CAPRI

HOLDINGS LIMITED



VERSACE



JIMMY CHOO



MICHAEL KORS

# 4Q Fiscal Year 2021 Earnings Presentation

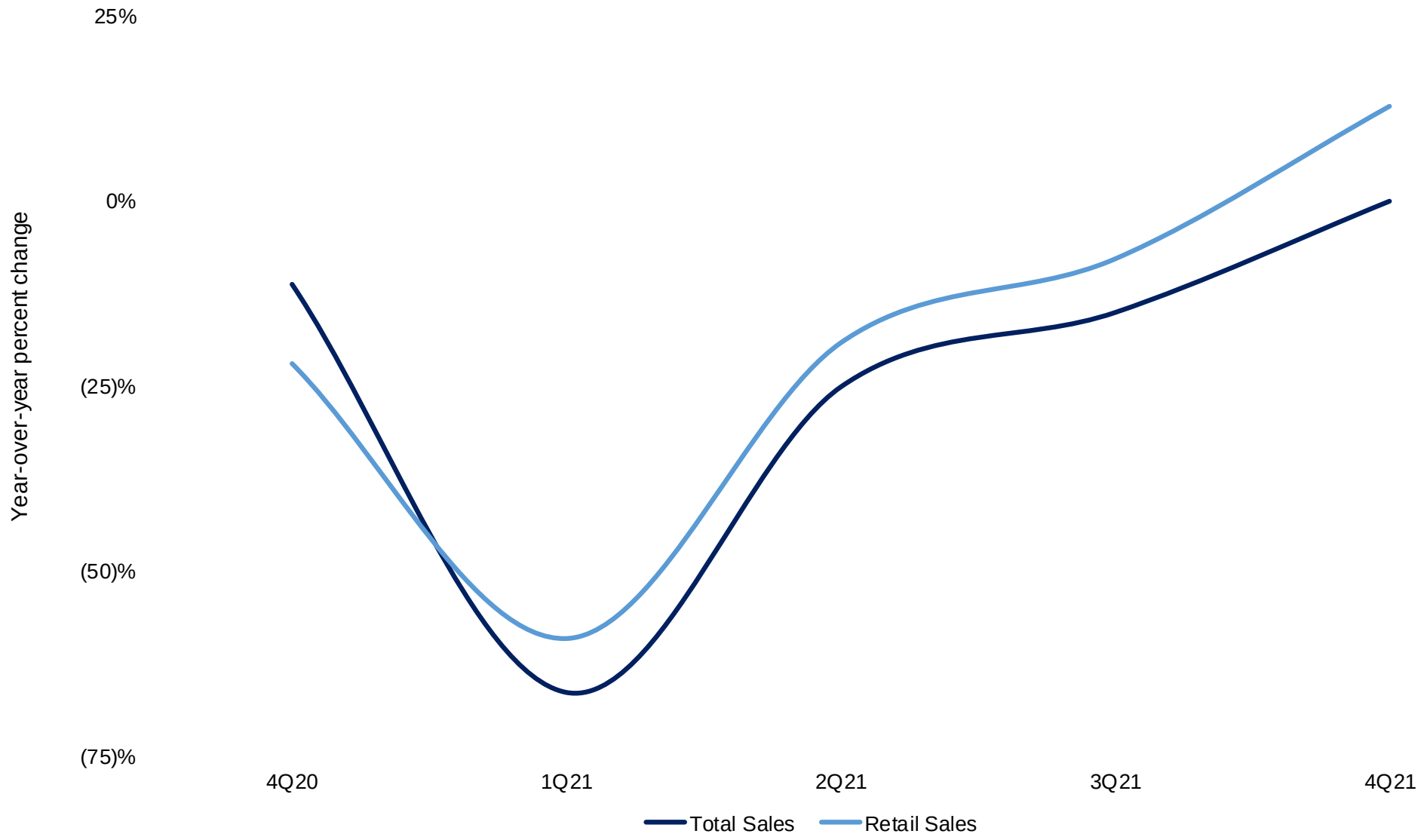
May 26, 2021

# FOURTH QUARTER FISCAL 2021 HIGHLIGHTS

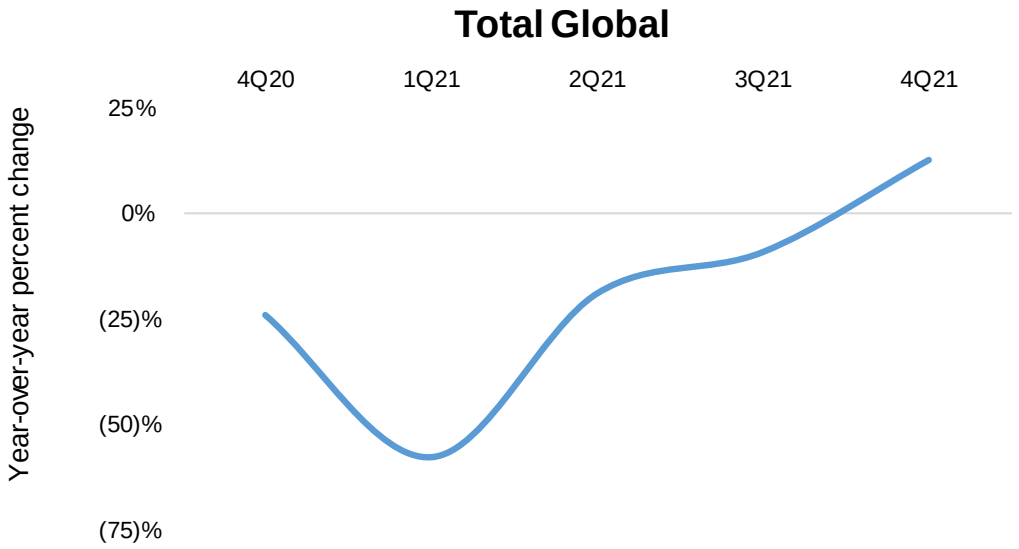


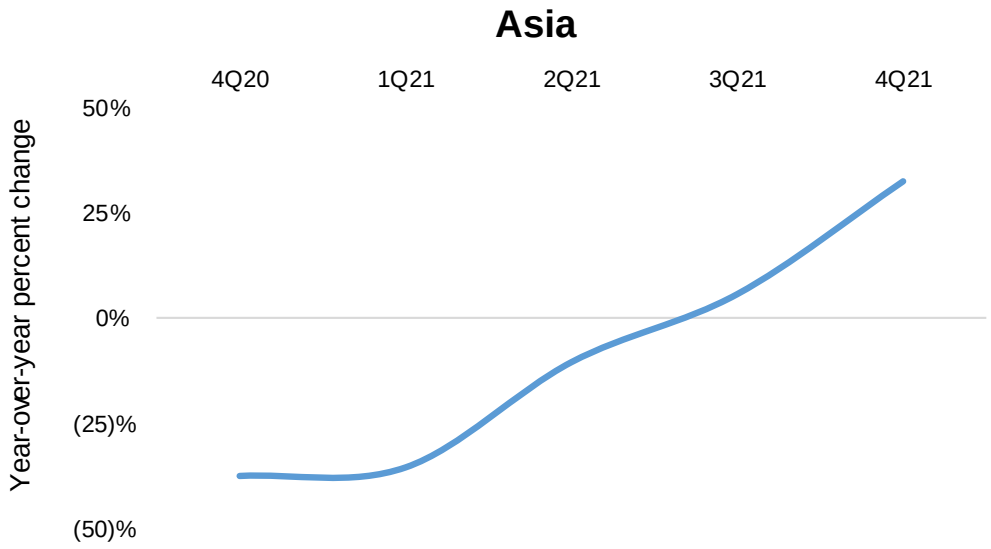
- Revenue was flat to prior year, a sequential improvement relative to 3Q21
  - E-commerce sales improved sequentially, up 80%
  - Retail sales up 13% globally – with growth across all three luxury houses
  - Double digit retail sales growth in Asia, led by triple digit growth in Mainland China
- Adjusted Gross Margin expansion of 280 bps
- Adjusted Operating Margin expansion of 360 bps
- Increased customer database by 9M versus prior year across our luxury houses

