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

FORM 10-Q

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

For the Quarterly Period Ended September 26, 2020

or

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

Commission file number: 1-16153

Tapestry, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**52-2242751**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10 Hudson Yards, New York, NY 10001
(Address of principal executive offices); (Zip Code)

(212) 946-8400
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Stock, par value $.01 per share	TPR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐						

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

On October 23, 2020, the Registrant had 277,405,451 outstanding shares of common stock, which is the Registrant's only class of common stock.

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In this Form 10-Q, references to “we,” “our,” “us,” "Tapestry" and the “Company” refer to Tapestry, Inc., including consolidated subsidiaries. References to "Coach," "Kate Spade," "kate spade new york" or "Stuart Weitzman" refer only to the referenced brand.

SPECIAL NOTE ON FORWARD-LOOKING INFORMATION

This document, and the documents incorporated by reference in this document, in our press releases and in oral statements made from time to time by us or on our behalf, contain certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and are based on management’s current expectations, that involve risks and uncertainties that could cause our actual results to differ materially from our current expectations. These forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "may," "will," "should," "expect," "confidence," "trends," "intend," "estimate," "on track," "are positioned to," "on course," "opportunity," "continue," "project," "guidance," "target," "forecast," "anticipated," "plan," "potential," the negative of these terms or comparable terms. The Company's actual results could differ materially from the results contemplated by these forward-looking statements and are subject to a number of risks, uncertainties, estimates and assumptions that may cause actual results to differ materially from current expectations due to a number of important factors, including but not limited to: (i) the impact of the novel coronavirus ("Covid-19") global pandemic on our business and financial results; (ii) our ability to successfully execute our multi-year growth agenda under our Acceleration Program; (iii) the impact of economic conditions; (iv) our ability to control costs; (v) our exposure to international risks, including currency fluctuations and changes in economic or political conditions in the markets where we sell or source our products; (vi) the risk of cyber security threats and privacy or data security breaches; (vii) the effect of existing and new competition in the marketplace; (viii) our ability to retain the value of our brands and to respond to changing fashion and retail trends in a timely manner; (ix) the effect of seasonal and quarterly fluctuations on our sales or operating results; (x) our ability to protect against infringement of our trademarks and other proprietary rights; (xi) the impact of tax and other legislation; (xii) our ability to achieve intended benefits, cost savings and synergies from acquisitions; (xiii) the risks associated with potential changes to international trade agreements and the imposition of additional duties on importing our products; (xiv) the risks associated with climate change and other corporate responsibility issues; and (xv) such other risk factors as set forth in Part II, Item 1A. "Risk Factors" and elsewhere in this report and in the Company’s Annual Report on Form 10-K for the fiscal year ended June 27, 2020. The Company assumes no obligation to revise or update any such forward-looking statements for any reason, except as required by law.

WHERE YOU CAN FIND MORE INFORMATION

Tapestry's quarterly financial results and other important information are available by calling the Investor Relations Department at (212) 629-2618.

Tapestry maintains its website at www.tapestry.com where investors and other interested parties may obtain, free of charge, press releases and other information as well as gain access to our periodic filings with the SEC.

TAPESTRY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 26, 2020	June 27, 2020
	(millions) (unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 1,513.9**	$ 1,426.3
Short-term investments	**8.5**	8.1
Trade accounts receivable, less allowances for credit losses of $8.4 and $15.9, respectively	**251.1**	193.3
Inventories	**811.2**	736.9
Prepaid expenses	**70.9**	57.5
Income tax receivable	**115.3**	46.0
Other current assets	**74.6**	85.0
Total current assets	**2,845.5**	2,553.1
Property and equipment, net	**753.0**	775.2
Operating lease right-of-use assets	**1,692.6**	1,757.0
Goodwill	**1,307.1**	1,301.1
Intangible assets	**1,377.9**	1,379.4
Deferred income taxes	**57.3**	55.9
Other assets	**100.0**	102.5
Total assets	**$ 8,133.4**	$ 7,924.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 296.0**	$ 130.8
Accrued liabilities	**432.0**	410.5
Current portion of operating lease liabilities	**341.4**	388.8
Accrued income taxes	**38.1**	100.5
Current debt	**711.5**	711.5
Total current liabilities	**1,819.0**	1,742.1
Long-term debt	**1,588.6**	1,587.9
Long-term operating lease liabilities	**1,739.9**	1,799.8
Deferred income taxes	**87.7**	155.1
Long-term income taxes payable	**139.8**	144.0
Other liabilities	**228.3**	218.9
Total liabilities	**5,603.3**	5,647.8
See Note 16 on commitments and contingencies		
Stockholders' Equity:		
Preferred stock: (authorized 25.0 million shares; $0.01 par value per share) none issued	**—**	—
Common stock: (authorized 1.0 billion shares; $0.01 par value per share) issued and outstanding - 277.4 million and 276.2 million shares, respectively	**2.8**	2.8
Additional paid-in-capital	**3,364.8**	3,358.5
Retained earnings (accumulated deficit)	**(761.0)**	(992.7)
Accumulated other comprehensive income (loss)	**(76.5)**	(92.2)
Total stockholders' equity	**2,530.1**	2,276.4
Total liabilities and stockholders' equity	**$ 8,133.4**	$ 7,924.2

See accompanying Notes.

TAPESTRY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions, except per share data) (unaudited)	
Net sales	**$ 1,172.2**	$ 1,357.9
Cost of sales	**342.0**	443.4
Gross profit	**830.2**	914.5
Selling, general and administrative expenses	**628.0**	862.9
Operating income (loss)	**202.2**	51.6
Interest expense, net	**19.4**	12.3
Other expense (income)	**(2.6)**	12.7
Income (loss) before provision for income taxes	**185.4**	26.6
Provision for income taxes	**(46.3)**	6.6
Net income (loss)	**$ 231.7**	$ 20.0
Net income (loss) per share:		
Basic	**$ 0.84**	$ 0.07
Diluted	**$ 0.83**	$ 0.07
Shares used in computing net income (loss) per share:		
Basic	**276.8**	284.4
Diluted	**277.9**	285.7
Cash dividends declared per common share	**$ —**	$ 0.3375

See accompanying Notes.

TAPESTRY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions) **(unaudited)**	
Net income (loss)	**$ 231.7**	$ 20.0
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on cash flow hedging derivatives, net	**(3.5)**	2.7
Foreign currency translation adjustments	**19.2**	(13.8)
Other	**—**	(1.7)
Other comprehensive income (loss), net of tax	**15.7**	(12.8)
Comprehensive income	**$ 247.4**	$ 7.2

See accompanying Notes.

TAPESTRY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions)	
	(unaudited)	
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income (loss)	**$ 231.7**	$ 20.0
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**51.2**	64.2
Provision for bad debt	**(3.2)**	0.9
Share-based compensation	**14.0**	17.1
Acceleration Program charges	**(5.4)**	—
Organization-related and integration activities	**—**	14.2
Impairment charges	**—**	75.6
Changes to lease related balances, net	**(38.8)**	9.0
Deferred income taxes	**(67.8)**	(34.1)
Gain on sale of building	**(13.2)**	—
Other non-cash charges, net	**2.7**	(2.6)
Changes in operating assets and liabilities:		
Trade accounts receivable	**(29.4)**	(38.1)
Inventories	**(57.5)**	(116.7)
Accounts payable	**135.1**	37.1
Accrued liabilities	**(61.2)**	(14.1)
Other liabilities	**(1.8)**	(8.9)
Other assets	**(66.4)**	(17.9)
Net cash provided by (used in) operating activities	**90.0**	5.7
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from sale of building	**23.9**	—
Purchases of investments	**(0.1)**	(95.7)
Proceeds from maturities and sales of investments	**0.2**	94.0
Purchases of property and equipment	**(26.0)**	(71.9)
Net cash used in investing activities	**(2.0)**	(73.6)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend payments	**—**	(96.8)
Repurchase of common stock	**—**	(267.0)
Proceeds from share-based awards	**—**	0.1
Taxes paid to net settle share-based awards	**(8.2)**	(13.5)
Payments of finance lease liabilities	**(0.2)**	(0.2)
Net cash used in financing activities	**(8.4)**	(377.4)
Effect of exchange rate changes on cash and cash equivalents	**8.0**	(1.8)
Net decrease in cash and cash equivalents	**87.6**	(447.1)
Cash and cash equivalents at beginning of period	**1,426.3**	969.2
Cash and cash equivalents at end of period	**$ 1,513.9**	$ 522.1
Supplemental information:		
Cash paid for income taxes, net	**$ 154.4**	$ 34.7
Cash paid for interest	**$ 21.8**	$ 18.7
Noncash investing activity - property and equipment obligations	**$ 22.2**	$ 35.0

See accompanying Notes.

1. NATURE OF OPERATIONS

Tapestry, Inc. (the "Company") is a leading New York-based house of modern luxury accessories and lifestyle brands. Tapestry owns the Coach, Kate Spade and Stuart Weitzman brands. The Company’s primary product offerings, manufactured by third-party suppliers, include women’s and men’s bags, small leather goods, footwear, ready-to-wear including outerwear, watches, weekend and travel accessories, scarves, eyewear, fragrance, jewelry and other lifestyle products.

The Coach segment includes global sales of Coach products to customers through Coach operated stores, including the Internet and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.

The Kate Spade segment includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.

The Stuart Weitzman segment includes global sales of Stuart Weitzman brand products primarily through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through numerous independent third party distributors.

2. BASIS OF PRESENTATION AND ORGANIZATION

Interim Financial Statements

These unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and are unaudited. In the opinion of management, such condensed consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial position, results of operations, comprehensive income (loss) and cash flows of the Company for the interim periods presented. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") have been condensed or omitted from this report as is permitted by the SEC's rules and regulations. However, the Company believes that the disclosures provided herein are adequate to prevent the information presented from being misleading. This report should be read in conjunction with the audited consolidated financial statements and notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended June 27, 2020 ("fiscal 2020") and other filings filed with the SEC.

The results of operations, cash flows and comprehensive income for the three months ended September 26, 2020 are not necessarily indicative of results to be expected for the entire fiscal year, which will end on July 3, 2021 ("fiscal 2021").

Fiscal Periods

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to June 30. Fiscal 2021 will be a 53-week period. Fiscal 2020 ended on June 27, 2020 was a 52-week period. The first quarter of fiscal 2021 ended on September 26, 2020 and the first quarter of fiscal 2020 ended on September 28, 2019, both of which were 13-week periods.

Covid-19 Pandemic

The outbreak of a novel strain of coronavirus continues to impact a significant majority of the regions in which we operate. In March 2020, the outbreak was labeled a global pandemic by the World Health Organization. National, state and local governments responded to the Covid-19 pandemic in a variety of ways, including, but not limited to, by declaring states of emergency, restricting people from gathering in groups or interacting within a certain physical distance (i.e., social distancing), requiring individuals to stay at home, and in most cases, ordering non-essential businesses to close or limit operations. The Company had temporarily closed the majority of its directly operated stores globally for some period of time to help reduce the spread of Covid-19 during fiscal 2020. As of the end of fiscal 2020, the vast majority of the Company's stores had been re-opened for either in-store or pick-up service and they have continued to operate through the first quarter of fiscal 2021. Many of the Company's wholesale and licensing partners also closed their bricks and mortar stores as required by government orders during the third and fourth quarter of fiscal 2020, but the majority of stores have reopened as of the end of the first quarter of fiscal 2021.

The global Covid-19 pandemic is rapidly evolving and the extent to which this impacts the Company - including unforeseen increased costs to the Company's business - will depend on future developments, which are highly uncertain and cannot be predicted, including the ultimate duration, severity and geographic spread of the virus and the success of actions to contain the virus or treat its impact, among others. As the full magnitude of the effects on the Company's business is difficult to predict at this time, the Covid-19 pandemic has and is expected to continue to have a material adverse impact on the Company's business, financial condition, results of operations and cash flows for the foreseeable future. The Company believes that cash flows from operations, access to the credit and capital markets and our credit lines, on-hand cash and cash equivalents and our investments provide adequate funds to support our operating, capital, and debt service requirements for fiscal 2021 and beyond. There can be no assurance, however, that any such capital will be available to the Company on acceptable terms or at all. The Company could experience other potential adverse impacts as a result of the Covid-19 pandemic, including, but not limited to, further charges from adjustments to the carrying amount of goodwill and other intangible assets, long-lived asset impairment charges, reserves for uncollectible accounts receivable and reserves for the realizability of inventory. In addition, the negative impacts of the Covid-19 pandemic could result in the establishment of additional valuation allowances in certain jurisdictions.

In response to the Covid-19 pandemic, the Company has taken actions to reinforce its liquidity and financial flexibility. Specific actions include: suspending its quarterly dividend and all share repurchases for the foreseeable future, actively reducing non-essential SG&A expense, reducing its corporate and retail workforce, temporarily reducing corporate compensation, tightly managing inventory and reducing capital expenditures.

Furthermore, in fiscal 2020, the Company borrowed $700 million under its $900 million definitive credit agreement, as entered into on October 24, 2019 ("Revolving Credit Facility") as a precautionary measure. If stores are required to close again for an extended period of time due to a resurgence of increased infections, the Company's liquidity may continue to be negatively impacted and it may need to draw additional funds from our Revolving Credit Facility or seek additional sources of financing, which may or may not be available. On May 19, 2020, the Company entered into Amendment No. 1 (the “Amendment”) to the Revolving Credit Facility, which sets forth the modifications pertaining to the leverage ratio financial covenant required. Refer to Note 12, "Debt" and Note 18, "Subsequent Events", for additional information regarding the Company's outstanding notes payable and applicable amendments.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and footnotes thereto. Actual results could differ from estimates in amounts that may be material to the financial statements.

Significant estimates inherent in the preparation of the condensed consolidated financial statements include useful lives and impairments of long-lived tangible and intangible assets; reserves for the realizability of inventory; customer returns, end-of-season markdowns and operational chargebacks; accounting for income taxes (including the impacts of tax legislation) and related uncertain tax positions; accounting for business combinations; the valuation of stock-based compensation awards and related expected forfeiture rates; reserves for restructuring; and reserves for litigation and other contingencies, amongst others.

Share Repurchases

The Company accounts for share repurchases by allocating the repurchase price to common stock and retained earnings. As a result, all repurchased shares are authorized but unissued shares. Under Maryland law, the Company's state of incorporation, there are no treasury shares. The Company accrues for the shares purchased under the share repurchase plan based on the trade date. Purchases of the Company's common stock are executed through open market purchases, including through a purchase agreement under Rule 10b5-1. The Company may terminate or limit the share repurchase program at any time.

Principles of Consolidation

These unaudited interim condensed consolidated financial statements include the accounts of the Company and all 100% owned and controlled subsidiaries. All intercompany transactions and balances are eliminated in consolidation.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement (Topic 820)" ("ASU 2018-13"), which is intended to improve the effectiveness of fair value disclosures. The ASU removes or modifies certain disclosure requirements related to fair value information, as well as adds new disclosure requirements for Level 3 fair value measurements. The Company adopted ASU 2018-13 as of the beginning of Fiscal 2021. The adoption of ASU 2018-13 did not have a material impact on the Company's condensed consolidated financial statements and notes thereto.

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)" ("ASU 2018-15"), which is intended to clarify the accounting for implementation costs of cloud computing arrangements which are deemed to be a service contract rather than a software license. The Company adopted ASU 2018-15 as of the beginning of Fiscal 2021 on a prospective basis. The adoption of ASU 2018-15 did not have a material impact on the Company's condensed consolidated financial statements and notes thereto.

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), and subsequent clarifying updates, which requires companies to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. The standard requires upfront recognition of an allowance for credit losses expected to be incurred over an asset's contractual life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. The Company adopted ASU 2016-13 as of the beginning of Fiscal 2021 using the modified retrospective basis. The adoption of ASU 2016-13 did not have a material impact on the Company's condensed consolidated financial statements and notes thereto.

Recently Issued Accounting Pronouncements

The Company has considered all new accounting pronouncements and have concluded that there are no new pronouncements that may have a material impact on our results of operations, financial condition or cash flows based on current information.

4. REVENUE

The Company recognizes revenue primarily from sales of the products of its brands through retail and wholesale channels, including the Internet. The Company also generates revenue from royalties related to licensing its trademarks, as well as sales in ancillary channels. In all cases, revenue is recognized upon the transfer of control of the promised products or services to the customer, which may be at a point in time or over time. Control is transferred when the customer obtains the ability to direct the use of and obtain substantially all of the remaining benefits from the products or services. The amount of revenue recognized is the amount of consideration to which the Company expects to be entitled, including estimation of sale terms that may create variability in the consideration. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

The Company recognizes revenue in its retail stores, including concession shop-in-shops, at the point-of-sale when the customer obtains physical possession of the products. Internet revenue from sales of products ordered through the Company's e-commerce sites is recognized upon delivery and receipt of the shipment by its customers and includes shipping and handling charges paid by customers. Retail and Internet revenues are recorded net of estimated returns, which are estimated by developing an expected value based on historical experience. Payment is due at the point of sale.

