factors, 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 5% rate over the past 20 years, with more recent growth driven by stronger Chinese demand from both international and local consumers and demographic and socioeconomic shifts resulting in younger consumers purchasing more luxury goods. Then, in 2020, due to the impact of the COVID-19 crisis, the personal luxury goods market declined 23%. Market studies indicate that the personal luxury goods market is predicted to increase at a 10% compound annual growth rate between 2020 and 2025, and will return to 2019 levels by the end of 2021 or in 2022. Future growth is expected to be driven by e-commerce, Chinese consumers and younger generations. As the personal luxury goods market continues to evolve, Capri is committed to creating engaging luxury experiences globally. In our view, increased customer engagement and tailoring merchandise to customer shopping and communication preferences are key to growing market share.

We also continue to adjust our retail operating strategy to the changing business environment. Last year, we announced our Capri Retail Store Optimization Program to close approximately 170 of our retail stores over two fiscal years, which began during Fiscal 2021 and will continue into Fiscal 2022, in order to improve the profitability of our retail store fleet. Over this time period, we initially expected to incur approximately \$75 million of one-time costs associated with these store closures, however, based on a reassessment, we expect these costs to be approximately \$25 million. As of September 25, 2021, we have closed a total of 127 stores and recorded net restructuring charges of \$1 million relating to the program since its inception. Collectively, we continue to anticipate ongoing savings as a result of the store closures and lower depreciation associated with the impairment charges being recorded.

Foreign currency fluctuation. Our consolidated operations are impacted by the relationships between our reporting currency, the U.S. dollar, and those of our non-U.S. subsidiaries whose functional/local currency is other than the U.S. dollar, particularly 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-U.S. subsidiaries in the future, when translated to U.S. Dollars.

Disruptions or delays in shipping and distribution and other supply chain constraints. We have been experiencing global logistics challenges, including delays as a result of port congestion, vessel availability, container shortages and temporary

factory closures which are expected to continue for the duration of Fiscal 2022. Our freight costs have increased as carrier rates for ocean and air shipments have increased significantly, and the supply chain disruptions have caused us to increase our use of air freight with greater frequency than in the past. Any future disruptions in our shipping and distribution network, including impacts on our supply chain due to temporary closures of our manufacturing partners and shipping and fulfillment constraints, could have a negative impact on our results of operations. See Item 1A — "Risk Factors" — "We primarily use foreign manufacturing contractors and independent third-party agents to source our finished goods and our business is subject to risks inherent in global sourcing activities, including disruptions or delays in manufacturing or shipments" of our Annual Report on Form 10-K for the fiscal year ended March 27, 2021 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. For example, we have historically received benefits from duty-free imports on certain products from certain countries pursuant to the U.S. Generalized System of Preferences ("GSP") program. The GSP program expired on December 31, 2020. If the GSP program is not renewed or otherwise made retroactive, we will continue to experience significant additional duties and our gross margin will continue to be negatively impacted. Additionally, we are subject to government import regulations, including U.S. 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 U.S. or other countries, the cost of our products could increase which could adversely affect our business. In addition, commodity prices and tariffs may have an impact on our revenues, results of operations and cash flows. We use commercially reasonable efforts to mitigate these effects by sourcing our products as efficiently as possible and diversifying the countries where we produce. In addition, manufacturing labor costs are also subject to degrees of volatility based on local and global economic conditions. We use commercially reasonable efforts to source from localities that suit our manufacturing standards and result in more favorable labor driven costs to our products.

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 (including Australia), 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 U.S., Canada and 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. In addition, certain other costs are not allocated to segments, including restructuring and other charges (including transaction and transition costs related to our acquisitions), impairment costs and COVID-19 related charges. The segment structure is consistent with how our chief operating decision maker plans and allocates resources, manages the business and assesses performance. The following table presents our total revenue and income (loss) from operations by segment for the three and six months ended September 25, 2021 and September 26, 2020 (in millions):

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Total revenue:				
Versace	\$ 282	\$ 195	\$ 522	\$ 288
Jimmy Choo	137	122	279	173
Michael Kors	881	793	1,752	1,100
Total revenue	<u>\$ 1,300</u>	<u>\$ 1,110</u>	<u>\$ 2,553</u>	<u>\$ 1,561</u>
Income (loss) from operations:				
Versace	\$ 55	\$ 20	\$ 103	\$ (21)
Jimmy Choo	1	—	12	(29)
Michael Kors	220	190	460	142
Total segment income from operations	276	210	575	92
Less:				
Corporate expenses	(45)	(30)	(86)	(61)
Restructuring and other charges	(8)	(9)	(11)	(17)
Impairment of assets	(33)	(20)	(33)	(20)
COVID-19 related charges	5	2	8	(3)
Total income (loss) from operations	<u>\$ 195</u>	<u>\$ 153</u>	<u>\$ 453</u>	<u>\$ (9)</u>

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

	As of	
	September 25, 2021	September 26, 2020
Number of full price retail stores (including concessions):		
Versace	151	154
Jimmy Choo	181	179
Michael Kors	530	548
	<u>862</u>	<u>881</u>
Number of outlet stores:		
Versace	60	52
Jimmy Choo	56	48
Michael Kors	293	280
	<u>409</u>	<u>380</u>
Total number of retail stores	<u>1,271</u>	<u>1,261</u>
Total number of wholesale doors:		
Versace	777	722
Jimmy Choo	454	504
Michael Kors	2,793	2,840
	<u>4,024</u>	<u>4,066</u>

The following table presents our retail stores by geographic location:

	As of September 25, 2021			As of September 26, 2020		
	Versace	Jimmy Choo	Michael Kors	Versace	Jimmy Choo	Michael Kors
Store count by region:						
The Americas	37	46	350	33	45	362
EMEA	55	75	176	60	76	176
Asia	119	116	297	113	106	290
	<u>211</u>	<u>237</u>	<u>823</u>	<u>206</u>	<u>227</u>	<u>828</u>

Key Consolidated Performance Indicators and Statistics

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

	Three Months Ended		Six Months Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Total revenue	\$ 1,300	\$ 1,110	\$ 2,553	\$ 1,561
Gross profit as a percent of total revenue	68.0 %	64.0 %	68.2 %	64.8 %
Income (loss) from operations	\$ 195	\$ 153	\$ 453	\$ (9)
Income (loss) from operations as a percent of total revenue	15.0 %	13.8 %	17.7 %	(0.6)%

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 2 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 March 27, 2021. There have been no significant changes in our critical accounting policies and estimates since March 27, 2021.

Results of Operations

Comparison of the three months ended September 25, 2021 with the three months ended September 26, 2020

The following table details the results of our operations for the three months ended September 25, 2021 and September 26, 2020, and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Three Months Ended		\$ Change	% Change	% of Total Revenue for the Three Months Ended	
	September 25, 2021	September 26, 2020			September 25, 2021	September 2020
Statements of Operations Data:						
Total revenue	\$ 1,300	\$ 1,110	\$ 190	17.1	%	
Cost of goods sold	416	400	16	4.0	%	32.0 % 36.0
Gross profit	884	710	174	24.5	%	68.0 % 64.0
Selling, general and administrative expenses	599	474	125	26.4	%	46.1 % 42.7
Depreciation and amortization	49	54	(5)	(9.3)	%	3.8 % 4.9
Impairment of assets	33	20	13	65.0	%	2.5 % 1.8
Restructuring and other charges	8	9	(1)	(11.1)	%	0.6 % 0.8
Total operating expenses	689	557	132	23.7	%	53.0 % 50.2
Income from operations	195	153	42	27.5	%	15.0 % 13.8
Other income, net	(2)	—	(2)		NM	(0.2) % —
Interest (income) expense, net	(5)	12	(17)		NM	(0.4) % 1.1
Foreign currency loss	4	—	4		NM	0.3 % —
Income before (benefit) provision for income taxes	198	141	57	40.4	%	15.2 % 12.7
(Benefit) provision for income taxes	(2)	20	(22)		NM	(0.2) % 1.8
Net income	200	121	79	(63.3)	%	
Less: Net loss attributable to noncontrolling interest	—	(1)	1		NM	
Net income attributable to Capri	\$ 200	\$ 122	\$ 78	(63.9)	%	

NM Not meaningful

Total Revenue

Total revenue increased \$190 million, or 17.1%, to \$1.300 billion for the three months ended September 25, 2021, compared to \$1.110 billion for the three months ended September 26, 2020, which included net favorable foreign currency effects of approximately \$23 million, primarily related to the strengthening of the Euro, British Pound, Chinese Renminbi and Canadian Dollar against the U.S. Dollar during the three months ended September 25, 2021. On a constant currency basis, our total revenue increased \$167 million, or 15.0%. The increase is attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Gross Profit

Gross profit increased \$174 million, or 24.5%, to \$884 million for the three months ended September 25, 2021, compared to \$710 million for the three months ended September 26, 2020, which included net favorable foreign currency effects of \$15 million. Gross profit as a percentage of total revenue increased 400 basis points to 68.0% during the three months ended September 25, 2021, compared to 64.0% during the three months ended September 26, 2020. The increase in our gross profit margin was primarily attributable to a higher average unit price and lower promotional activity, partially offset by increases in supply chain costs during the three months ended September 25, 2021, as compared to the three months ended September 26, 2020.

Total Operating Expenses

Total operating expenses increased \$132 million, or 23.7%, to \$689 million during the three months ended September 25, 2021, compared to \$557 million for the three months ended September 26, 2020. Our operating expenses included a net unfavorable foreign currency impact of approximately \$13 million. Total operating expenses increased to 53.0% as a percentage of total revenue for the three months ended September 25, 2021, compared to 50.2% for the three months ended September 26, 2020. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$125 million, or 26.4%, to \$599 million during the three months ended September 25, 2021, compared to \$474 million for the three months ended September 26, 2020, primarily due to increased retail store, corporate, advertising, and e-commerce costs during the three months ended September 25, 2021.

Selling, general, and administrative expenses as a percentage of total revenue increased to 46.1% for the three months ended September 25, 2021, compared to 42.7% for the three months ended September 26, 2020, primarily due to an increase in advertising, e-commerce and corporate costs during the three months ended September 25, 2021, as compared to the three months ended September 26, 2020.

Unallocated corporate expenses, which are included within selling, general and administrative expenses discussed above, but are not directly attributable to a reportable segment, increased \$15 million, or 50.0%, to \$45 million during the three months ended September 25, 2021 as compared to \$30 million for the three months ended September 26, 2020, primarily due to an increase in compensation expense and professional fees.

Depreciation and Amortization

Depreciation and amortization decreased \$5 million, or 9.3%, to \$49 million during the three months ended September 25, 2021, compared to \$54 million for the three months ended September 26, 2020. The decrease in depreciation and amortization expense was primarily attributable to lower depreciation due to lower capital expenditures in Fiscal 2022 and Fiscal 2021. Depreciation and amortization decreased to 3.8% as a percentage of total revenue during the three months ended September 25, 2021, compared to 4.9% for the three months ended September 26, 2020 primarily due to lower revenues during the prior year due to COVID-19.

Impairment of Assets

During the three months ended September 25, 2021, we recognized asset impairment charges of \$33 million, which primarily related to operating lease right-of-use assets at certain Michael Kors store locations (see Note 11 to the accompanying consolidated financial statements for additional information). During the three months ended September 26, 2020, we recognized asset impairment charges of approximately \$20 million, primarily related to operating lease right-of-use assets at certain Michael Kors store locations.

Restructuring and Other Charges

During the three months ended September 25, 2021, we recognized restructuring and other charges of \$8 million, which included other costs of \$9 million primarily related to equity awards associated with the acquisition of Versace and partially offset by \$1 million of gains related to our Capri Retail Store Optimization Program (see Note 8 to the accompanying consolidated financial statements for additional information).

During the three months ended September 26, 2020, we recognized restructuring and other charges of \$9 million, which included other costs of \$7 million primarily related to equity awards associated with the acquisition of Versace and \$2 million related to our Capri Retail Store Optimization Program.

Restructuring and other charges are not evaluated as part of our reportable segments' results (See *Segment Information* below for additional information).

Income from Operations

As a result of the foregoing, income from operations increased \$42 million, to \$195 million during three months ended September 25, 2021, compared to \$153 million for the three months ended September 26, 2020. Income from operations as a percentage of total revenue increased to 15.0% during the three months ended September 25, 2021, compared to 13.8% for the three months ended September 26, 2020. See *Segment Information* below for a reconciliation of our segment operating income to total operating income.

Interest (Income) Expense, net

During the three months ended September 25, 2021, we recognized \$5 million of interest income compared to \$12 million of interest expense for the three months ended September 26, 2020. The \$17 million improvement in interest (income) expense, net is primarily due to an increase of interest income from higher average notional amounts outstanding and more favorable interest rates on our net investment hedges in the current year and a decrease in interest expense attributable to lower average borrowings outstanding (see Note 9 and Note 12 to the accompanying consolidated financial statements for additional information).

Foreign Currency Loss

During the three months ended September 25, 2021, we recognized a net foreign currency loss of \$4 million, primarily attributable to the revaluation and settlement of certain of our accounts payable in currencies other than the functional currency, as well as the remeasurement of dollar-denominated intercompany loans with certain of our subsidiaries.

During the three months ended September 26, 2020, we recognized an immaterial net foreign currency loss.

(Benefit) Provision for Income Taxes

The benefit for income taxes was \$2 million for the three months ended September 25, 2021, compared to a provision of \$20 million for the three months ended September 26, 2020. Our effective tax rate was (1.0)% and 14.2% for the three months ended September 25, 2021 and September 26, 2020, respectively. The decrease in our effective tax rate was primarily due to recently enacted tax legislation in Italy which allowed us to reduce our deferred tax liabilities. Specifically, this change allowed us to step up certain intangible assets which will result in lower future cash taxes.

Our effective tax rate may fluctuate from time to time due to the effects of changes in U.S. 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 Attributable to Noncontrolling Interest

During the three months ended September 25, 2021, we recorded an immaterial net loss and during the three months ended September 26, 2020, we recorded a net loss of \$1 million, attributable to the noncontrolling interest in our joint ventures. These losses represent the share of income that is not attributable to the Company.

Net Income Attributable to Capri

As a result of the foregoing, our net income increased \$78 million to \$200 million during the three months ended September 25, 2021, compared to a net income of \$122 million for the three months ended September 26, 2020.

