

Registration number: 07224597

Coach Stores Limited

Annual Report and Financial Statements

for the 52 week period ending 1 July 2023



Coach Stores Limited

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Company Information

Directors	David Howard Emily Zahler
Registered office	Brunel Building Level 7 2 Canalside Walk London W2 1DG
Solicitor	Baker & McKenzie 280 Bishopsgate London EC2M 4RB
Banker	Bank of America N.A 2 King Edward Street London EC1A 1HQ
Auditor	Price Bailey LLP Tennyson House Cambridge Business Park Cambridge United Kingdom CB4 0WZ

Coach Stores Limited

Strategic Report for the Period from 3 July 2022 to 1 July 2023

The directors in preparing the strategic report of Coach Stores Limited (hereon also referred to as the "company") for the period from 3 July 2022 to 1 July 2023, have complied with S414C of the Companies Act 2006. The company utilises a 52-53 week fiscal year ending on the Saturday closest to June 30. The fiscal year 2023 ended on 1 July 2023 and was a 52-week period. The fiscal year 2022 ended on 2 July 2022 and was a 52-week period.

Section 172(1) Statement

Section 172(1) statement has been prepared for the Tapestry group as a whole and therefore emphasizes matters that are significant to the group and its subsidiaries as a whole.

The company is a wholly owned subsidiary of Tapestry, Inc. (together with its subsidiaries will be referred to as the "Tapestry Group" or "Tapestry" throughout this report), a company listed on the New York Stock Exchange under the ticker 'TPR'. Tapestry is a leading New York-based house of modern luxury accessories and lifestyle brands which includes Coach, Kate Spade New York and Stuart Weitzman. Tapestry is powered by optimism, innovation and inclusivity.

The Tapestry Board oversees the management of Tapestry Group's business, including, but not limited to, setting strategic priorities, assessing major risks facing the company and reviewing options for mitigating these risks and, along with the support of its committees, overseeing the compensation programs and policies.

Under section 172(1) of the Companies Act 2006 ("section 172"), the directors are required to act in a way that they consider, in good faith, would most likely promote the success of the company. This success must be for the benefit of the company's shareholder but also for all other stakeholders (for example, including employees). The directors of the company include members of Tapestry's Executive Committee and are heavily involved in the development and execution of the Tapestry Group's strategy and purpose. The directors are able to assess and, where necessary, challenge the appropriateness of the strategy for the company - they act in the best interest of the company notwithstanding their role in the Group. The directors are able to ensure decisions taken by the company are consistent with the Group's overall strategy and purpose. The company believes that the Board's leadership structure provides appropriate oversight of the company's activities.

The company continues to be focused on driving meaningful positive change for the betterment of its employees, business partners, and communities, and for a safe and sustainable planet. Tapestry did not allow the volatility of recent years to change its long-term objectives - rather it was a catalyst to accelerate the Group's strategic agenda.

Building on the success of the strategic growth plan from fiscal 2020 through fiscal 2022 (the "Acceleration Program"), in the first quarter of fiscal 2023, the Tapestry group introduced the 2025 growth strategy ("futurespeed"), designed to amplify and extend the competitive advantages of the brands, with a focus on four strategic priorities:

Coach Stores Limited

Strategic Report for the Period from 3 July 2022 to 1 July 2023 (continued)

- *Building Lasting Customer Relationships:* The company's brands aim to leverage Tapestry's transformed business model to drive customer lifetime value through a combination of increased customer acquisition, retention and reactivation.
- *Fueling Fashion Innovation & Product Excellence:* The company aims to drive sustained growth in core handbags and small leathersgoods, while accelerating gains in footwear and lifestyle products.
- *Delivering Compelling Omni-Channel Experiences:* The company aims to extend its omni-channel leadership to meet the customer wherever they shop, delivering growth online and in stores.
- *Powering Global Growth:* The company aims to support balanced growth across regions, prioritizing North America and China, its largest markets, while capitalising on opportunities in under-penetrated geographies such as Southeast Asia and Europe.

Customers

The engagement of customers and nurturing customer relationships is at the core of Tapestry's business. The guiding principle of Tapestry's Acceleration Program is to better meet the needs of each of its brands' unique customers by sharpening its focus on the consumer, leveraging data and leading with a digital-first mindset and transforming into a leaner and more responsive organisation.

For the Tapestry Group, evolving customer preferences require close cooperation to understand their needs and anticipate market trends. Customers are increasingly concerned about the consequences of climate change and are looking to Tapestry for more sustainable solutions. To reduce the impact of our business on the environment and drive positive impact across our value chain, the Group launched bold 2025 sustainability goals in April 2019. Our 2025 strategy sets measurable goals for reducing our greenhouse gas emissions, decreasing waste and water use, and sourcing our materials in an ethical and responsible manner. More information on our 2025 goals can be found at www.tapestry.com/responsibility.

Suppliers

The Tapestry Group recognises the importance of its relationships with its suppliers globally. We work closely with contractors to mitigate risks and improve practices, ensuring our suppliers abide by our Supplier Code of Conduct (please refer to <https://www.tapestry.com/investors/> for a copy of this document), which enforces compliance with our rigorous operational and compliance requirements. Our 2025 goal of achieving 95% traceability is part of our long-term corporate responsibility strategy to achieve greater transparency across our supply chain, and to uphold high standards pertaining to both environmental and social compliance. Developing new and maintaining existing relationships with our suppliers is essential to meeting this goal. More information on our 2025 goals can be found at www.tapestry.com/responsibility.

Employees

Our employees are vital to the success of our business. Tapestry is made up of many stories, backgrounds and perspectives, each playing an important part in creating the Tapestry that we believe in and our culture of belonging; and is paramount to our long-term success. We want Tapestry to be a place where our employees love to work, where they feel recognised and rewarded for all that they do.

Tapestry is devoted to being an engaging, innovative, inclusive and diverse workplace. One of the ways we stay connected to our talent is through regular internal surveys. We complete a cadence of regular employee surveys three times each year: once for corporate and retail employees combined and two additional times for our corporate employees. From FY22, we started additional onboarding surveys for our corporate employees within their first 120 days at Tapestry to better understand the onboarding experience and its impact on employee engagement.

Coach Stores Limited

Strategic Report for the Period from 3 July 2022 to 1 July 2023 (continued)

From FY22, we shifted our focus to employee education, along with providing opportunities for reflection and learning. In FY22, despite the more challenging backdrop of labour and economic headwinds, we made progress in increasing our racial/ethnic diversity across our employees globally. We continue to work on qualitative actions toward more inclusive, progressive and effective hiring practices across the company, especially in the ways we engage talent from non-traditional backgrounds.

We place an emphasis on internal mobility and, through various development programs, facilitate opportunities to help our employees acquire the knowledge, skills and confidence necessary to continue their development at every stage of their career. We want to foster an inclusive culture and be a talent engine where talent can thrive. Our People and Organisational team launched several diverse and exciting programs since 2019 designed to develop awareness and understanding for inclusion, people management and design-led thinking. This includes the launch of our European Inclusion Counsel and, through partnering with MindGym, an Inclusion Training Program for people managers focused on how to create a safe work environment for our employees to share their perspectives and bring their authentic selves to work.

Employee engagement is integral to the Tapestry Group. Formal and informal processes are used to engage and be transparent with employees. This includes, but is not limited to, global webinars with the Executive Committee on a quarterly basis to discuss the Group's financial results and other key happenings in the business.

Please refer to our Corporate Social Responsibility report found at www.tapestry.com/responsibility.

Interests of the Group - Global Business Integrity Program

Typically in large companies, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the company. The Board recognises that such delegation needs to be part of a robust governance structure, which covers our values, how we engage with our stakeholders and how the Board assures itself that the governance structure and systems of controls continue to be robust. Accordingly, the Tapestry Board expects the company's directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the Group's Code of Conduct and the policies comprising the Group's Global Business Integrity Program. The Global Business Integrity Program consists of the five published documents described below. Copies of these documents can be found at <https://www.tapestry.com/investors/>.

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Strategic Report for the Period from 3 July 2022 to 1 July 2023 (continued)

- (1) The Code of Conduct is issued to our employees worldwide and outlines the significant legal and ethical issues that frequently arise in the course of business and describes the key responsibilities all employees, directors and officers are expected to uphold and comply with in conjunction with our values and policies.
- (2) The Global Operating Principles set forth the minimum standards by which we expect each strategic partner will operate and conduct business. These global principles also convey to our employees and all public constituencies our values, commitments and goals.
- (3) The Supplier Code of Conduct sets forth guidelines and requirements for doing business with us for firms from whom we procure products and services, including contractors, joint venture partners and suppliers of goods and services.
- (4) The Anti-Corruption Policy describes our commitment to integrity and explains the specific requirements and prohibitions applicable to our operations under anti-corruption laws, including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended ("FCPA").
- (5) The Animal Welfare Policy sets forth our commitment to principles and practices that require animals in our supply chain to be treated with care and respect.

These principles and philosophies that govern our operations and businesses are based not only on laws and regulations, but are also founded on dignity and respect for the individual, a strong commitment to common sense, fairness, diversity, and ethical business practices and policies. In order to monitor the adherence to these principles, we created a Global Business Standards Committee comprised of senior executives. We also have an Ethics and Compliance Reporting System on which employees and others can report issues with and deviations from our principles and philosophies. We are committed to the promulgation, application, and continued development of these principles at each location where we operate.

Business review

Coach Stores Limited was incorporated on 15 April 2010. The company is a wholly owned subsidiary of Tapestry, Inc., which is registered on the New York Stock Exchange and files an annual financial report with the Securities and Exchange Commission; therefore, in these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under section 401 of the Companies Act 2006, in respect to preparing a consolidated financial statements.

The company's product offerings include women's and men's bags, accessories, business cases, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance.

The combination of the 3 company brands - Coach, Stuart Weitzman and Kate Spade creates a leading luxury lifestyle company with a more diverse multi-brand portfolio supported by significant expertise in handbag design, merchandising, supply chain and retail operations as well as solid financial acumen.

Tapestry's New York based design team, led by its Executive Creative Director, is responsible for conceptualising and directing the design of all of the company's products. A valuable resource for the designers is the access to extensive archives on product designs which has been built up over the past 70 years, which is used to help inspire new product concepts. Tapestry's designers are also supported by a strong merchandising team that analyses sales, market trends and consumer preferences to identify business opportunities that help guide each season's design process. The product category teams, each comprised of design, merchandising/product development and sourcing specialists help Tapestry execute design concepts that are consistent with the company's strategic direction.

The company operates free standing retail and outlet locations in the UK. The company also operates ecommerce sites and supports the brands' wholesale businesses in the UK and EMEA. Coach's product offerings include women's and men's bags, accessories, business cases, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance. Kate Spade's product offerings include women's bags, accessories, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance.