Gift cards issued by the Company are recorded as a liability until redeemed by the customer, at which point revenue is recognized. The Company also uses historical information to estimate the amount of gift card balances that will never be redeemed and recognizes that amount as revenue over time in proportion to actual customer redemptions if the Company does not have a legal obligation to remit unredeemed gift cards to any jurisdiction as unclaimed property.

The Company recognizes revenue within the wholesale channel at the time title passes and risk of loss is transferred to customers, which is generally at the point of shipment of products but may occur upon receipt of the shipment by the customer in certain cases. Payment is generally due 30 to 90 days after shipment. Wholesale revenue is recorded net of estimates for returns, discounts, end-of-season markdowns, cooperative advertising allowances and other consideration provided to the customer. Discounts are based on contract terms with the customer, while cooperative advertising allowances and other consideration may be based on contract terms or negotiated on a case-by-case basis. Returns and markdowns generally require approval from the Company and are estimated based on historical trends, current season results and inventory positions at the wholesale locations, current market and economic conditions as well as, in select cases, contractual terms. The Company's historical estimates of these variable amounts have not differed materially from actual results.

The Company recognizes licensing revenue over time during the contract period in which licensees are granted access to the Company's trademarks. These arrangements require licensees to pay a sales-based royalty and may include a contractually guaranteed minimum royalty amount. Revenue for contractually guaranteed minimum royalty amounts is recognized ratably over the license year and any excess sales-based royalties are recognized as earned once the minimum royalty threshold is achieved. Payments from the customer are generally due quarterly in an amount based on the licensee's sales of goods bearing the licensed trademarks during the period, which may differ from the amount of revenue recorded during the period thereby generating a contract asset or liability. Contract assets and liabilities and contract costs related to the licensing arrangements are immaterial as the licensing business represents approximately 1% of total net sales in the three months ended September 26, 2020.

The Company has elected not to disclose the remaining performance obligations that are unsatisfied as of the end of the period related to contracts with an original duration of one year or less or variable consideration related to sales-based royalty arrangements. There are no other contracts with transaction price allocated to remaining performance obligations other than future minimum royalties as discussed above, which are not material.

Other elections made by the Company include (i) assuming no significant financing component exists for any contract with a duration of one year or less, (ii) accounting for shipping and handling as a fulfillment activity within SG&A expense regardless of the timing of the shipment in relation to the transfer of control and (iii) excluding sales and value added tax from the transaction price.

Disaggregated Net Sales

The following table disaggregates the Company's net sales into geographies that depict how economic factors may impact the revenues and cash flows for the periods presented. Each geography presented includes net sales related to the Company's directly operated channels, global travel retail business and to wholesale customers, including distributors, in locations within the specified geographic area.

	North America	Greater China(1)	Other Asia(2)	Other(3)	Total
			(millions)		
Three Months Ended September 26, 2020					
Coach	**$ 466.7**	**$ 196.2**	**$ 162.3**	**$ 50.2**	**$ 875.4**
Kate Spade	**172.3**	**13.8**	**34.4**	**19.9**	**240.4**
Stuart Weitzman	**26.3**	**17.7**	**2.5**	**9.9**	**56.4**
Total	**$ 665.3**	**$ 227.7**	**$ 199.2**	**$ 80.0**	**$ 1,172.2**
Three Months Ended September 28, 2019					
Coach	$ 543.7	$ 159.2	$ 198.8	$ 64.2	$ 965.9
Kate Spade	231.9	12.3	42.2	19.1	305.5
Stuart Weitzman	46.7	19.4	5.4	15.0	86.5
Total	$ 822.3	$ 190.9	$ 246.4	$ 98.3	$ 1,357.9

(1) Greater China includes mainland China, Hong Kong SAR, Macao SAR and Taiwan.

(2) Other Asia includes Japan, Australia, New Zealand, South Korea, Thailand and other countries within Asia.

(3) Other sales primarily represents sales in Europe, the Middle East and royalties related to licensing.

Deferred Revenue

Deferred revenue results from cash payments received or receivable from customers prior to the transfer of the promised goods or services, and is generally comprised of unredeemed gift cards, net of breakage which has been recognized. Additional deferred revenue may result from sales-based royalty payments received or receivable which exceed the revenue recognized during the contractual period. The balance of such amounts as of September 26, 2020 and June 27, 2020 was $28.5 million and $28.1 million, respectively, which were primarily recorded within Accrued liabilities on the Company's Condensed Consolidated Balance Sheets and are generally expected to be recognized as revenue within a year. For the three months ended September 26, 2020, net sales of $4.7 million were recognized from amounts recorded as deferred revenue as of June 27, 2020. For the three months ended September 28, 2019, net sales of $4.5 million were recognized from amounts recorded as deferred revenue as of June 29, 2019.

5. INTEGRATION

The Company did not incur integration costs during the three months ended September 26, 2020.

During the three months ended September 28, 2019, the Company incurred integration costs of $4.3 million. The charges recorded in Cost of sales for the three months ended September 28, 2019 were $4.1 million. Of the amount recorded to Cost of sales, $2.8 million was recorded in the Stuart Weitzman segment, $1.2 million was recorded in the Kate Spade segment and $0.1 million was recorded in the Coach segment. The charges recorded in SG&A expenses for the three months ended September 28, 2019 were $0.2 million. Of the amount recorded to SG&A expenses, $2.2 million was recorded within Corporate, a reduction of expense of $2.4 million was recorded in the Stuart Weitzman segment, $0.3 million was recorded in the Coach segment and $0.1 million was recorded in the Kate Spade segment. Of the total costs of $4.3 million, $2.8 million were non-cash charges related to inventory-related charges, organization-related costs and purchase accounting adjustments.

A summary of the integration charges for the three months ended September 28, 2019 is as follows:

	Three Months Ended September 28, 2019
	(millions)
Purchase accounting adjustments[1]	$ 0.6
Inventory-related charges[2]	3.6
Other[3]	0.1
Total	$ 4.3

[1] Purchase accounting adjustments primarily relate to the short-term impact of the amortization of fair value adjustments.

[2] Inventory-related charges primarily relate to inventory reserves.

[3] Other primarily relates to share-based compensation, severance charges, professional fees and asset write-offs.

6. RESTRUCTURING ACTIVITIES

Acceleration Program

The Company is undergoing a review of its business under its multi-year growth agenda. This multi-faceted, multi-year strategic growth plan (the "Acceleration Program") reflects: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. Under the Acceleration Program, the Company expects to incur total pre-tax charges of approximately $185 - $200 million. The Acceleration Program is expected to be substantially complete by the end of fiscal 2022.

Under the Acceleration Program, the Company incurred charges of $26.6 million during the three months ended September 26, 2020, all of which was recorded within SG&A expenses. Of the $26.6 million recorded within SG&A expenses, $17.3 million was recorded within Corporate, $10.7 million was recorded within the Coach segment, $1.0 million was recorded within the Kate Spade segment and a reduction of expense of $2.4 million was recorded within the Stuart Weitzman segment. A summary of charges and related liabilities under the Acceleration Program is as follows:

	Organization-Related[1]	**Store Closure[2]**	**Other[3]**	**Total**
		(millions)		
Fiscal 2020 charges	$ 44.7	$ 32.3	$ 10.0	$ 87.0
Cash payments	(15.8)	(11.0)	(7.1)	(33.9)
Non-cash charges	(4.0)	(20.8)	—	(24.8)
Liability balance as of June 27, 2020	$ 24.9	$ 0.5	$ 2.9	$ 28.3
Fiscal 2021 charges	**$ 9.0**	**$ 0.8**	**$ 16.8**	**$ 26.6**
Cash payments	**(27.4)**	**(4.9)**	**(13.0)**	**(45.3)**
Non-cash charges	**—**	**6.0**	**(0.6)**	**5.4**
Liability balance as of September 26, 2020	**$ 6.5**	**$ 2.4**	**$ 6.1**	**$ 15.0**

[1] Organization-related charges, recorded within SG&A expenses, primarily relates to severance and other related costs.

[2] Store closure charges represent lease termination penalties, removal or modification of lease assets and liabilities established in connection with the adoption of the new lease accounting standard, establishing inventory reserves, accelerated depreciation and severance.

(3) Other charges, recorded within SG&A, primarily relates to professional fees incurred related to the Acceleration Program.

The Company expects to incur approximately $75 - $90 million in additional charges under the Acceleration Program, of which the majority is estimated to be cash and primarily to be incurred during the remainder of fiscal 2021.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The change in the carrying amount of the Company's goodwill by segment is as follows:

	Coach	Kate Spade	Stuart Weitzman[(1)]	Total
	(millions)			
Balance at June 27, 2020	$ 661.7	$ 639.4	$ —	$ 1,301.1
Foreign exchange impact	**4.7**	**1.3**	**—**	**6.0**
Balance at September 26, 2020	**$ 666.4**	**$ 640.7**	**$ —**	**$ 1,307.1**

(1) Amount is net of accumulated goodwill impairment charges of $210.7 million as of September 26, 2020 and June 27, 2020.

Intangible Assets

Intangible assets consist of the following:

	September 26, 2020			June 27, 2020		
	Gross Carrying Amount	**Accum. Amort.**	**Net**	Gross Carrying Amount	Accum. Amort.	Net
	(millions)					
Intangible assets subject to amortization:						
Customer relationships	**$ 100.6**	**$ (32.5)**	**$ 68.1**	$ 100.6	$ (31.0)	$ 69.6
Intangible assets not subject to amortization:						
Trademarks and trade names	**1,309.8**	**—**	**1,309.8**	1,309.8	—	1,309.8
Total intangible assets	**$ 1,410.4**	**$ (32.5)**	**$ 1,377.9**	$ 1,410.4	$ (31.0)	$ 1,379.4

As of September 26, 2020, the expected amortization expense for intangible assets is as follows:

	Amortization Expense
	(millions)
Remainder of fiscal 2021	$ 4.9
Fiscal 2022	6.5
Fiscal 2023	6.5
Fiscal 2024	6.5
Fiscal 2025	6.5
Fiscal 2026	6.5
Fiscal 2027 and thereafter	30.7
Total	**$ 68.1**

The expected amortization expense above reflects remaining useful lives ranging from approximately 9.6 to 11.8 years for customer relationships.

8. STOCKHOLDERS' EQUITY

A reconciliation of stockholders' equity is presented below:

	Shares of Common Stock	Common Stock	Additional Paid-in-Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	(millions, except per share data)					
Balance at June 29, 2019	286.8	$ 2.9	$ 3,302.1	$ 291.6	$ (83.2)	$ 3,513.4
Net income (loss)	—	—	—	20.0	—	20.0
Other comprehensive income (loss)	—	—	—	—	(12.8)	(12.8)
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	1.0	—	(14.4)	—	—	(14.4)
Share-based compensation	—	—	26.7	—	—	26.7
Repurchase of common stock	(11.9)	(0.1)	—	(299.9)	—	(300.0)
Dividends declared ($0.3375 per share)	—	—	—	(97.1)	—	(97.1)
Cumulative adjustment from adoption of new accounting standard	—	—	—	(48.9)	—	(48.9)
Balance at September 28, 2019	275.9	$ 2.8	$ 3,314.4	$ (134.3)	$ (96.0)	$ 3,086.9

	Shares of Common Stock	Common Stock	Additional Paid-in-Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	(millions, except per share data)					
Balance at June 27, 2020	**276.2**	**$ 2.8**	**$ 3,358.5**	**$ (992.7)**	**$ (92.2)**	**$ 2,276.4**
Net income (loss)	**—**	**—**	**—**	**231.7**	**—**	**231.7**
Other comprehensive income (loss)	**—**	**—**	**—**	**—**	**15.7**	**15.7**
Shares issued, pursuant to stock-based compensation arrangements, net of shares withheld for taxes	**1.2**	**—**	**(8.3)**	**—**	**—**	**(8.3)**
Share-based compensation	**—**	**—**	**14.6**	**—**	**—**	**14.6**
Balance at September 26, 2020	**277.4**	**$ 2.8**	**$ 3,364.8**	**$ (761.0)**	**$ (76.5)**	**$ 2,530.1**

The components of accumulated other comprehensive income (loss) ("AOCI"), as of the dates indicated, are as follows:

	Unrealized Gains (Losses) on Cash Flow Hedging Derivatives[1]	Unrealized Gains (Losses) on Available-for-Sale Investments	Cumulative Translation Adjustment	Other[2]	Total
	(millions)				
Balances at June 29, 2019	$ (4.5)	$ (0.5)	$ (79.9)	$ 1.7	$ (83.2)
Other comprehensive income (loss) before reclassifications	2.1	—	(13.8)	—	(11.7)
Less: amounts reclassified from accumulated other comprehensive income to earnings	(0.6)	—	—	1.7	1.1
Net current-period other comprehensive income (loss)	2.7	—	(13.8)	(1.7)	(12.8)
Balances at September 28, 2019	$ (1.8)	$ (0.5)	$ (93.7)	$ —	$ (96.0)
Balances at June 27, 2020	**$ 1.1**	**$ —**	**$ (93.3)**	**$ —**	**$ (92.2)**
Other comprehensive income (loss) before reclassifications	**(3.5)**	**—**	**19.2**	**—**	**15.7**
Less: amounts reclassified from accumulated other comprehensive income to earnings	**—**	**—**	**—**	**—**	**—**
Net current-period other comprehensive income (loss)	**(3.5)**	**—**	**19.2**	**—**	**15.7**
Balances at September 26, 2020	**$ (2.4)**	**$ —**	**$ (74.1)**	**$ —**	**$ (76.5)**

(1) The ending balances of AOCI related to cash flow hedges are net of tax of less than $0.1 million and $0.8 million as of September 26, 2020 and September 28, 2019, respectively. The amounts reclassified from AOCI are net of tax of less than $0.1 million and $0.2 million as of September 26, 2020 and September 28, 2019, respectively.

(2) Other represents the accumulated loss on the Company's minimum pension liability adjustment. There was no remaining balance at September 26, 2020 and September 28, 2019.

9. LEASES

The Company leases retail space, office space, warehouse facilities, distribution centers, storage space, machinery, equipment and certain other items under operating leases. The Company's leases have initial terms ranging from 1 to 20 years and may have renewal or early termination options ranging from 1 to 10 years. These leases may also include rent escalation clauses or lease incentives in the form of construction allowances and rent reduction. In determining the lease term used in the lease ROU asset and lease liability calculations, the Company considers various factors such as market conditions and the terms of any renewal or termination options that may exist. When deemed reasonably certain, the renewal and termination options are included in the determination of the lease term and calculation of the lease ROU asset and lease liability. The Company is typically required to make fixed minimum rent payments, variable rent payments primarily based on performance (i.e., percentage-of-sales-based payments), or a combination thereof, directly related to its ROU asset. The Company is also often required, by the lease, to pay for certain other costs including real estate taxes, insurance, common area maintenance fees, and/or certain other costs, which may be fixed or variable, depending upon the terms of the respective lease agreement. To the extent these payments are fixed, the Company has included them in calculating the lease ROU assets and lease liabilities.

The Company calculates lease ROU assets and lease liabilities as the present value of fixed lease payments over the reasonably certain lease term beginning at the commencement date. As the rate implicit in the Company's leases is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of lease payments. The incremental borrowing rate is based on the information available at the lease commencement date, including the lease term, currency, country, Company specific risk premium and adjustments for collateral.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For finance leases and impaired operating leases, the ROU asset is depreciated on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability. For leases with a lease term of 12 months or less ("short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the Condensed Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred.

The Company acts as sublessor in certain leasing arrangements, primarily related to a sublease of a portion the Company's leased headquarters space as well as certain retail locations. Fixed sublease payments received are recognized on a straight-line basis over the sublease term.

ROU assets, along with any other related long-lived assets, are periodically evaluated for impairment.

The following table summarizes the ROU assets and lease liabilities recorded on the Company's Condensed Consolidated Balance Sheets as of September 26, 2020 and June 27, 2020:

	September 26, 2020	June 27, 2020	**Location Recorded on Balance Sheet**
	(millions)		
Assets:			
Operating leases	**$ 1,692.6**	$ 1,757.0	Operating lease right-of-use assets
Finance leases	**3.1**	3.3	Property and equipment, net
Total lease assets	**$ 1,695.7**	$ 1,760.3	
Liabilities:			
Operating leases:			
Current lease liabilities	**$ 341.4**	$ 388.8	Current lease liabilities
Long-term lease liabilities	**1,739.9**	1,799.8	Long-term lease liabilities
Total operating lease liabilities	**$ 2,081.3**	$ 2,188.6	
Finance leases:			
Current lease liabilities	**$ 0.9**	$ 0.9	Accrued liabilities
Long-term lease liabilities	**4.2**	4.4	Other liabilities
Total finance lease liabilities	**$ 5.1**	$ 5.3	
Total lease liabilities	**$ 2,086.4**	$ 2,193.9	

The following table summarizes the composition of net lease costs, primarily recorded within SG&A expenses on the Company's Condensed Consolidated Statements of Operations for the three months ended September 26, 2020 and September 28, 2019:

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions)	
Finance lease cost:		
Amortization of right-of-use assets	**$ 0.2**	$ 0.2
Interest on lease liabilities(1)	**0.1**	0.2
Total finance lease cost	**0.3**	0.4
Operating lease cost	**86.8**	111.8
Short-term lease cost	**6.1**	1.7
Variable lease cost(2)	**40.9**	51.0
Operating lease right-of-use impairment	**—**	35.8
Less: sublease income	**(4.2)**	(5.4)
Total net lease cost	**$ 129.9**	$ 195.3

(1) Interest on lease liabilities is recorded within Interest expense, net on the Company's Condensed Consolidated Statement of Operations.

