UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): November 11, 2021

Tapestry, Inc.
(Exact Name of Registrant as Specified in Charter)

Maryland	001-16153	52-2242751
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

10 Hudson Yards, New York, New York 10001
(Address of Principal Executive Offices, and Zip Code)

(212) 946-8400
Registrant's Telephone Number, Including Area Code

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	TPR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging growth company ☐
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On November 11, 2021, Tapestry, Inc. ("Tapestry" or the "Company") issued a press release (the "Press Release") in which the Company announced its financial results for its first fiscal quarter ended October 2, 2021. The Company also posted a slide presentation entitled "Investor Presentation" dated November 11, 2021 on the "Presentations & Financial Reports" investor section of its website (www.tapestry.com). Copies of the Press Release and slide presentation are furnished herewith as Exhibit 99.1 and Exhibit 99.2, respectively.

Additionally, on November 11, 2021, the Company held a conference call (the "Earnings Call") with respect to its financial results for its first fiscal quarter ended October 2, 2021. The Earnings Call script is furnished herewith as Exhibit 99.3.

Information on the Company's website is not, and will not be deemed to be, a part of this Current Report on Form 8-K or incorporated into any other filings the Company may make with the Securities and Exchange Commission.

The information in this Current Report on Form 8-K, including Exhibits 99.1, 99.2 and 99.3, is being furnished to the Securities and Exchange Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 8.01 Other Events.

On November 11, 2021, the Company announced that its Board of Directors had authorized the repurchase of up to $1.00 billion of its outstanding common stock. Pursuant to this program, purchases of the Company's common stock will be made subject to market conditions and at prevailing market prices, through open market purchases. Repurchased shares of common stock will become authorized but unissued shares. These shares may be issued in the future for general corporate and other purposes. In addition, the Company may terminate or limit the stock repurchase program at any time.

This new authorization is supplementary to the Company's previous $1.00 billion authorization, which was reported under Item 8.01 on the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2019, under which $350.0 million remains.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.* The following exhibits are being furnished herewith:

99.1 Text of Press Release, dated November 11, 2021

99.2 Slide Presentation entitled "Investor Presentation," dated November 11, 2021

99.3 Script of Earnings Call, dated November 11, 2021

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 12, 2021

TAPESTRY, INC.

By: /s/ David E. Howard
David E. Howard
General Counsel and Secretary

Exhibit 99.1

Tapestry, Inc. Reports Fiscal 2022 First Quarter Results

Raises FY22 Revenue and EPS Outlook Reflecting Strong First Quarter Performance and Underlying Momentum

Announces Board of Director's Approval of New $1 Billion Share Buyback Authorization

Declares Quarterly Cash Dividend Payment of $0.25 per Common Share

- **Delivered Revenue Growth of 26% Compared to Prior Year; Revenue Rose 9% Versus FY20 Pre-Pandemic Levels, Reflecting Continued Sequential Improvement**
- **Increased Gross Margin by Approximately 140 Basis Points Year-Over-Year and Over 450 Basis Points Compared to FY20 Pre-Pandemic Levels Driven by Higher AUR at Each Brand**
- **Achieved Operating Income and Margin Ahead of Last Year, FY20, and Expectations**

Link to Download Q1 2022 Earnings Presentation, Including Brand Highlights

NEW YORK--(BUSINESS WIRE)--November 11, 2021--Tapestry, Inc. (NYSE: TPR), a leading New York-based house of modern luxury accessories and lifestyle brands including Coach, Kate Spade, and Stuart Weitzman, today reported results for the fiscal first quarter ended October 2, 2021.

Joanne Crevoiserat, Chief Executive Officer of Tapestry, Inc., said, "We delivered another quarter of solid performance, reflecting strong customer engagement and increased demand for our brands. Importantly, revenue trends accelerated compared to pre-pandemic levels driven by North America, as well as continued growth in Digital and China - two key drivers of long-term opportunity. Tapestry's standout results highlight our teams' extraordinary execution and the foundational changes we've made to transform into a more consumer-centric, data-driven, and responsive organization through the pillars of our Acceleration Program."

"Overall, this performance reaffirms our conviction in our ability to fuel continued revenue and profit gains. While supply chain challenges persist due to the global pandemic, we're remaining agile and taking deliberate actions to meet growing consumer demand. The incremental share repurchase program announced today further underscores our confidence in the strength of our brands and our ability to drive sustainable growth. Taken together, we are increasing our revenue and EPS outlook for the fiscal year, reflecting our first quarter performance and strong underlying business trends. We remain sharply focused on accelerating growth and profitability and are committed to creating value for all stakeholders."

Capital Deployment

Given Tapestry's first quarter results, robust balance sheet, significant free cash flow generation, and outlook for growth, the Company's Board of Directors approved an incremental $1 billion share repurchase program. As a result, Tapestry now expects to return approximately $1.25 billion to shareholders in Fiscal 2022, a meaningful increase from the previous outlook.

- **Share Repurchase Programs:** During the fiscal year, the Company now intends to repurchase $1 billion of common stock, doubling the prior expectation for $500 million. This includes approximately $250 million completed in the first quarter to repurchase roughly 6 million shares of its common stock at an average cost of $41.02. The Company intends to buy-back $750 million worth of its common stock in the balance of the fiscal year, utilizing the remaining $350 million under its existing authorization and $400 million of its newly announced $1 billion program.
- **Dividend Payments:** The Board of Directors declared a quarterly cash dividend of $0.25 per common share payable on December 27, 2021 to shareholders of record as of the close of business on December 3, 2021. We anticipate an annual dividend rate of $1.00 per share, or $250 million returned to shareholders in the fiscal year. Tapestry remains committed to increasing its dividend at a faster rate than earnings growth over time.
- **Debt Repayment:** In addition, Tapestry expects to repay its July 2022 bonds, totaling $400 million, by the end of Fiscal 2022, reflecting the Company's goal to reduce leverage through a combination of organic profit growth and debt repayment.

Taken together, these actions highlight Tapestry's confidence in its ability to drive long-term, sustainable growth and commitment to enhancing value for its stakeholders.

Tapestry, Inc. Fiscal First Quarter Highlights

- Increased revenue by 26% compared to last year; compared to pre-pandemic levels, revenue grew 9%, representing continued sequential topline improvement fueled by improvements across Digital, stores and Wholesale;
- Maintained strength in Digital, with revenue growth of nearly 50% versus prior year and over 275% compared to pre-pandemic levels, while further improving sequential revenue trends in-stores on both a one and two-year basis;
- Drove over 40% sales growth compared to last year in North America, representing a high-teens increase against pre-pandemic levels; realized an increase of over 25% in Mainland China, approximately 65% higher than pre-pandemic sales levels in FY20;
- Expanded gross margin by approximately 140 basis points compared to the prior year and over 450 basis points versus FY20 despite industry-wide supply chain headwinds resulting in higher freight costs primarily through deliberate actions to lessen promotional activity and increase SKU productivity;
- Reinvested structural SG&A savings in the business, including increased spend on growth-oriented marketing initiatives; and
- Delivered operating income growth and operating margin expansion ahead of prior year, pre-pandemic levels, and expectations.

Acceleration Program Highlights

In the fiscal first quarter, we continued to make meaningful progress under Tapestry's Acceleration Program by sharpening the Company's focus on the consumer, leveraging data to lead with a digital-first mindset and transforming Tapestry into a leaner and more responsive organization:

- **Recruited over 1.6 million new customers across channels in North America**, representing an increase of more than 20% versus prior year, with growth in stores and online;
- **Drove higher repeat transactions** and continued to **reactivate lapsed customers across brands** through a sharpened focus on the consumer;
- **Realized low double-digit revenue gains with Chinese consumers globally** compared to pre-pandemic levels, representing a sequential improvement from the prior quarter;
- **Increased global AUR across Coach, Kate Spade and Stuart Weitzman,** reflecting strong brand momentum and successful structural changes to lessen promotional activity and improve assortment productivity;
- **Advanced Digital capabilities** through significant investments in the channel, including in talent, to improve the customer experience and drive conversion, resulting in a sequential acceleration in revenue trends on a two-year basis; and
- **Remain on track to realize gross run-rate savings of $300 million in FY22.**

Overview of First Quarter 2022 Tapestry, Inc. Results

- **Net sales** totaled $1.48 billion for the first quarter compared to $1.17 billion in the prior year, representing a 26% increase. Sales rose 9% compared to pre-pandemic levels.
- **Gross profit** totaled $1.07 billion on a reported and non-GAAP basis, while gross margin was 72.2%. This compared to prior year gross profit of $830 million and gross margin of 70.8% on a reported and non-GAAP basis.
- **SG&A expenses** totaled $774 million on a reported basis and represented 52.2% of sales compared to $628 million and 53.6%, respectively, in the year ago quarter. On a non-GAAP basis, SG&A expenses were $762 million and represented 51.4% of sales compared to $601 million and 51.3%, respectively, in the year ago period.
- **Operating income** was $295 million on a reported basis, while operating margin was 19.9%, which compares to operating income of $202 million and operating margin of 17.3% in the prior year. On a non-GAAP basis, operating income was approximately $307 million, while operating margin was 20.7%. This compared to operating income of $229 million and an operating margin of 19.5% in the prior year.
- **Net interest expense** was $16 million in the quarter compared to approximately $19 million in the year ago period.
- **Other expense** was $2 million versus $3 million of income in the prior year.
- **Net income** for the quarter was $227 million on a reported basis, with earnings per diluted share of $0.80, which compares to $232 million and earnings per diluted share of $0.83 in the prior year period. The reported tax rate for the quarter was 18.0% compared to (25.0)% in the prior year period. On a non-GAAP basis, net income for the quarter was $235 million with earnings per diluted share of $0.82. This compared to non-GAAP net income of $161 million with earnings per diluted share of $0.58 in the prior year period. The non-GAAP tax rate for the quarter was 18.6% compared to 24.1% in the prior year period.

Balance Sheet and Cash Flow Highlights

- **Cash, cash equivalents and short-term investments** totaled $1.66 billion and **total borrowings outstanding** were $1.59 billion.
- **Inventory** at quarter-end was $818 million versus ending inventory of $811 million a year ago.
- **Free cash flow** was an outflow of $12 million in the first quarter compared to an inflow of $64 million in the prior year; **CapEx** was $33 million versus $26 million in the year ago period.

Non-GAAP Reconciliation

During the fiscal first quarter of 2022, Tapestry recorded certain items that decreased the Company's net income and earnings per diluted share by $8 million and $0.02, respectively. Please refer to Financial Schedules 3 and 4 included herein for a detailed reconciliation of the Company's reported to non-GAAP results. These items included:

- **Acceleration Program**: Pre-tax charges of $12 million primarily associated with share-based compensation and professional fees incurred as a result of the development and execution of the Company's comprehensive strategic initiatives. Tapestry continues to expect to incur total pre-tax charges of $205 million to $220 million over the life of the Acceleration Program, including $15 million to $30 million in remaining charges in Fiscal 2022, primarily consisting of share-based compensation and professional fees.

Fiscal Year 2022 Outlook

Tapestry's Fiscal 2022 outlook is provided on a non-GAAP basis and excludes anticipated Acceleration Program charges as described in the "Fiscal Year 2022 Outlook - Non-GAAP Adjustments" section of this press release.

Based on current underlying business trends, the Company is increasing its outlook for Fiscal 2022 and now expects the following:

- **Revenue** now approaching $6.6 billion, an increase from the prior outlook for $6.4 billion. This represents mid-teens growth versus the prior year on a 52-week, comparable basis, which would mark a record level of sales for the Company.
- **Net interest expense** of approximately $65 million. The Company anticipates paying down its July 2022 bonds at the end of Fiscal 2022.
- **Tax rate** of approximately 18.5% assuming a continuation of current tax laws.
- **Weighted average diluted share count** in the area of 278 million, incorporating $1 billion in share repurchase activity throughout Fiscal 2022.
- **Earnings per diluted share** of $3.45 to $3.50, ahead of the prior guidance for $3.30 to $3.35 reflecting strong underlying business momentum and additional share repurchases.

Please note, due to the ongoing dynamic nature of the Covid-19 pandemic, financial results could differ materially from the current outlook due to a number of external events, including the potential for more widespread resurgences of the pandemic globally and resulting pressure on store traffic trends, as well as further supply chain disruptions, including potential continued production and distribution delays as well as increased costs, not contemplated in the Company's estimates.

Conference Call Details

The Company will host a conference call to review these results at 8:00 a.m. (ET) today, November 11, 2021. Interested parties may listen to the conference call via live webcast by accessing www.tapestry.com/investors or calling 1-866-847-4217 or 1-203-518-9845 and providing the Conference ID 6831609. A telephone replay will be available starting at 12:00 p.m. (ET) today, for a period of five business days. To access the telephone replay, call 1-800-283-4641 or 1-402-220-0851. A webcast replay of the earnings conference call will also be available for five business days on the Tapestry website. Presentation slides have also been posted to the Company's website at www.tapestry.com/investors.

Upcoming Events

The Company expects to report Fiscal 2022 second quarter results on Thursday, February 10, 2022. To receive notification of future announcements, please register at www.tapestry.com/investors ("Subscribe to E-Mail Alerts").

About Tapestry, Inc.