Coach Stores Limited

Strategic Report for the Period from 3 July 2022 to 1 July 2023 (continued)

During the year, the company's sales grew 6% (2022: grew 30%). E-commerce sales increased by 8% compared to last year (2022: increase by 10%). The decline of E-commerce sale growth is driven by the more price sensitive Kate Spade customers. The company has continued to leverage opportunities within all current sales channels (freestanding retail, ecommerce and outlet stores) primarily focused on the Coach and Kate Spade brands. The net assets of the company have increased by 3% to £1,001,248,426 (2022: £969,315,067) mainly due to the decrease in long term payables as at period ended 1 July 2023.

On 30 March 2023, as part of the group's internal reorganisation, the company transferred its equity interest in Coach Stores Australia Pty. Ltd. to Tapestry Japan, LLC based on its fair market value of \$65,956,750. On 29 June 2023, SW Italy, LLC effected a distribution in specie whereby it transferred its equity interest in Coach Stores France, SARL to Coach Stores Limited for a total consideration of \$36,573,880.

Principal risks and uncertainties

Management continually monitor the key risks facing the company and assess the controls in place for managing these risks. The directors believe that they have the policies in place to ensure all potential financial risks are managed effectively. The principal risks and uncertainties facing the company are considered to be market risks, specifically; competitive pressures, economic conditions (including recession, inflationary pressures, unemployment, foreign currency risk), and a lack of brand awareness in the UK.

Competitive pressures - while the market in which the company operates is attractive, it is considered to be highly competitive and therefore sales could be lost to key competitors. Pressure is faced from other existing high end luxury brands and emerging innovative brands. The company manages this risk by ensuring products and customer experience are high quality and through maintaining strong relationships with customers to establish brand loyalty.

Economic conditions - the ongoing economic effects of the pandemic, including a possible recession or inflationary pressures, increased unemployment and decreased consumer credit availability, may result in lower consumer confidence and decreased disposable income and discretionary spending levels, which may lead to reduced sales of our products. Unfavourable economic conditions, fears of becoming ill and sustained travel restrictions may also reduce consumers' willingness and ability to travel to major cities and vacation destinations in which the company's stores are located. Furthermore, reduced discretionary spending may result in an excess of inventory throughout the industry, which could lead to increased pressure on our gross margin in the near term if the company has to increase promotional activity above its normal levels to sell through its existing product. In response to current environment, the company continues to take strategic actions considering near-term exigencies and remains committed to maintaining the health of the brands and businesses.

Brand awareness - while the Coach, Kate Spade and Stuart Weitzman brands are extremely well known in the USA and other markets, brand awareness is generally lower in UK. Therefore to manage this risk, the company is currently going through a transformation process in order to engage a new generation of customers and increase brand awareness.

Climate change and other environmental impacts - our business is susceptible to risks associated with climate change, including through disruption to our supply chain, potentially impacting the production and distribution of our products and availability and pricing of raw materials. Increased frequency and intensity of weather events (storms and floods) due to climate change could also lead to more frequent store closures and/or lost sales as customers prioritize basic needs. There is also increased focus from our stakeholders, including consumers, employees and investors, on corporate responsibility matters. The company manages the risk by periodically reviewing and ensuring that the risk and policies are consistent with the Group's corporate strategy. More details on the Group's Corporate Responsibility statement can be found at: <https://www.tapestry.com/investors/>.

Future Developments

The main focus of development is through strengthening existing retail locations and growth in the ecommerce arm of the business.

Coach Stores Limited

Strategic Report for the Period from 3 July 2022 to 1 July 2023 (continued)

Consumer preferences, macroeconomic conditions, foreign currency fluctuations, inflation and geopolitical events continue to impact overall levels of consumer travel and spending on discretionary items, with inconsistent patterns across channels and geographies. 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:

Financial key performance indicators ("KPIs")

The company's key financial and other performance indicators during the period were as follows:

Financial KPIs	Unit	2023	2022
Turnover	£'000	97,712.00	92,308.00
Gross profit margin	%	87.00	86.00
Operating profit/(loss) (2022 restated)	£'000	(75,178.00)	20,487.00
E-commerce sales growth	%	8.00	10.00

The company's operating loss for the period ended 1 July 2023 was £(75,177,964) (2022: profit of £20,486,634) which was due to the increased impairment losses on investments.

The Balance Sheet shows that at 1 July 2023, the shareholders' funds amounted to £1,001,248,426 (2022: £969,315,067). The result for the period and the closing financial position are considered to be satisfactory.

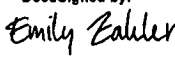
Non-Financial key performance indicators ("KPIs")

Non-financial KPIs are considered to be the number of locations the products are sold through owned stores, brand awareness (measured by total impressions, social media interaction and sales conversion) and number of administration and support employee numbers. At 1 July 2023, there were 46 locations in the UK (2022: 49). Through reviews of market perceptions, brand awareness continues to increase year on year due to the marketing activities undertaken. Administration and Support functions sustain the growth in retail operations throughout the UK and Europe. The average monthly number of administration and support employees decreased to 65 or by 11% (2022: 73).

Particulars of Strategic report included in the Directors' report

Disclosures around the governance of the company's climate-related risks and opportunities are contained within the Directors' report on page 8.

Approved by the Board on 27 March 2024 and signed on its behalf by:

DocuSigned by:

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 Emily Zahler
 Director

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023

The directors present their report and the audited financial statements for the period from 3 July 2022 to 1 July 2023.

The company has chosen in accordance with Companies Act 2006, s414C(11) to set out in the company's strategic report information required by Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008.

Principal activity

Coach Stores Limited operates free standing retail and outlet locations in the UK. The company also operates ecommerce sites and supports the brands' wholesale businesses in the UK and EMEA. Coach's product offerings include women's and men's bags, accessories, business cases, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance. Kate Spade's product offerings include women's bags, accessories, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance.

Results and dividends

The loss for the period, after taxation, amounted to £(68,337,596) (2022: profit of £17,963,856).

During the period, the company paid a total dividend of £5,490,624 (2022: £136,077,000) to its sole member, Coach Holdings Partnership UK LP.

Directors of the company

The directors who held office during the period and up to the date of signing were as follows:

Leonard Todd Kahn (ceased 29 June 2023)

David Howard

Emily Zahler (appointed 29 June 2023)

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Board of Director's Statement on s172(1)

Employee Engagement

Employee engagement matters are of strategic importance to the company and the Tapestry Group as a whole. An explanation on how the company engaged with employees and had regard to employees' interests, including principal decisions taken during the financial period (with particular regard being given to the challenges that the company and employees faced due to the Covid-19 pandemic), is detailed in the Strategic Report on page 2.

Business relationships

The company's key stakeholders are its customers, suppliers and employees, and the directors always consider their needs when making decisions. As a member of the Tapestry Group, its parent company and other members of the Group are also stakeholders of the company (more about the Group's commitments to its stakeholders can be found at <https://www.tapestry.com/responsibility/>.) The directors' regard to the need to cultivate business relationships with its stakeholders (including its customers and suppliers) is detailed in the Strategic Report on page 2. However, it is worth reiterating that:

- (1) Tapestry partners with suppliers to find sustainable and efficient ways of using resources.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

- (2) The engagement of customers and nurturing customer relationships is at the core of Tapestry's business. The guiding principle of Tapestry's Acceleration Program (as explained in the Strategic Report) is to better meet the needs of each of its brands' unique customers by sharpening our focus on the consumer, leveraging data and leading with a digital-first mindset and transforming into a leaner and more responsive organisation.

Charitable and political contributions

The company made charitable donations of £546,178 during the period (2022: £86,935).

Future developments

Future developments are covered in the strategic report on page 6.

Events after the reporting period

On 3 August 2023, Coach Stores France, SARL bought back its shares held by Coach Stores Limited for a consideration of EUR 27,192,050.

Dividends were received by Coach Stores Limited on 6 December 2023 and 7 February 2024 as detailed in note 30 to the Financial Statements.

Going concern

The environment in which the company operates 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.

During fiscal 2023, the macroeconomic environment remained challenging and volatile. Several organisations that monitor the world's economy, including the International Monetary Fund, continue to forecast growth in the global economy. Some of these organisations have recently revised the forecast slightly upwards since the third quarter of fiscal 2023. Nevertheless, the updated forecast is still below the historical average, which is reflective of the current volatile environment, including higher than anticipated inflation, tighter monetary and fiscal policies aiming to lower inflation, financial market volatility, and the negative economic impacts due to the crisis in Ukraine. The World Health Organization ("WHO") announced in May 2023 that it no longer considered Covid-19 to be a global health emergency. Supply chains have largely recovered, and shipping costs and delivery times are back to pre-pandemic levels. In response to the current environment, the company continues to take strategic actions considering near-term exigencies and remains committed to maintaining the health of the brands and business.

In the third quarter of fiscal 2022, a humanitarian crisis unfolded in Ukraine, which has created significant economic uncertainty in the region. The Group does not have directly operated stores in Russia or Ukraine and has a very minimal distributor and wholesale business which was less than 0.1% of the group's total net sales for fiscal 2023 and fiscal 2022. The group has paused all wholesale shipments to Russia. The company itself does not have any operations in Russia.

The directors have adopted a going concern basis in the preparation of its financial statements. The directors have assessed the liquidity and future cash generation of the company, the principal risks, and uncertainties the company is subject to. Based on these assessments, the directors concluded that there are no material uncertainties that might cast significant doubt on the ability of the ultimate parent company to provide support. It concluded that the going concern assumption is appropriate for the next 12 months from the date of the approval of these financial statements.

In addition, the company has received a letter of support from its ultimate parent company, Tapestry Inc., confirming that it is willing and able to provide continued financial support to the company in order to meet their obligations for at least 12 months from the date of this financial report.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk arising from changes in the market

Cash flow risk arises from changes within the market and the ongoing impact of Covid-19. The company produces cash flow forecasts covering a twelve month period to manage its liquidity requirements. The company's management and board review these forecasts regularly.

Currency Exchange Risk

The company is exposed to foreign currency exchange rate fluctuations with respect to its investments in its foreign subsidiaries. In fiscal year 2022, the company entered into intercompany cross-currency swaps to mitigate this risk.

Interest Risk

The company's principal financial assets are bank balances and cash, and primarily intercompany receivables. The intercompany receivables are managed through the allocation of costs to the respective retail operations throughout Europe and by individual country.

Interest rate risk is managed by the group treasury team who monitor all risk bearing funds. The company maintains intercompany loans with Coach Operations Singapore Pte. Ltd., Coach Stores France, SARL and Tapestry Inc. The loans are established at market interest rates and have the feature to renew at maturity.