Segment Information

Versace

(dollars in millions)	Three Months Ended			% Change	
	September 25, 2021	September 26, 2020	\$ Change	As Reported	Constant Currency
Revenues	\$ 282	\$ 195	\$ 87	44.6 %	42.6 %
Income from operations	55	20	35	175.0 %	
Operating margin	19.5 %	10.3 %			

Revenues

Versace revenues increased \$87 million, or 44.6% to \$282 million during the three months ended September 25, 2021, compared to \$195 million for the three months ended September 26, 2020, which included favorable foreign currency effects of \$4 million. On a constant currency basis, revenue increased \$83 million, or 42.6%, primarily attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Income from Operations

During the three months ended September 25, 2021, Versace recorded income from operations of \$55 million, compared to \$20 million for the three months ended September 26, 2020. Operating margin increased from 10.3% for the three months ended September 26, 2020, to 19.5% during the three months ended September 25, 2021, primarily due to higher average unit price and leveraging of operating expenses due to higher revenue.

Jimmy Choo

(dollars in millions)	Three Months Ended			% Change	
	September 25, 2021	September 26, 2020	\$ Change	As Reported	Constant Currency
Revenues	\$ 137	\$ 122	\$ 15	12.3 %	4.9 %
Income from operations	1	—	1	NM	
Operating margin	0.7 %	0.0 %			

NM Not meaningful

Revenues

Jimmy Choo revenues increased \$15 million, or 12.3%, to \$137 million during the three months ended September 25, 2021, compared to \$122 million for the three months ended September 26, 2020, which included favorable foreign currency effects of \$9 million. On a constant currency basis, revenue increased \$6 million, or 4.9%, primarily attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Income from Operations

During the three months ended September 25, 2021, Jimmy Choo recorded income from operations of \$1 million, compared to immaterial income from operations for the three months ended September 26, 2020. Operating margin increased from 0.0% for the three months ended September 26, 2020 to 0.7% during the three months ended September 25, 2021, primarily due to lower promotional activity, partially offset by increases in store operating costs and investments in marketing and advertising.

Michael Kors

(dollars in millions)	Three Months Ended			% Change	
	September 25, 2021	September 26, 2020	\$ Change	As Reported	Constant Currency
Revenues	\$ 881	\$ 793	\$ 88	11.1 %	9.8 %
Income from operations	220	190	30	15.8 %	
Operating margin	25.0 %	24.0 %			

Revenues

Michael Kors revenues increased \$88 million, or 11.1%, to \$881 million during the three months ended September 25, 2021, compared to \$793 million for the three months ended September 26, 2020, which included favorable foreign currency effects of \$10 million. On a constant currency basis, revenue increased \$78 million, or 9.8%, primarily attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Income from Operations

During the three months ended September 25, 2021, Michael Kors recorded income from operations of \$220 million, compared to \$190 million for the three months ended September 26, 2020. Operating margin increased from 24.0% for the three months ended September 26, 2020, to 25.0% during the three months ended September 25, 2021, primarily due to a higher average unit price, partially offset by increases in our supply chain costs and an increase in marketing and advertising as a percentage of revenue.

Results of Operations

Comparison of the six months ended September 25, 2021 with the six months ended September 26, 2020

The following table details the results of our operations for the six months ended September 25, 2021 and September 26, 2020, and expresses the relationship of certain line items to total revenue as a percentage (dollars in millions):

	Six Months Ended		\$ Change	% Change	% of Total Revenue for the Six Months Ended			
	September 25, 2021	September 26, 2020			September 25, 2021	September 26, 2020		
Statements of Operations Data:								
Total revenue	\$ 2,553	\$ 1,561	\$ 992	63.5	%			
Cost of goods sold	813	549	264	48.1	%	31.8	%	35.2
Gross profit	1,740	1,012	728	71.9	%	68.2	%	64.8
Selling, general and administrative expenses	1,144	876	268	30.6	%	44.8	%	56.1
Depreciation and amortization	99	108	(9)	(8.3)	%	3.9	%	6.9
Impairment of assets	33	20	13	65.0	%	1.3	%	1.3
Restructuring and other charges	11	17	(6)	(35.3)	%	0.4	%	1.1
Total operating expenses	1,287	1,021	266	26.1	%	50.4	%	65.4
Income (loss) from operations	453	(9)	462		NM	17.7	%	(0.6)
Other income, net	(2)	(1)	(1)	100.0	%	(0.1)	%	(0.1)
Interest (income) expense, net	(4)	29	(33)		NM	(0.2)	%	1.9
Foreign currency loss (gain)	5	(3)	8		NM	0.2	%	(0.2)
Income (loss) before provision for income taxes	454	(34)	488		NM	17.8	%	(2.2)
Provision for income taxes	35	25	10	40.0	%	1.4	%	1.6
Net income (loss)	419	(59)	478		NM			
Less: Net loss attributable to noncontrolling interest	—	(1)	1		NM			
Net income (loss) attributable to Capri	\$ 419	\$ (58)	\$ 477		NM			

NM Not meaningful

Total Revenue

Total revenue increased \$992 million, or 63.5%, to \$2.553 billion for the six months ended September 25, 2021, compared to \$1.561 billion for the six months ended September 26, 2020, which included net favorable foreign currency effects of approximately \$86 million, primarily related to the strengthening of the Euro, British Pound, Chinese Renminbi and Canadian Dollar against the U.S. Dollar during the six months ended September 25, 2021. On a constant currency basis, our total revenue increased \$906 million, or 58.0%. The increase is attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Gross Profit

Gross profit increased \$728 million, or 71.9%, to \$1.740 billion for the six months ended September 25, 2021, compared to \$1.012 billion for the six months ended September 26, 2020, which included net favorable foreign currency effects of \$58 million. Gross profit as a percentage of total revenue increased 340 basis points to 68.2% during the six months ended September 25, 2021, compared to 64.8% during the six months ended September 26, 2020. The increase in gross profit margin was primarily attributable to a higher average unit price and lower promotional activity, partially offset by increases in our supply chain costs during the six months ended September 25, 2021, as compared to the six months ended September 26, 2020.

Total Operating Expenses

Total operating expenses increased \$266 million, or 26.1%, to \$1.287 billion during the six months ended September 25, 2021, compared to \$1.021 billion for the six months ended September 26, 2020. Our operating expenses included a net unfavorable foreign currency impact of approximately \$51 million. Total operating expenses decreased to 50.4% as a percentage of total revenue for the six months ended September 25, 2021, compared to 65.4% for the six months ended September 26, 2020. The components that comprise total operating expenses are explained below.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$268 million, or 30.6%, to \$1.144 billion during the six months ended September 25, 2021, compared to \$876 million for the six months ended September 26, 2020, primarily due to increased retail store, corporate, e-commerce, and advertising costs during the six months ended September 25, 2021.

Selling, general and administrative expenses as a percentage of total revenue decreased to 44.8% during the six months ended September 25, 2021, compared to 56.1% for the six months ended September 26, 2020, primarily due to leveraging of operating expenses as a result of higher revenue during the six months ended September 25, 2021, as compared to the six months ended September 26, 2020.

Unallocated corporate expenses, which are included within selling, general and administrative expenses discussed above, but are not directly attributable to a reportable segment, increased \$25 million, or 41.0%, to \$86 million during the six months ended September 25, 2021 as compared to \$61 million for the six months ended September 26, 2020, primarily due to an increase in compensation expense and professional fees.

Depreciation and Amortization

Depreciation and amortization decreased \$9 million, or 8.3%, to \$99 million during the six months ended September 25, 2021, compared to \$108 million for the six months ended September 26, 2020. The decrease in depreciation and amortization expense was primarily attributable to lower depreciation due to lower capital expenditures in Fiscal 2022 and Fiscal 2021. Depreciation and amortization decreased to 3.9% as a percentage of total revenue during the six months ended September 25, 2021, compared to 6.9% for the six months ended September 26, 2020 primarily due to higher revenues during the six months ended September 25, 2021 as a result of COVID-19.

Impairment of Assets

During the six months ended September 25, 2021, we recognized asset impairment charges of \$33 million, which primarily related to operating lease right-of-use assets at certain Michael Kors store locations (see Note 11 to the accompanying consolidated financial statements for additional information). During the six months ended September 26, 2020, we recognized asset impairment charges of approximately \$20 million, which primarily related to operating lease right-of-use assets at certain Michael Kors store locations.

Restructuring and Other Charges

During the six months ended September 25, 2021, we recognized restructuring and other charges of \$11 million, which included other costs of \$15 million primarily related to equity awards associated with the acquisition of Versace and partially offset by \$4 million of gains related to our Capri Retail Store Optimization Program (see Note 8 to the accompanying consolidated financial statements for additional information).

During the six months ended September 26, 2020, we recognized restructuring and other charges of \$17 million, which were primarily comprised of \$12 million primarily related to equity awards associated with the acquisition of Versace and \$5 million related to our Capri Retail Store Optimization Program.

Income (loss) from Operations

As a result of the foregoing, income from operations increased \$462 million, to \$453 million during the six months ended September 25, 2021, compared to a loss from operations of \$9 million for the six months ended September 26, 2020. Income from operations as a percentage of total revenue increased to 17.7% during the six months ended September 25, 2021, compared to a loss from operations of (0.6)% for the six months ended September 26, 2020. See *Segment Information* below for a reconciliation of our segment operating income to total operating income.

Interest (Income) Expense, net

During the six months ended September 25, 2021, we recognized \$4 million of interest income compared to \$29 million of interest expense for the six months ended September 26, 2020. The \$33 million improvement in interest (income) expense, net is primarily due to an increase of interest income from higher average notional amounts outstanding and more favorable interest rates on our net investment hedges in the current year and a decrease in interest expense attributable to lower average borrowings outstanding (see Note 9 and Note 12 to the accompanying consolidated financial statements for additional information).

Foreign Currency Loss (Gain)

During the six months ended September 25, 2021 and September 26, 2020, we recognized a net foreign currency loss of \$5 million and a net foreign currency gains of \$3 million, respectively, primarily attributable to the revaluation and settlement of certain of our accounts payable in currencies other than the functional currency, as well as the remeasurement of dollar-denominated intercompany loans with certain of our subsidiaries.

Provision for Income Taxes

We recognized \$35 million of income tax expense during the six months ended September 25, 2021, compared to \$25 million for the six months ended September 26, 2020. Our effective tax rate was 7.7% and (73.5)% for the six months ended September 25, 2021 and September 26, 2020, respectively. Our effective tax rate for the six months ended September 25, 2021 was significantly higher than our effective tax rate for the six months ended September 26, 2020 and not a meaningful or comparable metric, primarily due to the relationship between income tax expense and pre-tax loss in the prior period. The increase in income tax expense primarily related to the increase in earnings during the six months ended September 25, 2021 compared to the six months ended September 26, 2020. This increase was partially offset by the favorable effects of recently enacted tax legislation in Italy which allowed us to reduce our deferred tax liabilities. Specifically, this change allowed us to step up certain intangible assets which will result in lower future cash taxes.

Our effective tax rate may fluctuate from time to time due to the effects of changes in U.S. 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 Attributable to Noncontrolling Interest

During the six months ended September 25, 2021, we recorded an immaterial net loss and during the six months ended September 26, 2020, we recorded a net loss of \$1 million, attributable to the noncontrolling interest in our joint ventures. These losses represent the share of income that is not attributable to the Company.

Net Income (Loss) Attributable to Capri

As a result of the foregoing, our net income increased \$477 million to a net income of \$419 million during the six months ended September 25, 2021, compared to net loss of \$58 million for the six months ended September 26, 2020.

Segment Information

Versace

(dollars in millions)	Six Months Ended			% Change	
	September 25, 2021	September 26, 2020	\$ Change	As Reported	Constant Currency
Revenues	\$ 522	\$ 288	\$ 234	81.3 %	72.6 %
Income (loss) from operations	103	(21)	124	590.5 %	
Operating margin	19.7 %	(7.3) %			

Revenues

Versace revenues increased \$234 million, or 81.3%, to \$522 million during the six months ended September 25, 2021, compared to \$288 million for the six months ended September 26, 2020, which included favorable foreign currency effects of \$25 million. On a constant currency basis, revenue increased \$209 million, or 72.6%, primarily attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Income (Loss) from Operations

During the six months ended September 25, 2021, Versace recorded income from operations of \$103 million, compared to a loss from operations of \$21 million for the six months ended September 26, 2020. Operating margin improved from (7.3)% for the six months ended September 26, 2020, to 19.7% during the six months ended September 25, 2021, primarily due to lower promotional activity and leveraging of operating expenses due to higher revenue.

Jimmy Choo

(dollars in millions)	Six Months Ended			% Change	
	September 25, 2021	September 26, 2020	\$ Change	As Reported	Constant Currency
Revenues	\$ 279	\$ 173	\$ 106	61.3 %	46.8 %
Income (loss) from operations	12	(29)	41	141.4 %	
Operating margin	4.3 %	(16.8) %			

Revenues

Jimmy Choo revenues increased \$106 million, or 61.3%, to \$279 million during the six months ended September 25, 2021, compared to \$173 million for the six months ended September 26, 2020, which included favorable foreign currency effects of \$25 million. On a constant currency basis, revenue increased \$81 million, or 46.8%, primarily attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Income (Loss) from Operations

During the six months ended September 25, 2021, Jimmy Choo recorded income from operations of \$12 million, compared to a loss from operations of \$29 million for the six months ended September 26, 2020. Operating margin improved from (16.8)% for the six months ended September 26, 2020, to 4.3% during the six months ended September 25, 2021, primarily due to lower promotional activity and leveraging of operating expenses due to higher revenue.

Michael Kors

(dollars in millions)	Six Months Ended			% Change	
	September 25, 2021	September 26, 2020	\$ Change	As Reported	Constant Currency
Revenues	\$ 1,752	\$ 1,100	\$ 652	59.3 %	56.0 %
Income from operations	460	142	318	223.9 %	
Operating margin	26.3 %	12.9 %			

Revenues

Michael Kors revenues increased \$652 million, or 59.3%, to \$1.752 billion during the six months ended September 25, 2021, compared to \$1.100 billion for the six months ended September 26, 2020, which included favorable foreign currency effects of \$36 million. On a constant currency basis, revenue increased \$616 million, or 56.0%, primarily attributable to the continued recovery from the COVID-19 pandemic. In the prior fiscal year, the Company experienced widespread, temporary store closures and a significant decline in store traffic.