Our global house of brands unites the magic of Coach, kate spade new york and Stuart Weitzman. Each of our brands are unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. We use our collective strengths to move our customers and empower our communities, to make the fashion industry more sustainable, and to build a company that's equitable, inclusive, and diverse. Individually, our brands are iconic. Together, we can stretch what's possible. To learn more about Tapestry, please visit www.tapestry.com. For important news and information regarding Tapestry, visit the Investor Relations section of our website at www.tapestry.com/investors. In addition, investors should continue to review our news releases and filings with the SEC. We use each of these channels of distribution as primary channels for publishing key information to our investors, some of which may contain material and previously non-public information. The Company's common stock is traded on the New York Stock Exchange under the symbol TPR.

This information to be made available in this press release may contain forward-looking statements based on management's current expectations. Forward-looking statements include, but are not limited to, the statements under "Fiscal Year 2022 Outlook," and statements regarding the Acceleration Program, including future charges under and future impacts of this program, the potential impact of the Covid-19 pandemic and success of mitigating actions, statements regarding the

Company's capital deployment plans, and statements that can be identified by the use of forward-looking terminology such as "may," "will," "can," "should," "expect," "potential," "intend," "estimate," "continue," "project," "guidance," "forecast," "outlook," "commit," "anticipate," "goal," "leveraging," "sharpening," transforming," "creating," accelerating," "enhancing," "innovation," "drive," "targeting," "assume," "plan," "progress," "confident," "future," "uncertain," "on track," "achieve," "strategic," "growth," "view," "stretching what's possible," or comparable terms. Future results may differ materially from management's current expectations, based upon a number of important factors, including risks and uncertainties such as the impact of the Covid-19 pandemic , including impacts on our supply chain, the ability to control costs and successfully execute our growth strategies, expected economic trends, the ability to anticipate consumer preferences, risks associated with operating in international markets and our global sourcing activities, our ability to achieve intended benefits, cost savings and synergies from acquisitions, the risk of cybersecurity threats and privacy or data security breaches, the impact of pending and potential future legal proceedings, and the impact of legislation, etc. In addition, purchases of shares of the Company's common stock will be made subject to market conditions and at prevailing market prices. Please refer to the Company's latest Annual Report on Form 10-K, quarterly report on 10-Q and its other filings with the Securities and Exchange Commission for a complete list of risks and important factors. The Company assumes no obligation to revise or update any such forward-looking statements for any reason, except as required by law.

Schedule 1: Condensed Consolidated Statement of Operations

TAPESTRY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Quarter Ended October 2, 2021 and September 26, 2020
(in millions, except per share data)

	(unaudited) QUARTER ENDED October 2, 2021	September 26, 2020
Net sales	$ 1,480.9	$ 1,172.2
Cost of sales	412.2	342.0
Gross profit	1,068.7	830.2
Selling, general and administrative expenses	773.7	628.0
Operating income	295.0	202.2
Interest expense, net	16.1	19.4
Other expense (income)	2.2	(2.6)
Income before provision for income taxes	276.7	185.4
Provision (benefit) for income taxes	49.8	(46.3)
Net income	$ 226.9	$ 231.7
Net income per share:		
Basic	$ 0.82	$ 0.84
Diluted	$ 0.80	$ 0.83
Shares used in computing net income per share:		
Basic	278.2	276.8
Diluted	285.2	277.9

Schedule 2: Detail to Net Sales

TAPESTRY, INC.
DETAIL TO NET SALES
For the Quarter Ended October 2, 2021 and September 26, 2020
(in millions)
(unaudited)

	QUARTER ENDED October 2, 2021	September 26, 2020	% Change vs. FY21	Constant Currency % Change vs. FY21	% Change vs. FY20
Coach	$ 1,114.9	$ 875.4	27 %	26 %	15 %
Kate Spade	299.5	240.4	25 %	24 %	(2)%
Stuart Weitzman	66.5	56.4	18 %	15 %	(23)%
Total Tapestry	**$ 1,480.9**	**$ 1,172.2**	26 %	25 %	9 %

Schedule 3: Items Affecting Comparability – 1Q22

TAPESTRY, INC.
GAAP TO NON-GAAP RECONCILIATION
(in millions, except per share data)
(unaudited)

	For the Quarter Ended October 2, 2021 GAAP Basis (As Reported)	Item Affecting Comparability Acceleration Program	Non-GAAP Basis (Excluding Items)
Cost of sales			
Coach	831.0	-	831.0
Kate Spade	199.2	-	199.2
Stuart Weitzman	38.5	-	38.5
Gross profit(1)	$ 1,068.7	$ -	$ 1,068.7
SG&A expenses			
Coach	465.3	1.4	463.9
Kate Spade	162.0	1.4	160.6
Stuart Weitzman	40.0	0.4	39.6
Corporate	106.4	8.9	97.5
SG&A expenses	$ 773.7	$ 12.1	$ 761.6
Operating income (loss)			

Coach	365.7	(1.4)	367.1
Kate Spade	37.2	(1.4)	38.6
Stuart Weitzman	(1.5)	(0.4)	(1.1)
Corporate	(106.4)	(8.9)	(97.5)
Operating income (loss)	$ 295.0	$ (12.1)	$ 307.1
Provision for income taxes	49.8	(3.9)	53.7
Net income (loss)	$ 226.9	$ (8.2)	$ 235.1
Net income (loss) per diluted common share	$ 0.80	$ (0.02)	$ 0.82

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

Schedule 4: Items Affecting Comparability – 1Q21

TAPESTRY, INC.
GAAP TO NON-GAAP RECONCILIATION
(in millions, except per share data)
(unaudited)

	For the Quarter Ended September 26, 2020			
		Items Affecting Comparability		
	GAAP Basis (As Reported)	CARES Act Tax Impact	Acceleration Program	Non-GAAP Basis (Excluding Items)
Cost of sales				
Coach	644.9	-	-	644.9
Kate Spade	154.1	-	-	154.1
Stuart Weitzman	31.2	-	-	31.2
Gross profit(1)	$ 830.2	$ -	$ -	$ 830.2
SG&A expenses				
Coach	374.9	-	10.7	364.2
Kate Spade	130.9	-	1.0	129.9
Stuart Weitzman	31.2	-	(2.4)	33.6
Corporate	91.0	-	17.3	73.7
SG&A expenses	$ 628.0	$ -	$ 26.6	$ 601.4
Operating income (loss)				
Coach	270.0	-	(10.7)	280.7
Kate Spade	23.2	-	(1.0)	24.2
Stuart Weitzman	-	-	2.4	(2.4)
Corporate	(91.0)	-	(17.3)	(73.7)
Operating income (loss)	$ 202.2	$ -	$ (26.6)	$ 228.8
Provision for income taxes	(46.3)	(91.7)	(5.8)	51.2
Net income (loss)	$ 231.7	$ 91.7	$ (20.8)	$ 160.8
Net income (loss) per diluted common share	$ 0.83	$ 0.33	$ (0.08)	$ 0.58

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

The Company reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company's management does not, nor does it suggest that investors should, consider non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Further, the non-GAAP measures utilized by the Company may be unique to the Company, as they may be different from non-GAAP measures used by other companies. The financial information presented above, as well as SG&A expense ratio, and operating margin, have been presented both including and excluding Acceleration Program costs for the first quarter of fiscal year 2022 and the effects of certain items related to the tax benefit the Company received under the CARES Act and Acceleration Program costs for the first quarter of fiscal year 2021.

The Company operates on a global basis and reports financial results in U.S. dollars in accordance with GAAP. Percentage increases/decreases in net sales for the Company and each segment have been presented both including and excluding currency fluctuation effects from translating foreign-denominated sales into U.S. dollars and compared to the same periods in the prior quarter and fiscal year. The Company calculates constant currency net sales results by translating current period net sales in local currency using the prior year period's currency conversion rate.

Net sales changes for the Company and each segment are based on absolute sales dollar changes and are not presented in accordance with the Company's comparable sales definition utilized historically due to the uncertain business environment resulting from the impact of the Covid-19 pandemic.

Management utilizes these non-GAAP and constant currency measures to conduct and evaluate its business during its regular review of operating results for the periods affected and to make decisions about Company resources and performance. The Company believes presenting these non-GAAP measures, which exclude items that are not comparable from period to period, is useful to investors and others in evaluating the Company's ongoing operating and financial results in a manner that is consistent with management's evaluation of business performance and understanding how such results compare with the Company's historical performance. Additionally, the Company believes presenting these metrics on a constant currency basis will help investors and analysts to understand the effect of significant year-over-year foreign currency exchange rate fluctuations on these performance measures and provide a framework to assess how business is performing and expected to perform excluding these effects.

In addition to these non-GAAP measures, the Company has provided comparisons to certain fiscal year 2020 results and trends, referred to as pre-pandemic levels, which the Company believes is useful to investors and others in evaluating the Company's results, due to the significant impact of the Covid-19 pandemic on the Company's operations and financial results, starting in the second half of fiscal year 2020.

Fiscal Year 2022 Outlook - Non-GAAP Adjustments:

The Company is not able to provide a full reconciliation of the non-GAAP financial measures to GAAP presented in this release and on the Company's conference call because certain material items that impact these measures, such as the timing and exact amount of charges related to the Acceleration Program, which have not yet occurred or are out of the Company's control. Accordingly, a reconciliation of our non-GAAP financial measure guidance to the corresponding GAAP measures is not available without unreasonable effort. Where possible, the Company has identified the estimated impact of the items excluded from its Fiscal 2022 guidance.

This Fiscal 2022 non-GAAP guidance excludes $30 to $45 million in Acceleration Program charges, primarily consisting of share-based compensation and professional fees.

Schedule 5: Condensed Consolidated Balance Sheets

TAPESTRY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
At October 2, 2021 and July 3, 2021
(in millions)

	(unaudited) October 2, 2021	(audited) July 3, 2021
ASSETS		
Cash, cash equivalents and short-term investments	$ 1,655.2	$ 2,015.8
Receivables	236.8	200.2
Inventories	818.3	734.8
Other current assets	375.9	424.5
Total current assets	3,086.2	3,375.3
Property and equipment, net	657.1	678.1
Lease right-of-use assets	1,446.0	1,496.6
Other noncurrent assets	2,824.8	2,832.4
Total assets	$ 8,014.1	$ 8,382.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 414.0	$ 445.2

Accrued liabilities	519.8	661.2
Short-term lease liabilities	312.8	319.4
Current debt	400.0	-
Total current liabilities	1,646.6	1,425.8
Long-term debt	1,191.4	1,590.7
Long-term lease liabilities	1,471.1	1,525.9
Other liabilities	555.0	580.7
Stockholders' equity	3,150.0	3,259.3
Total liabilities and stockholders' equity	$ 8,014.1	$ 8,382.4

Schedule 6: Condensed Statement of Cash Flows

TAPESTRY, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended October 2, 2021 and September 26, 2020
(in millions)

	(unaudited) October 2, 2021	(unaudited) September 26, 2020
Cash Flows from Operating Activities		
Net income	$ 226.9	$ 231.7
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	50.8	51.2
Other non-cash items	3.7	(111.7)
Changes in operating assets and liabilities	(259.6)	(81.2)
Net cash provided by operating activities	21.8	90.0
Cash Flows from Investing Activities		
Purchases of property and equipment	(33.4)	(26.0)
Other items	(395.0)	24.0
Net cash provided by (used in) investing activities	(428.4)	(2.0)
Cash Flows from Financing Activities		
Dividend payments	(69.6)	-
Repurchase of common stock	(250.0)	-
Other items	(26.6)	(8.4)
Net cash provided by (used in) financing activities	(346.2)	(8.4)
Effect of exchange rate on cash and cash equivalents	(2.3)	8.0
(Decrease) increase in cash and cash equivalents	(755.1)	87.6
Cash and cash equivalents at beginning of period	$ 2,007.7	$ 1,426.3
Cash and cash equivalents at end of period	$ 1,252.6	$ 1,513.9

Schedule 7: Store Count by Brand – 1Q22

TAPESTRY, INC.
STORE COUNT
At July 3, 2021 and October 2, 2021
(unaudited)

Directly-Operated Store Count:	**As of July 3, 2021**	**Openings**	**(Closures)**	**As of October 2, 2021**
Coach				
North America	354	3	(2)	355
International	585	5	(7)	583
Kate Spade				
North America	210	-	(1)	209
International	197	2	(6)	193
Stuart Weitzman				
North America	48	-	(4)	44
International	56	1	-	57

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This presentation contains certain "forward-looking statements" based on management's current expectations. Forward-looking statements include, but are not limited to statements which can be identified by the use of forward-looking terminology such as "may," "will," "can," "should," "expect," "intend," "estimate," "continue," "project," "guidance," "forecast," "outlook," "anticipate," "moving," "leveraging," "capitalizing," "developing," "drive," "targeting," "assume," "plan," "build," "pursue," "maintain," "on track," "well positioned to," "look forward to," "to acquire," "achieve," "focus," "strategic vision," "growth opportunities," "Acceleration Program," "we are accelerating" or comparable terms, and similar or other references to future periods. Statements herein regarding our business and growth strategies; our plans, objectives, goals, beliefs, future events, business conditions, results of operations and financial position; and our business outlook and business trends are forward-looking statements.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements due to a number of important factors. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- the impact of the Covid-19 pandemic, including impacts on our supply chain due to temporary closures of our manufacturing partners and shipping and fulfillment constraints;
- the ability to control costs and successfully execute our growth strategies and our Acceleration Program;
- the impact of economic conditions;
- the ability to anticipate consumer preferences and retain the value of our brands, including our ability to execute on our e-commerce and digital strategies;
- the risks associated with operating in international markets and global sourcing activities;
- the ability to achieve intended benefits, cost savings and synergies from acquisitions;
- the risk of cybersecurity threats and privacy or data security breaches;
- the impact of pending and potential future legal proceedings; and,
- the impact of legislation.