(2) Rent concessions negotiated related to Covid-19 are recorded in variable lease expense and have an immaterial impact as of September 26, 2020.

The following table summarizes certain cash flow information related to the Company's leases for the three months ended September 26, 2020 and September 28, 2019:

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	**$ 132.5**	$ 102.7
Operating cash flows from finance leases	**0.1**	0.2
Financing cash flows from finance leases	**0.2**	0.2
Non-cash transactions:		
Right-of-use assets obtained in exchange for operating lease liabilities	**8.5**	65.0
Right-of-use assets obtained in exchange for finance lease liabilities	**—**	—

Additionally, the Company had approximately $0.8 million of future payment obligations related to executed lease agreements for which the related lease has not yet commenced as of September 26, 2020.

10. EARNINGS PER SHARE

Basic net income per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted net income per share is calculated similarly but includes potential dilution from the exercise of stock options and restricted stock units and any other potentially dilutive instruments, only in the periods in which such effects are dilutive under the treasury stock method.

The following is a reconciliation of the weighted-average shares outstanding and calculation of basic and diluted earnings per share:

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions, except per share data)	
Net income (loss)	**$ 231.7**	$ 20.0
Weighted-average basic shares	**276.8**	284.4
Dilutive securities:		
Effect of dilutive securities	**1.1**	1.3
Weighted-average diluted shares	**277.9**	285.7
Net income per share:		
Basic	**$ 0.84**	$ 0.07
Diluted	**$ 0.83**	$ 0.07

Earnings per share amounts have been calculated based on unrounded numbers. Options to purchase shares of the Company's common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income per common share. In addition, the Company has outstanding restricted stock unit awards that are issuable only upon the achievement of certain performance goals.

Performance-based restricted stock unit awards are included in the computation of diluted shares only to the extent that the underlying performance conditions (i) are satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of September 26, 2020 and September 28, 2019, there were 16.6 million and 12.9 million, respectively, of additional shares issuable upon exercise of anti-dilutive options and contingent vesting of performance-based restricted stock unit awards, which were excluded from the diluted share calculations.

11. SHARE-BASED COMPENSATION

The following table shows the share-based compensation expense and the related tax benefits recognized in the Company's Condensed Consolidated Statements of Operations for the periods indicated:

	Three Months Ended	
	September 26, 2020	September 28, 2019
	(millions)	
Share-based compensation expense[1]	**$ 14.6**	$ 26.8
Income tax benefit related to share-based compensation expense	**2.6**	5.4

[1] During the three months ended September 26, 2020, the Company incurred $0.6 million of share-based compensation expense related to its Acceleration Program. During the three months ended September 28, 2019, the Company incurred $9.7 million of share-based compensation expense related to its Organization-related and Integration activities.

Stock Options

A summary of stock option activity during the three months ended September 26, 2020 is as follows:

	Number of Options Outstanding
	(millions)
Outstanding at June 27, 2020	15.0
Granted	**1.3**
Exercised	**—**
Forfeited or expired	**(0.8)**
Outstanding at September 26, 2020	**15.5**

The weighted-average grant-date fair value of options granted during the three months ended September 26, 2020 and September 28, 2019 was $6.60 and $3.71, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model and the following weighted-average assumptions:

	September 26, 2020	September 28, 2019
Expected term (years)	**5.1**	5.1
Expected volatility	**48.8 %**	37.5 %
Risk-free interest rate	**0.3 %**	1.5 %
Dividend yield	**— %**	6.4 %

Service-based Restricted Stock Unit Awards ("RSUs")

A summary of service-based RSU activity during the three months ended September 26, 2020 is as follows:

	Number of Non-vested RSUs (millions)
Non-vested at June 27, 2020	4.9
Granted	**4.6**
Vested	**(1.5)**
Forfeited	**(0.1)**
Non-vested at September 26, 2020	**7.9**

The weighted-average grant-date fair value of share awards granted during the three months ended September 26, 2020 and September 28, 2019 was $15.81 and $21.26, respectively.

Performance-based Restricted Stock Unit Awards ("PRSUs")

A summary of PRSU activity during the three months ended September 26, 2020 is as follows:

	Number of Non-vested PRSUs (millions)
Non-vested at June 27, 2020	0.8
Granted	**0.8**
Change due to performance condition achievement	**—**
Vested	**(0.2)**
Forfeited	**—**
Non-vested at September 26, 2020	**1.4**

The PRSU awards included in the non-vested amount are based on certain Company-specific financial metrics. The effect of the change due to performance condition on the non-vested amount is recognized at the conclusion of the performance period, which may differ from the date on which the award vests.

The weighted-average grant-date fair value per share of PRSU awards granted during the three months ended September 26, 2020 and September 28, 2019 was $15.83 and $21.10, respectively.

12. DEBT

The following table summarizes the components of the Company's outstanding debt:

	September 26, 2020		June 27, 2020	
	(millions)			
Current debt:				
Revolving Credit Facility		**700.0**		700.0
Note Payable		**11.5**		11.5
Total current debt	**$**	**711.5**	$	711.5
Long-term debt:				
4.250% Senior Notes due 2025	**$**	**600.0**	$	600.0
3.000% Senior Notes due 2022		**400.0**		400.0
4.125% Senior Notes due 2027		**600.0**		600.0
Total long-term debt		**1,600.0**		1,600.0
Less: Unamortized discount and debt issuance costs on Senior Notes		**(11.4)**		(12.1)
Total long-term debt, net	**$**	**1,588.6**	$	1,587.9

During the three months ended September 26, 2020 and September 28, 2019, the Company recognized interest expense related to its debt of $20.1 million and $16.8 million, respectively.

Revolving Credit Facility

On October 24, 2019, the Company entered into a definitive credit agreement whereby Bank of America, N.A., as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions have made available to the Company a $900.0 million revolving credit facility, including sub-facilities for letters of credit, with a maturity date of October 24, 2024. The Revolving Credit Facility may be used to finance the working capital needs, capital expenditures, permitted investments, share purchases, dividends and other general corporate purposes of the Company and its subsidiaries (which may include commercial paper back-up). Letters of credit and swing line loans may be issued under the Revolving Credit Facility as described below.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at the Borrowers' option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, as defined in the Credit Agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. Additionally, the Company pays a commitment fee at a rate determined by the reference to the aforementioned pricing grid.

On May 19, 2020, the Company entered into Amendment No. 1 (the "Amendment") to the Revolving Credit Facility under the terms of the Amendment, during the period from the Effective Date until October 2, 2021, the Company must maintain available liquidity of $700 million (with available liquidity defined as the sum of unrestricted cash and cash equivalents and available commitments under credit facilities, including the Revolving Credit Facility). Following the period from the Effective Date until the compliance certificate is delivered for the fiscal quarter ending July 3, 2021 (the "Covenant Relief Period"), the Company must comply on a quarterly basis with a maximum net leverage ratio of 4.0 to 1.0. In addition, the Amendment provides that during the Covenant Relief Period, if any two of the Company's three credit ratings are non-investment grade, the Revolving Credit Facility will be guaranteed by the Company's material domestic subsidiaries and will be subject to liens on accounts receivable, inventory and intellectual property, in each case subject to customary exceptions. The Amendment also contains negative covenants that limit the ability of the Company and its subsidiaries to, among other things, incur certain debt, incur certain liens, dispose of assets, make investments, loans or advances, and engage in share buybacks during the Covenant Relief Period. An increased interest rate will be applicable during the Covenant Relief Period when the Company's gross leverage ratio exceeds 4.0 to 1.0. The $900 million aggregate commitment amount under the revolving credit facility remains unchanged. As of September 26, 2020, $700.0 million of borrowings were outstanding under the Revolving Credit Facility.

Refer to Note 18, "Subsequent Events" for further information on the repayment of outstanding borrowings under the Revolving Credit Facility.

4.250% Senior Notes due 2025

On March 2, 2015, the Company issued $600.0 million aggregate principal amount of 4.250% senior unsecured notes due April 1, 2025 at 99.445% of par (the “2025 Senior Notes”). Interest is payable semi-annually on April 1 and October 1 beginning October 1, 2015. Prior to January 1, 2025 (90 days prior to the scheduled maturity date), the Company may redeem the 2025 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2025 Senior Notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2025 Senior Notes calculated as if the maturity date of the 2025 Senior Notes was January 1, 2025 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined in the indenture for the 2025 Senior Notes) plus 35 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date. On and after January 1, 2025 (90 days prior to the scheduled maturity date), the Company may redeem the 2025 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to 100% of the principal amount of the 2025 Senior Notes to be redeemed, plus accrued and unpaid interest to the redemption date.

3.000% Senior Notes due 2022

On June 20, 2017, the Company issued $400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the "2022 Senior Notes"). Interest is payable semi-annually on January 15 and July 15 beginning January 15, 2018. Prior to June 15, 2022 (one month prior to the scheduled maturity date), the Company may redeem the 2022 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2022 Senior Notes to be redeemed or (2) as determined by a Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2022 Senior Notes calculated as if the maturity date of the 2022 Senior Notes was June 15, 2022 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Prospectus Supplement) plus 25 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date.

4.125% Senior Notes due 2027

On June 20, 2017, the Company issued $600.0 million aggregate principal amount of 4.125% senior unsecured notes due July 15, 2027 at 99.858% of par (the "2027 Senior Notes"). Interest is payable semi-annually on January 15 and July 15 beginning January 15, 2018. Prior to April 15, 2027 (the date that is three months prior to the scheduled maturity date), the Company may redeem the 2027 Senior Notes in whole or in part, at its option at any time or from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2027 Senior Notes to be redeemed or (2) as determined by a Quotation Agent, the sum of the present values of the remaining scheduled payments of principal and interest thereon that would have been payable in respect of the 2027 Senior Notes calculated as if the maturity date of the 2027 Senior Notes was April 15, 2027 (not including any portion of payments of interest accrued to the date of redemption), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined in the Prospectus Supplement) plus 30 basis points, plus, in the case of each of (1) and (2), accrued and unpaid interest to the redemption date.

At September 26, 2020, the fair value of the 2025, 2022 and 2027 Senior Notes was approximately $624.1 million, $403.9 million, and $587.7 million, respectively, based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and is classified as a Level 2 measurement within the fair value hierarchy. At June 27, 2020, the fair value of the 2025, 2022 and 2027 Senior Notes was approximately $576.6 million, $393.4 million and $565.0 million, respectively.

Note Payable

As a result of taking operational control of the Kate Spade Joint Ventures in China, the Company has an outstanding Note Payable of $11.5 million as of September 26, 2020 and June 27, 2020, to the other partner of the Kate Spade Joint Ventures, to be paid in fiscal 2021.

13. FAIR VALUE MEASUREMENTS

The Company categorizes its assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. The three levels of the hierarchy are defined as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for substantially the full term of the asset or liability.

Level 3 — Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability. The Company does not have any Level 3 investments.

The following table shows the fair value measurements of the Company's financial assets and liabilities at September 26, 2020 and June 27, 2020:

	Level 1		Level 2	
	September 26, 2020	June 27, 2020	**September 26, 2020**	June 27, 2020
	(millions)			
Assets:				
Cash equivalents[1]	**$ 569.0**	$ 569.4	**$ 0.1**	$ 0.3
Short-term investments:				
Time deposits[2]	**—**	—	**0.7**	0.7
Other	**—**	—	**7.8**	7.4
Long-term investments:				
Other	**—**	—	**0.1**	0.1
Derivative assets:				
Inventory-related instruments[3]	**—**	—	**1.2**	2.8
Intercompany loan and payable hedges[3]	**—**	—	**1.2**	0.1
Liabilities:				
Derivative liabilities:				
Inventory-related instruments[3]	**—**	—	**3.9**	1.3
Intercompany loan and payable hedges[3]	**—**	—	**0.4**	0.4

(1) Cash equivalents consist of money market funds and time deposits with maturities of three months or less at the date of purchase. Due to their short-term maturity, management believes that their carrying value approximates fair value.

(2) Short-term investments are recorded at fair value, which approximates their carrying value, and are primarily based upon quoted vendor or broker priced securities in active markets.

(3) The fair value of these hedges is primarily based on the forward curves of the specific indices upon which settlement is based and includes an adjustment for the counterparty's or Company's credit risk.

Refer to Note 12, "Debt," for the fair value of the Company's outstanding debt instruments.

Non-Financial Assets and Liabilities

The Company's non-financial instruments, which primarily consist of goodwill, intangible assets and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial instruments are assessed for impairment and, if applicable, written-down to and recorded at fair value, considering market participant assumptions.

There were no impairment charges recorded during the three months ended September 26, 2020. During the three months ended September 28, 2019, the Company recorded $39.8 million of impairment charges to reduce the carrying amount of certain store assets within property and equipment, net to their fair values of $10.1 million. Also during the three months ended September 28, 2019, the Company recorded $35.8 million of impairment charges to reduce the carrying amount of certain operating lease right-of-use assets to their fair values of $119.3 million.

When the Company evaluates its long-lived assets for impairment, the assessment is performed for the related asset group that represents the lowest level for which identifiable cash flows are independent of the cash flows of other assets. This determination requires a significant amount of judgment, and is dependent on the Company's overall operating strategy. The Company historically grouped select flagship locations with other stores located within the geographic area surrounding the flagship store as the Company believed the assets of the related group benefited from the Company's investments in the flagship location. Beginning in fiscal 2020, the Company began to (i) evaluate select flagship store closures across all brands, (ii) be more selective about new store openings as it focuses on store productivity and (iii) invest more significantly in growing its digital business and capabilities. Following this shift in strategy during the first quarter of fiscal 2020, the Company determined for these certain flagship locations that the individual store represents the lowest level of independent identifiable cash flows.

As a result, in the first quarter of fiscal 2020, the Company identified impairment indicators at certain flagship store locations and recorded lease ROU assets and property and equipment asset impairment charges. The fair value of these assets were determined based on Level 3 measurements. Inputs to these fair value measurements included estimates of the amounts and the timing of the stores' net future discounted cash flows based on historical experience, current trends and market conditions.

14. INVESTMENTS

The following table summarizes the Company’s U.S. dollar-denominated investments, recorded within the Company's Condensed Consolidated Balance Sheets as of September 26, 2020 and June 27, 2020:

	September 26, 2020			June 27, 2020		
	Short-term	**Long-term**	**Total**	Short-term	Long-term	Total
			(millions)			
Other:						
Time deposits[1]	**0.7**	**—**	**0.7**	0.7	—	0.7
Other	**7.8**	**0.1**	**7.9**	7.4	0.1	7.5
Total Investments	**$ 8.5**	**$ 0.1**	**$ 8.6**	$ 8.1	$ 0.1	$ 8.2

(1) These securities have original maturities greater than three months and are recorded at fair value.

15. INCOME TAXES

The Company's effective tax rate for the three months ended September 26, 2020, was (25.0)% as compared to 24.8% for the three months ended September 28, 2019. The negative rate primarily resulted from the net operating loss ("NOL") carryback claim recognized under the Coronavirus Aid, Relief and Economic Security ("CARES") Act during the three months ended September 26, 2020. On March 27, 2020, H.R. 748, known as the CARES Act, was enacted. The provisions of the Act most applicable to the Company are the modification to allow for a five-year carryback of net operating losses and the technical amendment allowing businesses to claim an immediate deduction for costs associated with qualified improvement property. This reflects the Company's provisional estimate and is subject to adjustment as estimation approaches are refined.

16. COMMITMENTS AND CONTINGENCIES

Letters of Credit

The Company had standby letters of credit, surety bonds and bank guarantees totaling $43.0 million and $33.3 million outstanding at September 26, 2020 and June 27, 2020, respectively. The agreements, which expire at various dates through calendar 2039, primarily collateralize the Company's obligation to third parties for duty, leases, insurance claims and materials used in product manufacturing. The Company pays certain fees with respect to these instruments that are issued.

Other

The Company had other contractual cash obligations as of September 26, 2020 related to debt repayments. Refer to Note 12, "Debt," for further information.

In the ordinary course of business, the Company is a party to several pending legal proceedings and claims. Although the outcome of such items cannot be determined with certainty, the Company's General Counsel and management are of the opinion that the final outcome will not have a material effect on the Company’s cash flow, results of operations or financial position.

17. SEGMENT INFORMATION

The Company has three reportable segments:

- *Coach* - Includes global sales of Coach brand products to customers through Coach operated stores, including the Internet and concession shop-in-shops, sales to wholesale customers and through independent third party distributors.
- *Kate Spade* - Includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.
- *Stuart Weitzman* - Includes global sales of Stuart Weitzman brand products to customers primarily through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through numerous independent third party distributors.

In deciding how to allocate resources and assess performance, the Company's chief operating decision maker regularly evaluates the sales and operating income of these segments. Operating income is the gross margin of the segment less direct expenses of the segment.