Income from Operations

During the six months ended September 25, 2021, Michael Kors recorded income from operations of \$460 million, compared to \$142 million for the six months ended September 26, 2020. Operating margin improved from 12.9% for the six months ended September 26, 2020, to 26.3% during the six months ended September 25, 2021, primarily due to a higher average unit price and leveraging of operating expenses due to higher revenue, partially offset by increases in our supply chain costs.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity are the cash flows generated from operations, along with borrowings available under our credit facilities (see below discussion regarding “Revolving Credit Facilities”) and available cash and cash equivalents. Our primary use of this liquidity is to fund the ongoing cash requirements, including our working capital needs and capital investments in our business, debt repayments, acquisitions, returns of capital, including share repurchases and other corporate activities. We believe that the cash generated from operations, together with borrowings available under our revolving credit facilities and available cash and cash equivalents, will be sufficient to meet our working capital needs for the next 12 months and beyond, including investments made and expenses incurred in connection with our store growth plans, shop-in-shop growth, investments in corporate and distribution facilities, continued systems development, e-commerce and marketing initiatives. We spent \$48 million on capital expenditures during the six months ended September 25, 2021.

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

	As of	
	September 25, 2021	March 27, 2021
Balance Sheet Data:		
Cash and cash equivalents	\$ 234	\$ 232
Working capital	\$ 152	\$ (75)
Total assets	\$ 7,493	\$ 7,481
Short-term debt	\$ 40	\$ 123
Long-term debt	\$ 1,104	\$ 1,219
Cash Flows Provided By (Used In):		
	Six Months Ended	
	September 25, 2021	September 26, 2020
Operating activities	\$ 396	\$ 137
Investing activities	(48)	(71)
Financing activities	(342)	(421)
Effect of exchange rate changes	(3)	1
Net increase (decrease) in cash and cash equivalents	\$ 3	\$ (354)

Cash Provided by Operating Activities

Net cash provided by operating activities increased \$259 million to \$396 million during the six months ended September 25, 2021, as compared to \$137 million for the six months ended September 26, 2020, as a result of an increase in our net income after non-cash adjustments, partially offset by decreases related to changes in our working capital. The decreases related to the changes in our working capital are primarily attributable to fluctuations in the timing of payments and receipts and an increase in our inventory levels when compared to the prior year.

Cash Used in Investing Activities

Net cash used in investing activities was \$48 million during the six months ended September 25, 2021, as compared to \$71 million during the six months ended September 26, 2020, which was primarily attributable to lower cash paid for asset acquisitions and lower capital expenditures compared to prior year.

Cash Used in Financing Activities

Net cash used in financing activities was \$342 million during the six months ended September 25, 2021, as compared to \$421 million during the six months ended September 26, 2020. The decrease of cash used in financing activities of \$79 million was primarily attributable to a decrease in net debt repayments of \$215 million, partially offset by a \$159 million increase in cash payments to repurchase our ordinary shares compared to prior year.

Debt Facilities

The following table presents a summary of our borrowing capacity and amounts outstanding as of September 25, 2021 and March 27, 2021 (in millions):

	As of	
	September 25, 2021	March 27, 2021
Senior Secured Revolving Credit Facility:		
Revolving Credit Facility (excluding up to a \$500 million accordion feature) ⁽¹⁾		
Total availability	\$ 1,000	\$ 1,000
Borrowings outstanding ⁽²⁾	—	—
Letter of credit outstanding	28	27
Remaining availability	\$ 972	\$ 973
Term Loan Facility (\$1.6 billion)		
Borrowings outstanding, net of debt issuance costs ⁽²⁾	\$ 644	\$ 865
Remaining availability	\$ —	\$ —
364 Credit Facility (\$230 million)		
Total availability	\$ —	\$ 230
Remaining availability	\$ —	\$ 230
Senior Notes due 2024		
Borrowings outstanding, net of debt issuance costs and discount amortization ⁽²⁾	\$ 447	\$ 447
Other Borrowings ⁽³⁾		
	\$ 53	\$ 21
Hong Kong Uncommitted Credit Facility:		
Total availability (80 million and 100 million Hong Kong Dollars)	\$ 10	\$ 13
Borrowings outstanding	—	—
Remaining availability (80 million and 100 million Hong Kong Dollars)	\$ 10	\$ 13
China Uncommitted Credit Facility:		
Total availability (45 million and 100 million Chinese Yuan)	\$ 7	\$ 15
Borrowings outstanding	—	—
Total and remaining availability (45 million and 100 million Chinese Yuan)	\$ 7	\$ 15
Japan Credit Facility:		
Total availability (1.0 billion Japanese Yen)	\$ 9	\$ 9
Borrowings outstanding (0.0 billion and 1.0 billion Japanese Yen) ⁽⁴⁾	—	9
Remaining availability (1.0 billion and 0.0 billion Japanese Yen)	\$ 9	\$ —
Versace Uncommitted Credit Facilities:		
Total availability (48 million and 57 million Euro)	\$ 56	\$ 67
Borrowings outstanding (0 million Euro) ⁽⁴⁾	—	—
Remaining availability (48 million and 57 million Euro)	\$ 56	\$ 67
Total borrowings outstanding ⁽¹⁾	\$ 1,144	\$ 1,342
Total remaining availability	\$ 1,054	\$ 1,298

- (1) The financial covenant in our 2018 Credit Facility requiring us to maintain a ratio of the sum of total indebtedness plus the capitalized amount of all operating lease obligations for the last four fiscal quarters to Consolidated EBITDAR of no greater than 3.75 to 1.00 had been waived through the fiscal quarter ending June 26, 2021. On May 26, 2021 (the "Election Date"), the company delivered to the administrative agent the certificate required to terminate the Applicable Period. Effective as of the Election Date, the Company is required to comply with the quarterly maximum net leverage ratio test of 4.00 to 1.00. As of September 25, 2021 and March 27, 2021, we were in compliance with all covenants related to our agreements then in effect governing our debt. See Note 9 to the accompanying consolidated financial statements for additional information.
- (2) Recorded as long-term debt in our consolidated balance sheets as of September 25, 2021 and March 27, 2021, except for the current portion of \$97 million outstanding under the 2018 Term Loan Facility, which was recorded within short-term debt in our consolidated balance sheets at March 27, 2021.
- (3) The balance as of September 25, 2021 consists of \$31 million related to our supplier financing program recorded within short-term debt in our consolidated balance sheets, \$19 million related to the sale of certain Versace tax receivables, with \$9 million and \$10 million, respectively, was recorded within short-term debt and long-term debt in our consolidated balance sheets and \$3 million of other loans recorded as long-term debt in our consolidated balance sheets. The balance as of March 27, 2021 consists of \$17 million related to our supplier finance program recorded within short-term debt in our consolidated balance sheets and \$4 million of other loans recorded as long-term debt in our consolidated balance sheets.
- (4) Recorded as short-term debt in our consolidated balance sheets as of March 27, 2021.

We believe that our 2018 Credit Facility is adequately diversified with no undue concentration in any one financial institution. As of September 25, 2021, there were 25 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 2018 Credit Facility.

See Note 9 in the accompanying financial statements and Note 12 in our Fiscal 2021 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 ordinary share repurchases during the six months ended September 25, 2021 and September 26, 2020 (dollars in millions):

	Six Months Ended	
	September 25, 2021	September 26, 2020
Cost of shares repurchased under share repurchase program	\$ 150	\$ —
Fair value of shares withheld to cover tax obligations for vested restricted share awards	10	1
Total cost of treasury shares repurchased	\$ 160	\$ 1
Shares repurchased under share repurchase program	2,712,275	—
Shares withheld to cover tax withholding obligations	193,322	47,635
	2,905,597	47,635

During the first quarter of Fiscal 2022, we reinstated our \$500 million share repurchase program, which was previously suspended during the first quarter of Fiscal 2021 in response to the impact of the COVID-19 pandemic and the provisions of the Second Amendment of the 2018 Credit Facility. See Note 9 in the accompanying financial statements for additional information.

On November 3, 2021, we announced that our Board of Directors has terminated our existing \$500 million share repurchase program, with \$250 million of availability remaining, and authorized a new share repurchase program pursuant to which we may, from time to time, repurchase up to \$1.0 billion of our outstanding ordinary shares within a period of two years from the effective date of the program. Share repurchases may be made in open market or privately negotiated transactions, subject to market conditions, applicable legal requirements, trading restrictions under our insider trading policy and other relevant factors. The program may be suspended or discontinued at any time.

See Note 13 to the accompanying consolidated financial statements for additional information.

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 2021 Form 10-K for a detailed disclosure of our other contractual obligations and commitments as of March 27, 2021.

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 \$34 million at September 25, 2021, including \$6 million in letters of credit issued outside of the 2018 Credit Facility. In addition, as of September 25, 2021, bank guarantees of approximately \$35 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 2 to the accompanying interim consolidated financial statements for recently issued accounting standards, which may have an impact on our financial statements and/or disclosures upon adoption.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks during the normal course of our business, such as risk arising from fluctuations in foreign currency exchange rates, as well as fluctuations in interest rates. In order to manage these risks, we employ certain strategies to mitigate the effect of these fluctuations. We enter into foreign currency forward contracts to manage our foreign currency exposure to the fluctuations of certain foreign currencies. The use of these instruments primarily help to manage our exposure to our foreign purchase commitments and better control our product costs. We do not use derivatives for trading or speculative purposes.

Foreign Currency Exchange Risk

Forward Foreign Currency Exchange Contracts

We are exposed to risks on certain purchase commitments to foreign suppliers based on the value of our purchasing subsidiaries' local currency relative to the currency requirement of the supplier on the date of the commitment. As such, we enter into forward currency exchange contracts that generally mature in 12 months or less and are consistent with the related purchase commitments, to manage our exposure to the changes in the value of the Euro and the Canadian Dollar. These contracts are recorded at fair value in our consolidated balance sheets as either an asset or liability, and are derivative contracts to hedge cash flow risks. Certain of these contracts are designated as hedges for hedge accounting purposes, while certain of these contracts, are not designated as hedges for accounting purposes. Accordingly, the changes in the fair value of the majority of these contracts at the balance sheet date are recorded in our 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 statement of operations and comprehensive income (loss), as applicable to the transactions for which the forward currency exchange contracts were established.

We perform a sensitivity analysis on our forward currency contracts, both designated and not designated as hedges for accounting purposes, to determine the effects of fluctuations in foreign currency exchange rates. For this sensitivity analysis, we assume a hypothetical change in U.S. Dollar against foreign exchange rates. Based on all foreign currency exchange contracts outstanding as of September 25, 2021, a 10% appreciation or devaluation of the U.S. Dollar compared to the level of foreign currency exchange rates for currencies under contract as of September 25, 2021, would result in a net increase and decrease, respectively, of approximately \$14 million in the fair value of these contracts.

Net Investment Hedge

We are exposed to adverse foreign currency exchange rate movements related to our net investment hedges. As of September 25, 2021, we have multiple fixed to fixed cross-currency swap agreements with aggregate notional amounts of \$4 billion to hedge our net investment in Euro-denominated subsidiaries and \$194 million to hedge our net investments in Japanese Yen-denominated subsidiaries against future volatility in the exchange rates between the U.S. Dollar and this currency. Under the term of these contracts, we will exchange the semi-annual fixed rate payments on U.S. denominated debt for fixed rate payments of 0% to 4.457% in Euros and 0% to 3.588% in Japanese Yen. Based on the net investment hedges outstanding as of September 25, 2021, a 10% appreciation or devaluation of the U.S. Dollar compared to the level of foreign currency exchange rates for currencies under contract as of September 25, 2021, would result in a potential net increase or decrease upon settlement of approximately \$543 million in the fair value of this contract, which include mandatory early termination dates between February 2024 and February 2026, while the remaining contracts have maturity dates between March 2024 and August 2050. Certain of these contracts are supported by a credit support annex ("CSA") which provides for collateral exchange with the earliest effective date being May 2023. 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.

Interest Rate Risk

We are exposed to interest rate risk in relation to borrowings outstanding under our 2018 Term Loan Facility, our Credit Facility, our Hong Kong Credit Facility, our Japan Credit Facility and our Versace Credit Facilities. Our 2018 Term Loan Facility carries interest at a rate that is based on LIBOR. Our 2018 Credit Facility carries interest rates that are tied to LIBOR and the prime rate, among other institutional lending rates (depending on the particular origination of borrowing), as further described in Note 9 to the accompanying consolidated financial statements. 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 Versace Credit Facility carries interest at a rate set by the bank on the date of borrowing that is tied to the European Central Bank. Therefore, our statements of operations and comprehensive income (loss) and cash flows are exposed to changes in those interest rates. At September 25, 2021, we had no borrowings outstanding under our Revolving Credit Facility, \$644 million, net of debt issuance costs, outstanding under our 2018 Term Loan Facility and no borrowings

outstanding under our Versace Credit Facilities. At March 27, 2021, we had no borrowings outstanding under our Revolving Credit Facility, \$865 million, net of debt issuance costs, outstanding under our 2018 Term Loan Facility and no borrowings outstanding under our Versace Credit Facility. These balances are not indicative of future balances that may be outstanding under our revolving credit facilities that may be subject to fluctuations in interest rates. Any increases in the applicable interest rate(s) would cause an increase to the interest expense relative to any outstanding balance at that date.

Credit Risk

Our \$450 million Senior Notes, due in 2024, bear interest at a fixed rate equal to 4.500% 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. The COVID-19 pandemic does 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 March 27, 2021 for additional information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities and Exchange Act of 1934 (the “Exchange Act”)) as of September 25, 2021. This evaluation was performed based on the criteria set forth in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the 2013 Framework. Based on this assessment, our CEO and CFO concluded that our disclosure controls and procedures as of September 25, 2021 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

There have been no changes in our internal control over financial reporting during the three months ended September 25, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings in the aggregate will not have a material adverse effect on our business, results of operations and financial condition.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended March 27, 2021, which could materially and adversely affect our business, financial condition or future results. These risks are not the only risks that we face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations.

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

(c) Issuer Purchases of Equity Securities

During the first quarter of Fiscal 2022, the Company reinstated its \$500 million share repurchase program, which was previously suspended in response to the impact of the COVID-19 pandemic. 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.

The following table provides information of the Company’s ordinary shares repurchased or withheld during the three months ended September 25, 2021:

	Total Number of Shares	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Remaining Dollar Value of Shares That May Be Purchased Under the Programs (in millions)
June 27 – July 24	—	\$ —	—	\$ 350
July 25 – August 21	593,275	\$ 53.86	567,023	\$ 319
August 22 – September 25	1,224,172	\$ 56.65	1,224,172	\$ 250
	<u>1,817,447</u>		<u>1,791,195</u>	

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.