Please refer to the Company's latest Annual Report on Form 10-K, Quarterly Report on Form 10-Q and its other filings with the Securities and Exchange Commission for a complete list of risks and important factors.

We assume no obligation to revise or update any such forward-looking statements for any reason, except as required by law.

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Stretch What's Possible

STRETCH speaks to how tensions challenge and pull us in new directions. These tensions compel us to look beyond ourselves and embrace new perspectives, experiences and ideas.

WHAT'S POSSIBLE refers to what happens when we embrace the creative tensions within each other, in our industry and in society. We push past boundaries, pull out the unexpected and expand what's possible.

DEDICATED TO THE DREAM

Built by go-getters who saw unseen needs and took daring leaps, we channel that same passion today, doing what it takes to make the dream happen and refusing to settle for anything less.

HOLD TO HIGH STANDARDS

From how we source, to how we sew, to how we sell, we insist on the highest integrity at each step, doing things right, no matter what; because when it's hard is when it matters most.

EMBRACE DIFFERENCE BY DESIGN

The kind of ingenuity that turns heads, that turns objects into icons, comes only from the places few have looked before—so diverse perspectives are the greatest assets we have.

BREAK THROUGH WITH MAGIC AND LOGIC

Art and science. Design and data. Delight and discipline. For us, in the balance of these forces is where breakthroughs lie, and where our name was built.

STAND TALLER TOGETHER

At Tapestry, we create the roof under which our people can share knowledge and learning with each other, and we set the foundation that frees our brands to shine on their own.

tapestry

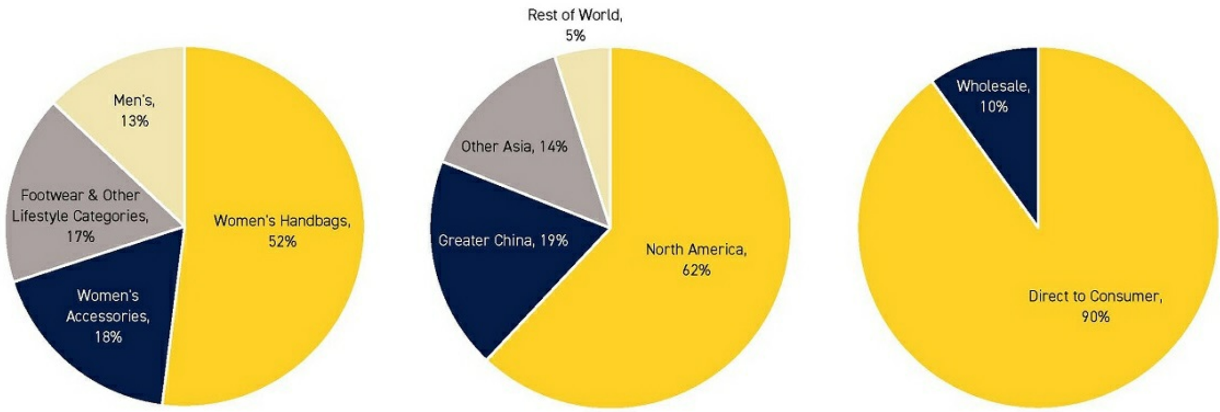
established 1941
AUTHENTIC, COURAGEOUS, INCLUSIVE

established 1986
STYLISH, CONFIDENT, SOPHISTICATED

established 1993
JOYFUL, OPTIMISTIC, COLORFUL

Tapestry Revenue Breakdown

Global house of brands with strong direct to consumer distribution



Figures as of FY21.

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Leadership Team

JOANNE CREVOISERAT
Chief Executive Officer

TODD KAHN
CEO & Brand President, Coach

LIZ FRASER
CEO & Brand President, Kate Spade

GIORGIO SARNÉ
CEO & Brand President, Stuart Weitzman

SCOTT ROE
CFO & Head of Strategy

TOM GLASER
Chief Operations Officer

ANDREA SHAW RESNICK
Chief Communications Officer

NOAM PARANSKY
Chief Digital Officer

DAVID HOWARD
General Counsel and Secretary

SARAH DUNN
Global Human Resources Officer

YANN BOZEC
President, Tapestry Asia Pacific; CEO & President, Coach China

1Q FY22 Overview & Outlook

tapestry

Standout first quarter results reflect heightened customer engagement and demand for our brands

STRONG FIRST QUARTER PERFORMANCE AND UNDERLYING MOMENTUM

- Increased revenue by 26% compared to prior year. Against pre-pandemic levels, revenue grew 9%, a sequential improvement fueled by improvements across Digital, stores and Wholesale
- Achieved approximately 50% Digital growth, driving Digital penetration to nearly four times pre-pandemic levels
- Expanded gross margin despite industry-wide supply chain headwinds, supported by higher global AUR across Coach, Kate Spade and Stuart Weitzman
- Delivered operating income growth and operating margin expansion ahead of prior year, pre-pandemic levels, and expectations

SHARPLY FOCUSED ON ACCELERATING GROWTH & PROFITABILITY

- Raised our outlook for the fiscal year, reflecting strong first quarter performance and underlying business trends
- Announced an incremental $1 billion share repurchase program and plans to now return approximately $1.25 billion to shareholders in FY22 through share repurchases and dividends
- Declared quarterly cash dividend payment of $0.25 per common share

Non-GAAP Financials.

First Quarter Highlights

Performance demonstrates the success of our Acceleration Program and the power of our brands

ACHIEVED 2-YEAR REVENUE GROWTH OF **9%** REFLECTING 8 POINT IMPROVEMENT VS. PRIOR QUARTER	DROVE GLOBAL DIGITAL SALES APPROXIMATELY **50%** ABOVE 1Q21 AND 275% ABOVE PRE-PANDEMIC LEVELS	MAINLAND CHINA REVENUE INCREASED **25%** VS. 1Q21 AND APPROXIMATELY 65% VS. PRE-PANDEMIC LEVELS
IN NORTH AMERICA, RECRUITED OVER **1.6 million** NEW CUSTOMERS ACROSS DIRECT CHANNELS	GROSS MARGIN EXPANDED BY **140 bps** VS. 1Q21 AND BY 460 BPS VS. PRE-PANDEMIC LEVELS	OPERATING MARGIN EXPANDED BY **120 bps** VS. 1Q21 AND BY 840 BPS VS. PRE-PANDEMIC LEVELS

Non-GAAP Financials.

Revenue Trends by Geography

NORTH AMERICA
OVER 40% VS. LY | UP HIGH TEENS VS. LLY

Strong growth in Digital and continued improvement in B&M

EUROPE
UP LOW TEENS VS. LY | APPROX. (40)% VS. LLY

Continued to see improving trends as lockdown measures were lifted

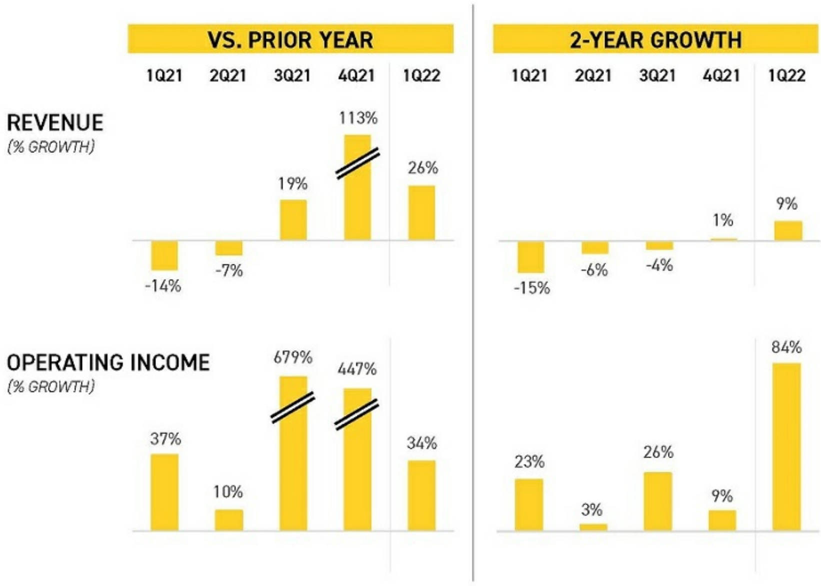
JAPAN
DOWN MID TEENS VS. LY | APPROX. (25)% VS. LLY

Sales remained pressured due to a resurgence of COVID

MAINLAND CHINA
APPROX. 25% VS. LY | APPROX. 65% VS. LLY

Continued momentum aided by the growing middle class

Delivered operating income ahead of both FY21 and FY20, as 2-year revenue trends continued to accelerate sequentially



Non-GAAP financials. Historical results include the headwinds associated with Covid-19 beginning in the third quarter of FY20. 4Q21 change vs. FY20 and vs. FY19 shown on a 13-week basis.

“Our first quarter results and the momentum we’re delivering are evidence that our strategy is working. **We’ve radically transformed our company, realizing material operating margin improvements, while fueling investments in key growth areas of our business.** We are well-positioned to capture market share at structurally higher operating margin in the years to come, creating significant value for all our stakeholders.”

JOANNE CREVOISERAT, CHIEF EXECUTIVE OFFICER

Coach: 1Q Highlights

- Continued to develop our **iconic families** to create a foundation for our product pipeline in future seasons, with notable strength in key families like **Tabby** and **Rogue**
- Increased handbag AUR by **high single digits** in **both Retail and Outlet** channels
- Realized **over 60% Digital growth,** representing a sequential improvement on both a one and two-year basis
- Drove over **25% sales growth in Mainland China**, with improvements across stores and eCommerce
- Acquired over **900,000 new customers** across North American channels, while **purchase frequency** rose vs. last year

	1Q FY22	Δ vs. FY21	Δ vs. FY20
NET REVENUE	$ 1.11B	+27%	+15%
OPERATING INCOME	$ 367M	+31%	+52%

Non-GAAP Financials.

Kate Spade: 1Q Highlights

- Continued to build out our core handbag offering by **amplifying key platforms** like **Knott** and **Spade Flower**
- Acquired over **650,000 new customers** across channels in North America while we continued to reactivate lapsed customers
- Grew **global handbag AUR by low double digits** compared to last year
- **Increased Digital sales by over 15%** through new ways of engaging with consumers online
- **Maximized our lifestyle positioning** by continuing to strengthen the foundation of ready-to-wear, footwear and jewelry, all of which outperformed our expectations in the quarter

	1Q FY22	Δ vs. FY21	Δ vs. FY20
NET REVENUE	$ 300M	+25%	(2)%
OPERATING INCOME	$ 39M	+59%	+100%

Stuart Weitzman: 1Q Highlights

SW

- Introduced **new offerings for occasions**, while our core collections continued to resonate and attract **new and younger customers** to the brand
- **Improved operating margin** compared to the prior year, increasing our confidence in a **return to profitability** this fiscal year
- Increased **Digital sales by over 30%,** driven by customer experience upgrades to improve conversion
- **Returned to AUR growth,** reflecting deliberate actions to lower promotional activity
- Drove continued **momentum in China** with **over 25% sales growth**

	1Q FY22	Δ vs. FY21	Δ vs. FY20
NET REVENUE	$ 67M	+18%	(23)%
OPERATING INCOME	$ (1)M	+56%	+89%

Non-GAAP Financials.

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1Q P&L Overview By Brand

	TAPESTRY	COACH	KATE SPADE	STUART WEITZMAN
NET REVENUE	**$1.48B** +26% vs. LY	**$1.11B** +27% vs. LY	**$300M** +25% vs. LY	**$67M** 18% vs. LY
GROSS PROFIT	**$1.07B** 72.2% margin	**$831M** 74.5% margin	**$199M** 66.5% margin	**$39M** 57.9% margin
SG&A EXPENSES	**$762M** 51.4% of sales	**$464M** 41.6% of sales	**$161M** 53.7% of sales	**$40M** 59.4% of sales
OPERATING INCOME	**$307M** 20.7% margin	**$367M** 32.9% margin	**$39M** 12.9% margin	**$(1)M** (1.6)% margin
EARNINGS PER DILUTED SHARE	**$0.82** vs. $0.58 LY			

Non-GAAP Financials.