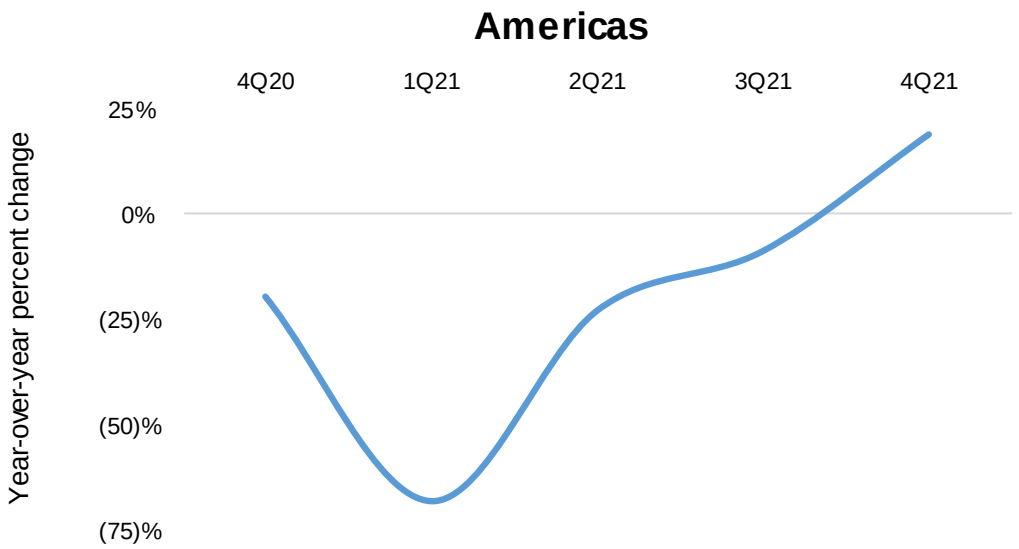
# QUARTERLY RETAIL SALES +13% IN 4Q

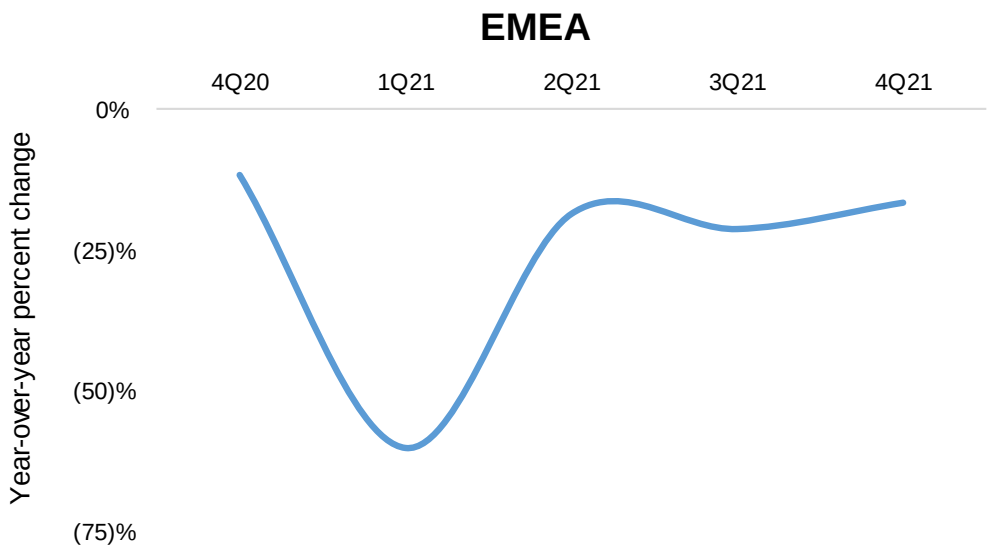


# QUARTERLY RETAIL SALES IMPROVING



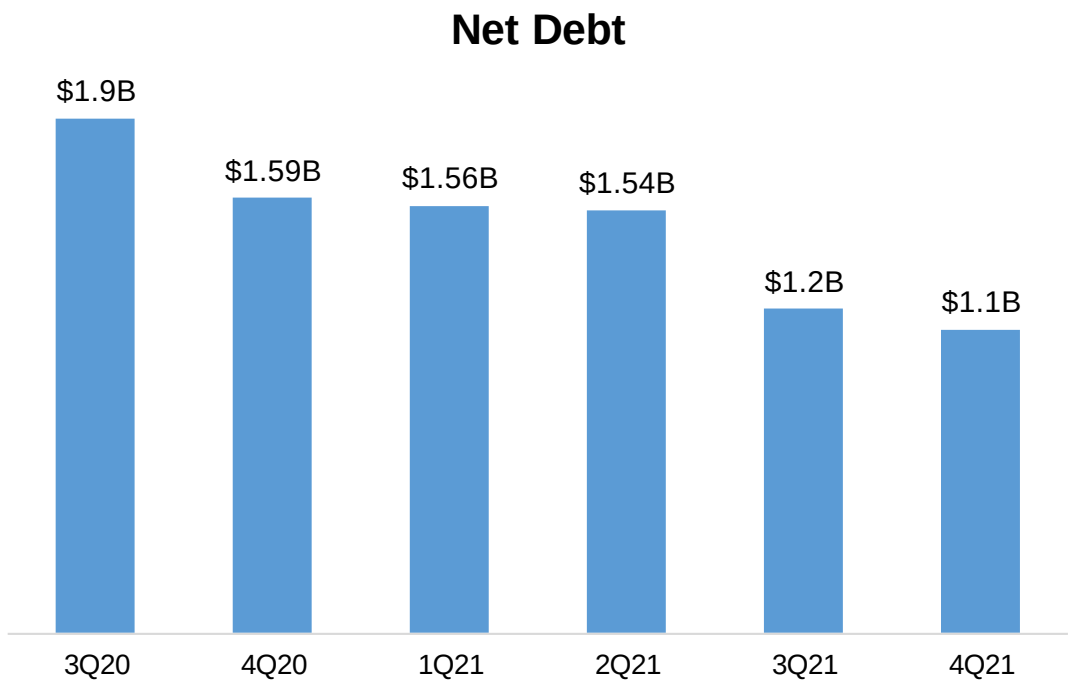



# LIQUIDITY AND NET DEBT

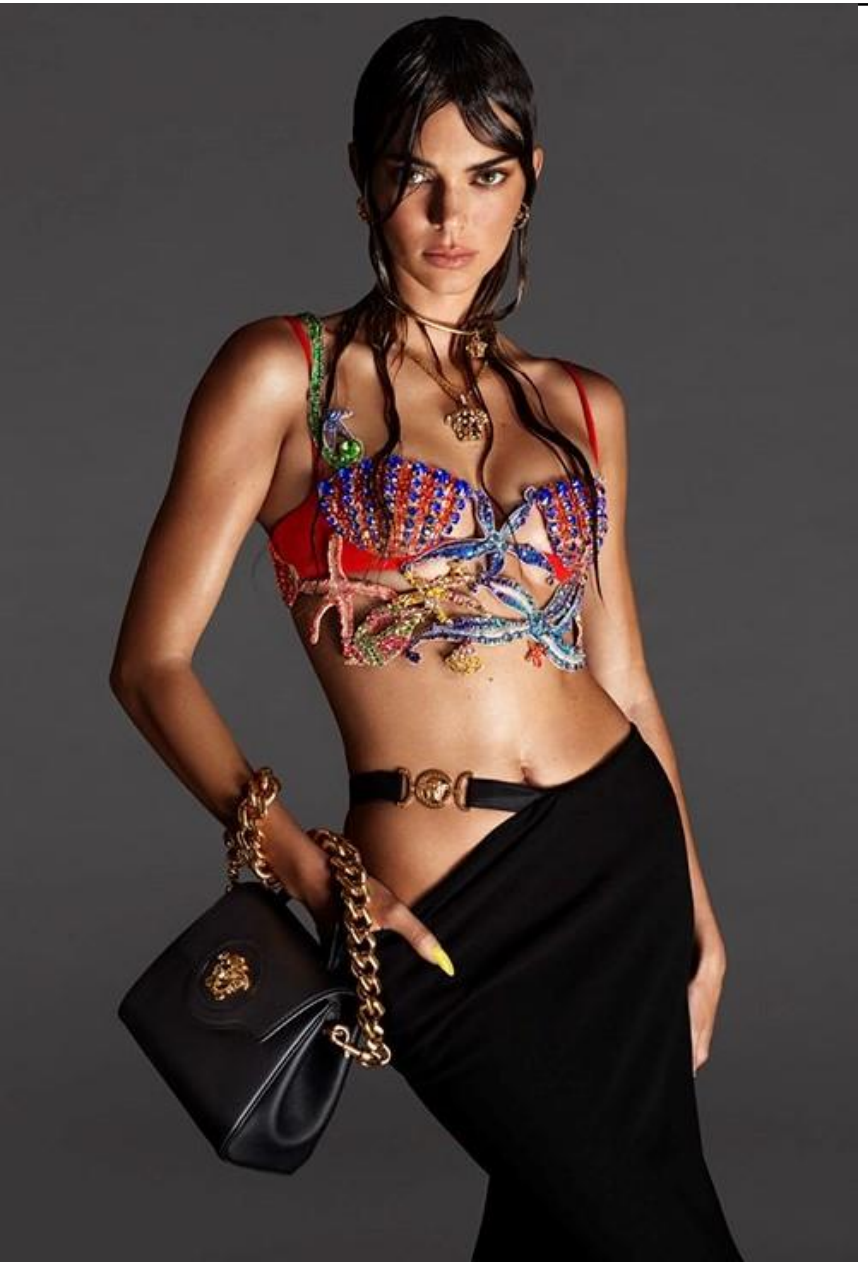



Liquidity = Cash and availability on credit facilities

Net Debt = Total Debt less Cash and Cash Equivalents

# VERSACE



- Sequential revenue improvement in 4Q21, up 10%
- Retail sales up strong double digits, with double digit growth in Asia and the Americas
- E-commerce sales up triple digits
- Operating margin increased >1,000 bps to 12.3%
- Global database +22% year-over-year

# JIMMY CHOO



- Sequential revenue improvement in 4Q21, up 16%
- Retail sales up high single digits, with double digit growth in Asia and the Americas
- E-commerce sales improved sequentially, increasing >50%
- Operating margin reflects expense deleverage, partially offset by gross margin expansion
- Global database +13% year-over-year

# MICHAEL KORS




- Sequential revenue improvement in 4Q21, down 4%
- Retail sales up mid teens, with double digit growth in Asia and the Americas
- E-commerce improved sequentially with sales up 75%
- Operating margin up 460 bps to 20.5%
- Global database +18% year-over-year

# FISCAL YEAR 2022 GUIDANCE

| | 1Q | 2Q | 3Q | 4Q | FY |
|---|---|---|---|---|---|
| **Revenue** | ~$1.1B | ~$1.2B | ~1.4B | ~$1.4B | ~$5.1B |