Credit Risk

Credit risk pertains to the risk that counterparties will default on their contract with the company. The company's credit risk is primarily associated with its intercompany receivables and no credit losses were recognised on those historically.

Liquidity Risk

Assets held are predominantly held in cash and other assets which are liquid in nature, and the company additionally manages where it holds those assets in order to ensure it can meet its operational liabilities as they fall due and all operational cash flow requirements. The company's liquidity and liquidity requirements are actively monitored on a continuous basis.

Employee involvement

Defined by inclusivity rather than exclusivity, Tapestry embraces the exploration of individuality and invests in helping employees grow personally and professionally. Every individual in our global house has the opportunity to make an impact, learn and be part of our growing and unique story.

At Tapestry, we have the freedom to express ourselves and run with our best ideas across Coach, Kate Spade New York, and Stuart Weitzman. We share a profound belief in both our individual and collective potential, and know that with hard work and dedication, anything is possible. The company is an equal opportunities employer and we pride ourselves on hiring and developing the best people. All employment decisions (including recruitment, hiring, promotion, compensation, transfer, training, discipline and termination) are based on the applicant's or employee's qualifications as they relate to the requirements of the position under consideration.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

The company encourages employee involvement through various methods and often hosts formal and informal meetings to keep all employees informed and to provide a platform for employee participation. Consideration may be given to whether there are reasonable adjustments that could be made to employee's working arrangements, including changing duties, providing additional equipment or training, and making changes to procedure where appropriate. Global engagement surveys are conducted annually and employees are invited to speak with and discuss topics with Senior Leadership within the organisation. We hold quarterly town hall meetings where the Executive Committee share companywide updates with all employees, including the performance of the company and economic factors affecting our performance.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Environmental report

Governance: The organisation's governance and climate-related risks and opportunities.

Tapestry's Board of Directors has ultimate oversight over all sustainability initiatives and the strategy and program. The Board approves long-term sustainability goals, strategic moves or major plans of action and receives updates at least annually. The Governance and Nominations Committee of the Board receives quarterly updates on our ESG & sustainability strategy.

In addition, the Audit Committee of the Board periodically reviews the company's risk management, including climate-related risk and policies to ensure it's consistent with the Company's corporate strategy. The Board considers whether the company's risk program adequately identifies material risks facing the company in a timely fashion, implements appropriate responsive risk management strategies, and adequately transmits necessary information with respect to material risks within the organization.

During FY23, Tapestry's Chief Executive Officer, Chief Supply Chain Officer, Chief Financial and Operations Officer and General Counsel had general oversight of our ESG & Sustainability program and approved all material recommendations to the Board of Directors for our climate-related strategy. Our Vice President of ESG & Sustainability has direct day-to-day responsibility for managing our program, including the ESG Task Force, and assessing risks to report to Tapestry's Executive Committee and to the Board of Directors.

Tapestry's ESG Task Force meets quarterly to set and drive company-wide ESG strategy, including our climate-related goals. The ESG Task Force includes members of Tapestry's Executive Committee and cross-functional members from major business functions at Tapestry, including sustainability, legal, marketing & communications, digital & customer experience, HR, product & materials development, investor relations, and employees devoted to philanthropy, social impact, and equity, diversity and inclusion.

Tapestry's Enterprise Risk Management (ERM) program annually assesses risk - including climate and ESG risk - to our business. Tapestry's ERM program is reviewed quarterly with the management and the Audit Committee of the Board and at least annually with the full Board.

Tapestry worked with external consultants to identify and financially quantify physical and transition risks according to recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). This climate-related risk assessment is assessed based on the likelihood and magnitude of impact, across the short-term (0-5 years), medium-term (5-10 years), and long-term (10-15 years). For the long-term, Tapestry looked at different climate scenarios (1.5°C and 4°C).

The Tapestry Group has identified the following global climate-related risks:

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

- An energy tax or emissions pricing scheme could have a significant impact on the cost of energy and cost of operations. Tapestry operates approximately 1,200 stores globally and has several significant corporate offices (including in the UK). Carbon prices are expected to be a key policy driver to support countries in achieving their decarbonization targets under the 1.5°C climate scenario. Tapestry's climate scenario modelling and analysis assumes that a CO2 tax is the primary lever by which governments globally will incentivize decarbonization on a trajectory where global mean temperature increases above pre-industrial levels is limited to 1.5°C by 2100.
- Tapestry's climate scenario model analyzed the main ports that transport our products and looked at the potential of impact due to increased frequency and intensity of weather events (storms and floods). Such events could increasingly disrupt Tapestry's business and force Tapestry to rely on other ports, or use alternative methods of transportation, such as air freight, leading to increased transportation costs.
- A 1.5°C future can only be achieved by transitioning to lower emissions energy sources. Consequently, our economic-climate and financial model analyzes energy costs across regions in different future climate scenarios. Focusing on our distribution network in the U.S. and Canada which account for over 50% of our global revenue, Tapestry operates key fulfilment centers. Our economic-climate and financial scenario model endogenously projects the change in electricity costs over the relevant long term time horizon, to 2030.
- Stakeholders, including consumers, employees and investors, have increasingly focused on corporate responsibility practices of companies. Although we have announced our corporate responsibility strategy and Corporate Responsibility Goals, there can be no assurance that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. Failure to implement our strategy or achieve our goals on a timely basis, or at all, could damage our reputation, causing our investors or consumers to lose confidence in our company and brands, negatively affecting our operations. In addition, our brand is susceptible to risks associated with changing consumer attitudes regarding social and political issues and consumer perceptions of our position on these issues.

Tapestry has identified the following climate-related opportunities:

- An energy tax or emissions pricing scheme could have a significant financial effect on the cost of electricity, and hence our operation costs. Renewable electricity is an opportunity for Tapestry to reduce direct costs linked to energy procurement and reduce our exposure to energy costs variations, while enabling Tapestry to meaningfully meet our commitments to reduce our CO2 emissions. Tapestry's climate strategy is to reduce our Scope 1 and Scope 2 emissions, and in FY 2023, Tapestry procured 80% of its global energy from renewable energy sources and has a target to procure 100% renewable energy in Tapestry's stores, offices, and fulfilment centers globally by 2025.
- In April 2021, Tapestry introduced a circular business model, Coach (Re)Loved. This program gives customers the ability to trade in a used Coach bag and receive a credit. The preowned products are then refurbished, reimaged or recycled by Coach. Customers can also purchase bags from Coach (Re)Loved that have been Upcrafted, Restored, and Remade from the traded-in preowned bags. The circular business model dramatically reduces waste by offering an incentive for customers to trade in a bag rather than throw it away. The Coach Re(Loved) bags also attract new customers who may be more interested in more sustainable options, vintage styles, or handcrafted designs. In FY23, Coach also launched Coachtopia, new sub-brand focused on circular craft and collaborative creativity, catalyzing the brand's progress towards a fully circular business model.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

- With the increasing cost of emissions and conventional materials, Tapestry has identified an opportunity of creating a responsible supply chain for their products. The use of recycled, renewable, and environmentally preferred materials will lower production costs and reduce impact on the environment while also increasing the demand for their products. Tapestry has the goal of increasing the use of recycled and renewable raw materials, with the focus being placed on leather. Tapestry is a member of the Leather Working Group (LWG), and in FY2023 they achieved and surpassed this target, with 97% of leather sourced from either Gold- or Silver-rated tanneries.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses

Tapestry's Enterprise Risk Management (ERM) identifies risks that may have substantive financial or strategic impacts according to the risk's expected impact of financial loss, potential negative reputational harm, and likelihood of causing a compliance aberration or failure.

Tapestry identifies climate-related risks and opportunities according to their expected impact, based on the probability of them occurring and the magnitude of their financial effect. The probability is specified into eight categories: Exceptionally unlikely (0-1%), Very unlikely (0%-10%), Unlikely (0%-33%), About as likely as not (33%-66%), More likely than not (50%-100%), Likely (66%-100%), Very likely (90%-100%), Virtually certain (99%-100%). The magnitude of the risks is defined to reflect a percentage of annual revenues or costs and is categorized into five levels: Low (0%-5%), Medium-low (6%-19%), Medium (20%-29%), Medium-high (30%-49%), High (50%-100%).

Risks and opportunities are being assessed financially via the expert consultancy's climate-economic and financial model that combines an Integrated Assessment Model (IAM) with a physical risk model, and a financial model. Current regulatory, emerging regulatory, and market risks are quantified and reported out to 2050 under two climate scenarios (1.5°C and 4°C). The analysis includes Tapestry's commitments to the Science Based Targets initiative and other emission-reducing initiatives. The effect of carbon dioxide emissions is quantified, and the financial impacts are taken into account for both the value chain as well as Tapestry's direct operations (i.e. retail stores and fulfilment centers). The price of carbon is endogenous to the model and ensures equilibrium, thus is forwarding-looking and changes over the relevant time horizon, out to 2050.

The Tapestry Group's climate-related risks and opportunities have influenced its strategy in the following ways:

- *Products and Services* - We endeavor to increase our use of environmentally preferred materials within our products - such as recycled polyester and organic cotton. Tapestry has a goal to source 90% of our leather from Gold- or Silver-rated Leather Working Group tanneries, which are more energy and water efficient and have a lower environmental and climate-impact. In April 2021, Coach launched (Re)Loved, a program that gives bags a second life by allowing customers the opportunity to trade pre-owned Coach bags for store credit.
- *Supply Chain and/or Value Chain* - We have a goal to ensure 95% traceability and mapping of our raw materials to ensure a transparent and responsible supply chain by 2025. In FY2023 we began working with TrusTrace, a cloud-based web platform to conduct more upstream supply chain mapping and formalize the collection of documentation to establish material and product traceability. Additionally, we require all of our suppliers to abide by our Supplier Code of Conduct, which sets expectations on both environmental and social issues. In FY2023, 84 suppliers completed the SAC's Higg FEM, to track, manage and reduce environmental impacts across our supply chain. Through this, we were able to increase transparency on the environmental impact of our operations and influence our global sustainability strategy.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

- *Investment in R&D* - We look for opportunities to impact and influence our suppliers, working in tandem to integrate sustainable business strategies into our relationships. Across Tapestry and our brands, we're initiating the procurement of environmentally preferred materials and are continuously looking for and developing lower environmental/carbon impact materials (e.g. recycled polyester, regenerative leather, etc.). In FY2023, we invested in Generation Phoenix, supporting the development of viable and responsible alternatives to conventional leather.
- *Operations* - We have emissions reduction targets for Scope 1 and Scope 2 and have increased our adoption of renewable energy globally over the last few years and will continue to transition to renewable energy in our owned/operated locations. We have new targets to reduce Scope 1, 2 and 3 emissions, as well as Forest Land and Agriculture (FLAG) targets that have been submitted to the Science Based Targets initiative (SBTi) for approval. We aim to reduce absolute Scope 1 and 2 GHG emissions 64%, Scope 3 emissions 42% and Scope 3 FLAG emissions 30% by FY2030 from a FY2021 base year. We also aim to achieve net zero by 2050.