Expanding Capital Return Programs

Now expect to return $1.25 billion to shareholders in FY22, a meaningful increase vs. previous outlook of $750 million

AUTHORIZED NEW SHARE REPURCHASE PROGRAM

- Announced an incremental share repurchase program of up to $1 billion of outstanding common stock
- Now expect to repurchase $1 billion in the fiscal year, doubling our prior expectation

DECLARED QUARTERLY CASH DIVIDEND OF $0.25

- Anticipated annual dividend rate of $1.00 per share
- Goal to increase dividend at a faster rate than earnings growth over time

REMAIN COMMITTED TO CREATING VALUE FOR ALL STAKEHOLDERS

Capital Allocation Priorities

1 **REINVEST IN THE BUSINESS**

to support strong returns and long-term profitable growth

2 **RETURN CAPITAL TO SHAREHOLDERS**

through dividends and share repurchases

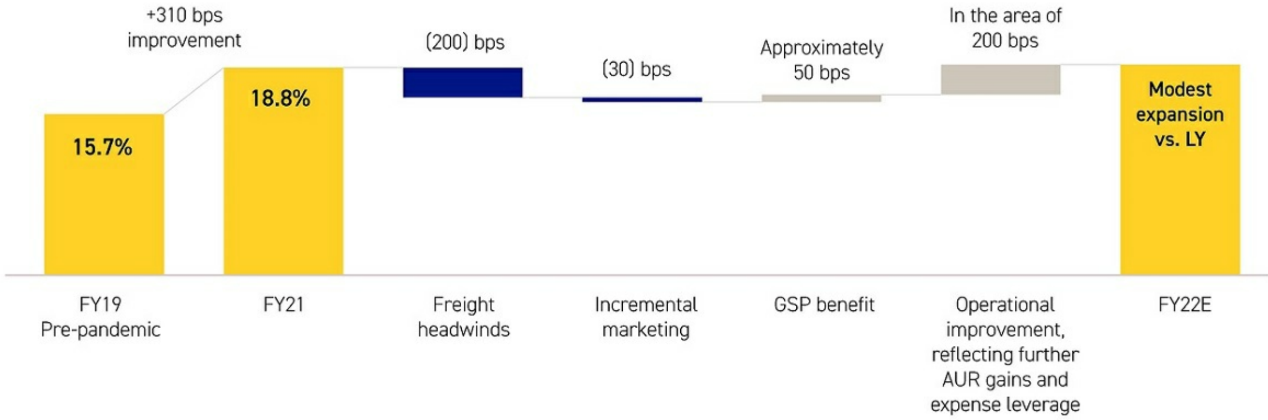
Committed to driving organic growth, profitability and shareholder value over the long-term

Raised FY22 financial outlook, reflecting strong first quarter results and underlying momentum

	FY22 EXPECTATIONS
REVENUE	Mid-teens growth to ~$6.6 billion
GROSS MARGIN	Modest decline vs. prior year
SG&A EXPENSE	Growth relatively in-line with sales, reflecting further investments, notably in marketing & Digital
OPERATING MARGIN	Modest expansion vs. prior year; mid-teens operating income growth
NET INTEREST EXPENSE	Approximately $65 million
TAX RATE	Approximately 18.5%
SHARE COUNT	Approximately 278 million, incorporating $1 billion in share repurchase activity throughout FY22
DILUTED EPS	$3.45 to $3.50
CAPEX	Approximately $220M, with a focus on store development in China and Digital initiatives

Non-GAAP Financials. Outlook presented on a comparable 52-week basis. Due to the ongoing dynamic nature of the Covid-19 crisis and lack of visibility, financial results could differ materially from the current outlook due to a number of external events, including the potential for more widespread resurgences of the pandemic globally, further supply chain disruptions including potential production and distribution delays, or increased costs not contemplated in the Company's estimates.

Expect to deliver strong underlying operating margin expansion, partially offset by higher freight costs



Non-GAAP Financials. FY21 operating margin is adjusted to exclude the impact of the additional week in Q4.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Acceleration Program

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acceleration

/akˌseləˈrāSH(ə)n/
noun

the act of accelerating;
increase of speed or velocity.

we are ***accelerating*** growth & profitability

we are ***accelerating*** our focus on the consumer

we are ***accelerating*** with agility & urgency together

The Acceleration Program is focused on better meeting the needs of our customers

SHARPEN OUR FOCUS ON THE CONSUMER

- Operate with a clearly defined purpose and strategy for each brand and an unwavering focus on the consumer at the core of everything we do

LEVERAGE DATA & LEAD WITH A DIGITAL-FIRST MINDSET

- Build significant data and analytics capabilities to drive decision-making and increase efficiency
- Offer immersive customer experiences across our e-commerce and social channels
- Reevaluate the role of stores with an intent to optimize our fleet

TRANSFORM INTO A LEANER & MORE RESPONSIVE ORGANIZATION

- Move with greater agility
- Simplify internal processes
- Empower teams to act quickly to meet the rapidly changing needs of the consumer

RESULTING IN ACCELERATING GROWTH & ENHANCED PROFITABILITY ACROSS THE PORTFOLIO

Acceleration Program: 1Q Highlights

Recruited over **1.6 million new customers** across channels in North America, representing an increase of more than 20% versus prior year, with growth in stores and online

Drove **higher repeat transactions** and continued to **reactivate lapsed customers across brands** through a sharpened focus on the consumer

Realized **low double-digit revenue gains** with Chinese consumers globally compared to pre-pandemic levels, representing a sequential improvement from the prior quarter

Increased global AUR across Coach, Kate Spade and Stuart Weitzman, reflecting strong brand momentum and successful structural changes to lessen promotional activity and improve assortment productivity

Advanced Digital capabilities through significant investments in the channel, including in talent, to **improve the customer experience and drive conversion,** resulting in a sequential acceleration in revenue trends on a two-year basis

 Non-GAAP Financials.

Realizing profit gains & structurally higher margins as a result of the Acceleration Program

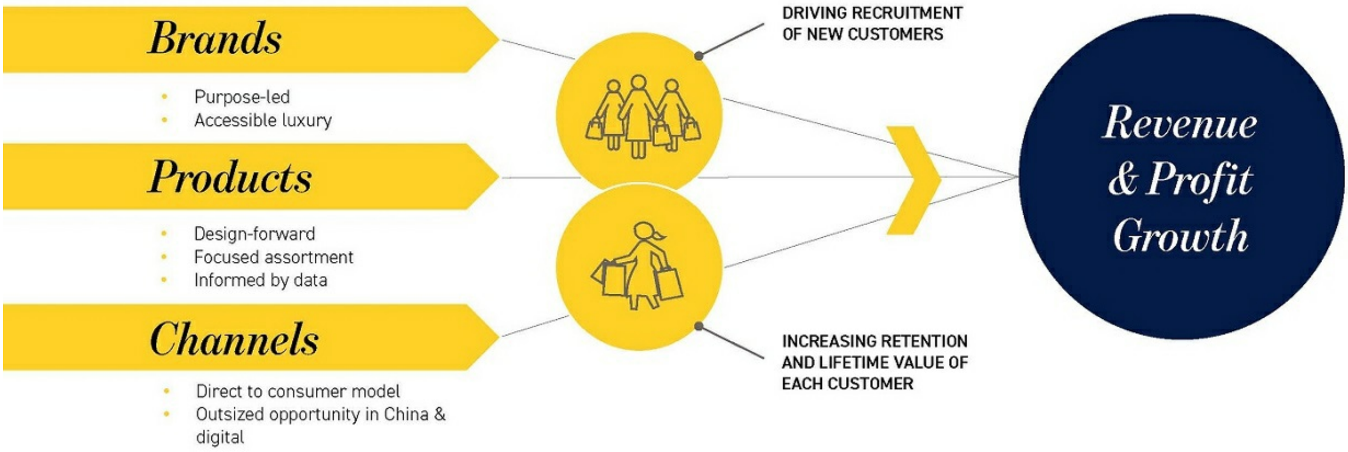
FOUNDATIONAL CHANGES

- Clarified the unique positioning of each of our brands
- Reduced SKU counts and simplified assortments
- Raised profitability threshold of stores
- Implemented tighter inventory management; inventory turn now tied to compensation
- Embedded new data and analytics capabilities across the company to drive more effective decision-making, notably through optimized assortment planning, informed pricing decisions and door clustering efforts

SUSTAINABLE GAINS

- Sustainably higher AUR and significant gross margin expansion
- Improved SKU productivity, in turn increasing inventory turn and providing clearer messages to consumers
- $300M in gross run-rate SG&A savings targeted for FY22, which, will help to fund investments in high-growth areas

Focused on generating sustainable, demand-driven revenue and profit growth to fully unlock the flywheel



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Tapestry is an enabling platform that enhances opportunities for our brands

TAPESTRY'S DIFFERENTIATED PLATFORM PROVIDES:

CONSUMER INSIGHTS

GLOBALLY DIVERSIFIED SUPPLY CHAIN

DIGITAL INFRASTRUCTURE & CAPABILITIES

ACCESS TO GLOBAL TALENT

SW

Overview by Brand

COACH

NEW YORK


POST
NO
BILLS
POST
NO
BILLS
© 2021 Tapestry, Inc.

OUR VISION

Being genuine and real has always been part of our ethos and part of the impact we make.

Today, our customers seek meaningful connection and something real. This can only happen when they feel like they can be their true selves. Over time, we've learned that courage is contagious, and that when you are vulnerable enough to be yourself, you inspire others to do the same. Today the need in the world we fulfill is to inspire the…

Courage to be real.

$4.2B NET SALES

939 DIRECTLY OPERATED STORES

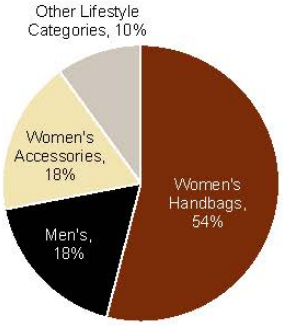
50+ COUNTRIES

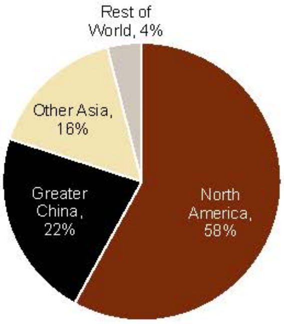
9,900 EMPLOYEES

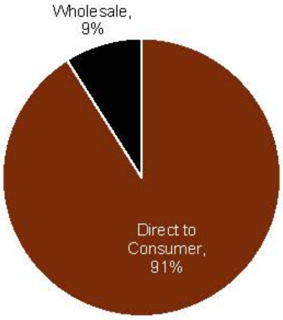
As of FY21. Net sales figure excludes the impact of the additional week in Q4.

Coach Revenue Breakdown

Direct to consumer focused brand with diversified product categories & geographies







As of FY21.

Coach FY22 Growth Strategies

INCREASE MARKET SHARE

- Drive AUR and unit growth
- Continue to develop iconic families
- Emphasize approachable and inclusive messaging and consistent global positioning

INVEST AND GROW IN DIGITAL

- Deliver differentiated and compelling omni-channel experiences
- Pioneer innovative formats to sustain digital leadership and recruit younger customers

CONTINUE TO DRIVE GROWTH IN CHINA

- Capitalize on market trends of the emerging middle class and increased digitalization
- Drive brand heat and increase awareness through investment dedicated capsules and marketing activations

GROW MEN'S

- Expand lifestyle
- Build brand awareness
- Increase presence in Asia
- Deliver revenue of $1B in the category over the planning horizon


COACH™ Tomorrow's Vintage
From the Archives
Sealed with a Kiss
Ergo, an Icon
TOMORROW'S VINTAGE
POP-UP STORE
SINGAPORE


kate spade
NEW YORK

OUR VISION

JOY COLORS LIFE

Since its launch in 1993 with a collection of six essential handbags, Kate Spade New York has always been colorful, bold and optimistic. Today it is a global lifestyle brand that designs extraordinary things for the everyday, delivering seasonal collections of handbags, ready-to-wear, jewelry, footwear, gifts, home décor and more. Known for its rich heritage and unique brand DNA, Kate Spade New York offers a distinctive point of view and celebrates communities of women around the globe who live their perfectly imperfect lifestyles.

$1.2B NET SALES

407 DIRECTLY OPERATED STORES

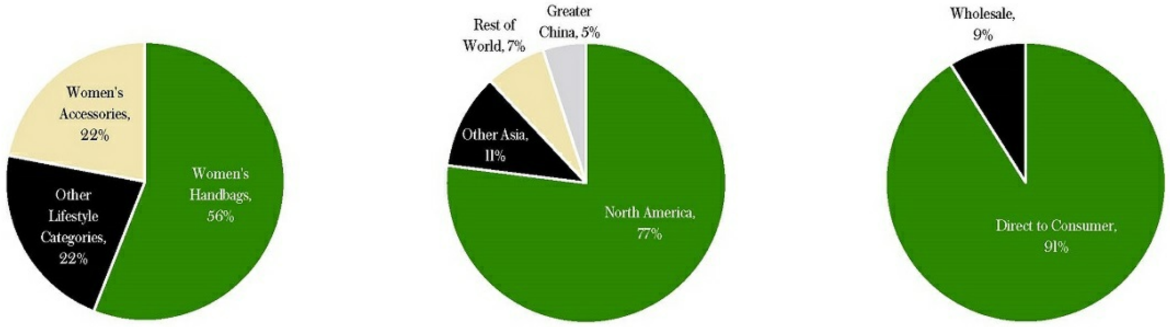
40+ COUNTRIES

4,000 EMPLOYEES

As of FY21. Net sales figure excludes the impact of the additional week in Q4.

Kate Spade Revenue Breakdown

Opportunity to build out handbag offering, while maximizing positioning as a lifestyle brand



As of FY21.