The following table summarizes segment performance for the three months ended September 26, 2020 and September 28, 2019:

	Coach	Kate Spade	Stuart Weitzman	Corporate[1]	Total
			(millions)		
Three Months Ended September 26, 2020					
Net sales	**$ 875.4**	**$ 240.4**	**$ 56.4**	**$ —**	**$ 1,172.2**
Gross profit	**644.9**	**154.1**	**31.2**	**—**	**830.2**
Operating income (loss)	**270.0**	**23.2**	**—**	**(91.0)**	**202.2**
Income (loss) before provision for income taxes	**270.0**	**23.2**	**—**	**(107.8)**	**185.4**
Depreciation and amortization expense	**24.8**	**10.4**	**2.4**	**13.6**	**51.2**
Additions to long-lived assets[3]	**10.9**	**4.6**	**0.5**	**10.0**	**26.0**
Three Months Ended September 28, 2019					
Net sales	$ 965.9	$ 305.5	$ 86.5	$ —	$ 1,357.9
Gross profit	677.6	191.5	45.4	—	914.5
Operating income (loss)	199.5	(7.2)	(19.3)	(121.4)	51.6
Income (loss) before provision for income taxes	199.5	(7.2)	(19.3)	(146.4)	26.6
Depreciation and amortization expense[2]	50.1	27.3	13.5	13.2	104.1
Additions to long-lived assets[3]	24.6	17.0	5.2	25.1	71.9

(1) Corporate, which is not a reportable segment, represents certain costs that are not directly attributable to a brand. These costs primarily include administration and certain information systems expense.

(2) Depreciation and amortization expense includes $0.1 million of integration costs recorded within the Kate Spade segment for the three months ended September 28, 2019. Depreciation and amortization expense includes impairment charges of $19.5 million for Coach, $12.0 million for Kate Spade and $8.3 million for Stuart Weitzman for the three months ended September 28, 2019. Refer to Note 13, "Fair Value Measurements," for further information. Depreciation and amortization expense for the segments includes an allocation of expense related to assets which support multiple segments.

(3) Additions to long-lived assets for the reportable segments primarily includes store assets as well as assets that support a specific brand. Corporate additions include all other assets which include a combination of Corporate assets, as well as assets that may support all segments. As such, depreciation expense for these assets may be subsequently allocated to a reportable segment.

18. SUBSEQUENT EVENTS

On October 30, 2020, the Company repaid $150 million of outstanding borrowings under the Revolving Credit Facility. Refer to Note 12, "Debt" for further information about the Company's outstanding debt.

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

The following discussion of the Company's financial condition and results of operations should be read together with the Company's condensed consolidated financial statements and notes to those financial statements included elsewhere in this document. When used herein, the terms "the Company," "Tapestry," "we," "us" and "our" refer to Tapestry, Inc., including consolidated subsidiaries. References to "Coach," "Stuart Weitzman," "Kate Spade" or "kate spade new york" refer only to the referenced brand.

EXECUTIVE OVERVIEW

Tapestry is a leading New York-based house of modern luxury accessories and lifestyle brands. Tapestry is powered by optimism, innovation and inclusivity. Our brands are approachable and inviting and create joy every day for people around the world. Defined by quality, craftsmanship and creativity, our house of brands gives global audiences the opportunity for exploration and self-expression. Tapestry is comprised of the Coach, Kate Spade and Stuart Weitzman brands, all of which have been part of the American landscape for over 25 years.

The Company has three reportable segments:

- *Coach* - Includes global sales of Coach products to customers through Coach operated stores, including the Internet and concession shop-in-shops, and sales to wholesale customers and through independent third party distributors.
- *Kate Spade* - Includes global sales primarily of kate spade new york brand products to customers through Kate Spade operated stores, including the Internet, sales to wholesale customers, through concession shop-in-shops and through independent third party distributors.
- *Stuart Weitzman* - Includes global sales of Stuart Weitzman brand products primarily to customers through Stuart Weitzman operated stores, including the Internet, sales to wholesale customers and through numerous independent third party distributors.

Each of our brands is unique and independent, while sharing a commitment to innovation and authenticity defined by distinctive products and differentiated customer experiences across channels and geographies. Our success does not depend solely on the performance of a single channel, geographic area or brand.

Acceleration Program

The guiding principle of the Company’s multi-year growth agenda under the Acceleration Program is to better meet the needs of each of its brands' unique customers by:

- **Sharpening our Focus on the Consumer:** Operating with a clearly defined purpose and strategy for each brand and an unwavering focus on the consumer at the core of everything we do
- **Leveraging Data and Leading with a Digital-First Mindset:** Building significant data and analytics capabilities to drive decision-making and increase efficiency; Offering immersive customer experiences across our e-commerce and social channels to meet the needs of consumers who are increasingly utilizing digital platforms to engage with brands; Rethinking the role of stores with an intent to optimize our fleet
- **Transforming into a Leaner and More Responsive Organization:** Moving with greater agility, simplifying internal processes and empowering teams to act quickly to meet the rapidly changing needs of the consumer

In the first fiscal quarter, the Company made meaningful progress against its previously announced Acceleration Program to sharpen its focus on the consumer, leverage data to lead with a digital-first mindset and transform into a leaner and more responsive organization:

- **Recruited nearly 800,000 new customers across brands in North America** through our e-commerce channels, meeting consumers where they choose to shop and leveraging marketing capabilities to drive engagement and enhance the customer’s digital journey;
- **Drove significant growth in China** through compelling product assortments, enhanced marketing and expanded reach across direct channels and third party online distribution; Coach is the number one ranked handbag brand on Tmall;
- **Leveraged data and analytics** to optimize marketing messaging, assortment planning and promotional levels to support higher average unit retail ("AUR");
- **Made further progress in creating an agile and scalable operating model,** with a streamlined organizational structure and empowered teams, while **optimizing our global fleet** with 15 net store closures in the first fiscal quarter

representing a net decrease of 50 stores from the prior year; Remain on track to achieve gross run-rate savings of $300 million, including gross savings of $200 million in fiscal 2021.

Recent Developments

Covid-19 Pandemic

The Covid-19 virus has impacted regions all around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. Consequently, the spread of Covid-19 has caused significant global business disruptions. As a result of the widespread impact of Covid-19, Tapestry had temporarily closed the majority of its directly operated stores globally for some period of time to help reduce the spread of Covid-19. As of the end of fiscal 2020, the vast majority of the Company's stores have reopened for either in-store or curb-side service and they have continued to operate through the first quarter of fiscal 2021. Many of our wholesale and licensing partners have also closed their bricks and mortar stores as required by government orders during the third and fourth quarter of fiscal 2020, but the majority of stores have reopened as of the end of the first quarter of fiscal 2021.

In response to the challenges that Covid-19 has imposed on our business, the Company implemented the following actions to mitigate these headwinds:

- Re-opened stores as quickly as possible, while following governmental and public health guidelines.
- Driving with a digital-first mindset for all brands. Implemented practices designed to support the continued operations of our e-commerce platforms and distribution centers remain operational across all major regions.
- Reduced capital expenditures for the second half of fiscal 2020 and continuing into the first quarter of fiscal 2021, with reduced planned spend for the remainder of fiscal 2021 as compared to fiscal 2020, through optimization of our fleet and prioritizing investment in digital.
- Continue to drive SG&A savings, including actions taken under the Acceleration Program, through the reduction of corporate and retail workforce, right-sizing of marketing expenses, reduction of fixed costs such as rent as well as procurement savings, including reducing external third party services.
- Did not pay out bonuses under the Annual Incentive Plan for fiscal year 2020, eliminated merit salary increases for all employees and temporarily reduced compensation for the Board of Directors and corporate employees above a certain salary threshold.
- Tightly managed inventories by reflowing product introductions and cancelling inventory receipts as well as planned reduction of stock keeping units ("SKUs").
- Drew down $700 million from its $900 million Revolving Credit Facility to add to cash balances, subsequently repaying $150 million on October 30, 2020.
- Suspended its quarterly cash dividend and share repurchase program beginning in the fourth quarter of fiscal 2020.

The Company will continue to consider near-term exigencies and the long-term financial health of the business as clear steps are taken to mitigate the consequences of the Covid-19 pandemic.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) was signed into law in response to the Covid-19 pandemic. The CARES Act contains numerous tax provisions, such as refundable payroll tax credits, deferral of the employer portion of certain payroll taxes, net operating loss carrybacks, modifications to net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act require the Company to make significant judgments and estimates in the interpretation of the law and in the calculation of the provision for income taxes. However, additional guidance may be issued by the Internal Revenue Service (“IRS”), the Department of the Treasury, or other governing body that may significantly differ from our interpretation of the law, which may result in a material adverse effect on our business, cash flow, results of operations, or financial conditions.

Since March 2020, the governments of numerous countries in which we operate have issued relief packages in response to Covid-19. These packages include, amongst other things, extended filing deadlines, wage subsidies, social security relief, rent relief and deferred tax payments. The Company is seeking relief under these provisions where eligible. As noted above in relation to the CARES Act, the Company does have to make certain judgements in interpretation of the law and/or await guidance from the local authorities.

Acceleration Program

The Company is undergoing a review of its business under the Acceleration Program and expects to incur certain costs reflecting: (i) actions to streamline the Company's organization; (ii) select store closures as the Company optimizes its fleet (including store closure costs incurred as the Company exits certain regions in which it currently operates); and (iii) professional fees and compensation costs incurred as a result of the development and execution of the Company's comprehensive strategic initiatives aimed at increasing profitability. Including charges taken in fiscal 2020, Company expects to incur total pre-tax charges of approximately $185 - $200 million related to the Acceleration Program with most of the remaining charges expected in fiscal 2021. Refer to Note 6, "Restructuring Activities," and the "GAAP to Non-GAAP Reconciliation," herein, for further information. The Company estimates that it will realize approximately $300 million in gross run rate expense savings from these initiatives, including $200 million projected for fiscal 2021.

Current Trends and Outlook

The environment in which we operate is subject to a number of different factors driving global consumer spending. Consumer preferences, macroeconomic conditions, foreign currency fluctuations and geopolitical events continue to impact overall levels of consumer travel and spending on discretionary items, with inconsistent patterns across channels and geographies.

As previously noted, Covid-19 was officially declared a global pandemic by the World Health Organization in March 2020. The virus has impacted regions all around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. These requirements have resulted in full and partial store closures globally, causing a significant reduction in sales starting in the third quarter of fiscal 2020. While the vast majority of the Company's stores have reopened for either in-store or curb-side service as of the end of fiscal 2020 and they have continued to operate through the first quarter of fiscal 2021, stores may be required to close again for an extended period of time due to the possibility of a resurgence of increased infections. Covid-19 may also cause disruptions in the Company’s supply chain, resulting in facility closures, labor instability, potential inability to source raw materials and disrupted operating procedures in attempts to curb the spread of Covid-19 within our third-party manufacturers, distribution centers, and other vendors. The Company’s e-commerce sites continue to operate, subject to the local guidance related to Covid-19 surrounding our distribution centers.

The disruptions related to Covid-19 have materially adversely impacted our operations, cash flow, and liquidity. There is uncertainty around the duration of these disruptions and the possibility of other effects on the business. We will continue to monitor the rapidly evolving situation pertaining to the Covid-19 outbreak, including guidance from international and domestic authorities. In these circumstances, the Company will need to make adjustments to our operating plan. Refer to Part I, Item 1A. "Risk Factors" in the Company’s Annual Report on Form 10-K for the fiscal year ended June 27, 2020 for further information.

Several organizations that monitor the world’s economy, including the International Monetary Fund, observed that global expansion has declined significantly in the last year and the outbreak of the Covid-19 pandemic has negatively shocked the global economy, contributing to further anticipated declines for the remainder of calendar 2020. These organizations expect recovery to be more gradual than initially anticipated based on the economic activity displayed by economies with declining infection rates. Economic activity has been marked by persistent social distancing and declines in productivity as businesses struggle to ramp up operations in response to risks and regulations related to Covid-19. For economies that struggle with infection control, the negative impacts will be amplified due to lengthier lockdown provisions. While intensifying uncertainty surrounds future economic growth, multilateral cooperation and support from local policymakers is pivotal in shaping the economic outlook.

Furthermore, currency volatility, political instability, such as the uncertainty associated with the potential impact of the new policies that may be implemented depending on the results of the U.S. Presidential election and potential changes to trade agreements may contribute to a worsening of the macroeconomic environment. Since fiscal 2019, the Trump Administration and China have both imposed new tariffs on the importation of certain product categories into the respective country. Continued increases in trade tensions could impact the Company's ability to grow its business with the Chinese consumer globally.

Additional macroeconomic impacts include but are not limited to the United Kingdom ("U.K.") voting to leave the European Union ("E.U."), commonly known as "Brexit." The U.K. officially terminated its membership of the E.U. on January 31, 2020 under the terms of a withdrawal agreement concluded between the U.K. and E.U. and has now entered into a transition phase until December 31, 2020. During the transition phase, the U.K. will generally continue operating as if it were still a member of the E.U. Trade talks between the E.U. and U.K., to determine their future relationship, are still underway. The U.K. passed on the opportunity to extend the transition phase beyond December 31, 2020, and as such, if a trade deal is not reached by December 31, 2020, the U.K. can expect checks and tariffs on products going to and coming from the E.U. beginning on January 1, 2021. The Company does not expect Brexit to materially impact our business.

As part of our efforts to improve our working capital efficiency, we have worked with certain suppliers to revisit terms and conditions, including the extension of payment terms. As an alternative to our payment terms, available to certain suppliers is a voluntary supply chain finance (“SCF”) program that enables our suppliers to sell their receivables from the Company to a global financial institution on a non-recourse basis at a rate that leverages our credit rating. We do not have the ability to refinance or modify payment terms to the global financial institution through the SCF program. No guarantees are provided by the Company or any of our subsidiaries under the SCF program.

We will continue to monitor these trends and evaluate and adjust our operating strategies and cost management opportunities to mitigate the related impact on our results of operations, while remaining focused on the long-term growth of our business and protecting the value of our brands.

For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, see Part II, Item 1A. "Risk Factors" herein and Part I, Item 1A. "Risk Factors" disclosed in our Annual Report on Form 10-K for the fiscal year ended June 27, 2020.

FIRST QUARTER FISCAL 2021 COMPARED TO FIRST QUARTER FISCAL 2020

The following table summarizes results of operations for the first quarter of fiscal 2021 compared to the first quarter of fiscal 2020. All percentages shown in the table below and the discussion that follows have been calculated using unrounded numbers.

	Three Months Ended					
	September 26, 2020		September 28, 2019		Variance	
	(millions, except per share data)					
	Amount	**% of net sales**	Amount	% of net sales	Amount	%
Net sales	**$ 1,172.2**	**100.0 %**	$ 1,357.9	100.0 %	$ (185.7)	(13.7)%
Gross profit	**830.2**	**70.8**	914.5	67.3	(84.3)	(9.2)
SG&A expenses	**628.0**	**53.6**	862.9	63.5	(234.9)	(27.2)
Operating income (loss)	**202.2**	**17.3**	51.6	3.8	150.6	NM
Interest expense, net	**19.4**	**1.7**	12.3	0.9	7.1	58.0
Other expense (income)	**(2.6)**	**(0.2)**	12.7	0.9	(15.3)	NM
Provision for income taxes	**(46.3)**	**(4.0)**	6.6	0.5	(52.9)	NM
Net income (loss)	**231.7**	**19.8**	20.0	1.5	211.7	NM
Net income (loss) per share:						
Basic	**$ 0.84**		$ 0.07		$ 0.77	NM
Diluted	**$ 0.83**		$ 0.07		$ 0.76	NM

NM - Not meaningful

GAAP to Non-GAAP Reconciliation

The Company’s reported results are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The reported results during the first quarter of fiscal 2021 and fiscal 2020 reflect the costs attributable to the CARES Act Tax Impact, the Acceleration Program, ERP system implementation efforts, Organization-related and Integration costs and Impairment charges, as noted in the following tables. Refer to "Non-GAAP Measures" herein for further discussion on the Non-GAAP measures.

First Quarter Fiscal 2021 Items

	Three Months Ended September 26, 2020			
		Items Affecting Comparability		
	GAAP Basis (As Reported)	CARES Act Tax Impact	Acceleration Program	Non-GAAP Basis (Excluding Items)
	(millions, except per share data)			
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
SG&A 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

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

In the first quarter of fiscal 2021 the Company incurred charges as follows:

- *CARES Act Tax Impact* - Total amount relates to the income tax benefits under the CARES Act, most notably the Net Operating Loss ("NOL") carryback claim. Refer to Note 15, "Income Taxes" for further information.
- *Acceleration Program* - Total charges incurred under the Acceleration Program are primarily professional fees incurred as a result of the development and execution of the Company's strategic initiatives, as well as actions to streamline the Company's organization, which include severance. Refer to the "Executive Overview" and Note 6, "Restructuring Activities," herein for further information.

These actions taken together increased the Company's SG&A expenses by $26.6 million and reduced Provision for income taxes by $97.5 million, positively impacting Net income by $70.9 million or $0.25 per diluted share.