| **Versace** | ~$220M | | | | ~$925-975M |
| **Jimmy Choo** | ~$110M | | | | ~$500-525M |
| **Michael Kors** | ~$770M | | | | ~$3.5-3.6B |
| **Gross Margin** | (100) bps | flat | moderately above | moderately above | +50 bps |
| **Adjusted Operating Margin** | ~12% | ~11% | ~20% | ~12% | ~14% |
| **Versace** | HSD | | | | LDD |
| **Jimmy Choo** | negative low to mid teens | | | | negative MSD |
| **Michael Kors** | low-20s% | | | | low-20s% |
| **Adjusted EPS** | ~$0.75 | ~$0.70-$0.75 | ~$1.65-$1.70 | ~$0.55-$0.60 | ~$3.70-$3.80 |

*This guidance does not incorporate any significant additional store closures, extensions of closures, or new government restrictions that could further impact traffic and sales trends.*

MSD = mid single digits
HSD = high single digits
LDD = low double digits

# NON-GAAP MEASURES

This presentation includes certain non-GAAP financial measures that exclude certain costs associated with COVID-19 related charges, long-lived asset impairments, ERP implementation costs, Capri transformation costs, charitable donations, an inventory step-up adjustment, acquisition foreign currency effects, restructuring and other charges. The Company uses non-GAAP financial measures, among other things, to evaluate its operating performance and in order to represent the manner in which the Company conducts and views its business. The Company believes that excluding these items helps its management and investors compare