Kate Spade FY22 Growth Strategies

MAINTAIN A CONSUMER-CENTRIC APPROACH

- Fulfill our promise as a lifestyle brand representing joy, optimism and color
- Engage newly acquired, re-activated and existing customers to drive higher lifetime value

CONTINUE TO BUILD OUT CORE PRODUCT PLATFORMS

- Amplify recent product introductions

DRIVE BRAND HEAT

- Reinforce brand messaging through unique, best-in-class storytelling on a multi-category platform
- Deploy marketing focused on our Kate Spade community, particularly in social channels

MAXIMIZE LIFESTYLE POSITIONING

- Strengthen the foundation of ready-to-wear, footwear and jewelry

GROW DIGITAL

- Improve omni-channel experience and store productivity
- Elevate strong digital platform to engage customers through a full brand expression


I ♥ NY


I ♥ NY
APPLE ORCHARD AT NYFW
NEW YORK

STUART WEITZMAN


STUART WEITZMAN

OUR VISION

Stuart Weitzman shoes are designed for high fashion and high function.

Known for over 35 years for its artisanal Spanish craftsmanship and precisely-engineered fit, the luxury footwear brand inspires women around the world to shine with confidence with every step.

$280M NET SALES

104 DIRECTLY OPERATED STORES

30+ COUNTRIES

800 EMPLOYEES

As of FY21. Net sales figure excludes the impact of the additional week in Q4.

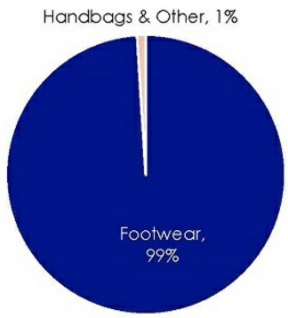
SW

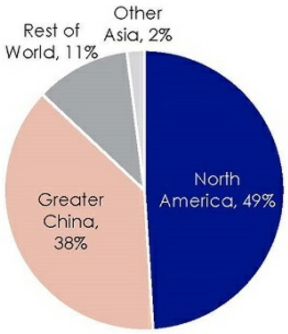
STUART WEITZMAN FY22 GROWTH STRATEGIES

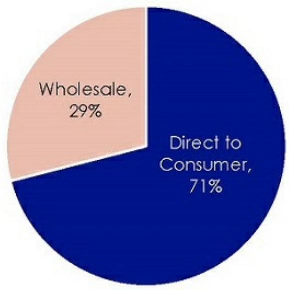
RETURN TO PROFITABILITY	RECRUIT AND ENGAGE CUSTOMERS	DRIVE BRAND HEAT	FUEL CONTINUED GROWTH IN CHINA	ACCELERATE WHOLESALE PARTNERSHIPS
• Build on momentum to realize operating income • Focus on high-growth areas, including Digital and China • Leverage foundational changes made in FY21	• Create product that sparks desire • Focus on 'must-have' launches, featuring icons, key items and capsule collections • Lean into bridal and dress categories as in-person socialization begins to return	• Emphasize consistent content and cultural relevance anchored in key styles • Win share of voice with high-impact talent and culturally relevant moments	• Expand our footprint and further invest in digital • Increase cultural relevance with dedicated capsules	• Build upon momentum in FY21 • Continue to expand footprint in key accounts

STUART WEITZMAN REVENUE BREAKDOWN

Remain focused on key geographies & channels with a compelling footwear assortment



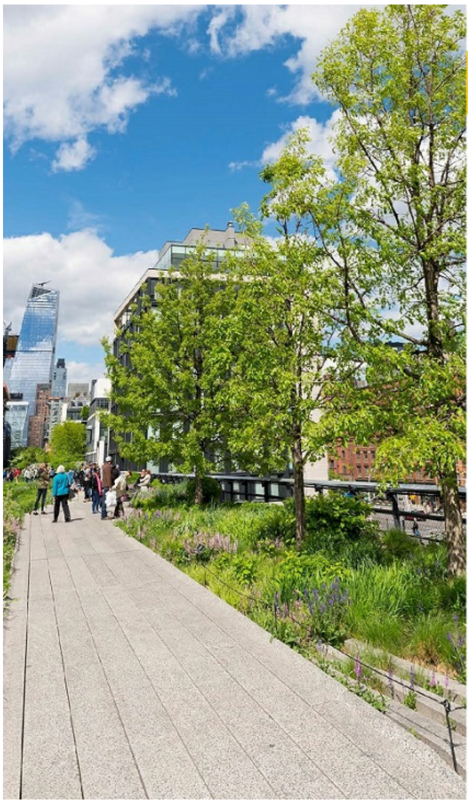




 As of FY21.


5050 CAPSULE COLLECTION
PAPER MAGAZINE


Our Social Fabric
Corporate Responsibility Strategy & 2025 Goals
tapestry



FOCUS AREAS

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1 *Our People*

We aim to bolster Tapestry's purpose and culture by embedding equity, inclusion and diversity throughout our organization, holding our leaders accountable for our equity, inclusion and diversity goals and attracting and retaining talent with a compelling and fulfilling employee experience.

2 *Our Planet*

We aim to sustain and restore our planet through continuous innovation in solutions that improve biodiversity and reduce our impact on climate change with a focus on renewable energy, increased use of environmentally preferred materials and production methods, and circular business models that design out waste and pollution, keep products in use, and restore natural systems.

3 *Our Communities*

We aim to support and empower the communities where our employees live and work, and provide the resources and investment needed to strengthen the regions where we operate, through volunteer efforts, philanthropic initiatives, product donations, and social impact programming.

Photo courtesy of Friends of the High Line.

2025 GOALS

1 *Our People*

- Increase the number of North America-based ethnic minority leaders to better reflect the company's general corporate population.
- Reduce gender and ethnicity differences in the Employee Inclusion Index scores from our Employee Engagement Survey.
- Demonstrate a focus on career progression, development and mobility by filling 60% of leadership roles (VP+) internally.
- Enable employees to manage their work and personal life balance by achieving a global core benefit standard for self-care, parental and family care leave policies.

2 *Our Planet*

- Achieve a 20% reduction in absolute Scope 1 & Scope 2 CO_2e emissions & 20% reduction in absolute Scope 3 emissions from freight shipping over a 2017 baseline.
- Attain a 95% traceability & mapping of our raw materials to ensure a transparent & responsible supply chain.
- Ensure that 90% of leather is sourced from Silver and Gold-rated Leather Working Group tanneries.
- Achieve 75% recycled content in packaging and 25% reduction in North America corporate & distribution center waste.
- Procure 100% renewable electricity in Tapestry's stores, offices & fulfillment centers.
- Achieve a 10% reduction in water usage across Tapestry and its supply chain.

3 *Our Communities*

- Dedicate 100,000 volunteer service hours completed by our employees around the globe.
- Give $75M in financial and product donations to nonprofit organizations globally.
- Provide 100,000 people crafting Coach, kate spade new york and Stuart Weitzman products access to empowerment programs during the workday.

RECENT MILESTONES

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1 *Our People*

- Raised minimum wage of all U.S. Tapestry employees to at least $15 per hour.
- In FY22, began tying 10% of Tapestry leadership's annual incentive compensation to equity, inclusion and diversity goals.
- Established four Employee Resource Groups (ERGs), including our newest ERG, The Asian Heritage Alliance.

2 *Our Planet*

- In FY21, we procured Renewable Energy Credits that made up over 21% of our purchased electricity consumption across our own operations in North America.
- Committed to setting a science-based target through the Science Based Targets initiative's (SBTi) Business Ambition for 1.5°C and pledged to set a long-term target to reach net-zero value chain GHG emissions by no later than 2050.

3 *Our Communities*

- In FY21, employees volunteered over 31,000 hours, bringing the cumulative total to over 42,000 hours since establishing the goal in 2019.
- Contributed over $7,500,000 in charitable financial contributions from our foundations and brands to support causes in our global communities.
- Instituted one paid volunteer day per year for all global employees.


Appendix
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The Company reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). The Company's management does not, nor does it suggest that investors should, consider non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Further, the non-GAAP measures utilized by the Company may be unique to the Company, as they may be different from non-GAAP measures used by other companies. The financial information presented has been presented both including and excluding the effect of certain items impacting comparability related to the Acceleration Program in the first quarter of fiscal 2022 and fiscal 2021 and the CARES Act Tax Impact in the first quarter of fiscal 2021.

Management utilizes these non-GAAP measures to conduct and evaluate its business during its regular review of operating results for the periods affected and to make decisions about Company resources and performance. The Company believes presenting these non-GAAP measures, which exclude items that are not comparable from period to period, is useful to investors and others in evaluating the Company's ongoing operating and financial results in a manner that is consistent with management's evaluation of business performance and understanding how such results compare with the Company's historical performance.

GAAP to non-GAAP reconciliation

For the quarter ended October 2, 2021

in millions, except per share data; unaudited	GAAP BASIS (AS REPORTED)	ACCELERATION PROGRAM	NON-GAAP BASIS (EXCLUDING ITEMS)
Coach	$831.0	$–	$831.0
Kate Spade	199.2	–	199.2
Stuart Weitzman	38.5	–	38.5
Gross profit[1]	**1,068.7**	–	**1,068.7**
Coach	465.3	1.4	463.9
Kate Spade	162.0	1.4	160.6
Stuart Weitzman	40.0	0.4	39.6
Corporate	106.4	8.9	97.5
Selling, general and administrative expenses	**773.7**	12.1	**761.6**
Coach	365.7	(1.4)	367.1
Kate Spade	37.2	(1.4)	38.6
Stuart Weitzman	(1.5)	(0.4)	(1.1)
Corporate	(106.4)	(8.9)	(97.5)
Operating income (loss)	**295.0**	**(12.1)**	**307.1**
Provision for income taxes	**49.8**	**(3.9)**	**53.7**
Net income (loss)	**226.9**	**(8.2)**	**235.1**
Net income (loss) per diluted common share	**0.80**	**(0.02)**	**0.82**

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

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GAAP to non-GAAP reconciliation

For the quarter ended September 26, 2020

in millions, except per share data; unaudited	GAAP BASIS (AS REPORTED)	CARES ACT TAX IMPACT	ACCELERATION PROGRAM	NON-GAAP BASIS (EXCLUDING ITEMS)
Coach	$644.9	$–	$–	$644.9
Kate Spade	154.1	–	–	154.1
Stuart Weitzman	31.2	–	–	31.2
Gross profit[1]	**830.2**	**–**	**–**	**830.2**
Coach	374.9	–	10.7	364.2
Kate Spade	130.9	–	1.0	129.9
Stuart Weitzman	31.2	–	(2.4)	33.6
Corporate	91.0	–	17.3	73.7
Selling, general and administrative expenses	**628.0**	**–**	**26.6**	**601.4**
Coach	270.0	–	(10.7)	280.7
Kate Spade	23.2	–	(1.0)	24.2
Stuart Weitzman	-	–	2.4	(2.4)
Corporate	(91.0)	–	(17.3)	(73.7)
Operating income (loss)	**202.2**	**–**	**(26.6)**	**228.8**
Provision for income taxes	**(46.3)**	**(91.7)**	**(5.8)**	**51.2**
Net income (loss)	**231.7**	**91.7**	**(20.8)**	**160.8**
Net income (loss) per diluted common share	**0.83**	**0.33**	**(0.08)**	**0.58**

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


tapestry
COACH | kate spade | STUART WEITZMAN

Exhibit 99.3

Tapestry, Inc.
Q1 2022 Earnings Conference Call
November 11, 2021

Corporate Participants

Joanne C. Crevoiserat *Tapestry, Inc. – Chief Executive Officer & Director*

Scott A. Roe *Tapestry, Inc. - CFO & Head of Strategy*

Todd Kahn *Tapestry, Inc. - CEO & Brand President of Coach*

Kelsey Mueller *Tapestry, Inc. – Director, Investor Relations*

Presentation

Operator

Good day, and welcome to this Tapestry conference call. Today's call is being recorded. (Operator Instructions)

At this time, for opening remarks and introductions, I would like to turn the call over to the Director of Investor Relations at Tapestry, Kelsey Mueller.

Kelsey Mueller:

Good morning. Thank you for joining us.

With me today to discuss our first quarter results, as well as our strategies and outlook, are Joanne Crevoiserat, Tapestry's Chief Executive Officer and Scott Roe, Tapestry's Chief Financial Officer and Head of Strategy.

Before we begin, we must point out that this conference call will involve certain forward-looking statements within the meaning of the private securities litigation reform act. This includes projections for our business in the current or future quarters or fiscal years. Forward-looking statements are not guarantees, and our actual results may differ materially from those expressed or implied in the forward-looking statements. Please refer to our annual report on Form 10-K, the press release we issued this morning, and our other filings with the Securities and Exchange Commission for a complete list of risks and other important factors that could impact our future results and performance.

Non-GAAP financial measures are included in our comments today and in our presentation slides. In addition, as we continue to anniversary the onset of the Covid-19 pandemic, we will be providing financial information compared to FY20 – or "pre-pandemic" – and FY21, where applicable. For a full reconciliation to corresponding GAAP financial information please visit our website, www.tapestry.com/investors, and then view the earnings release and the presentation posted today.