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
<u>10.1</u>	<u>Fourth Amended and Restated Employment Agreement, dated as of August 24, 2021, by and among Capri Holdings Limited, Michael Kors (USA), Inc. and John D. Idol.</u>
<u>10.2</u>	<u>Employment Agreement, dated as of August 24, 2021, by and among Capri Holdings Limited, Michael Kors (USA), Inc. and Joshua Schulman.</u>
<u>10.3</u>	<u>Suspension of Rights Agreement, dated as of September 23, 2021, to the Third Amended and Restated Credit Agreement, dated as of November 15, 2018 (as amended by the First Amendment to Third Amended and Restated Credit Agreement, dated as of March 20, 2020 and the Second Amendment to Third Amended and Restated Credit Agreement and First Amendment to Third Amended and Restated Guarantee Agreement, dated as of June 25, 2020, the "Credit Agreement") among, Michael Kors (USA), Inc., Capri Holdings Limited, the Foreign Subsidiary Borrowers party to the Credit Agreement, JPMorgan Chase Bank, N.A., as Administrative Agent, the Lenders thereto and the other parties party thereto.</u>
<u>31.1</u>	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>31.2</u>	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
<u>32.1</u>	<u>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.</u>
<u>32.2</u>	<u>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.</u>
101.1	The following financial information from the Company's Quarterly Report on Form 10-Q for the period ended September 25, 2021 formatted in Inline eXtensible Business Reporting Language: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Shareholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.

**FOURTH AMENDED AND RESTATED
EMPLOYMENT AGREEMENT**

This FOURTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Agreement”), effective as of August 24, 2021 (the “Effective Date”), by and among CAPRI HOLDINGS LIMITED, a British Virgin Islands corporation having its principal executive office in London, United Kingdom (“Capri”), MICHAEL KORS (USA), INC., a Delaware corporation having its principal executive office in New York County, New York (the “Company” and, together with Capri, the “Company Parties”), and JOHN D. IDOL (“Executive”). The Company Parties and Executive may be referred to in this Agreement collectively as the “parties.”

WHEREAS, the Company Parties have previously entered into that certain Third Amended and Restated Employment Agreement with the Executive, effective as of April 1, 2018 (the “Restated Employment Agreement”); and

WHEREAS, the parties desire to amend and restate the Restated Employment Agreement in accordance with the terms and provisions herein contained.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Employment.

(a) Term / Employment. The Company Parties agree to continue to employ Executive, and the Executive agrees to continue to be employed by the Company Parties on the terms and subject to the conditions contained herein. This Agreement shall continue until terminated in accordance with Section 6 hereof (the “Term”). Executive acknowledges and agrees that the Company Parties will be his sole employers in respect of the services contemplated by this Agreement, and the Company Parties will provide all payments and benefits to Executive under this Agreement.

(b) Position and Duties.

(i) Chairman and Chief Executive Officer. Executive will continue to serve as Chairman and Chief Executive Officer of Capri (the “Chairman and CEO”). As the Chairman and CEO, Executive shall have general authority over the business of Capri and shall manage the day-to-day operations of Capri; provided, however, that Executive understands and agrees that the Board of Directors of Capri (the “Board”) will be responsible for setting overall strategic goals of Capri and its subsidiaries (including, without limitation, the Company) and advising Executive with respect thereto. Executive will report only to the Board, and, subject to any existing contractual obligations of Capri and its subsidiaries, all other executives of Capri and its subsidiaries shall report to Executive, unless Executive determines otherwise. While Chairman and CEO, Executive shall devote substantially all of his full business time and attention and his best efforts to the performance of his duties; provided, however, that Executive may engage in charitable, educational, civic and religious activities and may participate as an investor, officer or director or otherwise manage passive personal investments owned by or for the benefit of Executive or members of his immediate family, but only to the extent such activities and service are permitted under Section 8(c) of this Agreement and do not interfere with the performance of Executive’s duties and responsibilities hereunder. At the request of Capri, for the period during which Executive is the Chairman and CEO, Executive further agrees, without additional compensation, to act as an officer and/or director of subsidiaries of Capri in addition to the Company. At the direction of Capri,

any rights and obligations of the Company hereunder may be assigned, in whole or in part, to such subsidiaries; provided that the Company Parties obligations with respect to compensation and benefits, including, without limitation, Base Salary (as defined below), shall remain the Company Parties' obligations, unless Executive consents in writing to such assignment, which such consent shall not be unreasonably withheld or delayed.

(ii) Executive Chairman. Executive acknowledges and agrees that on or about September 1, 2022 the Board (or appropriate committee thereof) intends to appoint a successor Chief Executive Officer. Notwithstanding anything herein to the contrary, it is the expectation of the parties hereto that in the event the Board appoints a successor Chief Executive Officer, the Board also shall appoint Executive to serve as the Executive Chairman of the Board on the terms and subject to the conditions set forth herein. Following such appointment, Executive shall serve as the Executive Chairman of the Board, subject to Executive's re-election to the Board at the end of his term. While Executive Chairman, Executive will devote as much time as necessary to perform the duties and responsibilities set forth in Annex A attached hereto. Executive shall be treated as an employee of the Company during any such service by Executive as the Executive Chairman of the Board.

(iii) Board Membership. During Executive's employment hereunder, each of the Company Parties shall use its best efforts to cause Executive to be elected or appointed, as the case may be, to the position of Chairman or Executive Chairman, as applicable, of the Board. Executive agrees that upon termination of his employment hereunder for any reason, he shall resign immediately from the Board as well as from any officerships and/or other directorships with any subsidiaries of Capri.

2. Salary. Executive's Base Salary shall be as follows: (i) for the fiscal year ending April 2, 2022 ("Fiscal 2022"), US\$1,215,000 per year; (ii) for the fiscal year ending April 1, 2023 ("Fiscal 2023"), \$1,350,000 per year; and (iii) for the fiscal year ending March 30, 2024 ("Fiscal 2024") and thereafter, \$1,000,000 per year. Except as otherwise set forth in the last sentence of this Section 2, the Base Salary shall be payable by the Company to Executive in accordance with the Company's customary payroll practices in effect from time to time. The Base Salary shall be subject to possible increases at the sole discretion of the Board (or appropriate committee thereof, including the Compensation and Talent Committee of the Board (the "Compensation Committee")); provided, however, that in no event shall Executive's Base Salary during the Term be reduced below the Base Salary set forth herein or otherwise reduced after any increase except with Executive's written consent. A portion of Executive's Base Salary equal to one-fourth (1/4) of the annual retainer paid to Capri's independent directors together with meeting fees payable to the independent directors for the applicable quarter shall be payable to Executive by Capri on a quarterly basis at the same time such retainer and meeting payments are paid to the independent directors of Capri. For the avoidance of doubt, this is not additional Base Salary or other compensation for Executive but merely an allocation of Base Salary from the Company employer to Capri for services performed by Executive as a director of Capri. The term "Base Salary" as utilized in this Agreement shall refer to Executive's annual base salary as then in effect.

3. Annual Cash Incentive.

(a) Cash Incentive. Executive shall be eligible to earn the annual cash incentive payments described in this Section 3 in accordance with, and subject to, the terms and conditions of, Capri's then existing executive cash incentive program which is a component of the Capri Holdings Limited Second Amended and Restated Omnibus Incentive Plan (as the same may be amended or modified by Capri or its subsidiaries from time to time in their sole discretion, subject to shareholder approval if required, the "Incentive Plan"). The annual cash incentive payment (the "Annual Cash

Incentive”) shall be a percentage of Executive’s Base Salary with incentive levels set at 0% for performance below established thresholds and (i) for Fiscal 2022, 300% target – 400% maximum; (ii) for Fiscal 2023, 200% target – 400% maximum, and (iii) for Fiscal 2024 and thereafter, 100% target – 200% maximum. Executive’s actual Annual Cash Incentive will be interpolated based on the actual level of attainment with performance components, measures and target values established by the Capri Board of Directors (or appropriate committee thereof). Such incentive levels may be increased by the Capri Board (or appropriate committee thereof, including the Compensation Committee) for any fiscal year in its sole discretion but shall not be decreased below the incentive levels set forth in this Agreement without the written consent of Executive.

(b) Performance Goals. The Annual Cash Incentive shall be based upon the achievement of performance goals established by the Board (or appropriate committee thereof, including the Compensation Committee) over a performance period also established by the Board (or appropriate committee thereof, including the Compensation Committee). The Board (or appropriate committee thereof, including the Compensation Committee) may base such performance goals upon such appropriate criteria as they may determine. Executive must be employed by the Company on the date that the Annual Cash Incentive is actually paid which shall be the same date that annual cash incentives are paid to other senior executives of the Company. The Board (or appropriate committee thereof, including the Compensation Committee) must certify the level of the attainment of the applicable performance goal for the performance period and the amount of the Annual Cash Incentive payable to Executive with respect to such performance period. Once certified, the Cash Incentive will be paid to Executive reasonably promptly and in no event later than June 30 next following the last day of the applicable performance period.

(c) Clawback. Notwithstanding the foregoing, if the Board (or appropriate committee thereof, including the Compensation Committee) determines that Executive was overpaid, in whole or in part, as a result of a restatement of the reported financial or operating results of Capri due to material non-compliance with financial reporting requirements (unless due to a change in accounting policy or applicable law), the Company Parties shall be entitled to recover or cancel the difference between (i) any Annual Cash Incentive payment that was based on having met or exceeded performance targets and (ii) the Annual Cash Incentive payment that would have been paid to or earned by Executive had the actual payment or accrual been calculated based on the accurate data or restated results, as applicable (the “Overpayment”). If the Compensation Committee determines that there has been an Overpayment, the Company Parties shall be entitled to demand that Executive reimburse the Company for the Overpayment. To the extent Executive does not make reimbursement of the Overpayment, the Company Parties shall have the right to enforce the repayment through the reduction of future salary or the reduction or cancellation of outstanding and future incentive compensation and/or to pursue all other available legal remedies in law or in equity. The Board (or appropriate committee thereof, including the Compensation Committee) may make determinations of Overpayment at any time through the end of the third (3rd) fiscal year following the year for which the performance evaluation was inaccurate; provided, that if steps have been taken within such period to restate Capri’s financial or operating results, the time period shall be extended until such restatement is completed.

4. Equity Compensation.

(a) Share-Based Awards. Executive shall be eligible, in the discretion of the Board (or appropriate committee thereof, including the Compensation Committee), for share option awards, restricted share unit awards and other share-based awards on an annual basis at the same time equity grants are awarded to the other senior executives, and shall be made pursuant to the equity

incentive plan generally applicable to eligible employees of the Company (currently the Incentive Plan), in accordance with, and subject to, the terms and conditions of the Incentive Plan as the same may be amended or modified by Capri in its sole discretion (subject to shareholder approval if required) and the applicable equity award agreement. Such eligibility is not a guarantee of participation in or of the receipt of any award, payment or other compensation under the Incentive Plan or any other incentive or benefit plans or programs. The Board (or appropriate committee thereof, including the Compensation Committee) shall determine all terms of participation (including, without limitation, the size and type of any award, payment or other compensation and the timing and conditions of receipt thereof by Executive).

(b) Effect of Termination. Upon termination of employment (the “Termination Date”) for any reason, and in accordance with the terms and conditions of the Incentive Plan and/or any applicable equity award agreement, any share-based equity awards that have become vested and/or exercisable prior to the Termination Date shall remain vested and/or exercisable after the Termination Date and all unvested equity shall continue to vest on the vesting schedule set forth in the applicable equity award agreement because Executive is retirement eligible under the Incentive Plan. Notwithstanding anything to the contrary in the Incentive Plan and/or any applicable equity award agreement, in the event Executive is terminated for Cause (as hereinafter defined) any equity awards that have already become vested and/or exercisable prior to the Termination Date shall not be forfeited.

5. Employee Benefits. During the Term, Executive shall be entitled to participate in any and all Company employee benefit plans and programs which generally are made available to senior executives of the Company, in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be amended or modified by the Company from time to time in its sole discretion. In addition, the Company shall reimburse Executive for all reasonable and necessary expenses (including the cost of first class air travel). Executive shall also be entitled to the following additional benefits:

(a) Life Insurance. The Company shall pay the premiums, up to a maximum of US\$50,000 per annum, for the US\$5,000,000 whole life insurance policy presently maintained by Executive.

(b) Vacation. Executive shall be entitled to six (6) weeks of paid vacation in each calendar year of the Company through the end of Fiscal 2023 and thereafter the Company’s vacation policies shall not apply to Executive. Executive shall forfeit any vacation time that remains unused at the end of any calendar year.

(c) Transportation. The Company shall provide Executive with an automobile and driver for transportation to and from the Company’s offices and for other business purposes through the end of Fiscal 2023. Such automobile shall be a Mercedes-Benz S-Class or an automobile at least substantially equivalent in price thereto.

(d) Corporate Aircraft. Executive shall be entitled to use of the corporate aircraft in accordance with the Aircraft Time Sharing Agreement, dated November 24, 2014, between Executive and the Company.

6. Termination of Employment.

(a) Death and Total Disability. Executive’s employment under this Agreement shall terminate immediately upon his death or Total Disability (as defined below). For purposes of this Agreement, the term “Total Disability” shall mean any mental or physical condition that:

(i) prevents Executive from reasonably discharging his services and employment duties hereunder; (ii) is attested to in writing by a physician who is licensed to practice in the State of New York and is mutually acceptable to Executive and the Company Parties (or, if the Executive and the Company Parties are unable to mutually agree on a physician, the Board may select a physician who is a chairman of a department of medicine at a university-affiliated hospital in the City of New York); and (iii) continues, for any one or related condition, during any period of six (6) consecutive months or for a period aggregating six (6) months in any twelve (12) month period. Total Disability shall be deemed to have occurred on the last day of such applicable six (6) month period.

(b) Cause. The Company Parties shall at all times, upon written notice to Executive given at least ten (10) days prior to the Termination Date, have the right to terminate this Agreement and the employment of Executive hereunder for Cause (as defined below); provided, however, that prior to such termination taking effect, Executive shall have been given an opportunity to meet with the Board, and a majority of the Board shall have thereafter voted to terminate Executive's employment.