operating performance based on its ongoing operations. While the Company considers the non-GAAP measures to be useful supplemental measures in analyzing its results, they are not intended to replace, nor act as a substitute for, any amounts presented in its consolidated financial statements prepared in conformity with U.S. GAAP and may be different from non-GAAP measures reported by other companies.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| | Three Months Ended March 27, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | As Reported | Impairment Charges [1] | Restructuring and Other Charges [2] | Charitable Donations | COVID-19 Related Charges | Capri Transformation | As Adjusted |
| Gross profit | $ 737 | $ — | $ — | $ — | $ 23 | $ — | $ 760 |
| Operating expenses | $ 876 | $ (206) | $ (14) | $ (20) | $ (17) | $ (2) | $ 617 |
| Total (loss) income from operations | $ (139) | $ 206 | $ 14 | $ 20 | $ 40 | $ 2 | $ 143 |
| (Loss) income before provision for income taxes | $ (136) | $ 206 | $ 14 | $ 20 | $ 40 | $ 2 | $ 146 |
| Provision for income taxes | $ 46 | $ 23 | $ 6 | $ 5 | $ 6 | $ — | $ 86 |
| Net (loss) income attributable to Capri | $ (183) | $ 183 | $ 8 | $ 15 | $ 34 | $ 2 | $ 59 |
| Weighted average diluted ordinary shares outstanding | 151,104,434 | | | | | | 154,379,232 |
| Diluted (loss) net income per ordinary share - Capri | $ (1.21) | $ 1.19 | $ 0.06 | $ 0.10 | $ 0.22 | $ 0.02 | $ 0.38 |