Now, let me outline the speakers and topics for this conference call. Joanne will begin with first quarter highlights for Tapestry and our brands, along with an update on our strategies for the holiday season. Scott will continue with our financial results, capital allocation priorities and outlook going forward. Following that, we will hold a question and answer session, where we will be joined by Todd Kahn, CEO & Brand President of Coach. After Q&A, Joanne will conclude with brief closing remarks.

I'd now like to turn it over to Joanne Crevoiserat, Tapestry's CEO.

Joanne Crevoiserat:

Good morning! Thank you, Kelsey, and welcome everyone.

I'm pleased to report that the strong momentum we saw throughout last year has accelerated further in the first quarter, with our sales now 9% above pre-pandemic levels. Our operating margin has improved 8.5 points compared to fiscal year '20 even as we've re-invested in key growth drivers for our business. The fundamental changes we've made through the Acceleration Program to transform Tapestry and our brands have enabled our teams to act with agility to drive highly effective customer engagement and support increasing demand.

This performance also reaffirms our confidence in our differentiated platform. Our three unique brands are enabled by our talented teams, technology infrastructure, globally diversified supply chain, and a 90% Direct-to-Consumer model. These assets, coupled with our growing data and consumer insights capabilities, have fueled more targeted product development, more efficient pricing, and more effective marketing – all of which support accelerating revenue, higher gross margin, improving profitability, and, most importantly, stronger connections with our customers.

Now, turning to highlights from the first quarter…

We continued to make meaningful progress against the Acceleration Program by sharpening our focus on the consumer, leveraging data to lead with a digital-first mindset and transforming Tapestry into a more responsive organization.

- First, we kept the consumer at the forefront of our strategy, which drove further increases in customer recruitment. In fact, we acquired approximately 1.6 million new customers across our Direct channels in North America, an increase of over 20%, with growth in both stores and online.
- Second, we leveraged our unique data and analytics capabilities to enhance engagement with our consumers. As a result, retention improved year-over-year at each brand, including strong re-engagement with the 4 million customers acquired last year in our North America Digital channels. In addition, we drove a higher number of repeat transactions and re-activated lapsed customers at an increasing rate. These examples highlight the advancements we've made to utilize customer insights to increase engagement with our brands and drive higher lifetime value.

- Third, we enhanced our expertise in the Digital channel, a margin accretive business across brands. We've made significant investments, including in talent, to improve the customer experience and drive conversion. As a result, we realized a sequential acceleration in eCommerce revenue trends in the quarter – a meaningful achievement as we lapped difficult online comparisons from last year. Sales rose close to 50%, with digital penetration now nearly four times pre-pandemic levels. At the same time, trends across our global store fleet again improved, with operating margins that continue to exceed pre-pandemic levels.
- Fourth, we further strengthened our positioning in China – a region that represents significant long-term opportunity, supported by the rising middle class. While Covid resurgences during the quarter impacted traffic across the industry, we delivered sales growth of over 25%. Compared to pre-pandemic levels, sales increased roughly 65%, accelerating versus the prior quarter. And, importantly, we grew on both the Mainland and with Chinese consumers globally, which increased at a low-double-digit rate versus fiscal year '20.
- And, fifth, we increased global AUR at each of our brands, reflecting traction with our customer base and the deliberate structural changes we've made to reduce promotional activity and improve assortment productivity.

Now, let me touch on first quarter highlights for each of our brands…

Coach delivered another exceptional quarter, accelerating further off an already strong base. Revenue rose 27%, representing an increase of 15% compared to pre-pandemic levels or a 13-point sequential improvement. Operating margin expanded fueled by gross margin, which reached nearly 75%, the highest rate in any quarter in the last ten years. These results are a testament to the increasing brand heat and strong customer demand and engagement we're seeing at Coach, highlighting progress against the brand's FY22 growth strategies.

- First, we drove another quarter of AUR gains, as we benefitted from strengthening pricing power and our deliberate actions to improve SKU productivity and lower promotional activity. Globally, Coach's handbag AUR increased high-single-digits in both the Retail and Outlet channels. In addition, we achieved the tenth consecutive quarter of AUR improvements in North America, which rose low double-digits.
- This continued improvement reflects our pricing power and strong engagement with consumers, as we focus on enhancing customer lifetime value. In the quarter, we acquired over 900,000 new customers across our North America channels, a high-teens increase compared to the prior year. At the same time, purchase frequency rose versus last year.
- Second, we continued to develop our iconic families to create a foundation for our product pipeline in future seasons – with notable strength in key families such as Tabby and Rogue. In addition, we are led by Stuart Vevers' creative vision, who is building on 80 years of iconic Coach codes, notably the Signature C and Horse & Carriage, both of which have supported increasing sales across all channels.
- Third, we increased investments and drove stronger returns in marketing, leveraging our data capabilities to drive outsized growth in our Digital business. In the first quarter, eCommerce increased over 60%, representing a sequential improvement on both a one and two-year basis, underscoring the significant opportunity that this channel represents.
- Fourth, we again drove growth in China. Sales rose over 25% compared to last year with improvements across stores and eCommerce, as we diversify our approach to meet the customer where they want to shop. This includes better leveraging existing platforms and establishing relationships with new online forums. As we build on the strength of our brand, and our positioning with the emerging middle class, we continue to see tremendous long-term potential in China.
- And, fifth, we outperformed in the Men's business in keeping with our ambition to deliver $1 billion in sales in the category over our planning horizon. In the quarter, we re-invigorated some of our iconic leathergoods silhouettes, infusing camo print in Retail and the Basquiat collaboration in Outlet.

In summary, Coach continues to stand out even amid external pressures. Customers are engaging with the brand at an increasing rate given the traction of our product and marketing. We're driving continued momentum as we enter the important holiday quarter. The brand has proven that the foundational changes we've made are working and our results are sustainable. We are increasingly confident in our ability to drive both revenue and profit gains for fiscal '22 and beyond.

Now, moving to Kate Spade…

The brand continued to make steady progress against its strategic priorities and outperformed internal expectations across the P&L. We built on the increasing traction we're seeing with consumers, which drove topline improvement during the quarter. Importantly, direct sales – excluding wholesale – increased mid-single-digits versus pre-pandemic levels, a sequential improvement compared to the fourth quarter. These results confirm that the growth strategies we're executing to return Kate Spade to its roots and improve the underlying foundation of the brand are taking hold.

In the quarter…

- We maintained a consumer-centric approach in our execution, acquiring over 650,000 new customers across channels in North America, a significant increase over last year. At the same time, we re-activated lapsed customers, with outsized growth among those customers lapsed over three years, reflecting a renewed connection with our core customers and confirming the efforts to clarify the brand's positioning are gaining traction.
- Second, we continued to build-out our core product offering by amplifying key platforms. Most notably, the Knott and Spade Flower again outperformed expectations and act as strong foundations for future growth. The strength of these recent introductions, coupled with deliberate actions to improve full-price selling and pull back on promotional activity, fueled another quarter of global handbag AUR growth, which rose low-double-digits. The progress we've made has increased our confidence in Kate Spade's pricing power, as we deepen our connection with consumers and execute on our strategic agenda.
- Third, we drove brand heat by deploying marketing centered on our Kate Spade community and leaning into our DNA as a best-in-class, storytelling brand. We employed new ways of reaching our customers, including a variety of social media platforms and a re-imagined – and uniquely Kate Spade – approach to New York Fashion Week, which featured a pop-up apple orchard in downtown Manhattan incorporating our 'I Heart New York' collection.
- Fourth, we maximized our lifestyle positioning by continuing to strengthen the foundation of ready-to-wear, footwear and jewelry, all of which outperformed our expectations. Overall, the brand's differentiated and broad offering supports our goal to increase lifetime value, as those customers buying lifestyle products tend to purchase more frequently and spend more.
- And, fifth, we utilized our already strong Digital platform to continue to grow eCommerce sales, which rose over 15% in the quarter as we test, learn, and scale innovative and new ways to engage the consumer online.

In closing, we're leading with our values to strengthen the emotional connection with our passionate Kate Spade community. We are excited by the brand's progress and our solid performance underscores that we have the right strategy in place. We have significant runway ahead and are confident in our ability to achieve $2 billion in revenue at high-teens operating margins over the planning horizon.

Turning now to Stuart Weitzman.

The brand has made continued progress towards achieving our over-arching goal of restoring profitability in the current fiscal year. To achieve this, we advanced our growth strategies in the quarter:

- First, we improved operating margin compared to the prior year, further increasing our confidence in a return to profitability this year. This was driven by continued outperformance in high-growth areas, including Digital and China. Our eCommerce channels rose over 30% globally, driven by customer experience upgrades to improve conversion. And, in China – a market that remains a significant opportunity for the brand – revenue increased over 25%.
- Second, we recruited an increasing number of new customers compared to last year and drove higher retention rates overall. The consumer remains at the forefront of our strategy, as we capitalize on shifting market trends, most notably the return to in-person socialization and the growing need for occasion and dressy footwear. At the same time, our iconic collections continue to resonate, notably the Nudist family which brought an increasing number of new and younger customers to the brand.
- Third, we drove brand heat through a tailored offering supported by marketing actions to engage the consumer. Stuart Weitzman's momentum was evidenced by a return to AUR growth, which rose low-double-digits compared to prior year, reflecting deliberate actions to lower promotional activity, as well as select price increases which we intend to continue on a strategic basis. This was a key driver of the gross margin expansion of over 250 basis points.
- Fourth, we strengthened our wholesale partnerships, specifically with key domestic full-price partners, resulting in high-teens growth in the channel.

Overall, our solid execution is evidenced by our improving financial performance. We're laser-focused on the consumer, by offering compelling product and marketing to enhance customer engagement and increase our productivity in key regions and channels. This, in turn, will support our goal to restore profitability in fiscal '22.

Now, turning to over-arching strategies for the holiday quarter. The consumer backdrop is healthy, and our recent internal survey work in North America highlights that demand for the handbag and footwear categories remains strong. We're remaining nimble and keeping the customer at the center of our priorities.

- First, we are controlling the factors within our control and playing offense. We've moved quickly and taken bold and deliberate actions to mitigate industry-wide inventory constraints.
- We're also messaging to customers earlier in the holiday season to elongate the shopping period and capture demand early. Importantly, we will be maintaining our discipline around discounting and selectively increasing prices as we lead with messaging on innovation and values over price.
- Separately, we are creating engaging omni-channel customer experiences, as in-store traffic continues to improve and online engagement increases.
- Across brands, we're employing exciting initiatives to surprise and delight consumers during this important shopping period.
  - At Coach, we've kicked off the holiday season in a truly iconic fashion, with our re-creation of Jennifer Lopez's 'All I Have' video, nearly two decades after the original, featuring our Signature codes.
  - At Kate Spade, we're creating magical holiday moments with our 'To All A Sparkly Night' collection, which captures the sense that 'the littlest things can be life's biggest indulgences'.
  - And, at Stuart Weitzman, our recently launched campaign featuring Kate Hudson arrives just in-time for the start of the holiday season, as well as celebrations for our 35th anniversary.

Overall, our first quarter results and the momentum we're delivering are evidence that our strategy, led by the Acceleration Program, is working. We've radically transformed our company, realizing material operating margin improvements, while fueling investments in key growth areas of our business.

We're a largely direct-to-consumer business with a Digital-first mindset, building a deeper understanding of our customers. We are utilizing these capabilities, along with the additional benefits of our multi-brand platform, to drive even further growth at Coach and accelerate the trajectory of both Kate Spade and Stuart Weitzman over our planning horizon. I am encouraged by the growing vibrancy of each of our brands and the strengthening engagement with consumers, backed by the work of our talented and passionate teams. Our confidence is underscored by the stronger outlook for Fiscal Year '22 and additional shareholder return plans announced today.

We've entered the second quarter with momentum and have proactively put in place plans to deliver for our customers this holiday season and into the new year. We are well-positioned to capture market share at structurally higher operating margin in the years to come, creating significant value for all our stakeholders.

With that, I'll turn it over to Scott who will discuss our financial results, capital deployment priorities, and FY22 outlook. Scott…

Scott Roe:

Thanks, Joanne, and good morning everyone.

We delivered another quarter of high-quality earnings results, outpacing last year, pre-pandemic levels, and expectations. We continued to execute against the strategies of our Acceleration Program, building upon the foundational changes made in fiscal year '21 against a difficult backdrop. We drove continued topline momentum and improved operating margin meaningfully, fueled by gross margin expansion.

Turning to the details of the first quarter…

Total sales increased 26% versus prior year and outperformed expectations. Compared to pre-pandemic levels, revenue rose 9%, representing an 8 point acceleration compared to the prior quarter, fueled by improvements across all channels – stores, Digital and Wholesale.

By region, revenue rose double-digits versus last year in Mainland China, North America and Europe. Importantly, these regions improved on a two-year basis, including…

- Relative outperformance of North America, which rose at a high-teens percentage compared to pre-pandemic levels.
- In Mainland China, while there were pockets of Covid increases, overall momentum continued.
- And, in Europe, we realized improving trends as lockdown measures were lifted.

Moving down the P&L, we expanded gross margin at each brand during the quarter. These results reflect a continuation of the successful execution of our strategy as we maintain price discipline, improve SKU productivity and leverage our data analytics capabilities to more effectively tailor our product assortment and marketing messaging to the consumer.