For purposes of this Agreement, the term "Cause" means the occurrence of any one of the following events: (i) Executive's gross negligence, willful misconduct or dishonesty in performing his duties hereunder; (ii) Executive's conviction of a felony (other than a felony involving a traffic violation); (iii) Executive's commission of a felony involving a fraud or other business crime against Capri or any of its subsidiaries; or (iv) Executive's breach of any of the covenants set forth in Section 8 hereof; provided that, if such breach is curable, Executive shall have an opportunity to correct such breach within thirty (30) days after written notice by the Company to Executive thereof.

(c) Executive Termination Without Good Reason. Executive agrees that he shall not terminate his employment with the Company Parties for any reason other than Good Reason without giving the Company Parties at least six (6) months' prior written notice of the effective date of such termination, when he is serving as Chief Executive Officer, and at least ninety (90) days prior written notice of the effective date of such termination when he is serving as Executive Chairman. Executive acknowledges that the Company Parties retain the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination. If the Company elects to waive the notice requirement, in whole or in part, the Company shall have no further obligations to Executive under this Agreement other than to make the payments specified in Section 7(a). After Executive provides a notice of termination, the Company may, but shall not be obligated to, provide Executive with work to do and the Company may, in its discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as it may specify in relation to attending at, or remaining away from, the Company's places of business, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 6(c), the Termination Date shall be the last day of the applicable notice period, unless the Company elects to waive the notice requirement as set forth herein.

For purposes of this Agreement, "Good Reason" means and shall be deemed to exist if: (i) Executive is assigned duties or responsibilities that are inconsistent in any material respect with the scope of the duties or responsibilities of his title or position, as set forth in this Agreement; (ii) the Company or Capri fails to perform substantially any material term of this Agreement, and, if such failure is curable, fails to correct such failure within thirty (30) days after written notice by Executive to the Company or Capri, as applicable; (iii) Executive's office is relocated more than fifty (50) miles from its location immediately prior to such relocation; (iv) the Company or Capri fails to have this Agreement assumed by a successor following a Change in Control (as defined in the Incentive Plan); (v) Executive's duties or responsibilities are significantly reduced, except with respect to any corporate action initiated or

recommended by Executive and approved by the Board (including Executive's transition from Chief Executive Officer to Executive Chairman); (vi) Executive is involuntarily removed from the Board and the Company Board (other than in connection with a termination of employment for Cause, voluntary termination without Good Reason, death or Total Disability); or (vii) subject to the proviso set forth in the third sentence of Section 1(b) above, the Board is managing the day-to-day operations of the Company and, after receipt of written notice from Executive to such effect (and sufficient time to cease such involvement), the Board continues to do so. Notwithstanding anything herein to the contrary, the parties hereto acknowledge and agree that Executive's appointment to serve as the Executive Chairman of the Board in connection with the appointment of a successor Chief Executive Officer during the Term shall not constitute the basis for Executive to terminate Executive's employment for Good Reason.

(c) Executive Termination for Good Reason. Executive may terminate his employment hereunder for Good Reason (and this Agreement shall accordingly terminate) by providing written notice of his intention to terminate, and specifying the circumstances relating thereto, to the Board within thirty (30) days following the occurrence of any of the events specified above as constituting Good Reason and at least ten (10) days prior to the Termination Date.

(d) Executive Termination – Executive Chairman. When Executive is in the role of Executive Chairman, the Board may terminate Executive by giving written notice at least ninety (90) days prior to the end of the applicable fiscal year with effect from the first day of the subsequent fiscal year, subject to 7(b) below.

7. Consequences of Termination or Breach.

(a) Termination Due to Death or Total Disability, for Cause, or Without Good Reason. If Executive's employment under this Agreement is terminated under Sections 6(a) or 6(b) hereunder, or Executive terminates his employment for any reason other than Good Reason, Executive shall not thereafter be entitled to receive any compensation and benefits under this Agreement other than for (i) Base Salary earned but not yet paid prior to the Termination Date (to be paid in accordance with the Company's normal payroll practices), (ii) vested equity in accordance with Section 4(b) and continued vesting for being retirement eligible in accordance with the Incentive Plan, (iii) payment for any untaken accrued vacation during the calendar year, (iv) reimbursement of any expenses pursuant to Section 5(e) incurred prior to the Termination Date, and (v) any Annual Cash Incentive with respect to any performance period that was completed prior to Executive's termination from employment but which has not yet been paid (with such Annual Cash Incentive to be paid at such time as it would have otherwise been paid to Executive hereunder had his employment not been terminated and such Annual Cash Incentive amount shall be subject to certification by the Board (or appropriate committee thereof, including the Compensation Committee) as described in Section 3 of this Agreement (collectively, the "Accrued Obligations"), plus, in the case of termination due to death or Total Disability only, the Pro Rata Cash Incentive Payment (as defined in Section 7(b) below) and, in the case of death only, proceeds from the life insurance policy referenced in Section 5(b). If Executive's employment under this Agreement is terminated by the Company for Cause, Executive shall not thereafter be entitled to receive any compensation and benefits under this Agreement other than for the Accrued Obligations set forth in clauses (i) through (iv) above.

(b) Termination Without Cause or With Good Reason. If Executive's employment under this Agreement is terminated by the Company Parties without Cause (which right the Company shall have at any time and for any reason during the Term) and other than for the reasons provided for in Section 6(a) above, or Executive terminates his employment for Good Reason, the sole

obligations of the Company Parties to Executive shall be: (i) to make the payments described in Section 7(a) for Accrued Obligations, (ii) to make the Pro Rata Cash Incentive Payment and (iii) to pay to Executive in a single lump sum payment, within thirty (30) days from the Termination Date, a separation payment equal to two (2) times (A) Executive's Base Salary and (B) the Annual Cash Incentive paid or payable to Executive pursuant to Section 3(a) with respect to Capri's last full fiscal year ended prior to the Termination Date (collectively, the "Separation Payments"). For purposes of this Agreement, "Pro Rata Cash Incentive Payment" shall mean an amount representing the amount of the Annual Cash Incentive payable for the fiscal year in which the Termination Date occurs, based on actual performance over the course of the applicable performance period, assuming Executive's employment had not been terminated hereunder, multiplied by a fraction, the numerator of which is the number of days Executive was employed hereunder during the applicable performance period and the denominator of which is the full number of days in the applicable performance period. Executive acknowledges and agrees that in the event the Company Parties terminate Executive's employment without Cause and other than for the reasons provided for in Sections 6(a) or 6(b) or Executive terminates his employment for Good Reason, Executive's sole remedy shall be to receive the payments specified in this Section 7(b). Notwithstanding the foregoing, if, while serving in the role of Executive Chairman, Executive is terminated by the Company without Cause or Executive voluntarily resigns (whether with or without Good Reason), Executive shall only be entitled to payment for the Accrued Obligations and Executive acknowledges and agrees that he shall not be entitled to any Separation Payments and hereby waives any and all rights thereunder, except that if the Board wishes for Executive's employment as Executive Chairman to end without giving the required notice under Section 6(d) or to accelerate the termination date following proper notice, then the Company shall make a one-time lump sum payment to Executive equal to one-year of Executive's then-current Base Salary pro rata from the Termination Date through the last day of the fiscal year in which the Termination Date occurs plus the Annual Cash Incentive for the fiscal year in which the Termination Date occurs based on actual performance for the applicable period and payable at the same time such Annual Cash Incentive is paid to similarly situated executives. In connection with the Separation Payments or any other separation payment made hereunder, Executive agrees to deliver a fully executed separation agreement and release (that is not subject to revocation) of claims against the Company Parties and their respective affiliates satisfactory in form and content to the Company's counsel.

(c) No Duty to Mitigate. Executive shall not be required to mitigate the amount of any damages that Executive may incur or other payments to be made to Executive hereunder as a result of any termination or expiration of this Agreement, nor shall any payments to Executive be reduced by any other payments Executive may receive, except as may otherwise be set forth herein.

8. Restrictive Covenants and Confidentiality.

(a) No-Hire. During the two (2) year period following the Termination Date, Executive shall not employ or retain (or participate in or arrange for the employment or retention of) any person who was employed or retained by the Company Parties or any of their respective parents, subsidiaries or affiliates within the one (1) year period immediately preceding such employment or retention.

(b) Confidentiality. Recognizing that the knowledge, information and relationship with customers, suppliers and agents, and the knowledge of the Company Entities and their respective parents', subsidiaries' and affiliates' business methods, systems, plans and policies, which Executive shall hereafter establish, receive or obtain as an employee of the Company Parties or any such parent, subsidiary or affiliate, are valuable and unique assets of the businesses of the Company Parties and

their respective parents, subsidiaries and affiliates, Executive agrees that, during and after the Term hereunder, he shall not (otherwise than pursuant to his duties hereunder) disclose, without the prior written approval of the Board acting upon the advice of counsel, any such knowledge or information pertaining to the Company Parties or any of their respective parents, subsidiaries and affiliates, their business, personnel or policies, to any person, firm, corporation or other entity, for any reason or purpose whatsoever. The provisions of this Section 8(b) shall not apply to information which is or shall become generally known to the public or the trade (except by reason of Executive's breach of his obligations hereunder), information which is or shall become available in trade or other publications and information which Executive is required to disclose by law or an order of a court of competent jurisdiction. If Executive is required by law or a court order to disclose such information, he shall notify the Company Parties of such requirement and provide the Company Parties an opportunity (if the Company so elects) to contest such law or court order. Executive agrees that all tangible materials containing confidential information, whether created by Executive or others which shall come into Executive's custody or possession during Executive's employment shall be and is the exclusive property of the Company Parties or their respective parents, subsidiaries and affiliates. Upon termination of Executive's employment for any reason whatsoever, Executive shall immediately surrender to the Company Parties all confidential information and property of the Company Parties and their respective parents, subsidiaries or affiliates in Executive's possession.

(c) Non-Compete. Executive agrees that during the Term, Executive will not engage in, or carry on, directly or indirectly, either for himself or as an officer or director of a corporation or as an employee, agent, associate, or consultant of any person, partnership, business or corporation, any Competitive Business (as defined below); provided, that Executive may own ten percent (10%) or less in a Competitive Business; so long as Executive is a passive investor and does not manage (whether as a director, officer or otherwise) or exercise influence or control over such business. For purposes of this Agreement, "Competitive Business" shall mean any of the companies set forth in Annex B to this Agreement.

9. Injunction. It is recognized and hereby acknowledged by the parties hereto that a breach or violation by Executive of any of the covenants or agreements contained in Section 9 of this Agreement may cause irreparable harm and damage to the Company Parties or their respective parents, subsidiaries or affiliates, the monetary amount of which may be virtually impossible to ascertain. Therefore, Executive recognizes and hereby agrees that the Company Parties and their respective parents, subsidiaries and affiliates shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any breach or violation of any or all of the covenants and agreements contained in Section 9 of this Agreement by Executive and/or his employees, associates, partners or agents, or entities controlled by one or more of them, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other rights or remedies the Company Parties and their respective parents, subsidiaries or affiliates may possess.

10. Indemnification. To the extent permitted by law and the Company Parties by-laws or other governing documents, the Company Parties will indemnify Executive with respect to any claims made against him as an officer, director or employee of the Company Parties or any subsidiary of either of the Company Parties, except for acts taken in bad faith or in breach of his duty of loyalty to the Company Parties or such subsidiary. During the Term and for as long thereafter as is practicable, Executive shall be covered under a directors and officers liability insurance policy with coverage limits in amounts no less than that which the Company Parties currently maintain as of the date of this Agreement.

11. Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related record reporting requirements, including, with respect to the retainer and meeting payments referred to in the last sentence of Section 3, applicable U.K. statutory reductions.

12. Executive's Representations; No Delegation. Executive hereby represents and warrants that he is not precluded, by any agreement to which he is a party or to which he is subject, from executing and delivering this Agreement, and that this Agreement and his performance of the duties and responsibilities set forth herein does not violate any such agreement. Executive shall indemnify and hold harmless the Company Parties and their respective parents, subsidiaries and affiliates and their respective officers, directors, employees, agents and advisors for any liabilities, losses and costs (including reasonable attorney's fees) arising from any breach or alleged breach of the foregoing representation and warranty. Executive shall not delegate his employment obligations under this Agreement to any other person.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in that state, without regard to its conflict of laws provisions.

14. Entire Agreement; Amendment. This Agreement supersedes all prior agreements between the parties with respect to its subject matter (except for any long-term incentive awards agreements entered into between Capri and Executive), is intended (with the documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by all parties hereto.

15. Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by a nationally recognized overnight delivery service or mailed by registered mail, return receipt requested, to a party at his or its address set forth below or at such other address as a party may specify by notice to the others:

If to Capri:

33 Kingsway
London WC2B 6UF
United Kingdom
Attention: Corporate Secretary

If to the Company:

11 West 42nd Street
New York, NY 10036
Fax: 646-354-4901
Attention: General Counsel

If to Executive:

At the home address on file with the Company
Fax: 516-365-6872

or to such other addresses as either party hereto may from time to time specify to the other. Any notice given as aforesaid shall be deemed received upon actual delivery.

16. Assignment. Except as otherwise provided in this Section 16 and Section 1(d), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company Parties, in whole or in part, only (i) to Capri or any of its subsidiaries and (ii) subject to compliance with Section 1(d).

17. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement, or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

18. Waiver. The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing.

19. Section Headings. The section headings contained in this Agreement are for reference purpose only and shall not affect in any way the meaning or interpretation of this Agreement.

20. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

21. Arbitration. Any dispute or claim between the parties hereto arising out of, or in connection with, this Agreement and/or Executive's employment shall become a matter for arbitration; provided, however, that Executive acknowledges and agrees that in the event of any alleged violation of Section 9 hereof, the Company Parties and any of their respective parents, subsidiaries and affiliates shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall take place in New York City and shall be before a neutral arbitrator in accordance with the Commercial Rules of the American Arbitration Association; provided, however, that to the extent such arbitration involves any allegation(s) of a violation of any law, rule or regulation which prohibits discrimination in employment, the arbitrator shall apply the National Rules for the Resolution of Employment Disputes (as modified) of the American Arbitration Association then existing in determining the damages, if any, to be awarded and the allocation of costs and attorneys' fees between or among the parties. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of August 24, 2021.

CAPRI HOLDINGS LIMITED

By: /s/ Jenna Hendricks
Name: Jenna Hendricks
Title: Senior Vice President, Chief People Officer

MICHAEL KORS (USA), INC.