First Quarter Fiscal 2020 Items

	Three Months Ended September 28, 2019				
		Items Affecting Comparability			
	GAAP Basis (As Reported)	ERP Implementation	Organization-related & Integration costs	Impairment	Non-GAAP Basis (Excluding Items)
	(millions, except per share data)				
Coach	677.6	—	(0.1)	—	677.7
Kate Spade	191.5	—	(1.2)	—	192.7
Stuart Weitzman	45.4	—	(2.8)	—	48.2
Gross profit[1]	$ 914.5	$ —	$ (4.1)	$ —	$ 918.6
Coach	478.1	—	0.3	41.5	436.3
Kate Spade	198.7	—	0.1	25.2	173.4
Stuart Weitzman	64.7	—	(2.4)	8.9	58.2
Corporate	121.4	14.5	22.7	—	84.2
SG&A expenses	$ 862.9	$ 14.5	$ 20.7	$ 75.6	$ 752.1
Coach	199.5	—	(0.4)	(41.5)	241.4
Kate Spade	(7.2)	—	(1.3)	(25.2)	19.3
Stuart Weitzman	(19.3)	—	(0.4)	(8.9)	(10.0)
Corporate	(121.4)	(14.5)	(22.7)	—	(84.2)
Operating income (loss)	$ 51.6	$ (14.5)	$ (24.8)	$ (75.6)	$ 166.5
Provision for income taxes	6.6	(3.5)	(5.4)	(12.1)	27.6
Net income (loss)	$ 20.0	$ (11.0)	$ (19.4)	$ (63.5)	$ 113.9
Net income (loss) per diluted common share	$ 0.07	$ (0.04)	$ (0.07)	$ (0.22)	$ 0.40

[1]Adjustments within Gross profit are recorded within Cost of sales.

In the first quarter of fiscal 2020, the Company incurred the following:

- *ERP Implementation* - Total charges represent technology implementation costs. Refer to the "Executive Overview" herein for further information.
- *Organization-related and Integration costs* - Total charges represent organization-related costs as a result of the departure of the Company's CEO in September 2019 and integration costs related to inventory and share-based compensation. Refer to Note 5, "Integration," for more information regarding integration costs.
- *Impairment* - Total charges are primarily due to impairment charges on property and equipment assets and lease ROU assets. Refer to the Note 13, "Fair Value Measurements," for further information.

These actions taken together increased the Company's Cost of sales by $4.1 million, SG&A expenses by $110.8 million and reduced Provision for income taxes by $21.0 million, negatively impacting Net income by $93.9 million or $0.33 per diluted share.

Tapestry, Inc. Summary – First Quarter of Fiscal 2021

Currency Fluctuation Effects

The change in net sales and gross margin for the first quarter of fiscal 2021 compared to the first quarter of fiscal 2020 has been presented both including and excluding currency fluctuation effects. All percentages shown in the tables below and the discussion that follows have been calculated using unrounded numbers.

Net Sales

	Three Months Ended		Variance		
	September 26, 2020	September 28, 2019	**Amount**	**%**	**Constant Currency Change**
	(millions)				
Coach	**$ 875.4**	$ 965.9	$ (90.5)	(9.4)%	(9.6)%
Kate Spade	**240.4**	305.5	(65.1)	(21.3)	(21.4)
Stuart Weitzman	**56.4**	86.5	(30.1)	(34.8)	(35.2)
Total Tapestry	**$ 1,172.2**	$ 1,357.9	(185.7)	(13.7)	(13.9)

Net sales in the first quarter of fiscal 2021 decreased 13.7% or $185.7 million to $1.17 billion. Excluding the effects of foreign currency, net sales decreased by 13.9% or $188.6 million.

- *Coach Net Sales* decreased 9.4% or $90.5 million to $875.4 million in the first quarter of fiscal 2021. Excluding the impact of foreign currency, net sales decreased $92.6 million or 9.6%. This decrease in net sales is primarily attributed to a net decline of $89.5 million in net global retail sales driven by lower sales in North America stores due to the impact of Covid-19, which was partially offset by an increase in e-commerce sales in North America and retail sales in mainland China.
- *Kate Spade Net Sales* decreased 21.3% or $65.1 million to $240.4 million in the first quarter of fiscal 2021. Excluding the impact of foreign currency, net sales decreased 21.4% or $65.5 million. This decrease is primarily due to a decline of $34.4 million in net global retail sales driven by lower sales in North America due to the impact of the Covid-19 outbreak, partially offset by an increase in e-commerce sales. Wholesale sales also declined $31.9 million due to a strategic pullback in disposition and lower demand as a result of the Covid-19 outbreak.
- *Stuart Weitzman Net Sales* decreased 34.8% or $30.1 million to $56.4 million in the first quarter of fiscal 2021. Excluding the impact of foreign currency, net sales decreased 35.2% or $30.5 million. This decrease was primarily due to lower shipments in the wholesale business of $16.2 million due to a decline in demand as a result of the Covid-19 outbreak. Additionally, retail sales decreased $14.3 million, which is attributed to both a decline in demand as a result of the Covid-19 outbreak and store closures as a result of market exits.

Gross Profit

	Three Months Ended					
	September 26, 2020		September 28, 2019		**Variance**	
	(millions)					
	Amount	**% of Net Sales**	Amount	% of Net Sales	Amount	%
Coach	**$ 644.9**	**73.7 %**	$ 677.6	70.1 %	$ (32.7)	(4.8)%
Kate Spade	**154.1**	**64.1**	191.5	62.7	(37.4)	(19.5)
Stuart Weitzman	**31.2**	**55.3**	45.4	52.5	(14.2)	(31.4)
Tapestry	**830.2**	**70.8**	$ 914.5	67.3	(84.3)	(9.2)

Gross profit decreased 9.2% or $84.3 million to $830.2 million in the first quarter of fiscal 2021 from $914.5 million in the first quarter of fiscal 2020. Gross margin for the first quarter of fiscal 2021 was 70.8% as compared to 67.3% in the first quarter of fiscal 2020. Excluding items affecting comparability of $4.1 million in the first quarter of fiscal 2020 as discussed in the "GAAP to non-GAAP Reconciliation" herein, gross profit decreased 9.6% or $88.4 million to $830.2 million in the first quarter of fiscal 2021. Excluding items affecting comparability, gross margin increased 320 basis points to 70.8% compared to 67.6% in the first quarter of fiscal 2020, and on a constant currency basis, gross margin increased 310 basis points from the first quarter of fiscal 2020.

The Company includes inbound product-related transportation costs from our service providers within Cost of sales. The Company, similar to some companies, includes certain transportation-related costs due to our distribution network in SG&A expenses rather than in Cost of sales; for this reason, our gross margins may not be comparable to that of entities that include all costs related to their distribution network in Cost of sales.

- *Coach Gross Profit* decreased 4.8% or $32.7 million to $644.9 million in the first quarter of fiscal 2021 from $677.6 million in the first quarter of fiscal 2020. Gross margin increased to 73.7% in the first quarter of fiscal 2021 from 70.1% in the first quarter of fiscal 2020. Excluding items affecting comparability of $0.1 million in the first quarter of fiscal 2020, gross profit decreased 4.8% or $32.8 million from $677.7 million in the first quarter of fiscal 2020. Excluding items affecting comparability, gross margin increased to 73.7% from 70.2% in the first quarter of fiscal 2020, and on a constant currency basis gross margin increased 350 basis points from the first quarter of fiscal 2020. This increase in gross margin was primarily due to reduced promotional activity.
- *Kate Spade Gross Profit* decreased 19.5% or $37.4 million to $154.1 million in the first quarter of fiscal 2021 from $191.5 million in the first quarter of fiscal 2019. Gross margin increased to 64.1% in the first quarter of fiscal 2021 from 62.7% in the first quarter of fiscal 2020. Excluding items affecting comparability of $1.2 million in the first quarter of fiscal 2020, gross profit decreased 20.0% or $38.6 million to $154.1 million from $192.7 million in the first quarter of fiscal 2020. Excluding items affecting comparability, gross margin increased to 64.1% from 63.1% in the first quarter of fiscal 2020, and on a constant currency basis gross margin increased 100 basis points from first quarter of fiscal 2020. This increase in gross margin was primarily due to favorable channel mix including a strategic pullback in disposition, which was partially offset by the impact of directly operating the footwear business.
- *Stuart Weitzman Gross Profit* decreased 31.4% or $14.2 million to $31.2 million during the first quarter of fiscal 2021 from $45.4 million in the first quarter of fiscal 2020. Gross margin increased to 55.3% in the first quarter of fiscal 2021 from 52.5% in the first quarter of fiscal 2020. Excluding items affecting comparability of $2.8 million in the first quarter of fiscal 2020, Stuart Weitzman gross profit decreased 35.4% or $17.0 million to $31.2 million from $48.2 million in the first quarter of fiscal 2020. Excluding items affecting comparability, gross margin decreased to 55.3% from 55.7% in the first quarter of fiscal 2020, and on a constant currency basis gross margin decreased 160 basis points from the first quarter of fiscal 2020. This decrease in gross margin was primarily due to actions taken to exit certain markets.

Selling, General and Administrative Expenses ("SG&A")

	Three Months Ended					
	September 26, 2020		September 28, 2019		**Variance**	
	(millions)					
	Amount	**% of Net Sales**	Amount	% of Net Sales	Amount	%
Coach	**$ 374.9**	**42.8 %**	$ 478.1	49.5 %	$ (103.2)	(21.6)%
Kate Spade	**130.9**	**54.5**	198.7	65.0	(67.8)	(34.1)
Stuart Weitzman	**31.2**	**55.2**	64.7	74.8	(33.5)	(51.8)
Corporate	**91.0**	**NA**	121.4	NA	(30.4)	(25.0)
Tapestry	**628.0**	**53.6**	862.9	63.5	234.9	(27.2)

SG&A expenses decreased 27.2% or $234.9 million to $628.0 million in the first quarter of fiscal 2021 as compared to $862.9 million in the first quarter of fiscal 2020. As a percentage of net sales, SG&A expenses decreased to 53.6% during the first quarter of fiscal 2021 as compared to 63.5% during the first quarter of fiscal 2020. Excluding items affecting comparability of $26.6 million and $110.8 million in the first quarter of fiscal 2021 and fiscal 2020, respectively, SG&A expenses decreased 20.0% or $150.7 million to $601.4 million from $752.1 million in the first quarter of fiscal 2020. SG&A as a percentage of sales decreased to 51.3% as compared to 55.4% during the first quarter of fiscal 2020. This decrease in SG&A expenses is primarily attributed to actions taken as part of the Acceleration Program, as well as reduced variable expenses.

- *Coach SG&A Expenses* decreased 21.6% or $103.2 million to $374.9 million in the first quarter of fiscal 2021 as compared to $478.1 million in the first quarter of fiscal 2020. SG&A expenses as a percentage of net sales decreased to 42.8% during the first quarter of fiscal 2021 from 49.5% during the first quarter of fiscal 2020. Excluding items affecting comparability of $10.7 million and $41.8 million in the first quarter of fiscal 2021 and fiscal 2020, respectively, SG&A expenses decreased 16.5% or $72.1 million to $364.2 million during the first quarter of fiscal 2021; and SG&A expenses as a percentage of net sales decreased to 41.6% in the first quarter of fiscal 2021 from 45.2% in the first quarter of fiscal 2020. This decrease in SG&A expenses is primarily due to a decline in compensation costs, occupancy costs and depreciation expense.
- *Kate Spade SG&A Expenses* decreased 34.1% or $67.8 million to $130.9 million in the first quarter of fiscal 2021 as compared to $198.7 million in the first quarter of fiscal 2020. As a percentage of net sales, SG&A expenses decreased to 54.5% during the first quarter of fiscal 2021 as compared to 65.0% during the first quarter of fiscal 2020. Excluding items affecting comparability of $1.0 million and $25.3 million in the first quarter of fiscal 2021 and fiscal 2020,

respectively, SG&A expenses decreased 25.1% or $43.5 million to $129.9 million during the first quarter of fiscal 2021; and SG&A expenses as a percentage of net sales decreased to 54.0% in the first quarter of fiscal 2021 from 56.7% in the first quarter of fiscal 2020. This decrease in SG&A expenses is primarily due to a decline in compensation costs, occupancy costs, marketing spend and depreciation expense.

- *Stuart Weitzman SG&A Expenses* decreased 51.8% or $33.5 million to $31.2 million in the first quarter of fiscal 2021 as compared to $64.7 million in the first quarter of fiscal 2020. As a percentage of net sales, SG&A expenses decreased to 55.2% during the first quarter of fiscal 2021 as compared to 74.8% during the first quarter of fiscal 2020. Excluding items affecting comparability of $(2.4) million and $6.5 million in the first quarter of fiscal 2021 and fiscal 2020, respectively, SG&A expenses decreased 42.3% or $24.6 million to $33.6 million during the first quarter of fiscal 2021 from $58.2 million during the first quarter of fiscal 2020; and SG&A expenses as a percentage of net sales decreased to 59.5% in the first quarter of fiscal 2021 from 67.2% in the first quarter of fiscal 2020. This decrease is primarily due to store closures mainly as a result of certain market exits, a decline in marketing spend, true up of reserves and reduced depreciation expense.

- Corporate expenses, which are included within SG&A expenses discussed above but are not directly attributable to a reportable segment, decreased 25.0% or $30.4 million to $91.0 million in the first quarter of fiscal 2021 as compared to $121.4 million in the first quarter of fiscal 2020. Excluding items affecting comparability of $17.3 million and $37.2 million in the first quarter of fiscal 2021 and fiscal 2020, respectively, SG&A expenses decreased 12.4% or $10.5 million to $73.7 million in the first quarter of fiscal 2021 as compared to $84.2 million in the first quarter of fiscal 2020. This decrease in SG&A expenses was primarily driven by a gain realized on the sale of our corporate office in Hong Kong.

Operating Income (Loss)

	Three Months Ended					
	September 26, 2020		September 28, 2019		**Variance**	
	(millions)					
	Amount	**% of Net Sales**	Amount	% of Net Sales	Amount	%
Coach	**$ 270.0**	**30.8 %**	$ 199.5	20.7 %	$ 70.5	35.4 %
Kate Spade	**23.2**	**9.6**	(7.2)	(2.4)	30.4	NM
Stuart Weitzman	**—**	**—**	(19.3)	(22.2)	19.3	NM
Corporate	**(91.0)**	**NA**	(121.4)	NA	30.4	25.0
Tapestry	**202.2**	**17.3**	51.6	3.8	150.6	NM

Operating income increased $150.6 million to an operating income of $202.2 million in the first quarter of fiscal 2021 as compared to operating income of $51.6 million in the first quarter of fiscal 2020. Operating margin was 17.3% in the first quarter of fiscal 2021 as compared to 3.8% in the first quarter of fiscal 2020. Excluding items affecting comparability of $26.6 million and $114.9 million in the first quarter of fiscal 2021 and fiscal 2020, respectively, operating income increased $62.3 million to an operating income of $228.8 million in the first quarter of fiscal 2021 from an operating income of $166.5 million in the first quarter of fiscal 2020; and operating margin increased to 19.5% in the first quarter of fiscal 2021 as compared to 12.3% in the first quarter of fiscal 2020.

- *Coach Operating Income* increased 35.4% or $70.5 million to $270.0 million in the first quarter of fiscal 2021, resulting in an operating margin of 30.8%, as compared to $199.5 million and 20.7%, respectively, in the first quarter of fiscal 2020. Excluding items affecting comparability, Coach operating income increased 16.3% or $39.3 million to $280.7 million from $241.4 million in the first quarter of fiscal 2020; and operating margin was 32.1% in the first quarter of fiscal 2021 as compared to 25.0% in the first quarter of fiscal 2020. This increase in operating income was due to lower SG&A expenses, partially offset by lower gross profit.

- *Kate Spade Operating Income* increased $30.4 million to operating income of $23.2 million in the first quarter of fiscal 2021, resulting in an operating margin of 9.6%, as compared to an operating loss of $7.2 million and operating margin of (2.4)% in the first quarter of fiscal 2020. Excluding items affecting comparability, Kate Spade operating income increased $4.9 million to an operating income of $24.2 million from an operating income of $19.3 million in the first quarter of fiscal 2020; and operating margin was 10.1% in the first quarter of fiscal 2021 as compared to 6.3% in the first quarter of fiscal 2020. This increase in operating income was due to lower SG&A expenses, partially offset by lower gross profit.

- *Stuart Weitzman Operating Loss* decreased $19.3 million to $0.0 million in the first quarter of fiscal 2021, as compared to an operating loss of $19.3 million in the first quarter of fiscal 2020. Excluding items affecting comparability, Stuart Weitzman operating loss decreased $7.6 million to $2.4 million from an operating loss of $10.0 million in the first quarter of fiscal 2020; and operating margin was (4.2)% in the first quarter of fiscal 2021 as compared to (11.5)% in the first quarter of fiscal 2020. This decrease in operating loss was due to lower SG&A expenses, partially offset by lower gross profit.

Interest Expense, net

Interest expense, net increased 58.0% or $7.1 million to $19.4 million in the first quarter of fiscal 2021 as compared to $12.3 million in the first quarter of fiscal 2020. The increase in interest expense, net is due to lower interest income and the additional interest expense related to the draw down on the Revolving Credit Facility in the fourth quarter of fiscal 2020.

Other Expense (Income)

Other expense decreased $15.3 million to income of $2.6 million in the first quarter of fiscal 2021 as compared to expense of $12.7 million in the first quarter of fiscal 2020. The decrease in other expense is related to a decrease in foreign exchange losses.