SG&A rose relatively in-line with sales, given the re-investment of cost savings into the organic business, the prior year's atypical comparison due to Covid-19, and the impact from higher sales.

Taken together, we achieved operating income growth and margin expansion both Company-wide and at each individual brand.

Earnings per diluted share for the quarter was $0.82, an increase of 42% compared to the prior year and more than doubling pre-pandemic levels.

Now, turning to our balance sheet and cash flows, as well as an update to our capital deployment plans…

- We ended the quarter in a strong position with $1.7 billion in cash and investments and total borrowings of $1.6 billion.
- Therefore, given the strong results of our first quarter, our robust balance sheet, significant free cash flow generation, and outlook for growth, we are announcing an incremental $1 billion share repurchase program, as highlighted in our release.
- As such, we now expect to return approximately $1.25 billion to shareholders in the fiscal year, a meaningful increase compared to our previous outlook to return $750 million to shareholders in fiscal 2022.
- This return reflects approximately $1 billion of share repurchases in the fiscal year, which consists of $600 million to complete our existing program, inclusive of $250 million of shares already repurchased in the first quarter. And, we expect to utilize approximately $400 million under our new program in fiscal '22.
- In addition, our shareholder return plans continue to forecast approximately $250 million returned through our dividend program.

Overall, the organic business momentum and the actions announced today underscore our commitment to our capital allocation priorities – first, investing in the business to drive long-term profitable growth, and second, returning capital to shareholders through dividends and share repurchases.

In addition, we still intend to repay our July 2022 bonds, totaling $400 million, by the end of this fiscal year.

These actions highlight our confidence in the strength of our brands, our ability to drive sustainable growth, and our commitment to returning capital to shareholders.

Now, moving to our fiscal year '22 outlook…

Before turning to the specific details, I want to touch on the current state of the industry. The external environment continues to be dynamic, as consumer demand remains solid while supply chain headwinds are constricting inventory availability. We certainly see this same dynamic within our business as demand for our brands remains robust. As Joanne mentioned, we've acted early and boldly to maintain the momentum we're seeing across each of our brands. While we are not immune to external factors, nor can we predict future challenges that may come, the bold actions we have taken to secure supply along with our experience at reacting with agility to constantly changing landscapes over that last 18 months or so give us the confidence to increase our annual guidance.

Please note that all growth rates compared to prior year are on a comparable, 52-week basis, excluding the impact of our 53rd week last year.

So let's unpack this increase in outlook:

- We now expect revenue to approach $6.6 billion, which would mark a record for the Company. This represents a mid-teens increase compared to fiscal '21.
- Our outlook for operating income is now expected to grow at the high-end of our previous growth expectation for a mid-teens increase compared to prior year, resulting in modest operating margin expansion.
  - This contemplates modest gross margin pressure due entirely to the incremental freight investments in order to maintain product flow to meet strong consumer demand. This pressure is expected to be most acute in Q2 and Q3. Excluding this additional freight impact of approximately 200 basis points, we are driving continued underlying gross margin expansion through lower discounting and improved SKU productivity, along with price increases that will be implemented for the balance of the year across brands.
  - In addition, we now expect modest SG&A leverage for the fiscal year. We continue to expect about $300 million in structural gross run-rate expense savings as a result of the Acceleration Program. As previously shared, we are reinvesting these benefits to fuel growth, including $90 million in higher marketing spend, or approximately 3 percentage points higher than fiscal year '19. We're also investing further in our Digital talent and capabilities.
- Net interest expense for the year is expected to be $65 million and the tax rate is estimated at 18.5%, assuming a continuation of current tax laws.
- We are now forecasting weighted average diluted share count to be in the area of 278 million shares, incorporating a planned $1 billion in share repurchases.
- Taken together, we now expect EPS to be in the range of $3.45 to $3.50, incorporating the first quarter's outperformance and an approximate $0.05 benefit from additional share repurchases.
- We continue to expect CapEx to be about $220 million for the year. Of this spend, we anticipate approximately 45% of it related to store development, primarily in China, with the balance dedicated to our Digital and IT initiatives. This also includes the initial investments related to the build-out of our new fulfillment center to support both growth and speed to market.
- Finally, we expect inventory levels to be up meaningfully during the balance of the year as we pull forward receipts to match strong demand and face elongated lead times from supply chain pressures due to COVID disruptions. As mentioned, we are taking deliberate steps to accelerate inventory growth and we feel comfortable in our inventory positioning to meet demand.

Given the dynamic environment and last year's atypical comparisons, we expect variability by quarter. To provide some guardrails on Q2 specifically…

- Revenue is forecasted to grow high-teens, reflecting continued momentum on a two-year basis.
- Operating income is projected to be in the area of prior year levels, which contemplates incremental air freight of approximately $70 million in the quarter, or roughly 350 basis points. In addition, we have shifted the benefit from the reinstatement of GSP into the second half of the fiscal year. As a reminder, GSP is expected to benefit the full year by almost 50 basis points. Taken together, while margin pressure is anticipated in the second quarter, our full year operating margin outlook remains unchanged, as our underlying business momentum and price increases are estimated to offset cost and inflationary pressures.
- As a result, EPS in Q2 is expected to be relatively in-line with the prior year.

In closing…

- We entered the fiscal year with strong momentum, reflecting the benefits from the deliberate and decisive actions we've made under our Acceleration Program.
- We're continuing to focus on what's in our control as we navigate a dynamic operating environment.
- And, we're taking bold steps to ensure that we can meet robust underlying demand for our brands without compromising our long-term operating margins that are already up significantly.
- We are increasing both our fiscal year revenue and EPS guidance, as well as our expected return of cash to shareholders.

Overall, our strategy is working. I'm confident that we are in a position to create significant value for all our stakeholders in the years to come.

QUEST IONS AND ANSWERS

Operator

(Operator Instructions) We will go first to Bob Drbul with Guggenheim.

Robert Scott Drbul - *Guggenheim Securities, LLC, Research Division - Senior MD*

Joanne, can you talk about what's actually giving you the confidence that you can maintain the strong momentum you've seen heading into an inventory-constrained holiday quarter for us, please?

Joanne C. Crevoiserat:

Good morning, Bob. Our confidence is really driven by 3 factors. Our Acceleration Program initiatives are gaining traction and driving brand heat. We're seeing a strong consumer backdrop, and we're taking bold actions to manage the environment. We're pleased with the momentum we're seeing across brands. The actions we've taken through our Acceleration Program have transformed our company and are driving strong and sustainable results. We see brand heat building as evidenced with the AUR growth that we're delivering in each of our brands. We're also seeing acceleration in top line trends.

In the first quarter, we delivered growth of 9% above pre-pandemic levels, which was an 8-point acceleration from the fourth quarter. We're delivering that with significant gross margin expansion, which is allowing us to deliver structurally higher operating margin while also reinvesting in the key growth drivers of the business. And we're seeing continued strength in digital in China, which are 2 areas that we've talked about represent long-term opportunity for Tapestry. As I mentioned, as we look at the landscape, consumer spending is healthy, and demand for our categories remains very strong.

So although the environment continues to be dynamic, we've moved aggressively to manage the supply side of the equation, to protect the strong trends that we're seeing and serve our customers, really keeping the customer at the center of our strategy and of our execution. Our teams have a proven track record of managing these dynamics. And we are very confident in our ability to deliver for our customers this holiday and beyond. And that confidence, Bob, is really evidenced by the increased guidance and incremental share repurchase programs that we announced today.

Operator

(Operator Instructions) And we can go now to Ike Boruchow with Wells Fargo.

Irwin Bernard Boruchow - *Wells Fargo Securities, LLC, Research Division - MD and Senior Specialty Retail Analyst*

Hey. Good morning, everyone. Congrats. I guess, Scott, I wanted to ask about -- I understand free -- a lot of us in softlines are looking at the cost of cotton and inputs like that, but for you guys, I know that's not super important. Can you talk to us about key inputs for you guys, maybe leather specifically? Is there anything inflationary on the cost side, input cost side that pops out to you guys that's at all impactful?

Scott A. Roe:

Yeah, good morning, Ike. Sure, we've seen elevated input costs, and that's not really a new dynamic for us. And also, as we've said, we've seen higher AURs and higher prices, right? So as we look at the overall structural gross margin and operating margin picture, we've got confidence in our ability to maintain our margins, even in the face of some elevated costs that we see -- being with us for some period of time.

Operator

We go now to Erinn Murphy with Piper Sandler.

Erinn Elisabeth Murphy - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Thank you. Good morning and nice job on the quarter. My question is around Kate Spade. The sales for the business are still not back at pre-pandemic levels, but the profitability has clearly improved with some of the actions you've taken. So can you share a little bit more about your sales outlook for the brand that's embedded in your guidance this year?

And then, Scott, I do have a clarification just on freight. You talked about higher freight in Q2 and Q3. You called out the $70 million in airfreight specifically in Q2. Should we expect a similar level in the third quarter or is Q2 for airfreight peak?

Joanne C. Crevoiserat:

Let me jump into the Kate Spade comments, Erinn. So we are making steady progress at Kate Spade, and we do have the right strategy. We are clarifying the brand positioning and we're seeing traction across the P&L. And in fact, direct sales for the quarter increased mid single-digits versus pre-pandemic levels. So on a direct basis, we are growing above pre-pandemic levels and that improved quarter-over-quarter. And we are focused on returning the brand to its roots and driving stronger consumer engagement. We acquired over 650,000 new customers across North America channels to the brand this past quarter alone. And we're reactivating lapsed customers at an increasing rate, which gives us confidence that the strategy is working, that we're reaching the core Kate Spade consumer.

And we've worked hard to improve the product assortment there. We talked about new platforms like the Knott and Spade flower, which continue to perform. And those represent important platforms for future growth. And we're seeing increased global handbag AUR. AURs grew low double-digits. So all signs that Kate Spade is on the right path on the direct business growing against pre-pandemic levels. And it reinforces our confidence that the brand can achieve $2 billion in revenue and at a high-teens operating margin as we move forward.

Scott A. Roe:

Yes, Erinn, I'll jump in on your freight question as well. Maybe just a little bit of perspective before I get into the quarter-by-quarter details. Remember, the last time we spoke to you all, we talked about reopening in our largest single supply source, Vietnam, which is about 40% of our supply base. We expected that to start reopening in August. And in fact, that occurred about 7 weeks later. And so what we decided, to just build on Joanne's comments, early and boldly, so we did secure airfreight.

The reason I give you that perspective because it's important as you think not only about the flow by quarter, but also, at this point, we now see that we're approaching normalized level of production. We see goods flowing. We have much better visibility than we did the last time we spoke, even at the SKU level, so we can merchandise against the product flow that we see. So the result of that is the exceptional airfreight that we have used to bridge that gap and meet this really strong consumer demand that we see. That's starting to moderate as you get into back half of the year.

So as you think about gross margin shaping, you just saw the gross margin in Q1 up 450 basis points from 2 years ago. You're going to see -- we said, elevated airfreight in Q2 and Q3. We gave you our best estimate. Obviously, it matters as we see what exact products sell through, and there could be a little timing between Q2 and Q3. But think about that as roughly equal from an airfreight standpoint.

But remember, in the second half, we start to see the increase in prices making a meaningful impact. We talked about the change in GSP from a timing standpoint. So what that means is gross margins will be up in the second half and specifically in the fourth quarter. So that's one of the reasons we speak with confidence about our ability to maintain operating margins over time. We're exiting this year, coming out of the fourth quarter, with strong gross margins and the kind of increases that you're used to seeing from us on an overall basis.

Operator

The next question comes from Mark Altschwager with Baird.

Mark R. Altschwager - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Congrats on the continued momentum here. So encouraging to see the handbag AUR momentum, I guess, both at Coach and at Kate. Can you speak a bit more to the AUR opportunity you see outside of the handbag category? With the healthy demand backdrop and inventory challenges out there, I'm wondering to what extent can you take pricing in other accessories and lifestyle categories to help offset the elevated cost pressures?

Joanne C. Crevoiserat:

Yes. Let me start and then I'll toss it to Todd, who can give you an update on Coach specifically. But across all of our categories, we see the opportunity to take price, and we, as brands in the portfolio, are gaining pricing power. And we're structurally positioned to be able to improve our AURs with the data and analytics applications and the structural changes that we've made across our assortments. It's not just a handbag effort. We're looking across our assortments. We're understanding what our consumers are looking for and expecting from our brands. And we're getting better and better at leveraging that data to tailor our assortments appropriately, tailor our messaging and evaluate pricing across.

So we feel good about the progress we've made, but we see tremendous run. We're really just getting started. We're a data-rich company. And we're learning to use this data in better and better ways, and that you're seeing throughout the P&L, including in gross margin and AUR increases. But Todd, I'll toss it to you and -- to talk about what you're seeing and doing at Coach.

Todd Kahn:

Thank you, Joanne. Yes. I think what you're seeing -- as Joanne indicated, we are seeing AUR expansion across every category. And what gives us so much confidence is the quality of our product and the values that we bring. And we're seeing that across footwear, we're seeing that in ready-to-wear. And when you think about the Coach brand and you think about historic norms, where pinnacle luxury fits. We have more whitespace today than any time in our history. And I think that's going to give us a real opportunity to increase our pricing. And as we celebrate now Coach's 80th year, we are seeing real credibility on our lifestyle component and that's very exciting. And I think you'll see over the next couple of years us penetrating even higher in elements of the lifestyle.