By: /s/ Jenna Hendricks
Name: Jenna Hendricks
Title: Senior Vice President, Chief People Officer

JOHN D. IDOL

By: /s/ John D. Idol

ANNEX A

Executive Chairman Duties

1. Duties Generally

- a. Provide overall leadership to the Board of Directors.
- b. Set the ethical tone for the Board of Directors and the Company.
- c. Lead and guide the Board of Directors in its exercise of oversight of key Company business activities and risks.
- d. Ensure open communication and cooperation amongst the Executive Chairman, the Chief Executive Officer, and the Board of Directors so that the Board can make informed decisions.
- e. Preside at all Board of Directors meetings and shareholders meetings.
- f. Establish, with input from the Lead Independent Director, the schedules and agendas for all Board of Directors meetings and shareholders meetings.
- g. Provide advice and assistance to the Chief Executive Officer.
- h. Work with the Chief Executive Officer on strategy and to identify new business opportunities, including potential mergers and acquisitions.
- i. Work with the Chief Executive Officer on communications with investors.
- j. Work with the Governance, Nominating and Corporate Social Responsibility Committee to manage the recruitment of directors and director succession.
- k. Assist the Board in evaluating (at least annually) the performance and compensation of the Chief Executive Officer.
- l. Monitor how the Board works together and how individual directors perform and interact at meetings.
- m. Carry out such other duties commensurate with the position and status of Executive Chairman as may be agreed between Executive Chairman and the Board of Directors or the Chief Executive Officer from time to time.

2. Reporting Lines

- a. The Executive Chairman will report to the full Board.
- b. The Chief Executive Officer will report to the full Board.
- c. All other executives will report directly or indirectly to the Chief Executive Officer, but the Executive Chairman will be afforded access to other executives in coordination with the Chief Executive Officer.

ANNEX B

Competitors

Burberry Group PLC

Chanel

Christian Louboutin

Compagnie Financière Richemont SA (including, but not limited to, Azzedine Alaïa, Cartier, Chloé, Lancel, Montblanc, Piaget and Van Cleef & Arpels)

Dolce & Gabbana

Hermès International

Hugo Boss

Kering (including, but not limited to, Gucci, Bottega Veneta, Yves Saint Laurent, Alexander McQueen, Balenciaga and Stella McCartney)

LVMH Moët Hennessy Louis Vuitton SA (including, but not limited to, Celine, Christian Dior, Fendi, Givenchy, Marc Jacobs, Louis Vuitton and Tiffany)

PVH Corp. and its affiliated brands (including, but not limited to, Calvin Klein and Tommy Hilfger)

Prada Group (including, but not limited to, Prada and Miu Miu)

Ralph Lauren Corporation

Salvatore Ferragamo

Tapestry (including Coach, Kate Spade and Stuart Weitzman)

Tod's Group

Tory Burch LLC

Tumi Holdings, Inc.

Valentino S.P.A.

V.F. Corporation

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement") between and among Capri Holdings Limited ("Capri"), Michael Kors (USA), Inc. ("MKUSA") and, together with Capri, the "Company Parties") and Joshua Schulman ("Executive") with effect from and after the Commencement Date (as defined below).

WHEREAS, the parties desire to enter into this Agreement to reflect their mutual agreements with respect to the employment of Executive by the Company Parties.

NOW, THEREFORE, in consideration of the mutual covenants, warranties and undertakings herein contained, the parties hereto agree as follows:

1. Term. The employment of Executive with the Company Parties under this Agreement shall be effective as of August 24, 2021 (the "Commencement Date") and shall continue until terminated in accordance with Section 4 hereof (the "Term"), subject to the terms and provisions of this Agreement.

2. Position and Duties.

(a) Position. Executive shall initially be employed during the Term as Chief Executive Officer of Michael Kors, reporting directly to the Chairman & Chief Executive Officer of Capri (the "Current CEO of Capri") and shall be based in New York, NY. Immediately following the earlier of (i) September 1, 2022 and (ii) the date that the Current CEO of Capri ceases to hold that position for any reason, Executive shall be promoted to Chief Executive Officer of Capri, reporting to the Board of Directors of Capri (the "Board"), and shall be nominated to the Board.

(b) Duties. Executive shall perform such duties and services as are commensurate with Executive's position and such other duties and services as are from time to time reasonably assigned to Executive by the Current CEO of Capri or by the Chairman or the Board, as applicable. Except for vacation, holiday, personal and sick days in accordance with this Agreement and Capri's policies for comparable senior executives, Executive shall devote his full business time during the Term to providing services to Capri and its affiliates, provided that Executive may engage in community and charitable activities and Executive shall request approval from the Current CEO of Capri or the Board, as applicable, prior to accepting any external Board position, and such service shall otherwise comply with Capri's Corporate Governance Guidelines. Executive shall maintain a primary residence in the New York City metropolitan area during the Term.

(c) Additional Duties. Executive acknowledges and agrees that MKUSA will be his sole employer under this Agreement and MKUSA will provide all payments and benefits to Executive under this Agreement. At the request of Capri, Executive further agrees, without additional compensation, to act as a director of Capri or an officer or director of subsidiaries of Capri. At the direction of Capri, any rights and obligations of MKUSA hereunder may be assigned, in whole or in part, to such subsidiaries or Capri; provided, that MKUSA's obligations with respect to compensation and benefits shall remain MKUSA's obligations, unless Executive consents in writing to such assignment, which such consent shall not be unreasonably withheld.

(d) Other Matters. If Executive is not promoted to Chief Executive Officer of Capri in accordance with Section 2(a), Executive acknowledges that his sole remedy shall be the

Severance Payments (as defined below). In addition, Executive acknowledges that it is expected that when Executive is promoted to Chief Executive Officer of Capri, the Current CEO of Capri will become the Executive Chairman of Capri and shall perform such duties commensurate therewith. If at any point the Current CEO of Capri ceases to be the Executive Chairman of Capri, the Board shall make the sole determination as to who should serve as Chairman of Capri.

3. Compensation.

(a) Base Salary. Executive's base salary shall be at the rate of \$1,200,000 per year in his role as Chief Executive Officer of Michael Kors, with an increase to \$1,300,000 if he assumes the role of Chief Executive Officer of Capri (as then in effect, the "Base Salary"). The Base Salary shall be paid semi-monthly less applicable withholdings and deductions in accordance with the normal payroll practices of MKUSA. The Base Salary shall not be decreased without Executive's prior written consent. Upon such time as Executive is appointed to the Board, a portion of Executive's Base Salary equal to one-fourth (1/4) of the annual retainer paid to Capri's independent directors together with meeting fees payable to the independent directors (collectively, the "Board Fees") for the applicable quarter shall be payable to Executive by Capri on a quarterly basis at the same time such retainer and meeting payments are paid to the independent directors of Capri. For the avoidance of doubt, this is not additional Base Salary or other compensation for Executive but merely an allocation of Base Salary from MKUSA (as employer) to Capri for services performed by Executive as a director of Capri.

(b) Periodic Review of Compensation. On an annual basis during the Term, but not prior to June 2023, without any obligation to increase or otherwise change the compensation provisions of this Agreement, Capri agrees to undertake a review of the performance by Executive of his duties under this Agreement and of the efforts that he has undertaken for and on behalf of Capri and its affiliates to determine whether any merit or other increases in compensation are warranted.

(c) Annual Cash Incentive.

(i) Beginning with the fiscal year ending April 2, 2022 ("Fiscal 2022"), Executive shall be eligible to receive an annual cash incentive (the "Annual Cash Incentive") based on a fixed percentage of Executive's Base Salary as of the end of the applicable fiscal year with the incentive levels set at 100% target – 200% maximum while in the role of Chief Executive Officer of Michael Kors, and 200% target – 400% maximum while in the role of Chief Executive Officer of Capri, in accordance with, and subject to, the terms and conditions of Capri's then existing executive annual cash incentive plan, which is currently the Capri Holdings Limited Annual Cash Incentive Plan and is a component of the Capri Holdings Limited Second Amended and Restated Omnibus Incentive Plan (as the same may be amended or modified by Capri or its subsidiaries from time to time in their sole discretion, subject to shareholder approval if required, together, the "Incentive Plan"). Executive's actual Annual Cash Incentive may range from 0% of Base Salary for performance below established thresholds to 200% or 400% (as applicable) of salary for maximum performance (interpolated based on the actual level of attainment). The actual Annual Cash Incentive, if any, shall be determined annually at the same time annual cash incentives are determined for comparable senior executives of Capri and its affiliates in accordance with the Incentive Plan, and shall be payable at the same time and in the same manner as annual cash incentives are paid to similarly situated executives of Capri and its affiliates. In order to be entitled to the Annual Cash Incentive for the applicable fiscal year, Executive must be employed by MKUSA on the date the Annual Cash Incentive is actually paid to similarly situated executives except as

otherwise provided for in Section 4. Executive acknowledges that if he resigns (other than for Good Reason) or is terminated for Cause prior to the date the Annual Cash Incentive is actually paid to similarly situated executives he is not entitled to receive the Annual Cash Incentive payment for the applicable fiscal year.

(ii) During the Term, the performance components, measures and target values for the Annual Cash Incentive, including, without limitation, the extent to which they will be based on overall corporate performance, brand or divisional performance or other criteria consistent with the terms and conditions of the Incentive Plan, shall be established annually by the Board (or appropriate committee thereof) in accordance with the Incentive Plan as then in effect.

(iii) Notwithstanding the generality of the foregoing, Executive's Annual Cash Incentive (a) for Fiscal 2022 shall be guaranteed at \$700,000 and (b) for the fiscal year ending April 1, 2023 shall be guaranteed at \$500,000 (the "Guaranteed Cash Incentive"). The Guaranteed Cash Incentive reflects the minimum cash incentive payable to Executive for the applicable fiscal year, and Executive may earn an actual Annual Cash Incentive in excess of the Guaranteed Cash Incentive if actual fiscal year performance exceeds threshold. Any such additional Annual Cash Incentive for Fiscal 2022 shall be pro rated from the Commencement Date. The Guaranteed Cash Incentive for the applicable fiscal year shall be paid on the same date that annual cash incentives for the same fiscal year are paid to similarly situated executives of Capri and its affiliates.

(iv) Clawback. Notwithstanding the foregoing, if the Board (or appropriate committee thereof, including the Compensation Committee) determines that Executive was overpaid, in whole or in part, as a result of a restatement of the reported financial or operating results of Capri due to material non-compliance with financial reporting requirements (unless due to a change in accounting policy or applicable law), the Company Parties shall be entitled to recover or cancel the difference between (i) any Annual Cash Incentive payment that was based on having met or exceeded performance targets and (ii) the Annual Cash Incentive payment that would have been paid to or earned by Executive had the actual payment or accrual been calculated based on the accurate data or restated results, as applicable (the "Overpayment"). If the Compensation Committee determines that there has been an Overpayment, the Company Parties shall be entitled to demand that Executive reimburse MKUSA for the Overpayment. To the extent Executive does not make reimbursement of the Overpayment, the Company Parties shall have the right to enforce the repayment through the reduction of future salary or the reduction or cancellation of outstanding and future incentive compensation and/or to pursue all other available legal remedies in law or in equity. The Board (or appropriate committee thereof, including the Compensation Committee) may make determinations of Overpayment at any time through the end of the third (3rd) fiscal year following the year for which the performance evaluation was inaccurate; provided, that if steps have been taken within such period to restate Capri's financial or operating results, the time period shall be extended until such restatement is completed.

(d) Benefits. During the Term, Executive shall be entitled to participate in the benefit plans and programs, including, without limitation, medical, dental, vision, life insurance, disability insurance, deferred compensation program and 401(k), that MKUSA provides generally to similarly situated executives in accordance with, and subject to, the terms and conditions of such plans and programs (including, without limitation, any eligibility limitations) as they may be modified by the Company Parties from time to time in their sole discretion. The Company Parties will provide Executive with a description of the complete benefits programs, together with necessary enrollment forms.

(e) Travel/Expense Reimbursement. MKUSA shall reimburse Executive for the ordinary and necessary business expenses incurred by him in the performance of his duties in accordance with Capri's policies and procedures. To the extent Executive travels in connection with his duties hereunder, MKUSA agrees to pay the cost of such travel or to reimburse Executive if he has incurred any such costs, including first class airfare, it being understood and agreed that all such costs shall be incurred in accordance with applicable Company policy. MKUSA shall reimburse Executive for all other ordinary and necessary business expenses incurred by him in the performance of his duties in accordance with Capri's policies and procedures.

(f) Legal Fees. MKUSA shall reimburse Executive for reasonable and documented legal fees of up to \$25,000 incurred in connection with the negotiation of Executive's offer letter and this Employment Agreement, which shall be payable within 30 days following the Commencement Date and which will be considered a taxable benefit to Executive.

(g) Equity-Based Compensation.

(i) Equity-Based Awards – General. Executive shall be eligible for a grant of share option awards, restricted share unit awards (“RSUs”), which may include performance-based RSUs (“PRSUs”), and other equity-based awards under the equity incentive plan generally applicable to eligible employees of Capri and its affiliates (currently the Incentive Plan), in accordance with, and subject to, the terms and conditions of the Incentive Plan and the applicable long-term incentive award agreement, including that Executive remain employed through the vesting date.

(ii) New Hire Grant. On the first business day of the month following the Commencement Date (assuming Executive is still employed by MKUSA on such grant date), Executive shall receive a long-term incentive award valued at approximately \$15,000,000 based on the closing price of CPRI ordinary shares on the New York Stock Exchange on the date of grant, in accordance with, and subject to, the terms and conditions of the Incentive Plan and the applicable long-term incentive award agreement. This equity grant shall be comprised of 100% RSUs that will vest in equal installments over five (5) years on each anniversary of the grant date, subject to Executive's continued employment through the vesting date and the terms and conditions of the Incentive Plan and the applicable long-term incentive award agreement.

(iii) Annual Discretionary Grant. In addition, in accordance with the Capri annual performance review cycle (which typically occurs in June of each year), on an annual basis commencing in June 2022, Executive will be eligible to receive a discretionary long-term incentive award under the Incentive Plan in form and amount, if any, to be determined in Capri's sole discretion in accordance with, and subject to, the terms and conditions of such Incentive Plan, and may be in the form of share options, RSUS, PRSUS, other share-based awards or any combination of the foregoing as determined the Board (or appropriate committee thereof).