Risk Management: The processes used by the organisation to identify, assess and manage climate-related risks.

Tapestry's general approach for identifying significant risks and opportunities relies on our management's evaluation of current events and its expectations regarding future developments. We have an Enterprise Risk Management (ERM) program that annually assesses risks-including sustainability, corporate governance and ESG -to our business and the businesses of our partners. Tapestry's risk management is overseen by the Audit Committee (which consists of four members) of the Board of Directors. In order to identify climate-related risks and opportunities, Tapestry hired a consulting company to undertake the modelling and analysis. Through this process, we identified and financially quantified physical and transition risks according to TCFD recommendations. Tapestry conducted workshops with key departments and leadership to identify financially material risks and opportunities and as guidance for the modelling exercise. Climate-related risk is assessed based on its likelihood and magnitude of impact, across the different time horizons (short, medium, and long-term). For the long-term, Tapestry looks at different climate scenarios (1.5°C and 4°C).

Tapestry's senior management and its Board of Directors evaluates sustainability and climate-related risks associated with operations, including, but not limited to, product safety and material compliance requirements, disruptions to the supply chain from adverse weather, and material scarcity. The identified risks and opportunities have potential to impact Tapestry's operations, products and services, supply chain, adaptation and mitigation activities, and investment in innovation. As a part of the annual risk evaluation, Tapestry develops an Internal Audit Plan to identify risk and exposures and evaluates management's mitigation strategy.

In evaluating risk, the Board and its committees consider whether the company's risk programs adequately identify material risks facing the company in a timely fashion, implement appropriate responsive risk management strategies, and adequately transmit necessary information with respect to material risks within the organization. The Audit Committee of the Board of Directors, in its oversight role, periodically reviews the company's risk management policies and programs to ensure risk management is consistent with the company's corporate strategy and effective in fostering a culture of risk-aware and risk-adjusted decision-making throughout the organization.

Risks and opportunities are being assessed financially via the expert consultancy's climate-economic and financial model that combines an Integrated Assessment Model (IAM) with a physical risk model, and a financial model. Current regulatory, emerging regulatory, and market risks are quantified and reported out to 2050 under two climate scenarios (1.5°C and 4°C). The analysis includes Tapestry's commitments to the Science Based Targets initiative and other emission-reducing initiatives. The effect of carbon dioxide emissions is quantified, and the financial impacts are taken into account for both the value chain as well as Tapestry's direct operations (i.e. retail stores and fulfilment centers). The price of carbon is endogenous to the model and ensures equilibrium, thus is forwarding-looking and changes over the relevant time horizon, out to 2050.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

Once climate-related risks or opportunities are identified and assessed, Tapestry's ESG Task Force and ESG Steering Committee lead the company's response to climate-related risks, by bringing them to the attention of the Board and addressing them depending on strategic business decisions. Tapestry's climate-related strategies cover both our direct operations and our supply chain, depending on the risk identified. For example, potential emerging regulations for carbon pricing mechanisms may have a higher impact on Tapestry's owned operations while physical risks associated with climate change may have a higher impact on our supply chain.

Tapestry responds to climate-related risk by ensuring all of its strategies align to its existing climate policy, and structuring all targets to the Science-Based Targets initiative (SBTi). In addition, the business may evolve its strategy depending on potential climate-related risks and opportunities. For example, Tapestry and Coach recently announced a partnership with the Savory Institute to develop the regenerative agriculture sourcing industry, in response to market demands for regenerative and environmentally preferred materials.

Metrics and Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities

In early FY2022 Tapestry committed to set science-based emissions reduction targets across all parts of our business in line with SBTi criteria and 1.5°C emissions scenarios. In the time since we originally submitted our goals to the SBTi for validation, we reviewed the draft FLAG guidance and deemed it relevant for Tapestry's GHG emissions targets. As a result, we have updated the set of targets we announced last year and hope to receive verification from the SBTi by early 2024. The FLAG guidance includes more stringent thresholds related to GHG emissions reductions tied to companies in land-intensive industries, and we are among the first in the fashion industry to align with these standards. We have also added additional categories of Scope 3 to our inventory, and recalculated previously disclosed numbers. The Tapestry Group's climate-related targets include:

- (1) Reduce absolute Scope 1 & 23 GHG emissions by 64% below FY2021 by FY2030.
- (2) Reduce absolute Scope 3 GHG emissions 42% below FY2021 by FY2030.
- (3) Reduce absolute Scope 3 FLAG GHG emissions 30% below FY2021 by FY2030.
- (4) Procure 100% renewable energy in the company's stores, offices and fulfillment centers by 2025.

Scope 1 & 2 GHG Emissions (M CO₂e)¹

Category	FY21 (Base Year)	FY22	FY23	% Change since base year
Scope 1	3,523	6,600	5,559	0%
Scope 2	37,245	16,396	11,779	0%
Scope 1 & 2 Total	40,768	22,996	17,338	(57)%

- In FY23 Tapestry procured 80% of its energy from renewable energy sources.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

Scope 3 Industry GHG Emissions (MT CO₂e)^{3,4}

Category	FY2021 (Base Year)	FY22	FY23	% Change since base year
Scope 3	560,833	644,490	557,848	(1)%

Scope 3 FLAG GHG Emissions (MT CO₂e)

Category	FY2021 (Base Year)	FY22	FY23	% Change since base year
Scope 3 FLAG	177,917	152,759	135,230	(24)%

- We use the Greenhouse Gas Protocol operational control boundary to calculate emissions. The emissions calculations for FY23 received a 3rd party verification according to the requirements of ISO 14064-3:2006 and achieved a Limited level of assurance (http://assets.tapestry.com/tapestrycorp/assets/docs/2024/Tapestry_GHG_Audit_FY23.pdf).
- Tapestry's intensity ratio of annual GHG Emissions (MT CO₂e) per dollar in revenue (\$) is 0.000106719.

UK specific information

- Tapestry stores & corporate offices (Coach, Kate Spade, Stuart Weitzman) in the UK consumed 1,423,217 kWh electricity from July 2022 - June 2023 (FY23), of which 100% of this came from certified renewable energy guarantees of origin.
- Tapestry stores & corporate offices (Coach, Kate Spade, Stuart Weitzman) in the UK consumed 782,206.6 kWh of natural gas from July 2022 - June 2023 (FY23).
- Tapestry's energy data is collected from utility companies in the locations where we have direct relationships with utility providers. For locations where we do not have access to data, we make an estimation based on the space type and area (square footage or meters) of the site to determine total energy data.
- At this time, we are unable to allocate the portion of our Scope 3 emissions to the UK as we only have visibility into Tapestry's numbers on a global scale, not broken down by region. However, Scope 3 emissions for FY23 across all categories was 558,274 MT of CO₂e.

¹ Tapestry FY2023 emissions inventory received 3rd party verification against a Limited level of assurance (http://assets.tapestry.com/tapestrycorp/assets/docs/2024/Tapestry_GHG_Audit_FY23.pdf).

³ We have recalculated our FY2021 and FY2022 inventory and as a result, the numbers in this disclosure differ from previously reported metrics.

⁴ Scope 3 categories include: Purchased Goods & Services, Capital Goods, FERA, Upstream Transportation, Waste in Operations, Business Travel, Employee Commuting, Downstream Transportation, End-of-Life Treatment of Sold Products, Franchises & Investments.

Coach Stores Limited

Directors' Report for the Period from 3 July 2022 to 1 July 2023 (continued)

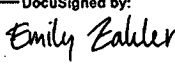
Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Price Bailey LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 27 March 2024 and signed on its behalf by:

DocuSigned by:

068B888008BE5422.....
Emily Zahler
Director

Coach Stores Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Coach Stores Limited

Independent Auditor's Report to the Members of Coach Stores Limited

Opinion

We have audited the financial statements of Coach Stores Limited (the 'company') for the period ended 1 July 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 July 2023 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report⁴. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

Coach Stores Limited

Independent Auditor's Report to the Members of Coach Stores Limited (continued)

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements, including financial reporting, tax legislation and industry regulations including GDPR.

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures to address it included the following:

Coach Stores Limited

Independent Auditor's Report to the Members of Coach Stores Limited (continued)

Impairment of investments recognised at cost

- We obtained management's assessment of the recoverable amount and independently reviewed the model based on market data available
- We checked the mathematical accuracy of the model and challenged the assumptions used around growth rates, discount rates and cash flow forecasts
- We assessed the procedures in place over the review of the impairment assessment.

Impairment of stores

- We assessed management's methodology of impairment review and accounting policy and independently reviewed the model based on market data available
- We evaluated management's cash flow forecasts and the process by which they were drawn up. We assessed whether the cash flow forecast were prepared taking into consideration the appropriate group of cash generating units.
- We considered the assumptions used by management including the discount rate and growth rates and we carried out our sensitivity analysis.

In addition, our procedures included the following to address the risks identified above:

- Enquiry of management including those responsible for key regulations for any actual and potential litigation and claims, and any known instances of non-compliance;
- Agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing minutes of meetings of those charged with governance and any correspondence with regulators;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing our work throughout the audit file for evidence of non-compliance.

In addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, assessing whether the judgements made in making the accounting estimates are indicative of a potential bias and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/>. This description forms part of our auditor's report.

Coach Stores Limited

Independent Auditor's Report to the Members of Coach Stores Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Norman FCCA (Senior Statutory Auditor)
for and on behalf of Price Bailey LLP
Chartered Accountants and Statutory Auditors

Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

27 March 2024

Coach Stores Limited

Statement of Comprehensive Income for the Period from 3 July 2022 to 1 July 2023

	Note	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 as restated £
Turnover	4	97,712,081	92,307,647
Cost of sales		<u>(13,049,173)</u>	<u>(13,116,912)</u>
Gross profit		84,662,908	79,190,735
Administrative expenses		(128,325,139)	(102,198,252)
Impairment loss	14, 15	(97,091,304)	(38,412,119)
Income from shares in group undertakings		65,575,571	81,894,106
Other operating income		-	12,164
Operating (loss)/profit	6	<u>(75,177,964)</u>	<u>20,486,634</u>
Interest received from group undertaking		37,299,046	2,595,130
Other income	10	-	1,019
Interest payable and similar expenses	11	<u>(26,931,359)</u>	<u>(2,928,187)</u>
		<u>10,367,687</u>	<u>(332,038)</u>
(Loss)/profit before tax		(64,810,277)	20,154,596
Taxation	12	<u>(3,527,319)</u>	<u>(2,190,740)</u>
(Loss)/profit for the financial period		<u>(68,337,596)</u>	<u>17,963,856</u>
Other comprehensive income	22	<u>38,322,923</u>	<u>64,936,338</u>
Total other comprehensive income		38,322,923	64,936,338
Total comprehensive (loss)/income for the financial period		<u>(30,014,673)</u>	<u>82,900,194</u>

The above results were derived from continuing operations.