1) Includes impairment charges of $94 million related to goodwill associated with the Jimmy Choo wholesale and licensing reporting units, $69 million related to the Jimmy Choo brand indefinite-lived intangible assets. These impairment charges were primarily related to higher discount rates in the current year driven by a change in market factors as well as a shift in expected revenue and earnings mix to the retail segment. This amount also includes $43 million primarily related to operating lease right-of-use assets and fixed assets of our retail store locations.

2) Includes store closure costs which have been incorporated into the Capri Retail Store Optimization Program, other restructuring initiatives, and other costs recorded in connection with the acquisitions of Gianni Versace S.r.l. and Jimmy Choo Group Limited.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| | Fiscal Year Ended March 27, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As Reported | Impairment Charges [1] | Restructuring and Other Charges [2] | Charitable Donations | COVID-19 Related Charges | ERP Implementation | Capri Transformation | As Adjusted |
| Gross profit | $ 2,597 | $ — | $ — | $ — | $ 10 | $ — | $ — | $ 2,607 |
| Operating expenses | $ 2,578 | $ (316) | $ (32) | $ (20) | $ (32) | $ (2) | $ (4) | $ 2,172 |
| Total income from operations | $ 19 | $ 316 | $ 32 | $ 20 | $ 42 | $ 2 | $ 4 | $ 435 |
| Income before provision for income taxes | $ 3 | $ 316 | $ 32 | $ 20 | $ 42 | $ 2 | $ 4 | $ 419 |
| Provision for (benefit from) income taxes | $ 66 | $ 51 | $ 4 | $ 5 | $ 4 | $ (1) | $ 1 | $ 130 |
| Net (loss) income attributable to Capri | $ (62) | $ 265 | $ 28 | $ 15 | $ 38 | $ 3 | $ 3 | $ 290 |
| Weighted average diluted ordinary shares outstanding | 150,453,568 | | | | | | | 152,157,901 |
| Diluted net (loss) income per ordinary share - Capri | $ (0.41) | $ 1.74 | $ 0.18 | $ 0.10 | $ 0.25 | $ 0.02 | $ 0.02 | $ 1.90 |

1) impairment charges of $153 million primarily related to operating lease right-of-use assets and fixed assets of our retail store locations. This amount also includes $94 million related to goodwill associated with the Jimmy Choo wholesale and licensing reporting units and $69 million related to the Jimmy Choo brand indefinite-lived intangible assets. The Jimmy Choo impairment charges were primarily related to higher discount rates in the current year driven by a change in market factors as well as a shift in expected revenue and earnings mix to the retail segment.

2) Includes store closure costs which have been incorporated into the Capri Retail Store Optimization Program, other restructuring initiatives, and other costs recorded in connection with the acquisitions of Gianni Versace S.r.l. and Jimmy Choo Group Limited.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| | Three Months Ended March 28, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | As Reported | Impairment Charges [1] | Restructuring and Other Charges [2] | COVID-19 Related Charges | ERP Implementation | Capri Transformation | As Adjusted |
| Gross profit | $ 631 | $ — | $ — | $ 92 | $ — | | $ 723 |
| Total operating expenses | $ 1,167 | $ (488) | $ (5) | $ (27) | $ (12) | $ (11) | $ 624 |
| Total (loss) income from operations | $ (536) | $ 488 | $ 5 | $ 119 | $ 12 | $ 11 | $ 99 |
| (Loss) income before provision for income taxes | $ (540) | $ 488 | $ 5 | $ 119 | $ 12 | $ 11 | $ 95 |
| Provision for (benefit from) income taxes | $ 12 | $ 48 | $ (1) | $ 16 | $ 3 | $ 2 | $ 80 |
| Net (loss) income attributable to Capri | $ (551) | $ 440 | $ 6 | $ 103 | $ 9 | $ 9 | $ 16 |
| Weighted average diluted ordinary shares outstanding | 149,380,121 | — | — | — | | | 150,623,391 |
| Diluted net (loss) income per ordinary share - Capri | $ (3.69) | $ 2.95 | $ 0.04 | $ 0.69 | $ 0.06 | $ 0.06 | $ 0.11 |