Provision for Income Taxes

The effective tax rate was (25.0)% in the first quarter of fiscal 2021 as compared to 24.8% in the first quarter of fiscal 2020. Excluding items affecting comparability, the effective tax rate was 24.1% in the first quarter of 2021 as compared to 19.6% in the first quarter of fiscal 2020. The increase in our effective tax rate was primarily attributable to the geographic mix of earnings and excess tax shortfall related to the vesting of equity compensation awards.

Net Income (Loss)

Net income increased $211.7 million to $231.7 million in the first quarter of fiscal 2021 as compared to $20.0 million in the first quarter of fiscal 2020. Excluding items affecting comparability, net income increased $46.9 million to a net income of $160.8 million in the first quarter of fiscal 2021 as compared to a net income of $113.9 million in the first quarter of fiscal 2020. This increase was primarily due to higher operating income.

Net Income (Loss) per Share

Net income per diluted share was $0.83 in the first quarter of fiscal 2021 as compared to $0.07 in the first quarter of fiscal 2020. Excluding items affecting comparability, net income per diluted share was $0.58 in the first quarter of fiscal 2021 as compared to $0.40 in the first quarter of fiscal 2020. This change was primarily due to higher net income.

NON-GAAP MEASURES

The Company’s reported results are presented in accordance with GAAP. The reported gross profit, SG&A expenses, operating income, provision for income taxes, net income and earnings per diluted share in the first quarter of fiscal 2021 and fiscal 2020 reflect certain items, including the impact of ERP Implementation, Organization-related and Integration costs and Impairment charges in fiscal 2020, as well as Acceleration Program costs and CARES Act Tax Impact in fiscal 2021. As a supplement to the Company's reported results, these metrics are also reported on a non-GAAP basis to exclude the impact of these items, along with a reconciliation to the most directly comparable GAAP measures.

The Company has historically reported comparable store sales, which reflects sales performance at stores that have been open for at least 12 months, and includes sales from the Internet. The Company excludes new stores, including newly acquired locations, from the comparable store base for the first twelve months of operation. The Company excludes closed stores from the calculation. Comparable store sales are not adjusted for store expansions. Due to the uncertain business environment resulting from the impact of the Covid-19 pandemic, comparable store sales are not reported for the three months ended September 26, 2020 as the Company does not believe this metric is currently meaningful to the readers of its financial statements for this period.

These non-GAAP performance measures were used by management to conduct and evaluate its business during its regular review of operating results for the periods affected. Management and the Company’s Board utilized these non-GAAP measures to make decisions about the uses of Company resources, analyze performance between periods, develop internal projections and measure management performance. The Company’s internal management reporting excluded these items. In addition, the Human Resources Committee of the Company’s Board uses these non-GAAP measures when setting and assessing achievement of incentive compensation goals.

The Company operates on a global basis and reports financial results in U.S. dollars in accordance with GAAP. Fluctuations in foreign currency exchange rates can affect the amounts reported by the Company in U.S. dollars with respect to its foreign revenues and profit. Accordingly, certain material increases and decreases in operating results for the Company and its segments have been presented both including and excluding currency fluctuation effects. These effects occur from translating foreign-denominated amounts into U.S. dollars and comparing to the same period in the prior fiscal year. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. The Company calculates constant currency results by translating current period Net sales and Cost of sales, in local currency using the prior year period's currency conversion rate. The constant currency gross margin results are reported excluding items affecting comparability.

We believe these non-GAAP measures are 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, we believe presenting certain increases and decreases in constant currency provides a framework for assessing the performance of the Company's business outside the United States and helps investors and analysts understand the effect of significant year-over-year currency fluctuations. We believe excluding these items assists investors and others in developing expectations of future performance.

By providing the non-GAAP measures, as a supplement to GAAP information, we believe we are enhancing investors’ understanding of our business and our results of operations. The non-GAAP financial measures are limited in their usefulness and should be considered in addition to, and not in lieu of, GAAP financial measures. Further, these non-GAAP measures may be unique to the Company, as they may be different from non-GAAP measures used by other companies.

For a detailed discussion on these non-GAAP measures, see Item 2. "Management’s Discussion and Analysis of Financial Condition and Results of Operations."

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Three Months Ended		
	September 26, 2020	September 28, 2019	Change
	(millions)		
Net cash provided by (used in) operating activities	**$ 90.0**	$ 5.7	$ 84.3
Net cash used in investing activities	**(2.0)**	(73.6)	71.6
Net cash used in financing activities	**(8.4)**	(377.4)	369.0
Effect of exchange rate changes on cash and cash equivalents	**8.0**	(1.8)	9.8
Net decrease in cash and cash equivalents	**$ 87.6**	$ (447.1)	$ 534.7

The Company’s cash and cash equivalents increased by $87.6 million in the first three months ended of fiscal 2021 as compared to a decrease of $447.1 million in the first three months ended of fiscal 2020, as discussed below.

Net cash provided by (used in) operating activities

Net cash provided by operating activities increased $84.3 million due to higher net income of $211.7 million and changes in operating assets and liabilities of $77.4 million, partially off by the impact of non-cash adjustments of $204.8 million.

The $77.4 million increase in changes in operating asset and liability balances were primarily driven by the following:

- Accounts payable were a source of cash of $135.1 million in the first three months ended of fiscal 2021 compared to a source of cash of $37.1 million in the first three months ended of fiscal 2020, primarily due to the extension of payment terms to certain vendors.
- Inventories were a use of cash of $57.5 million in the first three months ended of fiscal 2021 compared to a use of cash of $116.7 million in the first three months ended of fiscal 2020, primarily driven by more disciplined inventory management.
- Other assets were a use of cash of $66.4 million in the first three months ended of fiscal 2021 compared to a use of cash of $17.9 million in the first three months ended of fiscal 2020, primarily related to an increase in income tax receivable due to the NOL carryback claim under the CARES Act, partially offset by lower receivables related to other taxes.
- Accrued liabilities were a use of cash of $61.2 million in the first three months ended of fiscal 2021 as compared to a use of cash of $14.1 million in the first three months ended of fiscal 2020, primarily driven by the timing of tax payments as well as accruals for expected severance, partially offset by the Annual Incentive Plan payment in the first quarter of fiscal 2020 when compared to fiscal 2021, as the Company did not pay out under its Annual Incentive Plan during fiscal 2021.

Net cash used in investing activities

Net cash used in investing activities in the first three months ended of fiscal 2021 was $2.0 million as compared to a use of cash of $73.6 million in the first three months ended of fiscal 2020, resulting in a $71.6 million decrease in net cash used in investing activities.

The $2.0 million use of cash in the first three months ended of fiscal 2021 is primarily due to capital expenditures of $26.0 million partially offset by proceeds from the sale of building of $23.9 million.

The $73.6 million use of cash in the first three months ended of fiscal 2020 is primarily due to capital expenditures of $71.9 million.

Net cash used in financing activities

Net cash used in financing activities was $8.4 million in the first three months ended of fiscal 2021 as compared to a use of cash of $377.4 million in the first three months ended of fiscal 2020, resulting in a net decrease in use of cash for financing activities of $369.0 million.

The $8.4 million of cash used in the first three months ended of fiscal 2021 was primarily due to taxes paid to net settle share-based awards of $8.2 million.

The $377.4 million use of cash in the first three months ended of fiscal 2020 was primarily due to repurchases of common stock of $267.0 million and dividend payments of $96.8 million.

Working Capital and Capital Expenditures

As of September 26, 2020, in addition to our cash flows from operations, our sources of liquidity and capital resources were comprised of the following:

	Sources of Liquidity	Outstanding Indebtedness	Total Available Liquidity[1]
		(millions)	
Cash and cash equivalents[1]	$ 1,513.9	$ —	$ 1,513.9
Short-term investments[1]	8.5	—	8.5
Revolving Credit Facility[2]	900.0	700.0	200.0
3.000% Senior Notes due 2022[3]	400.0	400.0	—
4.250% Senior Notes due 2025[3]	600.0	600.0	—
4.125% Senior Notes due 2027[3]	600.0	600.0	—
Total	$ 4,022.4	$ 2,300.0	$ 1,722.4

(1) As of September 26, 2020, approximately 39% of our cash and short-term investments were held outside the United States. The Company will likely repatriate some portion of available foreign cash in the foreseeable future, and has recorded deferred taxes on certain earnings of non-US subsidiaries that are deemed likely to be repatriated.

(2) In October 2019, the Company entered into a definitive credit agreement whereby Bank of America, N.A., as administrative agent, the other agents party thereto, and a syndicate of banks and financial institutions have made available to the Company a $900.0 million revolving credit facility, including sub-facilities for letters of credit, with a maturity date of October 24, 2024 (the "Revolving Credit Facility"). Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at the Borrowers' option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. Dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, defined in the Credit Agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. Additionally, the Company pays a commitment fee at a rate determined by the reference to the aforementioned pricing grid. On May 19, 2020, the Company entered into Amendment No. 1 (the "Amendment") to the Revolving Credit Facility. Under the terms of the Amendment, during the period from the Effective Date until October 2, 2021, the Company must maintain available liquidity of $700 million (with available liquidity defined as the sum of unrestricted cash and cash equivalents and available commitments under credit facilities, including the Revolving Credit Facility). Following the period from the Effective Date until the compliance certificate is delivered for the fiscal quarter ending July 3, 2021 (the "Covenant Relief Period"), the Company must comply on a quarterly basis with a maximum net leverage ratio of 4.0 to 1.0. In addition, the Amendment provides that during the Covenant Relief Period, if any two of the Company's three credit ratings are non-investment grade, the Revolving Credit Facility will be guaranteed by the Company's material domestic subsidiaries and will be subject to liens on accounts receivable, inventory and intellectual property, in each case subject to customary exceptions. The Amendment also contains negative covenants that limit the ability of the Company and its subsidiaries to, among other things, incur certain debt, incur certain liens, dispose of assets, make investments, loans or advances, and engage in share buybacks during the Covenant Relief Period. An increased interest rate will be applicable during the Covenant Relief Period when the Company's gross leverage ratio exceeds 4.0 to 1.0. The $900 million aggregate commitment amount under the revolving credit facility remains unchanged. As of September 26, 2020, $700.0 million of borrowings were outstanding under the Revolving Credit Facility. Refer to Note 12, "Debt," for further information on our existing debt instruments and Note 18, "Subsequent Events" for further information on the repayment of outstanding borrowings under the Revolving Credit Facility.

(3) In March 2015, the Company issued $600.0 million aggregate principal amount of 4.250% senior unsecured notes due April 1, 2025 at 99.445% of par (the "2025 Senior Notes"). Furthermore, in June 2017, the Company issued $400.0 million aggregate principal amount of 3.000% senior unsecured notes due July 15, 2022 at 99.505% of par (the "2022 Senior Notes"), and $600.0 million aggregate principal amount of 4.125% senior unsecured notes due July 15, 2027 at 99.858% of par (the "2027 Senior Notes"). Furthermore, the indentures for the 2025 Senior Notes, 2022 Senior Notes and 2027 Senior

Notes contain certain covenants limiting the Company’s ability to: (i) create certain liens, (ii) enter into certain sale and leaseback transactions and (iii) merge, or consolidate or transfer, sell or lease all or substantially all of the Company’s assets. As of September 26, 2020, no known events of default have occurred. Refer to Note 12, "Debt," for further information on our existing debt instruments.

We believe that our Revolving Credit Facility is adequately diversified with no undue concentrations in any one financial institution. As of September 26, 2020, there were 12 financial institutions participating in the Revolving Credit Facility, with no one participant maintaining a combined maximum commitment percentage in excess of 14%.

We have the ability to draw on our credit facilities or access other sources of financing options available to us in the credit and capital markets for, among other things, acquisition or integration-related costs, our restructuring initiatives, settlement of a material contingency, or a material adverse business or macroeconomic development, as well as for other general corporate business purposes.

Management believes that cash flows from operations, access to the credit and capital markets and our credit lines, on-hand cash and cash equivalents and our investments will provide adequate funds to support our operating, capital, and debt service requirements for fiscal 2021 and beyond. There can be no assurance that any such capital will be available to the Company on acceptable terms or at all. Our ability to fund working capital needs, planned capital expenditures, and scheduled debt payments, as well as to comply with all of the financial covenants under our debt agreements, depends on future operating performance and cash flow. This future operating performance and cash flow are subject to prevailing economic conditions, which is uncertain as a result of Covid-19, and to financial, business and other factors, some of which are beyond the Company's control.

Reference should be made to our most recent Annual Report on Form 10-K and other filings with the SEC for additional information regarding liquidity and capital resources. The Company expects total fiscal 2021 capital expenditures to be approximately $150 million.

Seasonality

The Company's results are typically affected by seasonal trends. During the first fiscal quarter, we build inventory for the holiday selling season. In the second fiscal quarter, working capital requirements are reduced substantially as we generate higher net sales and operating income, especially during the holiday months of November and December. Accordingly, the Company’s net sales, operating income and operating cash flows for the three months ended September 26, 2020 are not necessarily indicative of that expected for the full fiscal 2021. However, fluctuations in net sales, operating income and operating cash flows of the Company in any fiscal quarter may be affected by the timing of wholesale shipments and other events affecting retail sales, including adverse weather conditions or other macroeconomic events.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 3 to the audited consolidated financial statements in our fiscal 2020 10-K. Our discussion of results of operations and financial condition relies on our condensed consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates which are subject to varying degrees of uncertainty. While we believe that these accounting policies are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates or forecasts.

For a complete discussion of our critical accounting policies and estimates, see the "Critical Accounting Policies and Estimates" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations in our fiscal 2020 10-K. As of September 26, 2020, there have been no material changes to any of the critical accounting policies.

The Company performs its annual impairment assessment of goodwill as well as brand intangibles at the beginning of the fourth quarter of each fiscal year. In all fiscal years, the fair values of our Coach brand reporting units significantly exceeded their respective carrying values. The fair values of the Kate Spade brand reporting unit and indefinite-lived brand as of the fiscal 2020 testing date exceeded their respective carrying values by approximately 13% and 35%, respectively. Several factors could impact the Kate Spade brand's ability to achieve expected future cash flows, including continued economic volatility and potential operational challenges related to the Covid-19 pandemic, the reception of new collections in all channels, the success of international expansion strategies including the direct operation of certain previous distributor and joint venture businesses, the optimization of the store fleet productivity, the impact of promotional activity in department stores, and the simplification of certain corporate overhead structures and other initiatives aimed at increasing profitability of the business. Given the relatively small excess of fair value over carrying value as noted above, if profitability trends decline during fiscal 2021 from those that are expected, it is possible that an interim test, or our annual impairment test, could result in an impairment of these assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in our financial instruments represents the potential loss in fair value, earnings or cash flows, arising from adverse changes in foreign currency exchange rates or interest rates. The Company manages these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments. The use of derivative financial instruments is in accordance with the Company's risk management policies, and we do not enter into derivative transactions for speculative or trading purposes.

The quantitative disclosures in the following discussion are based on quoted market prices obtained through independent pricing sources for the same or similar types of financial instruments, taking into consideration the underlying terms and maturities and theoretical pricing models. These quantitative disclosures do not represent the maximum possible loss or any expected loss that may occur, since actual results may differ from those estimates.

Foreign Currency Exchange Rate Risk

Foreign currency exposures arise from transactions, including firm commitments and anticipated contracts, denominated in a currency other than the entity’s functional currency, and from foreign-denominated revenues and expenses translated into U.S. dollars. The majority of the Company's purchases and sales involving international parties, excluding international consumer sales, are denominated in U.S. dollars and, therefore, our foreign currency exchange risk is limited. The Company is exposed to risk from foreign currency exchange rate fluctuations resulting from its operating subsidiaries’ transactions denominated in foreign currencies. To mitigate such risk, certain subsidiaries enter into forward currency contracts. As of September 26, 2020 and June 27, 2020, forward currency contracts designated as cash flow hedges with a notional amount of $196.1 million and $586.2 million, respectively, were outstanding. As a result of the use of derivative instruments, we are exposed to the risk that counterparties to the derivative instruments will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we only enter into derivative contracts with carefully selected financial institutions. The Company also reviews the creditworthiness of our counterparties on a regular basis. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty credit risk associated with our derivative contracts as of September 26, 2020.

The Company is also exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross-currency intercompany loans and payables. This primarily includes exposure to exchange rate fluctuations in the Chinese Renminbi, the British Pound Sterling and the Euro. To manage the exchange rate risk related to these balances, the Company enters into forward currency contracts. As of September 26, 2020 and June 27, 2020 the total notional values of outstanding forward foreign currency contracts related to these loans were $278.5 million and $76.9 million, respectively.

The fair value of outstanding forward currency contracts included in current assets at September 26, 2020 and June 27, 2020 was $2.4 million and $2.9 million, respectively. The fair value of outstanding foreign currency contracts included in current liabilities at September 26, 2020 and June 27, 2020 was $4.3 million and $1.7 million, respectively. The fair value of these contracts is sensitive to changes in foreign currency exchange rates. A sensitivity analysis of the effects of foreign exchange rate fluctuations on the fair values of our derivative contracts was performed to assess the risk of loss.