Coach Stores Limited
(Registration number: 07224597)
Balance Sheet as at 1 July 2023

	Note	01 July 2023 £	02 July 2022 as restated £
Fixed assets			
Tangible assets	14	3,787,416	5,843,871
Investments	15	1,416,564,724	1,445,804,444
		<u>1,420,352,140</u>	<u>1,451,648,315</u>
Current assets			
Stock	16	9,331,622	9,694,006
Debtors: amounts falling due within one year	17	50,466,611	41,408,001
Debtors: amounts falling due after one year	18	1,507,189	1,653,017
Cash at bank and in hand		<u>7,163,619</u>	<u>5,085,028</u>
		68,469,041	57,840,052
Creditors			
Amounts falling due within one year	19	<u>(52,080,417)</u>	<u>(50,291,435)</u>
Net current assets		<u>16,388,624</u>	<u>7,548,617</u>
Total assets less current liabilities		1,436,740,764	1,459,196,932
Creditors: Amounts falling due after more than one year	19	(426,327,210)	(474,549,587)
Onerous lease provision	20	<u>(9,165,128)</u>	<u>(15,332,278)</u>
Net assets		<u>1,001,248,426</u>	<u>969,315,067</u>
Capitals and reserves			
Called up share capital	21	65,415,605	14,906
Share premium account	22	455,424,508	455,424,508
Profit and loss account	22	<u>480,408,313</u>	<u>513,875,653</u>
Shareholder's funds		<u>1,001,248,426</u>	<u>969,315,067</u>

The financial statements of Coach Stores Limited (registered number 07224597) were approved by the Board of directors and authorised for issue on 27 March 2024 and signed on its behalf by:

DocuSigned by:

Emily Zahler

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Emily Zahler
Director

Coach Stores Limited**Statement of Changes in Equity for the Period from 3 July 2022 to 1 July 2023**

	Share capital £	Share premium £	Retained earnings £	Total £
At 3 July 2022 (as restated)	14,906	455,424,508	513,875,653	969,315,067
Loss for the period	-	-	(68,337,596)	(68,337,596)
Other comprehensive income (note 22)	-	-	38,322,923	38,322,923
Total comprehensive income	-	-	(30,014,673)	(30,014,673)
Shares issued during the year	65,400,699	-	-	65,400,699
Dividends (note 13)	-	-	(5,490,624)	(5,490,624)
Share based payments	-	-	2,037,957	2,037,957
At 1 July 2023	65,415,605	455,424,508	480,408,313	1,001,248,426

At 2 July 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 4 July 2021	14,906	455,424,508	565,097,775	1,020,537,189
Profit for the period (as restated)	-	-	17,963,856	17,963,856
Other comprehensive income (note 22)	-	-	64,936,338	64,936,338
Total comprehensive income	-	-	82,900,194	82,900,194
Dividends (note 13)	-	-	(136,077,000)	(136,077,000)
Share based payments - restated	-	-	1,954,684	1,954,684
At 2 July 2022	14,906	455,424,508	513,875,653	969,315,067

The notes on pages 26 to 59 form an integral part of these financial statements.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The address of its registered office is:

Brunel Building
Level 7
2 Canalside Walk
London
W2 1DG

Coach Stores Limited operates free standing retail and outlet locations in the UK. Coach Stores Limited also operates an ecommerce and supports the brands' wholesale businesses in the UK and EMEA. Coach's product offerings include women's and men's bags, accessories, business cases, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance. Kate Spade's product offerings include women's bags, accessories, footwear, wearables, jewellery, sun wear, travel bags, watches and fragrance.

The financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2 Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Summary of disclosure exemptions

In preparing these financial statements, the company has taken advantage of the disclosure exemptions, as permitted by FRS 102 paragraph 1.12. The company has therefore complied with the applicable conditions, including providing notification of the use of exemptions to the company's shareholders who have not objected to the use of such disclosure exemptions.

The company's ultimate parent undertaking, Tapestry, Inc. includes the company in its consolidated financial statements. The consolidated financial statements of Tapestry, Inc. are prepared in accordance with US GAAP and are available to the public and may be obtained at www.tapestry.com or at 10 Hudson Yards, New York, NY, 10001 USA. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

- from preparing a Cash Flow Statement in accordance with Section 7 'Cash Flow Statements';
- from providing the financial instrument disclosures, required under paragraphs 11.42, 11.44, 11.45, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and the requirements of section 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A of FRS 102, as this information is provided in the consolidated financial statements of the ultimate parent undertaking; and
- from disclosing the company's key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures'.

Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking, established under the law of a non UK state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

Going concern

The environment in which the company operates 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.

During fiscal 2023, the macroeconomic environment remained challenging and volatile. Several organisations that monitor the world's economy, including the International Monetary Fund, continue to forecast growth in the global economy. Some of these organisations have recently revised the forecast slightly upwards since the third quarter of fiscal 2023. Nevertheless, the updated forecast is still below the historical average, which is reflective of the current volatile environment, including higher than anticipated inflation, tighter monetary and fiscal policies aiming to lower inflation, financial market volatility, and the negative economic impacts due to the crisis in Ukraine. The World Health Organization ("WHO") announced in May 2023 that it no longer considered Covid-19 to be a global health emergency. Supply chains have largely recovered, and shipping costs and delivery times are back to pre-pandemic levels. In response to the current environment, the company continues to take strategic actions considering near-term exigencies and remains committed to maintaining the health of the brands and business.

In the third quarter of fiscal 2022, a humanitarian crisis unfolded in Ukraine, which has created significant economic uncertainty in the region. The Group does not have directly operated stores in Russia or Ukraine and has a very minimal distributor and wholesale business which was less than 0.1% of the group's total Net sales for fiscal 2023 and fiscal 2022. The group has paused all wholesale shipments to Russia. The company itself does not have any operations in Russia.

The directors have adopted a going concern basis in the preparation of its financial statements. The directors have assessed the liquidity and future cash generation of the company, the principal risks, and uncertainties the company is subject to. Based on these assessments, the directors concluded that there are no material uncertainties that might cast significant doubt or the ability of the ultimate parent company to provide support. It concluded that the going concern assumption is appropriate for the next 12 months from the date of the approval of these financial statements.

In addition, the company has received a letter of support from its ultimate parent company, Tapestry Inc confirming that it is willing and able to provide continued financial support to the company in order to meet their obligations for at least 12 months from the date of this financial report.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised.

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Government grants

The company has benefitted from the government's job retention scheme to help meet the cost of furloughed roles in stores. Where there are no performance conditions, or conditions have already been fulfilled, the grant is recognised as other income when the grant is receivable.

Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Asset class	Depreciation method and rate
Leasehold improvements	lesser of 10 years/remaining life of lease
Property under construction	not subject to depreciation
Fixtures and fittings	straight line 5 years
Other tangible assets	straight line 3 years

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Acquisitions of subsidiaries following internal restructuring are recognised at Fair Value at the point of acquisition and are reviewed for impairment at the period end.

Impairment

For financial assets measured at amortized cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Investments are assessed at each reporting date to determine whether there is objective evidence that it is impaired. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Stock

Stock is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous lease provisions

If the company has a contract that it considered onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Costs are considered avoidable to the extent that an event happens which will no longer result in a loss making position. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

The company determines that the continuing to trade on the stores for the remainder of the lease term will generate a lower loss than immediate closure which may incur penalties or vacant lease costs.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Financial instruments

Classification

Financial instruments are classified into basic and non basic and are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. The company enters into financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Recognition and measurement

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price and subsequently at amortized cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of an instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortized cost.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. .

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'administrative expenses'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Derivative financial instruments and hedging

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are non basic financial instruments and are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss.

In relation to the swap derivative financial instrument held, the directors determine the fair value at inception and at the period end. In determining the fair value of this financial instrument at the period end, the net present value is determined by calculating the present value of each leg based on the notional currency of the leg (GBP, EUR or JPY) to the date of maturity. The GBP, EUR and JPY cash flows at maturity date have been discounted back to present value using the benchmarking index for the respective currency, considering the discounting method set on the trade (LIBOR, OIS or ARR). The present value of all cash flows is then converted into the valuation currency using the respective FX spot rate.

If the derivative instrument expires or is sold, terminated or exercised, any gain or loss are recognised in profit or loss.

The company is exposed to foreign currency exchange rate fluctuations with respect to its investments in its foreign subsidiaries. In fiscal years 2022 and 2023, the company entered into intercompany cross-currency swaps with Tapestry Inc. to mitigate this risk. As a result, the company had cross currency swaps with aggregate notional amounts of £1,056,105,610 in place. These derivatives are recognised initially at fair value, and subsequently are measured at fair value with changes recognised in the profit or loss. The fair value of outstanding derivative contracts related to net investment hedges included in the debtors at 1 July 2023 is 7,439,487. The related losses for the year have been recognised in Administrative Expenses.

The company is exposed to transaction risk from foreign currency exchange rate fluctuations with respect to various cross currency intercompany loans. For the company, this includes exposure to exchange rate fluctuations in British Pound Sterling. To manage the exchange rate risk related to these loans, the company started entering into forward currency contracts in fiscal 2020. As of 1 July 2023 and 2 July 2022, the total notional value of outstanding forward foreign currency contracts related to these loans was \$23.0 million and \$30.0 million, respectively.

The fair value of outstanding foreign currency contracts included in current liabilities at 1 July 2023 was \$0.1 million. The fair value of outstanding foreign currency contracts included in current assets and liabilities at 2 July 2022 was \$0.0 million, respectively.

Finance income and costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of Profit and Loss Account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with fair value of goods and services received.

The share scheme is under the ultimate parent company's stock and not the company itself.

Leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

Deposits are paid to landlords upon commencement of an operating lease over a property. The full deposit will be returned plus interest thereon to the company at the termination of the lease term.

Defined contribution pension obligation

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

2 Accounting policies (continued)

Dividends

Dividend income received in the form of in specie assets that are not readily realisable is recognised in reserves. Dividend income received in the form of cash is recognised in the Statement of comprehensive income. Dividend income recognised when the shareholder's right to receive payment is established provided it is probable that the economic benefits associated with the transaction will flow to the entity. All dividend distributions are recognised in reserves.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3 Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies as described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

3 Critical accounting judgements and estimation uncertainty (continued)

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of investments in subsidiaries

Management reviews the carrying value of the investments in subsidiaries to determine if an impairment is required under FRS 102 section 27. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable value, which is defined as the higher of the asset's fair value less costs of disposal or its value in use. The fair value less costs of disposal is calculated based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. Judgement is used in assessing whether there has been a trigger event showing a potential decline in the value of the investment.