(iv) Effect of Termination. Except in the case of the termination of Executive for Cause, in which case any restricted shares (including RSUs and PRSUs) and any other share-based awards granted to Executive under the Incentive Plan shall be forfeited and any share options granted to Executive under the Incentive Plan shall immediately terminate (whether or not vested and/or exercisable), any such equity-based awards that have become vested and/or exercisable prior to the Termination Date shall remain vested and/or exercisable after the Termination Date in accordance with the terms and conditions of the Incentive Plan and any applicable long-term incentive award agreement,

and treatment of the long-term incentive awards upon termination shall be governed by the Incentive Plan and the applicable award agreement.

(v) Incentive Plan Controls. Notwithstanding anything to the contrary in this Agreement, the terms of the Incentive Plan and related long-term incentive award agreements, as they may be changed from time to time, are controlling.

(h) Taxes. All payments to be made to and on behalf of Executive under this Agreement will be subject to required withholding of federal, state and local income and employment taxes, and to related reporting requirements, including, with respect to the Board Fees, applicable U.K. statutory reductions. In connection with any U.K. tax return filing required by Executive in connection with his service on the Board, Capri agrees to provide Executive with reasonable assistance, including the preparation and filing of an annual U.K. tax return (and any amendments thereto) through a tax firm of Capri's choice. To the extent that Executive incurs increased tax liability as a result of Capri being a U.K. tax resident, Capri agrees to either reimburse Executive for such additional tax liability, including any additional tax liability resulting from such reimbursement, or to pay the additional tax directly on Executive's behalf.

(i) Vacations. Executive shall be entitled to a total of twenty-five (25) days of paid vacation during each calendar year during the Term (which shall accrue in accordance with MKUSA's vacation policy); provided, however, that such vacations shall be taken by Executive at such times as will not interfere with the performance by Executive of his duties hereunder.

4. Termination of Employment.

(a) Employee At-Will. Either the Company Parties or Executive shall have the right to terminate the employment relationship at any time, for any reason, without or with Cause (as defined below) subject to the provisions of Section 5.

(b) Death and Disability. Executive's employment under this Agreement shall terminate automatically upon his death. The Company Parties may terminate Executive's employment under this Agreement if Executive is unable to perform substantially all of the duties required hereunder due to illness or incapacity for a period of at least ninety (90) days (whether or not consecutive) in any period of three hundred and sixty five (365) consecutive days.

(c) Cause. The Company Parties may terminate Executive's employment under this Agreement at any time with Cause. For purposes of this Agreement, "Cause" means the occurrence of any of the following events after the Commencement Date: (i) a material breach by Executive of his obligations under this Agreement that he fails to cure, other than due to death, disability or other cause outside of his reasonable control within thirty (30) days following written notice of such breach from the Company Parties to Executive; (ii) insubordination or a refusal by Executive to perform his duties under this Agreement consistent with applicable laws and Executive's good faith business judgment that continues for at least ten (10) consecutive days after written notice from the Company Parties to Executive; (iii) Executive's gross negligence, willful misconduct or dishonesty in performing his duties hereunder or with respect to the Company Parties or any of their affiliates (iv) the commission by Executive of a fraud or theft against the Company Parties or any of their affiliates or Executive's conviction for the commission of, or aiding or abetting, a felony or of a fraud or a crime involving moral turpitude or a business crime; or (v) the possession or use by Executive of illegal drugs or prohibited substances or the excessive drinking of alcoholic beverages on a recurring basis which impairs

Executive's ability to perform the material duties under this Agreement. In all instances, written notice shall be from the Current Capri CEO or the Board, as applicable, and shall set forth the specific basis of the alleged conduct constituting Cause, and termination by the Company Parties shall be subject to an opportunity to meet with the Board at least ten (10) days in advance and the vote of majority of Board members.

(d) Executive Termination Without Good Reason. Executive agrees that he shall not terminate his employment for any reason other than Good Reason without giving the Company Parties at least six (6) month's prior written notice of the effective date of such termination. Executive acknowledges that the Company Parties retain the right to waive the notice requirement, in whole or in part, and accelerate the effective date of Executive's termination. If the Company Parties elect to waive the notice requirement, in whole or in part, neither of the Company Parties shall have any further obligations to Executive under this Agreement other than to make the payments specified in Section 5(a). After Executive provides a notice of termination, the Company Parties may, but shall not be obligated to, provide Executive with work to do and the Company Parties may, in their sole discretion, in respect of all or part of an unexpired notice period, (i) require Executive to comply with such conditions as they may specify in relation to attending at, or remaining away from, the Company Parties' places of business, or (ii) withdraw any powers vested in, or duties assigned to, Executive. For purposes of a notice of termination given pursuant to this Section 4(d), the Termination Date shall be the last day of the six (6) month notice period, unless the Company Parties elect to waive the notice requirement as set forth herein.

(e) Other Notice Requirements. If Executive is offered and desires to accept employment with, or provide consulting services to, another business, person or enterprise, including, but not limited to, a Competitor (as defined in Section 6(c)) during the Restricted Period (as defined in Section 6(c)), Executive agrees to promptly inform the Chief Executive Officer of Capri or the Board, as applicable, of his proposed title and duties with that business, person or enterprise, and the proposed starting date of that employment or consulting services. Executive is also required to inform any prospective employer or entity of the terms of his restrictive covenants as set forth in Section 6 of this Agreement.

5. Consequences of Termination or Breach.

(a) Death or Disability; Termination for Cause or Without Good Reason. If Executive's employment under this Agreement is terminated under Section 4(b) or 4(c), or Executive terminates his employment for any reason other than for Good Reason in accordance with Section 4(d), Executive shall not thereafter be entitled to receive any compensation or benefits under this Agreement, other than (i) Base Salary earned but not yet paid prior to the Termination Date, (ii) reimbursement of any expenses pursuant to Section 3(f) incurred prior to the Termination Date and (iii) vested equity in accordance with Section 3(h)(iv). For purposes of this Agreement, "Good Reason" means (x) the material reduction of Executive's duties, responsibilities or authority relating to the position of Chief Executive Officer of Michael Kors or Chief Executive Officer of Capri, as applicable (but not including any transition assistance provided by the Executive Chairman of Capri during Executive's first four (4) months as CEO of Capri), or the assignment of responsibilities or reporting relationships that are inconsistent in any material respect with those roles, as applicable ("Diminution") except with respect to any Capri or Company action initiated or recommended by Executive and approved by the Chief Executive Officer of Capri or the Board (as applicable), (y) a material breach by the Company Parties of their obligations under this Agreement or any other agreements then in effect, (z) failure of the Board to promote Executive to Chief Executive Officer of Capri by the date specified in Section 2(a); (aa) a person other than Executive is named as the successor Chief Executive Officer of Capri to the person who serves

as the Current CEO of Capri; (bb) the Board fails to nominate you to the Board upon your appointment as Chief Executive Officer of Capri; and (cc) in the event of a “change of control” (as defined in the Incentive Plan), failure of the surviving entity to assume in writing any binding employment agreement between you and the Company Parties. In all instances set forth under subclauses (x) through (cc) hereunder, written notice directed to the Current Capri CEO or the Board, as applicable, and setting forth the specific basis of the alleged conduct constituting Good Reason is required within thirty (30) days of occurrence. The Company Parties shall have thirty (30) days after said written notice to cure such noncompliance, and termination by Executive for Good Reason shall only be effective ten (10) days after the expiration of the cure period.

(b) Termination Without Cause or With Good Reason.

(i) If Executive’s employment under this Agreement is terminated by the Company Parties without Cause, or Executive terminates his employment for Good Reason, the sole obligations of the Company Parties to Executive shall be (a) to make the payments described in clauses (i) through (iii) (inclusive) of Section 5(a), and (b) subject to Executive providing the Company Parties with the release and separation agreement described below, to provide continuation of Executive’s then current Base Salary for a two (2) year period commencing with the day following the Termination Date plus a payment equivalent to two (2) years of Executive’s target Annual Cash Incentive plus the Annual Cash Incentive for the fiscal year in which the Termination Date occurs (pro rated based on the Termination Date within the performance period) (the “Separation Cash Incentive”) plus the value of accrued but unused vacation (together, the “Severance Payments”). The Separation Cash Incentive shall be payable to Executive on the date that the Annual Cash Incentive is actually paid to similarly situated executives of Capri and its affiliates. The Company Parties’ obligations to provide the payments and any long-term incentive award vesting referred to in Section 5(b)(iii) shall be contingent upon (A) Executive having delivered to the Company Parties a fully executed separation agreement and release (that is not subject to revocation) of claims against the Company Parties and their affiliates and their respective directors, officers, employees, agents and representatives satisfactory in form and content to Capri’s counsel, and (B) Executive’s continued compliance with his obligations under Section 6 of this Agreement. Executive acknowledges and agrees that in the event the Company Parties terminate Executive’s employment without Cause or Executive terminates his employment for Good Reason, (1) Executive’s sole remedy shall be to receive the Severance Payments specified in this Section 5(b) and (2) if Executive does not execute the separation agreement and release described above, Executive shall have no remedy with respect to such termination.

(ii) Notwithstanding anything to the contrary, in case of termination without Cause or under (z), (aa), (bb) or (cc) of the definition of Good Reason, the Severance Payments will be calculated based on the Base Salary and target Annual Cash Incentive as if Executive had been appointed Chief Executive Officer of Capri.

(iii) The Severance Payments shall be payable in substantially equal installments in accordance with the normal payroll practices of MKUSA less applicable withholdings and deductions and shall not be offset or otherwise reduced by any compensation or other consideration that Executive receives from other employment (including self-employment) during such payment period. In addition, in the event the Company Parties are required to make the Severance Payments described in Section 5(b)(i), Executive shall also be eligible to vest in any long-term incentive award that has a vesting date within twelve (12) months of the Termination Date.

6. Certain Covenants and Representations.

(a) Confidentiality. Executive acknowledges that in the course of his employment by the Company Parties, Executive will receive and or be in possession of confidential information of Capri and its affiliates, including, but not limited to, information relating to their financial affairs, business methods, strategic plans, marketing plans, product and styling development plans, pricing, products, vendors, suppliers, manufacturers, licensees, computer programs and software, and personal information regarding Capri and its affiliates personnel (collectively, "Confidential Information"). Confidential Information shall not include information that is: (i) generally known or available to the public or in Executive's possession prior to discussions relating to employment with the Company Parties; (ii) independently known, obtained, conceived or developed by Executive without access to or knowledge of related information provided by Capri or its affiliates or obtained in connection with Executive's efforts on behalf of the Capri and its affiliates, (iii) used or disclosed with the prior written approval of the Company Parties or (iv) made available by the Company Parties to the public. Executive agrees that he will not, without the prior written consent of the Company Parties, during the Term or thereafter, disclose or make use of any Confidential Information, except as may be required by law or in the course of Executive's employment hereunder or in order to enforce his rights under this Agreement. Executive agrees that all tangible materials containing Confidential Information, whether created by Executive or others which shall come into Executive's custody or possession during Executive's employment shall be and is the exclusive property of the Company Parties. Upon termination of Executive's employment for any reason whatsoever, Executive shall immediately surrender to the Company Parties all Confidential Information and property of the Company Parties in Executive's possession.

(b) No Hiring. During the two (2) year period following the Termination Date, Executive shall not employ or retain (or participate in or arrange for the employment or retention) of any person who was employed or retained by Capri or any of its parents, subsidiaries or affiliates within the one (1) year period immediately preceding such employment or retention ("Restricted Person"). A person shall not be deemed a Restricted Person unless he or she has or had seniority above the level of manager and meaningful business interaction with Executive prior to their and Executive's departure from the Company Parties. There shall be no presumption of breach solely based on Executive's affiliation with an entity which hires or retains a Restricted Person so long as Executive does not solicit the person or participate in the hiring process. It is not a violation of this paragraph if Executive or an entity with which Executive is affiliated engages or participates in any arrangement with an independent contractor if such party's services to the Company Parties (i) are not then full-time or exclusive and (ii) Executive's engagement or participation does not require such party to terminate or diminish its services to the Company Parties.

(c) Non-Compete. Executive is prohibited from, directly or indirectly, counseling, advising, consulting for, becoming employed by or providing services in any capacity to a Competitor (as defined below) for twelve (12) months beginning on the day following the Termination Date (the "Restricted Period"). Executive shall not be deemed in breach of this Section 6(c) if an entity Executive is affiliated with provides services to a competitor, among other clients, as long as Executive is not meaningfully involved in rendering services to that client. Executive shall be entitled to own a passive equity interest of up to five (5) percent in any entity so long as Executive does not manage (whether as a director, officer or otherwise) or exercise influence or control over an entity that is a Competitor. "Competitor" refers to any of the companies set forth in Annex A to this Agreement. In the event Executive's employment is terminated for any reason (other than for Cause) and Capri, at its sole discretion, elects to enforce its right to enjoin Executive from joining a competitor during the Restricted

Period, MKUSA shall compensate Executive at his then-current Base Salary, paid semi-monthly less applicable withholdings and deductions in accordance with the normal payroll practices of MKUSA, to be paid in consecutive months, during the Restricted Period. The foregoing payments will be made to Executive solely to the extent that the Separation Payments or other termination payments from the Company Parties are not otherwise being paid to Executive during the remainder of the Restricted Period.

(d) Non-Disparagement. During the Term and thereafter, (i) Executive agrees not to disparage Capri or any of its affiliates or any of their respective directors, officers, employees, agents, representatives or licensees (“Restricted Parties”) and not to publish or make any disparaging statement that is reasonably foreseeable to become public with respect to the Restricted Parties; and (ii) each of the Company Parties agrees that it shall not disparage, and it shall not authorize or permit any director or “executive officer” (as defined in Rule 3b-7 of the U.S. Securities Exchange Act of 1934, as amended (the “SEC Officers”)) to disparage, Executive, nor shall the Company Parties make, or authorize or permit any such persons to make, any statement that is reasonably foreseeable to become public with respect to Executive. The obligations of the Company Parties under this Section 6(d) shall be limited to the direct or indirect actions of its directors and SEC Officers during the period in which they are providing services to or employed by the Company Parties or their affiliates.