Interest Rate Risk

The Company is exposed to interest rate risk in relation to its Revolving Credit Facility entered into under the credit agreement dated October 24, 2019 as amended on May 19, 2020, the 2025 Senior Notes, 2022 Senior Notes, 2027 Senior Notes (collectively the "Senior Notes") and investments.

Our exposure to changes in interest rates is primarily attributable to debt outstanding under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to, at the Company’s option, either (a) an alternate base rate (which is a rate equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% or (iii) the Adjusted LIBO Rate for a one month Interest Period on such day plus 1%) or (b) a rate based on the rates applicable for deposits in the interbank market for U.S. dollars or the applicable currency in which the loans are made plus, in each case, an applicable margin. The applicable margin will be determined by reference to a grid, as set forth in the credit agreement, based on the ratio of (a) consolidated debt plus operating lease liability to (b) consolidated EBITDAR. Furthermore, a prolonged disruption on our business resulting from the Covid-19 pandemic may impact our ability to satisfy the terms of our Revolving Credit Facility, including our liquidity covenant.

The Company is exposed to changes in interest rates related to the fair value of the Senior Notes. At September 26, 2020, the fair value of the 2025 Senior Notes, 2022 Senior Notes and 2027 Senior Notes was approximately $624 million, $404 million and $588 million, respectively. At June 27, 2020, the fair value of the 2025 Senior Notes, 2022 Senior Notes and 2027 Senior Notes was approximately $577 million, $393 million and $565 million, respectively. These fair values are based on external pricing data, including available quoted market prices of these instruments, and consideration of comparable debt instruments with similar interest rates and trading frequency, among other factors, and are classified as Level 2 measurements within the fair value hierarchy. The interest rate payable on the 2022 and 2027 Senior Notes will be subject to adjustments from

time to time if either Moody’s or S&P or a substitute rating agency (as defined in the Prospectus Supplement furnished with the SEC on June 7, 2017) downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the respective Senior Notes of such series.

The Company’s investment portfolio is maintained in accordance with the Company’s investment policy, which defines our investment principles including credit quality standards and limits the credit exposure of any single issuer. The primary objective of our investment activities is the preservation of principal while maximizing interest income and minimizing risk. We do not hold any investments for trading purposes.

ITEM 4. CONTROLS AND PROCEDURES

Based on the evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, the Chief Executive Officer of the Company and the Chief Financial Officer of the Company have concluded that the Company's disclosure controls and procedures are effective as of September 26, 2020.

Reference should be made to our most recent Annual Report on Form 10-K for additional information regarding discussion of the effectiveness of the Company's controls and procedures. There were no changes in our internal control over financial reporting during the quarter ended September 26, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various routine legal proceedings as both plaintiff and defendant incident to the ordinary course of its business, including proceedings to protect Tapestry's intellectual property rights, litigation instituted by persons alleged to have been injured by advertising claims or upon premises within the Company’s control, litigation involving contractual disputes and litigation with present or former employees.

As part of Tapestry Inc.’s policing program for its intellectual property rights, from time to time, the Company files lawsuits in the U.S. and abroad alleging acts of trademark counterfeiting, trademark infringement, patent infringement, trade dress infringement, copyright infringement, unfair competition, trademark dilution and/or state or foreign law claims. At any given point in time, Tapestry may have a number of such actions pending. These actions often result in seizure of counterfeit merchandise and/or out of court settlements with defendants. From time to time, defendants will raise, either as affirmative defenses or as counterclaims, the invalidity or unenforceability of certain of Tapestry’s intellectual properties.

Although the Company’s litigation as a defendant is routine and incidental to the conduct of Tapestry’s business, as well as for any business of its size, such litigation can result in large monetary awards, such as when a civil jury is allowed to determine compensatory and/or punitive damages.

The Company believes that the outcome of all pending legal proceedings in the aggregate will not have a material effect on the Company's business or condensed consolidated financial statements.

Tapestry has not entered into any transactions that have been identified by the IRS as abusive or that have a significant tax avoidance purpose. Accordingly, we have not been required to pay a penalty to the IRS for failing to make disclosures required with respect to certain transactions that have been identified by the IRS as abusive or that have a significant tax avoidance purpose.

ITEM 1A. RISK FACTORS

There are no material changes from the risk factors previously disclosed in Part I, Item 1A, Risk Factors of our Annual Report on Form 10-K for the fiscal year ended June 27, 2020.

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

The Company did not repurchase any shares of common stock during the first quarter of fiscal 2021. As of September 26, 2020, the Company had $600 million availability remaining in the stock repurchase program. The Company may terminate or limit the share repurchase program at any time. The Company is restricted from engaging in share buybacks during the Covenant Relief Period under Amendment No.1 to its Credit Facility.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On November 3, 2020, the Company filed a Supplement to its Proxy Statement for its 2020 Annual Meeting of Stockholders to be held on November 5, 2020 (the “Annual Meeting”) announcing that if the Company’s stockholders approve the Second Amended and Restated Tapestry, Inc. 2018 Stock Incentive Plan at the Annual Meeting, the Company’s management and the Human Resource Committee of the Board of Directors, which serves as the administrator of the Corporation’s Amended and Restated Tapestry, Inc. 2018 Stock Incentive Plan, were committing to maintain an unadjusted burn rate at or below 2% annually for its fiscal years 2022 through 2024.

ITEM 6. EXHIBITS

10.1†	Letter Agreement, dated July 20, 2020 between the Registrant and Joanne Crevoiserat, incorporated by reference from Exhibit 10.38 to Tapestry's Annual Report on Form 10-K for the fiscal year ended June 27, 2020
10.2†	Letter Agreement, dated July 20, 2020 between the Registrant and Andrea Shaw Resnick, incorporated by reference from Exhibit 10.39 to Tapestry's Annual Report on Form 10-K for the fiscal year ended June 27, 2020
10.3†	Letter Agreement, dated July 20, 2020 between the Registrant and Todd Kahn, incorporated by reference from Exhibit 10.40 to Tapestry's Annual Report on Form 10-K for the fiscal year ended June 27, 2020
10.4†	Second Amended and Restated Tapestry Inc. 2018 Stock Incentive Plan, which is incorporated by reference from Appendix B to the Registrant's Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders, filed on September 25, 2020
10.5†*	Letter Agreement, dated October 24, 2020 between the Registrant and Joanne Crevoiserat
31.1*	Rule 13(a) – 14(a)/15(d) – 14(a) Certifications
32.1*	Section 1350 Certifications
101.INS*	XBRL Instance Document
	Note: the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase

* Filed Herewith
† Management contract or compensatory plan or arrangement

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, thereunto duly authorized.

TAPESTRY, INC.
(Registrant)

By:	/s/ Manesh B. Dadlani
Name:	Manesh B. Dadlani
Title:	Corporate Controller (Principal Accounting Officer)

Dated: November 4, 2020

EXHIBIT 10.5

tapestry

COACH | kate spade | STUART WEITZMAN

October 24, 2020

Joanne Crevoiserat

Dear Joanne,

It is with great pleasure that I confirm our offer to appoint you as Chief Executive Officer of Tapestry, Inc. (“Tapestry” or the “Company”), reporting to the Board of Directors of Tapestry. Upon effectiveness of the appointment, you will continue to be a member of Tapestry’s Executive Committee. You will continue to be considered an “officer” under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as well as an “Executive Officer” of Tapestry pursuant to Rule 3b-7 of the Exchange Act.

Reference is hereby made to your employment letter dated as of June 17, 2019 in connection with your appointment as the Company’s Chief Financial Officer (the “2019 Letter Agreement”) and your letter dated June 20, 2020 in connection with your appointment as Interim Chief Executive Officer (the “Interim CEO Letter Agreement” and, together with the 2019 Letter Agreement, the “Prior Letter Agreements”). This letter details your base salary, bonus opportunity, annual equity opportunity, appointment compensation and other benefits. It also lays out the conditions of your continued employment with Tapestry and supersedes the Prior Letter Agreements, except to the extent expressly set forth herein or set forth in the applicable equity award agreements granted prior to the Effective Date (defined below).

If you accept our offer, you will start in your new role effective October 27, 2020 (the “Effective Date”).

1. **Base Salary**

$1,300,000 per annum, which will immediately be reduced by 20% to $1,040,000 annually, consistent with the Company-wide salary reductions in effect during fiscal year 2021 for so long as such reductions are in effect.

Your salary will be paid in accordance with the Company’s payroll practices, currently bi-weekly, which are subject to change from time-to-time at the discretion of the Company, and will be paid less withholding and deductions authorized under applicable law.

Performance reviews are typically conducted at the end of our fiscal year, which presently runs from approximately July 1 through June 30. Any merit increases for which you may be eligible would be determined at that time, and would take effect in September. You will next be eligible for a merit increase in September 2021.

2. Incentive Compensation

You will continue to be eligible to participate in the Company's Performance-Based Annual Incentive Plan ("AIP"), a cash incentive program under which your payout is based on Tapestry's financial performance, subject to its terms and conditions. As of the Effective Date, your target AIP bonus will be 175% of your salary actually paid from the Effective Date through the end of fiscal year 2021 and for subsequent fiscal years. For the portion of fiscal year 2021 prior to the Effective Date, your target AIP bonus will be governed by the Prior Letter Agreements. The actual AIP bonus payout may range from 0% of target for performance below established thresholds to 200% of target for maximum performance, with performance components, measures and target values to be established by the Company's Board of Directors or the Human Resources Committee of the Board of Directors (the "Committee"). For avoidance of doubt, for fiscal year 2021, your target AIP bonus will be calculated as follows: 100% of your salary actually paid from the start of fiscal year 2021 until July 21, 2020, the effective date of your appointment as Interim Chief Executive Officer, 150% from July 21, 2020 until the Effective Date and 175% thereafter. Any AIP bonus paid during fiscal year 2021 will reflect your reduced salary, as in effect for any portion of the fiscal year.

Any AIP bonus is paid within three months of the end of the fiscal year and you must be an employee in good standing with the Company on the AIP bonus payment date in order to be eligible to receive any such AIP bonus payment, except as set forth in Section 5 below in the event of your involuntary termination other than for "cause" or your resignation for "Good Reason" (each as defined in the attached Addendum). If you resign your employment without "Good Reason" or are terminated for "cause," you are not eligible for this bonus for the fiscal year in which you provide the required notice of your intent to resign your employment (or resign without notice) or your employment is terminated, as applicable. For the purposes of this letter, termination for "cause" is defined in the Addendum. Please refer to the Corporate Pay section of Tapestry's intranet, the *Loop*, for the governing terms and conditions of the AIP bonus plan. In addition, Tapestry's Board of Directors has adopted an incentive repayment policy (attached) for members of the Executive Committee, which you must sign and return to me coincident with your acceptance of this offer.

3. Equity Compensation

Your compensation package includes a guideline annual equity grant value of $6,500,000 to be granted in a fixed proportion of different equity vehicles, which may include restricted stock units ("RSUs"), performance restricted stock units ("PRSUs"), and/or stock options, as determined annually by the Committee and normally granted in August. Subject to you accepting your appointment and starting in your role by the Effective Date, your next annual grant will be made in August 2021. The number of stock options you receive will be based on the grant price (closing price of Tapestry, Inc. stock on the grant date) and on an industry standard valuation model, Black-Scholes, which determines the value of a stock option. The number of PRSUs and RSUs you receive will be based on the grant price. The grant value and vehicle mix of any future equity grants will be determined based on your position, performance, time in job and other criteria Tapestry determines in its discretion, which are subject to change. All equity awards are subject to approval by the Committee.

With respect to equity grants made prior to the Effective Date, the provisions of the Prior Letter Agreements and the applicable award agreements will continue to apply in full force and effect.

4. Appointment Compensation

You will receive an appointment equity grant with a grant value of $3,500,000 (the “Appointment Grant”). The Appointment Grant will be made on the first business day of the calendar month coincident with or following your Effective Date, subject to your continued employment from the Effective Date until grant date. The Appointment Grant will be 40% options and 60% PRSUs. The PRSUs will be eligible to cliff vest after two years and may vest between 0 to 200% of target shares depending on performance, subject to your continued employment or other service with the Company from the grant date to the vesting date. The stock options will be exercisable one-fourth each year over four years beginning on the first anniversary of the grant date, subject to your continued employment or other service with the Company from the grant date to the vesting date. The number of stock options you receive will be based on the grant price (closing price of Tapestry, Inc. stock on the grant date) and on an industry standard valuation model, Black-Scholes, which determines the value of a stock option. The number of PRSUs you receive will be based on the grant price. In addition, the grant agreement evidencing the PRSU portion of the Appointment Grant will require that you retain the net shares acquired upon vesting for a period of two years following the vesting date. In accepting our offer, you agree that you will repay the Financial Gain (as defined in the applicable award agreement) of the vested portion of the Appointment Grant and forfeit the full amount of the unvested portion(s) if you provide notice of your intent to resign your employment without Good Reason (or resign without notice) at any time within 24 months of your Effective Date, or if your employment is terminated for “cause,” as defined in the Addendum.

You are subject to the terms and conditions of the grant agreements, including, but not limited to, the provisions relating to claw back of equity gains in certain post-employment scenarios. Notwithstanding anything to the contrary in this letter, the terms of the Tapestry, Inc. 2018 Stock Incentive Plan (as it may be amended from time to time, the "Stock Plan") and related grant agreements, as they may be changed from time to time, are controlling.

With respect to the appointment cash bonus you received upon your appointment as Chief Financial Officer, the repayment provisions in the 2019 Letter Agreement will continue to apply in full force and effect. With respect to equity grants made prior to the Effective Date, the provisions of the Prior Letter Agreements and the applicable award agreements will continue to apply in full force and effect.

5. Severance

If your employment at the Company should cease involuntarily for any reason other than for "cause" (e.g., position elimination) or if you resign for “Good Reason,” each as defined in the attached Addendum, and subject to compliance with the Restrictive Covenants set forth in Section 4 in the attached Addendum, you will be eligible to receive (i) cash severance equal to twenty-four (24) months of base salary (“Cash Severance”), (ii) a pro-rated portion of your AIP bonus to be paid on the regular payout date of any AIP bonus which was earned and payable for the fiscal year in which the date of termination occurs (and is actually paid to Tapestry employees for such fiscal year) based on Tapestry's financial performance, as established by the Company's Board of Directors or the Committee and (iii) payment on the regular payout date of any AIP bonus which was earned and payable for the prior fiscal year (and is actually paid to Tapestry employees for such fiscal year) based on Tapestry's financial performance, as established by the Company's Board of Directors or the Committee, which has not been paid as of the date of termination, provided that your date of termination is after the end of the fiscal year during which such AIP bonus is earned. The Cash Severance will be deemed to be paid subject to and in accordance with the terms, conditions and restrictions set forth in the Company's Severance Plan for Vice Presidents and Above (including the time and form of payment provisions therein). For more information, please view the Severance Plan for Vice Presidents and Above on the *Loop* or contact Human Resources. If you are or become eligible to receive cash severance pursuant to a severance plan sponsored or maintained by the Company that is at least equal to the amount of the Cash Severance, you will not receive the Cash Severance provided hereunder. To receive separation pay set forth in this paragraph, you will be required to sign a waiver and release agreement in the form provided by the Company. This agreement will include restrictions on your ability to compete with the Company and solicit Company employees, customers and vendors.

6. **Section 409A of the Internal Revenue Code**

It is expressly intended and contemplated that this letter comply with the provisions of Section 409A of the Code and the applicable guidance thereunder ("Section 409A") and that the payments hereunder will either be exempt from Section 409A or will comply with the provisions of Section 409A. This letter will be administered and interpreted in a manner consistent with this intent, and, notwithstanding any provision of this letter to the contrary, in the event that the Company determines that any amounts payable hereunder would be immediately taxable to you under Section 409A, the Company reserves the right (without any obligation to do so or to indemnify you for failure to do so) to amend this letter to satisfy Section 409A or be exempt therefrom (which amendment may be retroactive to the extent permitted by Section 409A).

Notwithstanding any other provision of this letter, if you are a "specified employee" within the meaning of Treas. Reg. §1.409A-1(i)(1), then the payment of any amount or the provision of any benefit under this letter which is considered deferred compensation subject to Section 409A shall be deferred for six (6) months after your "separation from service" or, if earlier, the date of your death to the extent required by Section 409A(a)(2)(B)(i) (the "409A Deferral Period"). In the event payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum on the Company's first standard payroll date that arises on or after the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. For purposes of any provision of this letter providing for reimbursements to you, such reimbursements shall be made no later than the end of the calendar year following the calendar year in which you incurred such expenses, and in no event shall the unused reimbursement amount during one calendar year be carried over into a subsequent calendar year. For purposes of this letter, you shall not be deemed to have terminated employment unless you have a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h). All rights to payments and benefits under this letter shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Section 409A. In no event shall any liability for failure to comply with the requirements of Section

409A be transferred from you or any other individual to the Company or any of its affiliates, employees or agents.