These may include evidence of financial difficulty or significance in under-performance against expectations, or potential restrictions in its local market. If such a trigger is identified, a review for impairment is conducted, with the recoverable amount of the asset being determined based on value-in-use calculations using approved forecasts/budget at the period end date and discounted using the weighted average cost of capital.

Determination of the value in use of an investment is based on management's assessment, considering independent third-party appraisals when necessary. Furthermore, this determination is judgmental in nature and often involves the use of significant estimates and assumptions, which includes projected future cash flows, discount rates, growth rates, and determination of appropriate market comparables and recent transactions. These judgements around the determination of the key assumptions could have a significant impact on whether or not an impairment charge is recognised and the amount of any such charge.

Impairment of Tangible Fixed Assets - Stores

At each reporting date, the company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets are impaired. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Judgement is applied by management when determining the recoverable values for tangible fixed assets, such as stores. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Judgement is used in assessing whether there has been a trigger event showing a potential decline in the asset value.

The following are events or circumstances that may indicate that the assets are impaired:

- A significant decline in market value of an asset during the period.
- A significant change in the technological, market, economic or legal environment in which the company operates or in the market to which the asset is dedicated
- A change in the extent or manner of use of an asset.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

3 Critical accounting judgements and estimation uncertainty (continued)

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of investments in subsidiaries

An impairment review is conducted based on the recoverable amount of the assets which is determined based on the value in use calculations. These calculations require the use of significant estimates relating to the forecast cash flows and the discounting of these cash flows. The value in use calculations for each investment is assessed individually and is determined using board approved four year plan, discounted using the weighted average cost of capital applicable to the specific geography. The future forecasts are inherently judgmental, and the key sensitivity includes achieving the growth rates for a particular region or branch and relevant to the specific market. A change in these assumptions will impact the future forecasts and management's assessment of the profitability of each entity.

As previously noted, Covid-19 was officially declared a global pandemic by the World Health Organization in March 2020. The virus impacted regions all around the world, resulting in restrictions and shutdowns implemented by national, state, and local authorities. These requirements resulted in full and partial store closures globally. The company's stores reopened after the lockdown measures in 2020 and 2021 and have largely continued to operate since then. However, Covid-19 can continue to disrupt the company's business.

The extent to which the coronavirus will affect our results will depend on future developments that are highly uncertain and unpredictable, including new information that may emerge about the severity of the coronavirus, its possible spread to other regions, and measures to contain the coronavirus or treat their effects, among other things.

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. During the period an impairment charge of £96,534,347 (2022: £38,024,400) was recognised on investments in subsidiaries, as the carrying amount exceeded the recoverable amount. Please refer to note 15 for further details.

Sensitivity analysis

As disclosed in the accounting policies note, the cash flows used within the value in use model, the long-term growth rate and the discount rate are sources of estimation uncertainty. Management has performed a sensitivity analysis on the key assumptions and using reasonably possible changes would result in the following impacts:

- Current DCF analyses rely on an assumption of a 1.8% long term growth rate, which is based on the average global real gross domestic product ("GDP") growth rate forecast 2020-2060 as published by the Organization for Economic Cooperation and Development ("OECD") in 2022. Management has assessed the median between the average (2.2%) and the minimum rate (1.5%) for the period. A 40-basis point decrease in the long-term growth rate would result in reduction in impairment charge of £56.1m.
- Current discount rate calculations incorporate a 0.5% company-specific risk premium in recognition of sector-wide risk sentiment as of the valuation date. A 50-basis point increase in the discount rate would result in reduction in impairment charge of £59.6m.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

4 Turnover

The analysis of the company's turnover for the period from continuing operations is as follows:

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Sale of goods	<u>97,712,081</u>	<u>92,307,647</u>

Turnover of £88,230,738 (2022: £83,298,887) arose within the United Kingdom and turnover of £9,481,343 (2022: £9,008,760) arose outside of the United Kingdom.

5 Income from shares in group undertakings

	01 July 2023 £	02 July 2022 £
Income from shares in group undertakings	<u>65,575,571</u>	<u>81,894,106</u>

6 Operating profit/ (loss)

Arrived at after charging/(crediting)

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Cost of Goods Sold	14,832,953	13,320,235
Depreciation expense	3,600,223	4,387,410
Impairment loss	97,091,304	38,412,119
Foreign exchange (gains)/losses	(12,305,538)	36,771,096
Operating lease expense	11,627,599	12,043,563
Furlough receipt	<u>-</u>	<u>(1,019)</u>

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

7 Auditor remuneration

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Audit of the financial statements	259,480	250,991
Other fees to auditor		
Audit-related assurance services	-	86,687

The other assurance service provided by Deloitte LLP in fiscal year 2022 is related to the Turnover certificate audits during the period.

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Wages and salaries	22,576,891	23,135,149
Social security costs	3,182,166	3,192,639
Pension costs, defined contribution scheme	664,629	559,185
	<u>26,423,686</u>	<u>26,886,973</u>

The average monthly number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	52 weeks to 01 July 2023 No.	52 weeks to 02 July 2022 No.
Administration and support	65	73
Sales, marketing and distribution	526	493
	<u>591</u>	<u>566</u>

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

9 Directors' remuneration

Directors are considered to be key management personnel.

During the current and prior period, no director received any emoluments in respect of the services provided to the company. The directors' remuneration is borne by other companies within the Tapestry group.

During the current and prior period, there were not any retirement benefits accruing to any director in respect of any defined contribution pension schemes.

10 Other income

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Furlough income	<u>-</u>	<u>1,019</u>

The company has benefitted from the government's job retention scheme to help meet the cost of furloughed roles in stores where they received £nil (2022: £1,019) in the period, presented within other interest receivable and similar income in the profit and loss account. Where there are no performance conditions, or conditions have already been fulfilled, the grant is recognised as a reduction to payroll expense when the grant is receivable.

11 Interest payable and similar expenses

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Interest expense on derivatives	15,231,676	-
Interest payable on loans from group undertakings	<u>11,699,683</u>	<u>2,928,187</u>
	<u>26,931,359</u>	<u>2,928,187</u>

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

12 Taxation

Tax credited in the income statement

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 as restated £
Current taxation		
UK corporation tax	2,685,767	996,558
UK corporation tax adjustment to prior periods	<u>26,373</u>	<u>178,920</u>
Total current taxation	<u>2,712,140</u>	<u>1,175,478</u>
Deferred taxation		
Arising from origination and reversal of timing differences	1,499,021	1,141,705
Arising from changes in tax rates and laws	329,420	498,341
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(1,013,262)</u>	<u>(624,784)</u>
Total deferred taxation	<u>815,179</u>	<u>1,015,262</u>
Tax expense in the income statement	<u><u>3,527,319</u></u>	<u><u>2,190,740</u></u>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 25% (2022: 19%). The corporate tax rate increased to 25% in April 2023 as enacted under Finance Act 2022. The differences are reconciled below:

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

12 Taxation (continued)

The differences are reconciled below:

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 as restated £
(Loss)/profit before tax	<u>(64,810,277)</u>	<u>20,154,596</u>
Corporation tax at standard rate (25% in FY23, 19% in FY22)	(13,283,443)	3,829,373
Increase (decrease) from effect of different UK tax rates on some earnings	(13,440,297)	(15,559,880)
Effect of expense not deductible in determining taxable profit (tax loss)	30,971,644	14,345,198
Deferred tax expense (credit) relating to changes in tax rates or laws	329,420	790,203
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(986,887)	(357,726)
Tax increase (decrease) from effect of exercise of employee share options	(53,660)	(1,429,651)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(9,327)	1,770
Tax increase (decrease) arising from group relief	<u>(131)</u>	<u>571,453</u>
Total tax charge	<u>3,527,319</u>	<u>2,190,740</u>

Deferred tax has been recognised at the rate at which it is expected the relevant timing differences will reverse.

Deferred taxation

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 as restated £
Provision at beginning of period	4,690,497	5,705,760
Adjustment in respect of prior periods	1,013,262	624,784
Deferred tax charge to income statement for the period	<u>(1,828,442)</u>	<u>(1,640,047)</u>
	<u>3,875,317</u>	<u>4,690,497</u>

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

12 Taxation (continued)

The deferred tax asset is made up as follows:

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 as restated £
Fixed asset timing differences	3,054,636	2,924,526
Defined contribution pension scheme	32,598	-
Employee share acquisition relief	456,487	436,375
General provisions	331,596	333,496
Tax losses	-	996,100
	<u>3,875,317</u>	<u>4,690,497</u>

There are no unused tax losses or unused tax credits.

The net deferred tax asset expected to reverse in the year ended 30 June 2024 is £1,014,771. This primarily relates to the reversal of fixed asset timing differences, general provisions and share based payments.

13 Dividends paid to the sole member

	52 weeks to 01 July 2023 £	52 weeks to 02 July 2022 £
Dividends paid to the parent undertaking	<u>5,490,624</u>	<u>136,077,000</u>

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

14 Tangible assets

	Leasehold improvements £	Furniture, fittings and equipment £	Properties under construction £	Other tangible assets £	Total £
Cost or valuation					
At 3 July 2022	19,833,105	5,833,311	118,757	6,780,388	32,565,561
Additions	1,401,150	172,138	439,548	87,889	2,100,725
Transfers	42,256	284,557	(534,604)	207,791	-
Disposals	<u>(366,280)</u>	<u>(576,236)</u>	<u>(1,157)</u>	<u>(225,528)</u>	<u>(1,169,201)</u>
At 1 July 2023	<u>20,910,231</u>	<u>5,713,770</u>	<u>22,544</u>	<u>6,850,540</u>	<u>33,497,085</u>
Depreciation					
At 3 July 2022	17,724,652	4,506,152	-	4,490,886	26,721,690
Charge for the period	2,062,972	346,399	-	1,189,695	3,599,066
Eliminated on disposal	(366,280)	(576,237)	-	(225,528)	(1,168,045)
Impairment	<u>485,919</u>	<u>54,614</u>	<u>-</u>	<u>16,425</u>	<u>556,958</u>
At 1 July 2023	<u>19,907,263</u>	<u>4,330,928</u>	<u>-</u>	<u>5,471,478</u>	<u>29,709,669</u>
Carrying amount					
At 1 July 2023	<u>1,002,968</u>	<u>1,382,842</u>	<u>22,544</u>	<u>1,379,062</u>	<u>3,787,416</u>
At 2 July 2022	<u>2,108,453</u>	<u>1,327,159</u>	<u>118,757</u>	<u>2,289,502</u>	<u>5,843,871</u>

Transfers in the year are in respect of property in construction completed in the year and transferred into the relevant asset classes.