1) Includes impairment charges of $180 million related to the Jimmy Choo brand indefinite-lived intangible assets, $171 million related to goodwill associated with the Jimmy Choo retail and licensing reporting units and $137 million primarily related to operating lease right-of-use assets and fixed assets of our retail store locations.

2) Includes store closure costs recorded in connection with the Michael Kors Retail Fleet Optimization Plan and other restructuring initiatives, and other costs recorded in connection with the acquisitions of Gianni Versace S.r.l and Jimmy Choo Group Limited.

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

| | Fiscal Year Ended March 28, 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | As Reported | Impairment Charges [1] | Restructuring and Other Charges [2] | Inventory Step-up Adjustment | ERP Implementation | Capri Transformation | Acquisition Foreign Currency Effects | COVID-19 Related Charges | As Adjusted |
| Gross profit | $ 3,271 | $ — | $ — | $ 13 | $ — | $ — | $ — | $ 92 | $ 3,376 |
| Total operating expenses | $ 3,463 | $ (708) | $ (42) | $ — | $ (41) | $ (24) | $ — | $ (27) | $ 2,621 |
| Total (loss) income from operations | $ (192) | $ 708 | $ 42 | $ 13 | $ 41 | $ 24 | $ — | $ 119 | $ 755 |
| Foreign currency loss (gain) | $ 11 | $ — | $ — | $ — | $ — | $ — | $ (1) | $ — | $ 10 |
| (Loss) income before provision for income taxes | $ (215) | $ 708 | $ 42 | $ 13 | $ 41 | $ 24 | $ 1 | $ 119 | $ 733 |
| Provision for income taxes | $ 10 | $ 92 | $ 7 | $ 3 | $ 10 | $ 6 | $ — | $ 16 | $ 144 |
| Net (loss) income attributable to Capri | $ (223) | $ 616 | $ 35 | $ 10 | $ 31 | $ 18 | $ 1 | $ 103 | $ 591 |
| Weighted average diluted ordinary shares outstanding | 150,714,598 | — | — | — | | | | | 151,922,050 |
| Diluted net (loss) income per ordinary share - Capri | $ (1.48) | $ 4.05 | $ 0.23 | $ 0.07 | $ 0.21 | $ 0.12 | $ 0.01 | $ 0.68 | $ 3.89 |

1) Includes impairment charges of $357 million primarily related to operating lease right-of-use assets and fixed assets of our retail store locations, $180 million related to the Jimmy Choo brand indefinite-lived intangible assets and $171 million related to goodwill associated with the Jimmy Choo retail and licensing reporting units.

2) Includes store closure costs recorded in connection with the Michael Kors Retail Fleet Optimization Plan and other restructuring initiatives, and other costs recorded in connection with the acquisitions of Gianni Versace S.r.l and Jimmy Choo Group Limited.

# SAFE HARBOR STATEMENT

This presentation contains statements which are, or may be deemed to be, “forward-looking statements.” Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Capri Holdings Limited (the “Company”) about future events, 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 in this press release 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 impact of the COVID-19 pandemic, levels of cash flow and future availability of credit, compliance with restrictive covenants under the Company’s credit agreement, the Company’s ability to integrate successfully and to achieve anticipated benefits of any acquisition and to successfully execute our growth strategies; the risk of disruptions to the Company’s businesses; risks associated with operating in international markets and our global sourcing activities; 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 which 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 the reports that the Company files from time to time with the U.S. Securities and Exchange Commission, including the Company’s Annual Report on Form 10-K for the fiscal year ended March 28, 2020 (File No. 001-35368). Any forward-looking statement in this press release speaks only as of the date made and the Company disclaims any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with legal and regulatory obligations.