7. **Benefits**

The Company agrees to pay or reimburse reasonable and documented legal fees incurred by you in connection with the negotiation of this offer letter, up to a maximum of $15,000 (fifteen thousand dollars). Such benefit is taxable to you and will be included in your calendar year 2020 Tapestry income. Your other major benefits will include medical, dental, vision, retirement savings, life insurance, short and long term disability, Employee Stock Purchase Plan, employee discount program and 25 business days of vacation per calendar year, as generally provided by the Company to employees at a comparable level in accordance with the plans, practices and programs of the Company, and subject to your satisfaction of applicable eligibility requirements. These benefits are subject to change from time-to-time in the discretion of the Company. We are enclosing a summary of benefits highlighting these programs in Your Tapestry Benefits Overview.

8. **Relocation**

The Relocation Provisions in the 2019 Letter Agreement will continue to apply in full force and effect.

9. **Retirement**

Notwithstanding the terms of your equity award agreements, upon your voluntary resignation from the Company after attaining age 62 with not less than five (5) completed years of service with the Company and its affiliates, your voluntary resignation will be deemed a “Retirement,” as such term is defined in applicable award agreements, provided that you continue to comply with the terms and conditions of any restrictive covenants (e.g., non-competition, non-investment in a company competitor, non-solicitation of company employees and customers and nondisclosure of confidential company information), and provided further, that any such awards shall be subject to the terms and conditions of the applicable award agreements and the Stock Plan.

10. **Confidentiality**

The Company believes strongly in respecting the proprietary rights of third parties and expects each of its employees to honor their confidentiality obligations to former employers. Accordingly, we expect you to fully comply with any and all obligations you may have, including non-compete, non-solicitation and confidentiality obligations.

By accepting this offer, you are re-affirming your representation to the Company that you are not subject to any existing non-compete obligations with your current or former employer that would prevent you from commencing this position with the Company on the Effective Date without restriction or penalty. Further, you are re-affirming your representation that you are currently in compliance with any non-solicitation obligation(s) you have with respect to your current or former employer and that you have not had any discussions with anyone or referred any individuals to the Company in violation of those obligations. The Company does not want, and specifically instructs you not to violate any non-solicitation obligations you may have with respect to your current and former employers and to maintain in confidence, and not destroy, delete or alter, information that is confidential and/or proprietary to your current and former employers. As a reminder, we are offering you this position based upon your talent and the skills you have acquired throughout your career.

As a continuing employee of the Company, and as a part of this offer, you will be subject to the various policies set forth in the attached Addendum, as well as those set forth in the Your Tapestry Benefits Overview that accompanies this offer. Such policies include, but are not limited to, the following:

- Incentive Repayment Policy;
- Executive Stock Ownership Policy;
- Notice of Intent to Terminate Employment;
- Post-Employment Restrictions;
- Code of Conduct;
- Confidentiality, Information Security and Privacy Agreement;
- Consensual Relationship Policy; and
- Other Terms and Conditions of Employment.

By accepting this offer, you are also expressly accepting and agreeing to be bound by and adhere to the Company policies set forth in the attached Addendum and in the packet of materials that accompany this offer letter. This letter, along with the documents attached hereto or referred to herein, constitute the entire agreement and understanding between you and the Company with respect to your employment, and supersedes all prior discussions, promises, negotiations and agreements (whether written or oral) between you and the Company, except as expressly set forth herein with respect to the Prior Letter Agreements.

Joanne, we are excited about your appointment as Chief Executive Officer. This letter and the documents provided herewith constitute the Company's entire offer. As you review this offer, please feel free to contact me with any questions. To accept the offer, and acknowledge you are not relying on any promise or representation that is not contained in this letter, please sign in the space below and return one of the attached copies to me no later than **October 24, 2020**.

Sincerely,

/s/ Sarah Dunn____________________
Sarah J. Dunn
Global Human Resources Officer
Tapestry, Inc.

Agreed and accepted by:

_/s/ Joanne Crevoiserat_____ _10/24/20___________________________
Joanne Crevoiserat Date

ADDENDUM
COMPANY POLICIES & CONDITIONS OF EMPLOYMENT

As an employee of Tapestry, Inc. (the “Company”), you will be subject to the following policies. Please sign the acknowledgement at the end noting your understanding and agreement.

1. Incentive Repayment Policy

Tapestry’s Board of Directors has adopted an incentive repayment policy affecting all performance-based compensation that the Company pays to members of its Executive Committee. Information on this policy is attached. You agree that you remain subject to this repayment policy and that it may change from time-to-time as the Committee deems appropriate and/or as is required by law.

2. Executive Stock Ownership Policy

Tapestry’s Board of Directors has implemented a stock ownership policy for all “Key Executives” and Directors. Information on this policy and the required amounts of stock ownership for your position is attached. As a Key Executive and Section 16(b) officer you will be required to obtain pre-approval of all Tapestry stock transactions from Tapestry’s General Counsel.

3. Notice of Intent to Terminate Employment

If at any time you elect to terminate your employment with the Company, including a valid retirement from the Company, you agree to provide six (6) months’ advance written notice of your intent to terminate your employment and such notice shall be provided via email to the Chair of the Board of Directors, the General Counsel and Secretary and Global Human Resources Officer of Tapestry. Such notice shall include, if applicable, the identity of the prospective employer or entity, your proposed title and duties with that business, person or enterprise, as well as the proposed starting date of that employment or consulting services. After you have provided your required notice, you will continue to be an employee of the Company. Your duties and other obligations as an employee of the Company will continue and you will be expected to cooperate in the transition of your responsibilities. The Company shall, however, have the right in its sole discretion to direct that you no longer come to work or to shorten the notice period. Nothing herein alters your status as an employee at-will. The Company reserves all legal and equitable rights to enforce the advance notice provisions of this paragraph. You acknowledge and agree that your failure to comply with the notice requirements set forth in this paragraph shall result in: (i) the Company being entitled to an immediate injunction, prohibiting you from commencing employment elsewhere for the length of the required notice, (ii) the Company being entitled to claw back any bonus paid to you within 180 days of your last day of employment with the Company, (iii) the forfeiture of any unpaid bonus as of your last day of employment with the Company, (iv) any unvested equity awards and any vested but unexercised stock option awards held by you shall be automatically forfeited on your last day of employment with the Company, and (v) the Company being entitled to claw back any Financial Gain (as defined below) you realize from the vesting of any Tapestry equity award within the twelve (12) month period immediately preceding your last day of employment with the Company. “Financial Gain” shall have the meaning set forth in the various equity award grant agreements that you receive during your employment with the Company.

4. Post-Employment Restrictions

(a) Non-Competition. You are prohibited from, directly or indirectly, counseling, advising, consulting for, becoming employed by or providing services in any capacity to a “competitor” (as defined below) of the Company or any of its operating divisions, brands, subsidiaries or affiliates (collectively, the “Tapestry Group”) during your employment and the twenty-four (24) month period beginning on your last day of employment with the Company (the “Restricted Period”).

“Competitor” includes: the companies, together with their respective subsidiaries, parent entities, and all other affiliates as set forth on Exhibit A, attached hereto (such companies subject to change from time-to-time as posted on Tapestry’s intranet, the *Loop*). In the event your employment is terminated for any reason (other than for “cause,” as defined below), or if you resign for “Good Reason,” and the Company, at its sole discretion, elects to enforce its right to enjoin you from joining a competitor at any time during the Restricted Period, including prohibiting you from engaging in any of the activities prohibited by this Section 4(a), the Company shall compensate you at your most recent base salary, subject to usual withholdings, to be paid on normal pay cycles, during the remainder of the Restricted Period. The foregoing payments will be made to you solely to the extent that severance or other termination payments are not paid to you during the remainder of the Restricted Period. Nothing herein shall impact or limit your right to receive any severance payments and benefits pursuant to the terms of your offer letter, except that it is expressly understood and agreed that (i) you will not be entitled to receive payments pursuant to this paragraph during any period you are receiving severance or other termination payments and (ii) your receipt of any severance or other termination payments shall not impact the Company’s right to enforce its rights under this Section 4(a) or otherwise.

You agree that if you are offered and desire to accept employment with, or provide consulting services to, another business, person or enterprise, including, but not limited to, a “competitor,” during the Restricted Period, you will promptly inform Tapestry’s Global Human Resources Officer, in writing, of the identity of the prospective employer or entity, your proposed title and duties with that business, person or enterprise, and the proposed starting date of that employment or consulting services. You also agree that you will inform that prospective employer or entity of the terms of these provisions. Failure to abide by the requirements of this Section 4(a) will also be deemed a failure to provide the required advance written notice set forth above under **Notice of Intent to Terminate Employment**.

(b) Non-Solicitation. You agree that during the Restricted Period, you will not, directly or indirectly, whether alone or in association with or for the benefit of others, without the prior written consent of the Company, hire or attempt to hire, employ or solicit for employment, consulting or other service, any officer, employee or agent of the Tapestry Group (each, a “Protected Person”), or encourage, persuade or induce any Protected Person to terminate, diminish or otherwise alter such Protected Person’s relationship with the Tapestry Group.

For purposes of this Section 4(b) and to avoid any ambiguity, you and the Company agree that it will be a rebuttable presumption that you solicited any Protected Person if such Protected Person commences employment or other service for or on behalf of you or any entity to which you provide services or terminates, diminishes or otherwise alters such Protected Person’s relationship with the Tapestry Group prior to the end of the Restricted Period.

(c) Non-Interference. During the Restricted Period, you will not, directly or indirectly, whether alone or in association with or for the benefit of others, whether as an employee, owner, stockholder, partner, director, officer, consultant, advisor or otherwise, assist, attempt to or encourage (i) any vendor, supplier, customer or client of, or any other person or entity in a business relationship with the Tapestry Group to terminate, reduce, limit or otherwise alter such relationship, whether contractual or otherwise, (ii) any prospective vendor, supplier, customer or client not to enter into a business or contractual relationship with the Tapestry Group or (iii) to impair or attempt to impair any relationship, contractual or otherwise, between the Tapestry Group and any vendor, supplier, customer or client or any other person or entity in a business relationship with the Tapestry Group.

(d) Remedies. You acknowledge that compliance with Section 4 is necessary to protect the business, good will and proprietary and confidential information of the Tapestry Group and that a breach or threatened breach of any provision in Section 4 will irreparably and continually damage the Tapestry Group, for which money damages may not be adequate. Accordingly, in the event that you breach any provision in Section 4, you will forfeit any remaining earned but unpaid bonus and the Company shall be entitled to claw back any bonus paid to you within 180 days of your last day of employment with the Company. In addition, the Company will be entitled to preliminarily or permanently enjoin you from violating Section 4 in order to prevent the continuation of such harm.

(e) Reasonableness of Restrictions. You acknowledge: (i) that the scope and duration of the restrictions on your activities under Section 4 are reasonable and necessary to protect the legitimate business interests, goodwill and confidential and proprietary information of the Tapestry Group; (ii) that the Tapestry Group does business worldwide and, therefore, you specifically agree that, in order to adequately protect the Tapestry Group, the scope of the restrictions in this provision is reasonable; and (iii) that you will be reasonably able to earn a living without violating the terms of these provisions.

(f) Judicial Modification. If any court of competent jurisdiction determines that any of the covenants in Section 4, or any part of them, is invalid or unenforceable, the remainder of such covenants and parts thereof shall not thereby be affected and shall be given full effect, without regard to the invalid portion. If any court of competent jurisdiction determines that any of the covenants in Section 4, or any part of them, is invalid or unenforceable because of the geographic or temporal scope of such provisions, such court shall reduce such scope to the minimum extent necessary to make such covenants valid and enforceable. You agree that in the event that any court of competent jurisdiction finally holds that any provision of Section 4 constitutes an unreasonable restriction against you, such provision shall not be rendered void but shall apply to such extent as such court may judicially determine constitutes a reasonable restriction under the circumstances.

5. Other Terms and Conditions of Employment

If you accept the Company's offer, our relationship is "employment-at-will." That means you are free, at any time, for any reason, to end your employment with the Company and that the Company may do the same, subject to the advance notice requirements set forth above under **Notice of Intent to Terminate Employment**. You hereby represent and warrant that you are not currently, and have never been, the subject of any allegation or complaint of harassment, discrimination, retaliation, or sexual or other misconduct in connection with prior employment or otherwise, and have not been a party to any settlement agreement or nondisclosure agreement relating to such matters (the “Representations”).

For the purposes of this letter, termination for “cause” means a determination by the Board that your employment should be terminated for any of the following reasons: (i) your violation of the Company’s Code of Conduct, employee guides, or any other written policies or procedures of the Company, which is not remedied within 30 days of written notice to you, via email, (ii) your violation of any of the Company’s policies regarding sexual harassment and misconduct, (iii) your indictment, conviction of, or plea of guilty or *nolo contendere* to, a felony or a crime involving moral turpitude, (iv) your willful or grossly negligent breach of your duties, (v) any act of fraud, embezzlement or other similar dishonest conduct, (vi) any act or omission that the Company determines could have a material adverse effect on the Company, including without limitation, its reputation, business interests or financial condition, which is not remedied within 30 days of written notice to you, via email (vii) your failure to follow the lawful directives of the Board, which is not remedied within 30 days of written notice to you, via email, (viii) your breach of this offer letter or any other written agreement between you and the Company or any of its affiliates, which is not remedied within 30 days of written notice to you, via email or (ix) your breach of the Representations set forth in this Section 5 above or the Restrictive Covenants set forth in Section 4 above.

For any dispute arising between the parties regarding or relating to this letter and/or any aspect of your employment, the parties hereby consent to the exclusive jurisdiction in the state and Federal courts located in New York, New York. This Agreement will be construed and enforced in accordance with the laws of the state of New York, without regard to conflicts of laws principles.

You have “Good Reason” to resign your employment upon the occurrence of the following without your consent: (i) material diminution of your duties and responsibilities or your ceasing to be the Company’s Chief Executive Officer (principal executive officer), (ii) relocation of the Company’s executive offices more than 50 miles outside of New York, New York,(iii) a reduction in your base salary of more than 20%, other than a reduction that is also applied to members of the Company’s Executive Committee or an equivalent body or (iv) the Company’s material breach of the terms of this Agreement; provided however, that notwithstanding the foregoing you may not resign your employment for Good Reason unless: (x) you provide the Company with at least 30 days prior written notice of your intent to resign for Good Reason (which notice is provided not later than the 60th day following the occurrence of the event constituting Good Reason) and (y) the Company does not remedy the alleged violation(s) within such 30-day period. For the avoidance of doubt, the changes to the terms of your employment described in this letter and your appointment as Chief Executive Officer will not be deemed to give rise to “Good Reason” under your Prior Letter Agreements.

Our agreement regarding employment-at-will may not be changed, except specifically in writing signed by both the Chair of the Human Resources Committee of the Board and the Global Human Resources Officer of Tapestry and you. However, the Company may in its discretion add to, discontinue, or change compensation, duties, Company committees, benefits and policies. Nothing in the preceding two sentences shall be construed as diminishing the financial obligations of either of the parties hereunder, including, without limitation, the Company’s obligations to pay salary, bonus, equity compensation, severance etc., pursuant to the pertinent provisions set forth above. All payments made hereunder are subject to the usual withholdings required by law. In the event of a breach by you of any provision of this offer letter and/or any of the Company policies which are included herewith, you agree to reimburse the Company for any and all reasonable attorney’s fees and expenses related to the enforcement of this agreement, including, but not limited to, the clawback of gains specified hereunder.

Our offer of employment is contingent on the following:

- Formal ratification of this agreement by the Human Resources Committee and the Board;
- Your returning a signed copy of this offer letter by **October 24, 2020**;
- Your agreement to be bound by, and adhere to, all of the Company’s policies in effect during your employment with the Company, including, but not limited to, the Executive Stock Ownership Policy, Incentive Repayment Policy, Code of Conduct, Consensual Relationship Policy and our Confidentiality, Information Security and Privacy Agreement; and
- The terms and conditions of individual equity award agreements.

Agreed and Accepted by:

_/s/ Joanne Crevoiserat___ 10/24/20_______________
Joanne Crevoiserat Date

EXHIBIT A

Competitor List
(as of the Effective Date)

Adidas AG

Burberry Group PLC

Capri Holdings Limited

Cole Haan LLC

Compagnie Financiere Richemont SA

Fast Retailing Co., Ltd.

Fung Group

G-III Apparel Group, Ltd.

The Gap, Inc.

Kering

L Brands, Inc.

LVMH Moet Hennessy Louis Vuitton SA

Nike, Inc.

Prada, S.p.A.

PVH Corp.

Ralph Lauren Corporation

Samsonite International S.A.

Tory Burch LLC

V.F. Corporation

Under Armour, Inc.

EXHIBIT 31.1

I, Joanne C. Crevoiserat, certify that,

1. I have reviewed this Quarterly Report on Form 10-Q of Tapestry, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2020

By: /s/ Joanne C. Crevoiserat

Name: Joanne C. Crevoiserat

Title: Chief Executive Officer

I, Andrea Shaw Resnick, certify that,

1. I have reviewed this Quarterly Report on Form 10-Q of Tapestry, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2020

By: /s/ Andrea Shaw Resnick

Name: Andrea Shaw Resnick

Title: Interim Chief Financial Officer

EXHIBIT 32.1

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tapestry, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 26, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2020

By: /s/ Joanne C. Crevoiserat
Name: Joanne C. Crevoiserat
Title: Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tapestry, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 26, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2020

By: /s/ Andrea Shaw Resnick
Name: Andrea Shaw Resnick
Title: Interim Chief Financial Officer