An impairment loss of £556,958 (2022: impairment loss of £387,719) was recognised in Impairment loss within profit or loss, in the period in respect of tangible assets that had a carrying value that was less than the recoverable amount.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

15 Investments

	01 July 2023 £	02 July 2022 £
Investments in subsidiaries	<u>1,416,564,724</u>	<u>1,445,804,444</u>
Subsidiaries		£
Cost or valuation		
At 3 July 2022		3,718,529,470
Additions		<u>67,294,628</u>
At 1 July 2023		<u>3,785,824,098</u>
Impairment		
At 3 July 2022		2,272,725,027
Provision		<u>96,534,347</u>
At 1 July 2023		<u>2,369,259,374</u>
Carrying amount		
At 1 July 2023		<u>1,416,564,724</u>
At 2 July 2022		<u>1,445,804,444</u>

On 30 March 2023, as part of the group's internal reorganisation, the company transferred its equity interest in Coach Stores Australia Pty. Ltd. to Tapestry Japan, LLC based on its fair market value of \$65,956,750. On 29 June 2023, SW Italy LLC effected a distribution in specie whereby it transferred its equity interest in Coach Stores France, SARL to Coach Stores Limited for a total consideration of \$36,573,880.

An impairment loss of £96,534,347 (2022: £38,024,400) was recognised in Impairment loss within the profit or loss in the period, in respect of Investments which had a carrying value that exceeded the value in use valuation.

Details of undertakings

Details of the investments in which the company holds interest are as follows:

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

15 Investments (continued)

Undertaking	Registered office	Class of shares	Holding	Principal activity
Subsidiary undertakings				
Lizzy Mae, LLC*	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801 United States	Ordinary	100%	Holding company
Hope Diamon, SL*	c/ Primero de Mayo 15-A, (Pol. Industrial Les Pedreres), Alicante Spain	Ordinary	50%	Supply chain
Sunburst, SL*	c/ Empresaris 5, (Pol. Industrial Les Pedreres), 03, Alicante Spain	Ordinary	50%	Supply chain
Creaciones SW, SA*	Calle Primer de Maig, (Pol. Industrial les Pedreres), 15 Petrer, 03610 Spain	Ordinary	50%	Supply chain
Mocaroni, SL*	c/ Primero de Mayo 15-A, (Pol. Industrial Les Pedreres), Alicante Spain	Ordinary	50%	Supply chain
Preparaciones y Moldeados SL*	c/ Empresaris 5, (Pol. Industrial Les Pedreres), 03, Alicante Spain	Ordinary	50%	Supply chain
SW-Italy, LLC	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801 United States	Ordinary	100%	Holding company
Karucci LLC*	1209 Orange Street, Corporation Trust Center, Wilmington, Delaware 19801 United States	Ordinary	100%	Holding company
Shoes by Stuart, SLU*	Calle El Arenal, 17-C, Petrér (Alicante) Spain	Ordinary	100%	Supply chain

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

15 Investments (continued)

Undertaking	Registered office	Class of shares	Holding	Principal activity
Coach Italy Srl*	Piazza Filippo Meda 3, Milan, 20121 Italy	Ordinary	100%	Retail
Coach Stores France, SARL	95 rue La Boétie, 75008 Paris France	Ordinary	100%	Retail
Coach Spain SL	Calle El Arenal, 17-C, Petrer (Alicante) Spain	Ordinary	100%	Retail
Coach Stores Unipessoal LDA*	Campo Grande 137, 1 Dto, Freguesia de Alvalade, Lisboa Portugal	Ordinary	100%	Retail
Coach Netherlands B.V.	Hanzeport 30 Oldenzaal, Overijssel 7575DA Netherlands	Ordinary	100%	Retail
Coach Shanghai Limited*	20F, Wheelock Square, 1717 Nanjing Rd West, Shanghai 200040 China	Ordinary	100%	Retail
Coach Hong Kong Limited*	15/F International Trade Tower, 348 Kwun Tong Road, Kowloon Hong Kong	Ordinary	100%	Retail
Coach Singapore Pte. Ltd.*	77 Robinson Road, #08-01 Robinson 77, Singapore 068896 Singapore	Ordinary	100%	Retail
Tapestry UK Holdings Limited*	Seventh Floor, Brunel Building 2 Canalside Walk London W2 1DG United Kingdom	Ordinary	100%	Holding company

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

15 Investments (continued)

Undertaking	Registered office	Class of shares	Holding	Principal activity
Coach Malaysia Sdn Bhd.*	Unit 30-01, Level 30, Tower A, Avenue 3, Vertical Business Suite, Bangsar South, No. 8, Jalan Kerinchi, Kuala Lumpur, 59200 Malaysia	Ordinary	100%	Retail
Coach Manufacturing Limited*	15/f, c-Bons International Center, 108 Wai yip street, Kwun Tong, Kowloon Hong Kong	Ordinary	100%	Holding company
Coach Vietnam Limited*	6th & 7th Floor, Capital Tower, No. 6 Nguyen, Khac Vien Street, Tan Phu Ward, District 7, Ho Chi Minh Vietnam	Ordinary	100%	Supply chain
Coach Stores Austria GmbH*	Teinfaltstrabe 8/4, Vienna, 1010 Austria	Ordinary	100%	Retail
Coach Stores Belgium BVBA *	Bellevue 5b Box 1001, Gand, 9050 Belgium	Ordinary	100%	Retail
Coach Brasil Participacoes Ltda *	Avenue Doutor Chucris Zaidan, Number 296, 23rd floor, Vila Cordeiro, São Paulo 04583-110 Brazil	Ordinary	100%	Services
Coach International Limited*	15/f, c-Bons International Center, 108 Wai yip street, Kwun Tong, Kowloon Hong Kong	Ordinary	100%	Supply chain
Coach Management (Shanghai) Co. Limited*	Room 302-327, North Fute Road, Pilot Free Trade Zone, Shanghai China	Ordinary	100%	Services

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

15 Investments (continued)

Undertaking	Registered office	Class of shares	Holding	Principal activity
Coach Consulting Dongguan Co. Ltd*	3/F, Zone D, 3rd Building, Guang Hui Industry Area, Dongcheng District, Dongguan City China	Ordinary	100%	Supply chain
Coach Leatherware India Private Limited*	Mena Kampala, 7A, First Block (A Block) Door No: 113, Old No. 42, Sri Thiagaraya Road India	Ordinary	99%	Supply chain
Coach Stores Switzerland GmbH	Holbeinstrasse 30, Zurich, 8008 Switzerland	Ordinary	100%	Retail
Coach Korea Limited	7Fl, YG Tower, 156 Da-dong, Jung-gu, Seoul South Korea	Ordinary	100%	Retail
Tapestry Myanmar Limited	Sule Square, 221 Sule Pagoda Road, Unit 18-03, Level 18L Yangon Myanmar	Ordinary	99%	Supply chain
Coach Stores Germany GmbH	FALK GmbH & Co KG, Im Breitspiel 21, Heidelberg, 69126 Germany	Ordinary	100%	Retail
Coach Stores Ireland Limited	70 Sir John Rogerson's Quay, Dublin, 2 D02 R296 Ireland	Ordinary	100%	Retail
Tapestry Japan, LLC	Roppongi Hills, Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo Japan	Ordinary	100%	Retail
Stuart Weitzman UK Holdings Limited*	Seventh Floor, Brunel Building 2 Canalside Walk London W2 1DG United Kingdom	Ordinary	100%	Holding company

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

15 Investments (continued)

Undertaking	Registered office	Class of shares	Holding	Principal activity
Coach Stores Canada Corporation*	Suite 900, 1959, Upper Water Street, Halifax. Nova Scotia, B3J 2X2 Canada	Ordinary	100%	Retail
Coach Stores Australia Pty. Ltd*	Tower One - International, Towers Sydney, Level 46 Barangaroo, NSW 2000 Australia	Ordinary	100%	Retail
Coach New Zealand*	Quigg Partners Level 7, 36, Brandon Street Wellington, Central Wellington 6011 New Zealand	Ordinary	100%	Retail

* Indirect holdings

16 Stock

	01 July 2023 £	02 July 2022 £
Finished goods and goods for resale	<u>9,331,622</u>	<u>9,694,006</u>

17 Debtors: amounts falling due within one year

	01 July 2023 £	02 July 2022 £ (as restated)
Trade debtors	264,863	663,499
Amounts owed by related parties	28 36,490,470	31,073,953
Other debtors	523,568	3,409,545
Derivative asset	7,439,487	-
Prepayments	1,872,906	1,570,507
Deferred tax assets	12, 26 <u>3,875,317</u>	<u>4,690,497</u>
	<u>50,466,611</u>	<u>41,408,001</u>

The amounts owed by related parties are generally repayable within 60 days and bear interest from 2.82% to 4.11%.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

17 Debtors: amounts falling due within one year (continued)

The company is exposed to foreign currency exchange rate fluctuations with respect to its investments in its foreign subsidiaries. In fiscal year 2022, the company entered into intercompany cross-currency swaps to mitigate this risk. As a result, the company had cross currency swaps with aggregate notional amounts of £1,056,105,610 in place. The fair value of outstanding derivative contracts related to net investment hedges included in debtors at 1 July 2023 is £7,439,487 (2022: £nil). The related gains/losses for the year have been recognised in Administrative Expenses.

18 Debtors: amounts falling due after one year

	01 July 2023 £	02 July 2022 £
Amounts owed by related parties	1,054,729	1,115,557
Other debtors	452,460	537,460
	<u>1,507,189</u>	<u>1,653,017</u>

19 Creditors

	01 July 2023 £	02 July 2022 £
Due within one year		
Trade creditors	1,234,312	1,587,458
Amounts due to related parties	35,286,711	32,577,417
Social security and other taxes	1,514,668	2,073,065
Other payables	3,684,121	5,546,612
Accruals	8,809,897	8,506,883
Income tax liability	1,550,708	-
	<u>52,080,417</u>	<u>50,291,435</u>

The amounts owed to related parties are due to Tapestry Group entities, payable on demand and are not interest bearing.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

19 Creditors (continued)

	01 July 2023 £	02 July 2022 £
Due after one year		
Amounts due to related parties	426,327,210	438,176,226
Derivative liability	-	36,373,361
	<u>426,327,210</u>	<u>474,549,587</u>

In fiscal year 2022, Coach Netherlands B.V. sold its entire equity interest of Tapestry Japan, LLC to Coach Stores Limited in exchange for a loan note amounting to £426,327,210. The loan note is due on 20 May 2027 and bears 2.68% p.a of interest. Coach Netherlands B.V. contributed the loan note to Tapestry UK Holdings Limited and becomes the new creditor.