(e) Copyrights, Inventions, etc. Any interest in patents, patent applications, inventions, technological innovations, copyrights, copyrightable works, developments, discoveries, designs, concepts, ideas and processes that Executive now or hereafter during the Term may acquire or develop either individually or with others, as an employee relating to the fields in which the Company or any of its affiliates may then be engaged or contemplate being engaged (“Such Inventions”) shall, as between Executive and Capri or its affiliate, belong to Capri or such affiliate and forthwith upon request of the Company Parties, Executive shall execute all such assignments and other documents (including applications for patents, copyrights, trademarks and assignments thereof) and take all such other action as the Company Parties may reasonably request in order to assign to and vest in Capri or its affiliates all of Executive’s right, title and interest (including, without limitation, waivers to moral rights) in and to Such Inventions throughout the world, free and clear of liens, mortgages, security interests, pledges, charges and encumbrances. Executive acknowledges and agrees that (i) all copyrightable works created by Executive as an employee will be “works made for hire” on behalf of Capri and its affiliates and that, as between Executive and Capri and its affiliates, Capri and its affiliates shall have all rights therein in perpetuity throughout the world and (ii) to the extent that any such works do not qualify as works made for hire, Executive irrevocably assigns and transfers to Capri and its affiliates all worldwide right, title and interest Executive may have in and to such works. Executive hereby appoints any officer of the Company Parties as Executive’s duly authorized attorney-in-fact to execute, file, prosecute and protect Such Inventions before any governmental agency, court or authority. If for any reason Capri or its affiliates do not own any Such Invention, to the extent of Executive’s rights therein, Executive grants to Capri and its affiliates the exclusive and royalty-free right to use in their businesses, and to make products therefrom, Such Invention as well as any improvements or know-how related thereto.

(f) Remedy for Breach and Modification. Executive acknowledges that the foregoing provisions of Sections 6(a), (b) and (c) are reasonable and necessary for the protection of Capri and its affiliates, and that they will be materially and irrevocably damaged if these provisions are not specifically enforced. Accordingly, Executive agrees that, in addition to any other relief or remedies available to Capri and its affiliates, they shall be entitled to seek an appropriate injunctive or other equitable remedy for the purposes of restraining Executive from any actual or threatened breach of or otherwise enforcing these provisions and no bond or security will be required in connection therewith. In addition, in the event Executive breaches any of the covenants in Sections 6(b) and (c), Executive will

forfeit any remaining earned but unpaid Annual Cash Incentive and all vested and unvested equity, and Capri shall be entitled to claw back any Annual Cash Incentive paid to Executive within twelve (12) months of his last day of employment and shall also be entitled to claw back any compensation previously received on exercise or settlement of any equity award within twenty-four (24) months prior to any such breach in accordance with the Incentive Plan and applicable long-term incentive award agreements. If any provision of this Section 6 is deemed invalid or unenforceable, such provision shall be deemed modified and limited to the extent necessary to make it valid and enforceable.

7. Miscellaneous.

(a) Employee Handbook and Other Policies. Executive agrees to be bound by, and adhere to, all of Capri's policies in effect during his Employment, including, but not limited to, the Employee Handbook, and Code of Business Conduct and Ethics, each of which, among other policies, Executive will be required to sign and acknowledge in connection with his commencement of employment hereunder.

(b) Representations. The Company Parties and Executive each represents and warrants that (i) it has full power and authority to execute and deliver this Agreement and to perform its respective obligations hereunder and (ii) this Agreement constitutes the legal, valid and binding obligation of such party and is enforceable against it in accordance with its terms. In addition, Executive represents and warrants that as of the Commencement Date: (i) Executive is not party to any agreement with any prior employer that would preclude his employment by the Company Parties or his full performance of his duties as an employee of the Company Parties; (ii) Executive does not have any documents, information (whether hardcopy or electronic), or any other property belonging to his prior employer; and (iii) Executive has kept and will keep in confidence proprietary information, knowledge, or data acquired by him in confidence during his employment with his prior employer, and Executive will not disclose to Capri or its affiliates or induce Capri or its affiliates to use any confidential or proprietary information belonging to his prior employer.

(c) Notices. Any notice or other communication made or given in connection with this Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand, by facsimile transmission, by email, by a nationally recognized overnight delivery service or mailed by certified mail, return receipt requested, to Executive or to the Company Parties at the addresses set forth below or at such other address as Executive or the Company Parties may specify by notice to the other:

To Capri:

Capri Holdings Limited
33 Kingsway
London, United Kingdom WC2B 6UF
Attn: Chairman of the Board

To MKUSA:

Michael Kors (USA), Inc.
11 West 42nd Street
New York, NY 10036

Attention: John D. Idol
Fax Number: 646.354.4988

With a copy to:

Capri Holdings Limited / Michael Kors (USA), Inc.
11 West 42nd Street
New York, NY 10036
Attention: Senior Vice President, General Counsel
Fax Number: 646.354.4901

To Executive: at his home address on file with the Company Parties or to such other address as may be provided by such notice.

(d) Entire Agreement; Amendment. This Agreement supersedes all prior agreements between the parties with respect to its subject matter. This Agreement is intended (with any documents referred to herein) as a complete and exclusive statement of the terms of the agreement between the parties with respect thereto and may be amended only by a writing signed by both parties hereto. Notwithstanding the foregoing, this Agreement does not cancel or supersede the Incentive Plan (or the applicable long-term incentive award agreement) or the plans referred to in Section 3(e), and without limiting the generality of the foregoing, the definition of "Cause" hereunder shall not supersede the definition of "cause" in the Incentive Plan (or the applicable long-term incentive award agreement) or any plan (unless the Incentive Plan (or the applicable long-term incentive award agreement) or plan expressly defers to the definition of "cause" under an executive's employment agreement). Nothing herein shall be deemed to prohibit Capri, the Board, or MKUSA from amending or terminating any and all Incentive Plans or other plans referred to in Section 3(e) or other policies (including within the Employee Handbook) in its sole and absolute discretion.

(e) Waiver. The failure of any party to insist upon strict adherence to any term or condition of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in a writing signed by the party to be charged with such waiver.

(f) Assignment. Except as otherwise provided in Sections 7(f) and 2(b), this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by Executive and shall be assignable by the Company Parties only to its affiliates; provided, however, that any assignment by the Company Parties shall not, without the written consent of Executive, relieve the Company Parties of their obligations hereunder.

(g) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument.

(h) Captions. The captions in this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of the Agreement.

(i) Governing Law. This Agreement shall be governed by the laws of the State of New York applicable to agreements made and to be performed in that State, without regard to its conflict of laws principles.

(j) Arbitration. Any dispute or claim between the parties hereto arising out of, or, in connection with this Agreement, shall, upon written request of either party, become a matter for arbitration; provided, however, that Executive acknowledges that in the event of any violation of Section 6 hereof, the Company Parties shall be entitled to obtain from any court in the State of New York, temporary, preliminary or permanent injunctive relief as well as damages, which rights shall be in addition to any other rights or remedies to which it may be entitled. The arbitration shall be before a neutral arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association and take place in New York City. Each party shall bear its own fees, costs and disbursements in such proceeding. The decision or award of the arbitrator shall be final and binding upon the parties hereto. The parties shall abide by all awards recorded in such arbitration proceedings, and all such awards may be entered and executed upon in any court having jurisdiction over the party against whom or which enforcement of such award is sought.

(k) Section 409A. It is intended that this Agreement will comply with Internal Revenue Code Section 409A and any regulations and guidelines issued thereunder (collectively, "Section 409A") to the extent this Agreement is subject thereto. It is the Parties' good faith belief that any payments or benefits provided to Executive pursuant to this Agreement fall within an exception to Section 409A. To the extent that this Agreement provides for any payments to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A. If an amendment to this Agreement is necessary in order for it to comply with Section 409A, the Parties agree to negotiate in good faith to amend this Agreement in a manner that preserves the original intent of the Parties to the extent reasonably possible.

IN WITNESS WHEREOF, the parties have executed this Agreement with effect from and after the Commencement Date.

CAPRI HOLDINGS LIMITED

By: /s/ John Idol
Name: John D. Idol
Title: Chairman & CEO

MICHAEL KORS (USA), INC.

By: /s/ John Idol
Name: John D. Idol
Title: Chairman & CEO

By: /s/ Joshua Schulman
Name: Joshua Schulman

ANNEX A

Burberry Group PLC
Chanel
Christian Louboutin
Compagnie Financière Richemont SA (including, but not limited to, Azzedine Alaïa, Cartier, Chloé, Lancel, Montblanc, Piaget and Van Cleef & Arpels)
Dolce & Gabbana
Hermès International
Hugo Boss
Kering (including, but not limited to, Gucci, Bottega Veneta, Yves Saint Laurent, Alexander McQueen, Balenciaga and Stella McCartney)
LVMH Moët Hennessy Louis Vuitton SA (including, but not limited to, Celine, Christian Dior, Fendi, Givenchy, Marc Jacobs, Louis Vuitton and Tiffany)
PVH Corp. and its affiliated brands (including, but not limited to, Calvin Klein and Tommy Hilfger)
Prada Group (including, but not limited to, Prada and Miu Miu)
Ralph Lauren Corporation
Salvatore Ferragamo
Tapestry (including Coach, Kate Spade and Stuart Weitzman)
Tod's Group
Tory Burch LLC
Tumi Holdings, Inc.
Valentino S.P.A.
V.F. Corporation

SUSPENSION OF RIGHTS AGREEMENT

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

From: Michael Kors (USA), Inc. (the “**Company**”), Capri Holdings Limited (“**Capri Holdings**”) and the Foreign Subsidiary Borrowers party to the Credit Agreement (as defined below) (collectively, the “**Borrowers**”)

Date: September 23, 2021 Ladies & Gentlemen:

Third Amended and Restated Credit Agreement, dated as of November 15, 2018 (as amended by the First Amendment to Third Amended and Restated Credit Agreement, dated as of March 20, 2020 and the Second Amendment to Third Amended and Restated Credit Agreement and First Amendment to Third Amended and Restated Guarantee Agreement, dated as of June 25, 2020, the “Credit Agreement”) among, the Borrowers, JPMorgan Chase Bank, N.A., as Administrative Agent, the Lenders thereto and the other parties party thereto.

- 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 “Non-USD Currency” in this letter shall mean collectively or individually:
 - Pounds Sterling
 - Euro
 - Swiss Francs
 - Japanese Yen

 - 2 The Borrowers each acknowledge that from December 31, 2021, panel submissions for all Non-USD Currency LIBO Rate tenors and 1-week and 2-month Dollar LIBO Rate tenors shall cease, following which representative LIBO Rates for such currencies and tenors shall cease to be available (the “**2021 LIBOR 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 2021 LIBOR Cessation, and in lieu of amending or waiving any term of the Credit Agreement, each of the Borrowers agrees with effect from September 23, 2021 to suspend its following rights under the Credit Agreement:
 - (a) Each of the Borrowers agrees that, notwithstanding anything to the contrary in the Loan Documents, (i) from and after December 31, 2021, no Non-USD Currency shall be available as a Foreign Currency under the 2023 Revolving Facility and no Lender shall be obligated to participate in any Borrowing under the 2023 Revolving Facility in a Non-USD Currency and (ii) any and all outstanding Non-USD Currency Loans shall have been repaid or prepaid by the Borrowers on or before December 31, 2021;
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- (b) each of the Borrowers agrees that, notwithstanding anything to the contrary in the Loan Documents, after the date hereof it shall no longer be permitted to select an Interest Period of two months for any Borrowing in Dollars, in each case, without consent of the Majority Facility Lenders under the relevant Facility (clause (a) and (b) together, the “**Suspension of Rights**”); and
- (c) each of the Borrowers agrees that, if a Borrowing Request, Interest Election Request or instruction is given under the Credit Agreement after the date hereof that selects (a) Non-USD Currency as the currency of a Loan, such Borrowing Request, Interest Election Request or instruction shall be deemed to be amended to select Dollars as the currency of that Loan or (b) an Interest Period under the Credit Agreement that uses 2-month Dollar LIBO Rate to calculate interest, such Borrowing Request, Interest Election Request or instruction shall be deemed to be amended to select an Interest Period of 1 month and, in each case, agrees that only such amended Borrowing Request, Interest Election or instruction will have effect under the Credit Agreement.

- 4 The Suspension of Rights shall cease to have effect (and all rights of the Borrowers under the Credit Agreement in respect of the terms set out in paragraph 3 above in effect immediately prior to the Suspension of Rights shall be in full force and effect) following notice from the Company to the Administrative Agent, provided that, such notice shall only be effective if, prior to the date of such notice, amendments to the Credit Agreement to take account of the 2021 LIBOR Cessation and to replace LIBO Rate with an alternative benchmark with respect to Non-USD Currency Loans have become effective pursuant to and in accordance with the terms of the Credit Agreement.
- 5 Each of the Borrowers agrees to indemnify and hold harmless the Administrative Agent and each other Indemnitee for any damage, loss, cost, liability, claim or reasonable expense (which, in the case of counsel, shall be limited as set forth in Section 9.03(b) of the Credit Agreement) whatsoever incurred (A) in connection with a breach of any Borrower’s agreements in paragraphs 3(a) and 3(b) above or (B) in connection with giving effect to the instruction of any Borrower in paragraph 3(c) above, unless directly caused by the Administrative Agent’s or such Indemnitee’s gross negligence, bad faith or willful misconduct.
- 6 This letter is hereby designated as a Loan Document and we acknowledge that this letter will be posted to the Debt Domain, Intralinks, Syndtrak, ClearPar or equivalent 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 Please sign and return to us the enclosed copy of this notice by way of your acknowledgement to the contents set out in this letter.
- 8 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.
- 9 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.

10. The provisions of Section 9.09 and Section 9.10 of the Credit Agreement shall apply, mutatis mutandis, to this letter.

Very truly yours,
MICHAEL KORS (USA), INC.

By: /s/ David Provenzano
Name: David Provenzano
Title: Treasurer

CAPRI HOLDINGS LIMITED

By: /s/ David Provenzano
Name: David Provenzano
Title: Treasurer

MICHAEL KORS (SWITZERLAND) GMBH

By: /s/ David Provenzano
Name: David Provenzano
Title: Managing Officer

MICHAEL KORS (EUROPE) B.V.

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

MICHAEL KORS (CANADA) HOLDINGS LTD.

By: /s/ David Provenzano
Name: David Provenzano
Title: Treasurer

Agreed and accepted by:
JPMorgan Chase Bank, N.A., as Administrative Agent

By: /s/ Anthony Galea
Name: Anthony Galea
Title: Executive Director

CERTIFICATIONS

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

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

Date: November 3, 2021

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

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report on Form 10-Q of Capri Holdings Limited (the "Company") for the quarter ended September 25, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John D. Idol, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Capri Holdings Limited.

Date: November 3, 2021

/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.