Operator

Our next question comes from Lorraine Hutchinson with Bank of America.

Lorraine Corrine Maikis Hutchinson - *BofA Securities, Research Division - MD in Equity Research and Consumer Sector Head in Equity Research*

I just wanted to focus for a minute on the new customer acquisition at both Coach and Kate. Can you talk a little bit about what strategies are working best for you, and if there are areas that you need to lean into from an investment perspective?

Joanne C. Crevoiserat:

Thanks, Lorraine. We are gaining traction, and that has been a big focus of our Acceleration Program. As we say, we're getting closer to our consumer. It's understanding the consumer at a deeper level. And we're leveraging those insights and applying them to the work we're doing, and bringing great product to market, and then leveraging those insights to understand how and where to reach customers. We're increasingly reaching customers through digital channels. We've talked about that as a place that we think there is tremendous runway ahead, but we've added over $1 billion to that business in 2 years.

We're testing and learning more. We've changed the way we work. And we're investing more in marketing. Even as we're delivering structural operating margin improvements, we've really tilted the P&L to invest in those places that allow us to reach more customers and reach them in different ways. So those efforts are paying off. We acquired 4 million customers through digital channels in North America last year and 1.6 million in the first quarter across North America across channels. And we expect to continue as we learn, because we're really just getting started on leveraging these insights, on new ways of working and targeting our investments more into the places that will allow our brands to grow.

Todd Kahn:

And I'll just add for Coach. In the last quarter, as you saw, we increased 900,000 new customers. And what we're seeing is increased frequency. We're seeing over 40% of the new customers are Gen Z and millennials, so that bodes well for our future. And couldn't be more excited about the opportunity. And even as we invest in digital, we see a true omni opportunity here. And there is a synergistic opportunity between our brick and mortar and our digital, and they feed off each other in a really great way. And with the Acceleration Program and leaning in on understanding the data, it helps us create better store experiences and even helps us determine where to put stores into the future.

Joanne C. Crevoiserat:

And one point I want to add that I didn't mention, but it's about acquiring customers, but then it's about driving lifetime value. And I did want to make sure I mentioned, we are focused on reengaging the consumers after we acquire them and driving higher lifetime value. All of our brands have a broad array of assortments that we can engage our customers. We're seeing those customers come back and transact more frequently. And so we're really building the foundation for future growth.

Operator

We'll go now to Michael Binetti with Credit Suisse.

Michael Charles Binetti - *Crédit Suisse AG, Research Division - Research Analyst*

Congrats on a great quarter in obviously a tough environment. I guess, Joanne, let me -- can you just run me through China in a little bit of detail on the quarter? In third quarter, you said it was up 40% on a 2-year basis; fourth quarter, up 40% also. And I think that might have included an extra week so maybe a little lower than that. And now we're at 65% on a 2-year basis this quarter. It was pretty unexpected for us, just considering all the headlines coming out of that market, with lockdowns and disruptions in the quarter. That's a meaningful acceleration in what looked to be a tough quarter. If you wouldn't mind running us through that.

And then I guess, Scott, how should we think about margins for the Coach brand as we kind of jump over some of the cost impacts here in 2Q and into the second half? Can the margins for the brand continue to increase in the second half?

Joanne C. Crevoiserat:

Yes. So let me jump on the China question. We were pleased with our growth in China. As you mentioned, we accelerated on a 2-year basis. And although we did experience pockets of COVID-related disruption, we delivered growth. We grew greater than 25% [year on year], but to your point, 65% on a 2-year basis. And we are seeing continued strong engagement with customers in the market. And brand sentiment remains strong, particularly in the Coach brand. And we're seeing growth, I guess, in, I would say, Coach and at Stuart Weitzman, our 2 biggest brands with the highest penetration in the market. And Kate, as you know, remains relatively smaller. But we see tremendous runway ahead.

Of course, we're monitoring the developments in the market. The environment remains dynamic. But we're staying very close to the customer. And we're well positioned. All of our brands are well positioned against the growing middle class. So as we stay close to the customer and deliver the product and the experiences and show up where the customers are increasingly innovating in places like Douyin the TikTok of China, and putting our brands where our customers are and being very relevant to that customer, we expect and we continue to see we have tremendous runway in the market.

Scott A. Roe:

Yes. And maybe Todd and I'll take this from different angles to your second part of the question. Yes, we see margins up in the second half. I mean what I mentioned earlier regarding the shape of the overall Tapestry picture is obviously a lot of big numbers, largely driven by Coach. So we would see that same general dynamic playing for Coach. So Todd, maybe a little color.

Todd Kahn:

Yes. Thank you, Scott. The one thing I'd like to add is, as we maintain these really fabulous margins, if you look at the first quarter, Coach captured market share in our primary category of handbags. We looked at the handbag growth globally between 15% and 20%, and you saw Coach's results are way above that. So the combination of being able to capture market share while maintaining these margins, we're not buying the market. We are maintaining a really healthy business. And I think that is one of the key differentials between now and where maybe where we historically were.

Operator

Our next question comes from Adrienne Yih with Barclays.

Adrienne Eugenia Yih-Tennant - *Barclays Bank PLC, Research Division - MD, Senior eCommerce & Brand Retailing Analyst*

Congratulations. The sector just seems ripe for multiple years of healthy growth. So my first question is, Joanne or Todd, can you talk about the penetration of sales in the Coach brand, over $400 versus under $400 versus last year. Is she buying higher-end goods as well as buying them more frequently?

And then Scott, I would imagine that prior to this, basically, everything was on the ocean. And so I'm just wondering what percent is airfreighted in 2Q? What's expected to be airfreighted in 3Q, like as a percent of what you normally do?

Todd Kahn:

Scott, do you want to take the airfreight first, and then I'll come back?

Scott A. Roe:

Sure. Yes, that's probably a simple one. So Adrienne, we're not -- we haven't given the exact percentages. I guess, historically, we've seen about a 90-10 split ocean versus airfreight and -- or expedited freight. And obviously, we're at an elevated level at this point. So I guess the thing I would really point you to though is my earlier comments around based on the -- our visibility to normalizing production flows, we're really seeing that moderate in the back half of the year and getting back to, I'll say, maybe not exactly normal, but certainly, an improved environment as we move through the balance of the year.

Todd Kahn:

When you look at our business overall, as you know, we're very defined by different channels, what we're really pleased with is the increase in AUR across all of our channels. And that is the most important thing for us. So we will have bags for $1,000 and we will have bags for $149. What we're doing is driving all of them up, and that's how we look at the business. And one of the things we've done differently now is, when we design a bag, we actually think about the market where that bag will do the best, and we price accordingly. So in the past, we might have priced at the lowest common denominator, now we price at the highest common denominator.

Operator

We'll go now to Matthew Boss with JPMorgan.

Matthew Robert Boss - *JPMorgan Chase & Co, Research Division - MD and Senior Analyst*

Great. Joanne, so on the continued outperformance of the Coach brand, I guess how best to triangulate the outsized strength that you're seeing from the digital channel to potential market share that you believe you're taking across categories exiting the pandemic? And Scott, any way to size up the multiyear margin opportunity from this structural model channel shift to digital over time?

Joanne C. Crevoiserat:

Yes. I'll kick it off. As we embarked on our Acceleration Program, we saw a huge opportunity to better understand and serve our customers where they wanted to shop. And that really had us leaning into investments we had made historically, but leaning into our capabilities in digital and data. We are, as we said, 90% direct-to-consumer business. We know a lot about our customers. And we knew we had an opportunity to better engage our customers and meet customers as their shopping behaviors were changing.

So we have invested quite a bit, and we've grown that business tremendously. We are seeing continued engagement, at Coach, where we have runway, but across all of our brands. We're seeing continued engagement, customer acquisition through digital channels. That's not to say that's our only focus. We -- the omnichannel customer and customer shopping behaviors are changing and continue to change rapidly. So we're staying close to the customer. And we want to be available with our brand to our customers where they want to shop and how they want to shop. And we're staying close to that.

We're making the investments we need to make. And we're seeing really high returns on those investments, leveraging data and getting closer to our consumers. Leaning into those digital capabilities has been paying off. And it's not just acquisition, as I mentioned earlier. It's really -- once we acquire our consumers driving -- to drive higher lifetime value. And that's engaging them across our broad array of categories in each of our brands. So proud of the work the teams are doing. As I mentioned, it's early days for us. We're happy and very pleased with the traction we're seeing, but a long runway ahead.

Scott A. Roe:

And maybe I'll just take and bridge from Joanne's comment to the longer-term structural margin. I guess, the first thing I need to remind you of is, we have given no guidance beyond our current outlook. So there's -- we're not at a point where we're ready to have that conversation.

But I would point you to a few things. So you're exactly right. As we grow our digital business, it's one of our most profitable channels and actually our most profitable. And as Joanne said, it's -- our penetration is now [nearly] 4x what it was just 2 years ago. And the data and analytics that Joanne just outlined and some of the things Todd shared around pricing and our opportunity, we see that absolutely. We're using data better, understanding our consumer at a more intimate level. And all that gives us confidence that we can maintain our margins.

On the other hand, don't forget, we are in an elevated cost environment. So we -- that's not new. We've been seeing this for a while, and input costs are up. The great news is we've got visibility to it. We see that we have the pricing power, and that gives us confidence to maintain those margins over time. So more to come as we get closer to next year, but I think what I hope you would take away from that is the things that we're seeing and demonstrating this year and our outlook are structurally favorable for us as we look to the future.

Operator

We'll go now to Brooke Roach with Goldman Sachs.

Brooke Siler Roach - *Goldman Sachs Group, Inc., Research Division - Research Analyst*

Joanne, I wanted to follow up on the prior question on customer acquisition and retention. And you highlighted that customer reengagement and transaction levels among those existing customers are really building a strong foundation and improving here. Could you possibly share some additional insight on what strategies have proven to be most effective in getting that customer to continue to come back and repeat and reengage with that brand?

And then, Scott, maybe as a follow-up. Some other companies have talked a lot about labor supply as being a big focus recently. Can you talk to the impact of your recent employee initiatives and your staffing levels? Maybe what you're seeing in terms of wage rates at retail and in distribution centers going forward.

Joanne C. Crevoiserat:

So let me jump on the first part of your question. Consumer acquisition, retention, repeat rates, we're seeing that across all of our brands. And we've deployed strategies really across our value chain. It's not one thing. It's really through the work of our Acceleration Program. It starts with getting to know our customers and being clear on who our target customers are for each of our brands. And then serving those customers, understanding them and then serving them with great creative product, and then making sure we've got the right assortments in the right places. So we're leveraging data and analytics plus the creativity of our talented creative teams to put the right assortments in the right places and manage inventory in the right way.

And then the marketing investments that we've made is, we've structurally changed the pitch of our P&L to invest more in those things that will drive acquisition, retention, those investments in the growth drivers in digital and in marketing. At the same time we're doing that, we're increasing our -- improving our capabilities to understand and reach customers. So we have specific strategies that we're executing. We've got a test and learn framework that our teams are executing under. And we're innovating constantly as we learn how to better engage our consumers, bring them back more frequently, serve them, better messaging. And those are the things that are working. And again, that's the power of the Tapestry platform. We're applying these capabilities across our brands, and we're seeing traction across our brands.

Todd Kahn:

Yes. For just the Coach brand, I'm just going to add 2 points. One is, and I think this is true for all our brands, we are leaning into values and a sense of community and that is resonating. And one of the things that has worked extremely well for us is the Coach Insider program. If we can get our new clients to join us as Coach Insiders, their frequency of purchase, their lifetime value increases many fold. And the Coach Insider program is not a discount program. It's not a points program. It's about community. It's about access. And that has created a really terrific basis to not invest, have the one-and-done scenario, but instead create multiple purchases over a lifetime.

Scott A. Roe:

And Brooke, I'll address the second part of your question around labor supply. We're not immune to the challenges that everybody sees out there. But I guess, as I look at it, the good news here is we're not just beginning to address this issue. This has been a multiyear journey. Not just on wages, you might recall earlier in the year we talked about raising wages, the $15 minimum, and things that we have done on the -- to be competitive from a cost -- or a wage dollar amount standpoint.

But I think maybe even more important is the focus on engagement of the employees. As someone relatively new to the story here, as I've come in, I've been very impressed with how high the engagement scores are on our retail employees and distribution centers. This is an area that's been a long-term focus. It's a people-centered approach. And that double prong of focusing on the people and also making sure we're competitive so far has been a pretty good formula for us in terms of getting the labor that we need. Of course, we're not immune to the situations that are going on.

Operator

Thank you. That concludes our Q&A. I will now turn the call over to management for some concluding remarks.

Joanne C. Crevoiserat:

Thank you, Katherine. Well, Q1 was a strong quarter for Tapestry with outperformance across all brands. We are building momentum, and our confidence in the tremendous runway ahead for our brands is underscored by the increased guidance and shareholder returns we announced today. We've moved quickly and decisively in navigating industry-wide headwinds to meet rising demand for our brands.

As always, our results are driven by our passionate teams who are moving with greater agility and are ready to deliver for our customers this holiday and beyond. Thanks, everyone, for joining us this morning, and have a great day.