The company is exposed to foreign currency exchange rate fluctuations with respect to its investments in its foreign subsidiaries. In fiscal year 2022, the company entered into intercompany cross-currency swaps to mitigate this risk. As a result, the company had cross currency swaps with aggregate notional amounts of £953,895,071 in place. The fair value of outstanding derivative contracts related to net investment hedges included in long-term liabilities at 1 July 2023 is £nil (2022: £36,373,361). The related losses for the year have been recognised in Administrative Expenses.

20 Onerous lease provision

	Onerous contracts £
At 3 July 2022	15,333,278
Amounts utilised in the year	<u>(6,168,150)</u>
At 1 July 2023	<u>9,165,128</u>

The provision of £9,165,128 (2022: £15,333,278) is related to lease contracts which management deemed to be onerous. This is management's best estimate of the unavoidable costs in meeting the obligation under these contracts. This liability is expected to be utilized during the remainder of the lease term has therefore been shown as a non-current liability.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

21 Share capital

Allotted, called up and fully paid shares

	01 July 2023		02 July 2022	
	No.	£	No.	£
Ordinary shares of £1 each	65,415,605	65,415,605	14,906	14,906

On 15 December 2022, Coach Stores Limited issued shares of 65,400,699 to Coach Holdings Partnership UK LP in exchange for USD 80,233,577.20 cash capital contribution.

22 Reserves

Share premium account

This reserve represents the amount above the nominal value received for issued and called up share capital, less transaction costs.

Profit and loss account

This reserve represents the cumulative profits and losses.

On 20 May 2022, the company entered into a net investment hedge and any changes are taken into profit or loss account.

The £38,322,923 (2022: £64,936,338) in other comprehensive income relates to the gain on Coach Stores Limited contribution of its entire share capital in Coach Australia Pty. Ltd. to Tapestry Japan, LLC. In the prior year, the related gain of £64,936,338 on the transfer of Stuart Weitzman UK Holdings Limited to Tapestry Japan, LLC was recognised in other comprehensive income.

The company has recognised the share based payments of £2,037,957 (2022: £1,954,684) granted to the company's employees by the ultimate parent company.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

23 Share-based payments

Equity-settled schemes

Scheme details and movements

The company's ultimate parent company has a share option scheme for employees of the group. Options are exercisable at a price equal to the estimated fair value of the company's shares on the date of grant. The vesting period is four years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the company before the options vest.

The movements in the number of share options during the period were as follows:

	01 July 2023 Number	02 July 2022 Number
Outstanding, start of period	118,443	245,850
Granted during the period	10,835	5,076
Transfer of employee	9,309	(587)
Exercised during the period	(33,621)	(70,515)
Forfeited during the period	(396)	(61,381)
Outstanding, end of period	<u>104,570</u>	<u>118,443</u>

The options exercisable at the year end were 68,034 (2022: 77,048) with a weighted average exercise price of \$41.61 (2022: \$39.70).

The movements in the weighted average exercise price during the period were as follows, in United States Dollars (USD):

	01 July 2023 \$	02 July 2022 \$
Outstanding, start of period	33.73	35.78
Granted during the period	35.41	42.31
Exercised during the period	27.40	34.08
Forfeited during the period	35.41	42.96
Outstanding, end of period	<u>36.07</u>	<u>33.73</u>

There were 33,621 and 70,715 options exercised during fiscal year 2023 and fiscal year 2022, respectively. The weighted average share price at the date of exercise for share options exercised during the 2023 was \$27.40 (2022: \$34.08). The options outstanding at 1 July 2023 had a weighted averaged exercise price of \$36.07 (2022: \$33.73) and a weighted average remaining contractual life of 5.0 years (2022: 5.5 years). The aggregate of the estimated fair values of the options granted on those dates is \$383,667 (2022: \$214,766).

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

23 Share-based payments (continued)

The inputs into the Black Scholes model are as follows:

	1 July 2023	2 July 2022
Weighted average share price (pence)	\$35.41	\$42.31
Exercise price (pence)	\$35.41	\$42.31
Weighted average contractual life (days)	5.00 years	5.55 years
Expected volatility	48.57%	46.92%
Expected dividend growth rate	3.39%	2.36%
Risk-free interest rate	3.25%	0.8%

Expected volatility is based on historical volatility of Tapestry's stock as well as the implied volatility from publicly traded options on Tapestry's stock. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The company recognised £109,224 related to equity-settled share-based payment transactions in fiscal year 2023 (2022: £170,302).

Restricted Stock Unit Awards ("RSUs")

Scheme details and movements

The company's ultimate parent company grants RSU to key executives and directors, the vesting of which is subject to the executives' and directors' continuing employment and Tapestry's achievement of certain performance goals.

The movements in the number of non-vested share units during the period ended 2023 is as follows:

	01 July 2023 Number	02 July 2022 Number
Outstanding, start of period	222,211	313,888
Granted during the period	93,488	76,013
Forfeited during the period	(18,655)	(69,364)
Expired during the period	(98,594)	(89,960)
Transfer of employee	19,389	(8,366)
Outstanding, end of period	<u>217,839</u>	<u>222,211</u>

The movements in the weighted average exercise price during the period ended 2023 is as follows, in United States Dollars (USD):

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

23 Share-based payments (continued)

	01 July 2023 \$	02 July 2022 \$
Outstanding, start of period	25.31	20.62
Granted during the period	35.25	37.37
Forfeited during the period	30.74	23.58
Expired during the period	21.82	23.96
Outstanding, end of period	29.03	25.31

At 1 July 2023, \$3,450,409 (2022: \$3,946,573) of total unrecognised compensation cost related to non-vested share awards is expected to be recognised over a weighted-average period of approximately 1 year.

The fair value of the company's RSUs is based on the price of the company's common stock on the date of grant. The weighted-average grant-date fair value of share awards granted during fiscal 2023 and 2022 was \$35.25 and \$37.37, respectively. The total fair value of shares vested during fiscal 2023 and fiscal 2022 was \$2,921,533 and \$3,742,558, respectively.

The company recognised total expenses of £1,928,732 in 2023 (2022: £2,162,609).

24 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £664,629 (2022: £559,185). The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £nil (2022: £nil) were payable to the scheme at the end of the period and are included in creditors.

25 Obligations under leases

Operating leases

At 1 July 2023, the company had future minimum lease payments under non-cancellable operating leases as follows:

	01 July 2023 £	02 July 2022 £
Not later than one year	9,518,379	10,061,035
Later than one year and not later than five years	31,330,910	34,548,498
Later than five years	11,444,437	16,011,831
	52,293,726	60,621,364

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

26 Prior year adjustment

The financial statements for prior periods have been adjusted as they did not include expenses for share based payments granted to the company's employees by the ultimate parent company and included tax in respect of those payments in equity rather than in profit or loss. The effect of the correction of these errors on the statement of comprehensive income for the period ended 2 July 2022 was to increase administrative expenses by £3.3m and the effect on retained earnings shown in the statement of changes in equity was to show a share based payment credit of £1.9m and to remove an other reserve movement of £1.3m. This will also increase the deferred tax asset and decrease deferred tax expense by £0.4m.

27 Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

Financial assets at fair value

		01 July 2023	02 July 2022
	Note	£	£
Derivative financial assets	17	7,439,487	-
		<u>7,439,487</u>	<u>-</u>

Financial assets at amortised cost

		01 July 2023	02 July 2022
	Note	£	£
Trade debtors	17	264,863	663,499
Other receivables	17	1,293,670	3,409,545
Amounts owed by related parties	17	34,439,519	31,073,953
		<u>35,998,052</u>	<u>35,146,997</u>

Financial liabilities at fair value

		01 July 2023	02 July 2022
	Note	£	£
Derivative financial liability	19	-	36,373,361
		<u>-</u>	<u>36,373,361</u>

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

27 Financial instruments (continued)

Financial liabilities at amortised cost

		01 July 2023 £	02 July 2022 £
	Note		
Trade creditors	19	1,234,312	1,587,458
Accruals	19	8,954,759	8,506,883
Other payables	19	3,684,121	5,546,612
Loans due to related parties	19	426,327,210	438,176,226
		<u>440,200,402</u>	<u>453,817,179</u>

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	01 July 2023 £	02 July 2022 £
On derivative financial assets	(24,442,354)	-
On derivative financial liabilities	<u>87,255,368</u>	<u>35,726,766</u>
	<u>62,813,014</u>	<u>35,726,766</u>

Financial risk management objectives

The company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

Market risk

The company's activities expose it primarily to the financial risks of changes in interest rates. The company enters into a derivative financial instrument to manage its exposure to interest rate and foreign currency risk, including:

- interest rate swaps to mitigate the risk of rising interest rates.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

27 Financial instruments (continued)

There has been no change to the company's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk

The risk is managed by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's credit risk is primarily associated with its intercompany receivables and no credit losses were recognised on those historically. The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

28 Related party transactions

The company is a wholly owned subsidiary of Tapestry, Inc. and as such has taken advantage of the exemption permitted by FRS 102 Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group. The company and its subsidiary undertakings are included within the consolidated financial statements of Tapestry, Inc., which are publicly available and can be obtained at www.tapestry.com or at 10 Hudson Yards, New York, NY, 10001 USA.

29 Parent and ultimate parent undertaking

The company's immediate parent is Coach Holding Partnership UK LP, incorporated in United Kingdom and is registered at Brunel Building, Level 7, 2 Canalside Walk, London, W2 1DG. The ultimate parent is Tapestry Inc, incorporated in United States.

The largest and smallest group in which these financial statements are consolidated is Tapestry, Inc., incorporated in United States.

Copies of the financial statements of Tapestry Inc. are available upon request from www.tapestry.com or at 10 Hudson Yards, New York, NY, 10001 USA.

The parent of the largest group in which these financial statements are consolidated is Tapestry Inc, incorporated in United States.

Coach Stores Limited

Notes to the Financial Statements for the Period from 3 July 2022 to 1 July 2023 (continued)

29 Parent and ultimate parent undertaking (continued)

The address of Tapestry Inc is:
10 Hudson Yards, New York, NY, 10001 USA

30 Non adjusting events after the financial period

On 3 August 2023, Coach Stores France, SARL bought back its shares held by Coach Stores Limited for a consideration of EUR 27,192,050 which has been described in the Director's report on page 8. This will result to a dividend income being recognized by Coach Stores Limited.

On 6 December 2023, Coach Netherlands B.V. distributed £5,807,997.69 to Coach Stores Limited in the form of a dividend.

On 7 February 2024, Tapestry Japan, LLC distributed JPY 5,315,446,862 (£28,412,846.24) to Coach Stores Limited in the form of a dividend. Coach Stores Limited then distributed £46,412,846.24 (\$58,238,514.58) to Coach Holdings Partnership UK LP.